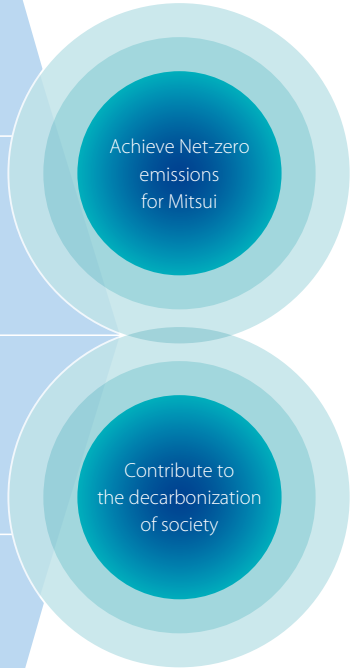
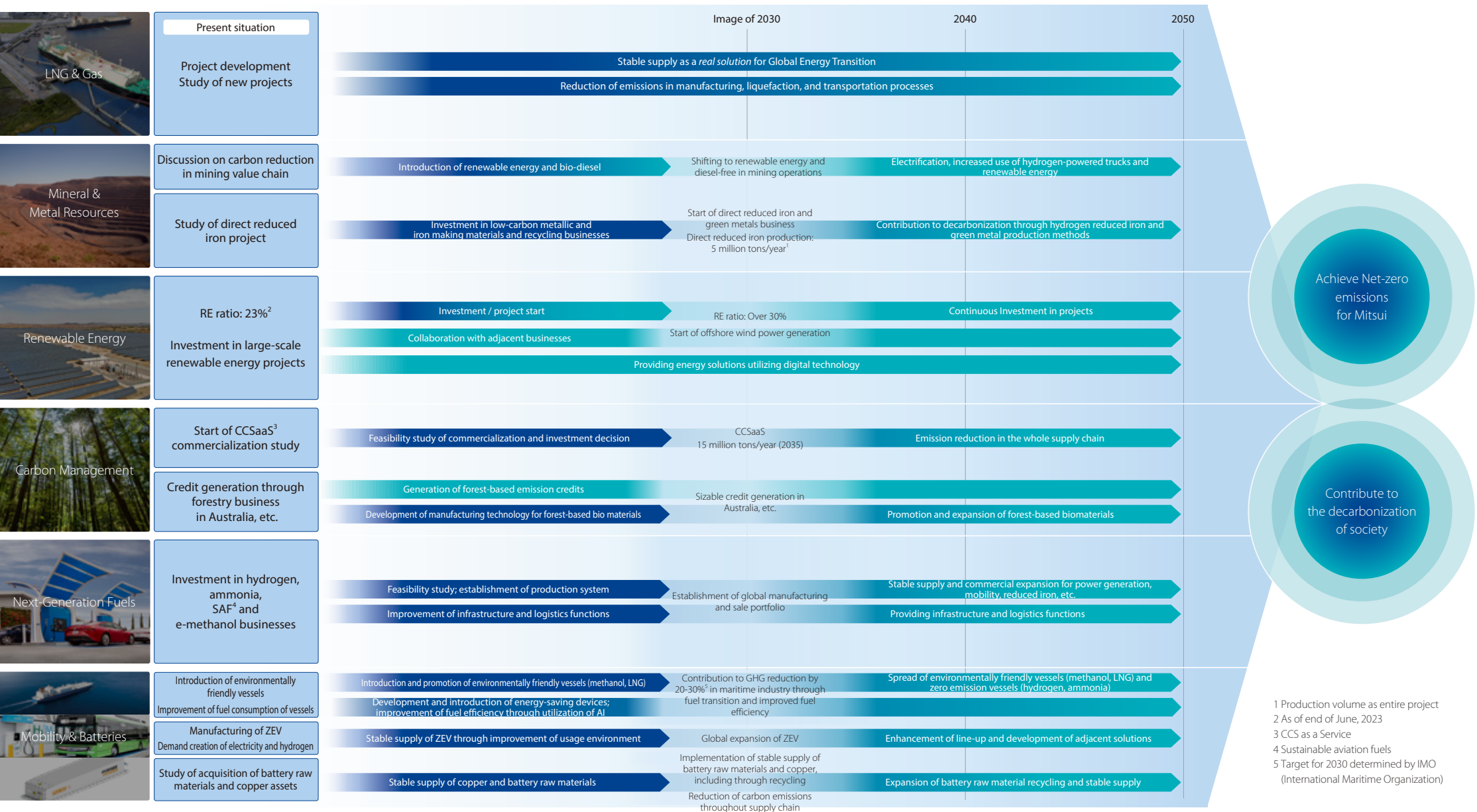


Sustainability Management

# Roadmap to Net-zero Emissions by 2050

We have set a goal of Net-zero emissions by 2050, and we aim to halve our GHG impact by 2030 compared with the fiscal year ended March 2020 as a milestone for achieving this goal.

Under the theme of "Creating Sustainable Futures" in Medium-term Management Plan 2026 (announced in May 2023), we place sustainability at the core of our management efforts and will unearth social issues around the world and provide a variety of *real solutions* through our business to create a better future. Through the provision of *real solutions*, we will realize both Net-zero emissions and our economic value.



1 Production volume as entire project  
 2 As of end of June, 2023  
 3 CCS as a Service  
 4 Sustainable aviation fuels  
 5 Target for 2030 determined by IMO (International Maritime Organization)

Sustainability Management

# "Challenge and Innovation" in Next-generation Fuels Initiatives for Both Supply and Demand

Segment: ■ Mineral & Metal Resources ■ Energy ■ Chemicals ■ Machinery & Infrastructure ■ Lifestyle   
■ Innovation & Corporate Development

In line with the movement toward achieving a decarbonized society, carbon reduction of fuel is an important agenda. In terms of next-generation fuels, we are developing our business by exerting business engineering capabilities through the collaboration of several segments such as Energy and Chemicals that are managing production and sales, and Machinery & Infrastructure, Mineral & Metal Resources and Lifestyle which create demands for clients. Leveraging our network with partners, and the insight and expertise we have cultivated through activities targeting social issues, we will build a supply chain for next-generation fuels to promote the Global Energy Transition—which is one of the Key Strategic Initiatives of Medium-term Management Plan 2026—and in turn contribute to the decarbonization of society.



## “Challenge and Innovation” in Next-generation Fuels—Initiatives for Both Supply and Demand

### Contribution Towards a Decarbonized Society Through Next-gen Fuels Production

In 2014, we made a strategic investment in LanzaTech, a US biotechnology company, and have been using LanzaTech's technologies for the global rollout of an ethanol manufacturing business with high added value for the environment. At the same time, we have started working on next-generation fuels manufacturing businesses including sustainable aviation fuel, hydrotreated vegetable oil, renewable natural gas, hydrogen and ammonia.

Next-generation energies still come with issues such as higher costs. Moreover, each country has its own environment-related policy trends and restrictions on raw material procurement, so we must consider the types of energy that are most suitable for each region and industry. In building a global portfolio of fuels with high added value for the environment, we need to be involved in the entire value chain, from raw material processing and manufacturing processes to customer networks, as we meet customer needs for decarbonization.

For example, we have decided to participate in the YURI project in the Pilbara region of Western Australia to produce green hydrogen using solar power. Solar panels (18MW) and hydrogen production equipment (10MW) will be installed and the green hydrogen produced will be supplied to an ammonia production facility.

Also, we currently import ethanol from Brazil for use in beverages and for industrial use. Together with a primary distributor of oil products, we are considering leveraging this network and logistics channel in a manufacturing business in Japan for sustainable aviation fuel, which uses ethanol as a raw material. By utilizing our strengths in existing businesses to launch new cross-industry businesses, we aim to help reduce industrial CO<sub>2</sub> emissions globally.



LanzaJet demo-plant in the US (under construction)

### Contributing to Decarbonization in Shipping through Demand Creation and Support for the Environmental Demand both in Customers and Partners

In our ship business, while flexibly responding to environmental changes, we have provided revolutionary functions and services that meet the needs of our customers worldwide. Meanwhile, in the shipping sector, to achieve the target “Net-zero GHG emissions close to 2050” that was agreed on by the International Maritime Organization in July 2023, attention has turned to the adoption of alternative fuels such as methanol, ammonia, LNG, biofuels, hydrogen, and other energy sources, and advances such as electrification of propulsion systems. In terms of practical applications, however, there are issues with technical development, supply capacity and economic efficiency, for example. We aim to contribute to lower GHG emissions across the industry's value chain through the creation of fuel conversion-related business opportunities (ownership, sales or brokerage of environmentally friendly ships; supply of new marine fuels); the pursuit of new electrification-related equipment businesses in collaboration with shipyards and marine equipment manufacturers; and, as a measure to improve fuel consumption efficiency, the use of AI to improve operational efficiency and provide energy-saving equipment solutions.

For environmentally friendly ships, we have teamed up with strategic partners—the industry's leading shippers, shipping companies, and shipyards—to jointly develop environmentally friendly ships that use methanol and ammonia as fuel. In doing so, we aim to reinforce and enhance our existing core functions including ownership, sales, and brokerage. To accelerate the application of methanol as maritime fuel, Mitsui has participated in preparation for the first ship-to-ship bunkering operation<sup>1</sup> of Green Methanol in the port of Singapore, to the dual fuel feeder container ship owned by Danish integrated logistics company A.P. Moller - Maersk in July 2023, together with the like-minded project partners.

Using Mitsui Group's experience, industry knowledge, and networks in the methanol value chain, which encompasses production, tank storage, trading, transport, and ship owning, we seek to build up a track record in the Port of Singapore and further develop our global business.

1. Fuel supply from ship to ship by laying alongside a bunker ship



Bunkering operation trial

#### HIGHLIGHT

### Assessing Reduction Contribution

We are involved in many businesses that contribute to decarbonization, not only in the next-generation fuel business, but also renewable energy, emissions credit generation business, etc., and place a high priority on addressing climate change. Therefore, we consider our GHG Impact, which is calculated by subtracting the amount of Reduction Contribution and absorption and offset volume realized through our business from our own emissions, to be an important indicator of our response to climate change. Reduction Contribution refer to the opportunity &

transition of GHG emission reductions by providing products and services that contribute to the reduction of society's GHG emissions through our business, and thereby contribute to the reduction of third-party GHG emissions (Scope 1 and Scope 2). This is quantified from the perspective of Life Cycle Assessment. Please refer to the Sustainability website for details on how to assess the specific opportunity & transition Reduction Contribution for each project.



Climate change

[https://www.mitsui.com/jp/en/sustainability/environment/climate\\_change/index.html](https://www.mitsui.com/jp/en/sustainability/environment/climate_change/index.html)

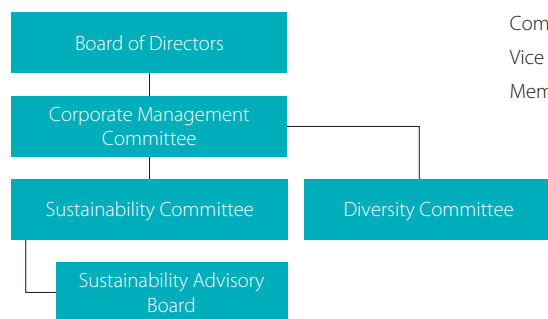
## Sustainability Management Advancing Sustainability Management

### Sustainability Promotion System

Our sustainability promotion system is shown in the chart below. As a subcommittee of the Corporate Management Committee, the Sustainability Committee plans, drafts, and proposes basic management policies, business activities, and corporate policies and strategies relating to sustainability and ESG. With the Sustainability Committee playing a central role, Mitsui promotes sustainability-related activities based on cross-organizational collaboration to meet the needs and expectations of society in relation to companies' social values and initiatives. The Sustainability Committee is structured so that its activities are appropriately supervised by the Board of Directors, and matters discussed by the Sustainability Committee are regularly discussed and reported to the Corporate Management Committee and the Board of Directors. In the fiscal year ended March 2023, in addition to conducting regular biannual reports on activities to promote sustainability at Board of Directors, the Directors and Audit & Supervisory Board members, including external directors and members, held free discussions on the theme of responding to climate change, which led to a lively debate.

The Diversity Committee separately plans, formulates, and makes proposals regarding human resources strategy and diversity.

#### Sustainability Promotion System



#### Sustainability Committee Composition

- Committee Chair: CSO
- Vice Chairs: CHRO, CFO
- Members: GM of Human Resources & General Affairs Division
- GM of Legal Division
- GM of Investment Administrative Division
- GM of Finance Division
- GM of Corporate Planning Division
- GM of Global Controller Division (participation from April 2023)
- GM of Corporate Sustainability Division
- GM of Investor Relations Division
- Other appointed Chief Operating Officers of business units (participation from April 2022)

### Sustainability Advisory Board

In order to address a broad range of sustainability-related issues, the Sustainability Committee has established the Sustainability Advisory Board, made up of external experts on environmental and social themes. In the fiscal year ended March 2023, the board held consultations and exchanges of opinions nine times on important themes in sustainability management, including climate change, and business and human rights.

### Cycle for Conducting Sustainability Management

We conduct sustainability management through a cycle of policy formulation, initiative promotion, disclosure, dialogue, and review. Every March, the Sustainability Committee discusses policies for its activities in the next fiscal year, reports to the Board of Directors and Corporate Management Committee, and then tackles each issue in line with the policies. We endeavor to communicate these activities widely among our stakeholders through various disclosure materials. By disclosing information, we are able to receive feedback through our engagement with stakeholders, mainly institutional investors, which in turn leads to further improvements in our initiatives. Over the course of the fiscal year ended March 2023, the Sustainability Committee conducted activities while adding items as necessary to the agenda set at the beginning of the fiscal year. These items included progress reports on Scope 3 greenhouse gas emissions and scenario analysis of climate change risks, discussions of the framework for initiatives on the business frontline for business and human rights, and stakeholder dialogue on business and natural capital. We will continue to utilize a cycle for conducting sustainability management that enables us to respond appropriately to changes in the environment while operating in basic accordance with our annual policies.



#### HIGHLIGHT

### Cooperation between the Sustainability Committee and the Portfolio Management Committee





The Sustainability Committee is a subcommittee of the Corporate Management Committee, and in the fiscal year ended March 2023 it made progress in cooperation with the Portfolio Management Committee, an advisory body to the Corporate Management Committee. Mitsui conducts its business with the understanding that sustainability initiatives and business promotion are inseparable. Under such circumstances, the importance of sustainability in examinations of the business portfolio has increased, especially in recent years. Based on this trend, as of the fiscal year ended March 2023 both committees share some common members, and the administrative offices of each committee attend both committees to facilitate discussions on the optimal composition of our business portfolio based on greenhouse gas emissions in the supply chain. This allows us to implement portfolio management from a sustainable perspective.

We have already put into practice criteria such as the use of our internal carbon pricing system in approval reviews. Going forward, we will incorporate the perspective of sustainability in portfolio reorganizations and in our overall strategy, as we work to achieve a balance between sustainability and business that will lead to reduced cost of capital.

## Sustainability Management Climate Change-related Disclosure

In December 2018, Mitsui endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Pursuant to the TCFD recommendations, we promote more active disclosure of information. For details, please refer to our Sustainability website.

### Disclosure Based on TCFD Recommendations

Item	Key Elements of Major Mitsui Policies and Initiatives
 <b>Governance</b>	<ul style="list-style-type: none"> <li>• Deliberation by the Sustainability Committee, an organization under the Corporate Management Committee, followed by resolution/reporting to the Corporate Management Committee / Board of Directors</li> <li>• Establishment of the Sustainability Advisory Board, a group comprising external experts</li> </ul>
 <b>Strategy</b>	<ul style="list-style-type: none"> <li>• Reference to scenarios such as the World Energy Outlook issued by the International Energy Agency (IEA), performance of scenario analysis related to transition risks and opportunities, and reflection of these results in the business portfolio strategy</li> <li>• Analysis of physical risk based on past occurrences of natural disasters</li> </ul>
 <b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Identification of climate change risks under the integrated risk management system as a third important category of risks alongside business investment risks and country risks, and implementation of countermeasures</li> </ul> <p>▶ Page 70 Risk Management</p>
 <b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>• Setting goal to achieve Net-zero emissions as our vision for 2050, and aiming to reduce GHG impact by 2030 to half of what it was in the fiscal year ended March 2020, as the path to achieve this goal</li> <li>• Ratio of renewable energy in our power generation portfolio: Raising the ratio of renewable energy to over 30% by 2030</li> </ul>

 Disclosure Based on TCFD Recommendations (Sustainability website)  
[https://www.mitsui.com/jp/en/sustainability/environment/climate\\_change/pdf/en\\_202212tcfd.pdf](https://www.mitsui.com/jp/en/sustainability/environment/climate_change/pdf/en_202212tcfd.pdf)

### Scenario Analysis (Transition Risk) Business Impact Evaluation































We use multiple climate change scenarios\* to analyze transition risks (in three levels) on selected business areas and present the potential impact of those risks on businesses between now and 2050. The results are used to establish countermeasures and verify their impact on financial planning, business strategies and the business environment.

#### \* Overview of selected scenarios

**Current policy scenarios:** Scenarios in which current climate-related initiatives of each country are maintained, and consequently demand (mainly in emerging countries) for fossil fuels and other resources that emit GHGs remains to a certain extent, and some business practices that could impact climate change continue (STEPS: Stated Policies Scenario, etc.).

**Transition scenarios:** Scenarios in which there is a decline in demand for fossil fuels and other resources that emit GHGs, and a rapid increase in demand for renewable energy and other resources, as a result of the international development of advanced initiatives and systems to address climate change as well as a shift toward energy conservation and electrification driven by widespread decarbonization and technological innovation (APS: Announced Pledges Scenario, NZE: Net Zero Emissions by 2050 Scenario, etc.).

 Positive impact on business
  No change or slight impact on business
  Negative impact on business

Business Area	Impact on Business		
	Current Policy	2°C	1.5°C
Upstream Oil & Gas Business and LNG Business			
Metallurgical Coal Business			
Thermal Power Generation Business			
Iron Ore Business			
Offshore Oil and Gas Production Facilities Business			
Gas Distribution Business			
LNG Shipping Business			
Renewable Energy Business			
Next-Generation Energy Business			
Forest Resources Business			

In addition, for the upstream oil & gas business and LNG business, the metallurgical coal business, and the thermal power generation business, which we have classified as having high importance in light of their business scale and impact on climate change, we have analyzed the amount of impact on net income in our existing businesses for the fiscal years ending March 2030, March 2040, and March 2050 based on each scenario, and have categorized the impact as one of the three levels listed below.

Business Area	Impact in 2°C Scenario			Impact in 1.5°C Scenario		
	FY March 2030	FY March 2040	FY March 2050	FY March 2030	FY March 2040	FY March 2050
Upstream Oil & Gas Business and LNG Business	Small	Small	Small	Large	Large	Medium
Metallurgical Coal Business	Large	Small	Small	Large	Small	Small
Thermal Power Generation Business	Small	Small	Small	Small	Small	Small

Impact Large: -US\$300 million or more, Medium: -US\$100 million or more but less than -US\$300 million, Small: Less than -US\$100 million

### Enhancement of Physical Risk Analysis

Taking into account the increasing intensity of natural disasters, we conducted an additional physical risk analysis covering the principal assets of the top 100 companies in terms of investment assets minus intangible fixed assets, and the principal assets of the companies with an annual revenue of ¥5 billion or more. Based on information on the location of the assets covered, we analyzed the impact of weather disasters such as floods, droughts, hurricanes and wildfires on business operation in 2030 and 2050 under the 2°C and 4°C scenarios, and utilized the analysis to review current countermeasures. For more information on our physical risk analysis, please visit the Climate Change page of our Sustainability website.

 Sustainability Website | Climate Change | Strategy  
[https://www.mitsui.com/jp/en/sustainability/environment/climate\\_change/index.html#strategy](https://www.mitsui.com/jp/en/sustainability/environment/climate_change/index.html#strategy)

Sustainability Management

## Human Rights and Supply Chain / Natural Capital

We aim to identify and resolve environmental and social issues, including human rights issues, in our supply chain in accordance with our Human Rights Policy, Environmental Policy, Sustainable Supply Chain Policy and other commitments. Under Medium-term Management Plan 2026, we will step up our business and human rights initiatives by increasing the effectiveness of human rights due diligence, cooperating with suppliers and bolstering internal processes.

### Supplier Surveys and On-Site Inspections

In the fiscal year ended March 2023, we sent our Sustainable Supply Chain Policy to 4,430 new suppliers so that they can understand our approach, held human rights training for approximately 450 people, including external suppliers, and conducted a questionnaire survey of the sugar cane and coffee bean suppliers of our subsidiaries. Accompanied by an external expert, we also conducted interviews with three sugar cane farmers who supply Kaset Phol Sugar, a sugar manufacturing company in Thailand, and visited major palm oil suppliers to engage in dialogue aimed at ensuring sustainable procurement. To promote measures on respect for human rights throughout the supply chain, we will continue to conduct supplier surveys and on-site inspections and strive for dialogue with our stakeholders.



Supplier survey and on-site inspection

### Improving the Effectiveness of Human Rights Due Diligence

During the period from the fiscal year ended March 2021 to the fiscal year ended March 2023, we conducted questionnaire surveys of all major suppliers in high-risk fields who supply Mitsui head office as well as overseas trading subsidiaries and consolidated subsidiaries. To further improve the effectiveness of our human rights due diligence, we will continue to step up initiatives throughout Mitsui Group, including expanding the target fields, engaging more closely with suppliers, incorporating a human rights clause in contracts, and bolstering audits and other internal processes.

### Environmental Assessments in the Supply Chain

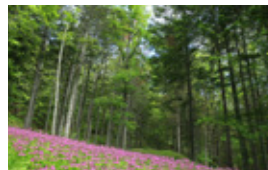
For natural rubber, palm oil, lumber, and paper products, which can have high environmental impacts such as deforestation as well as human rights risks, we have formulated individual procurement policies, made them known to our business partners, and announced our targets and the results of our efforts. Since the scope of environmental impact is wide-ranging, encompassing climate change, water resources, and biodiversity, we intend to increase the number of products subject to individual procurement policies and will work with suppliers to promote environmental assessments in the supply chain.

#### HIGHLIGHT

### Natural Capital

#### Company-owned Forests: Mitsui's Forests

Mitsui owns approximately 45,000 hectares of forestland in 75 locations throughout Japan. Based on our social responsibility to take care of precious natural capital, we classify each forest by its characteristics and value, and implement appropriate forest management for each category. For example, in the case of water and soil conservation forests, we manage them with attention to protecting water source conservation. Our harvest-oriented sustainable forests produce timber within the range of their annual growth (approximately 40,000 m<sup>3</sup> per year), and after the trees have been felled, we carry out new planting (approximately 150,000 trees per year), reforestation, thinning, and other activities to achieve a proper forest lifecycle. We also consider biodiversity, conducting ecosystem monitoring and accumulation surveys and taking measures such as excluding the area from forestry operations in the event a rare species is discovered. In terms of climate change countermeasures, we estimate that our forests absorb and fix approximately 160,000 tons of CO<sub>2</sub> per year, and have accumulated approximately 10 million tons to date. Since 2009, Mitsui has obtained forest management certification from the Forest Stewardship Council® (FSC®) at 74 of its forests to confirm that they play an important role in the sustainable maintenance and cultivation of forestland. (FSC®-C057355) We use the natural capital inputs from these Company-owned forests to generate outputs that include producing timber, providing public benefits, and absorbing and fixing CO<sub>2</sub>. In addition, through proactive reforestation and ongoing operations that consider biodiversity, we manage our Company-owned forests in a way that has a positive impact on the natural capital we have stewardship over.



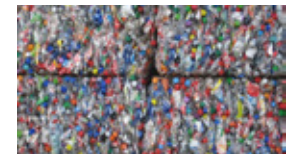
Mitsui's Forests

### Circular Economy

Circular Pet (CPET), established by Mitsui & Co., Veolia Japan, and Seven & i Holdings, is building a PET bottle recycling plant in Tsuyama City, Okayama Prefecture in Japan. The plant is scheduled to start commercial operations in spring 2024 with recycled PET pellet production capacity of approximately 25,000 tons per year.

CPET produces and sells 100% recycled PET pellet from used PET bottles disposed of in Japan. Thanks to Veolia's technology and operational know-how, even relatively low-grade used PET bottles with caps and labels can be processed 100% without mixing with clean used PET bottles without caps and labels, making CPET the only company capable of producing recycled PET that can be used for beverage applications, which is a key feature of CPET. This unique capability is helping customers in Japan achieve their environmental goals and, in turn, to resolve social issues.

We will build a collection network for used PET bottles together with co-investor Seven & i Holdings, our branches and offices, and plastic emitting companies like the Japan Railways Group and supermarket operators. Starting with this project and initiative, we will contribute to the establishment of a circular economy by investigating and promoting similar projects to help solve waste plastic problems in Japan and overseas.



PET bottle waste