

Mitsui & Co., Ltd.

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# CSR Report 2008



2008

# Company Profile

## Company Data

### Name:

MITSUI & CO., LTD.

### Date of Establishment:

July 25, 1947

### Head Office:

2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan

### Representative:

Shoei Utsuda, President and Chief Executive Officer

### Common Stock (as of March 31, 2008):

¥337,544 million

### Number of Employees (as of March 31, 2008):

9,047 (6,130 at Mitsui & Co., Ltd. and 2,917 regional employees at overseas offices and trading subsidiaries)

### Number of Offices, Overseas Offices and Trading Subsidiaries (as of August 1, 2008):

160 offices

In Japan: 12

(Head Office:1, Offices:6, Branches:5)

Overseas: 148

(Overseas offices:49, Overseas trading subsidiaries:99)

### Main Businesses:

Mitsui taps an expanding global network to access strategic information and harness business engineering capabilities. Main businesses include sales, manufacture, export/import, international trade and services in the following fields: metal products & minerals, machinery, electronics & information, chemicals, energy, consumer products & services, and logistics & financial markets. Mitsui is also diversifying services, exploring for and developing natural resources, making commercial investments, developing technologies in new businesses and much more.

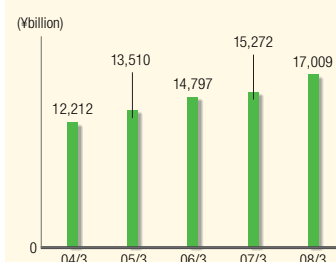
## Organization Chart (as of August 1, 2008)



## Financial Information

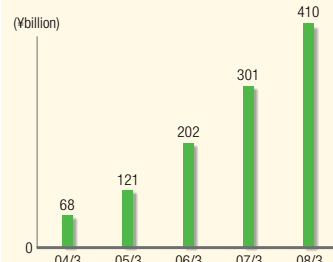
### Revenues

(consolidated)



### Net Income

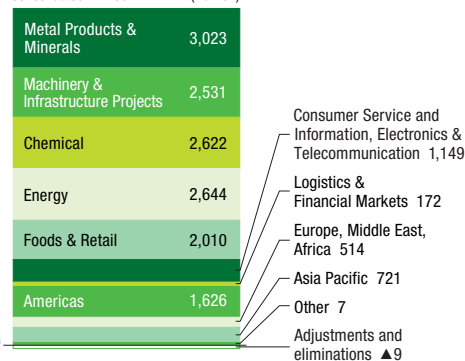
(consolidated)



### Operating Segment Revenues

Consolidated: FY2007

(¥billion)



What we aim to communicate in this report

## Editorial Policy

Since announcing our Mission, Vision and Values (MVV) as our management philosophy, the core axis of our CSR activities, we have been focusing on increasing awareness of our MVV and ensuring that they are put into practice. As a sogo shosha (general trading company) pursuing a broad range of business across the world, the fundamental concept behind our approach to CSR is performing Yoi-Shigoto (good quality work).

CSR Report 2008 reports our achievements and objectives for the fiscal year under review. At the same time, in order to ensure better understanding of Mitsui's CSR, it reports once again our concept of Yoi-Shigoto and the direction our future Yoi-Shigoto initiatives will take. We also outline how our CSR activities have evolved, in a section at the end of the report that combines how we have responded to opinions and feedback from external stakeholders with the evolution of Mitsui's CSR-oriented management.

In the years to come, we intend to strive to create reports that convey, as accurately and conclusively as possible, our philosophy on CSR and our CSR initiatives to all parties with an interest in our CSR-oriented management.

Our CSR report is an important communication tool for striving to ensure dialogue with all our stakeholders, in order to report our attitude to CSR and CSR initiatives and realize a better society. We would like to reflect our stakeholders' opinions and comments in our future business activities, and ask that you please take the time to kindly return the attached questionnaire or fill it out on our website. Thank you for reading CSR Report 2008.

**Scope of Coverage:** Mitsui & Co., Ltd. and major consolidated subsidiaries and associated companies. The scope of coverage for numerical data is provided individually in appended notes.

**Period Covered:** Mainly the fiscal year from April 1, 2007 to March 31, 2008 (FY2007), with some coverage of the subsequent year.

**Target Audience:** This report has been prepared for Mitsui's stakeholders, including shareholders and other investors, business partners, customers, local residents, government agencies, NPOs/NGOs and employees.

**Reference Guidelines:** GRI\* Sustainability Reporting Guidelines 2006 (G3) Please refer to the Mitsui & Co. website for the GRI Guidelines and Global Compact Content Index. (<http://www.mitsui.co.jp/en/csr/gricg>)

\* GRI: Global Reporting Initiative  
The Global Reporting Initiative is an organization established in late 1997 primarily by CERES (Coalition for Environmentally Responsible Economies), a U.S. NGO that authored the CERES principles, and the United Nations Environment Program (UNEP), to formulate international standards for corporate sustainability reporting.

### Published by:

CSR Promotion Committee, Mitsui & Co., Ltd.

### Produced by:

CSR Promotion Division, Mitsui & Co., Ltd.

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## CSR Report 2008

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Chairman of the CSR Promotion Committee,  
Mitsui & Co., Ltd.

cover: Mitsui's company-owned "Tashiro forest"

# Transcending borders to provide necessary goods and services

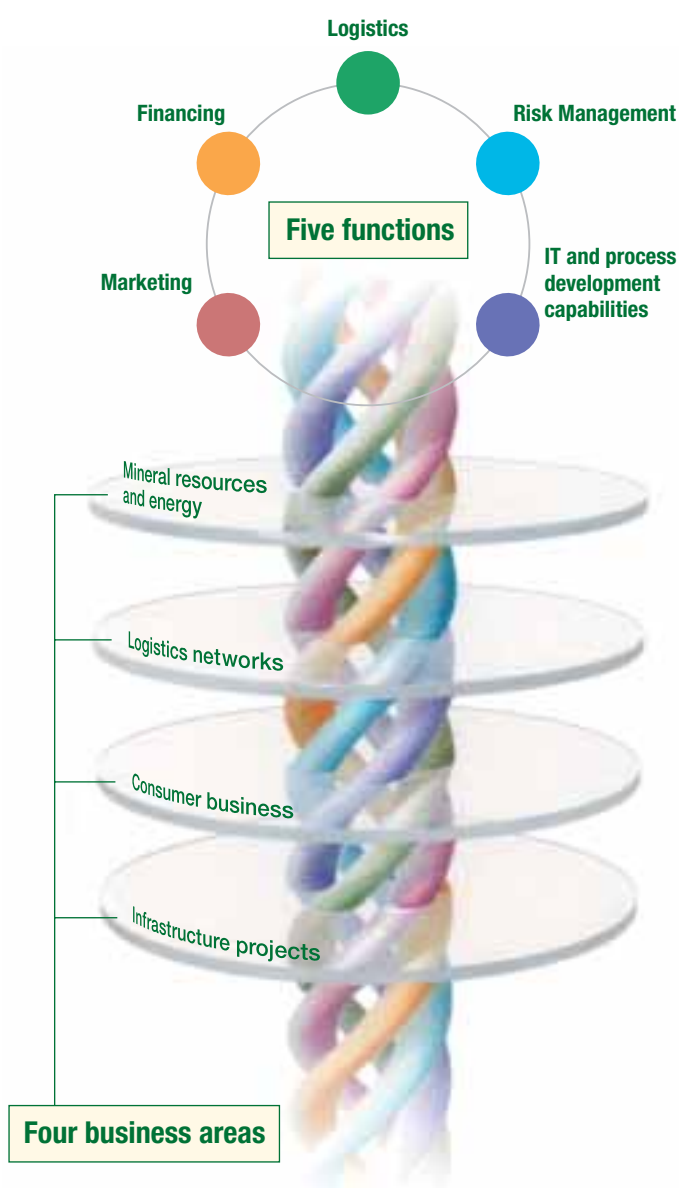
Mitsui meets the needs of customers throughout the world, by combining a broad array of functions across the entire spectrum of business fields.

## Our role as a general trading company

Mitsui & Co., Ltd. (“Mitsui”) is pursuing a wide variety of businesses worldwide, in partnership with the people of the regions in which we do business. Areas covered range from development of resources such as iron and steel raw materials, oil and gas, through to logistics and financial business, and on to personal items such as mobile phone contents, food and fashion items. Although we do business in a broad range of domains and provide a vast array of functions, our basic role remains the same—*providing necessary goods and services to the people who need them.*

Throughout our business history, we have been offering comprehensive solutions incorporating a vast range of business functions to our customers in Japan and overseas. Based on the trust formed with customers and the broad expertise we have acquired as a result, we have been creating and optimizing an integrated value chain, from resource development through to logistics and retailing.

In responding to a rapidly changing world, we must constantly think about what is required at any given time, and must focus clearly on the best areas in which to pursue business. Our intention is to strike a flexible balance between taking this focused approach and continuing to develop our comprehensive strengths as a trading company.



## Four business areas

We pursue business in a vast range of fields, which can be broadly divided into the following four areas: mineral resources and energy, logistics networks, consumer business, and infrastructure projects.

### Mineral resources and energy

We secure and ensure stable industrial supply of vital resources, including iron ore, coal, oil and natural gas. In recent years, demand for mineral resources and energy has been rising rapidly, driven by development in emerging countries such as China. In pursuing our business we consider a wide range of matters, including environmental issues such as global warming.

### Logistics networks

In this area we apply the expertise and capabilities we have acquired over long years of logistics business, a key function of general trading companies. We are developing rapid, cost-effective logistics networks in businesses ranging from iron and steel products to automobiles and chemicals.

### Consumer business

This is the closest business area to consumers. We are meeting a variety of lifestyle needs, including in medical and healthcare, senior-related areas, media business, fashion and residential housing-related services. This is an area offering an increasingly broad range of opportunities to develop consumer-oriented business to meet diversifying consumer needs.

### Infrastructure projects

We provide indispensable infrastructure for people's lives, in areas including power generation, water supply, and railway and other transportation networks. We are proposing and developing various infrastructure projects to help meet needs and resolve issues arising throughout the world. We aim to be involved in long-term, stable, sustainable business.

## Five functions

As society develops, advanced financial and logistics functions are emerging and the role of general trading companies is extending beyond traditional trading activities. At Mitsui, we help our customers to resolve issues through a combination of five functions: marketing, financing, logistics, risk management, and IT and process development capabilities.

### Marketing

Successful business necessitates gathering and carefully analyzing in-depth market information. At Mitsui, we perform a variety of financial functions to support our customers' business. Through our global marketing networks and extensive business experience, we support our customers by gathering and analyzing information pertaining to business trends, market conditions and various financial products, and providing advice about legal systems and business customs in different parts of the world.

### Financing

Procurement of funds is necessary for launching, maintaining and expanding new businesses. Using various types of financing methods, we propose transactions to customers requiring significant financing or customers doing business in countries in which credit transactions are difficult. Transaction method examples include trade financing through letters of credit and other means, sales on credit for buyers, and underwriting of payment-on-delivery for sellers.

### Logistics

Our logistics expertise is a major source of support for our customers' business. We propose the best solutions from

the perspectives of both transportation efficiency and cost management. We also undertake transportation of products to all regions of the world, delivering the right products at the right time, in line with our customers' requirements.

### Risk Management

A lack of information relating to country risk or the creditworthiness of business partners can be an impediment to doing business. We undertake pre-assessment of business risks, devise methods for managing or mitigating risks we have identified, and based on this provide customers with tailored solutions. We have a particularly important role to play in determining and managing the creditworthiness of business partners, so that our customers can conduct their business with financial peace of mind.

### IT and process development capabilities

Business efficiency can be improved by optimizing business processes using IT. We are exercising our comprehensive business engineering capabilities by increasing the sophistication of four key functions—marketing, financing, logistics and risk management—using our IT process development capabilities. In this way we can provide our customers with optimal solutions.

# Top Commitment

Message from the President



**Shohei Utsuda**  
**President and Chief Executive Officer**  
**Mitsui & Co., Ltd.**

## **Continuing to pursue Yoi-Shigoto as the business environment changes**

The fallout from the subprime problem has now spread globally. The financial crisis spurred by the drop in U.S. housing prices in 2006 has seen the collapse of certain financial institutions, and a substantial impact on the real economy has become unavoidable.

We are seeing profound changes in our business environment, sometimes even from day to day—evidenced by mineral resource and energy prices crashing from historical highs in the second half of 2008, progression of the global warming problem, a crisis situation in the poorest countries in Africa and elsewhere, and a number of other serious issues. In considering these circumstances, my message to people within Mitsui has been that throughout our history of business we have experienced many crisis situations. We are a strong company, and it is particularly in these times of rapid change that we should aim to undertake Yoi-Shigoto (good quality work) with confidence and conviction.

Over more than 130 years since the founding of the original Mitsui, our company has pursued business based on a set of values—“Challenge and Innovation” “Open-mindedness” and “Focus on Human Resources”—through which we have endeavored to earn the appreciation of society by performing meaningful, satisfying work that creates positive value. It is the undertaking of Yoi-Shigoto that leads to this value creation. I sincerely believe that if we focus on performing Yoi-Shigoto, profit will follow.

I am convinced that even when confronted by the kinds of changes we see today, it is vital to maintain strong determination, to consider carefully what it means to perform



Yoi-Shigoto, and to actively pursue opportunities with which to continue building our track record.

### Global strategy and diversity

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Our operations are steadily becoming more global as we expand into growth markets, and in doing this we must create deep roots in each of the countries and regions in which we do business. Further, in order to survive and prosper in an environment where extreme change is almost becoming the norm, we need to be able to identify, employ and foster talented personnel from within the wider group, taking a more diversified approach than we have to date. The new corporate culture that will emerge as a more diversified workforce works together in the company will make possible the emergence of new business models that we cannot currently imagine.

Our aim in creating a more diverse organization is to develop a global business culture that prioritizes the fostering of human resources, and we intend to support and deploy talented people regardless of their place of hire or nationality.

Our drive to create a truly diverse, global personnel structure is a considerable challenge for Mitsui that will take time. We will therefore approach our task with determination, taking the required steps one by one, and working steadily towards our goal.

### Human rights, labor and poverty in developing countries

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We strongly support the United Nations in its efforts to bring together the public and private sectors to make progress on human rights, labor conditions, the environment and corruption, through its Global Compact and other such initiatives. We became a signatory to the Global Compact in October 2004, and while honoring the 10 principles of the Compact are working to implement further improvements. We have also been taking steps to expand compliance with the Global Compact to include our transaction partners, as part of which we established a Supply Chain CSR Policy in December 2007. This policy is being implemented with our procurement companies and other companies along

the entire supply chain.

The problem of poverty, meanwhile, in combination with global warming is becoming an increasingly important issue on a global scale, and was one of the key topics addressed in Yokohama at TICAD IV (the Fourth International Conference on African Development) in May 2008 and at the G8 Summit in Toyako in July. This year was designated by the United Nations as the turning point to achieve the Millennium Development Goals (MDGs) for 2015 that were outlined by the U.N. in 2000. In May of this year, responding to a request by U.K. Prime Minister Gordon Brown, on behalf of Mitsui I signed a declaration by approximately 60 mainly global businesses to work towards the achievement of the MDGs. Mitsui has for many years contributed to the reduction of poverty through regional development projects in different parts of the world, and via business and social contribution activities we will continue our efforts in countries such as those of the sub Sahara where poverty remains a significant problem.

### Addressing the challenges of ongoing social issues

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Global society faces a range of deepening problems. In terms of society, issues include poverty in the developing countries of Africa and elsewhere, along with the associated issues of human rights, labor rights and population pressure. As contributive factors we have issues such as the fight for resources and sudden increases in food prices, and even financial crises and global economic slowdowns brought about by distortions in market-based capital policies. In terms of the environment, meanwhile, issues include global warming and loss of biodiversity.

It is crucial that in such an era companies try to contribute to the resolution of these problems through their own corporate activities. At Mitsui, we are determined to help resolve the key issues of today and tomorrow. By focusing clearly on the issues at hand and drawing on our philosophical approach of “Challenge and Innovation”, we are constantly considering the initiatives we can engage in as a company to achieve the desired social and environmental aims.

# Mitsui & Co.—Together with People and Society

## Towards the Realization of a Sustainable Society

### The Planet in Peril

We live in an era in which the progression of globalization and information technology is leading to diverse, active and profound change in society on many fronts. At the same time, however, there are a number of problems that undermine the ultimate sustainability of society. Multiple issues exist in economic, environmental and social domains, ranging from immediate changes in the global economic situation to environmental matters relating to global warming, food and water supplies, energy and other natural resources, and including social issues such as human rights, poverty, child labor and equal opportunity in education. Each of us is connected to these social and environmental issues, either as individuals or through businesses or other organizations, and we cannot simply ignore them.

It is impossible for us to achieve our aims for sustainable development as a private company without also pursuing the sustainability of society. Corporations have a large role to play in addressing the many important issues that need to be resolved in order to realize a bountiful and sustainable society, and communities have a keen expectation of corporations' social responsibility.

### Our Social Responsibilities as a Global Corporate Citizen

We believe that as a global corporate citizen, dependent like everyone else on regional, national and international society and the global environment, it is our responsibility to contribute to the creation of a better future for all.

It is our responsibility to engage continuously in positive corporate activities, contributing to society through our main business as a *sogo shosha* (general trading company), ensuring appropriate levels of compliance and internal controls, working to help resolve environmental issues, and undertaking social contributions. By developing new businesses, creating new value and building new relationships with communities, we will contribute directly and indirectly to the economic

growth of Japan and countries worldwide, to the prosperous development of business, industry and regions, and to higher living standards for all.

Consequently, our employees must continuously ask themselves whether their work is living up to the expectations of stakeholders, creating new value, meaningful to society, and following rules and appropriate procedures.

## Maintaining our Founding Values

At Mitsui, the way we develop operations and carry out our work is still very much based on the core values expressed by Takashi Masuda, the founder of the former Mitsui, and his business philosophy.

These values clearly echo the principles of CSR, and have remained unchanged through the development of Mitsui. Takashi Masuda viewed the country of Japan as one of the stakeholders of Mitsui, and constantly considered what the company could do for the nation. He said:

**“Avoid infatuation with immediate advantage. For enduring prosperity, harbor grand aspirations.”**

**“I started Mitsui & Co. with the goal of realizing trade on a large scale, not in pursuit of money, but from the desire to work.”**

**“Mitsui has a pool of very talented individuals. This is Mitsui's most important asset.”**

In the same manner, the concepts of *challenge and innovation*, *open-mindedness*, and *nurturing human resources* have for many years been the hallmarks of our thinking as a company.

These values and concepts have not been formally documented in our company manuals over a long period of years. Our approach has been passed on through generations as the natural way of doing business, learned by watching the actions of senior peers and working alongside them. Takashi Masuda believed that if you were working within the organization these values should naturally materialize in your work.



## Reflecting on Our Origins to Envision the Future

### Realizing our Failures

Despite these values, serious problems arose in 2002 with the Kunashiri incident\*<sup>1</sup> and in 2004 with the DPF\*<sup>2</sup> incident. In these cases, we failed to observe the rules of society at the stage prior to actually contributing to society. After these incidents occurred, repeated internal discussions took place to determine why such problems had arisen. Although we do not consider that the problems are attributed to a single cause, in both cases we determined that there was an overemphasis on *winning the game and turning a profit* at the front line under a tough business environment. We believe that insufficient examination of our business policies and procedures, in light of the values long held by Mitsui, was the underlying cause.

Many employees wondered how such misconduct occurred, and even questioned the direction Mitsui was heading. At that time we should all have been carrying out our work based on our shared values, but it became clear that this was not happening throughout the company. There are no excuses that our values had become dormant, and were not being promoted and shared in the company.

\*1 A bid-rigging incident relating to a diesel power plant on Kunashiri Island.

\*2 Falsification of certification data for diesel particulate filters.

### Sharing our Values and Yoi-Shigoto

With the rapid progression of globalization, the spread of information technology and diversification of Mitsui's human resources, individual employees increasingly need to take an autonomous, flexible approach to understand the company's direction and implement company strategy in the workplace. To help achieve this, in 2004 we revised and clarified our corporate philosophy in Mitsui's Mission, Vision and Values to share Mitsui's DNA that has evolved over many years of history and tradition.

Our operations cover diverse industries and segments, which make it difficult to express how we can reconcile

the work we do with our Mission, Vision and Values. However, it can be said that with these values newly shared among us, our job is to successfully implement the tasks we want to undertake. We believe that the purpose of working, after all, is certainly more than merely to earn money; it is also to provide society with something of value.

In 2006, the 130th year since the founding of the original Mitsui, we implemented a global, company-wide program called, *YOI-SHIGOTO! Our Origins, Your Future*. In this program we re-examined the aspirations that have remained with Mitsui since its founding, with the aim of having every employee consider what it means to perform Yoi-Shigoto (good work). Yoi-Shigoto is more than the actions associated with a particular operation or project; it is the approach and way of thinking demonstrated by all members of the organization, from management to employee, based on our fundamental values. Accordingly, Yoi-Shigoto is something that must be achieved in all our work activities, rather than in specific categories or sectors. Similarly, *poor work* can result in any activity and category. As part of this program we held workshops and seminars in which all employees were given the opportunity to consider what constitutes Yoi-Shigoto, and to assess whether we were performing Yoi-Shigoto based on our mission, vision and values.

These kinds of good work-themed workshops are continuing to this day, covering all Mitsui offices and divisions, including those outside of Japan.

We can now say that no single employee of Mitsui is unfamiliar with the phrase Yoi-Shigoto. However, the interpretation of what it means to perform Yoi-Shigoto varies from individual to individual, and it is something that must be constantly examined by employees in their day-to-day activities.

### Reflecting on our Human Resources Principles and Policies

One of Mitsui's core principles, handed down from the company's founder, is that *people are Mitsui's most valuable asset*. Eiichi Hashimoto, a former chairman, said, "*The individual builds the business, and the business cultivates*

*the individual,”* which expresses the idea that employees propagate and implement the values of Mitsui. It is therefore vital to foster the development of employees with a true set of values with regard to their work.

Reflecting on our responsibilities to society, we have been taking measures to improve our overall internal compliance systems by strengthening internal auditing systems, enhancing internal reporting procedures, and implementing systems for the management of specially designated businesses. Moreover, in April 2006 we adopted a new personnel system, aiming to support the development of employees who can realize Mitsui's MVV and corporate philosophy. As part of this system, we established a new personnel appraisal standard related to the extent individuals are embodying the company's values and management philosophy in their work—particularly with the ideal that Mitsui should aspire to set high standards and to contribute to society. In this new performance appraisal method, the focus is on the degree of qualitative goals being achieved, as well as on the process of the achievement. Therefore, constant awareness of Mitsui's management philosophy and the accumulation of Yoi-Shigoto can be accurately evaluated.

## CSR at Mitsui & Co.

### Yoi-Shigoto—The Core of CSR

Our core approach to CSR is to remain constantly aware of what it means to perform Yoi-Shigoto. The idea of CSR within Mitsui is not limited to businesses related to the environment or businesses that attract much public interest. CSR is not something that relates to specific operations or projects, rather our aim is to undertake Yoi-Shigoto in all our operations so that we can constantly contribute to society and fulfill our responsibilities. That's what we call Mitsui CSR.

### CSR as the Starting Point for All Work

Mitsui's approach to CSR may be easier to understand if there were quantitative CSR appraisal standards for each of our operations. However, in the same way that there

is no single standard by which our complicated and diverse society can be assessed, the operations within Mitsui also cannot be evaluated by a single standard. No single standard can be applied uniformly to every business and every social situation.

It is, however, possible to assess whether operations comply with certain minimum legal or social standards, such as whether a business is disturbing communities or contravening laws and regulations. And looking beyond this responsibility, we need to consider how our work is viewed by society, and whether it serves a useful function. Going through this process represents the essence of Mitsui CSR:Yoi-Shigoto.

Any work we do will be evaluated differently, depending on it being viewed in an economic, social or environmental context, or by the stakeholder involved. We therefore believe that the CSR process is an optimal balance of these factors in the work we do.

### Mitsui CSR and Corporate Sustainability

A company can only be sustainable if the society it operates in is sustainable. And, if a company is not sustainable it cannot fulfill its social responsibilities. We believe that Yoi-Shigoto, the core of our CSR approach, creates value in society, and that profits will follow as a result of fulfilling our responsibilities to society.

Even with the world undergoing constant upheavals, with numerous economic, environmental and social issues requiring attention—and even because of this reality—we are compelled to address these issues and practice Mitsui CSR through Yoi-Shigoto. And we believe that this is directly linked to our sustainability as a company.

### Reexamining our Work from an External Perspective

As employees of Mitsui we will be professional in our manner and work we perform. However, we realize that there is a tendency for us to pay more attention to our own sensitivities and feelings towards our work than we do to such things as how our work is viewed by those outside the organization and the meaning our work has

for society. Employees tend to be highly sensitive to evaluations from within the organization and less attuned to appraisals from society at large. Consequently, we think one of the causes of this is insufficient communication. Although we have been pursuing CSR throughout our organization for many years, it is probably fair to say that we have not developed sufficient communication with, nor obtained feedback from, our stakeholders. Because of this, we need to improve our awareness and understanding of how we are viewed outside the organization.

Reflecting on this, we have started to undertake active dialogue with a wide range of stakeholders so that we can better understand their opinions and wishes. We have also adopted a Specially Designated Business Management System to enhance the awareness of social—external viewpoints to be taken into consideration, with extra care, when we engage in business operations in such designated areas.

## Expanding our Creative Horizons as a Global Group

There is no change to Mitsui's traditional concept that *the individual builds the business, and the business cultivates the individual*.

As we work to maintain our values while making progress on the development of Mitsui's CSR program, it is important for all of us to develop our creativity. We must appropriately deal with various viewpoints from outside stakeholders, as well as with long-term issues relating to natural resources and the environment. In doing this, we have to consider how best to incorporate these factors in our work, by expanding our horizons, aiming high, and advancing our creativity. In addition, we need to set the bar higher and select appropriate ways to implement *Mitsui CSR that does not merely contemplate* 'what our responsibilities are as a corporation', but builds a solid track record of high performance across a broad variety of work domains. We see a need to improve communication among all employees and continue our efforts to gain the wide understanding of society.

In the year ahead we want to expand this concept to the next level, working as a global group to include not only our direct operations in each region of the world, but also the employees of our group companies. Although our business takes place in different countries, in different cultures and among a wide range of individuals, our aim is to ensure that Mitsui's people around the world are aware of and engaged in Yoi-Shigoto and *Mitsui CSR*.

## Sustainability at Mitsui: Meeting the Demands of the Times

Through our many years of development as a company, we have constantly tried to anticipate the coming era, analyzing how Japan and the world is likely to evolve, and considering what kind of company we need to be. As part of this we have consciously reflected on how we can make use of our potential and our resources, and how we should develop our businesses.

In the Meiji era, the former Mitsui traded widely to provide cotton, coal and other such resources that Japan needed as a nation. As Japan began to grow as an industrialized economy, it entered the global market as a value-added service provider. We imported high-quality precision machinery from Europe and the United States, and pursued outlets for manufactured goods throughout the world. After World War II, we helped rebuild Japan's shattered economy by procuring resources from all parts of the world, and assisting in the marketing of Japanese goods as a participant in the remarkable reconstruction process that saw Japan become a noted industrial nation.

We now need to envision how Japan and the world will develop into the future, identifying issues, formulating a sound vision, and planning the steps to take in our day-to-day work to contribute to the creation of a better future.

As we work towards making this vision a reality, our abilities as a *sogo shosha* enable us to contribute to the sustainability of society through Yoi-Shigoto, and in doing so, support the sustainability of Mitsui.

# Awareness-raising Activities in Pursuit of Yoi-Shigoto

As part of a reexamination of our founding principles and the values that have been passed down through our history, we have been carrying out various awareness-raising activities on an ongoing basis. In order to steadily accumulate a track record of performing Yoi-Shigoto (good quality work), which forms the very foundations of our CSR activities, we intend to continue to pursue such activities, broadening their scope from a company-wide basis to a group-wide, global basis, aiming to ensure that every employee considers what constitutes Yoi-Shigoto and takes ownership of the concept.

Fiscal year  
ended March 31, **2003**

**July 2002  
Kunashiri incident<sup>\*1</sup>**

<sup>\*1</sup> A bid-rigging incident relating to a diesel power plant on Kunashiri Island.

Fiscal year  
ended March 31, **2005**

**Nov. 2004  
DPF incident<sup>\*2</sup>**

<sup>\*2</sup> Falsification of certification data for diesel particulate filters.

**Reforming  
Awareness**

Fiscal year  
ended March 31, **2006**

- Held stakeholder dialogue:  
“Reflecting on what a company owes to society”
- Established Compliance Week
- Held employee panel discussion:  
“The steps we must take to recover the trust lost in the DPF incident”
- Launched Active Talk Wednesday

## Workshop: “The Steps We Must Take to Recover the Trust Lost in the DPF Incident”

The DPF incident was first discovered in November 2004 through an internal audit. In September 2005, we held a cross-divisional workshop for employees to exchange views on matters including why it occurred, what to do to prevent recurrence, and how to recover the trust lost as a result.

Views aired at the workshop included that, due to a lack of communication, employees did not have a shared awareness of and were not pursuing their work in accordance with the company’s management philosophy. Employees also said that one cause of the incident was that the performance appraisal system placed too much emphasis on quantitative targets, and that in order to prevent recurrence, appraisal methods used until that point would have to be changed to remove such bias. On the question of what employees should do now, employees reached consensus that reforming awareness was the most necessary task.

The workshop was the starting point in our development of a CSR framework in our core business, incorporating locations in the field, by ensuring a sharing of our values and the direction we should pursue.

## Establishment of Compliance Week

We established and held our first Compliance Week in 2005, one year after the DPF incident, so as not to forget the lessons of this incident. Compliance Week is a program to enable all employees to reflect upon why problems such as the DPF incident occurred and what each and every employee should do to ensure compliance in their work.

Compliance Week encompasses a vast range of events, including a speech from the President and Chief Executive Officer delivering the strong message that improving the awareness of every single employee is the most important of all, compliance lectures by external experts, employee panel discussions, and Active Talk Wednesday, a venue for executives and employees to freely discuss compliance and their awareness of daily work problems.



Employee panel discussion

Mitsui has held Compliance Week every year since 2005, to ensure that employees have a shared awareness of compliance and to improve this awareness.

Fiscal year  
ended March 31, **2007**

- Implemented “YOI-SHIGOTO!  
*Our Origins, Your Future*” activities
  - (1) Activities to reexamine our origins
  - (2) Held expert and stakeholder dialogue and company-wide cross-organizational workshops: “What constitutes Yoi-Shigoto?”
  - (3) Activities to reaffirm each employee’s link with society, above and beyond our core businesses
- Held Compliance Week

Fiscal year  
ended March 31, **2008**

- Held stakeholder dialogues at headquarter business units and overseas regional business units, with business partners taking a central role
- Continued awareness-raising activities in pursuit of Yoi-Shigoto and expanded it to subsidiaries and associated companies
- Held Compliance Week

Fiscal year  
ended March 31, **2009**

- Expanded awareness raising activities in pursuit of Yoi-Shigoto to overseas offices
- Established Mitsui Environment Month
- Held Compliance Week

## Workshops to Consider What Constitutes Yoi-Shigoto

We set 2006, the 130th anniversary of the founding of the former Mitsui, as the starting point for ongoing future awareness reform, and under the banner of “YOI-SHIGOTO! *Our Origins, Your Future*,” we carried out a whole host of activities during the year on a company-wide basis. These included cross-divisional workshops for employees to consider what constitutes Yoi-Shigoto and how to perform it.

Comments from participating employees included that: general trading companies have a broad range of employees, and it is hard to find the right balance between them; Yoi-Shigoto is difficult to define, but a good indication may be whether you can talk about it proudly with your family; and cross-organizational collaboration with other divisions is needed to ensure that employees take a broader perspective



Employee workshop

than just that of their own division or department. One group concluded that the ultimate Yoi-Shigoto was work that would be appreciated by everyone and also profitable.

## Stakeholder Dialogue: “What Constitutes Yoi-Shigoto?”

In August 2006, we held a stakeholder dialogue, which brought together a number of experts and was open to employees, to encourage employees to reflect on what society expects of Mitsui.

One opinion that emerged was that Yoi-Shigoto is work that finds the right balance for all stakeholders, including giving consideration to disparities in working environments, environment-related issues in the supply chain, social issues such as human rights, and so forth. The dialogue also reaffirmed the major role Mitsui must play, as a company dealing in diverse resources, in ensuring the survival of humankind.

## Extending Awareness-raising Activities to Subsidiaries and Associated Companies

From 2007, the awareness-raising activities for Yoi-Shigoto, which had been carried out on an across-the-board, company-wide basis, were transferred to the individual business units, with activities to be pursued based on their individual situations, and also on a group-wide, global basis, including at overseas regional business units and important subsidiaries.

By holding workshops in each workplace to consider Yoi-Shigoto and dialogues bringing together external experts, we are ensuring that the perspective of Yoi-Shigoto is incorporated when of developing new business or reviewing existing business.

# CSR at Mitsui & Co.

Our ultimate guiding principles for the CSR-oriented management we aim to achieve are contained in the Mitsui & Co. Management Philosophy (Mission, Vision and Values).

“Does our work really create new value and benefit society? Can we always be proud of its processes and quality?”

Through our business and in social contributions that transcend our business functions, our CSR activities are always conducted with these questions in mind, and grounded in our management philosophy.

## Corporate Mission, Vision and Values

Mitsui & Co.'s **Mission** — Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.

Mitsui & Co.'s **Vision** — Aim to become a global business enabler that can meet the needs of our customers throughout the world.

Mitsui & Co.'s **Values** —

- Build trust with fairness and humility.
- Aspire to set high standards and to contribute to society.
- Embrace the challenge of continuous innovation.
- Foster a culture of open-mindedness.
- Strive to develop others and oneself to achieve full potential.

## Basic CSR Policy

- 1 We will fulfill our role in the economy and continually strive to improve our corporate value by engaging in conscientious activities giving full consideration to the social significance of Mitsui & Co.'s presence and a strong awareness of our ties with the environment.
- 2 We will raise the awareness of each employee with regard to CSR and solidify our management base for practicing CSR through strengthening corporate governance and fully reinforcing internal control. We will also make efforts towards actively contributing to society.
- 3 We will place importance on interactive communication with our stakeholders. We will fulfill our accountability with respect to CSR and continually work to improve our CSR activities based on the responses of our stakeholders.

## The Ten Principles of the UN Global Compact

<b>Human Rights</b>	<ol style="list-style-type: none"> <li>1 Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>2 make sure that they are not complicit in human rights abuses.</li> </ol>
<b>Labour Standards</b>	<ol style="list-style-type: none"> <li>3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>4 the elimination of all forms of forced and compulsory labour;</li> <li>5 the effective abolition of child labour; and</li> <li>6 the elimination of discrimination in respect of employment and occupation.</li> </ol>
<b>Environment</b>	<ol style="list-style-type: none"> <li>7 Businesses should support a precautionary approach to environmental challenges;</li> <li>8 undertake initiatives to promote greater environmental responsibility; and</li> <li>9 encourage the development and diffusion of environmentally friendly technologies.</li> </ol>
<b>Anti-Corruption</b>	<ol style="list-style-type: none"> <li>10 Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ol>





## Developing the CSR Promotion Framework

### CSR Promotion Framework

In 2004, Mitsui formed the CSR Promotion Committee as an advisory body to the Corporate Management Committee, developed Mitsui's internal framework with respect to CSR and worked to raise CSR awareness among employees. In April 2006, we established the CSR Promotion Division, the central body for promotion of CSR-oriented management on a companywide level, in order to respond to the expectations and demands of society vis-à-vis the company's approach to CSR and CSR activities. After reorganizing, integrating and gaining a complete picture of our various major CSR-related operations, which had in the past been dispersed in various different divisions, we have been formulating new CSR policies.

Furthermore, with the objective of inculcating the importance of CSR-oriented management and Yoi-Shigoto (good quality work) throughout the company and planning and promoting activities in an integrated manner with our locations in the field, we have appointed CSR Promotion Officers at each business unit, overseas regional business unit, and domestic office, and are building our internal CSR network.

### CSR Promotion Committee

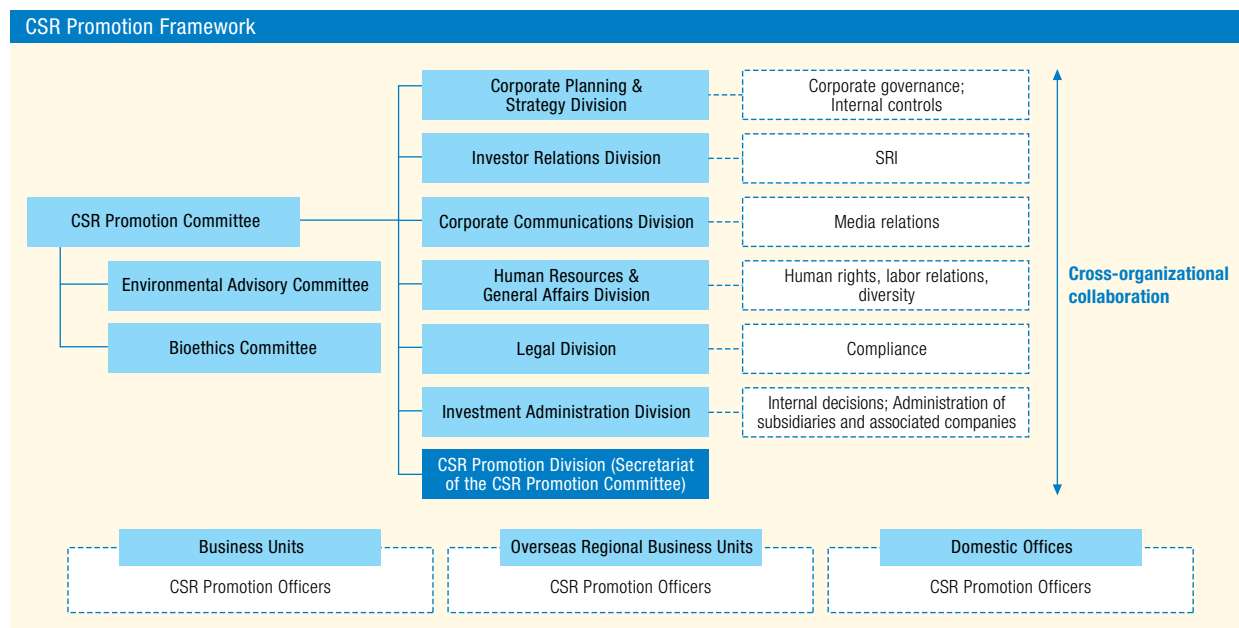
The CSR Promotion Committee has been in place since 2004 to submit proposals to the Corporate Management Committee on CSR-related management policies and business activities, inculcate the importance of CSR-oriented management

throughout the company, make recommendations with respect to "Specially Designated Businesses" (see page 22), and so forth.

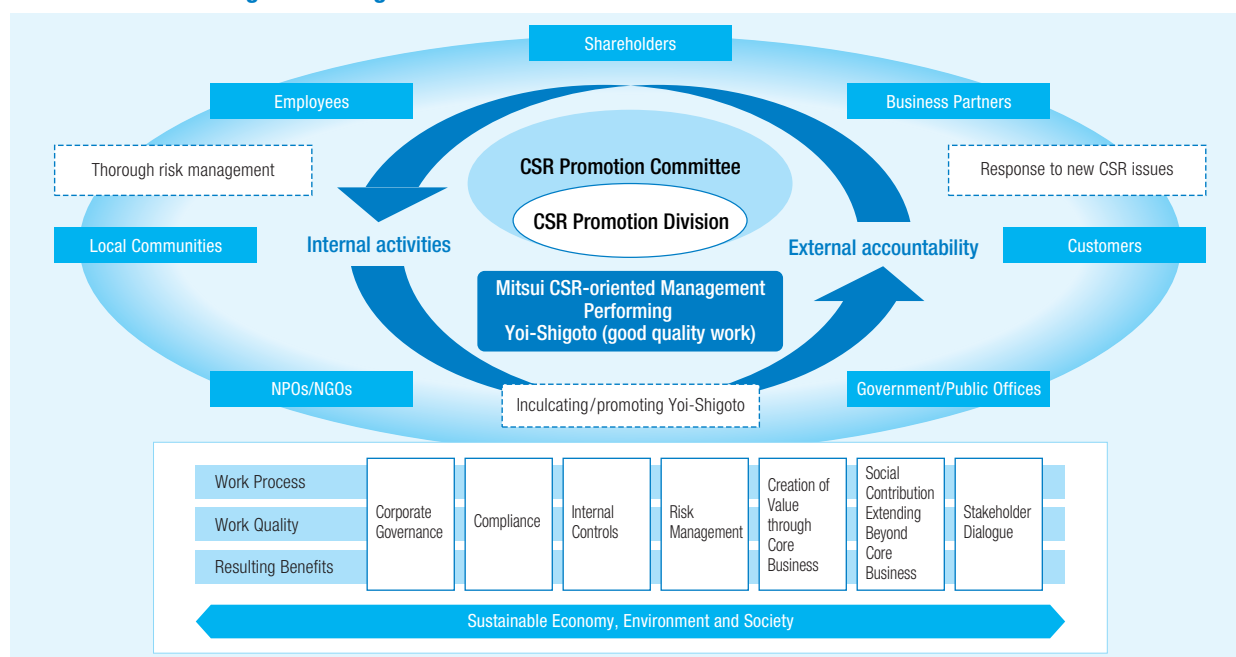
The committee's chairman is the executive officer in charge of corporate staff divisions (CSR Promotion Division), and its deputy-chairman is the executive officer in charge of corporate staff divisions (Human Resources & General Affairs Division, Legal Division). The general managers of each corporate staff division—the Corporate Planning & Strategy Division, the Investor Relations Division, the Corporate Communications Division, the Human Resources & General Affairs Division, the Legal Division, the Investment Administration Division, the Internal Auditing Division, and the CSR Promotion Division (manager of the secretariat)—serve as its members. The committee has the following duties:

- (1) Develop fundamental policies on management of the Company's CSR and fundamental plans for activities promoting CSR
- (2) Configure and establish an internal corporate structure for management of the Company's CSR
- (3) Determine the key issues to focus on each year for activities to promote the CSR measures of the Company and ensure progress on these
- (4) Respond to issues related to CSR, both within and external to the Company
- (5) Decide whether to support individual proposals qualified as Specially Designated Businesses, and determine necessary precautions for projects that will be supported

Furthermore, the Environmental Advisory Committee (see page 26) and the Bioethics Committee have been established under the CSR Promotion Committee, with the objective of responding to various CSR-related issues.



## ◎CSR-oriented Management: Target Structure



## Promoting CSR-oriented Management

Based on our management philosophy comprising Mitsui's Mission, Vision and Values (MVV), we are working to maintain the trust and respond to the expectations of our various stakeholders, and actively pursuing a management approach that emphasizes CSR. Furthermore, we see raising overall corporate value from various aspects—economic, environmental and social—as our management objective, and we aim

to ensure the sustainable development of both the company and society, while earning social trust through our businesses and broad social contributions.

The following table shows Mitsui's tasks and objectives for the fiscal year ended March 31, 2008, the degree of achievement of these goals, and our tasks and objectives for the fiscal year ending March 31, 2009.

**Degree of achievement of goal by self-evaluation:** ◎: Implemented and results attained; ○: Implemented and further result attainment necessary; △: Not implemented;

Item		Tasks and Objectives for FY ended Mar. 31, 2008	Page No.	Degree of Achievement of Goal	Tasks and Objectives for FY ending Mar. 31, 2009	
Governance	Corporate Governance	Raise awareness of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles on a consolidated basis.	17-18	○	Raise awareness of these principles on a consolidated basis.	
		Ensure management transparency and continued to improve effectiveness of corporate governance.	17-18	○	Ensure management transparency and continue to improve effectiveness of corporate governance.	
	Internal Controls	Continue to review and improve the internal control framework.	17-18	○	Further improve effectiveness and efficiency of internal control on a group/global basis.	
		SOA 404-related: Enhance initiatives to manage fraud risk.	17-18	◎		
	Compliance	Enhance consolidated global compliance.	19-20	○	Further enhance compliance activities on a group/global basis.	
		Pursue further compliance awareness throughout the Mitsui & Co. group, through ongoing compliance training, including at associated companies.	19-20	◎	Continue with training for maintaining and improving compliance awareness and facilitating the acquisition of practical knowledge on compliance.	
		Continue to conduct the Compliance Awareness Survey, including at subsidiaries and associated companies, and detect and resolve problems.	19-20	◎	Continue to conduct the Compliance Awareness Survey, including at subsidiaries and associated companies, and detected and resolved problems.	
		Enhance internal reporting systems at group subsidiaries and associated companies.	20	◎		
		Risk Management Structure	Set up back-up functions for delivery operations at domestic offices and branches.	—	◎	Ensure stable operation of back-up functions for delivery operations at domestic offices and branches.
			Strengthen accident prevention capacity through continued training.	—	○	Plan and implement Simulation Training by members of Crisis Response Headquarters.
Environment	Strengthening Environmental Management Systems	Enhance employee environmental awareness through further environmental education and training.	26-27	○	Develop awareness-raising activities, such as Mitsui Environment Month program.	
		Enhance environmental management systems at all domestic and overseas offices, and subsidiaries and associated companies.	25	○	Strengthen group/global environmental management system (develop and reinforce management system at overseas regional business units and overseas subsidiaries).	
		Continue to promote acquisition of ISO14001 Certification by domestic subsidiaries and associated companies with high impact on the environment.	27	◎		

Item		Tasks and Objectives for FY ended Mar. 31, 2008	Page No.	Degree of Achievement of Goal	Tasks and Objectives for FY ending Mar. 31, 2009
Environment	Strengthening Environmental Management Systems	Implement environmental law surveys and physical inspections at subsidiaries and associated companies.	27	◎	Enhance and improve environmental law surveys and physical inspections at subsidiaries and associated companies.
		Improve environmental impact assessment, taking into account occurrence probabilities.	—	◎	Explore the possibility of reevaluating assets relating to environmental liabilities.
	Initiatives to Combat Global Warming	Establish and seek to achieve group company-wide target for greenhouse gas reduction.	27	△	Consider establishing reduction targets for greenhouse gas emissions on a group basis, such as by carrying out energy-saving diagnosis.
		Improve transportation-related energy efficiency by 1% or more on average annually in five years from 2008 to 2012.	28	◎	Contribute to the development of a recycling-oriented society with a focus on the "3 Rs," reduction, re-use and recycling (consider determining and managing industrial waste emissions).
	Pursuing Environmental Businesses	Promote environmental and energy businesses throughout the Company.	29-30	○	Promote environmental and energy businesses throughout the company.
	Utilizing Company-owned Forests	Enhance contents of forest environment education.	31-32	◎	Broaden the range of targeted stakeholders in and enhance the contents of the forest environment program.
		Strive to conserve biodiversity with consideration given to national strategy and SGEC indicators.	31-32	○	Carry out resource surveys for company-owned forests as an initiative for conserving such forests and consider policy for such initiatives.
		Pursue research on use of woody biomass.	31-32	○	Pursue joint research with other companies or groups (on woody biomass, forest and forestry revitalization, etc.)
Society	Society	Pursue company-wide activities and review and improve the quality of projects based on social contributions policy and action guidelines.	37	○	Pursue comprehensive approach to social contributions and donations on a group/global basis.
		Support volunteer work linked to putting into practice Yoi-Shigoto.	40	○	Support volunteer work of employees.
		Review Mitsui & Co., Ltd. Environment Fund grant system and select high-quality grant projects.	41-42	◎	Stabilize the operation of the fund at the current scale of grant (stabilize the scale of grant, improve the efficiency of the operations of the administrative office, review budget distribution and screening methods for R&D grant, carry out evaluation of and feedback on finished grant projects.
		Encourage more employee participation in fund's activities.	42	○	Seek to ensure that employees understand and support the fund's activities.
		Promote development of network of grant recipient groups.	—	○	Enhance communication with stakeholders through management of the fund.
		Plan and promote new core social contribution projects worthy of Mitsui.	—	△	Promote and improve quality of core social contribution projects.
	Relations with Business Partners	Promote dialogue and cooperation with NPOs and NGOs.	42	○	Enhance collaboration with NPOs and NGOs. Conduct surveys on MDGs projects.
		Formulate supply chain management policy.	23	◎	Raise awareness of Supply Chain CSR Initiatives Policy internally and outside the company.
	Employee Relations	Promote improved efficiency in supply chain survey methods, and develop system for cooperating with workplaces to ensure problem resolution.	23	○	
		Continue to review human resource system including global group human resources.	—	○	Pursue initiatives for group/global HR strategy.
		Conduct survey once every two years and resolve problems detected in the survey.	36	○	Take ongoing steps to resolve issues identified in employee satisfaction survey.
		Utilize diverse human resources. Reform awareness and corporate culture to ensure improve overall drive of employees.	35	○	Work to further inculcate management philosophy and to reform employee's awareness and behavior (initiatives to foster human resources that can generate Yoi-Shigoto and contribute to society on an ongoing basis, based on Mitsui's management philosophy).
CSR-oriented Management	CSR Promotion Framework	Further inculcate management philosophy by means including a focus on human resources.	33	○	
		Globalize and optimize CSR promotion system.	11-12	◎	
	Awareness Raising	Strengthen collaboration among CSR-related divisions and departments.	14	○	Globalize and optimize CSR promotion framework.
		Continue to carry out awareness raising activities aimed at ensuring the generation of Yoi-Shigoto, in line with the current situation and issues at each unit.	11-12	◎	Promote proactive CSR-oriented management in operations in the field.
		Gradually ensure the performance of Yoi-Shigoto on a global consolidated basis.	11-12、44	○	Gradually ensure the performance of Yoi-Shigoto on a global consolidated basis.
	Risk Management	Research our compliance with the Global Compact and implement continuous improvements.	—	◎	Research our compliance with the Global Compact and implement continuous improvements.
		Enhance management system, formulate Specially Designated Business checklist and guidelines, and share expertise with locations in the field, by compiling key points regarding past Specially Designated Businesses.	22	◎	Improve effectiveness and efficiency of group/global CSR risk management.
	Stakeholder Communication	Continue to promote communication with all stakeholders from corporate level through to our various operating entities.	12	◎	Reconsider how stakeholder communication should be and communicate with all stakeholders on an ongoing basis.
		Further improve disclosure of non-financial information through the CSR Report.	—	○	
		Maintain and improve transparency and accountability of Mitsui's management through strategic information disclosure. Conduct management that takes the capital markets into account and provide feedback to locations in the field.	—	◎	Maintain and improve transparency and accountability of Mitsui's management through strategic information disclosure. Conduct management that takes the capital markets into account and provide feedback to locations in the field.

# Corporate Governance and Internal Controls

We are making efforts to enhance our corporate governance framework and develop and improve our internal controls on a consolidated, global basis, in order to make Mitsui a company that is trusted by society. We recognize that ensuring thorough compliance with respect to internal controls is a particularly important issue.

## Corporate Governance and Internal Controls

### Corporate Governance Framework

Mitsui has chosen to base its corporate governance framework on a corporate auditor system, using a Board of Corporate Auditors. In order to achieve effective corporate governance for shareholders and other stakeholders, the company has established and maintains the following bodies:

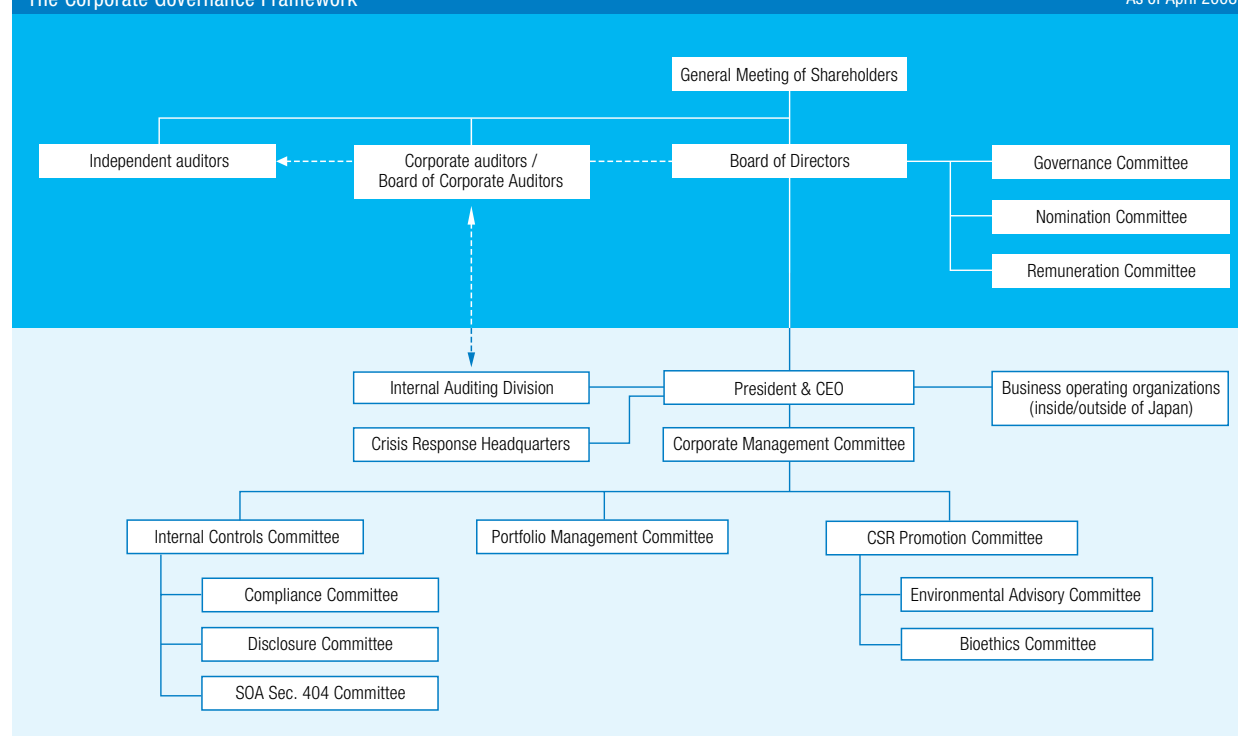
(1) The Board of Directors is Mitsui's ultimate decision-making body for business execution and oversight. In order to ensure that those functions are fulfilled, Mitsui appoints no more than the number of directors necessary to enable effective deliberations. Mitsui has also established the Governance Committee, Nomination Committee and Remuneration Committee as advisory bodies to the Board of Directors, with external directors and external corporate auditors serving as members of these committees.

(2) Board of Corporate Auditors audit the execution of the duties of the Board of the Directors as an independent body and report to shareholders. In pursuit of this objective, the corporate auditors carry out multifaceted, effective auditing activities, such as attending important internal meetings and auditing various types of reports, and develop necessary measures in a timely manner.

In order to ensure transparency and accountability, a key requirement of corporate governance, Mitsui is endeavoring to strengthen management oversight and supervision, taking into account the perspectives of external directors and external corporate auditors. At the same time, the company is developing its internal control framework with respect to information disclosure, and based on the general rules of fair disclosure, executives and employees are responsible for ensuring accountability. Furthermore, in order to separate

The Corporate Governance Framework

As of April 2008



the functions of business execution and oversight, Mitsui has broadly transferred the authority for business execution to the company's executive officers, with the Board of Directors responsible for overseeing the execution of business by the executive officers. The Chief Operating Officers of the company's 15 head office business units and three overseas regional business units also serve concurrently as executive officers, supporting a dynamic approach to business execution across the consolidated Group.

At the time of the General Meeting of Shareholders in June 2008, there were 13 directors, four of which were external directors.

We have seven corporate auditors, three full-time and four external, and we have established a Corporate Auditor Division as a framework to provide added support to the corporate auditors in the execution of their duties. Corporate auditors attend the meetings of the Board of Directors and other important in-house meetings, overseeing procedures and resolutions, and visit offices in and outside Japan and important subsidiaries and associated companies.

## Business Execution and Internal Control System

We have adopted the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) of the U.S., and are developing and improving our internal control system. With respect to compliance, we have given particular attention to ensuring that all employees, including those in subsidiaries and associated companies, thoroughly understand and practice the basic principle that "no compliance = no work = no company".

At the core of our internal control system, the Internal Control Committee, chaired by the president, establishes basic internal control policy and carries out company-wide internal control evaluations and improvements. The Compliance Committee, Disclosure Committee, and SOA Sec. 404 Committee all operate under the Internal Control Committee.

Furthermore, in order to respond to the diversifying risks associated with our business, we have established the Portfolio Management Committee, which monitors the company's entire portfolio, makes proposals on the company's overall

portfolio strategy, and conducts individual discussions on important projects. The Crisis Response Headquarters, an ad-hoc body reporting directly to the president, exercises swift, precise decision-making when there is a need for a swift response. The CSR Promotion Committee, which promotes company-wide CSR management, builds our internal CSR-related systems and diffuses them to employees.

## Internal Auditing Structure and Present Situation

The Internal Auditing Division, which reports directly to the president and has a staff of about 80, conducts regular audits, including of subsidiaries in and outside of Japan. Internal auditors make independent and objective evaluations of areas including management and operational effectiveness, compliance, and the reliability of financial reporting. The audit results are reported to the president, and follow-up reports from the audited department are requested on items where improvement is deemed necessary.

Furthermore, we have established an internal auditing department in each business unit. Each department and branch carries out self-auditing on their own initiative, and combined with Internal Auditing Division audits, this contributes to further improving our internal controls.

## Initiatives to Enhance Corporate Governance in the Last Fiscal Year

On April 1, 2008, we revised The Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles, first enacted in April 2006, in order to incorporate changes to the internal control reporting framework with respect to financial reporting, which were required from the fiscal year ending March 31, 2009 based on the Financial Instruments and Exchange Law. (For details: <http://www.mitsui.co.jp/en/company/governance/02/index.html>)

As regards SOA Sec. 404 evaluation, in the fiscal year ending March 31, 2009, we stepped up initiatives to focus on managing fraud risk, covering fraudulent financial reporting, misappropriation of assets, and other areas.

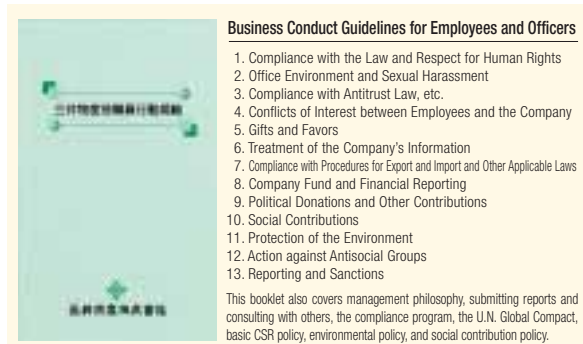
# Compliance and Risk Management

Corporate credibility is the foundation of our business. We recognize that only through performance with compliance can we maintain our credibility and increase our customers' trust in us. In order to continue to earn a high level of trust in our Group, we are working to prevent, detect and respond to compliance issues in our business and encourage every one of our employees to share a true appreciation of compliance.

## Further Pursuit of Compliance in Our Business

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

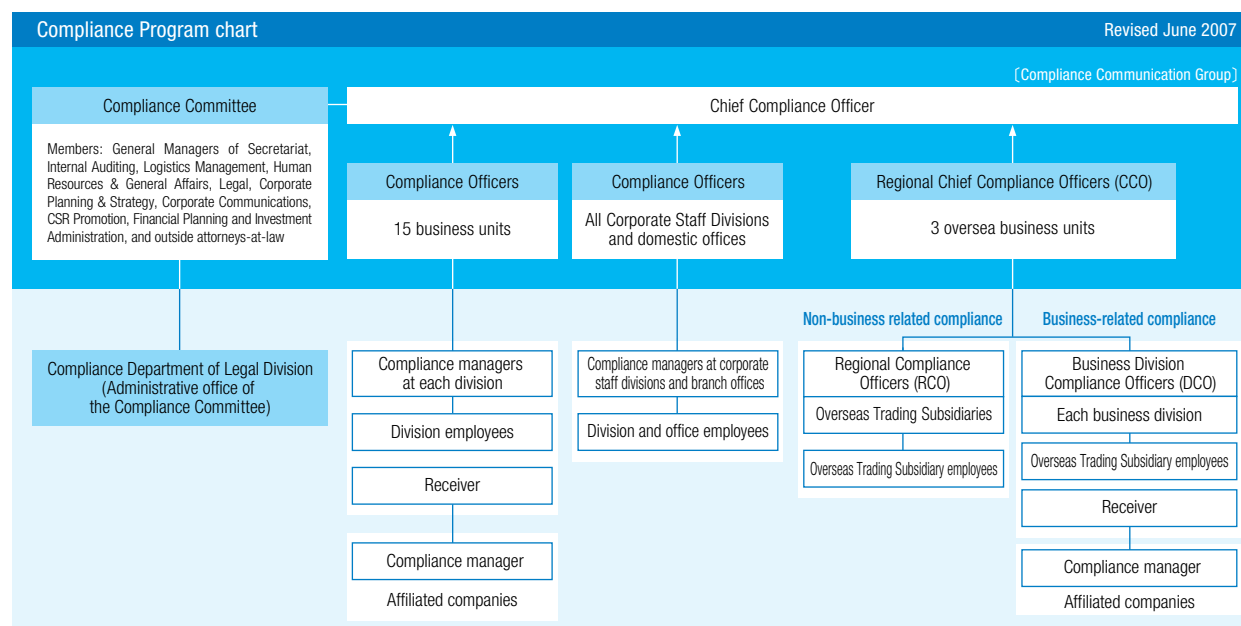
The "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." specifically set down how every Mitsui employee should act in his/her daily work and activities, from the perspective of compliance with laws, regulations and corporate ethics. The guidelines aim to help us fulfill our corporate social responsibility and win the trust of our stakeholders. They have been revised repeatedly since their



enactment in February 2001, to reflect changes in that time. We are aiming to ensure broad awareness of these guidelines among all employees by providing training and e-learning, and all employees have pledged to comply with them. In our Group companies, we have introduced and enacted individual business conduct guidelines for each company, which are based on the head office guidelines but tailored to the specific business structures of those companies. Overseas, we have put in place business conduct guidelines for each region that reflect the laws, regulations and customs of the countries in those regions.

### The Compliance Program

At Mitsui, under the direction and supervision of the Chief Compliance Officer, the Compliance Department leads compliance efforts on a global basis in collaboration with the Compliance Officers of each business unit and the Regional Chief Compliance Officers of our three overseas business units—the Americas, Europe, the Middle East and Africa (EMEA), and Asia-Pacific.



•At least one compliance manager is named in each division and office. •At offices and branches in Japan, compliance management for the operational organizations is handled through the respective business unit lines, while that of administrative units and units overseen directly at the corporate level is handled by general managers of the office or branch, or general managers of the applicable corporate staff divisions.



The Compliance Committee was established in 2001 to promote compliance with laws and ethical standards within the global Mitsui group. The Committee is chaired by the Chief Compliance Officer and its members include two outside attorneys-at-law. The Committee discusses various issues occurring in the company and the wider Group, and the outcomes of these discussions are made available on the company intranet.

## Facilitating Good Communication and Developing the Internal Reporting System

The foundation of our compliance efforts is maintaining an open work environment that reflects our management philosophy and values, and preventing problems through smooth communication within the Mitsui community. If employees have concerns about any possible misconduct, they are responsible for promptly raising the concerns and seeking guidance from their supervisors or others in an appropriate manner. Each concern will be promptly responded to and carefully reviewed, and appropriate action will be taken.

Mitsui offers eight channels for raising concerns about compliance, including internal lines and options through external attorneys-at-law or a third-party institution for those who wish to remain anonymous. The company developed the Internal Reporting System Regulations, and made it clear that no employees should be retaliated against for raising a concern. Furthermore, we have made it possible for Group companies in Japan to adopt Mitsui's designated external attorneys-at-law and a third-party institution as their own external channels, and, through appropriate guidance to Group companies on how to set up and manage internal reporting channels, are enhancing our system for allowing employees of Group companies to raise concerns without fear of retaliation. Our Regional Chief Compliance Officers are chiefly responsible for overseeing the improvement of channels for reporting and seeking guidance at our overseas bases and affiliated companies, in line with local laws and customs.

## Effective Education and Training

To ensure that business ethics are a living issue throughout the company and that all employees have the necessary expertise and information for ensuring compliance in their work, we provide a wide range of compliance training programs.

In the fiscal year ended March 31, 2008, we provided such training for employees of all levels, including new employees, line managers, operations and administrative staff, as well as for employees moving overseas or being seconded to Group companies. The training included briefings on important laws and regulations in Japan and overseas. Mitsui also provides a strong lineup of compliance training for executives and employees of Group companies. Furthermore, all employees in Japan are required to take an e-learning training program. We keep the e-learning content on our intranet so that employees can review and learn at any time on their own initiative. In the fiscal year ended March 31, 2008, we established an e-learning portal site for Group companies in Japan, enabling each Group company to provide compliance e-learning programs that are tailored to their specific needs.

We also provide compliance training for overseas operations and Group companies that takes into account the specific characteristics of the regions in which they are located.

## Compliance Awareness Survey

In order to review and monitor the degree of permeation of compliance awareness among executives and employees, we conduct the Compliance Awareness Survey annually and use the outcome to address and implement a variety of measures.

Last year, we included 158 Group companies in Japan as subjects. The response rates to the survey were 84.7% from staff within Mitsui on a non-consolidated basis and 92.4% from our Group companies. Responses from Mitsui employees on a non-consolidated basis to questions covering areas such as communication in the workplace, the existence of business that posed dilemmas from a compliance perspective, whether compliance infractions were overlooked, whether people were on the same page about the company's management philosophy, and whether compliance mattered as well as results in performance evaluations were mostly positive, indicating that compliance is taking root within Mitsui. Responses from Group companies to questions on areas including whether compliance systems were functioning, whether there were any hidden problems in the workplace, and communication in the workplace showed improvements compared to the previous year's survey.

We are also gradually introducing the survey at our overseas operations.

## Other Initiatives

Additionally, since the fiscal year ended March 31, 2007, each year the Chief Compliance Officer holds Compliance Roundtable meetings to talk directly with young and mid-level Mitsui & Co., Ltd. (head office) employees, and also holds, along with domestic group company presidents, Group Company Compliance Meetings, in order to keep up to date with and take joint ownership of issues that arise in the field. Furthermore, from the fiscal year ended March 31, 2008, we have started a new initiative for supporting Group companies in developing and operating their own compliance programs, aiming to further enhance Group compliance.

## Efforts to Protect Personal Information

We have developed a system for managing personal information protection, and appointed a company director to serve as Chief Privacy Officer (CPO). We have also established the CPO Office and are training all employees about this through measures including the publication of our Personal Information Protection Guideline and Regulations for the Protection of Personal Information, as well as engaging in a variety of personal information protection initiatives and working to resolve issues arising in this area.

As a general trading company, we handle a wide range of products. We handle large amounts of personal information, particularly in B-to-C (Business to Consumer) consumer goods business fields, and so we must take extreme care to ensure that this data is protected. In each domestic division we have appointed Personal Information Management Officers and have (1) created Personal Information Management Registers and (2) conducted self-assessments to check the status of information management. We have boosted security by starting to use IC cards as employee ID cards, put in place security check systems for people entering and leaving our buildings, and introduced encryption for our work computers. Furthermore, we work to develop and enhance our educational and training programs, including at subsidiaries and associated companies.

## Initiatives to Ensure Safety and Peace of Mind for Consumers

In pursuing its business, the company must comply with a range of laws and regulations.

Mitsui fully accepts that the ultimate goal of consumer-related laws and regulations is to provide safety and peace of mind for consumers.

Japan's Consumer Product Safety Act has been revised, in response to a case of carbon monoxide poisoning from faulty gas heaters. The revisions to the Act have prompted the company to formulate the Consumer Product Handling Policy and the Consumer Product Handling Regulations, and additionally each business unit has formulated rules on handling of consumer products, all of which we use to ensure appropriate handling.

In order to ensure that consumers can feel safe and secure about food products, Japan has enacted the Food Sanitation Act, which contains food safety standards that are among the strictest in the world. In these circumstances, Mitsui has been endeavoring to secure food for Japan, which has one of the lowest food-self sufficiency rates in the developed world, and has been placing top priority on ensuring safety and peace of mind for the consumer by carrying out its own checks and initiating inspections by experts.

Mitsui also places utmost priority on ensuring the safety and security of items other than consumer products and food.

### The Consumer Product Handling Policy

#### Placing More Emphasis on the Consumer and Ensuring Product Safety

In its manufacturing, import and domestic marketing of consumer products, Mitsui not only aims to handle products that are inexpensive or perform well; the company also gives serious consideration to the consumer, and places priority on handling safe products that consumers can use with peace of mind. This policy is aligned with our management philosophy comprising our Mission, Vision and Values (MVV) and ties in with our aspiration to do Yoi-shigoto (good work).

#### Developing and Operating a Risk Management System

To ensure that the Consumer Product Handling Policy functions in practice, the company has developed an appropriate risk management system and is working to maintain and improve the system for collecting, disseminating and disclosing information on the occurrence of accidents involving products, and arranging for product recalls when accidents involving products occur.

## CSR-related Risk Management

The risks associated with doing business have increased and diversified due to economic globalization, informatization, and heightened awareness of corporate social responsibility. Based on this understanding, Mitsui recognized the necessity to comprehensively manage risk from both quantitative and qualitative perspectives, by responding appropriately to changes in social conditions and business models. With this awareness, in April 2005 we designated the four business domains listed in the table below, which have high qualitative risk and for which conventional quantitative risk management methods were particularly insufficient, as Specially Designated Businesses, and we have been endeavoring to carefully develop such businesses. Under the Specially Designated Business Management System, we conduct internal assessment of related businesses and opt to seek, wherever necessary, the recommendations—pertaining to whether to proceed with a project and how to improve quality—of the CSR Promotion Committee and the Environmental Advisory Committee

and/or the Bioethics Committee, both of which were organized with the participation of influential individuals from outside the company.

In the fiscal year ended March 31, 2008, we made decisions on whether 209 different projects were appropriate to be Specially Designated Businesses, and assessed under the Specially Designated Business Management System the 62 projects we had determined to be appropriate. By business domain, 19 of these projects were environment-related business, 7 were R&D-oriented manufacturing, and 36 were businesses with a high public profile, with no projects in the domain of bioethics-related businesses.

Furthermore, we have established the ODA Business Management System for promoting ODA business, which requires operation processes that are highly transparent and have a high public profile, and are controlling the target businesses of this system.

### ◎Four Business Domains Subject to Specially Designated Business Management System

Business Domain		Key Points for Screening
		<b>Applicable to All Four Business Domains</b> <ul style="list-style-type: none"> <li>•Significance and social value of the business itself</li> <li>•Significance of Mitsui engaging in said business</li> </ul>
1	<b>Environment-related business</b> All businesses that manufacture and market, including those that contract manufacturing to third parties, products that are closely concerned with the environment, and those businesses whose business domain is the environment itself. Examples: CDM (Clean Development Mechanism) business, business using biomass, recycling business, waste water treatment business, etc.	<ul style="list-style-type: none"> <li>•Contribution of said business to the environment and society</li> <li>•Measures to mitigate environmental impact, and ensuring of safety</li> <li>•For development business, appropriate consideration and understanding of related parties such as local residents</li> <li>•Compliance with environmental laws, regulations and guidelines, etc.</li> </ul>
2	<b>R&amp;D-oriented manufacturing</b> All R&D-oriented businesses that develop new technologies and businesses that manufacture and market products, including those that contract manufacturing to third parties. Examples: Development and production of new medical devices, etc.	<ul style="list-style-type: none"> <li>•Examination of feasibility of technologies</li> <li>•Checking of management system for performance and quality assurance, etc.</li> </ul>
3	<b>Bioethics-related businesses</b> Businesses that are involved in the development of technologies concerning the human genome, genetic analysis, genetic recombination, and related areas, and those businesses that trade in products that use those technologies. Examples: Development of new drugs using genetic analysis technology, etc.	<ul style="list-style-type: none"> <li>•Ethical screening based on guidelines of three Japanese ministries (Ethical Guidelines for Human Genome and Genetic Sequencing Research: MEXT, MHLW, METI)</li> <li>•Approval by the ethics committee of the research institute, acquisition of informed consent, checking of processes, etc.</li> </ul>
4	<b>Businesses with a high public profile</b> Businesses that are eligible for direct or indirect subsidies from the Japanese government or other governments and which have a high public profile, as well as high-risk cases that may be in conflict with public order and morality, Mitsui's management philosophy, or other CSR-related matters. Examples: Businesses receiving subsidies, etc., public businesses (businesses based on PFI, designated administrator system, market testing, etc.), businesses with strong regional exclusivity (public transportation systems, etc.), etc.	<ul style="list-style-type: none"> <li>•Evaluation in light of Mitsui's Management Philosophy</li> <li>•Social impact and ensuring accountability and transparency of processes</li> <li>•Determination of interests of stakeholders, and resultant considerations and responses</li> <li>•Responsibility and capability as the operator of a business with a high public profile over the medium to long term</li> </ul>

# Supply Chain Initiatives

As a company that develops a multitude of value chains around the world to provide goods and services, giving consideration to a variety of supply chain issues and working with our business partners to meet the expectations of society are important initiatives that tie in with our management philosophy comprising our Mission, Vision and Values (MVV) and putting into practice the UN Global Compact.

## Supply Chain CSR Policy

An important mission of the company is to take up the challenge of working to resolve various issues facing the international community, such as problems relating to human rights, labor and the global environment.

In October 2004, Mitsui pledged to support the United Nations Global Compact, and had been taking steps to comply with the 10 principles of the Global Compact, covering human rights, labour standards, the environment and anti-corruption, and to improve its approach in these areas. However, against a backdrop of rising consumer awareness about these matters, we were being called upon to expand these steps to also include our supply chains.

Based on such global trends, we established the CSR Procurement Policy Examination Committee within the company to discuss the best way to exert our influence on the supply chain, and as a result of these discussions, in December 2007 we established the Supply Chain CSR Policy.

Mitsui intends to encourage its business partners to identify

and resolve CSR-related supply chain issues, not only with respect to green procurement, which takes account of environmental impact, but also in areas including compliance with laws and regulations, respect for human rights, safe and sanitary working environments, and the safety and reliability of products and services.

### Road Ahead

Since formulating the policy, we have begun initiatives to ensure understanding of and cooperation with it among suppliers and other business partners, based on dissemination of the policy throughout the group, including at overseas offices and subsidiaries.

At the same time, focusing particularly on the fields of human rights and labor, we have been carrying out individual worksite visits and surveys, prioritizing industry sectors and geographical regions generally considered prone to problem occurrence. We intend to determine the situation at each worksite, encourage our business partners to remedy any problems, and also provide support ourselves if necessary.

Mitsui Bussan Inter-Fashion Ltd., one of our apparel-related subsidiaries, providing a variety of services as trading company in apparel industry, has been engaged in manufacturing consignment agreements with apparel manufacturers, subcontracting production to plants in Japan and overseas. The company acts in concert with Mitsui's initiatives, and based on Mitsui's policy has formulated more detailed factory selection criteria, and is seeking to achieve appropriately managed production not only from the perspective of product quality but also from social responsibility perspectives, such as human rights and working conditions. By doing so the company is aiming to develop business in which high-quality products, in terms of both product quality and social responsibility, are distributed on an ongoing, stable basis.

While proceeding with business activities aligned with the Supply Chain CSR Policy at each worksite, we will respond to issues individually as they occur and work to improve our CSR activities across the entire supply chain.

### ◎Supply Chain CSR Policy

1

We will strive to contribute to the creation of a sustainable society by understanding and solving issues associated with the supply chains of our businesses, consistent with the wishes of our stakeholders.

2

We will strive to support improvements in our supply chains by seeking understanding and implementation of the following principles by our business associates. :

- ① We will engage in fair trade, prevent corruption and comply with all applicable laws and regulations.
- ② We will not be complicit in human rights abuse and violation.
- ③ We will not participate in forced labor, child labor or unlawfully-cheap labor.
- ④ We will help reduce and mitigate business impact on the global environment.
- ⑤ We will ensure a safe and sanitary work environment.
- ⑥ We will ensure the safety and reliability of our products and services.
- ⑦ We will disclose adequate and timely information relevant to the above.

## Case Study: The Lumber Procurement Supply Chain

### Mitsui's Policy on Lumber Procurement

Distribution of lumber obtained through illegal tree cutting has recently become an international problem in the area of procurement of lumber resources.

Illegal tree cutting is depleting and deteriorating forests in lumber-producing countries and destroying forest ecosystems, while also causing problems including distortions in lumber markets and loss of revenue in such countries.

Mitsui believes that lumber cut illegally and exported at unreasonably low prices strongly impedes sustainable forest management in both lumber-producing and lumber-consuming countries.

Seeking to achieve stable supply of lumber products, Mitsui is working with business partners worldwide to check the legality of all transactions and ensure that it does not procure illegally cut lumber.

### Checking Legality of Lumber and Related Issues

Mitsui endeavors to ensure that all of its lumber-related business is fully legal, taking particular care with products

from countries in which illegal tree cutting is suspected. We do so by investigating compliance with tree cutting-related laws and regulations in the country of origin of the lumber, and through (1) forestry certification and chain of custody (CoC) certification,\* (2) certification based on Japan Lumber Importers' Association (JLIA) standards, which conform to the guidelines of Japan's Forestry Agency, and (3) voluntary standards at Mitsui's business investments.

However, the following problems exist regarding checking the legality of lumber using these means, and we intend to work to resolve them.

- The absolute volume of certified lumber is minor.
- The JLIA standards for checking legality were created with supervision from Japan's Forestry Agency, and are currently used for lumber imported from Indonesia, Malaysia, Papua New Guinea and the Solomon Islands. It is planned to extend them to other countries, but at present different standards must be used.
- In some cases forest resource sustainability must be checked as well as lumber legality.

\*Certification system to ensure that all stages of the supply chain from product manufacturing and processing through to distribution are appropriately managed and no uncertified lumber is used.

### Initiatives at Mitsui & Co. and Related Companies to Prevent Illegal Tree Cutting

	Group Company	Business	Country of Origin	Means of Checking Legality/Environmental Consideration
Paper resources	Mitsui & Co., Ltd.	Woodchip import	Australia	Business partners: Australian Forest Certification (AFS certification), CoC certification, supplier surveys by customers Products: AFS certification, CoC certification For cutting of natural forests, compliance with tree-cutting plan of Australian federal government
		Tree planting joint ventures with paper companies, etc., and forest product trading	Australia	Business partners: ISO14001 certification, AFS certification, CoC certification, supplier surveys by customers Products: AFS certification, CoC certification Environmental consideration: Selection of <i>Eucalyptus globulus</i> as tree species to plant, as it is fast-growing and suitable for making pulp
		Handling tree plantation and forest management for forests owned by Japanese companies for CSR purposes, etc., and forest product trading	Australia	Business partners: ISO14001 certification, AFS certification, CoC certification, supplier surveys by customers Products: AFS certification, CoC certification Environmental consideration: Selection of <i>Eucalyptus globulus</i> as tree species to plant
	South West Fibre Pty Ltd.	Woodchip processing and sale	Australia	Business partners: ISO14001 certification, AFS certification, CoC certification, supplier surveys by customers Products: AFS certification, CoC certification South West Fibre maintains full legal compliance in its tree cutting. All cutting is from plantation forests ( <i>Eucalyptus globulus</i> )
Residential construction materials	Mitsui & Co., Ltd.	Lumber import	Russia	Based on voluntary standards of business partner (T.M. BAIKAL CO., LTD.; see below)
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Product and raw material trading (including import and export)	Indonesia, Malaysia, Papua New Guinea, Solomon Islands	Business partners: Standards decided by the JLIA for each exporting country, based on Forestry Agency guidelines
			All countries	Environmental consideration: Increasing sale of products using FSC-certified lumber, CoC-certified lumber, Eucalyptus lumber (FSC), Japanese lumber and waste wood
		Eucalyptus single board manufacturing joint venture	Tasmania	Business partners: PEFC forest certification
	T.M. BAIKAL CO., LTD.	Lumber business	Russia	Voluntary standards of T.M. BAIKAL ("Policy for Selecting Raw Wood Suppliers"): The company: (1) is nationally registered; (2) has fulfilled its tax obligations; and (3) is a legitimate lessee of forest land (or is an intermediary that imports raw wood from a legitimate lessee of forest land, and conducts business in accordance with forest law)
	JAPAN NOVOPAN INDUSTRIAL CO., Ltd.	Manufacturing and sale of particleboard using waste wood	Japan	Environmental consideration: Waste wood recycling

# Global Environmental Initiatives and Contributions

Environmental consideration is essential for society's sustainable development and Mitsui's sound business growth. We are pursuing a number of initiatives for reducing energy consumption in our offices, working together with society, and finding industrial solutions to environmental problems through our business, and for improving the environmental awareness of every Mitsui employee as necessary to achieve these goals. We now outline our constantly improving environmental management system and these initiatives.

## Environmental Policy

Revised February 2005

Guiding Principles	<p>① Mitsui &amp; Co. believes that one of its most important management themes involves providing a positive response to environmental issues in order to <i>contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.</i></p> <p>② Mitsui &amp; Co. will make every possible effort towards realizing a “sustainable development” which is aimed at creating a harmony between the economy and the environment.</p> <p>In view of the above principles, and in accordance with the Action Guidelines shown below, Mitsui &amp; Co. will design, periodically evaluate, and continually improve an adequate risk management system, including response to matters such as global warming, nature conservation and the prevention of pollution, which will cover the wide range of activities that it undertakes on a global scale. At the same time, we will strive to ensure the development and dissemination of earth-friendly technologies and further reinforce our responsibility with respect to the environment.</p>
Action Guidelines	<p>① <b>Compliance with related regulations</b> We will comply with the various regulations relating to environmental protection, as well as all agreements signed by the company for promoting business activities.</p> <p>② <b>Efficient utilization of resources and energy</b> We will strive to reduce the burden on the environment within each of our workplaces and in our business activities through the efficient utilization of resources and energy, as well as the prevention, reuse, and recycling of waste and its proper disposal.</p> <p>③ <b>Environmental care for products and services offered, as well as existing and new businesses</b> We will give the utmost consideration to the environment to the extent technologically and economically feasible by exercising an appropriate degree of influence in enlisting the understanding and support of involved business partners, as well as evaluating the impact that we have on the environment.</p> <p>④ <b>Contribution to providing industrial solutions to environmental issues</b> We will engage in business activities with the goal of providing rational and permanent industrial solutions and contribute to the realization of “sustainable development” by exploiting our individual abilities and the collective strengths of our organization in cooperation with our global partners.</p>

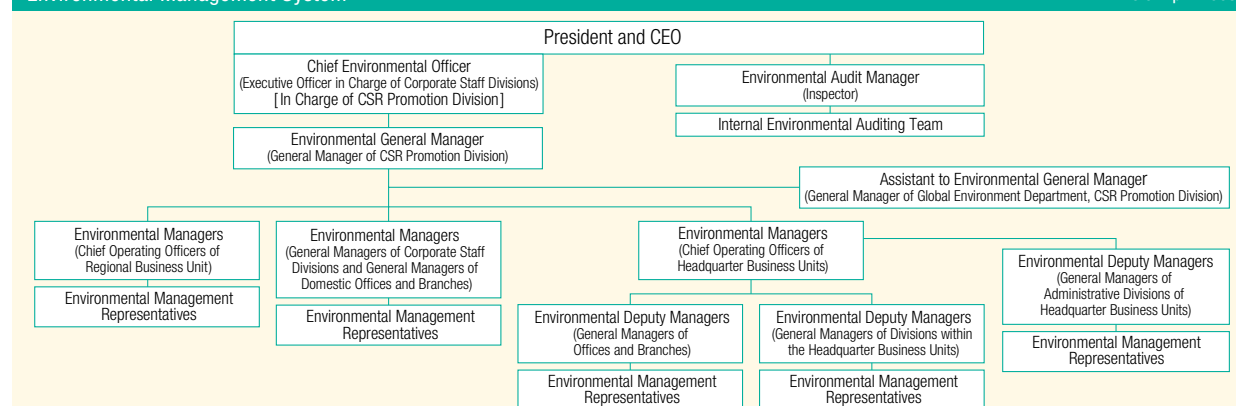
## Environmental Management System

In promoting environmental management, Mitsui has appointed a chief environmental officer to assist the president in his management responsibilities for environmental affairs. In terms of execution, the general manager of the CSR Promotion Division has been appointed as the environmental general manager, and the chief operating officers of each business unit,

the general managers of each corporate staff division, the general managers of each branch and office in Japan, and the chief operating officers of overseas regional business units have been appointed as environmental managers of their respective business units or divisions, as part of our efforts to develop a group-wide, global environmental management framework.

### Environmental Management System

As of April 2008





## Execution of Environmental Management

### Continuous Reform of Management System

Mitsui's environmental management is undertaken in line with our management philosophy (mission, vision and values) and environmental policy, and aims to meet the demand from society for appropriate engagement in global environmental issues. Our approach extends beyond simply focusing on the reduction of paper, garbage and energy, and also encompasses measures such as pursuing effective, goal-based environmental management, which includes the incorporation of environmental management of environment-related matters in our business plans, and finding industrial solutions to environmental problems through our core business. We intend to continue to build our engagement in a variety of environmental initiatives in a way that best reflects the nature of Mitsui as an organization.

### Targeting Strong Performance

Under the environmental management system proscribed by ISO 14001, from the fiscal year ended March 31, 2008 emphasis has shifted to measuring effectiveness, through an approach consisting of: ① identifying the extent to which objectives and targets are achieved and exploring the factors affecting this; ② determining progress made and considering the future outlook for the implementation plan, and evaluating the possibility of achieving the objectives and targets; and ③ based on the results of the evaluation in the previous two items, identifying required additions or enhancements to the implementation plan and examining their effectiveness. As a result, in each department's PDCA cycle, the implementation plans for achieving environmental objectives and targets were formulated more effectively, including through reviews during the year, and this led to strong performance.

Based on the Waste Management Law, we submitted an Industrial Waste Management Report to each local authority. The information was collected, analyzed and fed back to each department producing waste, leading to appropriate industrial waste management and further waste volume reductions.

Additionally, we have changed the frequency of preparation of environmental impact evaluation sheets for evaluating Mitsui's environmental impact, moving from a fixed schedule to a flexible, ad hoc schedule reflecting actual circumstances. We have also enhanced decision request checking to ensure no omissions regarding a project's environmental impact and proposed measures to manage this impact.

### Environmental Advisory Committee and Environmental Issue Response System

In environment-related business and R&D-oriented manufacturing, to promote environmental consideration and responsible pursuit of business we have established an Environmental Advisory Committee comprised of outside environmental experts, the Chief Environmental Officer and general managers of key corporate staff divisions. The committee deliberates, appoints experts on environmental issues and technologies (with manufacturing experience) as full-time environmental auditors, and monitors new and existing related business projects. A review of the operational methods of the committee in June 2007 strengthened the committee's examination functions by dealing with issues based on their assigned priority, enabling the committee to deliberate more efficiently. In the fiscal year ended March 31, 2008, 17 environmental incidents occurred at Mitsui or its subsidiaries. When a material incident occurs, the Environmental Incident Response Committee convenes to identify the cause and consider appropriate corrective and preventive measures.

### 781 Qualified Internal Environmental Auditors

To ensure that our environmental management system is appropriately operated, maintained and continuously improved, every year an auditing team of over 40 internal environmental auditors is established under the direction of the environmental auditing manager (inspector) appointed by the president, and the auditors independently conduct internal environmental audits of one another's departments. Mitsui employees intending to become internal environmental auditors must receive a full two days of training, pass an examination, and demonstrate their competence as internal environmental auditors. The training provides a deep understanding of the international environmental management system standard ISO14001, which is applicable within the company and externally. The training is highly popular with



Training participants, divided into auditors and auditees, simulate an internal audit

staff, with the total number of qualified staff continuing to increase and reaching 781 as of September 30, 2008, indicating a high level of environmental awareness.

## Raising Environmental Awareness of Executives and Employees

### Mitsui Environment Month

From the fiscal year ended March 31, 2009, we have designated June as Mitsui Environment Month, to ensure that every Mitsui employee has a greater interest and understanding of environmental issues, and actively seeks to protect the environment. During this year's Environment Month, we distributed the Household Energy-Saving Encyclopedia, filled with information on reducing CO<sub>2</sub> emissions, to all executives and employees in Japan and held two lectures and four courses attended by around 500 executives and employees. The aim was to prompt them to consider and then do what they can in their daily lives, to encourage them to understand the environmental impact of their activities and protect the environment.

### Environmental Risk Management at Subsidiaries and Associated Companies

As part of Mitsui's environmental risk management, 39 Group companies in Japan, mainly in manufacturing and other industries with high environmental impact, have obtained ISO14001 certification. Furthermore, since 1994 we have held annual environmental assessments at all Group companies, and since 2007 we have held annual seminars and surveys on environmental laws and regulations at subsidiaries in Japan, using our own environmental laws and regulations checklist. The aim is to ensure compliance with applicable environmental

laws and regulations at each company. Furthermore, at subsidiaries in Japan engaged in manufacturing, processing and other industries with significant environmental impact, our Global Environmental Department, working with environmental consultants, inspects plants and offices for compliance with environmental laws and regulations, reviewing on-site management processes and issuing instructions for preventing infringements, reducing environmental impact and preventing pollution. Inspections were held at 12 businesses in the fiscal year ended March 31, 2008, with a further 15 planned for the subsequent year. Once completed, all applicable subsidiaries in Japan will have been inspected.

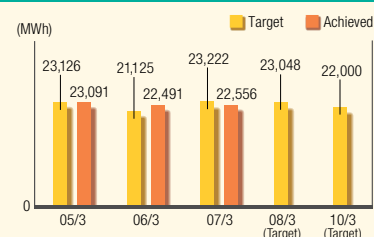
### New Developments in Fiscal Year Ended March 31, 2009

On a domestic Group basis, CO<sub>2</sub> emissions for the fiscal year ended March 31, 2008 were 573,000 tons.\* However, anticipating the enforcement of the Act on the Rational Use of Energy from April 2010, we have decided to implement an energy saving diagnosis on all major Group companies in Japan with annual energy usage volumes equivalent to 300 kilolitres of oil or more. Furthermore, as part of our drive to enhance our environmental management framework on a group-wide, global basis, we have decided to introduce ISO10041 or equivalent systems at overseas subsidiaries in industries with high environmental risk, and are making the necessary preparations.

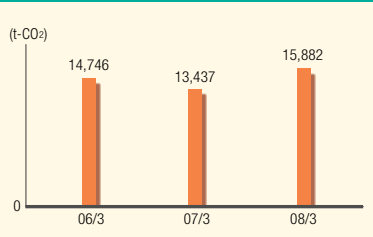
\*The total CO<sub>2</sub> generated from energy used by subsidiaries and certain associated companies subject to the Financial Instruments and Exchange Law.

## Environmental Impact of Offices

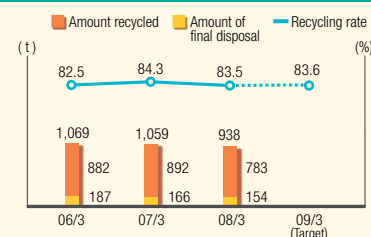
### Electricity Consumption (All offices in Japan)



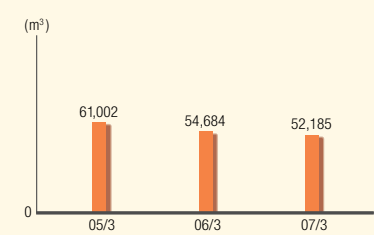
### CO<sub>2</sub> Emissions (All offices in Japan)



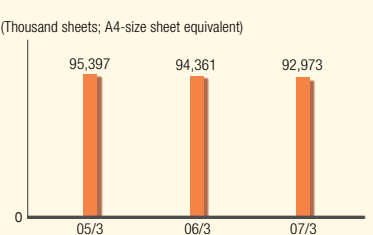
### Waste Recycling



### Water Consumption (All offices in Japan)



### Paper Consumption (All offices in Japan)



### Environmental Conservation Costs Unit: ¥ thousand

Category	Investments	Expenses
Business area costs	0	635,168
Upstream/downstream costs	0	61,689
Administration costs	0	1,045,108
R&D costs	0	119,000
Social activity costs	0	501,513
Environmental remediation costs	0	1,647
Total	0	2,364,125

• Figures for waste recycling are for Mitsui's company-owned buildings (Tokyo Head Office, Osaka Office, Nagoya Office, Toyota Office).  
 • Aggregation method: Figures for energy saving and the waste recycling rate up to and including the fiscal year ended March 31, 2005 indicate the total office space for Mitsui's offices in Japan only, while the figures for the fiscal year ended March 31, 2006 onward indicate the total as found by multiplying Mitsui's share of the buildings by the figure for all buildings.

Compiled based on the Environmental Accounting Guidelines (2005 version) established by the Ministry of the Environment of Japan  
 Offices covered: All offices in Japan  
 Target period: April 1, 2007 – March 31, 2008

## Initiatives for the Act on the Rational Use of Energy

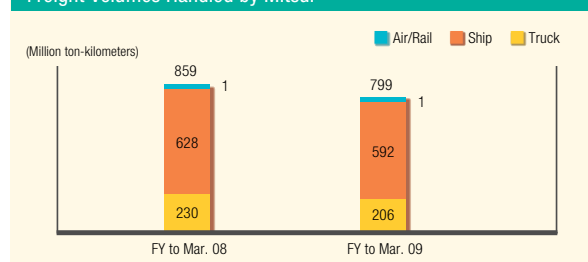
### Response to the Act

Under the revised Act on the Rational Use of Energy enforced in April 2006, all shippers and transportation companies must develop measures to rationalize energy usage.

Mitsui became a Designated Shipper under the Act, and responds based on calculation of its total amount of freight, which includes Mitsui-owned freight and also freight for transportation in Japan arranged by Mitsui.

We handle a diverse range of freight, including iron and steel, other metals, chemical products and foods. By mode of transportation used, on a ton-kilometer basis about 70% or more of this is transported by ship, 25% or more by truck, and the remainder by rail or airplane. On a CO<sub>2</sub> basis, 60% is transported by truck and slightly under 40% by ship.

Freight Volumes Handled by Mitsui



### Response Structure and Status Report

On becoming a Designated Shipper, and to meet the requirements of the era to ensure compliance and prevent global warming, we have carried out a broad array of company-wide initiatives to respond to the requirements of the revised Act, such as improving our response structure and holding seminars, aiming to steadily rationalize energy use in our shipping.

We are managing our energy usage reduction progress across all companies under ten categories, aiming to rationalize energy use as required as a Designated Shipper, and are carrying out company-wide management in pursuit of improvements based on ISO 14001 environmental management systems. Each business unit is responsible for formulating and implementing specific energy reduction plans. The Logistics Management Division, the administrative body for this process, supports the business units by consulting with government and administrative agencies, compiling data, conducting checks based on the PDCA cycle, and holding seminars on the revised Act for shippers and logistics companies. Support is also provided by the CSR Promotion Division, which is responsible for overall company-wide environmental management systems. The overall system is making steady progress.

\* Planning takes place on a quarterly and annual basis, with monthly status reports.

### Energy Reduction Policy

<b>●Selection of transportation method</b> Use of railways, shipping (modal shift) Use of sophisticated freight services	Use of most efficient freight vehicles Review of schedules to avoid congestion
<b>●Measures to improve transportation efficiency</b> Use of shared/mixed loading Selection of appropriate vehicle class Optimization of routing and method Scaling up of vehicle size	<b>●Alliances between transportation service providers and users</b> Review of distribution frequencies Adoption of coordinated logistics planning <b>●Measures to increase fuel efficiency</b> Eco-drive driving techniques Installation of fuel-saving equipment

### Results for Fiscal Year Ended March 31, 2008 and Plan for Fiscal Year Ending March 31, 2009

Specific consumption, fiscal year ended March 31, 2008	26.4
Specific consumption, fiscal year ended March 31, 2009	24.4
Percentage improvement	7.6% YoY
Expected energy reduction effect in kl of oil	454 (initially expected figure: 352)
Target specific consumption, fiscal year ending March 31, 2010	18.3

Notes: 1. Plan is as provided to the Kanto Bureau of Economy, Trade and Industry in June 2008.  
 2. Specific consumption: An expression of energy efficiency, calculated as energy used (liters of oil equivalents) divided by thousand ton-kilos, where a smaller number represents higher transportation efficiency.

### Key Strategies

#### Development of Third Party Logistics (3PL)

As an intermediary for multiple shippers and carriers, Mitsui is responsible for more than simply transporting freight. We are also actively developing a comprehensive 3PL approach to logistics, proposing innovative solutions to support customers' logistics strategies. We are achieving reductions in logistics-related energy consumption by optimizing the supply chain, through measures including consolidating manufacturing plants, reducing transportation distances between manufacturing plants, logistics operations and sales locations, and unifying production and logistics processes. Looking ahead, we aim to improve logistics efficiency over a broader range of areas, including raw material procurement and delivery to end-users.

#### Promoting a modal shift

As part of efforts to reduce the environmental impact of logistics, Mitsui is promoting one of the main methods of Green Logistics, a modal shift from truck transportation to modes of transportation with less environmental impact, such as rail and ship transportation. We are also focusing on comprehensive initiatives that we, as a trading company, are uniquely placed to carry out, such as operating comprehensive logistics centers with facilities that can meet shippers' detailed and diverse needs, developing maritime transportation routes, and unifying and standardizing logistics.

# Environment-related Business

Mitsui & Co., Ltd, which carries out a broad spectrum of business throughout the world, incorporates contributing to the provision of industrial solutions to environmental issues in its Environmental Policy Action Guidelines, and in fact is pursuing a wide range of environment businesses.

## 1. Renewable Energy

### 1) Solar power generation business

Business investment	Country	Generating capacity
IPM Eagle Desarrollos Espana, S.L.	Spain	1.4MW
Haneda Solar Power Co., Ltd.	Japan	2MW

### 2) Wind power generation business

Business investment	Country	Generating capacity
Brazos Wind, LP	U.S.A.	160MW
Bald Hills Wind Farm Pty Ltd.	Australia	104MW (planned)
Zajaczkowo Windfarm Sp.	Poland	48MW
NS Wind Power Hibiki Co., Ltd.	Japan	15MW

### 3) Biomass power generation business

Business investment	Country	Scale
Green Power Ichihara Co., Ltd.	Japan	50MW
Gulf Electric PCL	Thailand	20MW

### 4) Bioethanol production business

Business investment	Country	Scale
C-BIO Itarumã S.A.	Brazil	200,000 kℓ/year
Albion, Clymers, Greenville	U.S.A.	1,050,000 kℓ/year

### 5) Other biomass-related business

Sale of B5 biodiesel fuel (Japan)
Sale of pour point depressant for biodiesel fuel (U.S.A., EU)

## 2. CDM (Clean Development Mechanism) projects (including projects in application stage)

Project	Country	CO <sub>2</sub> emissions reduced
China Fluoro Technology Co., Ltd. HFC23 Abatement Project	China	4,250,000 tons/year
Guangdong Shenzhen Qianwan LNG Generation Project	China	1,100,000 tons/year
Tiefa Coal Industry Group CMM Utilization Project for City Gas	China	866,000 tons/year
Songzao Coal & Elect Co. Ltd. CMM Comprehensive Utilization Power Generation Project	China	541,000 tons/year
Jorethang Loop Hydroelectric Project	India	466,000 tons/year
Lepanto Landfill Gas Management Project	Chile	400,000 tons/year
13 other projects		1,465,000 tons/year
Total of 19 projects		9,088,000 tons/year

## 3. Recycling

Business investment	Country	Main business	Scale
Mitsui Bussan Metals Co., Ltd.	Japan	Trading of Ferruos/Non-ferrous metal scrap	5,700,000 tons of ferrous/non-ferrous scrap handled:
Sims Group Ltd	Australia, etc.	General recycling business (metal scrap, consumer electrical appliances recycling, etc.)	16,000,000 tons of metal scrap, 500,000 tons of consumer electrical appliances recycled, etc.
Kyoei Recycling Co. Ltd.	Japan	Industrial waste processing and gas production by gasification fusion furnace.	Processing capacity of 90 tons/day, 140,000 Nm <sup>3</sup> /Day

## 4. Modal Shift, Rolling stock leasing

Business investment	Country/region	Main business	Quantitative effect (annual CO <sub>2</sub> emissions)
Tri-net Logistics Co., Ltd.	Japan	Tokyo Bay barge transportation (Ichihara to Yokohama)	91% reduction in CO <sub>2</sub> emissions compared to truck transportation
Mitsui & Co, Ltd	Russia	Russia-Siberia rail transportation	30-40% reduction in CO <sub>2</sub> emissions compared to marine transportation (Mitsui calculation)
Mitsui Rail Capital, LLC	North America	Railway freight car leasing business	–
Mitsui Rail Capital Europe B.V.	Europe	Railway locomotive leasing business	–
Mitsui Rail Capital Participações Ltda.	Brazil	Railway freight car leasing business	–

## 5. Tree Plantation

Business investment	Country	Scale (*target)
Mitsui's company-owned forests	Japan	44,000 ha
Bunbury Treefarm Project	Australia	20,000 ha*
Green Triangle Treefarm Project	Australia	10,000 ha*
Victoria Treefarm Project	Australia	8,000 ha*
Australian Afforestation Pty., Ltd.	Australia	2,000 ha*
Portland Treefarm Project	Australia	3,000 ha*

## 6. Other environment-related business

Japan-Australia oxygen combustion CCS verification project	Business participation in joint verification and testing project between Japan and Australia for recovery and underground storage of CO <sub>2</sub> , through the establishment of oxygen combustion boilers at existing coal-fired power plants
Natural gas hydrates	Business participation in NGH Japan Co., Ltd. Proceeding with experiments, testing and viability survey, aiming for commercialization in 2012
Water and waste water infrastructure in Mexico	Handling of water and waste water business on behalf of Mexico's state-owned petroleum company and local governments
Water treatment business in China	Providing advance technologies & products (membrane, carrier, water treatment agent, etc.), specializing in industrial waste water treatment, with a view to future solutions provision services
Sale, design/engineering and installation of photovoltaic modules	Distribution, design/engineering and installation of photovoltaic module in Japan and overseas
Supply of photovoltaic power generation system to residential, industrial and commercial markets	Business participation in SunWise Technologies LLC (U.S.A.)
Clean-tech venture capital investment business	Capital participation in Solaicx, Inc. (a U.S. solar cell Si wafer manufacturer) and NanoGram Corporation (a U.S. thin silicon solar cell manufacturer), and FIS Inc. (a Canadian manufacturer of hydrogen and other gas sensors)
High Pressured Tank for NGVs, FCVs and for H <sub>2</sub> Storage	Import and sale of fuel tanks for natural gas vehicle and fuel cell vehicle, and hydrogen storage tanks for future development of hydrogen infrastructure.
Rooftop gardening, green wall building	Pursued by Mitsui Bussan Agro-Business Co., Ltd.
Storage capacitors	Business participation in Power Systems Co., Ltd.
Energy-efficient lighting (organic electroluminescence)	Business participation in Lumitec Inc. (Japan)
Smart Office Environment Consortium	Consortium with 36 members at present, initially established by Doshisha University, Oki Electric Industry Co., Ltd., Panasonic Electric Works, Ltd., Hitachi, Ltd. and Mitsui Global Strategic Studies Institute. Seeks to ensure comfortable and energy-efficient office environments
Building energy conservation engineering business in China	Pursuing energy conservation through the building multidiscipline engineering

## Appeal for Prevention of Global Warming through "Cool Biz" and "Lights Down"

We played a part in the display of the word "COOLBIZ" in lights on the Odaiba Ferris Wheel in central Tokyo from June 1 to July 7, 2008, to encourage people to participate in this campaign to prevent global warming. We were also involved in the "lights down" campaign in which the

illuminations were turned off on June 21 and July 7. These initiatives were well received, winning a Cool Biz of the Year 2008 Team Cool Biz award.



Odaiba Ferris Wheel illumination to promote the Cool Biz campaign

Photo credit: Team Minus 6% Committee



# Mitsui's Forest Management

## A Century of History, Another Century to Come

For over one hundred years Mitsui has carefully continued to preserve its extensive company-owned forests throughout Japan. These forests are a rich natural resource that sustains and nurtures a wide variety of life and protects our lives, and we intend to pass them on to the next generations.

### Mitsui's Involvement in Forests

Mitsui has company-owned forests in 73 locations throughout Japan, from Hokkaido to Kyushu, covering a total area of approximately 44,000 hectares, which is equivalent to around 70% of the entire Tokyo Metropolitan Area. Our involvement in company-owned forests dates back to the turn of the 20th century, when the former Mitsui began to acquire felling rights for standing lumber for its lumber business. Subsequently, as the business grew, we acquired forests in Hokkaido and then Honshu. Since the mid-1950s, we have actively engaged in afforestation in line with the principle of "Mitsui taking the initiative and showing the actual results of tree-planting, thus contributing to the creation of future company assets and also conforming with government policy." The lumber was used mainly as construction materials, contributing to Japan's postwar recovery. The liberalization of lumber imports began in the 1960s, and by the early 1980s lumber prices were so low that our forestry business had lost its commercial feasibility. Nevertheless, we continued to manage, maintain and preserve our Mitsui's company-owned forests.

#### Sustainable Forest Management

In order to ensure the sustainability of our company-owned

forests, we are currently working together with the employees of our subsidiaries Mitsui Bussan Forest Co., Ltd. to continuously maintain our forests.

Around 40% of our company-owned forests are artificially planted forests, while the remaining approximately 60% are natural forests. We classify them into five categories, in accordance with future plans. Our artificially planted forests are classified into two categories: *rotation plantation areas* (accounting for approximately 8,500 hectares), in which trees are felled, planted and cultivated in rotation; and *natural forest transformation areas* (approximately 9,100 hectares), in which the transformation to natural forests is promoted. Our natural forests are divided into three categories: *natural forest development areas* (approximately 1,400 hectares), for the purpose of preservation of useful tree species found therein; *unique natural forest preservation areas* (approximately 500 hectares), for the purpose of preservation of the natural scenery and so forth; and *other natural forest areas* (approximately 21,900 hectares). We endeavor to manage each forest type efficiently in accordance with its classification.

We have been able to maintain healthy forests, by carrying out maintenance such as weeding and pruning in the growth processes of trees in both our natural and artificially planted forests, and through regular tree felling and planting

in our artificially planted forests classified as *rotation plantation areas*. We spend around ¥1.1 billion annually on such forest maintenance. Furthermore, in December 2006, we acquired SGEC certification,\*1 a type of forest certification, for all company-owned forests, and we have been incorporating new forest management that takes into account concepts such as biodiversity, based on the forest management methods advocated by the SGEC. Looking ahead, we intend to strive to ensure that the parts of felled trees not being used as lumber are effectively used as sustainable resources such





as biomass energy, and to actively research the important issues facing the next generation.

\*1 Sustainable Green Ecosystem Council (SEGC) certification scheme created to improve the level of forest management in Japan in order to preserve Japanese forest environments. The SEGC was established by the Japan Forestry Association.

## Benefits Generated by Mitsui's Forests

As well as generating wood, a sustainable natural resource, through appropriate management and maintenance, forests have significant public functions, including absorption of carbon dioxide, cleansing of the atmosphere, which supplies oxygen, and replenishment of water resources through the purification of rainwater retained by forest soil (see "Appraisal Value of Public Functions of Forests" below). Mitsui's company-owned forests are said to absorb and fix approximately 18,000 tons of carbon dioxide annually,\*2 and based on the appraisal value of the public functions of all forests throughout Japan as outlined in the Annual Report on Trends of Forests and Forestry (FY2008) issued by Japan's Forestry Agency, the total appraisal value of the public functions of Mitsui's forests is estimated to be around ¥120 billion annually.

On the environmental front, we see our company-owned forests as a resource with significant public value, and we consider it an important social responsibility to maintain and manage them from a long-term perspective and appropriately preserve their functions and value.

\*2 Carbon dioxide sequestration (CO<sub>2</sub> equivalent) / year = Annual tree trunk growth X tree volume X carbon conversion X ratio of trunk to total tree biomass X carbon-carbon dioxide conversion rate

Appraisal Value of Public Functions of Forests		
Multifaceted functions	Appraisal amount (Japan)	Appraisal amount (Mitsui)
Absorption of carbon dioxide	¥1,239.1 billion	¥2.2 billion
Alternative energy to fossil fuels	¥226.1 billion	¥0.4 billion
Prevention of surface erosion	¥28,256.5 billion	¥49.5 billion
Prevention of landslides	¥8,442.1 billion	¥14.8 billion
Flood mitigation	¥6,468.6 billion	¥11.3 billion
Retention of water resources	¥8,740.7 billion	¥15.3 billion
Water purification	¥14,636.1 billion	¥25.7 billion
Recreation Calculation based on vacations taken to enjoy nature environment	¥2,254.6 billion	¥4.0 billion
Total appraisal value		¥123.2 billion

Source: Annual Report on Trends of Forests and Forestry (FY2008) issued by Forestry Agency.

Appraisal values for Japan are according to "Annual Report on Trends of Forests and Forestry (FY2008)" issued by Japan's Forestry Agency. Mitsui values are calculated proportionately to the totals for Japan.

## Preserving, Utilizing and Securing a Future for Forests

As well as being beneficial for environmental conservation, Mitsui's company-owned forests have a role to play in raising people's environmental awareness. In 2004 we started to provide tree-planting and other programs in our company-owned forests as part of training for new hires, using our forests as places for employees to develop appropriate environmental awareness and as an aid to developing their attention to corporate social responsibility. Furthermore, as part of our social and community contribution activities, since 2007 we have been actively providing forest-based eco-programs for various stakeholders using our company-owned forests at six locations throughout Japan. The programs we provide include "Feel the Forest and Nature," a forest experience program for elementary school students from cities and local



Observing nature during "Feel the Forest and Nature" forest experience program (Namba Forest, Niigata)

residents in the vicinity of the company-owned forests to commune with and enjoy nature, and a program for Mitsui shareholders to learn about the precious value of forests and the preservation and utilization of Mitsui's company-owned forests. These programs make maximum use of the distinctive features of our various company-owned forests.

We have also begun new types of initiatives for contributing to the local community and are playing our part in preserving the traditions and customs of Kyoto. An example is our conclusion of an agreement in August 2008 to provide part of Kiyotaki Forest in Kyoto Prefecture as one of the venues for the Kyoto Model Forest Movement, an initiative of Kyoto Prefecture and the Kyoto Model-Forest Association to preserve and nurture the forests of Kyoto.



Tree-pruning at forest-based eco-program for employees (Tashiro Forest, Fukushima)

In the months and years to come, we intend to further enhance the lineup of our forest-based eco-programs, and contribute to local communities through the use of our company-owned forests.

Based on our corporate mission of "contributing to the creation of a future where the dreams of the inhabitants of our irreplaceable earth can be fulfilled," we will continue to preserve Mitsui's company-owned forests and pass them on to the next generations.

# Employee Relations

Throughout Mitsui's long history, the company has held the belief that human resources are its greatest asset. Mitsui is proceeding with human resources development and utilization of diverse human resources and working methods in a manner worthy of Mitsui, aiming to enable all employees to demonstrate their full potential and lay the groundwork for the generation of Yoi-Shigoto (good quality work).

## HR System and Human Resources Development

### Key Elements of HR System

Mitsui revised its existing personnel system, and commenced operation of a new system from April 2006, aiming to revitalize the sharing of values, human resources development, and the company's traditions and corporate culture.

Aiming to make the company a place where all employees can work with vigor and enthusiasm, we realigned the system to enable it to lead to the achievement of our corporate mission and philosophy. And in order to create a system that directly ties in with developing the kind of people who can embody our focus on human resources, a longstanding principle of the company, we established the following three key policies.

#### (1) Dissemination of Mitsui's Management Philosophy Comprising Its Mission, Vision and Values (MVV)

Through the new personnel system, we will ensure thorough dissemination and sharing of our MVV broadly among employees. We will introduce an appraisal standard that does not focus simply on short-term quantifiable performance, but places importance on how an employee's work contributes to achieving our management philosophy over the medium to long term.

#### (2) Development of Human Resources

We will develop a variety of mechanisms, including strengthening of training and selection of managers, in order to achieve the selective development of talented human resources and the development of leaders who can take the initiative in ensuring that our MVV are understood and achieved.

#### (3) Appropriate Appointment and Allocation of Personnel

We will proceed with the appropriate appointment and allocation of human resources from a company-wide perspective, including strengthening of the sharing of personnel information among departments, and making the appointment of managers subject to the approval of the General Manager of the Human Resources & General Affairs Division.

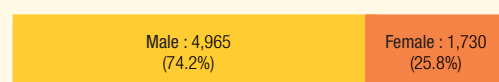
Regarding fair employee evaluation and human resources development, which form the cornerstone of the system, we reexamined our appraisal standards and their operation, in order to realize the ideals that Mitsui aims to prioritize and make

the company a place where every employee can work with vigor and enthusiasm. We also newly established and introduced the Mitsui & Co., Ltd. Competency Development Standards, with development of human resources as the primary objective.

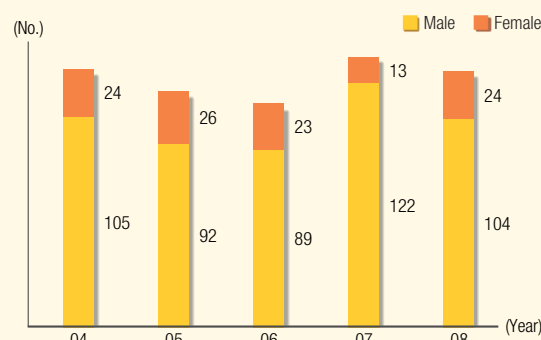
### Recruitment-related Initiatives

Mitsui hired 128 new graduates in the fiscal year ended March 31, 2009, 104 men and 24 women. The company has decided to stop hiring of administrative staff on five-year contracts from the fiscal year ending March 31, 2010, and to recommence hiring of permanent staff for such positions instead.

#### Mitsui Employees by Gender (as of Apr. 1, 2008)



#### New Graduate Hires by Gender



## Human Resources Development

### Mitsui's View on Human Resources Development

Mitsui includes focusing on human resources in its management philosophy, and sees developing talented human resources as its priority mission, with good people the key to generating Yoi-Shigoto (good quality work). The venue for developing such human resources through Yoi-Shigoto is undoubtedly our employees' work sites. The cornerstones of our human resources development are all employees approaching their work proactively and responsibly on a daily basis, striving to embody Mitsui's management philosophy (MVV), and on-the-job training (OJT) comprising guidance and development by senior staff with awareness of "Open-mindedness," a key company value. These are also the very DNA of Mitsui, our essence since the foundation of the former Mitsui.

To support and supplement this human resources development through OJT, the Human Resources & General Affairs Division and each division and business unit plan and implement off-the-job training, such as our employee dispatch system and various other forms of training. The off-the-job training programs provided are introduced in the Human Resources Development Program pamphlet distributed once a year and also published on the company intranet, aiming to encourage active participation by employees.

### Human Resources Development Programs

We view our programs from hiring and introductory training through to management and leadership training as a continuum for developing and training management personnel. While evolving this system, we are also strengthening professional training for the improvement of expertise in diverse areas, and training for permanent administrative employees and administrative staff on contracts. Our introductory training includes entry-level training for new hires and introductory training for mid-career hires. We also conduct training for mid-career employees, including employees in their second, third and fifth years at the company, and leadership training for management personnel (general managers). From the fiscal year ended March 31, 2008, we commenced a human resources development training program for line managers, aiming to ensure further dissemination and greater understanding of the Mitsui's management philosophy (MVV).

We also work to ensure that all employees actively avail of the broad range of programs on offer globally, such as support for study at universities and business schools in Japan and overseas, overseas training courses, and cross-industry exchange programs.

### Development of Human Resources to Support Group Management

We believe the development of human resources at our Group companies is key for supporting our consolidated global management. Based on this philosophy the Human Resources Development Department stays abreast of the various needs at Group companies and provides the necessary training at each company and level.

Group company staff can participate in in-house training courses, such as those provided at Bussan Academy and our Financial Accounting Course, and participation rates are gradually increasing. Group companies see our training program as highly developed and beneficial for enhancing their human resources development options.

From the fiscal year ended March 31, 2007, we commenced management and leadership training exclusively for general managers of divisions and departments at Group companies, aiming to support human resources development at and create solidarity among Group companies.

### ©Main Human Resources Development Programs

#### Development and Training for Management Personnel

- Introductory Training for Newly Hired Managerial Employees
- Basic Business Course (core lectures, basic terminology test)
- Basic Business Course (basic knowledge)
- Financial Accounting Training (for managerial employees in their second year)
- Human Resources Development Training for Line Managers
- Basic Mental Health Course for Management Personnel
- One-on-One Leadership Training  
(training for personnel involved in the development of new employees)
- Introductory Training for Mid-career Hires
- Training for Corporate Officers of Group Companies
- Cross-industry Exchange Training

#### Professional Training and Others

- Skill Improvement Training for Administrative Employees
- Training to Support Managers Changing Assignment (group training)
- Training on Trade Practices
- Basic Training on Business Processes
- Bussan Academy
- Financial Accounting Course
- Life Planning Training
- Introductory Training for Mid-career Hires
- Self-development Support Program (e-learning and school learning)

## Making the Most of Employee Diversity

### Diversity Targeted by Mitsui

Mitsui aims to be a company with comprehensive business engineering capabilities on a global basis, and is pursuing diversity initiatives as an important corporate strategy for achieving organizational change and performance improvement.

A diverse range of people of both genders with various lifestyles, ways of thinking, values and nationalities work at Mitsui. Mitsui aims to create a workplace where employees with those diverse values and backgrounds can demonstrate their skills and individuality. Consequently, the Global Human Resources Department and the Diversity Promoting Department have been taking the lead in developing the frameworks, systems and policies, and encouraging changes of mindsets as part of Mitsui's drive to globalize and diversify its human resources.

### Making the Most of Our Female Employees

From 1992 onwards Mitsui has employed women in mainstream career paths, and we appoint employees without gender discrimination, based on work competency and appropriateness. And through the promotion of rotation of personnel and the

establishment of new training programs, the company has created an environment where female employees can be more active.

It is true, however, that many issues still remain for female employees wishing to continue working, and in order to resolve these issues, the Diversity Promoting Department plays a central role in pursuing initiatives for promoting changes at both systems level and in terms of people's mindsets and the corporate culture. These include developing support systems attuned to the lifestyles of our female employees and holding various lectures and talks.

### Hiring of Disabled Persons

In accordance with the then Law for the Employment Promotion of the Disabled, in 1981 we established Mitsui Bussan Business Support Co., Ltd., a trailblazing special-purpose subsidiary for the employment of people with disabilities. We have expanded the scope of Bussan Service's operations from printing and mailing to include systems development, data entry and processing, and travel agency services, and for over 20 years have maintained the statutory employment ratio of people with disabilities. As of June 2008, our employment ratio was 2.27%.

## Creating a Good Work Environment

### Work-Life Balance Targeted by Mitsui

We consider it very important to improve the work environment to enable all employees—the leaders in our efforts to generate Yoi-Shigoto (good quality work)—to achieve a work-life balance and work with peace of mind.

Mitsui employees perform indispensable roles, as employees, and as members of families and society, in line with circumstances relating to the various life stages in their families or homes. We are developing systems and providing information to employees through the company intranet and employee magazine, with the aim of creating workplaces where it is possible to maintain a balance between our work and the various requirements and challenges in our lives.

### Childcare and Family Care Support

Mitsui revised its childcare and family care system in the fiscal year ended March 31, 2008, creating a more convenient system for female and also male employees. The changes made included making childcare leave partially paid and relaxing the

eligibility requirements to allow employees to take childcare leave even if their spouse is a full-time housewife or house-husband. Furthermore, in order to support a smooth return to work, we have established a company nursery, the Karugamo Family Nursery, within the company's head office in Tokyo. As a result of this series of policies and initiatives, we have been recognized by Japan's Minister of Health, Labor and Welfare as a company that is actively providing support for child-raising.

At the same time, employees can now take a total of one year of family care leave, which is becoming increasingly necessary as Japanese society ages. Furthermore, from the fiscal year ended March 31, 2008, employees can take leave on a partial-day basis.



"Kurumin" logo officially recognizing support for child-raising

Employees Taking Childcare or Family Care Leave				
		FY06/3	FY07/3	FY08/3
Childcare leave	Male	0	0	3
	Female	23	24	32
Family care leave	Male	0	1	0
	Female	1	0	5

### Addressing the Issue of Long Working Hours

At Mitsui & Co., Ltd., we have been addressing the issue of employees' long working hours and overtime, from perspectives including health management, and have established a Labor-Management Committee to determine the situation with regards to overtime and address this issue.

In order to ensure appropriate time management, we have created materials to enable understanding of the actual situation with respect to overtime at each division and an in-house

manual related to overtime, while also publicizing and providing guidance on laws and regulations that should be complied with throughout the company. Such measures have been beneficial in addressing the issue of long working hours. We are encouraging employees to take their annual paid leave and use the planned leave system, in order to reduce total working hours and prevent health problems. We also provide on-site medical advisors for our domestic employees who work long hours, and develop proposals for improving the situation, based on the Occupational Health and Safety Law of Japan.

## Communication with Employees

### Employee Satisfaction Survey

With the aim of improving the working environment, we have been conducting an Employee Satisfaction Survey on a biennial basis since the fiscal year ended March 31, 2004.

In the fiscal year ended March 31, 2008, the survey covered areas including employees' company, job and workplace, communication from senior management, various company policies, with new sections on the culture regarding the role of female employees and work-life balance.

Responses were received from 82% of employees. Many respondents indicated that they have pride in the company and can work with a sense of assurance and trust. The survey also revealed that our companywide policies of emphasizing the quality of our work as well as numerical targets and prioritizing compliance were widely understood among employees. Future tasks mentioned by respondents included making the corporate culture more supportive of women's role in the company, and continuing to pursue initiatives to ensure compliance. The results of the survey are fed back to

employees and the heads of our various operational units, and used in improving management and planning various policies to make the company stronger.

### Opinion from the Mitsui & Co. Employee Council



#### Hiroshi Matsumoto

Chairman, Central Executive Committee,  
Mitsui & Co. Employee Council

A key theme at the Employee Council this year is "working together to shape the company."

This phrase embodies our strong determination that we ourselves will be instrumental in shaping our company's future.

Colleagues in the workplace recognizing one another's strengths and shortcomings through discussion and naturally supporting one another—I believe developing this kind of workplace is the best way to generate Yoi-Shigoto (good quality work) and make the company a place where people can work with a sense of reassurance and pride.

### Karugamo Family Nursery

Recently, a shortage of available spaces in nurseries in the greater Tokyo area has made it difficult for some employees to return smoothly to work after taking childcare leave. In order to play some part in alleviating such obstacles faced by employees who wish to continue their careers, and to help employees to achieve a good work-life balance, in April 2008 we established the Karugamo Family Nursery\*



within our head office in central Tokyo.

As of September 2008, eight employees used the nursery on an ongoing, monthly-contract basis, with 92 others having availed of its services on occasion for shorter periods.

\* Named for the spot-billed ducks (karugamo in Japanese) that often visit the pond at our head office in Tokyo.



#### Mariko Tsuchida

Foods & Retail Business Unit

After taking childcare leave, I was able to make use of the Karugamo Family Nursery, which meant I could return to work quickly and did not have to reduce my working hours when I returned. Being able to pop down to the nursery to breastfeed my baby or take care of him when he is not well really helps me out.



# Social Contributions Worthy of Mitsui

The role that Mitsui, as a general trading company, should play in resolving various social issues and meeting the expectations of society is certainly not small. Mitsui aims to perform social contribution activities that transcend its business functions, and is developing various initiatives with the participation of employees in each region. With constant awareness of Yoi-Shigoto (good quality work) in our business, we will consider the optimal formats for the company's social contributions and employees' volunteer activities.

## Social Contributions Policy

In pursuing CSR-oriented management, we are required to give full consideration to our economic role and social raison d'être, and contribute to society not only through our business but also through activities that transcend our business functions. From this standpoint we reviewed how we should conduct our social contribution activities and in January 2007 partially revised our Social Contributions Policy.

We also formulated the Operational Guidelines for Social Contributions Policy for putting this policy into practice, stipulating our social contribution framework, project selection guidelines, promotion systems and activities for providing support during natural disasters. Through this we aim to make social contributions that are more worthy of Mitsui than ever before.

At the same time as pursuing social contributions as a company, we encourage and support various volunteer activities. We hope to develop employees capable of making the link between volunteer activities and performing Yoi-Shigoto in our

business, by executives and employees broadening their contact and involvement with society through volunteer activities.

With this objective, we firstly strived to enhance the system side, by introducing a volunteer leave program in November 2005. Additionally, we have been planning, promoting and introducing activities that executives and employees can participate in as volunteers.

### ◎Social Contributions Policy

revised January 2007

#### [Guiding Principles]

We will build a congenial relationship with our stakeholders by striving to create a harmony with the global community and local communities in accordance with the Mitsui & Co. Management Philosophy (Mission, Vision and Values), and we will actively contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.

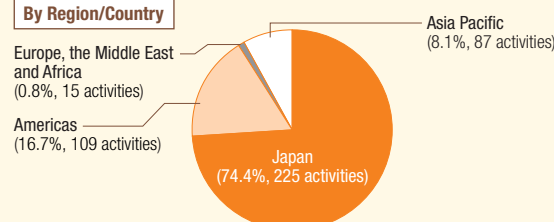
#### [Action Guidelines]

- 1 In order to respond in an appropriate manner to the needs of the global environment, and international and regional society, Mitsui will actively promote social contributions that go beyond its normal business activities in addition to contributing to society through the implementation of Yoi-Shigoto in its normal sphere of business.
- 2 Mitsui will establish the three important areas of 'International exchange', 'Education' and 'Environment' for its social contributions, and will implement social contribution activities befitting of Mitsui & Co.
- 3 In addition to the making of economic contributions, such as donations etc., Mitsui also aims to carry out proactive social contributions that involve the participation of its executives and employees.
- 4 Mitsui promotes social contributions with an emphasis on transparency and accountability in respect of its stakeholders. It also aims for the continued improvement of activities through communication and cooperation with its stakeholders.

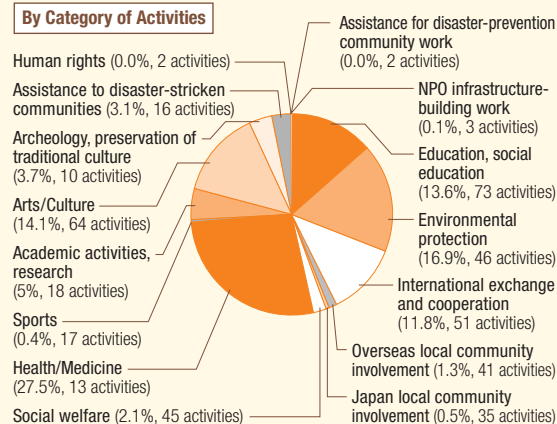
#### Social Contribution Activities Fiscal Year Ended March 31, 2008

Breakdown of social contribution activity expenses\* (Total ¥1.514 billion; 436 activities). Percentages are of total monetary amount. \*Includes donations and advertising expenditure.

##### By Region/Country



##### By Category of Activities



#### Participants in Volunteer Leave Program

	Participants (Including repeat participation)	No. of days	Type of volunteer activity
Apr. 2007-Mar. 2008	52	50	Local community involvement, international exchange, social welfare, education, social education, environmental conservation, sports, academic activities and research, culture and arts
Apr.-Sept. 2008	17	16	Local community involvement, social welfare, education, social education, culture and arts, international exchange and culture



## Mitsui's Brazil-related Social Contributions Program

One of our social contribution initiatives in our priority area of international exchange and education is our Brazil-related social contributions program. Mitsui have forged a strong, longstanding relationship through business with Brazil but building a closer partnership between Brazil and Japan involves

not only the economic aspect but also working to resolve immediate social problems. This is clearly not something that a single company can accomplish by itself, but Mitsui must nevertheless do everything in its ability in the hope that its efforts will gradually spread throughout society.

### Initiatives in Japan: Support for the Education of Brazilian Children Living in Japan

As of the end of 2007 there were about 320,000 Brazilians living in Japan, with approximately 31,000 of school age (5-14). These may be divided into three groups: ① children attending schools for Brazilian children; ② children attending Japanese public schools; and ③ children not attending school. Each group faces the problems of not possessing adequate Japanese language skills, and lacking facilities and teaching materials. This leads to truancy, delinquency and children starting to work from an early age. To address this situation, Mitsui is pursuing the following three projects:

#### (1) Support for Brazilian schools in Japan

To help children studying at Brazilian schools in less-than-ideal educational circumstances, characterized, for example, by overcrowded classrooms and/or a lack of teaching materials, we donate educational equipment to selected Brazilian schools. Of the 94 Brazilian schools in Japan, we focus mainly on the 32 schools accredited by the Ministry of Education, Culture, Sports, Science and Technology and from those we select schools based on the recommendations of the selecting committee of Brazilian experts in Japan. We supported four schools in 2005 and 2006, and ten in 2007, with each receiving

donations of school buses, computers, air conditioning units, books, and other educational necessities. We commissioned Action for a Better International Community (ABIC), an NPO, to check that donations made over the three years were appropriately used. In 2008 we increased the number of schools supported to 12.

#### (2) Supporting NPO activities

Mitsui supports the Brazilian community in Japan, particularly by assisting an NPO working in partnership with the Brazilian embassy and consulates in Japan, to prevent juvenile delinquency and truancy.

#### (3) Creating supplementary learning materials for Brazilian children living in Japan: Collaboration with Tokyo University of Foreign Studies (TUFS)

Brazilian children attending Japanese public schools frequently take longer to acquire Japanese, resulting in poor grades or non-attendance. To help prevent this, we collaborated with TUFS to develop teaching aids for learning Japanese and mathematics. The materials have been published on the Internet since April 2007.

(<http://www.tufs.ac.jp/common/mlmc/kyouzai/brazil/>)

### Initiatives in Brazil

In February 2008, Mitsui Brazil established the Mitsui Bussan do Brasil Foundation with the cooperation of several Group companies in Brazil. The foundation supports initiatives to address immediate social problems and develop people who can help enhance the friendship and exchange between our two countries. The following two projects were selected in the first round of aid projects in 2008.

#### (1) Kaeru (Going Home) Project

Led by psychologist Kyoko Nakagawa, this project assists Brazilian children that have returned to Brazil from Japan in adapting to the local schools and communities. A collaboration between the Brazilian non-profit organization ISEC (Instituto de Solidariedade Educacional e Cultural) and the government of Sao Paulo, the project provides care in the areas of: ① psychological support (counseling, etc.); ② learning assistance (remedial study, study groups, etc.); and ③ environmental

activities (orientation with parents, school counselors and teaching staff, etc.). The expertise accumulated will be used to further expand the project's scope, through dispatching staff to other states, conducting workshops and other collaborations.

#### (2) Mitsui-endowed Lecture Program at the University of Sao Paulo

Mitsui has established the Mitsui Bussan Lecture Program for Japanese Studies in collaboration with the Institute of International Law and International Relations at the University of Sao Paulo Law School. The purpose of the program, which mainly targets undergraduate students and young researchers students of the university, is to deepen understanding of Japanese society and culture and thereby develop people who can contribute to enhancing the friendship and exchange between Brazil and Japan. Lectures are scheduled to be held at regular intervals two or three times per year.

## Mitsui-endowed Lecture Programs

In collaboration with several universities, Mitsui has established lecture programs as educational initiatives to develop people who will contribute to the highly international fields of industry, government and academia.

### (1) China: Peking University/Mitsui Innovation Forum

Spanning the ten years from 2006 to 2015, Mitsui endows this program of roughly six lectures per year at Peking University for students currently enrolled in the EMBA, MBA, and EDP courses at the university (as well as graduates and corporate affiliates of these programs). We invite corporate CEOs and leading Japanese and Chinese academics as guest lecturers, thus providing a high-quality lecture program.

### (2) Russia: Saint Petersburg State University

Since 2007, Mitsui has been endowing this program of

two to three lectures per year by leading Japanese figures for students of the Department of East Asian Studies at Saint Petersburg State University. In addition to the lecture program, we provide short-term Japan study programs, and contribute Japan-related books and DVDs to the Department library. In doing so, we hope to deepen the students' understanding of Japanese society and culture, and promote enhanced friendship and exchange between Russia and Japan.

In addition to these programs, we also endow lecture programs at Fudan University in Shanghai, China, and the College of Foreign Languages at the Vietnam National University, Hanoi, Vietnam.

## Mitsui Foundations and Scholarships

### (1) The Mitsui USA Foundation

The Mitsui USA Foundation was established in 1987 to promote the social contribution activities of Mitsui USA, and provides ongoing donations to roughly 35 causes in four areas:

① education (university scholarships, lecture programs, etc.); ② community welfare (support for businesses aiding people with mental disabilities); ③ arts and culture (support for artists that contribute to Japan-U.S. cultural exchange); and ④ employee volunteer activities.

### (2) The Mitsui Canada Foundation

The Mitsui Canada Foundation was established in Canada to mark the 25th anniversary of the establishment of Mitsui Canada, and provides donations to: ① Japanese language-related activities (Japanese speech contests, etc.); and ② activities contributing to local communities (through the Japanese Cultural Center, United Way, etc.).

### (3) Mitsui Educational Foundation (Australia)

Mitsui Australia established the Mitsui Educational Foundation in 1971 to promote mutual understanding and friendship between Australia and Japan. Every year students from Australia come to Japan for about three weeks to learn about Japanese culture, history and industry through training programs. In the 37 years we have been running this program, 279 students have come to Japan.

In addition to the above Mitsui has foundations in a range of areas across the Asia Pacific region, including the Mitsui Scholarship Fund and the Mitsui NUS Japanese Studies in Southeast Asia Endowment Fund.

### (4) Mitsui scholarships

Mitsui-Bussan Scholarship Program for Indonesia was

established in 1992 to directly select high school students in Indonesia and bring them to Japan for a study program that includes 18 months of Japanese language school and four years of university. Mitsui pays the students' tuition and living costs for the full five and a half years.

Our activities do not stop at providing scholarships, but also include practical advice about living in Japan. The program is producing excellent scholars, with six of the 20 graduates that had received support as of March 31, 2008 having gone on to receive doctorates.

The Trade Promotion Foundation was established in 1927 to commemorate the 50th anniversary of the founding of the former Mitsui. The foundation temporarily ceased to operate at the end of World War II, but it was reactivated in 1988 and now provides scholarship funding and accommodation facilities to foreign students from China, Korea and other countries.

Activity		Period
Lecture Programs	Peking University	2006–2015
	Fudan University	2005–
	Saint Petersburg State University	2007–
	College of Foreign Languages, Vietnam National University, Hanoi	2008–
Foundations/Scholarships	The Trade Promotion Foundation	1927–1947; 1988–
	Mitsui-Bussan Scholarship Program for Indonesia	1992–
	The Mitsui USA Foundation	1987–
	The Mitsui Canada Foundation	1981–
	Mitsui Bussan do Brasil Foundation	2008–
	Mitsui Educational Foundation	1971–
	Mitsui Scholarship Fund	1991–
	Mitsui NUS Japanese Studies in Southeast Asia Endowment Fund	2007–

## Aiming to Achieve the UN Millennium Development Goals(MDGs)

Mitsui has been carrying out a wide range of support activities, some of which are listed below, in countries around the world with the aim of making contributions toward achieving the MDGs. Furthermore, in May 2008 Mitsui signed the Business Call To Action Declaration on the UN Millennium Development Goals.

### (1) Thailand: Library donation project

To mark the 100th anniversary of Mitsui's business in Thailand, we began an initiative in 2006 to donate libraries and books to rural elementary schools in Thailand that have inadequate facilities. Mitsui Thailand employees plan the donations, selecting the materials most suited to each school. We hope that this initiative will contribute to the improvement of educational environment in Thailand.

### (2) Thailand: Navuti (Doi Tong Project)

Since 1989 Mitsui has contributed to the funding for an organization implementing an anti-drugs project mainly sponsored by the Mae Fah Luang Foundation, which was founded by the late Princess Mother of Thailand (Mitsui's investment: 25% as of Dec. 2008). The project is based in a mountainous region on the border with Myanmar in northern Thailand. It targets mountainous regions dependent on the

cultivation of narcotics and slash-and-burn agriculture and encourages them to convert to the cultivation of coffee and macadamia nuts to eliminate poverty and prevent damage to the natural environment. The initiative has now been expanded beyond the cultivation and sale of coffee to include the operation of coffee shops and the production and sale of arts and crafts.

### (3) Equatorial Guinea: LNG Project

In 2005 Mitsui purchased an 8.5% stake in the Equatorial Guinea LNG Holdings Ltd. (EGLNG), a company that produces around 3.4 million tons of LNG from gas produced in the Alba gas field off the coast of Equatorial Guinea. This LNG project is the first of its kind in Equatorial Guinea and the total development cost was 1.5 billion dollars. The company began its commercial production in May 2007. For construction and operation of the LNG Plant, the project has provided employment for approximately 300 Equatorial Guinea nationals. Through the activities of EGLNG, Mitsui is also pursuing social contribution initiatives that include setting up technical training centers to improve the skills of local people, providing IT education and AIDS education to local schools, and installing equipments to supply potable water.

## Employee participation

### (1) Launch of the Table For Two Program

In August 2008 Mitsui began the Table For Two (TFT) Program at the company cafeteria in the basement of our head office in Tokyo, providing employees with an easily-accessible social contribution option.

While some one billion people struggling to obtain sufficient nutrition around the world, another one billion people suffer from obesity and other lifestyle-related diseases. The TFT program is based on the concept of one person's meal bringing health to two people, and aims to address the grave imbalance between starvation and malnutrition in developing countries and excessive calorie intake in developed countries.

For every low-calorie, nutritionally balanced TFT meal ordered at the company cafeteria, 20 yen, the cost of an elementary school canteen meal in a developing country, is donated to the NPO Table for Two.

We also use a "matching gift" system, whereby Mitsui contributes a further donation to ensure that two school canteen meals are covered.

### (2) Supporting the March of Dimes Foundation in the U.S.

Every year in April, Mitsui USA takes part in the March for Babies, a charity event organized by the March Of Dimes Foundation (MOD), a distinguished NPO in the U.S.

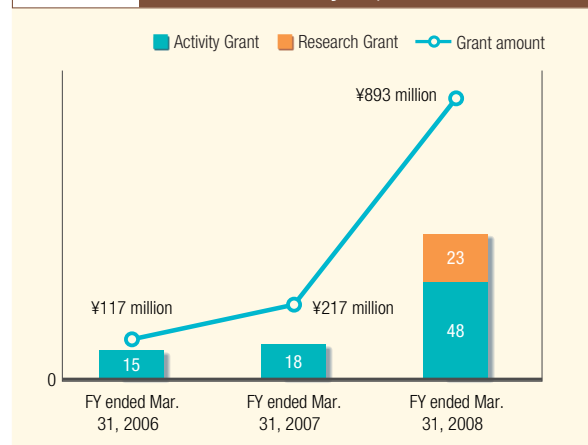
MOD was established by then U.S. President Franklin D. Roosevelt in 1938 with the aim of reducing fatality rates for deformed babies, premature babies and newly born babies. To achieve this goal, the organization conducts research, provides services to local communities and leads awareness-raising initiatives. Mitsui USA has participated 28 times in the event, and in 2008, 522 employees and their family members participated in Mitsui teams, including from group companies, in New York, Los Angeles and nine other cities across the U.S. In New York, the Chief Operating Officer of the Americas Business Unit and his wife led around 120 employees on an eight-kilometer run through the city. In addition to the approximately US\$17,000 raised by the Mitsui teams from employees, the company contributed a matching gift, producing a total donation of around US\$30,000.

## Mitsui & Co., Ltd. Environment Fund

In July 2005, we established the Mitsui & Co., Ltd. Environment Fund, aiming to support various internal and external efforts to solve global environmental problems and achieve sustainable development harmoniously balanced between economic development and environmental conservation. In addition to a donation from the company, the fund accepts contributions from executives, employees and retirees.

Our grant program encompasses *Activity Grant* to support contributions to environmental conservation on a practical level, and in addition to this category, in the fiscal year ended March 31, 2008 we established the new category of *Research Grant* for environmental research. A total of 104 Activity and Research Grant projects in Japan and overseas were selected up to the fiscal year ended March 31, 2008, to which we have decided to give a total of ¥1,277 million in grant (see Figure 1). Employees and their families also participate in grant projects as part of a programs to raise environmental awareness.

**Figure 1** Number of Activity and Research Grant Projects, Amounts of Grant



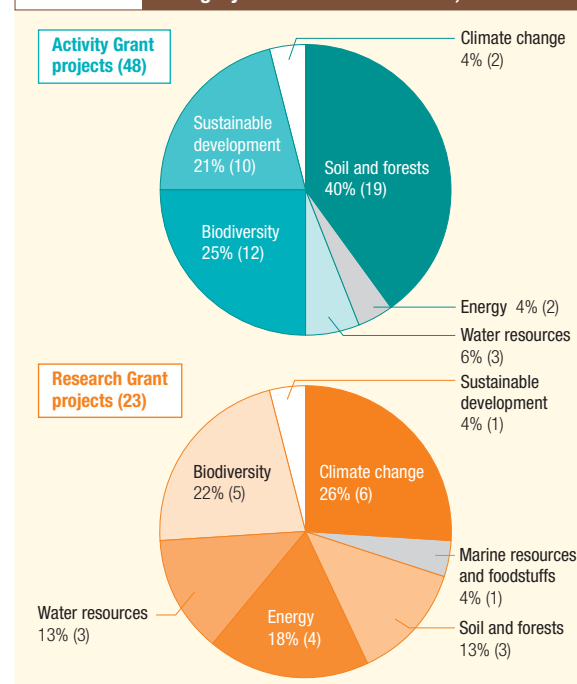
### Grant in Fiscal Year Ended March 31, 2008

In the fiscal year ended March 31, 2008, in addition to newly establishing Research Grant, we increased selection of Activity Grant projects to twice per year. Because of these, we significantly increased the number of projects and amounts of grant, from 18 projects with total grant of ¥217 million in the fiscal year ended March 31, 2007 to 71 projects with total grant of ¥893 million in the fiscal year ended March 31, 2008 (Figure 1).

As the breakdown by category in Figure 2 shows, Activity Grant projects were mainly in the areas of soil preservation and forest conservation, biodiversity and ecosystem conservation, and sustainable development. The Research Grant projects selected, though dispersed throughout various fields, were relatively focused in the fields of climate change, biodiversity and ecosystem conservation, and energy problems. Examples of Activity Grant projects by category since the establishment of the Environment Fund are shown in Table 1. These span a broad range of areas, from grass planting by local residents to highly specialized research projects at universities and other establishments.

A breakdown of Activity and Research Grant projects by region (Figure 3; multiple selections possible) shows that Japan accounts for the majority of Activity Grant projects, followed by Asia Pacific, the Americas, and Africa. In Research Grant projects, Asia Pacific and Japan also accounted for a large share followed by the Americas, Europe, Africa, and the Middle East. (For further details of Activity and Research Grant projects, please refer to our website: <http://www.mitsui.co.jp/csr/fund/>)

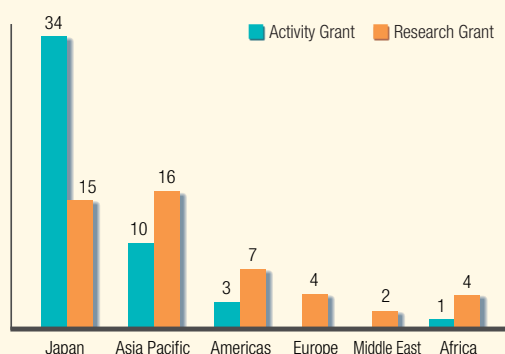
**Figure 2** Activity and Research Grant Projects by Category for FY ended March 31, 2008



**Table 1** Examples of Grant Projects by Category  
(Projects since Establishment of Environment Fund)

Climate change	Activity Grant	Hosting of international symposiums concerning the Clean Development Mechanism (CDM), emission credits and other initiatives to address climate change
	Research Grant	Research into flooding and landslide disaster prevention technologies in Asia and establishment of information-sharing network for practitioners in each country
Marine resources and foodstuffs	Research Grant	Research into the use of IC tags in abalone resource management and traceability
Soil and forests	Activity Grant	Afforestation of China's Loess Plateau and training of local volunteers
	Research Grant	Survey of rainforest deterioration in Asia and Africa and research into technologies for rainforest restoration
Energy	Activity Grant	Survey of use of biofuels in Asia and their environmental effects
	Research Grant	Research into resource consumption and CO <sub>2</sub> emissions in Japan's international supply chains
Water resources	Activity Grant	Water purification initiative using greenery in Inbanuma Marsh, Chiba Prefecture, Japan
	Research Grant	Research into the environmental effects of mercury pollution due to gold mining in Indonesia
Biodiversity	Activity Grant	Promotion of diversity of coral reefs in the sea around Okinawa
	Research Grant	Research into the cultivation and freeze preservation of the cells of rare species of birds in East Asia and Eurasia
Sustainable development	Activity Grant	Creation of urban-rural networks through the establishment of ecotourism universities
		Regeneration of the Japanese traditional rural landscape through the establishment of the Satoyama Satoumi Nature School of Noto Peninsula

**Figure 3** Activity and Research Grant Projects by Region in FY Ended March 31, 2008 (multiple selections possible)



## Employee Participation in Grant Projects

As well as providing grant through the Environment Fund for activities and researches that contribute to the environment, we also carry out programs in which employees and their families participate in projects that have received grant from the Environment Fund, with the aim of raising environmental awareness.

The Galveston Bay Foundation, a U.S.-based NGO and recipient of grant from the Environment Fund, is working to restore biodiversity in Barnett Bay, near Galveston, a suburb of Houston, Texas, by replenishing wetlands lost due to ground sinkage caused by industrial water consumption. Employees of Mitsui USA and Group company, Intercontinental Terminals Company (ITC) volunteered to participate in marsh vegetation planting following construction work by the Galveston Bay Foundation to raise the water table.

Another recipient of grant from the Environment Fund, the Miyagi Prefectural Izunuma-Uchinuma Environmental Foundation, is pursuing surveys of the ecosystem and conservation activities at Lake Izunuma-Uchinuma, a registered site under the Ramsar Convention on Wetlands. Employees of Mitsui's Tohoku Office and Group companies volunteered in activities to remove the black bass, an introduced, non-native species of fish, from the lake.

Mitsui employees and their families continue to participate in various volunteer initiatives, ranging from regeneration of idle farmland in Ibaraki Prefecture in collaboration with Asaza Fund, an NPO, to picking up trash at the base of Mt. Fuji with the NPO Fujisan Club.



Employees of Mitsui USA and Group company ITC taking part in marsh vegetation planting in Barnett Bay

# Communication with Stakeholders

Mitsui has been holding stakeholder dialogues since 2004, as part of the company's communication with stakeholders. These dialogues have revealed issues that we must address, and since then we have been endeavoring to resolve them. For details of the company's tasks and objectives, and the degree to which they have been achieved, see pages 15 and 16. As one example of our broad array of communication with stakeholders to date, this section introduces a stakeholder dialogue held in August 2006, outlining the various opinions expressed by participants and Mitsui's responses.

Speaker *	Opinion	Mitsui's Response
<b>Ryosuke Hirai</b> (Senior Advisor, CSR Office, CSR Division, Ricoh Company, Ltd.)	The most important thing is giving consideration to the stakeholders. In other words, looking after the stakeholders involves giving consideration to the social contribution of our business.	Ongoing pursuit of awareness-raising activities in order to generate Yoi-Shigoto (good quality work), the very foundation of our CSR activities. See "Awareness-Raising Activities in Pursuit of Yoi-Shigoto" (pages 11-12).
	Many employees take pride in their work, as the slogan "Mitsui is People" suggests, but I hope Mitsui & Co. will foster a corporate culture where employees put aside their pride and respond with truthfulness and honesty.	
<b>Naoto Ohmi</b> (Assistant General Secretary, Japanese Trade Union Federation)	It is important to pursue a broad range of initiatives, from not only Japanese but also global perspectives, regarding work-related social problems such as long working hours, disparities, individual labor disputes, and the work and human rights of the employees of business partners.	Pledged to support the UN Global Compact in Oct. 2004, and formulated Supply Chain CSR Policy in Dec. 2007 in order to extend these principles to the supply chain. See "Supply Chain Initiatives" (pages 23-24).
<b>Nobuko Hiwasa</b> (External Director, Snow Brand Milk Products Co., Ltd)	When doing business in a developing country, you must always ask yourself whether that business is beneficial for the people of that country, and whether there are any ethical problems.	
	I hope that you will support organizations in developing countries for helping people become self-supporting so that they can rise out of poverty.	Signed the Declaration on the UN Millennium Development Goals (MDGs) in May 2008. Pursued the activities outlined in "Aiming to Achieve the UN Millennium Development Goals" (page 40), and started to support NGOs working to combat poverty in developing countries.
	I would like you to use a diverse range of human resources—particularly women.	
<b>Mariko Kawaguchi</b> (Senior Analyst, Management Strategy Research Department, Daiwa Institute of Research, Ltd.)	I would like you to use your unique position as a trading company to enhance supply chain management and provide fair trade and business partner labor management solutions.	(See "Mitsui's Response" to opinions of Mr. Ohmi and Ms. Hiwasa noted above.)
<b>Toshihiko Goto</b> (Chairman, Environmental Auditing Research Group)	If things continue unchanged with respect to global warming, mankind may die out. We must be aware of this and take action.	Pursuing, though business, a variety of environmental approaches incorporated in the Mitsui Environmental Policy Action Guidelines, in order to contribute to the finding of industrial solutions to environmental problems. See Environment-related Business (pages 29-30).
	For humankind to live on, we need food, water and energy, and trading companies have a major role to play in this regard.	

\* Affiliations and positions are as of the holding of the stakeholder dialogue in August 2006



# The Evolution of CSR-oriented Management

We have evolved our CSR-oriented management approach based on our origins—our management philosophy and the values and awareness that have remained unchanged throughout our long history and tradition. All employees share an awareness of the importance of pursuing and generating Yoi-Shigoto (Good Quality Work), and we believe that performing Yoi-Shigoto lies at the very core of our CSR approach. We are steadily building the management foundation to support and foster Yoi-Shigoto and reforming awareness about CSR, while pursuing CSR worthy of Mitsui.

FY	Developing Management Foundations	Reforming Awareness
Ended March 31, 2005	<ul style="list-style-type: none"> <li>Formulated management philosophy (MVV)</li> <li>Established Basic CSR Policy</li> <li>Established CSR Promotion Committee</li> <li>Established Social Contribution Policy</li> <li>Declared support for UN Global Compact</li> <li>Strengthened corporate governance framework (Established advisory committees to Board of Directors)</li> <li>Established/reorganized various key committees for business execution</li> <li>Formulated “Global Growth 2006,” our Medium-term Strategic and Financial Plan</li> <li>Revised company performance appraisal system (introduced qualitative appraisal)</li> </ul>	<ul style="list-style-type: none"> <li>Revised Business Conduct Guidelines for Employees and Officers of Mitsui &amp; Co., Ltd.</li> <li>Held stakeholder dialogue</li> <li>Conducted compliance awareness survey</li> <li>Held first Compliance Conference with Mitsui &amp; Co. Employee Council</li> <li>Published <i>CSR Report 2004</i></li> </ul>
Ended March 31, 2006	<ul style="list-style-type: none"> <li>Introduced Specially Designated Business Management System and established Environmental Advisory Committee</li> <li>Revised managerial position appointment system</li> <li>Established Personal Information Protection Guideline</li> <li>Strengthened internal auditing (Increased number of staff in Internal Auditing Division)</li> <li>Conducted compliance overhaul</li> <li>Strengthened functions of internal reporting systems, including at subsidiaries and associated companies</li> <li>Established Diversity Promoting Department within Human Resources &amp; General Affairs Division</li> </ul>	<ul style="list-style-type: none"> <li>Distributed Business Conduct Guidelines for Employees and Officers Q&amp;A Book</li> <li>Conducted Compliance Awareness Survey (at Mitsui &amp; Co. (head office) and subsidiaries and associated companies)</li> <li>Held Compliance Week</li> <li>Conducted second Employee Satisfaction Survey</li> <li>Launched Active Talk Wednesday</li> <li>Strengthened internal environmental auditors training</li> <li>Established Mitsui &amp; Co., Ltd. Environment Fund</li> <li>Introduced volunteer leave program</li> <li>Published <i>CSR Report 2005</i></li> </ul>
Ended March 31, 2007	<ul style="list-style-type: none"> <li>Established CSR Promotion Division</li> <li>Appointed CSR Promotion Officers at business units and regional business units to build company-wide network</li> <li>Enacted Mitsui &amp; Co., Ltd. Corporate Governance and Internal Control Principles</li> <li>Revised company performance appraisal system (20% quantitative/80% qualitative)</li> <li>Introduced new competency appraisal standards based on new personnel system and Mitsui &amp; Co., Ltd. Competency Development Standards</li> <li>Formulated Medium-term Management Outlook - Mitsui's business and financial vision 3-5 years ahead</li> <li>Developed global compliance system</li> <li>Established Diversity Promoting Committee</li> </ul>	<ul style="list-style-type: none"> <li>Implemented “YOI-SHIGOTO! Our Origins, Your Future” activities to mark 130th anniversary of the former Mitsui</li> <li>Held stakeholder dialogue: “What constitutes Yoi-Shigoto”</li> <li>Held Yoi-Shigoto Workshops with participation of all employees</li> <li>Held Work AND Life Support Week</li> <li>Held Compliance Week</li> <li>Conducted Compliance Awareness Survey (at Mitsui &amp; Co. (head office) and subsidiaries and associated companies)</li> <li>Completed round of on-site environmental inspections at 151 subsidiaries and associated companies in industries with high environmental impact</li> <li>Established Social Contribution Policy Operational Guidelines</li> <li>Held Volunteer Introductory Week</li> <li>Published <i>CSR Report 2006</i></li> </ul>
Ended March 31, 2008	<ul style="list-style-type: none"> <li>Established New Long-term Business Model Vision Task Force and began discussions</li> <li>Developed business portfolio (investments, personnel) strategy</li> </ul>	<ul style="list-style-type: none"> <li>Held stakeholder dialogues mainly focusing on business partners of business units and regional business units</li> <li>Continued employee awareness-raising activities towards the generation of Yoi-Shigoto, and began same process at subsidiaries and associated companies</li> <li>Held Compliance Week</li> <li>Full-scale launch of environment education using company-owned forests</li> <li>Published <i>CSR Report 2007</i></li> </ul>
Ended March 31, 2009	<ul style="list-style-type: none"> <li>Signed Call to Action Declaration on the UN Millenium Development Goals (MDGs)*</li> <li>Held 100th President's Roundtable discussions between the President and CEO and employees</li> <li>Continued to consider New Long-term Management Vision</li> </ul> <p><small>* Set of international commitments proposed and adopted at the United Nations in the aim of resolving by 2015 issues, such as poverty and hunger, facing developing countries.</small></p>	<ul style="list-style-type: none"> <li>Continued to carry out awareness-raising activities for employees in pursuit of Yoi-Shigoto, and extended their scope to include overseas offices</li> <li>Established Mitsui Environment Month</li> <li>Held Compliance Week</li> <li>Supported traditional events of Kyoto using our company-owned forests</li> <li>Acquired accreditation under the Law for Measures to Support the Development of the Next Generation and the Promotion of Lifelong Learning</li> <li>Established Karugamo Family Nursery</li> <li>Published <i>CSR Report 2008</i></li> </ul>

# Third Party Opinion



**Kanji Tanimoto**

Professor,  
Graduate School of Commerce and Management  
Hitotsubashi University

Mitsui's CSR-oriented management is now entering its second stage. During this stage I expect Mitsui to thoroughly review and intensify its current initiatives, and enhance its non-financial, CSR-oriented management reporting in each business unit, covering the environment, society and governance.

The Yoi-Shigoto Workshops that have been taking place since 2006 were initially driven by issues presented from head office. Since 2007, they have progressed to a new stage in which Mitsui is looking at how this can be incorporated into the practices of each unit (15 business units and three overseas regional business units).

Reviewing job processes and the quality of earnings leads to good work with 'priorities in the right order', which gives rise to good value for society. Mitsui is trying to introduce systems to manage the administration of these processes, and I understand that it was based on this thinking that in July 2007 Mitsui abolished the Corporate Branding & Communications Department, which had until then been within the CSR Promotion Division. While the thorough application of CSR-oriented management may result in a good corporate brand, CSR activities should not be driven by a desire to lift the value of the brand.

The Medium Term Management Outlook for the three years ending March 31, 2009 incorporates CSR, with CSR-related issues delineated in the business plans of each business unit, along with an annual appraisal process. Although considerable progress has been made in the basic understanding of CSR and compliance along with engagement in specific issues, there are still visible differences between the various business units. One particular issue that will need addressing is how to increase the engagement of consolidated subsidiaries (and affiliated companies) in overseas segments.

The report this year includes CSR-oriented management results and targets, presented in the same manner as in the previous year, but this does not clarify the measurement standard for the degree of achievement. I therefore cannot assess how completely an issue has been understood, approached and remedied, and cannot tell how it has been evaluated,

whether feedback has been given, and how this relates to the setting of targets for future years. In my third-party opinion last year I wrote that this was something that needed to be addressed, and I hope that Mitsui will look into this issue in the future. The basis of this should be an appraisal and disclosure system that covers the actual initiatives engaged in and implementation of the PDCA cycle with regard to CSR-oriented management issues in each business unit.

Mitsui has engaged in CSR-oriented management while also reflecting on two scandals: the Kunashiri bid rigging of 2002 and the diesel particulate filter incident of 2004. We can consider the last few years of CSR engagement as Stage One, carried out under the theme of Yoi-Shigoto. Mitsui is now turning toward Stage Two, meaning that Mitsui should build on its current structure of CSR engagement to deepen its CSR-oriented management across the whole company. During this stage I hold a particular expectation that Mitsui will communicate actively with the relevant stakeholders for each business unit, domestically and overseas, regarding the issues for each operation. The key point here is engaging with stakeholders on each important topic, and incorporating the feedback received into the management of Mitsui.

Concomitant with this, it is also necessary to develop the CSR report itself in a way that reflects the progression of CSR to Stage Two. The CSR report to date has emphasized the strengthening of compliance awareness among employees. Looking ahead, I think an important point of focus should be on disclosing information with regard to external stakeholders. Moreover, CSR reports have until now been centered on the introduction and description of systems. From now on, I would like to see disclosure each year based on the actual outcomes achieved and issues covered regarding CSR engagement at each business unit.

Doing this means that it will be important for Mitsui to disclose how particular issues are positioned and what results have been achieved within Mitsui's overall operations, in addition to disclosing the situation and issues with regard to CSR initiatives within the supply chain for example, or general disclosure with regard to environmental business.

Looking ahead, Mitsui's non-financial reporting should include properly classified material information and basic data accumulated each year, with feedback gained from stakeholders. I look forward to Mitsui developing a strategic approach to an overall disclosure style that is coordinated with its annual reports and financial reports.

**Takejiro Sueyoshi**Special Advisor to the United Nations  
Environment Program Finance Initiative**Now is the time to demonstrate true value**

This year's CSR report is filled with strong messages and is extremely encouraging.

First, you declare that the sustainable development of companies depends on the sustainable development of global society as a whole. You clearly state your management philosophy: in order to fulfill your responsibilities as a one member of global society, your mission is to contribute to the creation of a future for the earth; your vision is to meet the needs of customers throughout the world; and based on this vision you will seek to create value that benefits society.

In addition to these points, your president's message had strong resonance for me. The message is an appeal to undertake Yoi-Shigoto (good quality work) with the confidence and conviction of 130 years of business, particularly now that the

world is experiencing turmoil, adversity and crisis. It was wonderful to see the president demonstrate a particularly global perspective in his message and commit to addressing global issues such as poverty, human rights and the problems of developing countries—problems that Japanese companies generally do not express interest in.

This goes beyond the theoretical. Mitsui has to date carried out successful awareness-raising campaigns, and has been steadily pursuing initiatives at operations level to attempt to undertake Yoi-Shigoto that is beneficial to society and leaves it mark on society as a whole.

I would like to conclude with a saying from the company's founder. Takashi Matsuda instructs us to "Avoid infatuation with immediate advantage. For enduring prosperity, harbor grand aspirations." I cannot think of a more apt and instructive saying for us today, if we accept that the current financial crisis and economic crisis have been caused by people focusing only on the pursuit of immediate advantage or short-term profit.

With extremely difficult times ahead for the world, I hope that everyone in the Mitsui & Co. group, harboring grand aspirations in the pursuit of enduring prosperity, can work together to demonstrate the group's true value.

**Response to Third Party Opinion****Motokazu Yoshida**Representative Director, Executive Vice President,  
Chairman of the CSR Promotion Committee,  
Mitsui & Co., Ltd.

We have asked Professor Kanji Tanimoto of Hitotsubashi University and Takejiro Sueyoshi of the United Nations Environment Program Finance Initiative to provide third party opinions on this year's report. This is the fifth year since 2003 that we have asked Professor Tanimoto to provide such an opinion, and the second consecutive year in which we have asked Mr. Sueyoshi to do so.

Professor Tanimoto made some of his recommendations from last year again this year. He pointed out that we need to enhance our CSR initiatives at overseas operations and subsidiaries, clarify the standard for measuring the degree of achievement of CSR management results, and indicate how this relates to understanding, approaching and remedying issues, as well as to the setting of targets for future years. Among various other new recommendations this year, Professor Tanimoto said that the last few years of CSR engagement—in which we reflected on scandals and focused on pursuing Yoi-Shigoto—could be considered as Stage One, and that in Stage Two Mitsui should communicate

actively with the relevant stakeholders for each business unit to determine the issues for each unit, and incorporate the feedback received into the unit's management. He also recommended that the CSR report should focus more on disclosure to external stakeholders. Mr. Sueyoshi noted that he hopes that we can demonstrate our true value, based on the philosophy of the founder of the former Mitsui, as the world enters a difficult a period.

Over the past few years, we have been taking various steps to globalize the Group, with systems and activities that previously applied only to Mitsui & Co. on a non-consolidated basis being broadened to encompass our overseas offices and subsidiaries. Furthermore, in our business plans and evaluations for business units, we have been clearly outlining qualitative tasks, including reforming awareness and approaching issues in each business field, and managing our progress in these areas. We intend to step up such companywide initiatives and further enhance communication with stakeholders, while continually raising the quality of our businesses, driven by a strong will not to lose our way in the current storms and on relentless efforts. We are determined to be more proactive in disclosing this process and its achievements to stakeholders, gaining their understanding and input, and incorporating this feedback in how we manage the company.



## mitsui & co.,ltd.

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