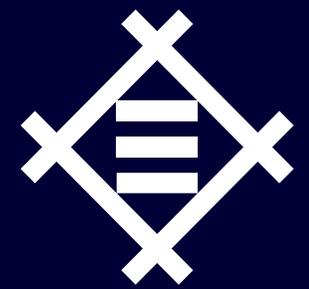




2020

Sustainability Report

Digest Version



MITSUI & CO.

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Full version of the Sustainability Report 2020 is as follows (120pages). ▶▶
www.mitsui.com/jp/en/sustainability/sustainabilityreport/2020/pdf/en_sustainability_2020.pdf



Published in August 2020

Top Message



Tatsuo Yasunaga
Representative Director,
President & Chief Executive Officer

In May 2020, Mitsui & Co. announced the Medium-term Management Plan 2023 with the main theme “Transform and Grow.” We identified sustainability management and evolution of ESG as the foundations to support sustainable growth under our “Transform and Grow” strategies. We also revised our sustainability-related policy structure in order to provide further clarity on our basic philosophy and policies, and ensure the effective implementation. In addition, we identified “climate change,” “business and human rights,” and “circular economy” as our priority issues.

In relation to the climate change, Mitsui has become the first *sogo shosha* (general trading company) to adopt the goal of achieving net-zero emissions, as its vision for 2050. As a part of the roadmap toward achieving that goal, we aim to halve our GHG impact compared with the 2020 level under our vision for the year 2030. We have also introduced an internal carbon pricing system to enhance the medium- to long-term resilience of business that has high GHG emissions.

We have always identified the respect for human rights as our fundamental value in the Mitsui & Co. Group Conduct Guidelines. Furthermore, to provide greater clarification, we formulated a Human Rights Policy, which we announced in August 2020, together with other reforms.

With regard to the circular economy, we are considering and implementing a variety of initiatives on top of the traditional 3Rs (reduce, reuse, recycle) approach. The initiatives include the introduction of designs and raw materials that reduce resource inputs, the promotion of sharing as a way to improve utilization rates for products and services, the extension of product life spans through maintenance, repurposing, and other methods, and the creation of mechanisms that enable uses of items previously classified as waste.

In the uncertain times generated by the COVID-19 pandemic, it is especially important to renew our awareness towards our mission, values, and visions, and to go back to our roots as we start to move forward toward transformation and growth.

As in the past, we will continue to use the Sustainability Report and various other media and opportunities to provide reliable and highly transparent information about our thoughts and future direction to our stakeholders including our customers, business partners, and shareholders, as the basis for further dialogue.

Sustainability at Mitsui & Co. and the Management Framework

Our Approach towards Sustainability

Sustainability has always been an integral part of Mitsui & Co.'s basic philosophy and today, it is clearly defined in our Mission, Vision, Values ("MVV"), adopted in May 2020. Our corporate mission is to "build brighter futures, everywhere". Toward the realization of a brighter tomorrow for earth and for people around the world, we, as challengers and innovators, aim to be a corporate group that creates and grows business while addressing material issues for sustainable development.

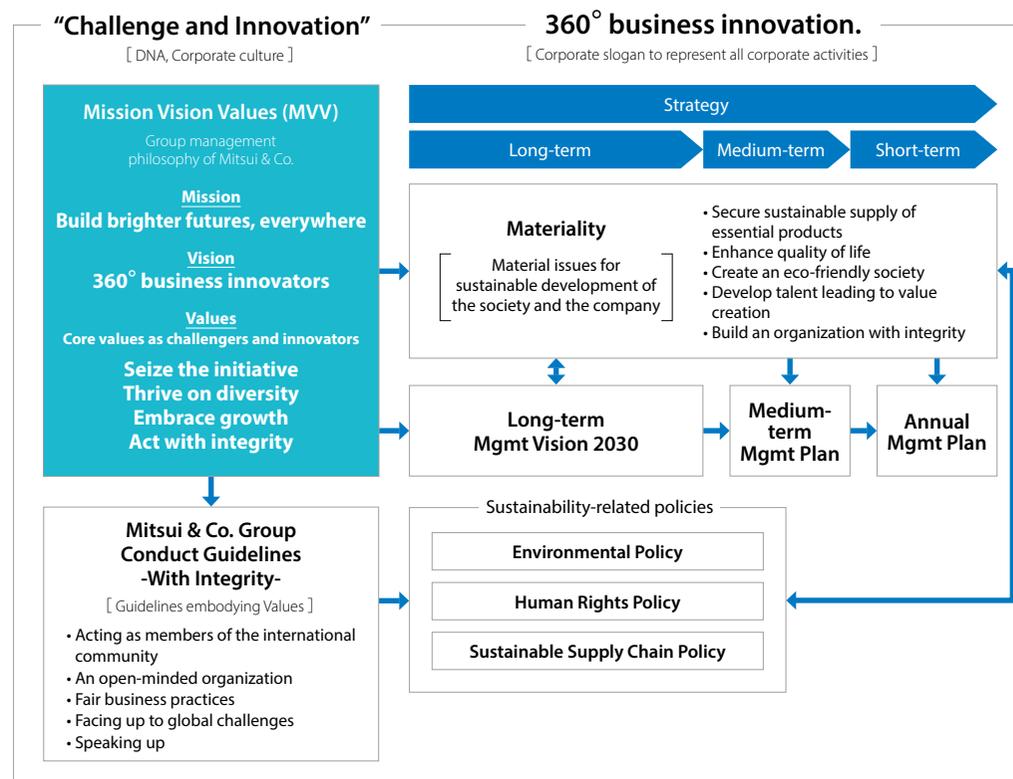
To attain this goal, we have adopted clearly defined values to be shared across the entire Mitsui & Co. group. To help individual group employees put these values into practice, we have formulated the Mitsui & Co. Group Conduct Guidelines—With Integrity, which define not only integrity and compliance but also our basic stance on key sustainability themes, including respect for human rights, environmental preservation, social contribution, and the development of trust with stakeholders. In addition, we also define our specific stance as a company in individual policies on the environment, human rights, and supply chains.

Toward the achievement of our corporate mission to "build brighter futures, everywhere", we have identified five material issues in Mitsui & Co.'s Materiality. In addition to their importance to our stakeholders, these material issues also have major potential impact on Mitsui's business management. For Mitsui to realize sustainable growth together with society, each of these material issues has the potential to be a significant source of both risks and opportunities in the medium- to long-term perspective. By regarding them as fundamental elements, we formulate business strategies, including the medium-term management plans and business plans.

In the Medium-term Management Plan 2023, we have identified "sustainability management and evolution of ESG" as one of six corporate strategies, in order to bring forward "transform and grow". We have further strengthened our commitment to sustainability management by identifying climate change, circular economy, and business and human rights as priority issues. We will also continue our efforts to strengthen corporate governance.

In accordance with our management philosophy and these policies and guidelines, we will continue to respond seriously and sincerely to the trust and expectations of our stakeholders, and to contribute through our wide-ranging business activities both to sustainable global economic and social development, and to the solution of global-scale issues.

Relationship of Corporate Policies



Medium-term Management Plan 2023 –Transform and Grow: Six Corporate Strategies

1. Strengthen business management capabilities
2. Evolve financial strategy and portfolio management
3. Personnel strategy
4. Strategic focus
5. Strengthen profitability of core businesses and take on challenges in new businesses
6. Sustainability management; Evolution of ESG

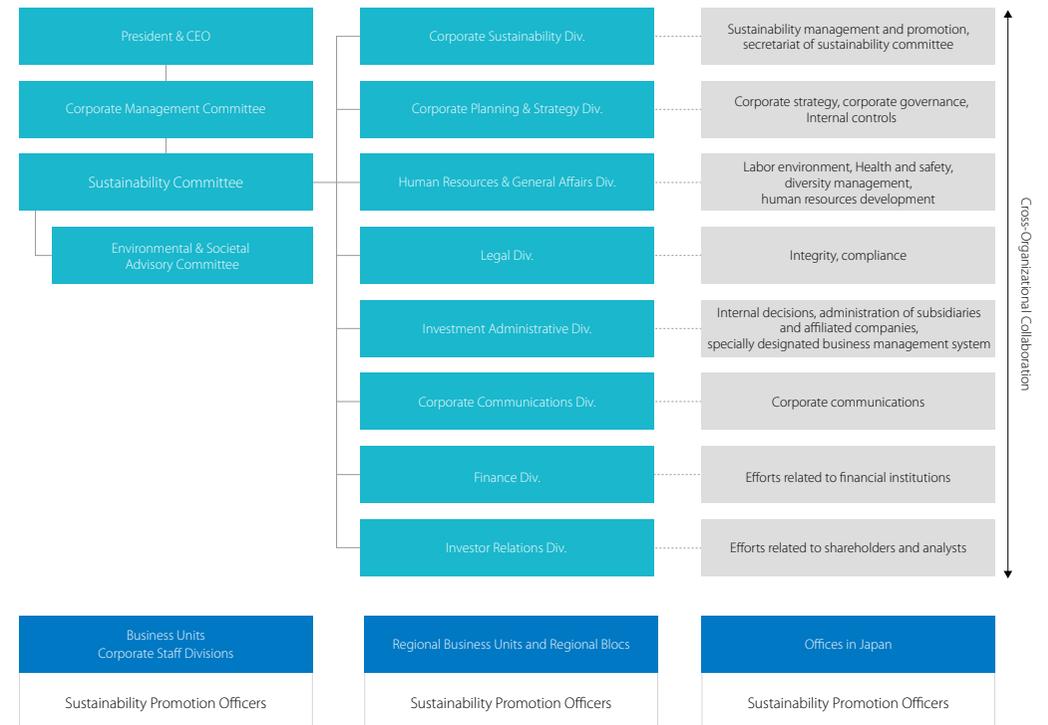
Sustainability Management Framework

In the fiscal year ended March 2005, Mitsui & Co. established the CSR Promotion Committee (currently the Sustainability Committee) under the Corporate Management Committee to develop Mitsui's internal framework with respect to sustainability, and to work to raise sustainability awareness among employees. In May 2017, we established the Sustainability Committee in order to further clarify our unchanging stance toward creating new value for society through business activities and to pursue further mutual sustainability between society and the company. With the Sustainability Committee playing a central role, Mitsui promotes sustainability-related activities based on cross-organizational collaboration to meet the needs and expectations of society in relation to companies' social values and initiatives.

In April 2019, we established the Corporate Sustainability Division, whose role is to promote and drive company-wide sustainability management and to accelerate various initiatives on a global group basis. The Corporate Sustainability Division strives to raise sustainability awareness and share values at the Mitsui & Co. global group level, with the aim of contributing to the achievement of sustainable social and economic development in various countries and regions around the world, while also contributing to solving global environmental problems such as climate change.

We appoint Sustainability Promotion Officers in corporate staff divisions and business units in the Head Office, overseas regional business units, regional blocs, and offices in Japan, developing our internal network to facilitate planning and promotion of sustainability activities together with the frontline staff, including provision of support for implementing sustainability management and awareness-raising activities at each unit. In the fiscal year ended March 2020, we held a Sustainability Promotion Officers meeting on a quarterly basis, where we explained new policies relating to our sustainability initiatives and other important information discussed and formulated by the Sustainability Committee, held lectures on ESG information disclosure, and conducted training programs on business and human rights.

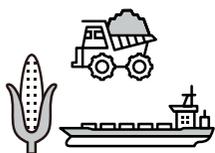
Moreover, the Sustainability Promotion Officers have taken the initiative in organizing various sustainability awareness-raising programs, such as in-house sustainability seminars and lectures by speakers from partner companies and external experts, as well as workshops regarding sustainability within the actual business.



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.



Our Stories: Secure sustainable supply of essential products

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



Certis USA L.L.C.'s head office

Christina Limbourg

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

* Position as of the time of interview.

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)



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.



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: 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 & Innovation Div., Energy Business Unit I&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*. 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.

* 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.



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 CO₂ 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 monetarizing unused forest materials such as forest thinnings.



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: 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.



Discussion at the Compliance Leader Meeting (January 2020)



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.

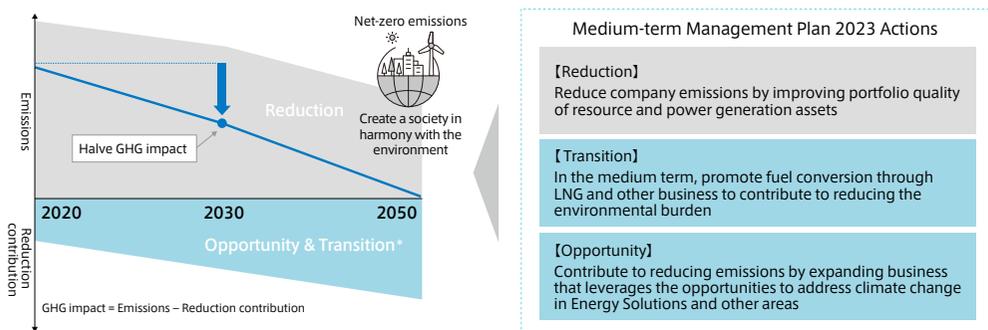


Environment—Executive Summary

Environmental Management

In order to actively respond to environmental and societal issues through the business activities of Mitsui global group, we have formulated an Environmental Policy, and operate environmental management systems based on ISO14001 and various international guidelines.

Climate Change



Mitsui regards responding to climate change as one of our most important management challenges and has set out a goal of net-zero emissions as our Vision for 2050. In order to achieve this goal, we are promoting the following three measures – “Reduction,” which promotes reduction of emissions by improving the portfolio of resource and power generation assets, “Transition,” which aims for a low-carbon society by promoting fuel conversion to LNG, etc. in the medium term, and “Opportunity” which promotes business that leverages the opportunities to address climate change. In environment-related business, we engage in renewable energy projects, modal shift projects, and the expansion of other business initiatives as well as diffusion of technology that contribute to the reduction of CO₂ emissions and improvement in energy consumption efficiency.



Solar Power Generation Business (Tottori Yonago Solar Park)

Water Resources

Reflecting the growing interest from a global perspective in the water-related problems, Mitsui is engaging in water projects, such as tap water supply, sewage treatment plant, power and water desalination and desalination and conveyance which promote the conservation and sustainable use of water resources. Furthermore, we support an NGO initiative to provide rainwater storage and treatment facilities to provide safe drinking water in mountainous areas and on remote islands in Bohol Province in the Philippines through the Mitsui & Co. Environment Fund.

Circular Economy

Mitsui is working to realize a circular economy by curbing the resources and energy consumption and waste generation through circulation of resources and products at various stages in economic activities, while aiming to achieve both economic growth and reduction of environmental loads by creating added value through circulation. Our business initiatives include 3Rs, reusable and biodegradable materials, life cycle extension and reuse, waste reduction and recycle, sharing platform and XaaS.

Environmental Pollution

Mitsui engages in business initiatives that lead to the reduction of water and soil contamination and the reduction of the quantity of chemical substances released into the atmosphere. Mitsui also engages in a research project which develops and operates of an HAB (Harmful Algal Bloom) Early Warning System as joint Project with JICA/researchers.



A sampling operation near the city of Puerto Montt in southern Chile (January 2019)

Biodiversity

We promote business initiatives that lead to conservation of biodiversity through business. In addition, we engage in biodiversity conservation activities at “Mitsui’s Forests,” which we own in 74 locations throughout Japan (approx. 44,000 hectares) and biodiversity conservation activities in cooperation with NGOs.



Tropical lowland evergreen forest in Prey Lang

©Jeremy Holden

Environmental Performance Data

Mitsui has carried out GHG emissions surveys since the fiscal year ended March 2006. Reflecting the growing interest towards climate change issues, we have gradually extended the boundary of our GHG emissions and since the fiscal year ended March 2020, we have added Scope 3, Category 15 (indirect emissions associated with investments) in our boundary to grasp the emissions on a global group basis and to carry out initiatives for reduction. Furthermore, we will continue to monitor water risk and explore new initiatives to reduce water consumption, and promote reducing waste, reuse, recycling and appropriate waste dispose.

Read the full version at: ▶▶

www.mitsui.com/jp/en/sustainability/sustainabilityreport/2020/pdf/en_sustainability_2020-09.pdf



Social —Executive Summary

Sustainable Supply of Resources, Energy, Materials, Food and Products

Mitsui has built optimal supply chains, spanning all stages from upstream to downstream, including procurement, production and logistics etc., and contributes to the sustainable supply of metals, chemicals, energy, food and other resources, raw materials, and manufactured products. In our food business, we pursue our goal of enhancing nutritional access through the stable supply of food. One of such initiatives is our shrimp farming and processing business in Vietnam.

Supplying Food and Products with Ensured Safety and Security

Mitsui is well aware that consumer safety, confidence and security are of major importance in conducting its business. In the foods area, we developed a food-safety database which includes information related to overseas production processes, to ensure that maximum priority is placed on food safety and security. We also carry out regular food safety and security education for Mitsui & Co. group Employees.

Enhancement of Quality of Life and Social Infrastructure



Artist's impression of One Bangkok after completion

Mitsui continues to contribute to the enhancement of people's quality of life through its business activities in such areas as electric power, water treatment, water supply and sewerage systems, logistics, railroads, and communications, by developing infrastructure that is essential for the growth and advancement of countries around the world and of local communities. For example, we are promoting a cooling and power distribution business in Thailand to contribute to the betterment of living standards.

Healthcare and Aging Society

Mitsui will continue to work toward the creation of a society in which people can lead healthier and richer lives by contributing to the advancement of healthcare in terms of access, quality, and efficiency through our business activities. We are promoting various initiatives through establishment of a healthcare fund to close the supply-demand gap and to improve healthcare access through the drug manufacturing, sales and distribution etc.

Respect for Human Rights

In August 2020, we formulated a Human Rights Policy to clarify our approach to human rights as the basis for initiatives in this area. In accordance with the Human Rights Policy, the Mitsui & Co. group will respect human rights in its activities as a group. We also aim to promote respect for human rights in collaboration with our business partners. Mitsui commenced due diligence with regard to human rights in the supply chains of products handled by Mitsui and its overseas trading affiliates, as well as the main business operations of its consolidated subsidiaries. We conducted human rights risk assessments on this basis, compiled an outline of human rights risks, and formulated measures to mitigate these risks. Mitsui will work with suppliers to ensure an understanding of respect for human rights and promote human rights practices throughout its supply chains.

Creating New Value



Innovation lab – Moon (February 2020)

While our functions and roles as a general trading company have often centered on the creation of value through “connecting” companies, products, and other elements in the past, we have determined to evolve beyond that pattern into a company that proactively “creates” business. Mitsui will accelerate DX as both defensive and offensive strategy, and advance our business models for the digital economy.

Increasingly Diverse Consumer Demand

Mitsui believes that one of our important roles is to quickly identify diversifying consumer needs and continue to provide value and functions. We will continue to contribute to the creation of a society in which people can enjoy fulfilling lives by providing new retail business that enables monitoring and analysis of vast resources of viewer data and provision of cutting-edge data marketing functions using consumer data.



Recording video content (February 2017)

Supply Chain Management

We are working to ensure compliance with and implementation based on Sustainable Supply Chain Policy.

Supplier On-Site Surveys

Mitsui and a third-party expert jointly conducted on-site surveys at the suit factory of MAY10 Joint Stock Company and the sewing factory of Viet Think Garment Joint Stock Co. in Vietnam.



The inside view of the factory of MAY10 (August 2019)

Human Resources Management

With the aim of training people who create and grow business that contributes to society and are capable of global group management, Mitsui has developed a variety of human resources development programs and established promotion and assignment systems that help employees to grow through opportunities for wide-ranging experiences. Also, we aim to strengthen the competitiveness of the entire company by promoting diversity management to create environments where individual employees with a diverse range of backgrounds can fully exert their potential and continue working in safety and good health.



CLP participants (February 2019)

Social Contribution Activities

In our social contribution activities, we have set out the “community contribution”, “environmental conservation” and “human resources development” as our priority areas, in accordance with our MVV (Mission, Vision, and Values) and Materiality. Mitsui will continue to pursue sustainable growth striving to solve social challenges through both business and social contribution activities.



Children enhance their capacity to solve societal issues through group discussions (July 2019)

Read the full version at: ▶▶

www.mitsui.com/jp/en/sustainability/sustainabilityreport/2020/pdf/en_sustainability_2020-18.pdf



Governance—Executive Summary

Integrity and Compliance

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)

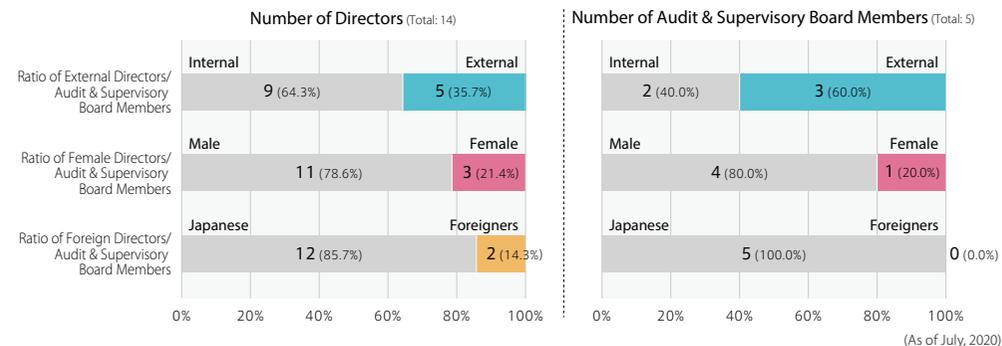
Facilitating Communication and Fostering a “Speak Up” Culture

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

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.



Evaluation by Society

External Recognition

Our selection for inclusion in major ESG investment indices in and outside Japan indicates that we are highly evaluated by society.



Dow Jones Sustainability Indices

The Dow Jones Sustainability Indices are global stock indexes developed jointly by Dow Jones & Company in the U.S. and RobecoSAM AG in Switzerland. Major corporations around the world are evaluated in terms of their economic, environmental, and social performance. In the fiscal year ended March 2020, 318 companies (which included 34 Japanese companies) including Mitsui were selected for the World Index.



FTSE4Good Index Series

The FTSE4Good Index Series is a series of stock indexes developed by FTSE Russell, which is a wholly owned subsidiary of the London Stock Exchange. FTSE Russell evaluates major corporations around the world from the perspective of environmental, social, and governance criteria, including the labor standards applied throughout their supply chains, as well as on the basis of corporate sustainability. It selects companies that satisfy its standards as constituents of the index. Mitsui has fulfilled the index criteria, and has continually been selected in the FTSE4 Good Index Series since 2004.



FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. The index uses FTSE Russell's ESG Ratings data model, which draws on existing international ESG standards such as the UN Sustainable Development Goals (SDGs), and is adopted by the Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark for its passive investments. Mitsui fulfilled the criteria of the index and was selected in the FTSE Blossom Japan Index.



MSCI Japan Empowering Women Index (WIN)

Developed by Morgan Stanley Capital Investment (MSCI), the MSCI Japan Empowering Women Index is adopted by GPIF as a tracking benchmark for its passive ESG investment. The index is a selection of Japanese companies from each industry that represent high gender diversity. Mitsui fulfilled the criteria of the index and was selected in the MSCI Japan Empowering Women Index.

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Carbon Disclosure Project (CDP)

The CDP is an ESG evaluation program that urges leading companies (in terms of market capitalization) in major countries to disclose their climate change strategies and greenhouse gas emissions. Replies from such companies, together with their scores, are provided to institutional investors. Mitsui has been responding to the questionnaire since the fiscal year ended March 2012. In the fiscal year ended March 2020, Mitsui was granted the rating "Management Level B" in relation to both climate change and water security.



Competitive IT Strategy Company Stock Selection

The Competitive IT Strategy Company Stock Selection is designated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) from among the companies listed on the TSE on the basis of outstanding IT utilization initiatives. Mitsui has been selected for five consecutive years since the launch of the award in 2015. For the selection in 2019, high evaluation was given to: development of IT utilization from Mitsui's wide-ranging business to sport, entertainment, and other various areas, including the initiatives to establish digital twins for improving productivity of large business assets, such as energy facilities, power plants, vessels, and manufacturing lines, and to utilize collected data, as well as the establishment of a dynamic pricing company; and company-wide measures to realize work-style innovation through utilization of IT tools.



Nadeshiko Brand

Since the fiscal year ended March 2013, METI and the TSE have been jointly selecting TSE-listed outstanding enterprises that encourage women's success in the workplace as "Nadeshiko Brands." Since the fiscal year ended March 2015, Mitsui has been selected as a Nadeshiko or Semi-Nadeshiko Brand company for six consecutive years. Nadeshiko Brand selection: Fiscal years ended March 2015, 2016, 2018, and 2020. Semi-Nadeshiko Brand selection: Fiscal years ended March 2017 and 2019.



Eruboshi (L Star)

The Eruboshi system certifies companies that have submitted notifications under the Act on Promotion of Women's Participation and Advancement in the Workplace (Promotion of Women's Career Activities Act) promulgated on April 1, 2016, and that meet the specific standards and are regarded as implementing outstanding initiatives to promote the advancement of women in the workplace. Mitsui was certified as having achieved the second of three levels under the Eruboshi system.



Kurumin Certification

Kurumin certification is given to "child-raising supporting companies" on an application basis. The certification requires that the company (1) has formulated a general employers action plan under the Act on Advancement of Measures to Support Raising Next-Generation Children and (2) has achieved targets set in the plan while satisfying certain requirements. Mitsui has been certified by the Japanese Ministry of Health, Labour and Welfare as a company actively providing childcare support, three times in 2008, 2011, and 2015, acquiring the next-generation development logo, "Kurumin."



Certified Health & Productivity Management Organization Recognition Program

Through this program, the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi jointly recognize large companies and small- to medium-sized enterprises that have been implementing excellent health management, based on measures in line with local health problems and the health promotion initiatives pursued by the Nippon Kenko Kaigi. Mitsui has been recognized as one of the Health & Productivity Management Outstanding Organizations under the initiative "White 500" for four consecutive years.