# Corporate Governance Report

Last Update: March 26, 2018
Mitsui & Co., Ltd.
President and CEO Tatsuo Yasunaga
Contact: Investor Relations Div. +81-3-3285-7910
Securities Code: 8031
https://www.mitsui.com

The corporate governance of Mitsui & Co., Ltd. (the "Company" or "Mitsui") is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

[Basic Corporate Governance Policy]
In structuring the corporate governance framework, Mitsui places emphasis on "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and executive activities of the management."
For the "improved transparency and accountability," Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the "external members"). Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For "the clarification of the division of roles between the oversight activities and executive activities of the management," Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers' business activities. Chief Operating Officers of 16 business units within headquarters and 3 regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.
While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which external members participate, Mitsui achieves highly effective corporate governance to secure "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and executive activities of the management." In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures:

(a) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Audit & Supervisory Board Members participate as members.

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

Regarding Mitsui's basic views and policies on Corporate Governance, we published "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" on Company's website as follows.
(https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/corp_gov_151106_e.pdf)

(Notes)
"External Director", "Audit & Supervisory Board Member" and "External Audit & Supervisory Board Member" are used in the same sense of "Outside Director", "*Kansayaku*" and "Outside *Kansayaku*" in the heading of the format of this Corporate Governance Report respectively. Further, "Independent Director" is an External Director who is unlikely to have conflicts of interest with general shareholders, as stipulated by the Tokyo Stock Exchange.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

Mitsui complies with all Principles of the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]** UPDATED

[Principle 1.4 Cross-Shareholdings]
Please see Chapter 1, III.1. *"Policy related to acquisition and holding of listed shares"* of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles.
(https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/corp_gov_151106_e.pdf)

[Principle 1.7 Related party transactions]
Please see Chapter 1, III.2. *"Transaction between related parties"* of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles.

[Principle 3.1(i) Company objectives (e.g., business principles), business strategies and business plans]
Please see Introduction of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles. Also, we publish Corporate Mission Vision Values on the Company's website.
(https://www.mitsui.com/jp/en/company/outline/idea/index.html)
Further, we publish Management Plan on the Company's website.
(https://www.mitsui.com/jp/en/company/outline/management/index.html)

[Principle 3.1(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code]
Please see Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles, as well as I.1. "*Basic Views*" of this report and Securities Report etc.

[Principle 3.1(iii) Board policies and procedures in determining the remuneration of the senior management and directors]
Please see II.1. "*[Directors] and [Director Remuneration]"* of this report and Securities Report etc.

[Principle 3.1(iv) Board policies and procedures in the appointment of the senior management and the nomination of directors and kansayaku candidates]
Please see II.2.1 *"Corporate Governance Structure"* in this report.

[Principle 3.1(v) Explanations with respect to the individual appointments and nominations]
Please see Notice of the Ordinary General Meeting of Shareholders on the Company's website.
(https://www.mitsui.com/jp/en/ir/library/business/__icsFiles/afieldfile/2017/05/23/en_98th_notice.pdf)

[Principle 4.1(1) Scope and content of the matters delegated to the management]
Please see Chapter 1 II.1. (1) *"Role of the board of directors"* of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles.

[Principle 4.8 Effective use of independent directors]
Please see II.2.1 *"Corporate Governance Structure*" in this report.

[Principle 4.9 Independence standards and qualification for independent directors]

Please see Chapter 1 II.3. "*Criteria of independence for external officers*" of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and II.1. *"[Independent Directors/Kansayaku]"* in this report.

[Principle 4.11(1) Appropriate balance of the board, policies and procedures for nominating directors]
Please see Chapter 1 II.1. (10) "*Appointment of director*s" of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and II.2.1 "*Corporate Governance Structure*" in this report.

[Principle 4.11(2) Major concurrent positions in other organizations of Independent Directors/Kansayaku]
Please see I.1. *"[Independent Directors/Kansayaku]"* in this report. Further, we disclose major concurrent positions in other organizations of External Directors, External Audit & Supervisory Board Members and candidates of those every year in Notices of the Ordinary General Meeting of Shareholders and Securities Reports, etc.

[Principle 4.11(3) Analysis and evaluation of effectiveness of Board of Directors]
We state in Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles that each year the Board of Directors analyzes and evaluates its effectiveness, taking into consideration the relevant matters, including the self-evaluations of each director, and discloses a summary of the results. For results for the year ended March 31, 2018, please see "II.2.1.(a)(iv) Evaluation of effectiveness of the Board of Directors" of this report.

[Principle 4.14(2) Training policy for directors and Kansayaku]
Please see Chapter 1 II.1. (12) "*Policy on training for directors*" and II.2. (5) "*Policy on training for Audit & Supervisory Board Members*" of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and II.2.1 "*Corporate Governance Structur*e" in this report.

[Principle 5.1 Policy for constructive dialogue with shareholders]
Please see Chapter 1 II.5. "*Measures with respect to shareholders and other stakeholders*" of Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and III.2. "*IR Activities*" and V.2. "*Other Matters Concerning to Corporate Governance System*" in this report. Further, we publish Corporate Disclosure Policy on the Company's website.
(https://www.mitsui.com/jp/en/company/outline/governance/ethics/index.html)

## 2. Capital Structure

| | |
|---|---|
| Foreign Shareholding Ratio | From 20% to less than 30% |

**[Status of Major Shareholders]**

| Name / Company Name | Number of Shares Owned | Percentage (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 135,768,300 | 7.55 |
| Japan Trustee Services Bank, Ltd. (trust account) | 107,800,400 | 6.00 |
| Japan Trustee Services Bank, Ltd. (trust account 9) | 36,281,700 | 2.01 |
| Japan Trustee Services Bank, Ltd. (trust account 5) | 31,592,600 | 1.75 |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 28,962,504 | 1.61 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 27,710,712 | 1.54 |
| Japan Trustee Services Bank, Ltd. (trust account 7) | 26,005,300 | 1.44 |
| Sumitomo Mitsui Banking Corporation | 25,667,000 | 1.42 |

| | | |
|---|---|---|
| Nippon Life Insurance Company | 24,549,640 | 1.36 |
| Japan Trustee Services Bank, Ltd. (trust account 1) | 24,491,900 | 1.36 |

| | |
|---|---|
| Controlling Shareholder (except for Parent Company) | N/A |
| Parent Company | N/A |

Supplementary Explanation

1. In addition to the shares listed above, the Company holds treasury stock of 32,427 thousand shares.
2. Percentage of common stock issued is rounded down to two decimal places.
3. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past two fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of September 30, 2017. Reports by large volume shareholders include portions held by joint holders.

| Name of shareholders | Ownership as of | Number of shares owned | Holding ratio (%) |
|---|---|---|---|
| BlackRock Japan Co., Ltd. | July 29, 2016 | 93,768,268 | 5.22 |
| Mizuho Bank. Ltd. | October 14, 2016 | 103,960,540 | 5.79 |
| Mizuho Bank Ltd. | June 15, 2017 | 84,546,818 | 4.71 |
| Mitsubishi UFJ Financial Group Inc. | September 25, 2017 | 144,322,236 | 8.03 |
| Mizuho Bank Ltd. | September 29, 2017 | 92,121,763 | 5.13 |

## 3. Corporate Attributes

| | |
|---|---|
| Listed Stock Market and Market Section | Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section), Sapporo, Fukuoka |
| Fiscal Year-End | March |
| Type of Business | Wholesale Trade |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | More than 1000 |
| Sales (consolidated) as of the End of the Previous Fiscal Year | More than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 100 to less than 300 |

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

Mitsui has no parent company or listed subsidiaries. Furthermore, there are no particular special circumstances that have a material impact on corporate governance.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

| | |
|---|---|
| Organization Form | Company with *Kansayaku* Board (Audit & Supervisory Board) |

**[Directors]**

| | |
|---|---|
| Maximum Number of Directors Stipulated in Articles of Incorporation | N/A |
| Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | Company Chairperson |
| Number of Directors | 14 |
| Appointment of Outside Director | Appointed |
| Number of Outside Directors | 5 |
| Number of Independent Directors | 5 |

Outside Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Toshiro Muto | From another company | | | | | | | | | | | |
| Izumi Kobayashi | From another company | | | | | | | | ○ | | ○ | |
| Jenifer Rogers | From another company | | | | | | | | | | | |
| Hirotaka Takeuchi | Academic | | | | | | | | ○ | | ○ | |
| Samuel Walsh | From another company | | | | | | | | ○ | | | |

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

| Name | Designation as Independent Director | Supplementary Explanation of the Relationship/ Reasons of Appointment |
|---|---|---|
| Toshiro Muto | ○ | Supplementary Explanation of the Relationship<br>N/A<br>Reasons of Appointment<br>Mr. Muto has deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. At the Board of Directors meetings, he uses his specialist knowledge to speak out actively, making a significant contribution to deepening the discussion. In the year ended March 31, 2017, he served as the committee chair of the Remuneration Committee, contributing to the study and so forth of the remuneration system for Directors, which helped to further strengthen Mitsui's corporate governance. In view of these points Mitsui has reappointed him to an External Director so that he may continue to advise and supervise Mitsui's management. He does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Director. |
| Izumi Kobayashi | ○ | Supplementary Explanation of the Relationship<br>Mitsui paid membership fees and made donations to the Japan Association of Corporate Executives, where Ms. Kobayashi has served as Vice Chairperson since April 2015, but the yearly amount paid in each of the last three fiscal years was below the standard amount for donations and aid funds (¥10 million) established by Mitsui's criteria of independence for External Officers. From the above, Mitsui has determined that there is nothing that would affect the independence of Ms. Kobayashi as External Director.<br>Reasons of Appointment<br>Ms. Kobayashi has advanced expertise in organizational management and risk management for generating innovation, which she has accumulated through her experience working as the representative of private sector financial institutions and a multilateral development bank. She speaks out actively from diverse perspectives at the Board of Directors meetings, making a significant contribution to deepening the discussion. In the year ended March 31, 2017, she served as a member of the Governance Committee and the Remuneration Committee, actively stating her opinions on the building of a highly transparent governance system. In view of these points Mitsui has reappointed her to a candidate for another term as External Director so that she may continue to advise and supervise Mitsui's management. She does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, she has accordingly been appointed as an Independent Director. |
| Jenifer Rogers | ○ | Supplementary Explanation of the Relationship<br>N/A<br>Reasons of Appointment<br>Ms. Rogers has a global perspective and advanced expertise in risk management cultivated through her experience working for international financial institutions and her experience in legal work as an in-house counsel. |

| | | |
|---|---|---|
| | | She makes many useful comments concerning risk control at the Board of Directors meetings, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2017, she served as a member of the Governance Committee, actively stating her opinions on the building of a highly transparent governance system. In view of these points Mitsui has reappointed her to an External Director so that she may continue to advise and supervise Mitsui's management. She does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, she has accordingly been appointed as an Independent Director. |
| Hirotaka Takeuchi | ○ | Supplementary Explanation of the Relationship<br>Mitsui paid advisory remuneration and training costs related to human resource development to t-lab Co., Ltd., where Mr. Takeuchi has served as a Director since June 2013, but the yearly amount paid in each of the last three fiscal years was below the standard amount for remuneration (¥10 million) paid to consultants and other individuals providing professional services established by Mitsui's criteria of independence for External Officers. Moreover, Mitsui pays donations, outsourcing fees related to human resource development, and academic fees for trainees to the Harvard Business School, where Mr. Takeuchi has been a professor since July 2010; however, the yearly amount of Mitsui's donations made in each of the last three fiscal years was below the standard amount for donations and aid funds (¥10 million) established by Mitsui's Criteria of Independence for External Officers, and the yearly amount paid by Mitsui including donations is less than 1% of the annual revenue of the Harvard Business School. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Takeuchi as External Director.<br>Reasons of Appointment<br>Mr. Takeuchi has deep insight related to management gained as an expert in international corporate strategy. At the Board of Directors meetings, he makes thought-provoking proposals about Mitsui's management strategies, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2017, he served as a member of the Nomination Committee, helping to ensure the transparency of Mitsui's officers nominations. In view of these points Mitsui has reappointed him to an External Director so that he may continue to advise and supervise Mitsui's management. He does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Director. |
| Samuel Walsh | ○ | Supplementary Explanation of the Relationship<br>Mitsui's consolidated subsidiary sells iron and steel products to Rio Tinto Limited, at which Mr. Walsh served as CEO until July 2016; however, the yearly amount of sales in each of the last three fiscal years is less than 0.1% of Mitsui's annual consolidated transaction volume. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Walsh as External Director.<br>Reasons of Appointment<br>Mr. Walsh has global expertise and excellent management skills cultivated through his long years working in upper management within the automobile industry and as chief executive officer of an international mining and resources company. In addition to corporate management experience, Mr. Walsh has abundant experience in regional activities, art and cultural activities, charity projects, and the activities of international economic discussion groups. Mitsui has appointed him to an External Director because he is deemed capable of advising and supervising Mitsui's management from diverse perspectives. He does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company |

| | | |
|---|---|---|
| | | Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Director. |

| | |
|---|---|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |

Committee's Name, Composition, and Attributes of Chairperson

| | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|---|---|---|
| Committee's Name | Nomination Committee | Remuneration Committee |
| All Committee Members | 6 | 6 |
| Full-time Members | 0 | 0 |
| Inside Directors | 3 | 3 |
| Outside Directors | 2 | 2 |
| Outside Experts | 0 | 0 |
| Other | 1 | 1 |
| Chairperson | External Director | External Director |

Supplementary Explanation

Mitsui has established the Governance Committee, the Nomination Committee and the Remuneration Committee shown above as advisory bodies to the Board of Directors. All members of the committee have been selected by a resolution of the Board of Directors. The role, compositions of members, secretariat as of the date of issuance of this report and activities of the year ended March 31, 2017 are as follows:

- Governance Committee (Secretariat: Corporate Planning & Strategy Div.)
  Composition: Chairman of the Board of Directors (the committee chair), President and Chief Executive Officer, 3 External Directors, 1 Internal Director, 1 External Audit & Supervisory Board Member
  Role: To study the state and future vision of Mitsui's corporate governance with the viewpoints of External Directors and External Audit & Supervisory Board Member
  Activities: The Governance Committee was held twice in the year ended March 31, 2017 and carried out reviews of matters such framework of corporate governance of the Company and the effectiveness of the Board of Directors.
- Nomination Committee (Secretariat: Human Resources & General Affairs Div.)
  Composition: 2 External Directors (one of them is the committee chair), President and Chief Executive Officer, 2 Internal Directors, 1 External Audit & Supervisory Board Member
  Role: To establish the selection standards and processes to be applied in nominating Directors and Managing Officers as well as to evaluate the proposal of Director nomination
  Activities: The Nomination Committee was held twice in the year ended March 31, 2017 and carried out a review of the standards and the process for nominating Directors and Managing Officers. The Committee confirmed that the candidates met the selection criteria of the Directors.
- Remuneration Committee (Secretariat: Human Resources & General Affairs Div.)
  Composition: 2 External Directors (one of them is the committee chair), President and Chief Executive Officer, 2 Internal Directors, 1 External Audit & Supervisory Board Member
  Role: To study the system and decision-making process related to remuneration and bonuses for Directors and Managing Officers as well as to evaluate the remuneration proposals for the Directors

| | |
|---|---|
| Activities: | The Remuneration Committee was held three times in the year ended March 31, 2017 and carried out a review of the remuneration structure for Directors and Managing Officers. The Committee considered the revision of amounts for the basic remuneration and the results-linked bonuses, and the revision of the formula to calculate the bonuses. |

**[*Kansayaku*]**

| | |
|---|---|
| Establishment of *Kansayaku* Board | Established |
| Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation | N/A |
| Number of *Kansayaku* | 5 |

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

- At the end of the fiscal year, the Independent Auditor report to the Audit & Supervisory Board the audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Audit & Supervisory Board Members hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.
- In addition to the exchange of information with the Internal Auditing Division for implementing efficient audits, Full-time Audit & Supervisory Board Members in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Audit & Supervisory Board. The Audit & Supervisory Board Members, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.
- Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC. See II.2.3. "*Details of Audit Fees and Other Matters*" regarding details of fees paid to the certified public account auditor and non-auditing work and policy for determining audit fees.

| | |
|---|---|
| Appointment of Outside *Kansayaku* | Appointed |
| Number of Outside *Kansayaku* | 3 |
| Number of Independent *Kansayaku* | 3 |

Outside *Kansayaku*'s Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | H | i | j | k | l | m |
| Haruka Matsuyama | Lawyer | | | | | | | | | | | | | |
| Hiroshi Ozu | Lawyer | | | | | | | | | | | | | |
| Kimitaka Mori | Certified Public Accountant | | | | | | | | | | | | | |

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

| Name | Designation as Independent *Kansayaku* | Supplementary Explanation of the Relationship |
|---|---|---|
| Haruka Matsuyama | ○ | Supplementary Explanation of the Relationship<br>N/A<br>Reasons of Appointment<br>Ms. Matsuyama is appointed as an External Audit & Supervisory Board Member in expectation of the expression of her objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective she has gained, mainly as an attorney at law. She does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, she has accordingly been appointed as an Independent Audit & Supervisory Board Member. |
| Hiroshi Ozu | ○ | Supplementary Explanation of the Relationship<br>N/A<br>Reasons of Appointment<br>Mr. Ozu is appointed as an External Audit & Supervisory Board Member in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, based on his knowledge and experience gained over the years, mainly as a prosecutor. He does not fall under any of the circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Audit & Supervisory Board Member. |
| Kimitaka Mori | ○ | Supplementary Explanation of the Relationship<br>N/A<br>Reasons of Appointment<br>Mr. Mori is appointed as an External Audit & Supervisory Board Member because Mitsui deems him capable of clearly expressing an opinion as External Audit & Supervisory Board Member from a neutral and objective perspective based on his advanced expertise in corporate accounting cultivated through his many years of experience as a certified public accountant. He does not fall under any of the circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. |

| | | |
|---|---|---|
| | | and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Audit & Supervisory Board Member. |

**[Independent Directors/*Kansayaku*]**

| | |
|---|---|
| Number of Independent Directors/*Kansayaku* | 8 |

Matters relating to Independent Directors/*Kansayaku*

1. Mitsui has submitted filings with the domestic stock exchanges on which it is listed designating all external members as Independent Directors and Independent Audit & Supervisory Board Members.

2. Policy regarding independence of external members, their function and roles

[External Directors]

- The prospective person's extensive business experience and knowledge are required to deliberate on such board meeting proposals as investments and loans, and knowledge of his or her particular area of business should be used.
- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Directors in individual transactions with external parties.

[External Audit & Supervisory Board Members]

The External Audit & Supervisory Board Members shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and, in particular, it is expected that the External Audit & Supervisory Board Members will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members in addition to the appointment standard for Audit & Supervisory Board members stated in II.2.1 *"Corporate Governance Structure"* in this report, the Audit & Supervisory Board shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.

[Criteria of independence for external members]

External Directors or External Audit & Supervisory Board Members of Mitsui who do not fall under any of the following items are to be judged to have independence.

- (1)Person who is currently or was in the past ten years an executive director, executive officer, managing officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of Mitsui or Mitsui's consolidated subsidiaries
- (2)Person or the executing person of a corporation holding either directly or indirectly 10% or more of total number of the voting rights of Mitsui
- (3)Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries (*1) or the executing person of the same

  *1 If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent fiscal year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent fiscal year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.
- (4)Major business partner of Mitsui or Mitsui's consolidated subsidiary (*2) or the executing person of the same

  *2 If Mitsui or Mitsui's consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most

recent fiscal year or the relevant business partner provided Mitsui or Mitsui's consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of Mitsui or Mitsui's consolidated subsidiary.

- (5)Independent auditor of Mitsui or Mitsui's consolidated subsidiary or employee, etc. of the same
- (6)Person providing professional services such as consultant, lawyer and certified public accountant who received from Mitsui monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent fiscal year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
- (7)Person or the executing person of a corporation who received the annual total of ¥10 million or more of donations or aid funds from Mitsui or Mitsui's consolidated subsidiary in the most recent fiscal year
- (8)Person who has fallen under any of (2) to (7) above in the past three years
- (9)Spouse or relative within the second degree of kinship (hereinafter referred to as "close relatives") of the person who is currently or has been recently the important executing person of Mitsui or Mitsui's consolidated subsidiary (including Director who is not the executing person in the case of External Audit & Supervisory Board member)
- (10)Close relatives of the person who currently falls or has fallen recently under any of (2) to (7) above (excluding the one who is not important)

3. Supplementary Explanation

Although Mitsui paid market research fees and so forth exceeding ¥10 million in the most recent business year to Deloitte Tohmatsu Consulting LLC, at which Mr. Mori's eldest son was an employee until April 2017, the relevant amount of payment was less than 0.1% of Deloitte Tohmatsu Consulting LLC's annual sales; moreover, Mr. Mori's eldest son was in a non-managerial role, and was not involved in duties consigned by Mitsui; as such, Mr. Mori's eldest son corresponds to a "one who is not important" defined under the Mitsui's Criteria of Independence. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Mori for External Audit & Supervisory Board Member. Other than the above, there is no special interest between Mr. Mori and Mitsui, therefore, Mr. Mori is deemed to appropriately carry out his duties as the independent and neutral External Audit & Supervisory Board Member.

4. Activities of External Directors and External Audit & Supervisory Board Members in the year ended March 31, 2017

[External Director]

- Mr. Muto participated in 14 of the 16 Board of Directors meetings held during the year ended March 31, 2017, and offered advice mainly from the perspective of his deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. Also, as the chair of the Remuneration Committee, he contributed to the discussions related to a remuneration system for officers that would lead to further enhancement of governance, etc.
- Ms. Kobayashi participated in 15 of the 16 Board of Directors meetings held during the year ended March 31, 2017, and offered advice from the perspective of her deep insight related to organization management that produces innovation, and risk management, gained from her experience serving as a representative of private sector financial institutions and a multilateral development bank. Also, at the Governance Committee and Remuneration Committee, she actively provided her opinion with the aim of creating a highly transparent governance system.
- Ms. Rogers participated in all 16 Board of Directors meetings held during the year ended March 31, 2017, and offered advice from her global perspective and based on her deep insight related to risk management gained from her experience working for international financial institutions and her experience in legal work as an in-house counsel. Also, at the Governance Committee, she actively provided her opinion with the aim of creating a highly transparent governance system.
- Mr. Takeuchi has participated in all 13 Board of Directors meetings held since he became a Director in June 2016, and offered advice from the perspective of his deep insight related to management gained as an expert in international corporate strategy. Also, as a member of the

Nomination Committee, he contributed to ensuring the transparency of Mitsui's nomination of officers.

- There is no activity of Mr. Walsh in the year ended March 31, 2017, since he became a Director in June 2017.
- Mr. Nonaka who retired at the conclusion of the 98th Ordinary General Meeting of Shareholder held on June 21, 2017, participated in all 16 Board of Directors meetings held during the year ended March 31, 2017, and offered advice mainly from the perspective of his deep insight related to management gained as an expert in international corporate strategy. Also, as the chair of the Nomination Committee, he contributed to ensuring the transparency of Mitsui's nomination of officers, and as a member of the Governance Committee, provided opinions that contributed to enhancing Mitsui's governance.

[External Audit & Supervisory Board Member]

- Ms. Matsuyama participated in all 16 Board of Directors meetings, and all 22 Audit & Supervisory Board meetings, held during the year ended March 31, 2017. She offered advice and expressed opinions from the perspective of her knowledge and experience gained as an attorney at law. Also, at the Governance Committee, she actively provided her opinion with the aim of creating a highly transparent governance system.
- Mr. Ozu participated in all 16 Board of Directors meetings, and all 22 Audit & Supervisory Board meetings, held during the year ended March 31, 2017. He offered advice and expressed opinions from the perspective of his knowledge and experience gained as a public prosecutor and an attorney at law.
- There is no activity of Mr. Mori in the year ended March 31, 2017, since he became an Audit & Supervisory Board Member in June 2017.
- Mr. Watanabe who retired at the conclusion of the 98th Ordinary General Meeting of Shareholder held on June 21, 2017, participated in 15 of the 16 Board of Directors meetings, and 21 of the 22 Audit & Supervisory Board meetings, held during the year ended March 31, 2017. He offered advice and expressed opinions from the perspective of his knowledge and experience gained at the Ministry of Finance and the National Tax Agency, and as a graduate school professor.

5. Major Concurrent positions in other organizations (as of June 21, 2017)

[External Director]

| | |
|---|---|
| Toshiro Muto | Chairman of the Institute, Daiwa Institute of Research Ltd.<br>Director General / CEO, The Tokyo Organising Committee of the Olympic and Paralympic Games |
| Izumi Kobayashi | External Director, ANA HOLDINGS INC.<br>Governor, Japan Broadcasting Corporation |
| Jenifer Rogers | General Counsel Asia, NEW Asurion Asia Pacific Japan LLC |
| Hirotaka Takeuchi | Professor Emeritus, Hitotsubashi University<br>Professor, Harvard Business School<br>External Director, Daiwa Securities Group Inc.<br>External Director, GreenPeptide Co., Ltd. |

[External Audit & Supervisory Board Member]

| | |
|---|---|
| Haruka Matsuyama | Attorney at Law<br>External Director, T&D Holdings, Inc.<br>External Director, Mitsubishi UFJ Financial Group, Inc.<br>External Director, VITEC HOLDINGS CO., LTD. |
| Hiroshi Ozu | Attorney at Law<br>External Audit & Supervisory Board Member, TOYOTA MOTOR CORPORATION<br>External Audit & Supervisory Board Member, Shiseido Company, Limited |
| Kimitaka Mori | Certified Public Accountant<br>External Director, Japan Exchange Group, Inc. |

6. Shareholdings as of March 31, 2017

[External Director]

Toshiro Muto : 11,625
Izumi Kobayashi : 2,168
Jenifer Rogers : 2,457
Hirotaka Takeuchi : 0
Samuel Walsh : 0
[External Audit & Supervisory Board Member]
Haruka Matsuyama : 85
Hiroshi Ozu : 724
Kimitaka Mori : 900
Mitsui considered that the shareholdings of external members shall not affect the independence of those external members.

**[Incentives]**

| Incentive Policies for Directors | Performance-linked Remuneration / Stock Options |
|---|---|

Supplementary Explanation

1. The bonuses to the Company's Directors (excluding External Directors) are determined according to the formula based on the key performance indicators. The formula is advised as being appropriated by the Remuneration Committee and subsequently at the Board of Directors meeting. See II.1. "*Director Remuneration*" for more information.

2. The stock option with stock price conditions is granted to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per year. The exercise period of subscription rights to shares shall be 27 years from the day following the date on which 3 years have elapsed after the allotment date of subscription rights to shares, with payment due upon the exercise of the subscription right to shares being ¥1 per share (its resolution on June 20, 2014). Further, the same stock option is granted to the Managing Officers (excluding Managing Officers residing outside Japan) by resolution of the Board of Directors.

| Recipients of Stock Options | Inside Directors /Other |
|---|---|

Supplementary Explanation

Mitsui issues subscription rights to shares in the form of a stock option scheme as stock-based compensation with stock-price conditions as remuneration for Mitsui's Directors (excluding External Directors), having them share the benefits and risks of stock price fluctuations with shareholders and thus giving them greater motivation to make contributions to improve business performance in the medium and long term and to sustained increase in enterprise value. Eligible persons may exercise all of the subscription rights to shares only when, as the stock price conditions, Mitsui's stock price growth rate over three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate, and on the other hand, when such rate does not exceed the TOPIX growth rate, reflecting the degree, they may exercise only part of such subscription rights to shares allotted.

Details of stock price conditions
1. When Mitsui's stock price growth rate*1 is equal to or exceeds the TOPIX growth rate*2:
All of the subscription rights to shares granted may be exercised.
2. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate:
Only part of the subscription rights to shares granted*3 may be exercised.
*1 Mitsui's stock price growth rate shall be calculated by the formula below based on Mitsui's stock price growth rate for the period of three years from the allotment date to the first date of the exercise period.
A: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
B: The total amount of dividends per common share of Mitsui for the period from the allotment date to the first date of the exercise period of the subscription rights to shares
C: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months

immediately before the month in which the allotment date falls
Mitsui's stock price growth rate = (A + B) / C

*2 The TOPIX growth rate shall be calculated by the formula below based on the TOPIX growth rate for the period of three years from the allotment date to the first date of the exercise period.
D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls
TOPIX growth rate = D / E

*3 Number of exercisable subscription rights to shares = Number of subscription rights to shares granted × (Mitsui's stock price growth rate / TOPIX growth rate)

The number of shares to be issued upon exercise of subscription rights to shares as of the date of the issuance of this report are as follows:
Stock option (for Directors and Managing Officers, 100 shares per right): 877,600 shares.

**[Director Remuneration]**

| | |
|---|---|
| Disclosure of Individual Directors' Remuneration | Selected Directors |

Supplementary Explanation

The total amount of remuneration for Directors and Audit & Supervisory Board Members and a breakdown of this total are recorded in Business Reports, etc. and Securities Reports, which are available on the Mitsui website for public perusal. The amounts of remuneration for individual directors receiving ¥100 million or more are also recorded in the Securities Reports.

(a) Remuneration of Directors and Audit & Supervisory Board Members for the year ended March 31, 2017 was as follows:

| Category of position | Number of recipients | Basic remuneration | Bonus | Stock Option | Total remuneration |
|---|---|---|---|---|---|
| Directors (Excluding External Directors) | 11 | ¥714 million | ¥306 million | ¥82 million | ¥1,103 million |
| Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members) | 2 | ¥132 million | — | — | ¥132 million |
| External Directors and External Audit & Supervisory Board Members | 9 | ¥110 million | — | — | ¥110 million |
| Total | 22 | ¥957 million | ¥306 million | ¥82 million | ¥1,345 million |

(Notes) In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥556 million to 122 retired Directors, and a total of ¥61 million to 18 retired Audit & Supervisory Board Members in the year ended March 31, 2017.

(b) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million for the year ended March 31, 2017.

| Name | Category of position | Payer | Basic remuneration | Bonus | Stock option | Total remuneration |
|---|---|---|---|---|---|---|
| Masami Iijima | Director | Mitsui | ¥114 million | ¥49 million | ¥19 million | ¥182 million |
| Tatsuo Yasunaga | Director | Mitsui | ¥131million | ¥49 million | ¥23 million | ¥203 million |
| Shintaro Ambe | Director | Mitsui | ¥76 million | ¥34 million | ¥5 million | ¥115 million |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Hiroyuki Kato | Director | Mitsui | ¥76 million | ¥34 million | ¥5 million | ¥115 million | |
| | Motomu Takahashi | Director | Mitsui | ¥56 million | ¥34 million | ¥13 million | ¥103 million | |

| | |
|---|---|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(a) Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration, performance-related bonuses based on the key performance indicators, and stock-based compensation stock options with stock price conditions as medium- and long-term incentive compensation. Total amount of basic remuneration to be paid to the Directors shall not exceed ¥1 billion per year (the limit of basic remuneration at ¥70 million per month has been revised to yearly limit and the yearly limit has been increased by the resolution at the General Meeting of Shareholders on June 21, 2017). Total amount of bonus to be paid to the Directors (excluding External Directors) shall not exceed ¥700 million per year (the limit of ¥500 million per year has been increased by the resolution at the General Meeting of Shareholders on June 21, 2017). Total amount of stock option with stock price conditions to be paid to the Directors (excluding External Directors) shall not exceed ¥500 million per year (resolved at the General Meeting of Shareholders on June 20, 2014).
External Directors, who are separated from business execution, are not paid performance-related bonus and stock-based compensation stock options with stock price conditions.
Directors are not paid retirement compensation.

(i) Total amount paid in bonuses for Directors

For fiscal year ended on March 31, 2017, total amount of bonus is calculated as the lesser of i) profit attributable to owners of the parent x 0.1% (if the profit attributable to owners of the parent is minus, i.e., net loss, this item is set as 0 for the calculation) and ii) ¥500 million, and, from the fiscal year ending March 31, 2018, the following formula will be applied:

Total amount of bonus = (profit attributable to owners of the parent x 50% x 0.1%)
+ (core operating cash flow x 50% x 0.1%)

However, the total amount shall not exceed ¥700 million. If the profit attributable to owners of the parent is minus, i.e. "net loss", and/or core operating cash flow is minus, i.e. "cash outflow", then such item is set as 0 for the calculation.

(ii) Amount paid as individual bonuses

The total amount calculated by the method shown in (i) above is distributed to each Director in proportion to the following points, which are assigned for each position. Amounts less than ¥10,000 will be rounded off.

(Amount individually paid = total amount of bonus × position points / sum of position points)

Points by position: Chairman/President (10), Executive Vice President (7), Senior Executive Managing Officer (6), Executive Managing Officer (5)

Based on the composition of the Directors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (at the limit of the total bonus amount of ¥700 million. ) are as follows:

Chairman/President = ¥700 million × 10 points / (10 points × 2 persons + 7 points × 4 persons + 6 points × 2 persons + 5 points × 1 person = 65 points) = ¥107.69 million

Executive Vice President = ¥700 million × 7 / 65 points = ¥75.38 million

Senior Executive Managing Officer = ¥700 million × 6 / 65 points = ¥64.62 million

Executive Managing Officer = ¥700 million × 5 / 65 points = ¥53.85 million

(iii) Conditions for exercise of subscription right to shares

See II.1 "*Incentive*"

(b) Each Director (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million through the Mitsui Executives' Shareholding Association.

(c) Audit & Supervisory Board Members receive only fixed basic remuneration which does not include a performance-related portion. The remuneration for each Audit & Supervisory Board Member is determined by discussions among the Audit & Supervisory Board Members. The total amount shall not exceed ¥240 million per year (the monthly limit has been revised to yearly limit by the resolution at the General Meeting of Shareholders on June 21, 2017). Retirement compensation is not paid to the Audit & Supervisory Board Members.

**[Supporting System for Outside Directors and/or *Kansayaku*]**

The external members, through the Board of Directors, the Audit & Supervisory Board and the meetings composed of all external members (hereinafter referred to as the "external member meetings") respectively, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regards to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls. At the external member meetings, External Directors, Audit & Supervisory Board Members and Independent Auditors mutually exchange information and opinions regarding the policy of audits.
In addition to the above, at meetings such as meetings of the Audit & Supervisory Board, the External Audit & Supervisory Board Members coordinate with the Independent Audit & Supervisory Board Members and the Internal Auditing Division by periodically receiving reports regarding status and results of their audit activities and exchanging information and opinions.

The external members are given the following support in addition to the training shown in II.2.1 *"Corporate Governance Structure"*:

1. For External Directors, before regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given.
2. For External Audit & Supervisory Board Members, in addition to timely provision of company information by the Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Division, summaries of meetings between Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Division are provided to External Audit & Supervisory Board Members periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors.
3. For external members, Mitsui provides personal computers (hereinafter referred to as the "officer PCs") and distributes materials for meetings of the Board of Directors in a timely manner via email, thereby ensuring the time to review agendas.
4. Mitsui sets up a Board of Directors' database for use in storing information such as minutes and other materials from past meetings of the Board of Directors, and maintains a platform that enables access to such database from the officer PCs.

**[Status of persons retired from Representative Director and President, etc.]** NEW

Names, etc., of advisors ("sodanyaku," "komon," etc.) who have formerly served as Representative Director and President, etc.

| Name | Title/ Position | Role/Activity | Working Conditions | Date of Retirement from President, etc. | Term |
|---|---|---|---|---|---|
| Shoei Utsuda | Counselor (Komon) | Business community-related activities (not involved in the management and operation of the company) | Full-time Paid | March 31, 2009 ※ | 5 years ※ |

※ After the retirement from President, Mr. Utsuda remained as Director until June 2015, and thereafter he has been serving as Counselor (Komon).

| | |
|---|---|
| Total number of advisors ("sodanyaku", "komon". etc.) who have formerly served as Representative Director and President, etc. | 1 person |

Others:

- We abolished sodanyaku system in 2006.
- We have internal rules in place regarding Counselor (Komon) and appointment of Komon is subject to a resolution by the Board of Directors.

## 2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) UPDATED

1. Corporate Governance Structure
(a) Board of Directors
(i)Status of Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11 in June 2002. In June 2003, the first External Director was appointed, and since the Ordinary General Meeting of Shareholders held in June 2015, five External Directors have been appointed. The Chairman is a director and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. As of the date of the issuance of this report, 14 Directors (including 2 female External Directors, and the percentage of female Directors is 14.3%) are appointed, 8 of whom also serve as Managing Officers.
- Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in the case of increasing the number of board members in order to enhance the division of roles between the oversight activities and executive activities of the management. The tenure of Directors is one year, and Directors can be reappointed.
- In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.
- A regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2017, 16 meetings were held.
- Further, the external member meetings are held for the purpose of exchanging information and opinions regarding important matters in management among external members, or among external members, Internal Directors, Full-time Audit & Supervisory Board Members and/or Managing Officers. The meeting was held nine times in the year ended March 31, 2017, where external members, Internal Directors, Full-time Audit & Supervisory Board Members, Independent Auditors and

Managing Officers exchanged information and opinions regarding matters such as the corporate management policy, audits and the operation of operating segments.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors. Mitsui has reviewed the composition of members in order to strengthen the corporate governance structure of Mitsui in June, 2015. As a result, External Directors and Auditor compose a majority of the Governance Committee, and an External Director serves as the committee chair of the Nomination Committee as well as the Remuneration Committee. See II.1. "*Committee's Name, Composition, and Attributes of Chairperson*" for the composition of each Committee, etc.
- Mitsui has entered into agreements with each External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427(1) of the Companies Act of Japan.

(ii) Appointment standard for Directors and process of appointment

Mitsui selects candidates for positions of director giving consideration to the following appointment standard for Directors. Selection of candidates for positions of Director is conducted after confirmation is obtained from the Nomination Committee that the necessary requirements based on the selection processes and the appointment standard for Directors established by the Nomination Committee are fulfilled.

- Person with excellent overall character who possesses qualities valuable for the management of Mitsui
- Person possessing both strong leadership skills and high moral caliber and with law-abiding spirit and a strong intention to contribute to public interest
- Person with no health concerns for the execution of duties
- Person possessing capability for smooth performance as a director of "decision-making related to the execution of operations of the company" and "oversight of the execution of duties by directors" to be conducted by the board of directors
- Person excelling in capability, foresight and insight to make best judgment for the company strictly in compliance with duty of care of a good manager and duty of loyalty expected of a director and in accordance with the "business judgment rule"

(iii) Policy on training for directors

Upon assumption, opportunities are given to directors for gaining full understanding of the business, financial affairs, organization, etc. of the company, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfil their duties including the role expected of directors which is mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

(iv) Evaluation of effectiveness of the Board of Directors

Each year, the Board of Directors analyzes and evaluates its effectiveness, taking into consideration relevant matters, including self-evaluations of each Director, and discloses a summary of the results. The methods and results of the evaluation of effectiveness of the Board of Directors for the year ending March 31, 2018 are summarized as follows:

**<** Evaluation method **>**

In January 2018, questionnaires pertaining to matters such as the composition of the Board of Directors, its operational status, and individual responsibilities were distributed to fourteen Directors and five Audit & Supervisory Board Members (hereinafter referred to as the "2018 questionnaire"), who all subsequently completed and returned the questionnaires. Moreover, opinions were exchanged regarding the effectiveness of the Board of Director in meetings attended by all External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the "external member meetings") held in February 2018. In its meeting held in February 2018, the Governance Committee engaged in discussions on the basis of the results of the 2018 questionnaire and external member meetings, and then the Board of Directors, after discussing such matters while taking the committee's report into account, decided on the matter of evaluating its effectiveness for the year ending March 31, 2018 in its meeting held in March.

With respect to carrying out the above evaluation method, at a Governance Committee meeting held in November 2017, the decision was made, as the current format's effectiveness was recognized, to persist with the current self-evaluation format involving the evaluation of effectiveness of the Board of

Directors for the year ending March 31, 2018, upon having verified the adequacy of processes that encompass methods of evaluating the effectiveness of the Board of Directors carried out by a third party.

**<** Questionnaire items **>**

Major categories of questionnaire items of the 2018 questionnaire are listed below. The 2018 questionnaire contains fields for comments related to such categories, and has been evaluated using methodology that involves assigning one of five grades to each question in the major categories. Furthermore, evaluation also encompasses the extent to which effectiveness of the Board of Directors has improved in comparison with the previous year, in order to gain an understanding of progress achieved in that regard.

I. Matters relating to composition of the Board of Directors
II. Matters relating to the operational status of the Board of Directors
III. Matters relating to deliberations of the Board of Directors
IV. Matters relating to roles and duties of the Board of Directors
V. Matters relating to advisory committee member composition, establishing meeting topics, reporting discussion results to the Board of Directors, other matters regarding status of committee management, etc.
VI. Matters relating to execution of duties of the Directors and Audit & Supervisory Board Members themselves
VII. Matters relating to support, etc. for Directors and Audit & Supervisory Board Members
VIII. Overall comments

**<** Initiatives in the year ending March 31, 2018 geared to achieving greater effectiveness **>**

During the year ending March 31, 2018, the Board of Directors and the Board of Directors Secretariat have engaged in the following initiatives taking into account results of the evaluation of effectiveness of the Board of Directors for the previous year. The Governance Committee also held meetings in July and November 2017, where committee members confirmed, reported and otherwise took action with respect to challenges of improving effectiveness and the status of initiatives geared to resolving issues.

- Topics for the Board of Directors to discuss

  During the year ending March 31, 2018, the Board of Directors engaged in deliberations regarding business plans for the fiscal year, given the notion that more opportunities should be arranged for discussing the Company's overall direction on matters such as corporate strategy and the Medium-term Management Plan. The Board of Directors also engaged in deliberations with respect to the new Medium-term Management Plan, subsequent to deliberations of the external member meetings. Moreover at the external member meetings, opportunities were arranged to discuss topics that included "matters of concern regarding the capital market, and the Company's IR activities" and "the Company's digital transformation."

  A significant majority of the external members responding to the 2018 questionnaire provided favorable assessment concerning the matter of discussions regarding the Company's overall direction at meetings of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.

- Composition of the Board of Directors

  During the year ending March 31, 2018, the Company achieved improvements with respect to striking a balance in diversifying the composition of its Board of Directors, having appointed Director Walsh who has experience being the CEO of a global corporation and Audit & Supervisory Board Member Mori who has expertise in accounting and auditing.
  A significant majority of the external members responding to the 2018 questionnaire provided favorable assessment concerning the composition of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.

- Review of operations of the Board of Directors

  With respect to matters that are to be referred and reported to the Board of Directors, beginning in the year ending March 31, 2018, materials for meetings of the Board of Directors now clearly state points that are to be discussed up to the stage of referral and reporting to the Board of Directors, including bodies such as the Portfolio Management Committee and the Corporate Management Committee. The materials for meetings of the Board of Directors now contain content that is appropriate with respect to deliberating on such points, and tables listing major points of

discussion, risks, and countermeasures in that regard.
A significant majority of the external members responding to the 2018 questionnaire provided a favorable assessment concerning the notion that there is greater clarity with respect to points of internal Company discussion which have been the basis of discussions of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.

**<** Summary of evaluation results **>**

Taking the aforementioned initiatives into account, the Company has reviewed the results of the 2018 questionnaire, and outcomes of exchanges of opinion at the external member meetings and deliberations of the Governance Committee and the Board of Directors. Accordingly, with respect to effectiveness of the Board of Directors during the year ending March 31, 2018, the findings made by the Board of Directors are as follows:

- Many commented that improvement has been achieved in addressing the three challenges stated last year with respect to (1) discussion topics, (2) composition of the Board of Directors, and (3) revamping meeting management.
- The Board of Directors has a wealth of diversity, and has prepared a structure to secure effective management oversight.
- Meetings of the Board of Directors have been operating smoothly, underpinned by adequate support of the Board of Directors Secretariat in areas such as preparing materials for meetings of the Board of Directors, providing information, and scheduling.
- The Board of Directors has been securing sufficient time for deliberations and engaging in constructive discussions and exchanges of opinion.
- At meetings of the Board of Directors, reports are given on results of risk analysis from Company-wide and multiple angles, based on which the Board of Directors discusses and reviews such risks drawing on knowledge furnished by respective Directors and Audit & Supervisory Board Members.
- The respective Directors and Audit & Supervisory Board Members, upon understanding the Board of Directors' duty to carry out oversight and auditing of the management, have all been devoting sufficient time and effort in fulfilling their responsibilities as Directors or Audit & Supervisory Board Members from an objective standpoint separate from business execution.
- The Company adequately ensures the availability of opportunities and funds for enabling Directors and Audit & Supervisory Board Members to acquire knowledge necessary to fulfill their roles and duties, and also on the whole the Company has ensured availability of frameworks for collaboration involving external members, the management, the Independent Auditor, and the Internal Auditing Division.

Based on the details summarized above, the Company's Board of Directors concludes that it has adequately maintained its effectiveness during the year ending March 31, 2018.

**<** Further Initiatives geared to achieving greater effectiveness **>**

- Composition of the Board of Directors
  With respect to composition of the Board of Directors, there was a diverse range of comments on matters such as the proportion of external members, the appropriate number of members, and securing appropriate Outside Directors.
  Taking such opinions into account, the Company's Board of Directors will ceaselessly review options with respect to a membership composition that is adequately suited to how the Board of Directors is positioned within the governance framework chosen by the Company.
- Matters for deliberation by the Board of Directors
  With respect to matters for deliberation by the Board of Directors, consideration is being given to the matter of setting agenda appropriate for discussions involving external members. Moreover, some commented that opportunities for regular discussion should be arranged with respect to strategy, governance, compliance, cyber security and other Company-wide topics, and also with respect to agendas that take prevailing trends and current events into consideration.
  The Company's Board of Directors will continue to review options with respect to adequately establishing matters for deliberation by the Board of Directors, from the perspective of enabling the

Board of Directors to bring greater added value in terms of managing the Company.

- Method of deliberation by the Board of Directors
  With respect to method of deliberation by the Board of Directors, some commented that they would like opportunities for open discussion established.
  The Company's Board of Directors will take these comments into account as it forges ahead in revamping Board of Director deliberation methods.
- Matters relating to the advisory committees to the Board of Directors
  With respect to matters relating to the advisory committees, some commented on the matters including regularly reporting details on deliberations of the respective advisory committees, as well as setting advisory committee schedules and frequencies of holding such meetings.
  The Company's Board of Directors will take these comments into account as it considers the possibility of revamping the methods of managing the advisory committees to the Board of Directors.

The Company's Board of Directors will aim to sustainably increase corporate value by engaging in ongoing initiatives geared to maintaining and enhancing the effectiveness of the Board of Directors including those initiatives involving the aforementioned points, and ensuring adequate oversight with respect to management by the Board of Directors.

(b) Audit & Supervisory Board Members

(i) Status of Audit & Supervisory Board

- As of the issuance of this report, there are 5 Audit & Supervisory Board Members, including 2 Full-time Audit & Supervisory Board Members and 3 External Audit & Supervisory Board Members (including 1 female External Audit & Supervisory Board Members, and the percentage of female Audit & Supervisory Board Member is 20%). A meeting of the Audit & Supervisory Board Members is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2017, 22 meetings were held. Audit & Supervisory Board Members attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions.
- The Guidelines of Auditing by Audit & Supervisory Board Members define the responsibility of Audit & Supervisory Board Members, the frame of mind necessary for them, the framework of audits, audit standards, and codes of conduct. Pursuant to laws and regulations, the Articles of Incorporation and the provision of the Rules of the Audit & Supervisory Board, the Audit & Supervisory Board receives reports, deliberates and/or makes resolutions as to important matters in auditing.
- Each Audit & Supervisory Board Member has a duty to audit the following issues: in the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditors, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.
- The Audit & Supervisory Board establishes audit policies and makes audit plans taking into consideration materiality, timeliness and other necessary elements. To conduct effective and efficient audits, the Audit & Supervisory Board coordinates closely with the Independent Auditors and Internal Auditing Division.
- Full-time Audit & Supervisory Board Members attend important internal meetings and committees, including the Corporate Management Committee. All Audit & Supervisory Board Members have discussions with the Chairman of the Board of Directors and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Audit & Supervisory Board Members receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units.
- The Audit & Supervisory Board has designated some of the affiliated companies both domestic and overseas as "Important Affiliated Companies Designated by the Audit & Supervisory Board". The Audit & Supervisory Board Members conduct auditing on the management status of Mitsui's subsidiaries through visits to these designated affiliate companies and major subsidiaries as well as

through cooperation with audit & supervisory board members at subsidiaries.

- The Audit & Supervisory Board has designated Mr. Joji Okada and Mr. Kimitaka Mori as Audit & Supervisory Board Members who have considerable expertise in finance and accounting. Mr. Joji Okada joined Mitsui in 1974. Before being elected as one of our Audit & Supervisory Board Members in 2015, he had worked in the field of accounting and was appointed as Managing Officer, General Manager of Accounting Division in 2008, as Executive Managing Officer, Chief Financial Officer in 2011, and as Vice President, Chief Financial Officer in 2014. Mr. Kimitaka Mori had been working in the field of corporate accounting over the years as a certified public accountant, and holding important positions in that field such as the former Chairman and President of Japanese Institute of Certified Public Accountants.
- Mitsui sets up the Audit & Supervisory Board Division to assist in the performance of the duties of the Audit & Supervisory Board Members, and assign to the Division at least 3 full-time employees with the appropriate knowledge and abilities necessary for this work.
- Mitsui has entered into agreements with each Audit & Supervisory Board Member respectively limiting their liability as Audit & Supervisory Board Members to legally designated limits, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

(ii) Appointment standard for Audit & Supervisory Board Members and process of appointment

Mitsui selects candidates for positions of Audit & Supervisory Board Member giving consideration to the following appointment standard for Audit & Supervisory Board Members. For the selection of candidates for positions of Audit & Supervisory Board Member, Directors prepare a proposal for election through consultation with Audit & Supervisory Board Members and obtain agreement of the Audit & Supervisory Board in advance. The Audit & Supervisory Boards deliberates on the advisability of agreeing with the proposal for election of Audit & Supervisory Board Members to be submitted to the General Meetings of Shareholders by the Board of Directors.

- Person of excellent personality and considerable insight, possessing outstanding capability and achievements or abundant knowledge in the fields of legal affairs, financial affairs and accounting, business management, and other various fields
- With respect to internal Audit & Supervisory Board Members, person well-acquainted with actual conditions of the company and possessing capability to conduct appropriate audits

(iii) Policy on training for Audit & Supervisory Board Members

Upon assumption, opportunities are given to Audit & Supervisory Board Members for gaining full understanding of the business, financial affairs, organization, etc. of the company, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfil their duties including the role expected of Audit & Supervisory Board Members which is mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

(iv) Internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is maintained and exercised with emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of Company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.
- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2017, is as follows: of a total of 66 people, which includes one General Manager, 28 internal auditors, 26 members in charge of audits, and 11 staff members; 56 people are stationed in the Internal Auditing Division in the Head Office, 6 people are stationed in Internal Auditing Offices overseas, and 4 people are stationed in the Internal Auditing Department within Business Supporting Units.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or security trade control systems, and extraordinary examinations to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles and checks the assessment of the entity-wide internal control regarding the credibility of financial reports, pursuant to the Financial Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.
- For each fiscal year, the internal auditing policy and the internal auditing plan go through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

(v) Auditing of financial statements

- For the year ended March 31, 2017, the certified public accountants executing audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Yoshio Sato, Takashi Kitamura, Michiyuki Yamamoto and Takenao Ohashi. The number of assistants involved in auditing work is 82 people as of March 31, 2017, and this number is comprised of 29 certified public accountants, 16 members of the Japanese Institute of Junior Accountants, and 37 others.
- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries are in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

2. Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.
- As mentioned above, the Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from NASDAQ in April 2011 and the termination of SEC registration in July 2011, Mitsui has implemented the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The safeguarding of company assets;" and consists of: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in "Standards and Practice Standards for

Management Assessment and Audit concerning Internal Control Over Financial Reporting," issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify. The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2017 are as follows:

| | |
|---|---|
| Internal Controls Committee | Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes a basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system. The Committee met twice, and the 3 sub-committees to the Internal Controls Committee, which are the Compliance Committee, the Disclosure Committee and the J-SOX Committee, each made reports to the Internal Controls Committee regarding matters including the discussions they held. |
| Compliance Committee | As an organization under the Internal Controls Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure. The Compliance Committee met twice. The Committee carried out a review of Mitsui's responses to compliance issues and the compliance plans for the purpose of maintaining and improving the effectiveness of the compliance structure. In order to improve the awareness and knowledge of its officers and employees regarding compliance issues, Mitsui distributed the Handbook to all the employees, and implemented various compliance e-learning and compliance training sessions. In November 2016, Mitsui held the Compliance Review week as an opportunity to review familiar compliance issues, in which we held a seminar, exchanged opinions and information, and so on. The compliance awareness survey was also conducted at Mitsui and its main group companies located in Japan in order to see the awareness level of our group. Mitsui also worked on building a consolidated group-wide compliance structure by developing a compliance program at affiliated companies, through provision of assistance to compliance officers of such companies, for example, by distributing "Compliance Handbook for Mitsui Group companies" to main group companies located in Japan. |
| Disclosure Committee | As an organization under the Internal Controls Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed. The Committee met three times and established a disclosure policy for various disclosure materials and carried out evaluations of the appropriateness of the contents of such materials. |
| J-SOX Committee | As an organization under the Internal Controls Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting. During the year ended March 31, 2012, due to the termination of the registration with SEC, the SOA Sec. 404 Committee was renamed as the J-SOX Committee. The Committee met twice. The Committee understood the company-wide status of internal control over financial reporting for the year ended March 31, 2017 and studied company-wide measures to keep and improve the effectiveness of internal control. |
| Portfolio Management Committee | As an advisory body to the Corporate Management Committee, this committee establishes the corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals. The Committee met sixteen times. The Committee reported to the Corporate Management Committee regarding the results of examinations into key strategic domains, business portfolio strategy, investments, loans and recycling plans, and individual large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets. |
| Information Strategy Committee | As an advisory body to the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of a management platform and promotion of the structure of the information strategy. The Committee met six times. The Committee made decisions on policies such as the construction of the next-generation management platform on a global and group basis, IT governance, management of IT investments, IT security and R&D activity on information technology, training of human resources literate in IT management, and changing mindsets company-wide. Also the discussion about Digital Transformation was held in the Committee. |
| Sustainability Committee | We have newly established the Sustainability Committee from May 2017 by strengthening and enhancing the role of the CSR Promotion Committee. As an |

| | |
|---|---|
| | organization under the Corporate Management Committee, this committee aims to promote management with greater awareness of the sustainability of both society and Mitsui and provides advice to the management. The CSR Promotion Committee met four times. The Committee conducted progress reporting on CSR promotion activities, social contribution activities and the Mitsui & Co., Ltd. Environment Fund, etc., and prepared the 2017 activity policy. In addition, the Committee identified CSR material items and confirmed the identification process.<br>The Power and Energy Strategy Committee that dissolved in March 2017 met three times. The Committee carried out medium- and long-term macro analysis of the environment, electricity, and energy segments based upon data and information provided by governmental agencies, etc., and discussed strategic approach and necessary measures in those segments. |
| Business Innovation Committee | As an organization under the Corporate Management Committee, this committee monitors and analyzes new technology trends and potential business innovations, specifies our priorities and focuses, and provides advice to the management. It also examines specific measures to support business units in implementing potential new next generation business. The Committee met eight times. It not only focused on new technology trends and potential business innovations, but also promoted innovation such as reformation of business models, researched and identified company-wide priority items, shared such information internally, formed internal task forces, conducted awareness campaigns, and studied and deliberated on potential new business opportunities. |
| Diversity Promotion Committee | As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan. The Committee met in September, 2016. The Committee discussed and analyzed current issues to realize our diversity management aims and made decisions regarding action plans such as Working Style Innovations in order to resolve these issues. |
| Crisis Management Headquarters | As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters. |

3. Details of Audit Fees and Other Matters

(a) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC. The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2017.

| | Audit Fees(Millions of Yen) | Non Audit Fees (Millions of Yen) |
|---|---|---|
| Mitsui | 709 | 18 |
| Consolidated subsidiaries | 725 | 10 |
| Total | 1,434 | 28 |

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by laws to be performed by the auditor, and can only be reasonably performed by the auditor.

(b) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, which belong to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2017.

| | Audit Fees (Millions of Yen) | Non Audit Fees (Millions of Yen) |
|---|---|---|
| Mitsui | 2 | 97 |
| Consolidated subsidiaries | 2,209 | 258 |
| Total | 2,211 | 355 |

(c) Details of non-auditing work performed by the certified public accountant auditor of Mitsui

The non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC includes advisory services and so on.

(d) Policy for determining audit fees
In determination of audit fees, factors such as the auditing plans and the status of execution of duties by the auditor in the previous fiscal year are taken into account. The approval of the Audit & Supervisory Board is obtained when decisions on fees for auditing work are made.

### 3. Reasons for Adoption of Current Corporate Governance System

- Regarding the reasons for adoption of the current corporate governance system, see I.1. "*Basic Views*" and II.2.1. "*Corporate Governance Structure*".
- Regarding the functions and roles of External Directors of Mitsui, see II.1. "*Matters relating to Independent Directors/Kansayaku*".

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

| | Supplementary Explanations |
|---|---|
| Early Notification of General Shareholder Meeting | Mitsui dispatches notices for General Meetings of Shareholders around 3 weeks before the date of each Meeting. |
| Scheduling AGMs Avoiding the Peak Day | When setting the date for Ordinary General Meetings of Shareholders, Mitsui gives first priority to the avoidance of dates on which there are many other shareholders' meetings. |
| Allowing Electronic Exercise of Voting Rights | To facilitate the active exercise of shareholders' voting rights, Mitsui has started using electronic convocation notices and electronic voting since the General Meeting of Shareholders in June 2004. |
| Participation in Electronic Voting Platform | Since the General Meeting of Shareholders held in June 2006, Mitsui has used the platform provided by ICJ, Inc. to enable institutional investors to exercise their voting rights electronically. |
| Providing Convocation Notice in English | English versions of notices, including Business Reports, etc., are posted on the company's website. |
| Other | Notices (including Business Reports, etc.), including English translations, are disclosed on the company's website and posted on stock exchanges and electronic voting platforms via TDNet more than 4 weeks prior to the date of the meeting. In addition, immediately after a General Meetings of Shareholders, videos of activities at each Meeting, including presentations by senior management, are posted on the Company's website and are available for streaming for a certain period. |

### 2. IR Activities

| | Supplementary Explanations |
|---|---|
| Preparation and Publication of Disclosure Policy | Since 2005, Mitsui has maintained a Corporate Disclosure Policy and published it in Japanese and English on its Company's website. |
| Regular Investor Briefings for Individual Investors | Presentation meetings for individual investors are held around 5 times a year, and the presentation materials are posted on the company's website. Since the year ended March 31, 2010, the President and Chief Executive Officer, CFO, Global Controller or General Manager of Investor Relations Division have acted as presenters at these meetings. |
| Regular Investor Briefings for Analysts and Institutional Investors | Regular presentations for sell-side analysts and institutional investors are held after the release of quarterly financial results, with the President and Chief Executive Officer or CFO as presenter. Presentation materials, including English translations, are posted on the company's website on the day of each meeting. Questions and answers from these meetings are also posted on the website. In addition, Mitsui held the first investor day event, in which the President and Chief Executive Officer, Corporate Officers and Chief Operating Officers made presentations about key initiatives on the |

| | |
|---|---|
| | New Medium-term Management Plan, for sell-side analysts and institutional investors in June 2017. On-demand video of the presentations, questions and answers as well as presentation materials, including English translations, are posted on the website. |
| Regular Investor Briefings for Overseas Investors | Individual meetings are normally held around 5 times a year at the offices of institutional investors in Europe, the Americas, and Asia. |
| Posting of IR Materials on Website | IR materials are available on the Company's website (https://www.mitsui.com/jp/en/ir/index.html). Information provided for shareholders on the website includes financial results, timely disclosure materials other than financial results, Securities Reports, quarterly reports, annual reports, corporate presentation materials, corporate governance information, notices for General Meetings of Shareholders, and Newsletters to Shareholders. |
| Establishment of Department and/or Manager in Charge of IR | The Investor Relations Division has been established under the rule of the CFO as a dedicated IR unit. |

## 3. Measures to Ensure Due Respect for Stakeholders UPDATED

| | Supplementary Explanations |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | In the Mitsui & Co., Ltd Corporate Governance and Internal Control Principles, the management objective of Mitsui is defined as "Mitsui company officers and employees working under the "Mitsui management principles" to reply to the expectations and trust placed in us by our stakeholders, including shareholders, clients, employees as well as consumers and regional communities, and proactively pursuing Corporate Social Responsibility (CSR) oriented management, and as a result to increase corporate value from both the quantitative and qualitative aspects in a sustainable manner." The company has also formulated various policies, including the Basic CSR Policy, the Social Contributions Policy, the Environmental Policy, and the Supply Chain CSR Policy, to raise the CSR awareness of individual employees. |
| Implementation of Environmental Activities, CSR Activities etc. | Please refer to the Sustainability Report for detailed information about environmental conservation and CSR activities. |
| Development of Policies on Information Provision to Stakeholders | The Basic CSR Policy requires that the company should fulfill its accountability obligations by giving priority to interactive communication, including the provision of information to stakeholders. CSR activities are continually improved based on feedback from stakeholders. |
| Other | [Initiatives for combining the capabilities of diverse human resources]<br>In order to realize diversity management to enhance corporate competitiveness by combining the capabilities of diverse human resources, in 2005, we established a dedicated unit, the Diversity Management Department of the Human Resources & General Affairs Division, which has been playing a central role in various initiatives in this regard and increasing its efforts to utilize diverse human resources.<br>Mitsui considers that promoting a greater role for female employees is an urgent issue, and are implementing the following measures to create an environment in which female employees can fully exert their capabilities, to support their development, and to promote a more active role for them.<br><br>1. Promoting work style innovations and transforming employees' mindset to create workplace environments where diverse individuals can reach their full potential<br>We are promoting work style innovation to create a workplace environment where diverse individuals, including female employees, can reach their full |

| | |
|---|---|
| | potential. In order to realize varied work patterns with high levels of efficiency and productivity and maximize both our personal and organizational results, we introduced “annual paid leaves on an hourly basis” and “mobile work” from the fiscal year ended March 2017, and also implemented “an individual-based staggered working hour scheme” from the fiscal year ending March 2018.<br>We are also working to transform employees’ mindset by providing a diversity management training program for managerial staff and career development seminars for female business staff.<br><br>2. Further improvement of measures to help employees reconcile work and family life<br>We have introduced several measures to help employees reconcile work and family life, such as systems relating to pregnancy and childbirth (e.g., pregnancy leave, childbirth leave, childbirth attendance leave), childcare-related systems (e.g., childcare leave, family care leave, short-time working hours, the arrangement of places in childcare facilities), systems relating to family care needs (e.g., family care leave, nursing care leave, short-time working hours) and re-employment systems for employees who had to resign as a result of their spouses’ transfer. In addition to the existing measures, in the area of child care, we started providing support for part of the cost of hiring a baby-sitter from the fiscal year ended March 2017, as well as support for part of childcare expenses for employees who return early from childcare leave and support for part of extended childcare charges from the fiscal year ended March 2018. In the area of family care, we conducted a questionnaire on the balancing of work and family care in the fiscal year ended March 2017. Based on a strong request from employees, we also distributed a handbook aimed at assisting employees in balancing work and family care, and held explanatory sessions on the company’s family care system, as well as seminars on family care to provide information to help employees establish the balance between work and family care. Furthermore, we introduced “special support leave (nursing care for disabled family member leave)” in the fiscal year ended March 2018. We will continue to work on measures to support the concept of “work-life management”, such as improvement of measures to help employees reconcile work and family life during their overseas assignment.<br><br>3. Response to the Act on Promotion of Women’s Participation and Advancement in the Workplace<br>We drew up our action plan in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace enforced in April, 2016, and posted it on the Company’s website.<br>(https://www.mitsui.com/jp/ja/sustainability/activity_report/governance/diversity/initiatives/pdf/jyoseikatsuyaku_1603.pdf)<br><br>(Japanese only)<br><br>For information on our status regarding the promotion of a greater role for female employees, please refer to the database for companies promoting women’s participation and advancement, operated by Japan’s Ministry of Health, Labour and Welfare.<br>（https://www.positive-ryouritsu.jp/positivedb/detail?id=866）<br>(Japanese only)<br><br>The percentages of female staff in each employee category (non-consolidated) were as follows:<br>25.7% of new employees (business staff) who joined Mitsui in April 2017 |

| | |
|---|---|
| | 28.3% of all employees (as of July 1, 2017)<br>15.8% of all Directors and Audit & Supervisory Board Members (as of July 1, 2017)<br>10.6% of all business staff (as of July 1, 2017)<br>8.3% (42 staff members), which is the percentage of female staff stationed overseas (including business trainees and language trainees) in all female business staff (as of July 1, 2017)<br>5.7% (200 staff members) of all managerial staff (as of July 1, 2017)<br><br>We have set targets of tripling the number of female managerial staff compared with the total as of June 2014 (67 staff members) by 2020, and we expect to achieve this target in the next fiscal year, two years ahead of schedule, through the proactive implementation of diversity management.<br><br>As a result of this series of initiatives, Mitsui was selected as a 2018 'Nadeshiko Brand' company by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for its proactive efforts to support women to play more active roles in the workplace. Including being selected as a Semi-Nadeshiko Brand last year, this is the fourth year running that Mitsui has been recognized as a Nadeshiko Brand.<br><br>Furthermore, on September 30, 2016, Mitsui was awarded 'Eruboshi' status by the Japanese Minister of Health, Labour and Welfare. The Eruboshi system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Out of the companies that submit to the scheme, only those that meet certain standards and are shown to be leading in areas such as the implementation of initiatives to promote women's activities receive designation. There are three classes of Eruboshi certification, and Mitsui was awarded Class 2.<br>(https://www.mitsui.com/jp/en/sustainability/activity_report/governance/diversity/initiatives/index.html)<br><br>[Compliance with the United Nations Global Compact]<br>In October 2004, Mitsui pledged its support for the United Nations Global Compact. The Company is promoting business activities based on good faith and a high standard of transparency by periodically reviewing its compliance with the principles of the Compact in order to identify and remedy any inadequacies. |

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

Regarding internal control system and the related units, see II.2.2 "*Framework for internal control and execution of business activities*". In the construction of internal control processes, aiming to achieve the above mentioned objective of the internal control process – "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets" – the following systems are implemented.

1. Risk management system
   As a general trading company engaging in a wide variety of businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of business units and regional business units within their authorization delegated from the management. Risks associated with our business

include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and operational risk. Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system. Furthermore, as stated in II.2.1. "*Corporate Governance Structure*" as committees responsible for business execution and the internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units. With respect to the risks in the fields they are in charge of, each division of the Corporate Staff Units is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

2. Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui implements the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the Company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2017.

3. Internal controls regarding construction and management of information systems and information security

"Information Technology (IT) policy" is declared as a basic policy for IT utilization to promote further awareness raising of employees and enhancement of IT governance. The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussions at the Information Strategy Committee established pursuant to the "Rules of Information Strategy Committee." Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage risks through maintenance of the following rules, necessary in light of development and operation of information systems and information security.

"Rules on Information System Management": rules on the process of procurement, introduction and operation of Information assets

"Rules on IT Security": code of conduct for the system supervisory divisions regarding IT security

"Rules on Information Management": basic policies in terms of information risk management system and information management

"Rules on Protection of Personal Information": rules for the handling of personal information required for business execution (Applied only in Japan)

"Rules on Cyber Security Countermeasures": rules for preventive measures against cyber-attacks and emergency countermeasures in the event of incident

4. Compliance structure

In addition to the Compliance Committee, (see II.2.1 "*Corporate Governance Structure*"), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system within the regular line of management at business division and department level. Further, Compliance Supervising Officers are designated at domestic and overseas units, branch offices and others.

Mitsui has set forth the "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." ("Guidelines") and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui's website for the "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd."

Mitsui has a total of eight whistle-blowing avenues in place, including those involving an external attorney at law and a third-party providing hotline services. Pursuant to the Whistleblower Protection Act, Mitsui made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing avenues (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain a high standard of confidentiality and (ii) enable their employees to use these avenue without uneasiness. Mitsui's overseas offices and overseas affiliate companies also have whistle-blowing systems that were put in place considering applicable local laws and regional characteristics. Furthermore, Mitsui prohibits treating a whistleblower disadvantageously due to the reason of the whistleblowing itself, and will thoroughly make this a known internal fact. Any cases of violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

5. Specially Designated Business Management System
In response to the DPF Incident, Mitsui established the "Specially Designated Business Management System" in April 2005. Under this system, internal review of four business domains which are "Environment-related business," "Medical, Healthcare and Bioethics-related businesses," "Businesses with subsidy," and "Business harboring other unusual reputation risks" is strengthened. When examining these matters, reports from the Sustainability Committee or the Environmental Societal Advisory Committee in which external experts participate as members, or opinions from other external experts will be obtained, as necessary. In addition, Mitsui appoints consultants with insights into environmental and social risk, human rights and utilize their advice for new and existing environment-related businesses as necessary.

6. Systems to secure appropriateness of operations within the corporate group
In March 2006, Mitsui established the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" ("Principles"). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its equity accounted investees, Mitsui coordinates with other equity participants and encourages the equity accounted investees to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see IV.1.2. "*Internal control over financial reporting*" above. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the "Rules on Delegation of Authority for Supervising Officers for Affiliated Companies." Also, when Mitsui deploys full-time audit & supervisory board members in major affiliated companies, Mitsui selects personnel from the Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

### 2. Basic Views on Eliminating Anti-Social Forces

1. Mitsui reacts resolutely towards antisocial forces, and will not, as a matter of principle, conduct business with antisocial forces or with parties that have relations with antisocial forces.

2. Mitsui specifies the abovementioned principle in its "Business Conduct Guidelines", and makes this thoroughly known to its officers and employees. To reject antisocial forces, and to make this a company-wide stance, insertion of a clause within contracts rejecting antisocial forces is encouraged, and by placing a response unit, a system enabling routine coordination with external professionals, such as police and lawyers, is established.

## V. Other

### 1. Adoption of Anti-Takeover Measures

| | |
|---|---|
| Adoption of Anti-Takeover Measures | Not Adopted |

| |
|---|
| Supplementary Explanation |

N/A

## 2. Other Matters Concerning to Corporate Governance System

[Outline of Timely Disclosure System]

1. Internal structure relating to timely disclosure to capital markets

(1) Mitsui has formulated principles and a basic policy and developed an internal structure relating to statutory disclosure and timely disclosure on an internal and external consolidated basis. We have also established the Disclosure Committee to examine highly urgent IR matters and formulate measures. The Disclosure Committee is a subordinate organization of the Internal Controls Committee, which is one of the key committees involved in the execution of business operations.. It is chaired by the CFO, and its members are the General Managers of the relevant corporate staff divisions. The Investor Relations Division, which acts as the secretariat for the Disclosure Committee, works with IR staff assigned to corporate staff divisions and business units to prepare drafts of disclosure documents and analyze points for discussion in response to directives from the Disclosure Committee.

(2) In its Corporate Disclosure Policy, Mitsui has defined the fundamental requirements and procedures for the disclosure of information that investors need to make appropriate decisions. This policy has been posted on the Company's website.

(3) Mitsui has established the Investor Relations Division as the unit responsible for disclosure to investors. This Division is in charge of administrative processes relating to timely disclosure and is responsible for the monitoring and management of facts, financial data, and other information that could have a material impact on investors' decisions, and for the accurate and timely disclosure of that information.

2. Facts that could have a material impact on investors' decisions

(1) Management of information relating to timely disclosure is integrated within the Investor Relations Division, which is the unit responsible for communication with the Tokyo Stock Exchange. When disclosing important new facts, the Investor Relations Division, determines the content of the disclosure. If necessary, it first examines the information in consultation with the corporate staff divisions that make up the Disclosure Committee and consults with the Corporate Communications Division, which is responsible for interaction with the media.

(2) If a high-level management decision is required concerning the disclosure method and timing, etc., disclosure will be carried out after deliberation by the Disclosure Committee, and, if necessary, after approval has been obtained from the Corporate Management Committee.

(3) The Investor Relations Division monitors the progress of the executive approval process (*ringi*) in preparation for the disclosure of important information and is also responsible for day-to-day communications among internal units concerned. Internal units are required to inform the Investor Relations Division about progress on important projects through the corporate organization. To align the viewpoints of the corporate organization and frontline business units, the Investor Relations Division holds regular meetings with each business unit after the publication of quarterly financial results. The purpose of these meetings is to share information about market reactions to information disclosed at the corporate or individual business unit level, and about important disclosure items going forward.

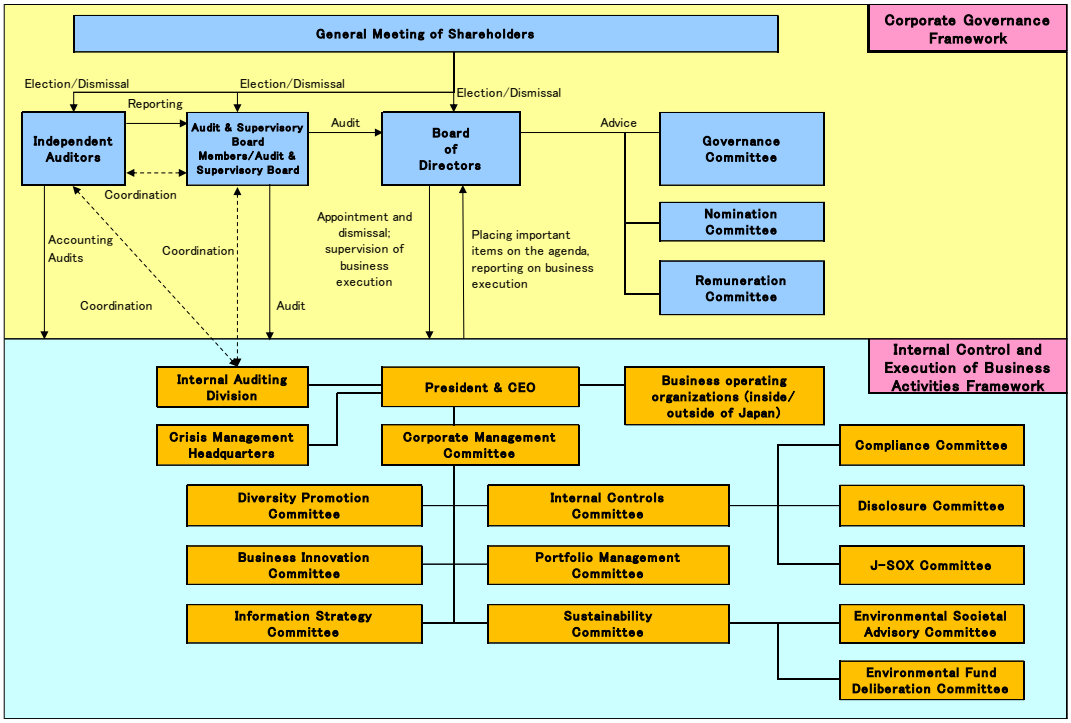
3. Information about Financial Results

Information is released each quarter after approval by the Corporate Management Committee

(1) Management of financial information has been integrated within the Global Controller Division, and general non-financial information within the Investor Relations Division. Final responsibility for the external disclosure of Flash Reports and other information rests with the Investor Relations Division.

(2) Before financial results are released, Flash Reports and other external disclosure documents and important disclosure items are checked by a study committee made up of the CFO and members of the Disclosure Committee.

[Governance structure]


Corporate Governance Framework
General Meeting of Shareholders
Election/Dismissal
Election/Dismissal
Election/Dismissal
Reporting
Independent Auditors
Audit & Supervisory Board Members/Audit & Supervisory Board
Audit
Board of Directors
Advice
Governance Committee
Nomination Committee
Remuneration Committee
Coordination
Accounting Audits
Coordination
Coordination
Audit
Appointment and dismissal; supervision of business execution
Placing important items on the agenda, reporting on business execution
Internal Control and Execution of Business Activities Framework
Internal Auditing Division
President & CEO
Business operating organizations (inside/ outside of Japan)
Crisis Management Headquarters
Corporate Management Committee
Compliance Committee
Diversity Promotion Committee
Internal Controls Committee
Disclosure Committee
Business Innovation Committee
Portfolio Management Committee
J-SOX Committee
Information Strategy Committee
Sustainability Committee
Environmental Societal Advisory Committee
Environmental Fund Deliberation Committee