

Mitsui & Co., Ltd.
CSR Report

2007



MITSUMI & CO.,LTD.

Company Profile

Company Data

Name:

MITSUMI & 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, 2007):

¥323,213 million

Number of Employees (as of March 31, 2007):

8,964 (6,096 at Mitsui & Co., Ltd. and 2,868 regional employees at overseas offices and trading subsidiaries)

Number of Offices, Overseas Offices and

Trading Subsidiaries (as of July 1, 2007):

160 offices

In Japan: 16

(Head Office:1, Offices:6, Branches:8, Sub-branches:1)

Overseas: 144

(Overseas offices:54, Overseas trading subsidiaries:90)

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.

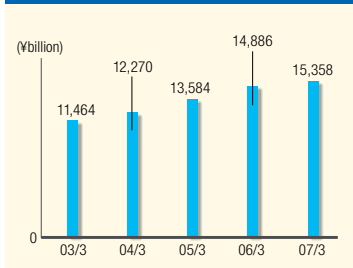
Organization Chart (as of July 1, 2007)



Financial Information

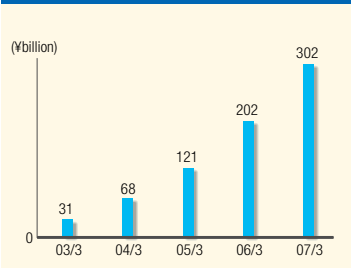
Revenues

(consolidated)



Net Income

(consolidated)



Operating Segment Revenues

Consolidated: FY2006

(¥billion)

Metal Products & Minerals	3,093
Machinery & Infrastructure Projects	2,225
Chemical	2,392
Energy	1,812
Foods & Retail	1,918
Americas	1,168
Lifestyle, Consumer Service and Information, Electronics & Telecommunication	1,457
Logistics & Financial Markets	180
Europe	472
Asia	559
Other overseas areas	71
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What we aim to communicate in this report

Editorial Policy

Since last fiscal year we have been pursuing various initiatives under the theme of “YOI-SHIGOTO! Our Origins, Your Future.” We are seeking to conduct CSR activities that are worthy of and unique to Mitsui, based around the core CSR axis of all employees performing Yoi-Shigoto (Good Quality Work). At the same time, we must hold dialogues with our various stakeholders to ensure that our CSR policies and initiatives are examined by society, and reaffirm that they have social meaning and are issues requiring resolution. Consequently, this fiscal year we held various dialogues with business partners and other external parties about specific business being pursued with the aim of performing Yoi-Shigoto.

In the “Highlights” section and elsewhere, this report features accounts of five stakeholder dialogues held in a number of business divisions. These five articles also fulfill the role of increasing understanding of parts of our business activities, which we conduct in a great variety of regions around the world. Furthermore, in the section entitled “Mitsui & Co. CSR Activities,” we also introduce various initiatives in the “Topics” pages included in each of the Management, Environment and Society subsections.

This report has been published annually since the fiscal year ended March 31, 2004, as an important communication tool for reporting our attitude to CSR and CSR initiatives, and for seeking a broad range of opinions with the objective of improving the company. 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 2007*.

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, 2006 to March 31, 2007 (FY2006), with some coverage of the subsequent year (Job titles are as of the holding of the related event or writing of the related contribution).

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)

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

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CSR Report 2007

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Mitsui & Co., Ltd.

Top Commitment

Message from the President

Aiming to undertake Yoi-Shigoto that creates value in society



CSR at Mitsui

It is often asked what corporate social responsibility (CSR) really means for general trading companies that are involved in such a wide range of business activities. Mitsui itself operates in areas as diverse as mineral resources and energy, infrastructure, logistics and consumer services, and this span of businesses means we must address a similarly wide range of issues. Accordingly, in our approach to CSR we must ensure that all executives and employees of Mitsui carry out their daily business activities in constant alignment with our mission *to contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled*, as incorporated in the Company's management philosophy comprising its Mission, Vision and Values (MVV). Only in doing so can we meet society's expectations of us. Although it is the fundamental responsibility of a company to generate revenues by making use of the assets entrusted to it by shareholders, I believe that a company's real value can be determined by whether or not it is listening closely and sincerely to its stakeholders and generating value for society.

Undertaking Yoi-Shigoto that gives rise to new value

I am constantly telling people within Mitsui that they must undertake work that feels worthwhile, is valued by society, and creates outcomes of value. My thinking is that the Yoi-Shigoto (Good Quality Work) we aspire to at Mitsui is achieved when employees truly understand this concept, and make use of their talents to provide society with a value they can be proud of. I believe that

A stylized signature of Shoei Utsuda in white ink on a blue background.

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

if we all act in this manner, profits will follow. And if we continue to perform Yoi-Shigoto, with an unfailing commitment to engaging properly in our business activities, then the future of our company is assured. We therefore need to foster the development of personnel who can perform Yoi-Shigoto that meets the needs of the times regardless of how society or the business environment changes.

This approach must be supported by appropriate systems, so as well as ensuring that the appraisal of business performance emphasizes the assessment of qualitative factors that are not revealed in short-term figures, we have created a personnel appraisal system that includes a key assessment criterion on how our employees embody Mitsui's management philosophy in their work.

Addressing social issues from a global perspective

Mitsui's trading and other business activities take place on a global basis, so it is important for us to consider not only issues such as adhering strictly to laws and regulations and minimizing local environmental impacts, but also to engage actively in international issues relating to human rights, labor conditions and the resolution of global environmental problems. With this in mind, in October 2004 I signed the United Nations Global Compact (GC) on behalf of Mitsui.

Since then we have taken a number of steps with regard to the ten principles of the GC, and as a member of the GC Japan Network we have engaged with the international community to improve and report on GC initiatives in Japan. We believe that as an organization

operating on a global scale it is particularly important for us to improve the transparency of and clarify problems regarding overall supply chain not only in Japan but in countries around the world, putting into practice the principles of the GC in international society.

We will continue to support and put into practice the ten GC principles, aiming to create new value for society as a corporation that is trusted and considered necessary around the world.

Contributing to the creation of a future for Earth and its inhabitants

It goes without saying that the sustainable development of companies depends on the sustainability of the Earth. For this reason we must directly confront critical international social issues—such as global warming, poverty and other Millennium Development Goals*—that affect all of humanity, carrying with us the spirit of *challenge and opportunity*. As individuals and as a company, we must continuously ask ourselves how we can contribute to solutions through our business activities, and what role we have to play. I believe that engaging in dialogue with a wide range of stakeholders and developing partnerships are two important elements of this.

We will continue our efforts to retain the trust of our stakeholders while meeting their expectations, and by continuing to undertake Yoi-Shigoto aim to contribute to achieving a sustainable society.

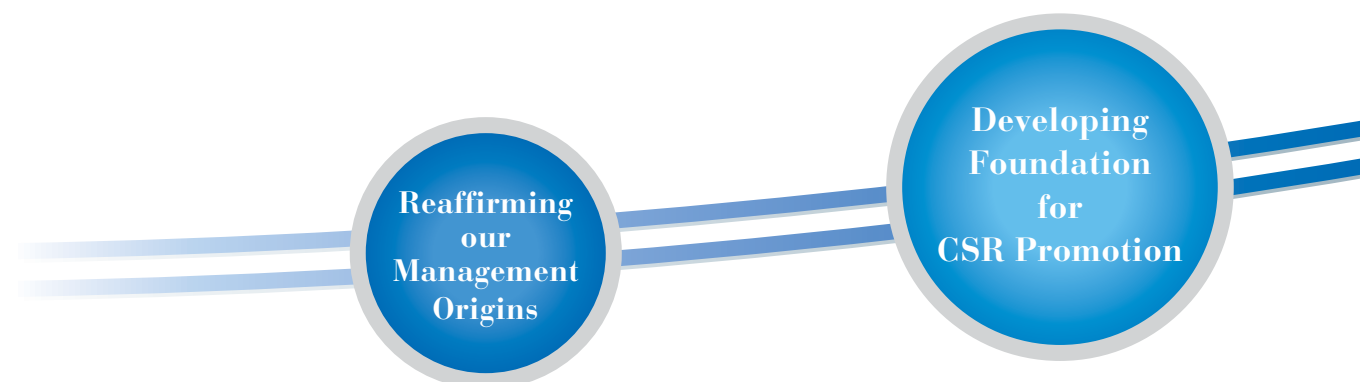
* **Millennium Development Goals:** In September 2000, 189 countries under the United Nations became signatories to eight development goals for international society by 2015, targeting areas such as the eradication of extreme poverty and hunger, the improvement of health and education, and a sustainable environment.

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.

We aim to be a corporate group that is trusted by society and considered indispensable for the achievement of a sustainable society, by focusing our efforts on its achievement.



Fiscal year ended March 31, 2005

Developing Management Foundations

- Formulated management philosophy (MVV)
- Established Basic CSR Policy
- Established CSR Promotion Committee
- Established Social Contribution Policy
- Declared support for UN Global Compact
- Strengthened corporate governance framework (Established advisory committees to Board of Directors)
- Established/reorganized various key committees for business execution
- Formulated "Global Growth 2006," our Medium-term Strategic and Financial Plan
- Revised company performance appraisal system (introduced qualitative appraisal)

Fiscal year ended March 31, 2006

- Introduced Specially Designated Business Management System and established Environmental Advisory Committee
- Revised managerial position appointment system
- Established Personal Information Protection Guideline
- Strengthened internal auditing (Increased number of staff in Internal Auditing Division)
- Conducted compliance overhaul
- Strengthened functions of internal reporting systems, including at subsidiaries and associated companies
- Established Diversity Promoting Department within Human Resources & General Affairs Division

Reforming Awareness

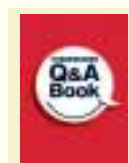
- Revised Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.
- Held stakeholder dialogue
- Conducted compliance awareness survey
- Held first Compliance Conference with Mitsui & Co. Employee Council
- Published *CSR Report 2004*
- Distributed Business Conduct Guidelines for Employees and Officers Q&A Book
- Conducted Compliance Awareness Survey (at Mitsui & Co. (head office) and subsidiaries and associated companies)
- Held Compliance Week
- Conducted second Employee Satisfaction Survey
- Launched Active Talk Wednesday
- Strengthened internal environmental auditors training
- Established Mitsui & Co., Ltd. Environment Fund
- Introduced volunteer leave program
- Published *CSR Report 2005*



The first stakeholder dialogue



CSR Report 2004



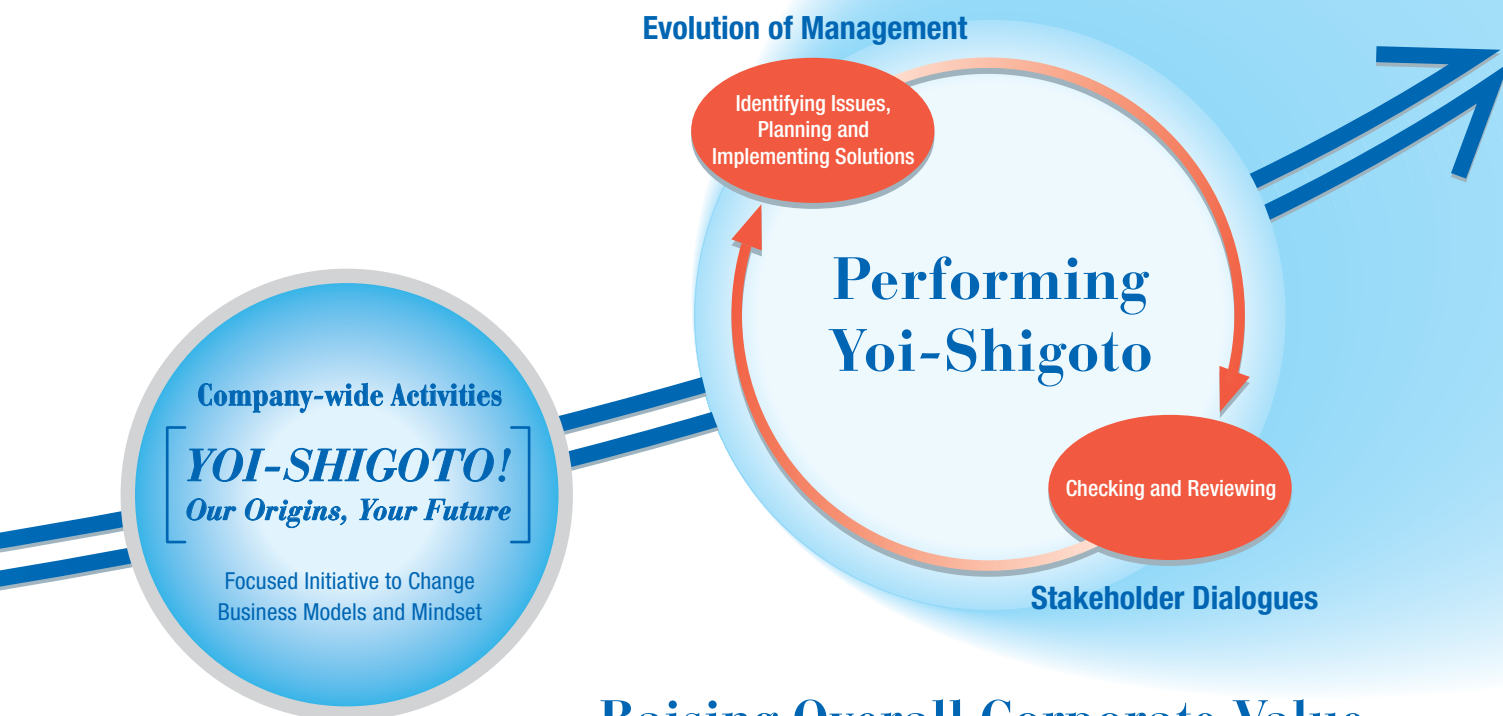
The Business Conduct Guidelines for Employees and Officers Q&A Book



Compliance Week poster



Active Talk Wednesday



Raising Overall Corporate Value from Economic, Environmental and Social Perspectives

Pursuing CSR worthy of and unique to Mitsui

Fiscal year ended March 31, 2007

Developing Management Foundations

- Established CSR Promotion Division
- Appointed CSR Promotion Officers at business units and regional business units to build company-wide network
- Enacted Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles
- Revised company performance appraisal system (20% quantitative/ 80% qualitative)
- Introduced new competency appraisal standards based on new personnel system and Mitsui & Co., Ltd. Competency Development Standards
- Formulated Medium-term Management Outlook - Mitsui's business and financial vision 3-5 years ahead
- Developed global compliance system
- Established Diversity Promoting Committee

Fiscal year ended March 31, 2008

- Established New Long-term Management Vision Task Force and began discussions

Reforming Awareness

- Implemented "YOI-SHIGOTO! Our Origins, Your Future" activities to mark 130th anniversary of the former Mitsui
- Held stakeholder dialogue: "What constitutes *good work*?"
- Held Good Work Workshops with participation of all employees
- Held Work AND Life Support Week
- Held Compliance Week
- Conducted Compliance Awareness Survey (at Mitsui & Co. (head office) and subsidiaries and associated companies)
- Completed round of on-site environmental inspections at 151 subsidiaries and associated companies in industries with high environmental impact
- Established Social Contribution Policy Operational Guidelines
- Held Volunteer Introductory Week
- Published *CSR Report 2006*

- Held stakeholder dialogues mainly focusing on business partners of business units and regional business units
- Continued employee awareness-raising activities towards the generation of Yoi-Shigoto, and began same process at subsidiaries and associated companies
- Held Compliance Week
- Full-scale launch of environment education using company-owned forests
- Published *CSR Report 2007*



130th anniversary poster



Stakeholder dialogue: "What constitutes *good work*?"



Work AND Life Support Week poster



Forest-based environment education program



Stakeholder dialogue at Mitsui USA

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.

Mitsui & Co. Management Philosophy—Mission, Vision and Values

Mission — We will contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.

Vision — We aim to become a global business enabler that can meet the needs of our customers' throughout the world.

Values —

- Making it a principle to be fair and humble, we, with sincerity and in good faith, will strive to be worthy of the trust society places in us.
- With lofty aspirations and from an honest perspective, we will pursue business that benefits society.
- Always taking on the challenge of new fields, we will dynamically create business that can lead the times.
- Making the most of our corporate culture that fosters “Freedom and Open-mindedness,” we will fully demonstrate our abilities as a corporation as well as individuals.
- In order to nurture human resources full of creativity and a superior sense of balance, we will provide our people with a workplace for self-development as well as self-realization.

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

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



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

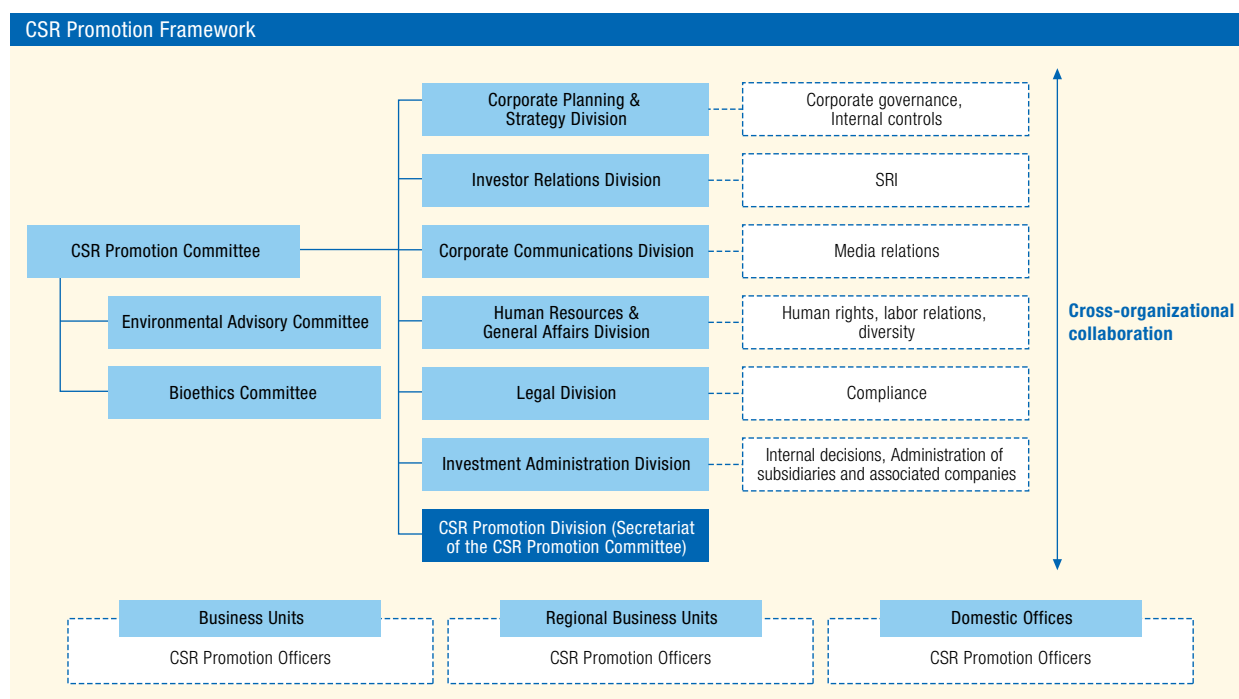
The CSR Promotion Committee has been in place since 2004 to submit proposals to the Corporate Management Committee on CSR-related management policies and business activities, inculcate the importance of CSR-oriented management

throughout the company, make recommendations with respect to "Specially Designated Business" (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, 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

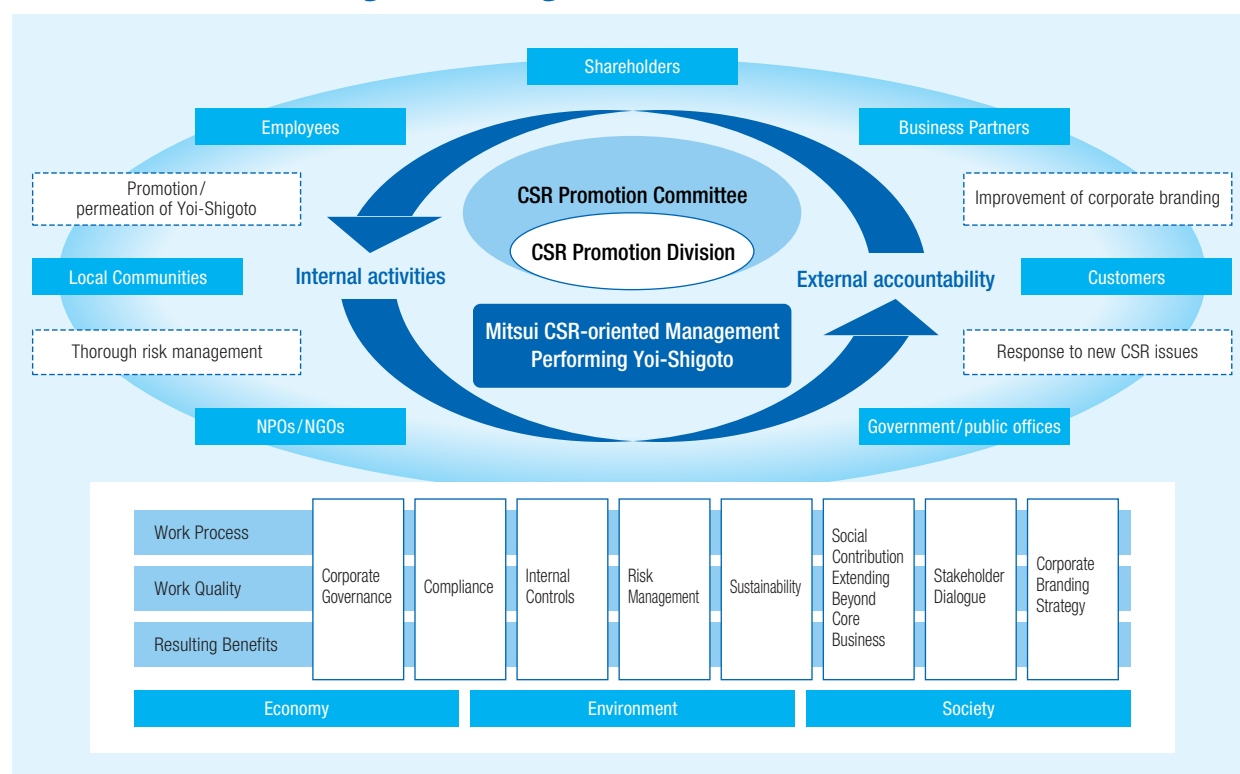
Furthermore, the Environmental Advisory Committee (see page 32) and the Bioethics Committee are in place under the CSR Promotion Committee, with the objective of responding to various CSR-related issues.



CSR-oriented Management (Achievements and Objectives)

Mitsui remains close to the various issues affecting society today, through our global business activities and diverse business areas including Mineral Resources and Energy, Global Marketing Networks, Consumer Services and Infrastructure. Our mission is to accumulate a track record of Yoi-Shigoto (Good Quality Work) with sincerity and good faith, with every single Mitsui executive and employee fully understanding the role the company has to play in resolving these issues and the expectations society places on us.

◎ 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 main CSR achievements in the fiscal year ended March 31, 2007, and our tasks and objectives for the fiscal year ending March 31, 2008.

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

Item		Main Achievements in FY ended Mar. 31, 2007	Page No.	Degree of Achievement of Goal	Tasks and Objectives for FY ending Mar. 31, 2008
Governance	Corporate Governance	Raised 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.
		Ensured 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	Continued to review and improve the internal control framework.	17-18	◎	Continue to review and improve the internal control framework.
		Developed and improved systems in the first fiscal year in which SOA Sec. 404 was applicable to us. Encouraged employees to take an e-learning course.	17-18	◎	Strengthen initiatives to manage fraud risk in relation to SOA Sec. 404.
		Upgraded comprehensive risk management method from both quantitative and qualitative perspectives.	—	○	
	Compliance	Strengthened global compliance system.	21	○	Further enhance consolidated global compliance system.
		Further increased compliance awareness throughout the Mitsui group through continued compliance training, including at subsidiaries and associated companies.	20	◎	Further increase compliance awareness throughout the Mitsui group through continued compliance training, including at subsidiaries and associated companies.

Item		Main Achievements in FY ended Mar. 31, 2007	Page No.	Degree of Achievement of Goal	Tasks and Objectives for FY ending Mar. 31, 2008
Governance	Compliance	Continued to conduct the Compliance Awareness Survey, including at subsidiaries and associated companies, and detected and resolved problems.	21	◎	Continue to conduct the Compliance Awareness Survey, including at subsidiaries and associated companies, and detect and resolve problems.
		Strengthened internal reporting systems at group subsidiaries and associated companies.	20	◎	Enhance internal reporting systems at group subsidiaries and associated companies.
	Risk Management Structure	Increased our accident prevention capacity by improving the BCP and conducting regular simulation drills.	—	○	Set up back-up functions for delivery operations at domestic offices and branches. Strengthen accident prevention capacity through continued training.
Environment	Strengthening Environmental Management Systems	Spread environmental awareness to each and every employee.	32	◎	Enhance employee environmental awareness through further environmental education and training.
		Enhanced environmental management systems and accident prevention systems in all Group companies.	33	○	Enhance environmental management systems at all domestic and overseas offices, and subsidiaries and associated companies.
		Acquired ISO14001 Certification for domestic subsidiaries and associated companies with high impact on the environment.	33	◎	Continue to promote acquisition of ISO14001 Certification by domestic subsidiaries and associated companies with high impact on the environment.
		Strengthened environmental assessment for subsidiaries and associated companies.	33	◎	Implement environmental law surveys and physical inspections at subsidiaries and associated companies.
		Continued environmental impact assessment based on Life Cycle Assessment (LCA).	—	◎	Improve environmental impact assessment, taking into account occurrence probabilities.
	Initiatives to Combat Global Warming	Established and sought to achieve company-wide target for greenhouse gas reduction.	33	○	Establish and seek to achieve group company-wide target for greenhouse gas reduction.
		Developed and carried out specific policies for the revised Act on the Rational Use of Energy.	34	◎	Improve transportation-related energy efficiency by 1% or more on average annually in five years from 2008 to 2012.
	Pursuing Environmental Businesses	Promoted environmental and energy businesses throughout the Company.	27-28	◎	Promote environmental and energy businesses throughout the Company.
	Utilizing Company-owned Forests	Developed and carried out usage plans. Acquired SGEC forest certification.	29-30	◎	Enhance contents of forest environment education.
					Strive to conserve biodiversity with consideration given to national strategy and SGEC indicators. Pursue research on use of woody biomass.
Society	Relations with Society	Established a continuous evaluation and review cycle for social contribution activities. Redeveloped activities worthy of Mitsui.	45	○	Pursue company-wide activities and review and improve the quality of projects based on social contributions policy and action guidelines.
		Planned, introduced and promoted employee participation-style volunteer work.	45-46	◎	Support volunteer work linked to putting into practice Yoi-Shigoto.
		Optimized the process for selecting Mitsui & Co., Ltd. Environment Fund aid projects. Encouraged more employee participation.	47-48	◎	Review aid system and select high-quality projects. Encourage more employee participation in fund's activities. Promote development of network of aid recipient groups.
		Formulated Disaster Reconstruction Assistance Guidelines.	45	◎	Plan and promote new core social contribution projects worthy of Mitsui.
		Promoted dialogue and cooperation with NPOs and NGOs.	47-48	○	Promote dialogue and cooperation with NPOs and NGOs.
	Relations with Business Partners	Considered the desirable form of our standards and guidelines with respect to CSR procurement.	23-24	○	Formulate supply chain management policy.
		Researched our compliance with the Global Compact and implemented continuous improvements.	—	◎	Research our compliance with the Global Compact and implement continuous improvements.
		Developed risk management framework for our supply chain.	23-24	○	Promote improved efficiency in supply chain survey methods, and develop system for cooperating with workplaces to ensure problem resolution.
	Employee Relations	Continued to review human resource system.	41-44	○	Continue to review human resource system including global group human resources.
		Addressed issues emerging from the Employee Satisfaction Survey. Continued to conduct the survey.	43	○	Conduct survey once every two years and resolve problems detected in the survey.
		Utilized diverse human resources. Reformed awareness and corporate culture to improve the work environment.	35-38 44	○	Utilize diverse human resources. Reform awareness and corporate culture to ensure improve overall drive of employees.
		Further enhanced human resources development program contents to address workplace needs.	42-44	◎	Further inculcate management philosophy by means including a focus on human resources.
CSR-oriented Management		Identified CSR-related business issues. Established a continuous evaluation and review cycle.	5-10	○	Globalize and optimize CSR promotion framework. Strengthen collaboration among CSR-related divisions and departments.
		Ensured that each and every employee performs Yoi-Shigoto.	3-4 11-16 25-26 39-40	○	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. Gradually ensure the performance of Yoi-Shigoto on a global consolidated basis.
		Improved risk management methods. Established methods and accumulated expertise and permeate it in-house so that employees take the initiative in risk management.	19-22	○	Enhance management system, formulate Specially Designated Business checklist and guidelines, and share expertise with locations in the field, by organizing key points regarding past Specially Designated Businesses.
		Promoted communication with all stakeholders.	11-16 25-26 39-40	○	Continue to promote communication with all stakeholders from corporate level through to our various operating entities.
		Enhanced corporate value through implementation of our corporate branding strategy.	—	○	
		Improved the CSR Report.	2	○	Further improve disclosure of non-financial information through the CSR Report.
		Maintain and improve transparency and accountability of Mitsui's management through information disclosure. Conducted management that takes the capital markets into account and provided 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.

Being a Good Corporate Citizen through Yoi-Shigoto

On October 17, 2007, Mitsui held its first overseas stakeholder dialogue, in New York, to learn from our employees, customers, clients, community and non-profit representatives and gain insight on expectations of the CSR performance of Mitsui & Co. (U.S.A.), Inc. ("Mitsui USA"). Additionally, participants provided insight on the current CSR atmosphere in the United States, and commented on our philosophy of Yoi-Shigoto which literally translates as "Good Quality Work," but its meaning is more profound.



CSR-oriented Management Strategies

In the United States, there is great diversity in how companies define CSR and implement CSR-oriented management strategies. The absence of any one definitive standard creates an opportunity for U.S. companies to develop excellent CSR programs that are strategically linked to their missions and business objectives.

One area that participants mentioned with respect to CSR promotion was employment and workplace issues.

Main Opinions

- The role of the employer is to ensure an inclusive workplace that is fair in its practices and policies and sets the same standards for all employees.
- Diversity programs that reflect the national workforce and allow for opportunities for women and minorities impact the way a company does business and is perceived in the community.
- Investing in human capital fosters talent and ensure the sustainability of a company's competitiveness and cultivates employee retention.
- The digital generation considers it important to have a work-life-community balance in their careers. Preparing a workplace environment that facilitates this balance has a bearing on attracting high-caliber staff.

Another theme was the environment. Environmental responsibility is also an important component of CSR, and we

reaffirmed that our stakeholders in the United States also expect a great deal from us in this regard.

Main Opinions

- While companies make commitments to the environment, they need to be careful that they are not seen as "green washing," a term used to mean only appearing to be addressing environmental issues. Companies should ensure that employees have a thorough awareness of CSR, and environmental policies should be embedded in business models, products and services to ensure legitimacy and accountability.
- Businesses should calculate the impact of their business activities and develop a metrics system to measure their progress in their commitments.
- It is important to support in a variety of formats the environmental protection initiatives of consumers and employees.
- It is important for companies to make environment-related investments that affect short-term profitability but secure long-term gain.

Communicating CSR and Yoi-Shigoto

Mitsui USA considers being a good corporate citizen and achieving sustainable corporate growth to be important management objectives. In order to achieve them, Mitsui must communicate its policies in a way that is understandable to the diverse American society. Participants gave the following opinions on how Mitsui USA should approach these issues.

Main Opinions

- Given the extensive business involvements of Mitsui USA, in promoting CSR it should define what it stands for and develop a communications strategy tailored to its stakeholder audience.
- Mitsui USA must find the best approach for promoting its philosophy of Yoi-Shigoto in a way that resonates with both American employees and others outside the company.
- Mitsui USA can take advantage of the fact that it is not so well known in the U.S. and create a solid corporate identity that includes the concepts of Yoi-Shigoto and CSR.
- The literal translation of the Japanese phrase Yoi-Shigoto as “Good Quality Work” does not communicate the richness and depth of the concept. It is recommended to keep the phrase in its Japanese form, which will be easier to promote on a global level. Of course, this concept needs to be clearly defined to ensure that employees can understand its richness.
- To integrate Yoi-Shigoto in Mitsui USA’s corporate culture, its promotion should be approached much like a brand strategy.

Looking Ahead

Participants also advised building credibility with our U.S. stakeholders by raising awareness of Mitsui USA and promoting the concept of Yoi-Shigoto.

Main Opinions

- To gain understanding for Mitsui USA’s CSR efforts, it is essential to report the company’s progress in its CSR commitments and show it is meeting the highest standards. In addition, Mitsui USA should report on its CSR goals and how it will achieve them. This type of action-oriented approach will help stakeholders understand the full meaning of the term Yoi-Shigoto and how the idea drives specific actions.
- Companies in the United States could be facing significantly increased congressional oversight of regulations in various dimensions of CSR. Companies should look to get ahead of these regulations by implementing steps now to address new expectations.



Facilitator Diana Shayon

Managing Director, Burson-Marsteller

Burson-Marsteller is a major communications consultancy with a broad global network of around 90 operations in more than 50 countries worldwide.



Heather Malkin

First Vice President, Community & Philanthropic Services, HSBC Bank USA

HSBC is a leading global financial group providing services in 83 countries. HSBC won the FT Sustainable Bank of the Year in 2006.



Alice LeBlanc

Director, Office of Environment and Climate Change AIG Corporate Affairs, American International Group, Inc. (AIG)

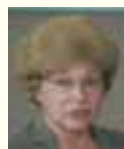
AIG is the first U.S. insurance institution to respond to climate change risk.



Carolyn C. Cavicchio

Senior Research Associate, Global Corporate Citizenship, The Conference Board

The Conference Board is an NPO that researches, analyzes and reports about the global economy and market trends.



Francine M. Tishman

President & Chief Operating Officer, Abilities, Inc.

Abilities is an NPO that provides vocational training for persons with disabilities to develop the skills needed to attain competitive jobs. The Mitsui USA Foundation has been supporting Abilities since 2007.



James M. Cowan

Managing Director & Chairman, Japan Client Services of the Americas, Marsh, Inc.

Marsh provides risk management and insurance-related services. The company has more than 80 years of business history with Mitsui USA (and its predecessor).



Edward Sun

Senior Vice President, GE Commercial Aviation Services

GE Commercial Aviation Services is the world's largest aviation leasing company. The company has been doing business with Mitsui USA for 10 years.



Keith Ewing

Vice President, Office of the Chief Compliance Office, Mitsui USA

Keith Ewing joined Mitsui USA in 1981. He worked as Senior Counsel and DGM in the Legal Department before assuming his current position in the CCO Office, focusing on developing and strengthening the compliance framework for Mitsui USA and associated companies.



Tony Pensabene

General Manager, Project & Trade Finance, Mitsui USA

Tony Pensabene joined Mitsui USA in 1975. Currently he is responsible for providing support for related sales divisions, Logistics, EDI Banking, as well as serving on various Corporate Committees.

Response to Stakeholder Dialogue



Yasunori Yokote

President & C.E.O., Mitsui & Co. (U.S.A.), Inc.

Our first stakeholder dialogue proved to be a positive engagement with our U.S. stakeholders. I gained an understanding that U.S. companies, often perceived in Japan as short-term profit oriented, are seriously addressing CSR issues. I'm convinced that our concept of CSR-oriented management, which ensures the

sustainability of our company and society, can be understood well in the U.S.

The dialogue reconfirmed my belief that our management philosophy and concept of Yoi-Shigoto need to be precisely defined and continuously communicated to secure an understanding of our approach. We will move forward and provide progress reports on our activities to realize Yoi-Shigoto. We welcome feedback from stakeholders as we continue to hold stakeholder dialogues.

Towards Environmentally Friendly Logistics

In April 2007, Mitsui's associated company Trinet Logistics Co., Ltd. began operations at its Ichihara IMT (Intermodal Terminal), as part of efforts to reduce the environmental impact of logistics activities. On September 10, 2007, Mitsui held a dialogue event that brought together regulators, customers and other stakeholders connected to the Ichihara IMT, under the theme *Green Logistics*. Following an introductory speech by facilitator Toshihiko Goto, discussions continued over a period of two hours.

Opening speech The Time for Green Logistics is Now



Toshihiko Goto
Chairman
Environmental Auditing
Research Group

Logistics activities account for around 20% of Japan's CO₂ emissions. Despite Japan's commitment under the Kyoto Protocol to reduce CO₂ emissions by 6% compared to 1990 levels, emissions from logistics have increased by 18.1%, so it has become essential to adopt additional measures. With commentators now calling for developed countries to reduce CO₂ emissions by 80-90%, the time for green logistics is now. Measures to control global warming need not be anti-business. Major reform of the socio-economic system provides great business opportunities, and is an opportunity for companies to make use of their capacity for innovative. Continuing current policies really would sound the death knell for companies. The next 10-15 years are likely to be critical.

Promoting Green Logistics through Partnership



Shigeru Maeda
Director for Ecological
Logistics Policy Planning
Ministry of Land,
Infrastructure and Transport

The Ministry of Land, Infrastructure & Transport, with the Ministry of Economy, Trade & Industry, established the Green Logistics Partnership Council in 2005, to undertake activities such as providing subsidies for measures to reduce CO₂ emissions conducted jointly by shippers and logistics companies. Specific measures supported by the council include promoting a modal shift from truck transportation to rail and ship, concentrating logistics facilities, simplifying routes, and increasing the scale of facilities. Advanced projects like the Ichihara IMT are emerging, and we are keen to promote such examples widely. Logistics involves a considerable network of people, including shippers, and each party has its own responsibility. Without a shared mindset of partnership and sincere consideration for the other related parties, it will not be possible to establish green logistics. I'm looking forward to making further progress in collaboration with our partners.

Promoting the Importance of the Environment to Shippers



Ryoji Iijima
Manager
Port & Harbor Bureau
City of Yokohama

Yokohama has positioned "being an environmentally friendly harbor" as one of its key policies, and through enhancing the use of barges and other sea transportation is actively pursuing green logistics. We are also promoting door-to-door transportation that efficiently combines rail and highway transportation. Our initiatives have been well received, and in recent years there has been an increase in the use of sea transportation. However, because focus is still placed on cost, service and rapidity, I would like shippers to add environmental friendliness to their list of priorities. The opening of Ichihara IMT has helped promote a modal shift in Yokohama harbor, and we are starting to see more efficiency at the main wharves. I hope we can continue this process while enhancing cost, speed and environmental benefits.

Reducing Negative Environmental Impact Goes Hand in Hand with Reducing Costs



Yasuhiko Tomimori
President
FUJI TALC INDUSTRIAL
CO., LTD.

Our company manufactures and sells the talc used as an additive in the production of plastics and paper. We were invited to this dialogue after Trinet Logistics carried our products as the first shipment on its delivery barge. As we have primarily transported our imported products by truck or by rail after delivery to the port, we are greatly expecting Ichihara IMT to reduce negative environmental impact and also reduce costs. In recent years our raw materials costs have kept increasing, and with gasoline and other prices also heading up, our manufacturing cost has risen. It is difficult, however, for us to reflect all these increases in our product pricing. For this reason we very much welcome the opportunity to lower transportation costs while also benefiting the environment. We will keep doing our best to improve the environmental situation in any way we can.



Hoping for Logistics Companies to also Make Use of Ichihara IMT



Seiichi Takada
President
Trinet Logistics Co., LTD.
(Associated company of
Mitsui)

Shippers have in recent times started to select methods that for a given cost—or even a slightly higher cost—produce lower CO₂ emissions. This

trend has become particularly apparent in the past two or three years, and many manufacturers have been inspecting the Ichihara IMT facilities. So in that respect I think our timing has been excellent. The issue that troubles me is the potential loss of jobs for the truck drivers that carry goods from Ichihara to Yokohama. I hope that logistics companies can make use of Ichihara IMT without placing the trucking sector in a bind, and look forward to discussing this issue with logistics companies.

Contributing to CO₂ Reductions through a Logistics System that Makes Use of our Comprehensive Capabilities as a Trading Company



Fumio Ito
Transportation Logistics
Business Unit
Mitsui & Co., Ltd.
(on secondment to
Trinet Logistics Co., Ltd.)

The traditional main role of the logistics division in a trading company was to support the sales division. In the last few years, however,

trading companies have begun using their particular capabilities to develop proprietary logistics businesses, such as combining finance/logistics models and making use of overseas logistics networks. Looking ahead, we are particularly interested in developing logistics systems with lower environmental impact. Ichihara IMT has become an excellent example of this. The chemical industry is next only to the steel industry in producing CO₂, but this cannot easily be addressed only by the

manufacturers. I think the reason this logistics system has been successful is because it was established by a trading company in a neutral position as an intermediary. I hope we can provide further solutions to industrial issues by making use of our comprehensive capabilities as a trading company.

The Ultimate Clean Logistics System would Carry Nothing

Toshihiko Goto: “CSR procurement” and “supply chain management” are commonly heard terms these days, and society is looking for ways to reduce the negative environmental impact of logistics. The greening of international logistics is likely to continue. Logistics efficiency in China is not high, and one possibility would be to establish an IMT there by making use of reductions in CO₂ using the Clean Development Mechanism (CDM). It was noted by one member of the Japanese government’s Transportation Policy Committee that the ultimate clean logistics system would be one in which nothing was required to be transported. I would like trading companies to keep this point in mind when considering their operations.

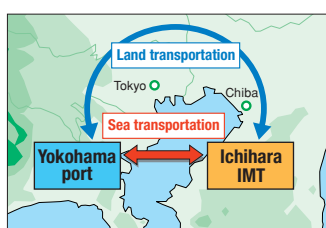
Response to Stakeholder Dialogue

Takahiko Yamamoto

General Manager, CSR Promotion Division
Mitsui & Co., Ltd.

The business model for Ichihara IMT combines *economics* with the *environment* to reduce negative environmental impact and lower costs. It is now important for us to create a network to expand this kind of endeavor. At the same time, it has become necessary for us to consider social aspects, such as the potential impact on truck drivers, as mentioned. Through the stakeholder dialogue mandated by CSR-oriented management we are looking forward to hearing the opinions of a wide range of people.

Ichihara IMT: Pursuing Environmentally Friendly Logistics through Efficiency



Feeder barges travel directly between Yokohama Port and Ichihara.

At the Ichihara IMT comprehensive transportation center, established in the Chiba-Ichihara Petrochemical Industry Complex, integration and standardization have been used to develop a highly efficient, environmentally friendly logistics model for chemical resin manufacturers. One aspect of this model has been working closely with manufacturers to expand the adoption of bulk shipping, which reduces the need for packaging. A further aspect is the introduction

of specialized feeder barges for containers on the route between Ichihara and Yokohama. By promoting a modal shift from trucks to sea transport, transportation times have been greatly reduced, and CO₂ emissions have been cut by 92%. Development plans include the construction of high-tech silos and railway feeder lines, enabling a full range of transportation methods.

Using Private-sector Expertise in Public Business

Mitsui and its associated company AIM SERVICES Co., Inc (“Aim Services”) take charge of operations such as vocational training at Kitsuregawa Rehabilitation Program Center, Japan’s third-largest correctional facility, which is operated as a PFI. On September 25, 2007, Mitsui held a stakeholder dialogue event for stakeholders in the operation of the Center, and discussed issues including the significance of the business, the role that Mitsui should fulfill, and social expectations on Mitsui and the Center. Three hundred employees from the First Consumer Service Business Unit formed the audience on the day, and later used what they had learned in group discussions involving all employees of the business unit held at each work site.



Facilitator Iwao Taka
Professor,
Graduate School of Economics
and Business Administration,
Reitaku University



Satoshi Yoshino
Assistant Director,
PFI Project Development office,
Correction Bureau,
Ministry of Justice



Toshiya Kurebayashi
General Manager,
Sales Development
Administrative Division,
Aim Services, Co., Ltd.



Toshio Yamamura
General Manager,
Outsourcing Business Department,
Service Business Division,
Mitsui & Co., Ltd.



Takahiko Yamamoto
General Manager,
CSR Promotion Division,
Mitsui & Co., Ltd.

Introducing PFI* for Efficient Operation of Correctional Facilities and Effective Treatment of Crime

Taka: Why is private-sector expertise now expected to play a role in the operation of correctional facilities?

Yoshino: We have been using private-sector companies in our operations since last year; behind this lies the problem of excess capacity, with actual inmate numbers exceeding the prescribed capacity. The number of inmates in Japan increased from 59,000 in fiscal 2000 to 81,000 in fiscal 2006. In addition, in Japan the number of inmates per correctional facility warden is 4.5, in contrast to 3 in the United States and 1.5 in the United Kingdom, indicating a heavier burden on our wardens compared with their counterparts overseas. This

situation creates the risk of a failure to achieve treatment of crime that will contribute to preventing repeat offenses. In fact, half of the number of inmates entering correctional facilities each year being repeat offenders, of which 80% are unemployed, but despite this vocational training is only provided to 4% of all inmates. Not only that, but the content of the training is not always relevant to the real needs of society. So we decided that if we could conduct vocational training that takes into account the needs of the companies that will be employing the inmates, we would be able to raise the standard of our inmate education. In other words, we hoped that introducing PFIs for correctional facilities would contribute to the efficient operation of such facilities and the effective treatment of crime. We also aimed to deepen the understanding of companies about the treatment of crime.

Taka: What kinds of unique services can Mitsui and Aim Services provide?

Kurebayashi: A good example would be our chef license training program, the first of its kind in a Japanese correctional facility. In order to qualify inmates for the license, we provide two years of practical training in the kitchen as well as instruction through a course of lectures. We have proposed to employ at least one of the most skilled of the trainees that successfully acquire the license.

Yamamura: One of the standards demanded by the PFI business is to conduct education and training that is actually relevant to society. There has been high demand for labor in the service industry in recent years, and for this reason we choose occupations for which work placements are more easily arranged, such as qualified chef, cleaner, home helper and building

Kitsuregawa Rehabilitation Program Center

Kitsuregawa Rehabilitation Program Center opened in October 2007 and has an inmate capacity of 2,000. With facilities to accommodate elderly and physically disabled inmates, as well as those with psychiatric disorders, the Center features a greater emphasis on providing social rehabilitation support than conventional correctional facilities. SECOM Co., Ltd. has a 51.7% share, and outsources the operation of the Center to a special purpose corporation in which Mitsui, Mitsui’s associated companies Aim Services and Shogakukan Productions Co., Ltd., and others participate. Mitsui and Aim Services provide work planning support, vocational training and medical support operations critical for ensuring inmates’ smooth return to society, taking charge of areas such as the supply of personal items and clothing, barber services, medical support services, and vocational training in cooking and cleaning.

* PFI (Private Finance Initiative): Method for the use of private-sector capital, management expertise and technology in the construction, maintenance, management and operation of public facilities.

janitor. Our U.S. partner ARAMARK Corporation provides services at 550 correctional facilities across the United States, and has been successful in providing job placement support through its food supply business. We felt that Mitsui and Aim Services had a duty to introduce similar practices to Japan.

Leveraging Expertise Gained in the Service Industry

Taka: Why have Mitsui and Aim Services decided to participate in this business?

Yamamura: In recent years, the door to government services has opened to the private sector, with hospital and correctional facility PFIs increasingly in society's spotlight. Naturally, as the head of the Service Business Division at Mitsui, I feel that it is vital that we engage in this new public business. "Why correctional facilities?" one might ask. With so many development-type PFIs combining real estate and construction, we felt that this business required only the provision of services, and we felt that this style could better utilize the expertise of Mitsui and Aim Services.

Taka: I have heard that the CSR Promotion Division examined whether to classify the business as a Specially Designated Business (see page 22), taking into consideration factors such as its social worth and benefit to public order and morality.

Yamamoto: That's right. However, in this case, because of reasons including that the scope of persons receiving the service is limited, we concluded that the business did not qualify as a Specially Designated Business with high public worth. However, during the examination process, we discussed the viability of our fourteen-and-a-half-year long-term commitment and the functions and competencies that would be required of us. We also assessed our framework for ensuring thorough compliance, our problem response capability, ensuring the physical safety of employees, profitability and other areas. In addition, we clarified the division of responsibilities with regard to cooperation with our stakeholders, and emphasized the importance of asking how we would create value and what kind of value we would create.

Taka: Is it a profitable business?

Yamamura: When carrying out operations over a long period of fourteen and a half years, one can of course expect that the business environment will change during that time, but we know that we must manage the business in a way that allows us to secure the appropriate earnings.

Employees Working as a Team to Achieve Success in Rehabilitation Services

Taka: How would you describe employee morale?

Kurebayashi: The morale of employees working in the Center is extremely high. There was a real sense of unity during preparations for the start of operations, with people coming to work early, and having discussions about management methods with officials from the Ministry of Justice and wardens night and day. Everyone is united in the desire to make this PFI business succeed.

Taka: On what basis will you assess whether the business is a success or not?

Yoshino: So far, we have only been able to focus on fundamental evaluation criteria such as whether escapes have been prevented and whether incidences of food poisoning have not occurred, but we intend to create comprehensive evaluation standards. We plan to gather data on inmates' success in finding employment on leaving the correctional facility, with the attitude that it would be ideal if we can find employment for as many inmates as possible.

Taka: Looking ahead, what can we expect from Mitsui and Aim Services?

Yoshino: We were not looking for a client-supplier relationship, but rather one of partners, and we feel that we have found an extremely good partner. We would like to extend the coverage of this model, and see the creation of a field in which many companies can participate. In the United Kingdom, there is a framework in place enabling companies operating in fields where engineers are in short supply to provide vocational training to inmates and employ them upon their release. In this way, by having companies provide the expertise gained from their business experience, the government is able to facilitate efficient vocational training in a short period of time. As a result, companies can hire high-quality, low-cost engineers, while the government achieves high-quality treatment of crime and prevention of repeat offenses. We are aiming to emulate this win-win model.

Taka: After hearing what all of you have said, I can see that this is a good business that will contribute to creating a society in which people can live with peace of mind, or in other words a sustainable society. I would encourage you to actively raise public awareness about your activities.



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

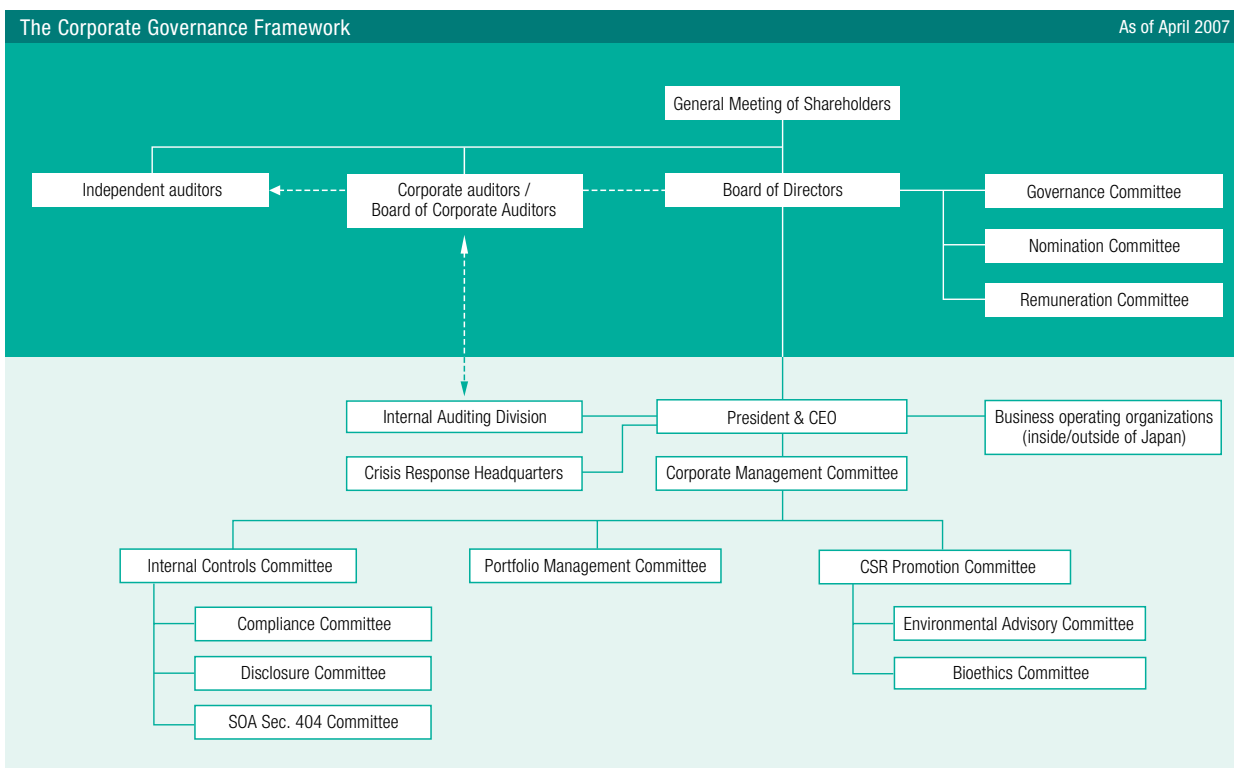
Our Basic View of Corporate Governance and Internal Controls

In April 2006, we enacted the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles,” and announced them internally and outside the company to clarify our view on corporate governance and basic policy on internal controls. We define corporate governance as follows: “Company directors, as members of the board of directors, overseeing the execution of duties of the representative directors who execute the duties of the company, the directors, and operating officers (hereafter referred to as management), also by having the corporate auditors, as an independent body, oversee the execution of duties of the company directors, as a structure to ensure that management is improved or renewed as necessary.” We define internal control as “the control and supervision of our operations by the management team.”

Corporate Governance Framework

While heightening the effectiveness of the overseeing function of the corporate auditors, we also judge that management based on internal directors well versed in company operations is necessary for a company operating in the general trading house industry, and have chosen to base our corporate governance framework on a corporate auditor system.

At the same time, we aim to improve management transparency and accountability while clarifying the division of roles between management oversight and business execution. We have established the following three committees as discretionary advisory bodies to the Board of Directors: the Governance Committee (tasked with studying the state and direction of the company’s corporate governance); the Nomination Committee (tasked with establishing the selection standards and processes in nominating directors and executive



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officers, and evaluating director nomination proposals); and the Remuneration Committee (tasked with studying the system and decision-making process related to remuneration and bonuses—including the evaluation of remuneration proposals—for directors and executive officers).

At the time of the General Meeting of Shareholders in June 2007, 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, 2007, we revised The Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles, first enacted in April 2006, based on assessment of how they functioned in their first year. The main amendments were to Chapter 3, “The maintenance of necessary systems to ensure appropriate operations,” as required by the Japanese Companies Act, which came into force in May 2006. (For details: <http://www.mitsui.co.jp/en/company/governance/02/index.html>)

Also, at the General Meeting of Shareholders in June 2007, we increased our external directors from three to four, targeting improved corporate governance.

With respect to internal controls, we have been working to assess our internal controls on financial reporting, a requirement of SOA Sec. 404, which became applicable to us from the fiscal year ended March 31, 2007, with the SOA Sec. 404 Committee coordinating our company-wide efforts.

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 customers' trust in us.

In order to continue to earn a high level of trust in our Group, we are taking steps to build an infrastructure on a consolidated basis to prevent, detect and respond to compliance issues and encourage every one of our employees to share a true appreciation of compliance.

Strengthening the Compliance Program and Risk Management

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

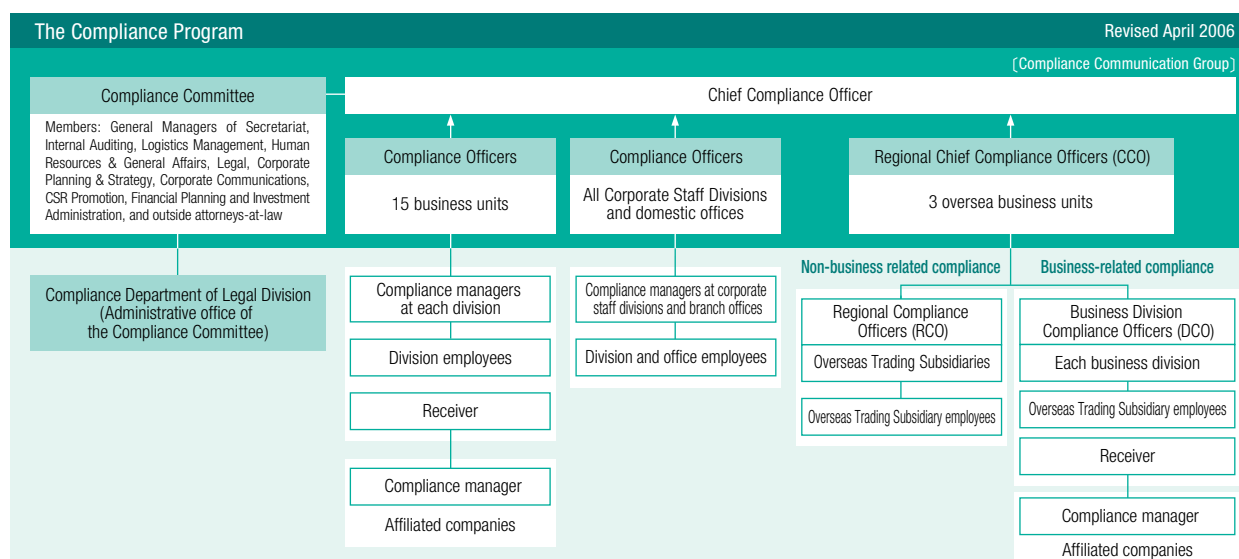
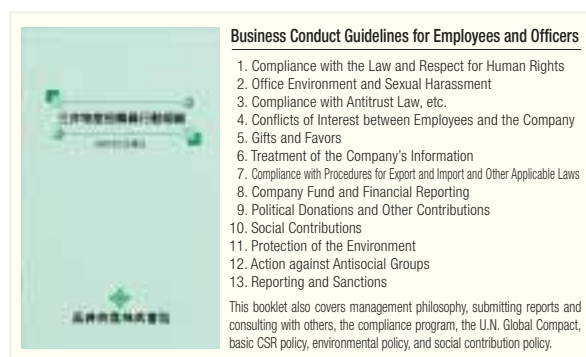
The "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." specifically set down how every Mitsui employee should act in his/her daily work and activities, from the perspectives of compliance with laws and regulations and corporate ethics. The guidelines aim to help us fulfill 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 the times. All employees receive training based on these guidelines, and in the fiscal year ended March 31, 2006, each employee

pledged to comply with the guidelines. At subsidiaries and associated 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 the regions.

The Compliance Program

At Mitsui, under the direction and supervision of the Chief Compliance Officer, the Compliance Department leads compliance efforts 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.

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 Officers and its members include two outside attorneys-at-law. The Committee discusses various issues occurring in the company, subsidiaries and associated



• 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.

Management

companies, and the outcome of the discussions is made available on the company intranet.

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 outside attorneys-at-law or a third-party institution for those who wish to remain anonymous. In response to the enforcement of the Whistleblower Protection Act in April 2006 in Japan, 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 affiliated companies in Japan to adopt Mitsui's designated outside attorneys-at-law and a third-party institution as their own external channels, and, through appropriate guidance to affiliated companies on how to set up and manage internal reporting channels, are enhancing our system for allowing employees of affiliated 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 Training and Education

To ensure that business ethics are a living issue throughout the company, we provide a wide range of compliance training programs for all employees at all levels. In the fiscal year ended March 31, 2007, a total of 34 training courses were in place, which were held 97 times for a total of 3,255 participants. The participants were new employees, line managers, administrative employees, temporary staff, and employees changing assignment, such as those moving overseas, changing job type or being seconded to subsidiaries or associated companies. Many training courses are being initiated by business groups,

regional offices, and subsidiaries and associated companies, to meet their specialized needs. We also provide interactive training courses that advance discussions with and among participants.

E-learning Program on Compliance

In 2005 we started to provide an e-learning training program, with the aim of making each employee more knowledgeable on laws and policies that apply to business activities, and all employees in Japan are required to take this training. 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, 2007 we released the program to employees of subsidiaries and associated companies. In the Americas, Europe, and Australia, we also provided on-line education programs tailored to each region's legal systems.

Dialogue Between the Chief Compliance Officer and Offices in the Field

The Chief Compliance Officer holds discussions with offices in the field to take joint ownership of issues that arise in the field and ensure thorough awareness of compliance. In addition to holding monthly Compliance Roundtable meetings with small groups of young and mid-level employees, the Chief Compliance Officer—being aware of the importance of a unified approach to compliance across the Group—held nine Affiliated Company Compliance Meetings in the fiscal year ended March 31, 2007, so that each of the presidents of our 135 main subsidiaries and associated companies could see eye-to-eye on issues of compliance. Through these frank and open dialogues, the input from the field can be used in company-wide compliance initiatives.



Compliance meeting for subsidiaries and associated companies

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 176 subsidiaries and affiliated companies in Japan as subjects. The response rates to the survey were 80.6% from staff within Mitsui on a non-consolidated basis and 91.4% from our subsidiaries and associated companies.

Among the responses from Mitsui employees on a non-consolidated basis, there was a high proportion of affirmative comments regarding the improvements in the Compliance Program in the past year and personal compliance awareness and behavior. These results suggest that steady progress is being made in our compliance initiatives. Nevertheless, 6% of employees replied that it might pose a dilemma for them to uphold the Business Conduct Guidelines. We will continue our efforts this fiscal year to try to reduce this figure to zero.

Among our subsidiaries and associated companies, the results of the survey showed improved awareness of the Business Conduct Guidelines and compliance compared with the findings of the previous survey (in the fiscal year ended March 31, 2006). In the year between the two surveys, the proportion of respondents claiming that the compliance programs at their companies have improved has increased substantially, and progress has also been made in knowledge of reporting and consultation channels. The proportion of respondents replying that it might pose a dilemma for them to uphold the Business Conduct Guidelines fell from 28% to 9%—a tremendous improvement. With consolidated management firmly in mind, we are continuing our efforts to strengthen compliance throughout the Mitsui Group as a whole.

Compliance Week

We held Compliance Week from November 19 to 22, 2007. It has been held annually since November, 2005. Compliance Week gives all employees the opportunity to think deeply about compliance while they attend lectures, workshops and various other programs on 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. In the future, we will work to develop and enhance our educational and training programs, including at subsidiaries and associated companies.

Global Anti-Corruption Initiatives

Mitsui believes that as a company pursuing business on a global basis, one of our corporate responsibilities is to promote anti-corruption measures worldwide. This principle is also advocated in the United Nations Global Compact.

Our Business Conduct Guidelines for Employees and Officers not only prohibits our employees from engaging in bribery and corruption in Japan, but also extends to corrupt practices including rendering public officials or persons in a similar position in a foreign country any economic favor such as money, gifts or other favors for the purpose of securing any improper advantage. To ensure strict compliance with this company policy in the workplace, procedures for the entertainment of and exchange of gifts with overseas public officials and persons in a similar position are set forth in the “Guidelines for Business Entertainment of, Gifts and Invitations to Foreign Public Officials”.

Management

Response to Revised Consumer Product Safety Act

In pursuing its business, the company must comply with a range of laws and regulations. One such law is the Consumer Product Safety Act, which was revised in an extraordinary session of the Japanese Diet last year in response to recent cases of carbon monoxide poisoning from faulty gas heaters and finger amputations by shredders. The revised Act came into effect on May 14, 2007. The revised Act has resulted in the establishment of a new system for reporting and disclosing to the government information on accidents concerning products that people use in daily life. Mitsui had already identified safe handling of consumer products that consumers can use with peace of mind as a business priority, and the revisions to the Act have prompted the company to formulate the “Consumer Product Handling Policy,” to provide the basic principles for handling such products, and establish the “Consumer Product Handling Regulations.” To facilitate appropriate operation and risk management based on the policy and regulations, each business unit has prepared detailed rules and established a system for reporting the occurrence of accidents involving products.

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.

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.

Ensuring a Robust CSR-related Risk Management System

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, we have specified the following four high-risk business domains as “Specially Designated Businesses,” which we are very carefully trying to develop. Under the “Specially Designated Business Management System,” Mitsui conducts internal assessment of related businesses and opts to seek, wherever necessary, the recommendations 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, 2007, Mitsui assessed 52 different projects under the Specially Designated Business Management System. 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

1	Environment-related business 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
2	R&D-oriented manufacturing All R&D-oriented businesses that develop new technologies and businesses that manufacture and market products, including those that contract manufacturing to third parties
3	Bioethics-related businesses 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
4	Businesses with a high public profile 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

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.

Mitsui's Approach to SCM

Our business covers a broad range of business modes, including cases where we are comprehensively involved throughout the entire supply chain, and those where we provide functions within a restricted value chain, and we need to proceed with supply chain management (SCM) aligned with the characteristics of our various business areas. We have recently established the CSR Procurement Policy Examination Committee, and are currently proceeding with deliberations aimed at clarifying the philosophy and policies of the guidelines for advancing SCM at each of our business units.

Prior to establishing these policies, we carried out on-site observation of factories in China and Vietnam with an external consultant, in an effort to better understand the conditions of our overseas production facilities. Based on the results of these surveys and the recommendations of the external consultant, we aim to work with our business partners and subsidiaries and associated companies to continuously develop our supply chain, and will pursue initiatives to meet the expectations of society.

Supply Chain Survey—Clothing Factories in China and Vietnam

Purpose: To re-assess the state of compliance with factory selection criteria for production facilities used by Mitsui and share management issues

Survey targets: Two key suppliers responsible for production of sports apparel with which Mitsui has concluded manufacturing outsourcing agreements

Period: Sept. 14–18, 2007

Method: Factory observations and interviews

Factory survey in China



Riki Garment Manufacturing Ltd.

Date: Sept. 15, 2007
Place: Foshan City, China



This locally owned factory is relatively small in scale and employs about 230 staff. The factory has adopted international brand standards and the audit for selection was the first that it has undertaken. Although the facilities are old, the factory met the criteria, due to the additional installation of facilities and equipment for ensuring safety, and others.

Factory survey in Vietnam



Youngone Nam Dinh Co., Ltd.

(Parent company:
Youngone Corporation, South Korea)

Date: Sept. 17, 2007
Place: Nam Dinh Province, Vietnam



This South Korean owned factory employs about 12,000 staff and is the largest in the region. The factory has experience with many several brands and its facilities are modern. The factory provides benefits for employees and strives to coexist in harmony with the local community.

Management

Participating in the Survey



Dr. Adachi Naoki
CEO,
Response Ability, Inc.

Quitting his career as a research scientist at Japan's National Institute for Environmental Studies (NIES) and Forest Research Institute Malaysia (FRIM), Dr. Adachi became an independent consultant. He is an expert on environmental issues and CSR in Asian countries. Dr. Adachi provides consulting services, featuring the themes of conservation of biodiversity and ensuring CSR in Asia, to leading companies mainly with respect to environmental and social consideration in procurement processes and supply chain management (CSR procurement) issues that connect both themes. He also serves, among others, as a board member of the Sustainable Management Forum and as a member of the steering committee of Sustainability Forum Japan.

Impressions of the survey

In this survey, I visited two factories, in China and Vietnam, from among Mitsui's suppliers of major sportswear brand products that Mitsui sells under brand licensing agreements. Although the two factories are quite different both in scale and management style, they have both passed what is known as the strictest audit of sports apparel brands, and neither factory has had any major problems with their facilities or their management system. However, I did come across some instances of the safety equipment provided not being used, and I was reminded of the difficulties of inculcating safety awareness and practices among all employees without a single exception.

Ensuring thorough consideration of CSR including the safety aspect naturally requires management to take the lead, but it is also necessary for all employees to be fully aware of its meaning and importance, and to steadily put it into practice in their daily work. Therefore, simply passing an audit is not enough; ongoing staff training is also critical and strongly required.

I found it very interesting that both companies recognized that for their future international business, complying with CSR procurement standards is a must. Actually, for U.S. and European brands and their supply chains, CSR procurement is already commonplace. I am more concerned that companies targeting domestic Asian markets including Japan have been slow in their initiatives in this regard.

Expectations of Mitsui

My overriding impression from the survey was the following comment from a manager of the Chinese factory: "We were always going to have to address the issue of CSR procurement at some stage. What has enabled us to do so now is the proposal by and support of our long-term partner Mitsui." Even though there are long-term merits, the first stages require investment, time and effort. A major role for Mitsui is to firmly support suppliers in dealing with these difficulties through Mitsui's technology, expertise, and so forth, based on relationships of trust.



Dr. Adachi (center) inspecting a factory

Furthermore, as a result of the progress made in CSR procurement, there may be cases in which externalized costs must be reflected in the price of the end product. In such cases, Mitsui can demonstrate its strengths as a general trading company by providing explanations to buyers including end consumers.

What I expect from Mitsui in the future is further engagement with its upstream and downstream supply chain. By fostering suppliers with no CSR risks and by developing relationships with buyers (customers and end consumers) who are keenly aware of their social responsibility, Mitsui will be able to play a central role in promoting CSR throughout the entire supply chain.

On this occasion, I surveyed the apparel industry, in which CSR procurement initiatives are underway, but it seems that this trend is also spreading to many other industries and business areas. As a company pursuing a variety of businesses, I would suggest that Mitsui first formulate a company-wide policy on CSR procurement, and while paying great attention to domestic and international trends, increase its initiatives in the areas that need them most.

Having a strong, CSR risk-free supply chain will give Mitsui a major competitive edge in future international business. I fully expect a further increase in Mitsui's corporate value as it proceeds with its CSR procurement initiatives.

Ensuring Safe Use of Chemicals, a Backbone of our Daily Lives

Through tireless technological innovation, the chemical industry contributes to people's lives by providing alternatives to our limited natural resources, and closely impacts consumers' lives in areas including domestic appliances, automobiles, fibers, the medical field, foodstuffs and agriculture. Ensuring safe use of the chemicals that we handle and resolving global environmental problems are important issues. On October 9, 2007, we invited personnel from Mitsui Chemicals Inc. to discuss contributing to society through AdBlue, and risk management.



Facilitator **Izumi Sato**
Attorney at Law



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Safety and Environment Division,
Production and Technology Center,
Mitsui Chemicals Inc.



Tadashi Yoshino
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Masamitsu Tanaka
General Manager,
Export & Planning Department,
Fertilizer Division,
Mitsui & Co., Ltd.

AdBlue®

AdBlue® is a 32.5% urea aqueous solution to reduce NOx (nitrogen oxides) emissions from diesel engines. Diesel exhaust gases consist of two major compounds: NOx and particulate matter. When the fuel combustion temperature is raised, particulate matter volume decreases but the NOx level increases. Consequently, we have adopted a mechanism whereby we raise the combustion temperature and reduce particulate matters to the limit, then add AdBlue to convert NOx to nitrogen and water via a chemical reaction. This process increases fuel efficiency, and eventually will lower CO₂ emissions. We have also taken the environmentally friendly measure of making some of the AdBlue containers reusable.

®AdBlue is a registered trademark of the Verband der Automobilindustrie e.V. (VDA) of Germany.

AdBlue's Environmentally Friendly Distribution System

Sato: Supplying society with new products that meet various needs is an important mission for companies. Please tell us about the characteristics of AdBlue, a joint initiative between Mitsui Chemicals and Mitsui & Co.

Yoshino: AdBlue, an additive that helps reduce the nitrogen oxides in automobile exhaust gases, is an environmentally friendly product developed and marketed by Mitsui Chemicals in collaboration with Mitsui & Co. It is a comprehensively environmentally friendly product from the production stage right through to the distribution system and the containers we use. In order to deliver AdBlue to the user efficiently, we have established our production bases and warehouses close to the point of consumption. AdBlue impacts automobile gas performance, and as a result our number one priority is to

ensure quality. We are pursuing a variety of quality assurance initiatives to prevent impurities from entering the urea solution during the distribution and marketing processes.

Tanaka: Mitsui & Co. is responsible for the marketing and distribution of AdBlue. The time in 2004 when we started marketing AdBlue coincided with the occurrence of the Diesel Particulate Filter (DPF) incident at Mitsui & Co. Given that the user of both products was the trucking industry, we had various discussions before deciding to continue with the business. The circumstances were very unique, but it is my belief that, as an important business contributing to solve one of environmental problems, it led to the company heightening its awareness not only of compliance but also environmental protection and quality control when we develop AdBlue business.

Sato: How much is AdBlue used?

Tanaka: At present, two of the four major Japanese truck manufacturers sell trucks that require AdBlue. Regulations on diesel emissions including nitrogen oxides are becoming increasingly tighter, and will be further strengthened from 2009. Of the systems in practical use to date, only systems using AdBlue is said to conform with these regulations. Regulations are also being tightened in Europe, and regulations similar to those in Europe and Japan are starting to be introduced in Asia.

Sato: So, it would be fair to say that AdBlue is a good example of contributing to a reduction in environmental impact through chemicals.

Fujimura: There are also many other ways that chemical manufacturers can make a contribution. For example, one method of reducing automobile fuel consumption is to reduce the weight of automobile bodies. We have been developing plastics that meet automakers' requirements for light, strong and durable plastics. Plastics have already become used for many automobile parts.

Management

Uneno: There is a tendency for only the negative aspects of chemicals—such as safety concerns and environmental pollution—to be reported in the media. However, chemicals have brought about a revolution in materials, made our lives richer, and been the catalyst in various product advances. Chemicals also contribute to reductions in energy usage and conservation of the environment. I hope that we can use chemicals in ways that contribute to society, while adeptly managing the risks associated with them.

In-house Checks for Ensuring Safety

Sato: Please tell us something about the activities you are undertaking given the tightening of regulations on chemical substances.

Fujimura: When developing new products we conduct toxicity assessments and risk analyses from the research stage, and implement thorough safety checks. The broad array of data and expertise the company has accumulated to date regarding existing products will be handed down from person to person as we go forward. In order to ensure accurate transfer and avoid failures to convey this data and expertise, we are now reviewing our training system, by methods including systemizing our approach and utilizing e-learning.

Uneno: When handling chemicals it is necessary to meet stringent safety requirements. And as Mitsui & Co. conducts business on a global basis, we must check not only relevant domestic laws and ordinances, but also those of the countries to which we export. From the standpoint of trade control, we have assigned experts for that purpose to the Second Chemicals Business Unit, and from last year launched a program whereby these experts spend a full week in each operating department, where they begin by carrying out inspections of export operations. These experts observe employee operations, including those by temporary staff, and also carry out interview surveys. These activities lead to a deepening of our knowledge, increased awareness, and improvements in operational processes, and are producing strong results.

Clarifying the Risks and Informing the Consumer

Sato: No matter how much effort the manufacturer puts into safety considerations, trouble can still arise depending on how the consumer chooses to use the product. What are your thoughts on such problems?

Fujimura: Chemicals are a double-edged sword. While they can make our lives richer and more convenient if properly used, mistaken usage can harm people's health and the environment. It is impossible to completely eliminate risk, but it is necessary to make any risks visible, and to conduct thorough risk management. I believe that it is the mission of chemical



companies to clearly explain risks to their stakeholders through dialogues with them.

Yoshino: Risk management and assessment is our foremost priority in handling chemicals. For AdBlue, we did see some mistaken usage, such as customers putting the agent in inappropriate places. Properly explaining the product directly to the user, and ensuring correct understanding is the first step towards risk management. Through sales of AdBlue, a business-to-consumer product, I have become aware of the importance of visiting the end user and seeing how the product is used.

Expectations on Mitsui & Co.

Fujimura: All processes from development to manufacturing, distribution, and end product delivery are globalizing. We must consider many constantly changing laws and regulations. We use Mitsui's broad network to gather this information, and rely on Mitsui to promptly relay it. We would like Mitsui to harness its unique trading company capabilities to respond to the EU regulations concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which require a comprehensive approach throughout the entire value chain, and others.

Yoshino: As evident from AdBlue, the response required of our two companies is steadily expanding as we look to advance unified product management, including usage guidance, recycling and disposal, and we must unite and create a close-knit team.

Sato: Chemicals are indeed a double-edged sword. Accurate communication is essential to ensure that the correct amounts of chemicals are used in the correct way. In conducting global business, it is vital to convey the necessary information to the end user. I would like everyone to maintain two-way communications with stakeholders, and continue to create a safe society.

Developing Environment-related Business

Mitsui is seeking industrial solutions to environmental problems, aiming to secure stable supplies of clean energy for a healthy society, participating in emission credit and clean development mechanism projects, and engaging in resource recycling operations.

CLEAN ENERGY-RELATED BUSINESS

Strengthening Mitsui's Photovoltaic-related Business with the Acquisition of a U.S. Solar Energy Solution Provider

Photovoltaic(PV) power generation is attracting considerable interest as a technology to significantly reduce CO₂ emissions and negative environmental impact, and the market has grown dramatically in recent years. Mitsui is involved in a broad range of PV-related business, both upstream and downstream in the PV value chain. Key upstream activities include the procurement of silicon materials, while our downstream sales network was strengthened in November 2006 with Mitsui's acquisition of SunWize Technologies, LLC, a leading supplier of residential PV systems based in New York State. SunWize is positioned as a core platform for business development in the PV value chain, and by bringing together Mitsui's comprehensive capabilities in power generation and other areas, we aim to actively develop our PV-related



Photovoltaic system of SunWize Technologie

business on a global scale. Through this activity, we will contribute to the stable supply of clean energy to support the development of a sustainable and healthy society.

Working with Brazilian Petroleum Company Petrobras to Study Commercial Feasibility of Bio-ethanol Project

Bio-ethanol is a renewable energy source that is garnering attention as a potentially effective means of reducing greenhouse gases, and worldwide usage of bio-ethanol is expected to increase. Approximately 35% of global bio-ethanol production currently takes place in Brazil, which is the world's largest exporter of the product. Mitsui is currently engaged in a feasibility study with Petroleo Brasileiro S.A. (Petrobras) to assess the commercial potential of a sugarcane-based bio-ethanol manufacturing and export plant. Sugarcane-based bio-ethanol has a superior LCA (Life Cycle Assessment*¹), and plans are based on using idle farmland that does not require deforestation, planting sugar cane that will have a limited impact on food market, and using bagasse waste as fuel for power generation. Options being considered include the sale of power generated from bagasse and the acquisition of carbon credits. Through this environmentally considerate approach we aim to develop new energy while helping address the issue of global warming by reducing CO₂ emissions.

*¹ **Life Cycle Assessment** is the process of comprehensively analyzing and appraising the environmental impact of a product or material or how much resources were consumed as it evolves through the stages of manufacturing, application, disposal, and then recycling.



Environment

EMISSION CREDIT PROJECTS

Developing Credible Projects around the Globe

Mitsui has been actively engaged in emission reduction activities since before the Kyoto Protocol came into effect. Our contribution to the World Bank's Prototype Carbon Fund and investment in Cantor CO2e—a brokerage firm for carbon credits—established our operating base in this field at an early stage. We eagerly continue to combat global warming by means of developing emission reduction projects around the globe and providing carbon credits to our clients.

Two wind power generation CDM projects*2 in Inner Mongolia and Heilongjiang Province of China—each with a generation capacity of 49.5 MW, jointly developed with

Guohua Energy Investment Co., Ltd.—are expected to create a total of approximately 1.3 million tons of carbon credits by the end of 2012 by indirectly reducing CO2 emissions from the grid in the region. *2 **Clean Development Mechanism** under the Kyoto Protocol.



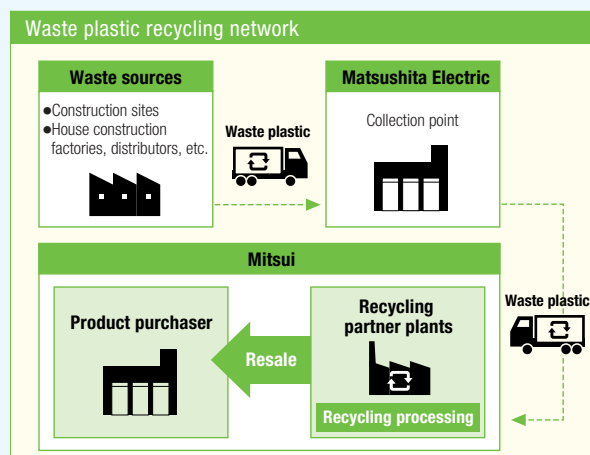
Hulunbeier wind power generation, Inner Mongolia, China

RECYCLING BUSINESS

Joint Venture with Matsushita to Develop Waste Plastic Recycling Network

In November 2006, we formed an agreement with Matsushita Electric Works, Ltd. to develop a recycling network for waste plastics derived from Matsushita's residential housing-related products.

This project combines Matsushita's regional accreditation*3 with Mitsui's highly developed recycling network, and will reduce waste by enabling the collection and recycling of plastic construction waste (for example banding and wrapping film) that was previously incinerated. Through this project, Mitsui and Matsushita aim to contribute to the development of a recycling-oriented society, by constructing a



recycling network that turns waste into marketable materials or other products.

*3 **Regional accreditation system:** Regional accreditation is a special system introduced by the Ministry of the Environment with the aim of reducing waste and ensuring the proper disposal of waste products. Under this system, accredited manufacturers and other companies are able to dispose of waste products on a regional basis, without requiring the specific approval of each municipal authority.

Constructing a Global Recycling Network with Sims Group

Mitsui views scrap metals as environmentally friendly recyclable resources, and with society becoming more recycling oriented, in June 2007 Mitsui acquired a 19.9% stake in Sims Group Limited, the world's leading metal recycler. Although metal recycling is Sims Group's core business, the company is expanding their recycling business into the field of waste



A U.K. scrap yard operated by Sims Group

from electrical and electronic equipment, plastics, automobiles and other such items. By using Mitsui's comprehensive capabilities, and by linking appliance manufacturers, which have the responsibility to collect and recycle their products, with the proven performance of Sims Group, we aim to develop a business structure that can contribute meaningfully to the expansion of recycling.

Mitsui's Forest Management

Forest Management at Mitsui The Responsibility to Keep Protecting the Social Values of our Company-owned Forests

Mitsui's extensive forests throughout Japan are a rich natural resource that supports and nurtures a wide variety of life. We have formulated a policy for long-term possession of our company-owned forests, and are appropriately maintaining our forests to enable them to fully demonstrate their various functions, while also undertaking forest management aimed at discovering new functions. We will continue to protect our forests' precious social value together with the local communities.

Overview of Company-owned Forests and Reasons for Possession

Mitsui has company-owned forests in 73 locations throughout Japan, covering a total area of approximately 44,000 hectares, which is equivalent to around 20% of the entire Tokyo Metropolitan area. Our company-owned forests have a long history. In the closing years of the 19th century, the former Mitsui began to acquire felling rights for standing lumber for its lumber business, and in 1911 we acquired the Saru and Niwan forests, two major company-owned forests in Hokkaido. For around 100 years we have continued to protect Mitsui's forests.

At present we give due consideration to the social value of our company-owned forests as well as their economic value. Under our policy for long-term maintenance and preservation so as not to lose this value, we have been working together with the approximately 60 employees of our subsidiaries Mitsui Bussan Forest Co., Ltd and Butsurin Afforestation Co., Ltd. to continuously maintain our forests. We invest approximately ¥600 million annually in holding the forests, including maintenance costs.

Public Function of Forests

Apart from producing lumber, a sustainable natural resource, forests also play the important role of generating public functions such as replenishment of water resources that fulfill water retention, purification and other functions, prevention of soil loss and destruction, health and recreation by providing people relaxation opportunities and places to spend leisure time, and conservation of air quality by absorbing carbon dioxide and supplying oxygen. For example, Mitsui's company-owned forests are said to absorb and fix approximately 180,000 tons of carbon dioxide.*¹

*¹ Carbon dioxide sequestration (CO₂ equivalent) / year = Annual tree trunk growth X tree volume X carbon conversion rate 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

Source: Annual Report on Trends of Forest and Forestry (FY2006) issued by Forestry Agency

Notes: • Appraisal methods differ by function. A total value is not provided as the functions being appraised represent only some of the overall multifaceted functions.

• *Calculation for "Recreation" is based on only a small portion of the recreation functions.

• Care is required when applying each of these appraisal methods, as figures are based on certain assumptions such as comparisons of the existing forests and the scenario in which no forests existed, and are conservative estimates with the actual figures potentially being considerably higher.

Protection of Forests, Preserves for the Future

Company-owned forests create significant public value on the environmental protection and infrastructure fronts, and they also have the potential to contribute to raising people's environmental and social awareness. We decided to actively use our company-owned forests as places for employees to develop appropriate environmental awareness, which is vital for achieving a sustainable society, and as an aid to developing their attention to corporate social responsibility, and in 2007 we began full-scale provision of forest-based eco-education at our company-owned forests. At the same time, we are providing opportunities for the general public to experience and learn about forests.

We continue to examine the possibility of new uses for our company-owned forests, such as using the lumber generated as woody biomass, and using the forests for other environment-related business.

Environment

Forest-based Eco-Program

Forest-based Eco-Education for Employees

We began full-scale provision of forest-based eco-education for employees by providing opportunities to experience forest thinning and nature observation in Kameyama Forest, Chiba Prefecture, in March and April 2007. In July, each of the employees who visited Tashiro Forest, Fukushima Prefecture, which became part of Oze National Park in July, had the opportunity to learn a great deal about the biodiversity and public value of forests.

Showing due consideration for biodiversity is as important as doing so for combating global warming, which are both increasingly important social issues. In December 2006, we acquired the Sustainable Green Economic System Council (SGEC) accreditation, and began managing our forests more sustainably by taking biodiversity into consideration, in line with the dictates of the forest management methods outlined



Employees and their families listen to a talk about organisms living in forests (Kameyama Forest, Chiba)

in the SGEC certification system. Against this backdrop, we intend to continue to provide forest-based eco-education for employees, focusing on areas such as biodiversity.

Forest Experience Program for General Public

In August 2007, we held a program entitled "Feel the Forest and Nature" at Nanba Forest, Niigata Prefecture, to provide elementary school students and their parents from among the general public with the opportunity to experience and learn about forests. The participants had the opportunity to experience nature and learn about the importance of forests, through experiencing tree climbing, nature observation, walks through beech groves, and forest therapy. In the future, we intend to continuously develop various programs every year using our company-owned forests.



Participants in "Feel the Forest and Nature" program (Nanba Forest, Niigata)



Global Environmental Initiatives and Contributions

Environmental consideration is essential for society's sustainable development, and Mitsui's sound business growth. We must help find industrial solutions to environmental problems, reduce energy consumption in our offices, work together with society, and ensure that every Mitsui employee acts based on heightened environmental awareness. We now outline our constantly improving environmental management system for supporting our environmental policies and activities.

◎Environmental policy

Revised February 2005

Guiding Principles	<ol style="list-style-type: none"> 1 Mitsui & 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> 2 Mitsui & Co. will make every possible effort towards realizing a "sustainable development" which is aimed at creating a harmony between the economy and the environment. In view of the above principles, and in accordance with the Action Guidelines shown below, Mitsui & 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.
Action Guidelines	<ol style="list-style-type: none"> 1 Compliance with related regulations We will comply with the various regulations relating to environmental protection, as well as all agreements signed by the company for promoting business activities. 2 Efficient utilization of resources and energy 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. 3 Environmental care for products and services offered, as well as existing and new businesses 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. 4 Contribution to providing industrial solutions to environmental issues 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.

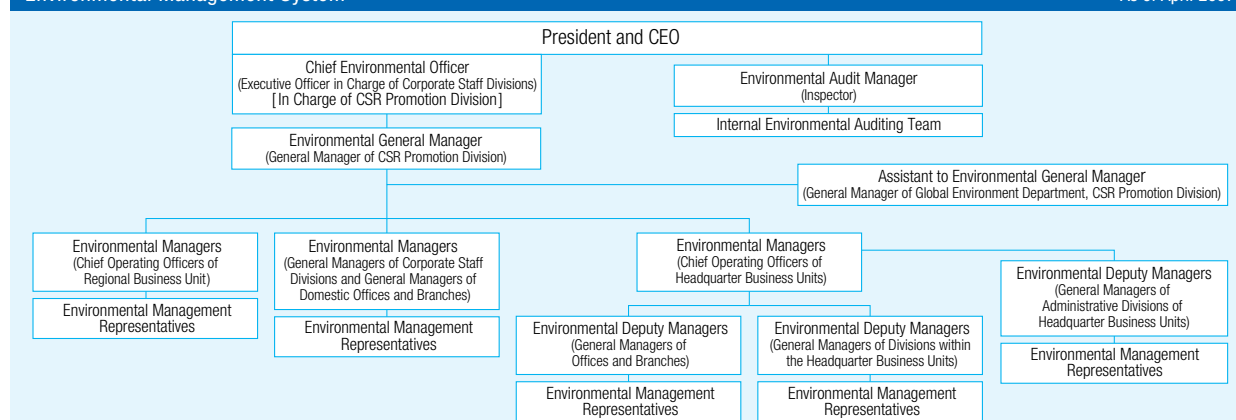
Environmental Management System

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 global, consolidated environmental management framework.

Environmental Management System

As of April 2007



Environment

Execution 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 its implementation is based on pursuing an effective environmental approach while meeting the demand from society for appropriate engagement in global environmental issues. 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.

Emphasizing Effective Outcomes

Under the environmental management system (EMS) proscribed by ISO14001, emphasis has shifted to measuring whether PDCA cycles at each business location are resulting in effective environmental management outcomes, away from the former approach of assessing whether management systems met reference criteria, which carried the risk of measures losing substance. Each department systematically manages the most relevant environmental issues, establishing management methods and setting target outcomes.

Environmental Advisory Committee

We introduced "Specially Designated Business Management System" in the fiscal year ended March 31, 2005 (see page 22). As part of this system we established an Environmental Advisory Committee, which deliberates on matters concerning environment-related businesses with the aim of ensuring that we give full consideration to environmental matters and take appropriate operational responsibility. This committee comprises outside environmental experts, the chief environmental officer, and internal members. We intend to pursue further company-driven initiatives to strengthen our auditing functions, such as updating and codifying the audit criteria, based on case experience gained over the first two years of the committee's operations.

Environmental Training for Employees

Mitsui has in place a variety of environmental training programs to support the environmental awareness and knowledge of employees, including training prior to overseas placements and training for new employees or those on secondment.

Additional elements of Mitsui's proactive approach to environmental activities include environmental seminars taught by external experts, participation- and empathy-based environmental education programs, and training for environmental officers.



An Environmental Incident Response Seminar for environmental officers

Improving Internal Environmental Auditing

To ensure that our environmental management system is appropriately operated, maintained and continuously improved, internal environmental auditors at each department throughout our entire domestic network independently conduct annual internal environmental audits of one another's departments, under the direction of the environmental auditing manager (inspector) appointed by the president. We hold a number of environmental auditing training sessions every year as part of measures to increase awareness of the importance of this auditing process, and internal environmental auditors passing an exam are awarded an internal qualification. During the fiscal year ending March 31, 2008, 133 people have acquired this qualification, with the total number of qualified staff reaching 578 as of October 2007. We also held further training sessions for internal environmental auditors in order to boost the effectiveness of internal audits.

In the fiscal year ending March 31, 2008, internal environmental audits were carried out throughout the company for a period of approximately one month from the beginning of November 2007, by teams of three or more headed by lead auditors, under the direction of the environmental audit manager.

Environmental Risk Management at Subsidiaries and Associated Companies

We aim to reduce environmental impact across our entire group. As part of this, 68 subsidiaries and associated companies, mainly in industries with high environmental impact, have obtained ISO14001 certification. Since 1994, we have implemented annual environmental assessments at all subsidiaries and associated companies, and from 2007 additional efforts to ensure compliance with environmental laws and regulations have included seminars and distributing checklists and other informational materials.

At subsidiaries and associated companies 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 specific instructions for preventing infringements, reducing environmental impact and preventing pollution. Inspections were carried out at 151 businesses from the launch of this program in 2000 until March 2007, with a further 20 inspections planned for the year to March 2008.

Case Study Mitsui Bussan Coil Center Co., Ltd.

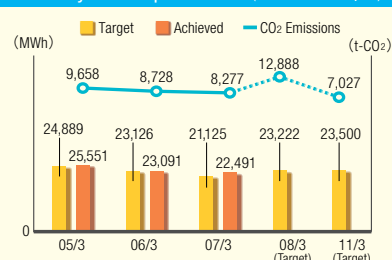
Mitsui Bussan Coil Center undertakes high precision processing of rolled steel for automakers and other steel users. Following an environmental inspection in 2003, the employees of the coil center worked as a team to follow up on specific instructions received with regard to waste management. At a subsequent inspection in 2007 it was recognized that substantial improvements had been made to reduce waste and waste handling costs, as a result of improved waste management facilities, the installation of special waste containers, the introduction of waste compressors, and other such measures. An additional benefit was the reduction in fuel costs and CO₂ emissions from the collection of waste materials. The plant uses the 5S principle (which translates from Japanese as organization, tidiness, cleanliness, sanitation and training) to reduce environmental risk through rapid identification of substance leaks or other such problems, which in turn helps optimize delivery times and product quality by minimizing unscheduled plant stoppages.



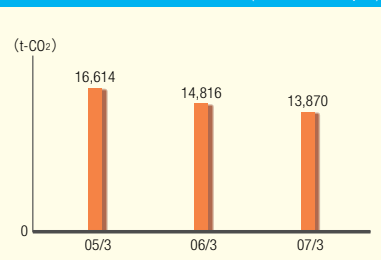
On-premise waste treatment and production line facilities after improvements

Environmental Impact of Offices

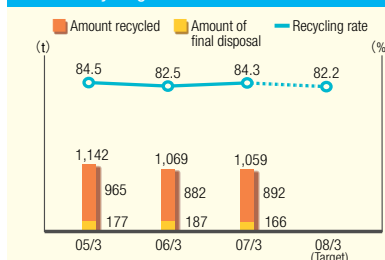
Electricity Consumption (All offices in Japan)



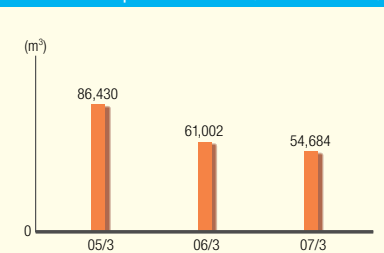
CO₂ Emissions (All offices in Japan)



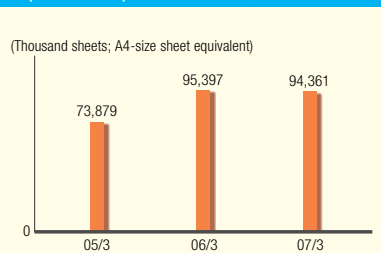
Waste Recycling



Water Consumption (All offices in Japan)



Paper Consumption (All offices in Japan)



Environmental Conservation Costs Unit: ¥ thousand

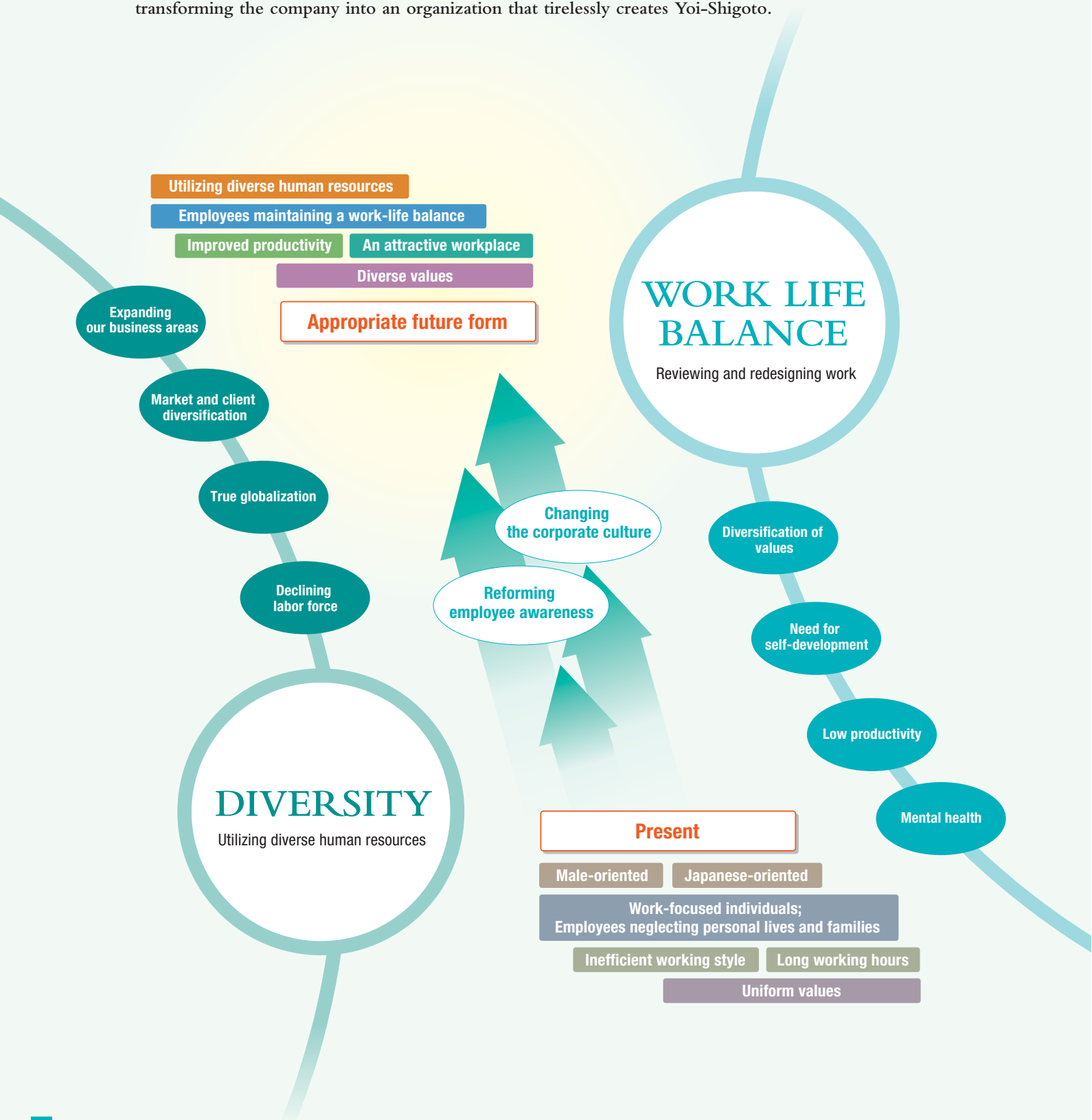
Category	Investments	Expenses
Business area costs	0	328,070
Upstream/downstream costs	0	48,283
Administration costs	0	368,096
R&D costs	0	191,000
Social activity costs	0	581,747
Environmental remediation costs	0	54,000
Total	0	1,571,196

- Figures for waste recycling are for Mitsui's company-owned buildings (Head Office, Osaka Office, Nagoya Office, Toyota Office).
- Aggregation method: Figures for energy saving and the waste recycling rate until 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 the entire 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, 2006 – March 31, 2007

Creating an Improved Working Environment for All Employees

For Mitsui to respond to the trust and expectations of society, and continue to grow as a company that creates new value, it is important to nurture a flexible corporate climate and culture where human resources with diverse values, lifestyles, and ways of thinking gather, respect one another, engage in free and vigorous debate, and cooperate. We hope that all employees, the key players in our business, can maintain a work-life balance and maximize their talents, transforming the company into an organization that tirelessly creates Yoi-Shigoto.



Society

DIVERSITY

Diversity Targeted by Mitsui

Mitsui, which aims to be a company with comprehensive business engineering capabilities, considers diversity initiatives to be an important corporate strategy for organizational change and performance improvement, and is pursuing such initiatives.

A diverse range of people of both genders with various lifestyles, ways of thinking, values and nationalities work at Mitsui. We aim to create a workplace where employees with those diverse values and backgrounds can demonstrate their skills and individuality, regardless of their gender or lifestyles. We are developing necessary frameworks and systems, and also focusing our strengths on change aimed at creating a corporate climate and culture that accepts and respects diversity.

WORK LIFE BALANCE

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 will proceed with various measures for creating workplaces where it is possible to maintain a balance between our work and the various requirements and challenges in our lives.

“AND”—Supporting Diverse Work Styles

“AND,”* which we started in December 2006, is a support policy for diverse work styles that respects work styles in which people can strike a balance between work *and* family or work *and* learning, rather than having to choose one *or* the other. With the Diversity Promoting Department established in October 2005 playing a central role, we are pursuing our “AND” policy to develop the environment for generating Yoi-Shigoto.

The “AND” policy positions diversity and work-life balance as its core pillars, and under it we proceeding with reforms of employee awareness and the company’s corporate culture, aiming to achieve our appropriate future form. It is an initiative in which all employees consider for themselves their own work style, lifestyle and the ideal form of the company, and put their ideas into practice.

*AND: Advancing New and Diversified work styles



“AND Support for Diverse Working Styles” on the Diversity Promoting Department website



Handbook explaining various childcare and family care systems at Mitsui (head office)

Reforming Employee Awareness and the Corporate Climate

To enable all employees with their diverse ways of thinking and lifestyles to maximize their talents, it is vital to overhaul our systems and frameworks, and also reform employee awareness and the corporate climate and culture.

The company is advancing various policies and initiatives aimed at creating a corporate climate and culture that is more accepting of diversity.

●Promoting Diversity and Providing Information on Work-Life Balance Support

- Operation of “AND Support for Diverse Working Styles” on the Diversity Promoting Department website
- Distribution of easy-to-understand handbook explaining the various childcare and family care systems
- Running of features on diversity in our internal newsletter, *MBK LIFE* (Sept./Oct. and Nov./Dec. 2006 issues)
- Holding of various training sessions and round-table discussions in Japan



Workshop for female staff on career and life planning

Childcare and Family Care Policies

Mitsui & Co., Ltd. (head office) actively keeps abreast of various changes and requirements relating to childcare and family care, including through hearing the opinions of employees, and implements a series of specific policies.

● Making childcare leave partially paid

We have made taking childcare leave easier by enabling paid leave

● Relaxing eligibility requirements for childcare leave

Employees can now take childcare leave even if their spouse is a full-time housewife/househusband

● Improvements in operation of other systems

- Childcare leave period, and period in which overtime exemptions and limitations are applicable have been extended
- Introduced taking of pregnancy leave in half-day units, and family care leave on a partial-day basis

● Supporting a Smooth Return to Work

We help to dispel anxieties concerning taking leave and ensure smooth return to work by means including holding talks with employees before they take leave and before they return to work, and providing care for them when they are on leave

● Opening of company nursery at head office (scheduled for April 2008)

Taking Childcare Leave



Akira Koyama

Outsourcing Business Department,
Service Business Division

I always try to maintain a balance between work, family, society and self. When I heard that it is now easier for male employees to take partially paid

childcare leave, I decided to take childcare leave for the birth of my second daughter and became actively involved in the housework and child-raising. When taking the leave, I had the understanding of my bosses and other project members. I was able to avail myself to the system and hence returned smoothly to work after my leave. I belong to an organization that is pursuing the development of consumer-oriented service businesses, so my experiences during childcare leave also broadened my professional outlook, and I was able to make full use of these new ideas upon my return to work.

Other Policies to Support Employees' Work-Life Balance

There are diverse ways of maintaining a work-life balance, and Mitsui & Co., Ltd. (head office) has been enhancing various support policies to cater to those needs.

● Establishment of new "reemployment system for employees leaving the company due to transfer of spouse"

Enables employees who had to resign from Mitsui & Co., Ltd. (head office) due to the transfer of their spouse to become reemployed

● Introduction of "cafeteria plan"

We have introduced a selection-based social welfare system that allows our employees to avail of various benefit options in line with their specific needs and life plans

● Enhancing support policies for female employees

We have established the Women's Network as a venue where our female employees can exchange information, and the Women's Medical Consultation Room, where they can consult female doctors and receive medical advice

Supporting diverse work styles



The Diversity Promoting Department holds seminars on the company's systems for supporting a work-life balance and discussion meetings for the seminar participants. It also holds lectures on career planning and life planning, and provides opportunities for employees to increase their awareness and reevaluate their thinking on how to approach work, the ideal balance between work and personal life, and related issues.

We will gradually hold similar activities at head office and our domestic branches and offices, to enable employees to share concerns and problems about their lifestyles and living environments, which can then be put to use in our future support policies for diverse work styles.



Employees at our Osaka Branch listen to an explanation about work-life balance

Work AND Life Support Week

To create opportunities for all employees to think about their own work style and lifestyle, and the ideal form of the company, we designated February 19–23, 2007 as the first Work AND Life Support Week, and conducted various diversity and work-life balance programs.

Work AND Life Support Week Program

Mon., Feb. 19	Lunch/discussion with Chairman of Diversity Promoting Committee and General Manager of Human Resources & General Affairs Division "Diversity at Mitsui"	Wed., Feb. 21	Lecture by Shunsuke Takahashi, Professor, Graduate School of Media and Governance, Keio University "Forging a career that is you"
	Women's Career Forum and buffet reception "Experiences of senior women at Mitsui"		Active Talk Wednesday "Discussion with Nobuko Matsubara, external director"
Tue., Feb. 20	Lunch/discussion with General Manager of Human Resources & General Affairs Division "Work-life balance at Mitsui"	Thu., Feb. 22	Employee round-table discussion "Male participation in childcare and housework —What do you think about male employees taking childcare leave?"
	Lecture by Joanna Sook Ja Park, work-life consultant "Work-life balance in period of radical change Changing work styles and increasing value added by individuals"		Fri., Feb. 23
			Panel discussion and buffet reception "Are trading companies male-oriented workplaces?" Facilitator: Mikie Yumoto, CEO, Risquare Consulting Panelists: Five Mitsui employees

Lecture: "Forging a career that is you"

We invited Shunsuke Takahashi, a professor of the Keio University Graduate School of Media and Governance and a personnel consultant, to conduct this lecture. Professor Takahashi explained why self-direction is now important in one's career, and common misunderstandings about conventional careers. He also used easy-to-understand examples to show that linking inner motivation to demonstrating one's capabilities, doing work that is meaningful in terms of one's own sense of values, and finding a balance between and integrating one's private life and work are the prerequisites for a happy career. The lecture provided participants with a good opportunity to reexamine their own work styles and lifestyles.

Panel Discussion: "Are trading companies male-oriented workplaces?"

As the final event of Work AND Life Support Week, the company hosted a panel discussion with a panel of five male and female employees.

Despite the discussion being held at busy time of the day, 106 employees came to listen. It was an interesting discussion from various standpoints, including whether there are differences in the capabilities of male and female employees, what is



Facilitator Mikie Yumoto and the panelists

necessary for female employees to demonstrate their capabilities, sharing information in the workplace and the importance of communication, and female management personnel.

Women's Career Forum: "Experiences of senior women at Mitsui"

We held a forum to hear the experiences of five mid-career female employees active in a variety of areas at Mitsui. The speakers sent a powerful message to their junior female colleagues, including relating tales of hardship and their beliefs, and made a number of pertinent proposals backed up by their own experiences. The gathering following the forum enabled information exchange and increased interaction between our



female employees, transcending job responsibilities, qualifications and age.

Senior female employees relating experiences and sending message to junior female colleagues

Comment from Program Participant



Keiko Teshima

Human Resources & General Affairs Department,
Planning & Administrative Division, Energy Business Unit II

I attended Active Talk Wednesday, where I met Ms. Nobuko Matsubara, the company's first female external director, for the first time. Having the chance to talk to her directly, I got to know her better. She is a very impressive woman, and I believe she is a very good model for all working women. I hope the company offers a gathering with her more often, which would influence many working women at Mitsui.

There were also many new ideas in the two lectures I attended. Providing this kind of program regularly would surely help us think about the work and life balance. As it is quite a new way of thinking, it will take time, but the idea needs to become shared all among employees. Achieving this shared awareness will enable us to create an environment where we can work with a sense of togetherness.

Working with Society to Promote Diversity

Mitsui has a capital alliance with Success-Academy, Co., Ltd. (“Success Academy”) through which it has worked to expand day-care programs and help create an environment in which women find it easier to work. At a stakeholder dialogue event held on September 25, 2007, five stakeholders involved in the childcare business spoke about topics including the role that our company should be playing in this area.



Success-Academy, Co., Ltd.

Success Academy was established in Fujisawa City, Kanagawa Prefecture in 1989, where it began by operating nursery rooms within hospitals. In April 2005, Mitsui took a 30% stake. To date, Success Academy employs 750 nursery school teachers and currently runs 100 nursery rooms within hospitals, day-care centers, after-school day-care centers, and so forth, mainly in the Tokyo metropolitan region. Success Academy has 80 nursery rooms within hospitals, mainly in national and private university hospitals, and is the leader in this field in Japan. In recent years, it has branched into the management of municipal day-care centers in Kawasaki and other cities in the Tokyo region and directly managed licensed day-care centers. In the past two years, Success Academy has grown sales rapidly, supported by a plethora of social initiatives to reverse the falling birth rate in Japan, improvements in nurses' wages, and the increasing tendency to outsource such services. In the fiscal year ending March 31, 2008, sales are forecast to reach ¥1.8 billion.



Tsukagoshi Kindergarten, a municipal kindergarten in Kawasaki City operated under license by Success Academy

Promoting Diversity in Japanese Society

Taka: First, please tell us why Mitsui began its capital alliance with Success Academy.

Kondo: Our Service Business Division took a 30% stake in Success Academy in April 2005 and sent one of its employees to work at Success Academy. We decided to engage in the capital alliance based on one of our key missions—promoting workforce diversity. Until that time, the Service Business Division had two business areas: human resource business and education business. Through our human resource outsourcing services, we offer people a wide range of working patterns to suit their lifestyles. Through our staff introductory services, we are supporting women in changing jobs in order to advance their careers. Our contribution of capital to Success Academy and the assistance we give it in managing and expanding its day-care business is part of this. Of course, we also saw the business opportunities present in the child day-care business.

Taka: How would you evaluate Success Academy's performance in Kawasaki City, where it has been licensed to run a municipal kindergarten?

Nagashima: In April 2007, Success Academy was commissioned by Kawasaki City as the designated administrator to run the Tsukagoshi Kindergarten. In a new style of kindergarten

management, the children's care-givers, the administrator and the local government work together to discuss and set operational policy for the kindergarten. The arrangement seems to be working well: the atmosphere at the kindergarten is really cheerful, the kindergarten teachers are full of energy and their treatment of the children and parents is good. The care-givers are really cooperative, and when I asked the parents what they thought of the kindergarten's privatization, they said that the level of childcare had turned out to be a lot higher than they expected and that they could leave their children in the care of the kindergarten with peace of mind. I have hopes that the business will become a major new player the child day-care field.

Taka: It seems that the operation has been well received, but when it comes to running a childcare facility, is there anything Success Academy is paying particular attention to?

Kaneko: We are taking a lot of care over such things as maintaining staff levels above the legal requirement. However, each day we are entrusted with looking after more than 2,000 children, so we cannot rule out the possibility of accidents completely. That is why we have set up a system so that if an accident occurs, all the information about staff responses can be centralized. We also provide on-site support through the establishment of a database of risk factors that have been

Society

precursors to accidents in the past—which we share among all the day-care centers.

Using Mitsui's Resources for Business Expansion

Taka: This business began before the introduction of the Specially Designated Business Management System (see page 22). If you were to start this kind of business today, what sort of things would the CSR Promotion Division check before classifying it as a Specially Designated Business?

Yamamoto (General Manager, CSR Promotion Division): If we were considering classifying a business of a very public nature or one that used public financing as a Specially Designated Business, we would check the business process carefully and verify its transparency. We would also have to check the management of a wide range of risks, such as efforts to ensure safety and peace of mind (including child health), and measures to ensure that staff are properly trained in these areas. We would then give careful consideration to the role that our company would play.

Taka: What role is Mitsui playing?

Kondo: Success Academy manages many day-care centers within hospitals. Our company also supplies a wide range of services to hospitals and so we offer our day-care service packaged with other services, and I think that this allows us to offer various kinds of added value to our clients. I think that this might also help us to expand our client base.

Kaneko: The employee seconded to us from Mitsui has helped us to find and develop new clients. Moreover, she has introduced customers to our sales division, which has really helped our business grow. We are partnering with developers and general contractors to draft new proposals for child-care centers for new facilities—where we not only set up child-care centers but also provide skills as business planners. We are also harnessing Mitsui's resources in the planning process.

Maintaining Service Quality as the Business Grows

Taka: What do you expect of Mitsui and Success Academy in the future?

Nagashima: In July 2007 Kawasaki City formulated its Five-year Basic Plan for Child-care. The plan calls, among other things, for the development and improvement of licensed child-care centers and the establishment of about 10 small-scale child-care centers near railway stations, aiming to increase the number of children that can be received in the child-care framework by about 2,600 by fiscal 2011. The plan calls for the removal of the regulatory framework covering the operators of small-scale child-care centers, and we would like to invite a wide variety of businesses to participate. It would be good if Mitsui were able to take part in the operation of these kinds of flexible child-care centers and establish child-care centers within companies to help support employment.

Taka: I'd like to hear what aspirations Mitsui and Success Academy have for the future.

Kaneko: I am sure that the number of local governments that will enthusiastically set up child-care facilities like Kawasaki City will grow in the future. Our company wants to work hand-in-hand with these local governments.

Kondo: The services of the service industry are delivered by people. As the business rapidly grows, it is becoming difficult to find good child-care staff within the Tokyo metropolitan region and so we will probably need to become involved in child-care staff training. We plan to have established a nursery within our company by April 2008, and to commission Success Academy to operate it. In the future, we would like to help establish and support nurseries for other companies.

Yamamoto: There is no doubt that the kind of workforce diversity that we are attempting to promote will contribute to the wider promotion of diversity in society in general, and could be called "CSR through business." As business expands, society will expect more from us, and it will be really important for us to actively disclose information to our stakeholders.

Taka: From the viewpoint of promoting workforce diversity, I think the child-care business is one in which we can all take pride. The challenge will be how to maintain good service quality as demand increases. I would like you to put even greater effort into staff training so that we do not see service levels decline due to staff shortages or other problems.



Facilitator Iwao Taka
Professor,
Graduate School of Economics
and Business Administration,
Reitaku University

Kazuto Nagashima
Section Chief,
Children's Planning Section,
Children's Policy Promotion Department,
Kawasaki City Council of Social Welfare

Ryoichi Kaneko
Director,
General Manager,
Corporate Planning Office
Success-Academy, Co., Ltd.

Yasunori Kondo
General Manager,
Human Resources Business Department,
Service Business Division,
Mitsui & Co., Ltd.

Employee Relations

Aiming to enable all employees to perform Yoi-Shigoto, Mitsui performed a multilateral review of its personnel system, and launched a new personnel system from the fiscal year ended March 31, 2007. Throughout Mitsui's long history, the company has held the belief that human resources are its greatest asset, and is proceeding with human resources development and utilization of diverse human resources in a manner worthy of Mitsui.

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. In order to create a personnel 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 realigned the system to enable it to lead to the achievement of our corporate mission and philosophy, with the following three points as the objectives of the revision.

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

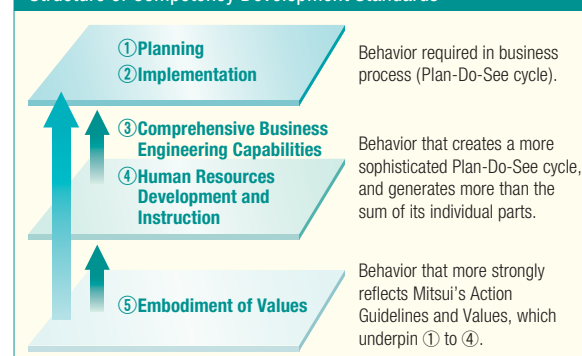
introduced the Mitsui & Co., Ltd. Competency Development Standards, with development of human resources as the primary objective.

Operation of Competency Development Standards and Appraisal System

The company has introduced the Mitsui & Co., Ltd. Competency Development Standards as an important element of the new personnel system. These standards serve as models for our employees to aspire to and incorporate in their personal standards behavioral patterns and approaches to performing work worthy of Mitsui.

Unlike performance appraisals (individual performance appraisals and organizational performance appraisals), in individual competency appraisals, not all aspects of competency are easily quantifiable, and as a result evaluation inevitably tends to be based somewhat on estimations, and ambiguities can emerge in assessment standards. Therefore, by adopting these standards, we aim to accurately appraise aspects of individual competency that are not easily quantifiable, more fully clarify the individual strengths and weaknesses of our employees, and link that appraisal with human resources development. We have completed our first round of individual competency appraisals following the introduction of the system in the fiscal year ended March 31, 2007, and in the future we aim to check the results and further disseminate the system through training and all other available means. By doing so, we will strive to use the standards in an organized way in human resources development in the field, and tie them in with dissemination and embodiment of our MVV.

Structure of Competency Development Standards



Mitsui's View on Human Resources Development

For Mitsui, which includes focusing on human resources as part of its management philosophy, developing talented human resources through Yoi-Shigoto (Good Quality Work) is our most important mission, and it is no exaggeration to say that it is the ultimate *raison d'être* of the company. The venue for the sustainable development of talented human resources through Yoi-Shigoto is undoubtedly the various work sites of our employees. We believe that the proactive and autonomous stance of all employees on a daily basis as they strive to embody Mitsui's management philosophy comprising the Mission, Value, and Values (MVV), and on-the-job training (OJT) comprising guidance and development by senior staff members and bosses with the attitude and awareness of "Freedom and Open-mindedness," one of the company's key values, are the cornerstone of the company's human resources development. They are also the very DNA of Mitsui, which has been the essence of the company since the foundation of our predecessor, the former Mitsui. In order to support and supplement this human resources development through OJT, the Human Resources & General Affairs Division and each division and business unit undertake the role of planning and implementing off-the-job training such as our employee dispatch system and other various forms of training. The off-the-job training programs provided by the Human Resources & General Affairs Division are introduced in the Human Resources Development Program pamphlet that we distribute once a year and also publish on the company intranet, aiming to encourage active participation in the programs by employees.

Human Resources Development Programs

We view our programs from hiring and introductory training through to the development of human resources responsible for consolidated management as a continuum. At the same time as 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 people hired at the mid-career professional level. We also conduct second-year, third-year, fifth-year and ninth-year training, and training for mid-career employees, as well as leadership training for management personnel (general managers). We are constantly looking to enhance the training contents, as evidenced, for example, by the addition during the fiscal year ended March 31, 2007 of coaching sessions to our leadership training.

In addition to these training systems we have an assortment of programs designed to encourage action with a global mindset, including dispatches to universities in and outside Japan, study at business schools and training sessions outside Japan, overseas training, language training, and cross-industrial exchanges with people from different industries, and in the fiscal year ended March 31, 2007 we increased both the number of participating schools and the number of employees taking study leave.

The Reunion Room, which we established as a place for continued communication for people who took a training session together, continues to be widely used by employees.

Developing Human Resources to Lead in the Generation of Yoi-Shigoto

Seiichi Tanaka

Executive Officer, General Manager,
Human Resources & General Affairs Division, Mitsui & Co., Ltd.

In 2006, we celebrated the 130th anniversary of the establishment of the former Mitsui, and undertook a variety of activities under the central theme of "YOI-SHIGOTO! Our Origins, Your Future." I believe that "Yoi-Shigoto" refers to all work carried out with real pride and joy by employees who embody the "Values" expressed in Mitsui's management philosophy. Furthermore, I also believe that, rather than Yoi-Shigoto itself, it is the attitude of attempting to undertake Yoi-Shigoto that is useful to society and the world that is important.

I believe that the skill required of Mitsui employees in order to perform Yoi-Shigoto is leadership. Mitsui aims to be a "global business enabler,"

and as we undergo a major shift from simply *trading* to a broader focus on *pursuing business investments*, the scope of involvement of our employees is now nothing short of management of individual companies. Having strong leader is essential for accommodating the interests of diverse organizations and human resources, striving to achieve consensus, and ensuring that everybody is working toward the same goal. I hope that all Mitsui employees will be capable of becoming true leaders.

The skills and qualities that make a true leader are extremely universal in nature. In other words, the very passing down of Mitsui's management philosophy, values and philosophy—our foremost human resource policies—is the way to develop leaders versed in the Mitsui Mission, Vision and Values (MVV). I hope that we can all work to pass down our philosophy through our specific actions in the fields of our business.

Development of Human Resources to Support Consolidated Global Management

We believe the development of human resources at our Group companies is the cornerstone supporting our consolidated global management, and based on this viewpoint, the Human Resources Development Department of the Human Resources & General Affairs Division stays abreast of the various needs at each of our Group companies, and provides the standard training deemed necessary at each company and level.

We have created a system whereby staff at our Group companies 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. Reactions from our Group companies include that “Mitsui’s training program is highly developed,” and that that “the company training program was well developed,” and “we were able to enhance our limited human resource development options.”

In the fiscal year ended March 31, 2007, we commenced leadership training (management training for General Managers of Divisions and leadership training for General Managers of Departments) exclusively for our Group companies, aiming to provide support for the development of the human resources supporting our various Group companies, and create a sense of solidarity among Group companies.



Management training for our Group companies

Addressing the Issue of Long Working Hours

At Mitsui & Co., Ltd. (head office), we have been undertaking a variety of initiatives to address the issue of employees’ long working hours and overtime, from perspectives including health management.

We have established a Labor-Management Committee to determine the situation with regards to overtime and address the issue. In order to ensure appropriate time management, we have created an in-house manual related to overtime, and publicized and provided guidance on laws and regulations that should be complied with throughout the company. 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.

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. We seek to resolve the various issues highlighted in the survey by means including improving our systems and policies, promoting increased communication, raising awareness among administrative employees, and disseminating our management principles.

Opinion from the Mitsui & Co. Employee Council



Takaichiro Mizushima

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

Employees, who conduct the day-to-day business activities, are the greatest assets of the corporation. The company implements strategies designed to maximize the capabilities of its employees from a company-wide business perspective while taking into account the surrounding business environment. It is our job to continually examine these strategies in order to determine whether they are aligned with employee job satisfaction from the perspective of all employees.

In addition to actively making proposals to the company based on awareness of issues as they arise through mutual employee dialogue, based on a core awareness of the meaning of working at Mitsui, I would like the Employee Council itself to engage in proactive activities aimed at resolving issues, aiming for the realization of a *good company* where employees are healthy in both body and mind and are able to feel job satisfaction.

Making the Most of Employee Diversity

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 the Diversity Promoting Department plays a central role in resolving various issues and overcoming obstacles, creating support systems attuned to the lifestyles of our female employees, and proceeding with reforms of the corporate culture and climate with the goal of being a company that does not tolerate sexual harassment or abuse of power.

Training for National Staff

As part of our global human resources initiatives, we are aiming to improve our hiring, training, and the appropriateness of our performance appraisals of employees of overseas subsidiaries, in order to create an environment where overseas employees can work actively. To this end, we will develop and improve our personnel systems, promote sharing of information and values through our intranet, and work to further enhance training.

Mitsui holds group training for local employees at Head Office and at overseas offices, and training for employees of overseas subsidiaries and associated companies at each business unit.

Recruiting Contract Employees as Permanent Employees

Mitsui & Co., Ltd. (head office) is developing a system for recruiting contract employees as permanent employees. Among our employees, we have permanent employees on the main career track (managers and administrative employees), and administrative staff on five-year contracts mainly responsible for supporting our core operations.

We have introduced a system for recruiting our administrative staff, who have completed five years of contract work as of 2006, as permanent staff. The first group of such contract staff, 21 in total, passed the requisite examinations and became permanent staff in April 2007.

Hiring of Disabled Persons

In accordance with the then Law for the Employment Promotion of the Disabled, in 1981 we established Bussan Service 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 2007, our employment ratio was 2.03%.

Comment from Overseas Group Company Employee Participating in Training



Mark Feuerer

Corporate Planning Manager,
Road Machinery LLC (U.S.)

I was fortunate enough to participate in the 3rd Strategy Meeting of Group Companies of Motor Vehicles Business Unit at the Mitsui Human Resources Development Center in Shizuoka Prefecture, from June 25 to 28, 2007. The training tools and education received at this very important seminar are crucial to both the mature and younger group companies. Strategic planning and implementation is paramount to the success of most companies, yet very few possess the skills, time, and/or personnel to critically think about this subject. Mitsui's proactive role in bringing companies together from around the globe to interact on this subject demonstrates their commitment to assisting each company succeed in their respective industry. I highly recommend this type of seminar for ALL groups and their respective companies in Mitsui's world organization.

Social Contributions Worthy of Mitsui

The role that Mitsui, as a general trading company, should play in resolving various social issues and the expectations of society are 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 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 (Good Quality Work) 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.

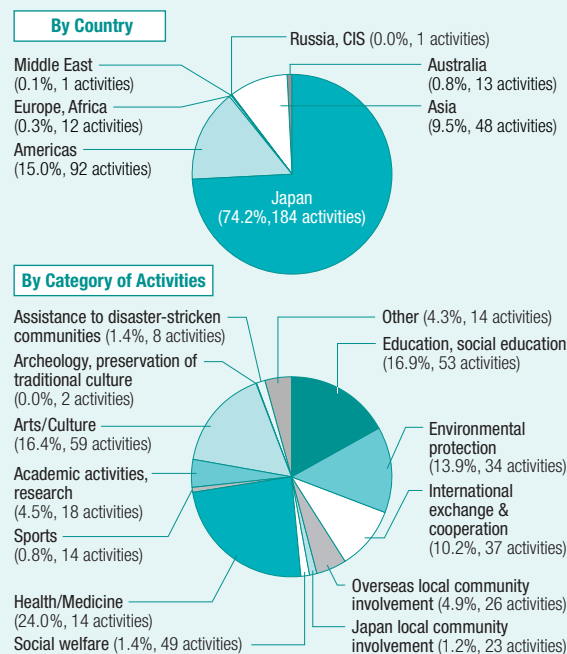
【Action Guidelines】

- 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.
- 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.
- In addition to the making of economic contributions, such as donations etc., Mitsui also aims to carry out pro-active social contributions that involve the participation of its executives and employees.
- 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, 2007

Breakdown of social contribution activity expenses* (Total ¥1.3 billion; 351 activities). Percentages are of total monetary amount. *Includes donations and advertising expense.



Participants in Volunteer Leave Program

	Participants (Including repeat participation)	No. of days	Type of volunteer activity
Apr. 2006 - Mar. 2007	21	33	Local community involvement/ International exchange/ Assistance to disaster-stricken communities/ Education & social education/ Environmental protection/ Sports
Apr.-Sept. 2007	19	39	Local community involvement/ Environmental protection / Education & social education/ Arts & culture/ Academic activities & research/ Sports

Helping Resolve Social Problems “Support for the Education of Brazilian Children Living in Japan”

Since 2005 we have been supporting the education of Brazilian children living in Japan, from the standpoint of international exchange and education. As of the end of 2006, there were over 310,000 Brazilians living in Japan, with approximately 30,000 of school age (5-14). The education of children attending schools for Brazilian children is not necessarily adequate, due to a lack of facilities and teaching materials, while not possessing adequate Japanese language skills is an issue for those attending Japanese public schools. This lead to truancy and delinquency from increasingly younger ages—serious social problems for both countries.

Mitsui has been pursuing business in a broad range of areas in Brazil for many years, and for further developing Japanese-Brazilian partnership, we consider it important to work to resolve these social issues, and are pursuing the following three key initiatives.

① Support for Brazilian schools in Japan

We donated school goods, including computers and microscopes, to Brazilian schools in Japan. In the fiscal year ending March 31, 2008, we will provide support for 10 schools.

② Assisting NPO supporting the Brazilian community

We support an NPO that provides livelihood support to Brazilians living in Japan and that works to prevent juvenile delinquency and truancy.

③ Creating supplementary learning materials for Brazilian children living in Japan

We commissioned Tokyo University of Foreign Studies to develop teaching aids for Brazilian children attending Japanese public schools. We have published them in Japanese and Portuguese on the Internet since April 2007.

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



Brazilian schoolchildren using a donated microscope

Message from Brazilian Ambassador to Japan



**His Excellency,
Andre Mattoso Maia Amado**
Brazilian Ambassador to Japan

In 2005, the Brazilian Embassy was approached by Mitsui to help to develop a project to support the education of Brazilian children living in Japan. The result was Project MAEB (Projeto Mitsui de Apoio às Escolas Brasileiras). Through Mitsui's activities such as providing assistance for an NPO that supplies social assistance for the Brazilian community, and teaching aids, the learning environment for Brazilian children has improved, and many children who might otherwise have given up on going to school are now able to attend. Mitsui's initiatives are an important and valuable example of fulfilling social responsibilities that should be followed by other companies. We are very thankful for these initiatives and it will be a great pleasure to continue to work together with Mitsui for the benefit of the Brazilian community.

Developing Internationally Minded Human Resources Scholarship for Indonesian Students

Mitsui is pursuing educational activities globally for developing internationally minded human resources to actively contribute to development in the fields of industry, government and academia. We founded the Mitsui-Bussan Scholarship Program for Indonesia in 1992 to support Indonesian students in studying at Japanese universities. Every year the Program interviews applicants from Indonesian high schools, and brings two or three selected students to Japan, providing them with 18 months of Japanese language training and supporting them for four years of undergraduate study. During their five and a half years in Japan, the Program holds monthly meetings with them to hand over their scholarship funds and provide help and advice on living in Japan and studying at Japanese universities. The Program emphasizes interaction with the students, and has developed excellent students. Of the 22



Putri Palupi Kusumaningrum (ninth round student) debates on a research theme in a university seminar

students that the Program has supported, 17 graduated from the program, and of the 17, six had obtained doctorates as of the end of March 2007.

Mitsui & Co., Ltd. Environment Fund

In July 2005, we established the Mitsui & Co., Ltd. Environment Fund, aiming to support and promote 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 of ¥1 billion from the company, the fund accepts contributions from executives, employees and retirees.

First Round of Aid Projects in Fiscal Year Ending March 31, 2008

From January to March 2007, the Mitsui & Co., Ltd. Environment Fund accepted internal and external proposals for the first round of aid projects for the fiscal year ending March 31, 2008, the third round of aid projects to date, and decided on the aid projects at the beginning of July.

For the latest round of applications, we decided that the requirement for projects proposed by the public should be being a domestic NPO or public interest corporation (incorporated foundation, association), but in order to receive proposals from a wider range of fields than before, we expanded the target area for activities from Japan to include overseas. Furthermore, like last year, we also sought overseas NGO proposals through our three regional business units—the Americas, Europe, the Middle East and Africa (EMEA), and Asia Pacific—and as a result, proposals received increased to 121 from 87 in the previous year.

The proposals were strictly examined by the Project Selection Committee which included outside experts, and the Advisory Committee, and finally 27 projects were selected, to which we will give a total of ¥267 million* in aid. The selected projects are listed in the table on the right. They cover areas including ecosystem conservation, initiatives to combat global warming, and environment education in Japan, and one notable feature was that overseas projects increased from two last year to ten. The selected projects included Chinese desert and Philippine forestation projects, activities combining African forestation projects with agricultural support, and conservation of U.S. wetlands.

* Includes dollar denominated amounts converted into yen. Actual aid amounts may differ due to fluctuations in exchange rates.

Mitsui & Co., Ltd. Environment Fund Aid Projects for First Round of Fiscal Year Ending March 31, 2008

Projects proposed by the public	
Organization (location)	Project
Japan Environmental Education Forum (Tokyo)	Revision of the curriculum for training courses for nature school instructors
NPO Earthwatch Japan (Tokyo)	Research related to ecosystem and conservation of Japanese macaque living in cold and temperate zones
Iida City Tenryu River Environmental Development Corporation (Nagano)	Kawaranbe Lectures (Conservation, education, awareness-raising, and publicity initiatives related to water resources)
NPO Takayasu Study Group of Japanese Rose Bitterling (Osaka)	Renovation of protected ponds for Japanese Rosy Bitterling in Yao City, Takayasu, and conservation activities related to the water circulation system of the neighboring Koori River.
NPO Tohoku Chamber of Environment (Miyagi)	(Environmental human resources development project) Provision of environmental education at Eco-products Tohoku 2007
NPO Wetlands International Japan (WUJ) (Tokyo)	Natural regeneration of the rivers and mountain streams of the Kirikuchi habitat, the southernmost habitat of the Japanese mountain trout (wana)
NPO Bridge (Tokyo)	Development of nature experiences and environmental education environment on Mikura Island in the Izu Islands, and related network building
NPO CoralOkinawa (Okinawa)	Promotion of diversity of coral reefs in the sea around Okinawa through use of coral larvae implantation tools
NPO Environment Network of Forest & Rivers in Hokkaido (Hokkaido)	"Jumoku (tree) Partners," a regeneration project for forests on the banks of the Ninikusawagawa River, which flows in the suburbs of Hakodate
NPO Forum for Forest Creating (Tokyo)	Establishment of leader training programs for forest creation activities by diverse entities
Japan Greenery Research and Development Center (Tokyo)	Development of a regeneration model for pine-covered areas in Japan
NPO Japan Center for a Sustainable Environment and Society (JACES) (Tokyo)	Network configuration, research surveys, and the provision of information related to international cooperation and CDM to address the issue of global climate change
Japan Kinoko Research Centre Foundation (Tottori)	Regeneration and conservation of rural landscape through a key focus on mycorrhizal mushrooms
NPO Eco-Ken (Fukuoka)	Development and operation of educational systems to explore "the best lifestyle mix," aiming to achieve a sustainable society
NPO Machinami Ikuseikai (Tokyo)	Development of technology to improve the water and sediment quality of closed water areas, including lakes and marshes
NPO KFG-NET (Hyogo)	Technological improvement cooperation to promote afforestation in Lanzhou on the western edge of China's Loess Plateau, and training of local volunteers
NPO Green Earth Network (GEN) (Osaka)	Construction of orchards to support forest regeneration in Datong City, Shanxi Province, in China
NPO International Desert's Green Association (Ishikawa)	Development of a center for shrubs and nursery stock seeds in the Gobi desert region, and creation of a sustainable ecological management system
NPO SOMNEED (Gifu)	Conservation of forests through the participation of local residents in the Makwanpur region of Nepal
NPO Institute of Environment Rehabilitation and Conservation (ERECON) (Tokyo)	Pursuing dissemination of composting technology to reduce intentional burning of crop residue in the Mekong river basin
Kiyosato Educational Experiment Project (Yamanashi)	Rural development model project for the dissemination of sustainable natural energy and environmental conservation in the mountain areas of northern Luzon in the Philippines
Nippon International Cooperation for Community Development (NICCO) (Kyoto)	Provision of support for topsoil fertilization and afforestation in Malawi in southern Africa
Projects proposed by overseas	
Organization (location)	Project
Clean and Green Foundation, Inc. (Philippines)	Tree Planting/Propagation
Galveston Bay Foundation (U.S.A.)	Burnet Bay Wetlands Restoration Project
Earth Policy Institute (U.S.A.)	Plan B 3.0: Mobilizing to Save Civilization
Projects proposed by employees and retirees	
Organization (location)	Project
NPO Renewable Energy Promotion Association (REPA) (Tokyo)	"Point CO ₂ local network," to promote emission reductions in model homes and shops
NPO Miyagi Prefecture Forest Instructors Association (Miyagi)	Awareness-raising about conservation and harmonious coexistence to protect and nurture the rich forests and natural environment of Miyagi

Satoyama Satoumi Nature School of Noto Peninsula—with Kanazawa University (Aid project in the fiscal year ended March 31, 2007)

In 2006 Kanazawa University started an initiative for conserving and regenerating the satoyama satoumi (Japanese traditional rural landscape) of the Noto Peninsula in Ishikawa, which has fallen into disrepair due to depopulation and population aging, and revitalizing the region, including its agriculture, forestry and fisheries. The university, which has a track record of operating nature schools, cooperated with local residents, local government, agriculture, forestry and fisheries businesses, NPOs, local businesses and others, and established the Satoyama Satoumi Nature School of Noto Peninsula. The school holds various training programs and symposiums for raising awareness and developing human resources, and also conducts health examination surveys of the rural landscape, conservation activities, and hands-on nature programs. Suzu



Mitsui employees and their families diligently take part in nature observation at the Satoyama Satoumi Nature School

City provided free use of a former elementary school and Mitsui employees from Hokuriku Branch and elsewhere participate on a volunteer basis.

Anti-desertification activities in Turkey—with NGO TEMA (Aid project in the fiscal year ended March 31, 2007)

Anti-desertification efforts have been pursued by administrative organs and others around Karapınar, an arid region in southern Turkey, since the 1960s, but those efforts have shown signs of fading recently. This project utilizes these past experiences to continue such activities. First, to evaluate the achievements of

past programs, a scientific survey of the soil and plants was conducted. Applying soil management methods identified as a result, TEMA, a Turkish NGO provided irrigation and organic farming guidance for local farmers, aiming to prevent desertification and increase farmers' income through the production of crops and livestock. TEMA will communicate its results throughout Turkey and to other regions facing similar challenges.



Arid region around Karapınar, Turkey (Photo: Volkan Calisir)

Volunteer Participation by Mitsui Employees in Aid Initiatives

The Mitsui & Co., Ltd. Environment Fund aims to raise environmental awareness among Mitsui employees, by running programs in which employees and their families can participate in aid organization initiatives.

In the fiscal year ending March 31, 2008, in cooperation with Asaza Fund, an NPO that receives aid from the Mitsui Environment Fund, we conducted volunteer activities to regenerate paddy fields in valleys* around Ushiku, Ibaraki, which have fallen into disrepair, along with their surrounding eco-systems. Our activities included rice production, with Mitsui employees and their families planting and harvesting rice and observing nature. These activities were awarded the Green Tourism Award for 2007, sponsored by The Mainichi Newspapers. Elsewhere, in 2007 we again picked up trash at the base of Mt. Fuji with the NPO Fujisan Club.

* **Paddy fields in valleys:** Wet paddy with high water content. In combination with neighboring forests, paddy fields in valleys form an environment suited to the growth of various types of plants, and as a habitat for insects and small animals, and they should be preserved.



Mitsui employees and their families cutting grass as part of rice production in paddy fields in valleys.

Comment from an Aid Organization

Turkish Foundation for Combating Soil Erosion, for Reforestation, and the Protection of Natural Habitats (TEMA Foundation) (Turkey)



Dr. Uygur Ozesmi

Director General, TEMA Foundation

This project aims to contribute to alleviating global warming by sequestering the carbon in the earth through soil management, including cultivating agricultural products in arid regions. We also plan to make use of the results in arid regions in other countries.

GRI Guidelines and Global Compact Comparison Chart

We have indexed the data and performance of Mitsui & Co., Ltd. (“Mitsui”) against the GRI Guidelines and the UN Global Compact (see page 7). Please use this index to find the page(s) for all the information included in this report.

Note: Mitsui has prepared several other reports providing further detail about the company and its finances. To request copies of our corporate information, financial statements, Annual Report or other publications, please email Csr@mitsui.com.

Related GC Principle	GRI Guidelines 2006 version		Location within report and performance (As of March 31, 2007)	
	GRI Ref	Performance Indicator	Location within report	Performance

1 Strategy and Analysis

	1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3-4	
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2 Organizational Profile

	2.1	Name of the organization	1	
	2.2	Primary brands, products, and/or services.	1	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	1	
	2.4	Location of organization's headquarters.	1	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		Offices have been established in 69 countries.
	2.6	Nature of ownership and legal form.	1	
	2.8	Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	1	

3 Report Parameters

Report Profile				
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	2	
	3.3	Reporting cycle (annual, biennial, etc.)	2	
	3.4	Contact point for questions regarding the report or its contents	2	
Report Scope and Boundary				
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	2	
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		Not applicable
GRI Content Index				
	3.12	Table identifying the location of the Standard Disclosures in the report.	49-52	

4 Governance, Commitments, and Engagement

Governance				
	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	17-18	
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	17-18	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	17-18	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	17-18	

Related GC Principle	GRI Guidelines 2006 version		Location within report and performance (As of March 31, 2007)	
	GRI Ref	Performance Indicator	Location within report	Performance
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	7-8	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	8 17-18	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	8 17-18	
Commitments to External Initiatives				
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	8, 22 32	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	4, 7	Expressed continued support for the 10 principles of the Global Compact.
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	7	Participated as the Vice-Chair company of the Steering Committee of the Global Compact Japan Network.
Stakeholder Engagement				
	4.15	Basis for identification and selection of stakeholders with whom to engage.	11-16 23-24 25-26 39-40	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	11-16 23-24 25-26 39-40	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	11-16 23-24 25-26 39-40	
5 Management Approach and Performance Indicators				
Economic				
		Management Approach		It is mentioned in a general overview from a standpoint of CSR-oriented management in this report. For details, please refer to our financial statements or the Annual Report.
Aspect: Economic Performance				
	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		Average compensation: 14,352 thousand yen Number of employees: 6,096 (Including staff on loan but not part-time employees and local employees of overseas offices)
Aspect: Market Presence				
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	23	Established the CSR Procurement Policy Examination Committee internally.
Aspect: Indirect Economic Impacts				
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	47-48	

Related GC Principle	GRI Guidelines 2006 version		Location within report and performance (As of March 31, 2007)	
	GRI Ref	Performance Indicator	Location within report	Performance
Environmental				
		Management Approach	31-32	
Aspect: Energy				
8	EN3	Direct energy consumption by primary energy source.	33	
8-9	EN5	Energy saved due to conservation and efficiency improvements.		The company is striving to reduce its electricity consumption and volume of waste generated to lower the environmental impact of its business sites. Mitsui is a participant in the Green Power Certification System of Japan Natural Energy Co., Ltd., and annually purchases a Certification of Green Power of 1 million kWh. The company is also lowering its impact from air conditioning by installing district heating and cooling systems operated by Marunouchi Heat Supply Co., Ltd.
8-9	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	27-28	
Aspect: Water				
8	EN8	Total water withdrawal by source.	33	
8-9	EN10	Percentage and total volume of water recycled and reused.		At the Head Office, Mitsui is making efforts to reduce the consumption of water resources, including receiving a supply of recycled gray water that has been processed at a gray water reuse facility connected to a district circulation system operated by Marunouchi Heat Supply Co., Ltd. Consumption of gray water in fiscal 2006: 50,511m³
Aspect: Biodiversity				
8	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	29-30	
8	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	29-30	
8	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	29-30	
Aspect: Emissions, Effluents, and Waste				
8	EN16	Total direct and indirect greenhouse gas emissions by weight.	33	
7-9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	13-14 25-26 33-34	
8	EN22	Total weight of waste by type and disposal method.	33	
8	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		Not applicable
Aspect: Products and Services				
7-9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	13-14 32-34	
Aspect: Compliance				
8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		Not applicable
Aspect: Transport				
8	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	34	
Aspect: Overall				
7-9	EN30	Total environmental protection expenditures and investments by type.	33	
Labor Practices and Decent Work				
		Management approach	35-37 41-44	

Related GC Principle	GRI Guidelines 2006 version		Location within report and performance (As of March 31, 2007)	
	GRI Ref	Performance Indicator	Location within report	Performance
Aspect: Employment				
	LA1	Total workforce by employment type, employment contract, and region.		Number of employees: 6,096 Regional employees at overseas offices and trading subsidiaries: 2,868
6	LA2	Total number and rate of employee turnover by age group, gender, and region.		Employee turnover rate: 5.54% (average employee turnover rate for the last five years)
Aspect: Labor/Management Relations				
1,3	LA4	Percentage of employees covered by collective bargaining agreements.		4,346 employees, or 74.3%, are trade union members, an unusually high number for a company with an "open shop" system
Aspect: Training and Education				
	LA10	Average hours of training per year per employee by employee category.		Average training days per person: 2 days/year Average annual training costs per person: ¥50,000
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	42-43	
Human Rights				
		Management Approach	19	"Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." For details, please go to the Mitsui Website and click "Corporate Info" > "Corporate Governance" > "Business Conduct Guidelines for Employees and Officers"
Aspect: Investment and Procurement Practices				
1-6	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	19	
Aspect: Freedom of Association and Collective Bargaining				
1-3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	23	
Aspect: Child Labor				
1,2,5	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	23	
Aspect: Forced and Compulsory Labor				
1,2,4	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	23	
Society				
		Management Approach	19-21	"Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." For details, please go to the Mitsui Website and click "Corporate Info" > "Corporate Governance" > "Business Conduct Guidelines for Employees and Officers"
Aspect: Community				
	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	22, 45	
Aspect: Corruption				
10	S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	19-22	
Aspect: Anti-Competitive Behavior				
	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		Not applicable
Aspect: Compliance				
	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		Not applicable
Product Responsibility				
Aspect: Customer Health and Safety				
		Management Approach	22	
1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	22	

Third Party Opinion



Takejiro Sueyoshi

Special Advisor to the United Nations
Environment Program Finance Initiative

The Quest for Yoi-Shigoto

My overall impression on reading the CSR Report 2007 is that the company is seriously tackling the issues front-on on a company-wide basis. The phrase “Yoi-Shigoto (Good Quality Work)” left a particularly vivid impression. I remember that the first time that I came into contact with this phrase was when I read a comment from Mitsui’s president in a newspaper. It is used as a keyword throughout this CSR Report, and I now see this phrase being used to establish the strong will to do Yoi-Shigoto that creates social value, as the basis of the way company employees approach their daily work.

I also strongly felt the enthusiasm to harness the strengths of a general trading company operating on a global basis to contribute to *the creation of a future where people’s dreams can be fulfilled*.

I was further impressed with the unique and highly honed international sense of Mitsui, and could feel the over 100 years of global business activities behind the efforts made to engage with social issues through the use of the UN Global Compact and the Millennium Development Goals, as points of contact with the international community. Furthermore, Mitsui is not merely looking to concentrate its efforts on overseas considerations. I found out for the first time that the company is working to create forests throughout Japan, and once again sensed the depth of Mitsui and its long history.

As mentioned many times in this report, this planet, which is home to humankind and the ecosystem, is facing numerous difficulties. It is necessary for all society’s actors, including the national government, local and municipal governments and citizens, to accept ownership of these issues and strive to

resolve them. Several important issues, in particular, including global warming, have now become a race against time. In that context, the role that business should play is becoming increasingly important, and the accompanying demands from society are becoming more sophisticated each year. For Mitsui, considering how to meet those expectations is something that the company cannot avoid if it is to go forward. With that in mind, I wonder if Mitsui is capable of endowing the Yoi-Shigoto the company advocates with a slightly more visible purpose or concrete nature. It is an wonderful thing to strive to *generate value for society, and be appreciated by society*, but the company must constantly ask itself “Why?” “For whom?” and “How?” I am sure that this issue has been debated in a variety of situations and settings within the company, but it is my belief that it would be worthwhile for Mitsui to ask itself what are currently the most important issues for Mitsui, put slightly more weight on awareness of those issues as a company, and make a commitment to society to address them. The report carries examples of specific individual activities carried out by each division, and I can get a sense of awareness of the issues. But we must not forget the seriousness of the issues faced by global society and the urgent need for a response. And when considering this, it has now become necessary for companies to select the specific issues that allow them to exploit their strengths and engage in resolving them, rather than discussing general theories. An increasing number of leading U.S. and European companies have selected global issues and committed to engaging in resolving them through their business. I would definitely like to see Mitsui become involved in this trend.

The never-ending journey to create Yoi-Shigoto worthy of Mitsui has begun. I hope it is a journey where the company benefits by receiving guidance and vigor from its interaction with society and is able to leave a major mark as a result.



Kanji Tanimoto

Professor,
Graduate School of Commerce and Management,
Hitotsubashi University

Mitsui has actively pursued CSR-oriented management since establishing its new CSR promotion system last year. It has questioned anew on a company-wide basis the fundamentals of how it will face society, how it will respond to social problems, and how it will undertake its work. Awareness campaigns about Yoi-Shigoto and how to pursue CSR-oriented management were promoted at the initiative of each business unit and in each region, and I am of the impression that the effects of these efforts are beginning to filter through. The Medium Term Management Outlook for the three years ending March 31, 2009 attempts to specifically incorporate CSR-oriented management issues in the business plans and actions of each division, and I would like to observe how the PDCA* cycle works in that regard.

Similarly to last year, however, the report indicates company-wide, comprehensive CSR-oriented management achievements and targets, but does not go as far as to indicate specific policies, plans, and issues related to CSR-oriented management initiatives on a divisional basis. In the case of general trading companies, I think it is important to indicate progress made at each business unit or region (including overseas operations), and to indicate the current CSR-oriented management situation at these units. And using those company-wide targets and issues as starting points, I believe it would also be worthwhile for the various Chief Operating Officers to discuss and indicate their CSR commitments in their various businesses, including how they will approach achieving various CSR-oriented management targets, and what kind of related issues exist. Generally, when considering corporate communications, the key points are: when, what kind of, and how much information to disclose, and to whom, and also whether to solicit feedback. I believe that this is an issue that should be considered going forward, as a method for formulation

and disclosure of non-financial E (environmental), S (social) and G (governance)-based reports.

In my third party opinion last year, I highlighted the need to listen to the opinions of the immediate stakeholders in each business. This year the report shows that some divisions hold dialogues with stakeholders. The dialogues, however, should not be business introductions, and they should go beyond merely exchanging opinions. It is also vital to clearly stipulate how the opinions and issues raised through the dialogues can be applied in running the businesses.

I also had high hopes for the early establishment of a CSR procurement policy. This is not yet included in this report, but in November 2007, following a year of discussions, the company decided on a basic CSR procurement policy ahead of the rest of the industry. I have heard that there were active discussions, covering areas such as how far trading companies can involve their clients and ensure the thorough enforcement of a CSR procurement policy, and there is major significance in the fact that Mitsui, which has vast powers to influence various distribution and transactions, has decided to take an approach using this basic policy. I would like general trading companies, with their wide-ranging business areas, to tackle the issues on a company-wide basis in the future. When considering broad CSR-oriented management issues, it is important for Mitsui to think not only on a non-consolidated basis, but to expand the scope of its considerations to the group level, taking in the company on a consolidated basis, including its subsidiaries and associated companies. Efforts have been made on certain issues, but I expect that a more fine-tuned and systematic approach will be necessary for ensuring CSR procurement.

Finally, regarding philanthropic activities, this year Mitsui has revamped its action policies, created guidelines and checklists, and carried out reviews throughout the company. Looking ahead, I hope to see the company assess and disclose, including through its website, the social performance made in its key philanthropic activities.

Response to Third Party Opinion



Motokazu Yoshida

Senior Executive Managing Officer,
Chairman of the CSR Promotion Committee,
Mitsui & Co., Ltd.

This year we have once again asked Professor Kanji Tanimoto of Hitotsubashi University to provide a third party opinion on our CSR-oriented management initiatives, along with Takejiro Sueyoshi of the United Nations Environment Program Finance Initiative, who is well versed on global social issues and corporate activities.

We accept the points commonly highlighted by our two commentators, including the need to be more specific and time-focused about priority issues the company is engaged in, and the need to establish a cycle to improve our business activities through appropriate disclosure of our activities and dialogues with society.

CSR-oriented management initiatives at our company are now shifting from general theories, including the establishment of principles and creation of systems, to the stage of individual cases, where each employee

undertakes the Yoi-Shigoto necessary to generate social value. In the awareness-raising activities conducted this fiscal year, we have been promoting specific case studies and workshop discussions based on the important tasks to be resolved at each business unit. We are keenly aware that the real value of our CSR activities will be judged on how concretely PDCA can be made to work as we pursue our business, including the issue of CSR procurement highlighted in the third party opinion.

In addressing the issues facing global society, we need to be more aware of the issues the global society faces, as a company that positions *"contributing to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled"* as its corporate mission, and that pursues business on a global basis in areas that are key to global sustainability, including mineral resources and energy, food and water supply. We will strive to devise specific activities worthy of our company through our business, and engage in dialogue with society, aiming to resolve these issues.

We will consider an appropriate policy for disclosing and reporting non-financial ESG-based information, ahead of next fiscal year's report.

* PDCA refers to the "Plan, Do, Check, Act" business activity cycle.



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