

Corporate Governance and Internal Controls

Corporate Governance Policy

To improve management transparency and accountability and clarify the division of roles between management oversight and business execution, Mitsui's policy is to ensure sound supervision and monitoring of management, enhanced by External Directors and External Corporate Auditors, and to establish an internal controls system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure.

To enhance separation of the functions of business execution and management monitoring, the Board of Directors retains a supervisory role while appointing Executive Officers to implement business strategy. Consolidated group business is structured under Mitsui's 14 head office business units and 3 overseas regional business units, and a dynamic approach to business implementation is supported by the appointment of Chief Operating Officers to each of these units.

Board of Directors

The Board of Directors is Mitsui's decision-making body. The Board of Directors determines basic guidelines and policies by establishing corporate strategy, reviewing the Company's business plans, and supervising and monitoring the activities of the Executive Officers. Upon the introduction of the Executive Officer System in 2002, Mitsui reduced the number of Directors from 38 to 11. At the Annual General Meeting of Shareholders in June 2009, 12 Directors were appointed, seven of whom also serve as Executive Officers. Currently, there are four External Directors, and Mitsui gives priority to the appointment of new External Directors if increasing the number of board members. The tenure of Directors is one year and expires at the close of the Annual General Meeting of Shareholders. A meeting of the Board of Directors is normally held once every month, and from time to time whenever necessity arises. In the year ended March 2009, 13 meetings were held, including two extraordinary meetings.

External Directors

External Directors are appointed from among candidates that have extensive business experience and knowledge. As Mitsui is a general trading company with business dealings with a broad variety of industries and businesses, we consider independence of External Directors to be preferable from the viewpoint of effective management oversight, but not always practical and absolutely essential. Meanwhile, External Directors serve as members of the Governance Committee and the Nomination Committee as well as committee chair of the Remuneration Committee.

Advisory Bodies to the Board of Directors

Mitsui has established the following three committees as advisory bodies to the Board of Directors. The members and purpose of each committee are indicated in detail in the chart shown on the next page.

- Governance Committee
- Nomination Committee
- Remuneration Committee

Board of Corporate Auditors

On and after the Annual General Meeting of Shareholders held in June 2009, there are six Corporate Auditors, comprising two Full-time and four External Auditors. The Board of Corporate Auditors, as an independent body, has a statutory duty to prepare and submit its audit report to the shareholders. The Corporate Auditors communicate closely with the Independent Auditors, while monitoring independence of the Independent Auditors and the Internal Auditing Division. Full-time Corporate Auditors routinely attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the President and Chief Executive Officer ("the CEO") and the Chairman on a periodic basis, and Full-time Corporate Auditors receive reports and exchange opinions at regular meetings with Directors, Executive Officers, and general managers. The Corporate Auditors conduct auditing on operation of Mitsui Group companies through daily visits to Mitsui's domestic and overseas offices and important subsidiaries. During the year ended March 2009, 13 meetings of the Board of Corporate Auditors were held.

External Corporate Auditors

External Corporate Auditors are appointed from among candidates that can present their audit opinions from an independent and objective viewpoint. Prior to the appointment of an External Corporate Auditor, the Board of Corporate Auditors will confirm their independence in terms of relationships with the Company, management, and principal employees.

Business Execution and Internal Controls System

Ultimate responsibility for execution of business operations lies with the CEO. The CEO delegates authority to the Chief Operating Officers of the Business Units and Regional Business Units, who, in turn, report to the CEO.

Mitsui has the Corporate Management Committee for deliberating upon the basic policies and important matters for execution of group-wide business operations. There are four committees pertaining to business execution and internal controls under the Corporate Management Committee. The purpose of each organization is indicated in detail in the chart on the next page.

The Corporate Governance Framework

