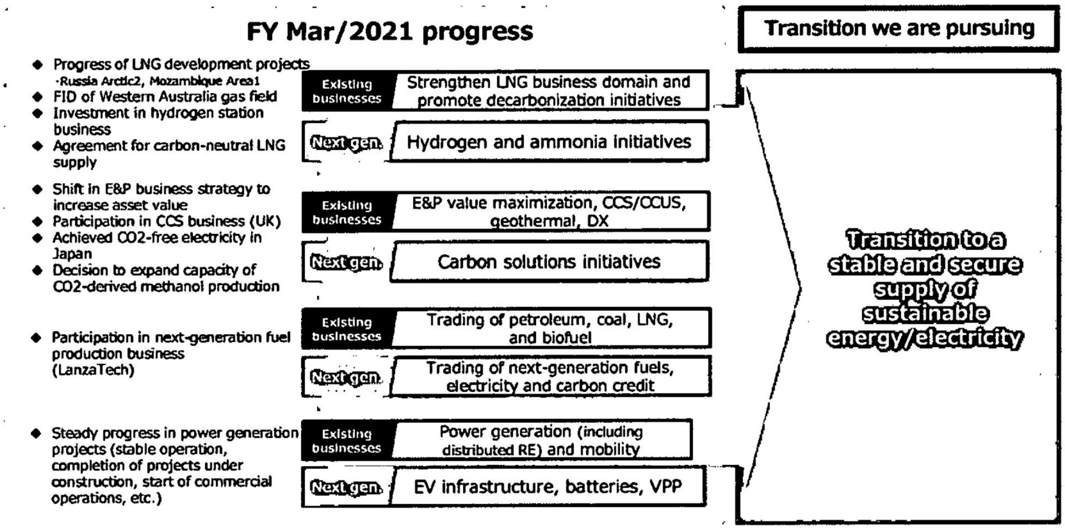
5) Strategic Focus

Our progress in the three initiatives focused in the Medium-term Management Plan is as follows:

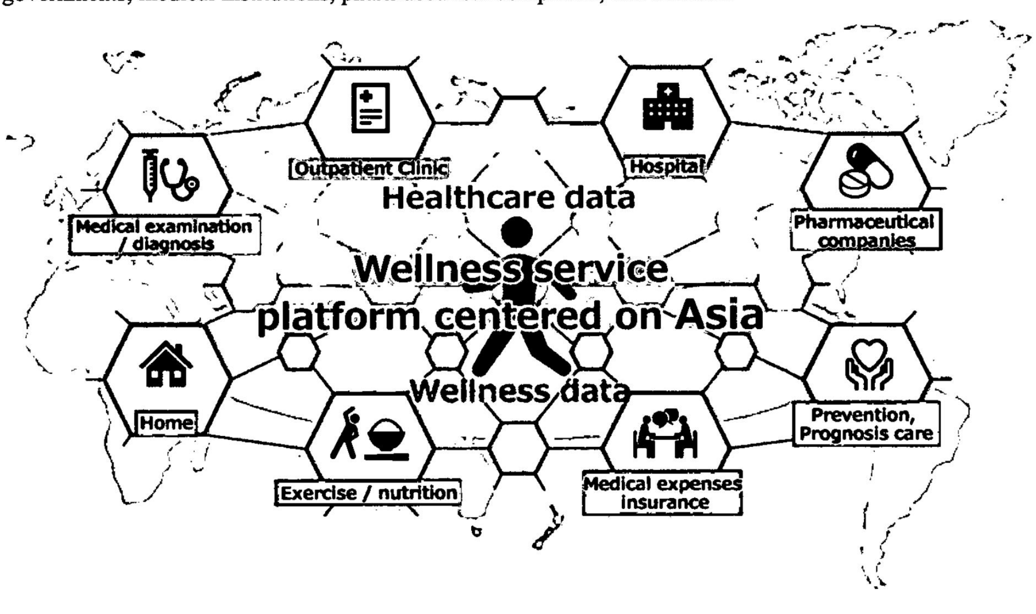
Key Initiative (a): Energy Solutions

As part of our efforts to address climate change, we made steady progress in the development of the Russia Arctic LNG 2 project and the Mozambique Area 1 project, both of which are LNG projects that will play an important role in energy transition for reduction of greenhouse gas emission, and we also supplied Japan's first carbon-neutral LNG. In addition, we made progress in the field of next-generation fuel, including activities in FirstElement Fuel, a hydrogen station operator based in California, bioethanol initiatives with LanzaTech in China, and participation in the bio-jet fuel business LanzaJet. We have also made steady progress in renewable energy projects such as solar and wind power both in Japan and overseas, and decided to make our electricity use carbon neutral across all business locations in Japan. We will continue to leverage natural gas and power generation infrastructure business platform as our strength and contribute to the realization of a low-carbon society through these business initiatives.



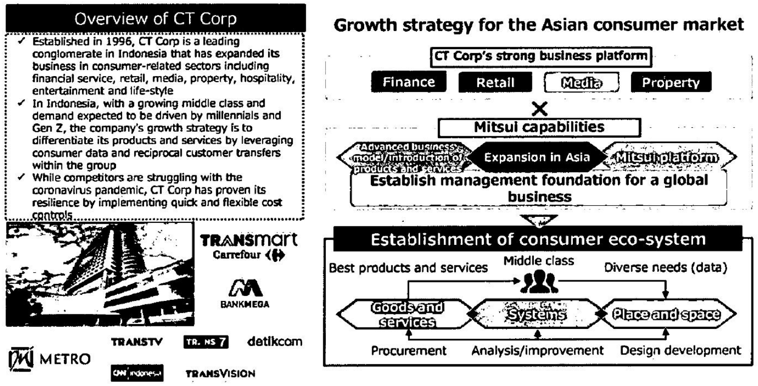
Key Initiative (b): Healthcare/Nutrition

While IHH Group, part of Mitsui's hospital business, saw a decline in operation rates due to COVID-19, IHH strengthened its group management base through the introduction of online medical services to meet the needs for non-contact medical services, as well as cost reductions achieved through centralized group purchasing and increased cooperation between hospitals. In addition, with the ongoing paradigm shift in healthcare from "hospital-centered" to "individual-centered," Mitsui leveraged healthcare data to develop a foundation for growth. Seeking further growth, we aim to develop the largest wellness service platform in Asia by combining our existing, real-world business portfolio with advanced digital technologies through our global network of governments, medical institutions, pharmaceutical companies, and insurers.



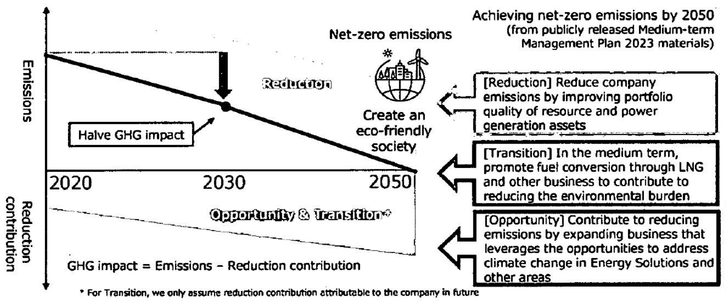
Key Initiative (c): Market Asia

In addition to maintaining and expanding our historically strong areas of resources and infrastructure, we worked to provide a stable supply of resources, materials, food, and services even under COVID-19. Moreover, we pursued consumers-related new business development opportunities, centered on the middle-income consumers that are driving high economic growth, with our agreement in April 2021 to subscribe to ¥100.0 billion convertible bonds of CT Corp, an Indonesia conglomerate which has dominant position in consumer-related sectors including finance, media, retail, property, hospitality, entertainment, and lifestyle. We will leverage CT Corp's strong business platform to enhance its corporate value, create joint businesses and aim for public offering by capturing the "growing Asian consumer market" and through cooperation between both companies.



6) Sustainability Management/Evolution of ESG

During the period of the Medium-term Management Plan, Mitsui is promoting further implementation of sustainability management, focusing on the three core issues of climate change, the circular economy, and business and human rights. For climate change, with the aim of achieving net-zero emissions by 2050 and halving our greenhouse gas (GHG) impact by 2030, we set 34 million tons as the GHG impact for our base year 2020. As we proactively tackle our afore-mentioned key initiative of Energy Solutions, Mitsui, as a company operating in wide range of businesses across the world, will undertake efforts to reduce GHG emissions for society as a whole while ensuring its economic viability. We will achieve this through various efforts including an internal carbon-pricing system introduced in fiscal year ended March 31, 2021.



[2020 GHG impact] Emissions: 36m tons, Reduction contribution: 2m tons, GHG impact: 34m tons

> Emissions are Scope 1/2 + Scope 3 (category 15)
> Reduction amount is from existing renewable energy business, forestry, and company-owned forests, etc.

To strengthen corporate governance, and as an effort to address issues identified in the evaluation of the effectiveness of the Board of Directors conducted in the fiscal year ended March 2020, Mitsui increased the number of opportunities for free discussion sessions with Directors and Audit & Supervisory Board Members to discuss themes related to company-wide strategy to two times per year, and held discussions on the following themes: "Sustainable revenue growth strategies considering ESG and our Materiality," "DX Strategy," and "Mitsui Engagement Survey (an engagement-related questionnaire survey of employees of the Company and its global group companies)." In addition, Mitsui clarified the expected roles of advisory committees and, for

And we periodically grasp risk exposures such as receivables, investments, loans, and guarantees by every country that we hold positions as well as monitor for the country risk situation for each country except, in principle, for developed countries and implement risk-control policy at least once a year or whenever deemed necessary. Furthermore, our regular monitoring of our overall portfolio confirms the appropriateness of asset size in accordance with each country as well as each business area.

(3) Risks Regarding Climate Changes

Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as adoption and ratification of "Paris Agreement" at the 21st Conference of Parties (COP21) in United Nations U.N. Framework Convention on Climate Change.

As to physical risks that are likely to occur in the short term, among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are in the Atlantic and South Pacific oceans, respectively, may have an adverse effect on operations. In case production sites and infrastructure used for shipments such as roads, railways and ports, are seriously damaged, operations and shipments could stop for indeterminate periods until restoration work is completed. Therefore, our business operations are exposed to non-operation risk in the entire supply chain, such as the inability to receive the supply of raw materials, in the case that not only our investment but also our customers are seriously damaged. For these risks, we implement measures, such as insurance coverage, establishing a crisis management policy, and strengthening equipment, however, physical risks cannot be completely avoided and may have a significant adverse effect on our future operating results and financial condition.
Transition risks that are likely to occur in the medium-to-long term includes:

- Policy and Legal Risks: Changes in the energy and power source mix due to government policies in each country and introduction of government-imposed greenhouse gas emission restrictions including imposition of carbon tax, and emission credit could have a significant adverse effect on our operating results and financial condition of our businesses that use fossil fuel and emit a large amount of greenhouse gasses.
- Technology Risks: Introduction of new technologies that respond to climate change may cause changes in the supply and demand of existing products and services and deterioration of our interests, and could have a significant adverse effect on our future operating results and financial condition.
- Fund Procurement Risks: Low-carbon policies of financial institutions and insurance companies may cause risks that affect the procurement of funds.

We bear in mind the various climate change scenarios offered by the International Energy Agency, etc., and analyze the impact of such scenarios on our businesses. Over the long term, maintaining the existing portfolio could have a significant adverse effect on our operating results and financial condition. Therefore, to build an asset portfolio that can maintain and improve profits even under the 2℃ scenario by 2030, as part of Mitsui's Goals in 2050, we set a goal of achieving net-zero emissions by 2050, with a 2030 milestone of reducing GHG impact by 50% compared to 2020.

Moreover, we introduced an internal carbon pricing system in order to increase resilience, and to accelerate the development of projects that contribute to reducing GHG emissions. For new business projects, we have added impact analysis of the 2.0℃ scenario into the project screening factors, as well as the validity of countermeasures in the event these risks are realized. We also apply the internal carbon pricing system for assessing risks in existing projects.

(4) Commodity Market Risks

We are engaged in trades in and, as the case may be, production of a variety of commodities in the global commodities market including mineral resources and energy products. Among others, operating results from our mineral resources and energy producing activities account for significant portion in our overall operating results. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, and exchange rate fluctuations. These factors are beyond our control.

Commodity price fluctuations directly affect revenues from the equity share of production at our subsidiaries and equity accounted investees. For the year ending March 31, 2022, we estimate that the impact of a change of US$1 per barrel in the crude oil prices and US$1 per ton in the iron ore prices on profit for the year attributable to owners of the parent would approximately be ¥2.5