

Message from the President & CEO

Standing on a new stage,
we will create value through
innovative solutions for our
customers and for the world

Masumi Kakinoki
President & CEO




Anticipating changes based on values of “Fairness, Innovation, and Harmony”

The world in which we live today is awash with uncertainty. Discontinuous changes, disruptions to the status quo and innovation have become increasingly evident and accelerating. Amid the ongoing COVID-19 pandemic and a global situation fraught with geopolitical risk, we must address the uncertainties created by this fast-changing world and society based on appropriate evaluation and responses.

Reforming business models and offering solutions that anticipate societal needs and issues are part of the DNA of the Marubeni Group. The sheer unpredictability of this era prompts us to re-embrace the values of “Fairness, Innovation, and Harmony” that are in our company creed. As an “everlasting partner in closing the gaps around the world,” we aspire to create new value in partnership with all our stakeholders by addressing the challenges we share with our customers and society at large.

“Three Years of Transformation”: stronger foundation built amid rapidly changing conditions

Under the previous GC2021 Mid-Term Management Strategy covering the period from April 2019 to March 2022, Marubeni underwent a three-year transformation in which we built a stronger foundation.

In the first year of GC2021, the fiscal year ended March 31, 2020, we booked large impairment losses that had a major impact on our financial foundation. By the final year of GC2021, the fiscal year ended March 31, 2022, we achieved record net profit within a V-shaped recovery as our group worked hard together as one toward restoring trust from our stakeholders. One factor in this achievement was our efforts to strengthen and improve existing businesses. While targeting growth of existing operations might seem simple on the surface, under GC2021, we have proved that it can be a highly effective growth strategy. One example is Creekstone Farms Premium Beef LLC, a U.S.-based subsidiary involved in the processing and sale of beef. Although our initial investment amount was relatively small, we have invested over time to expand processing capacity, build cost-competitiveness, and improve operations. By addressing the market demand and maintaining a stable supply despite the pandemic, we have generated significant growth. Another U.S.-based success

story is our agri-input retail subsidiary, Helena Agri-Enterprises, LLC, whose strength lies in the development of customer-oriented products and services. Helena has expanded through continuous investments, including capacity investment and small-to-medium-scale acquisitions. By remaining “strategy focused,” we will take the initiative across the Marubeni Group to broaden our regional, sector, and product platforms as we work to reinforce existing businesses further.

On the asset divestment/recycling front, in the fiscal year ended March 31, 2022, we decided to sell the grain business of Gavilon Agriculture Investment, Inc., a business that has required substantial management capitals. This was an important decision aimed at improving the efficiency of our overall asset portfolio from a medium-to-long-term perspective. While the business is profitable to a certain degree under the current favorable conditions, it requires substantial working capital, and the level of its profitability has been subordinated to the Marubeni Group’s average. Having considered the feasibility of a sale of the business in the context of changing external conditions and growth potential, we were able to secure good terms for the divestment amid favorable conditions and strong earnings. We believe divestment helped us maximize the value of this asset.

Reflecting the importance of applying our valuable internal resources to build corporate value with a high degree of certainty, we continue to focus on making investments better targeted and rigorously selected. The major impairment losses that we booked in the fiscal year ended March 2020 led to discussions about the lessons from past investment failures at multiple meetings of the Board of Directors and the Corporate Management Committee. Heading these lessons and to prevent a repeat of past failures, we, as management of Marubeni, agreed on the need to embed improved investment discipline, governance and transparency within the corporate culture of Marubeni. We moved to alter our mindset to ensure we would not make the same mistakes again. It became an opportunity to foster a corporate culture that focuses on investment policies not from a purely investment-oriented mindset, but from a more strategic one that thoroughly pursues business essentials, holds a greater sense of responsibility for business success, and discusses matters with honesty, sincerity, and openness.

I recognize that people who witnessed our past impairments have said that failures may be repeated and that our aggressive stance requires close monitoring. However, my view is that business is about earning a return for the risk assumed. Just as

there are no risk-free businesses, excessive risk avoidance prevents us from taking on challenges. Hence, the important thing is to assume a degree of risk commensurate with the capability of the Marubeni Group and then to manage each business properly.

Since April 2022, reflecting our success in rebuilding and strengthening our financial foundation due to improvements in income made under GC2021, three credit rating agencies have upgraded our credit rating. Marubeni's share price has bounced back to 14-year highs. I believe these outcomes are the result of us taking the initiative to strengthen existing businesses and rebuild our financial foundation in a balanced way.

These three years of transformation for the Marubeni Group, in which we have made improvements in quality while maintaining discipline, have created the conditions for us to pick up the pace going forward.

“Putting Strategy into Practice”: Aspiring to leadership in an era without role models over the next three years

The GC2024 Mid-Term Management Strategy (April 2022–March 2025) defines this three-year period in terms of putting strategy into practice.

Under GC2021, we looked at the period to 2030 in terms of concurrent opportunities and threats. Our basic stance remains the same: We still see the post-pandemic world characterized by massive uncertainty and discontinuous change, with rapidly emerging disruption and innovation challenging preconceived notions. The Marubeni Group's mission is still to create value through innovative solutions for our customers and for the world.



In such circumstances, we have formulated two basic policies for GC2024. The first is to strengthen existing businesses and build new business models using a multi-layered approach. The second is to expand “Green Businesses” and “Greening” in all business domains.

In terms of the first policy, we see efforts to strengthen existing businesses and explore new business models as being of equal importance. Our current strong earnings undoubtedly show the benefit our existing businesses have derived from high prices for commodities. We plan to build on this by investing more capital into our existing businesses to raise cost-competitiveness, improve profitability further, and steadily expand into surrounding regions, domains, and products. Investing in areas we know or where we have advantages, or steadily expanding into other peripheral sectors, is a high-probability growth strategy for the Marubeni Group. On the other hand, new business model development is an area where I feel we need to do more. Creating new businesses requires a lot of time and effort. Mindful of this, we continue to sow seeds in new sectors, focusing mainly on new domains with growth potential on the periphery of existing business areas and on next-generation businesses. My conviction is that as the world is changing, trading companies' current businesses will disappear some day, and so my message is that we must take up the continual challenge to develop new businesses. We established the Next Generation Corporate Development Division in April 2022 to deepen our efforts in finding new growth domains. This division is targeting growth sectors that we have not focused on before such as next-generation consumer businesses. Not only in this division, but all business divisions and all Marubeni Group employees are also making efforts to create new business models with a sense of speed.

The second GC2024 basic policy is our “Green Strategy.” We are not trying to re-invent the wheel here. Marubeni has always put a high priority on sustainability and in order to show that we will work with greater importance than ever before, we have now effectively elevated this to the status of a basic policy for the Marubeni Group. Companies must undertake initiatives for sustainability, such as decarbonization, transitioning to a circular economy, protection of water resources and bio-diversity, and building sustainable supply chains. These are social issues that need to be solved and an obligation to all companies to fulfill. We are in an era where we cannot prosper as a business if we ignore the green imperative, nor can we hope to take our

business to the next stage. For this reason, we must take the initiative to address this key social issue. Under the GC2024, we aspire for Marubeni to be a forerunner in “Green Business,” since this will lead to further enhancement of our corporate value.

We have been ahead of other companies when we announced in 2018 that the Marubeni Group would not enter into any new coal-fired power generation business as a general principle, and announced a target ratio of power generated by renewable energy sources. Aside from these decarbonization initiatives, the Marubeni Group can also contribute to sustainability across a wide range of business sectors. We define sustainable business to generate positive impact for the global environment as “Green Businesses”. Going forward, in addition to strengthening and expanding these areas of business, we will seek to create new “Green Businesses” using a cross-sectional approach across the entire Marubeni Group to take advantage of our operational base and global network of business connections.

The initiatives to be a forerunner in green business are not just about strengthening our green businesses. Across all our business domains and worksites, we will advance greening through initiatives to reduce the negative impact on the environment, promote the transition to a circular economy, and build truly sustainable supply chains.

The “Long-Term Vision on Climate Change” that we announced in March 2021 commits Marubeni to generating a positive impact contributing to efforts leading to a low-carbon and decarbonized society. Our “Green Strategy” not only adds detail to how we will create this positive impact, but also outlines how we will promote sustainability initiatives by utilizing the Group's resources, as well as improving corporate value based on creating new value and offering solutions to societal issues.

In terms of shareholder returns over the three-year GC2024 period, we have set a new floor of ¥60 for the annual dividend per share. This is a promise to maintain stable dividends for the benefit of shareholders in a period of increasing uncertainty where we expect commodity prices and business conditions to be volatile. It is also one of our ways to show commitment to the GC2024 financial targets. On top of the minimum dividend we have promised, we also aim to deliver higher dividends through growth in profits. In addition, we conducted a share buyback in the fiscal year ended March 31, 2022. Enhanced profitability and a stronger financial foundation have helped us enter a new stage in terms of improvement in options for providing shareholder returns.



GC2024 acts as a compass, showing us the direction the Marubeni Group should take. I am confident we will make substantial progress toward 2030 if the entire Group moves in one direction and we can harness the power of every individual, no matter how modest their contributions might be. The times demand solutions for which we still have no role models or precedents. The Marubeni Group aspires to stand at the forefront in a world where the things we create all have the potential to provide role models for the rest of society.

An advanced enterprise leading the way in making society sustainable

As I stated earlier, the Marubeni Group led the way in 2018 in formulating business policies to target for decarbonization of coal-fired power generation business. Our judgment is we can turn the phasing out of coal from a threat into an opportunity. The power generation business is one where we have always looked ahead to identify new growth areas and to transform Marubeni's business model. A review of the history of the business shows how we have built our current position as a major global player by continuously transforming and growing our operations to provide customers with solutions that create new value. We moved from wholesaling power equipment in the 1960s to developing the EPC*1 business in the 1970s, followed by the IPP*2 business in the 1990s. This strategic transition to phase out coal is rooted in our corporate DNA.

In the process of creating new value and of turning threats into opportunities, we seek to build innovative solutions in partnership with all our varied stakeholders. If we look at Asia, for example, while transitioning to clean energy is a major social challenge, the conditions are not yet right for all our customers to adopt renewable energy. The monsoon season significantly complicates the adoption of solar power as a resource, and the deep seas make it difficult to build offshore wind farms. Nor is the financial capacity to tackle these issues unlimited. Hence, rather than unilaterally telling our customers we are exiting coal-fired power generation

business, we are thinking together about how we should move forward. For example, we need a framework for managing the energy transition to achieve lower carbon emissions. We see one way to do this as advocating a push across Asia to substitute coal-fired power with LNG or to utilize ammonia or biomass in mixed-fuel thermal power plants.

Our basic thinking is that, having signed a contract for a coal-fired power generation project, Marubeni has a responsibility to the stakeholders to fulfill any management contract in full. We will consider to exit the contract early where partners understand the Marubeni Group's policy and can take over the operation. Even if we sell the ownership and Marubeni Group's GHG emissions improve, it would be irresponsible if the global GHG emissions don't change. In the long run, we cannot achieve real reductions in GHG emissions without discussing how best to move forward. In addition, while nations moving away from coal-fired power may reduce their GHG emissions, we cannot ignore the concerns of shortages in power supply to exacerbate the problem of the widening gap between the rich and poor in those countries.

We see our mission as acting as a leader in providing support for transitioning to a low-carbon or decarbonized society, while emphasizing our responsibilities to local communities and other stakeholders. This will be an opportunity for us to build new businesses.

We are also strengthening our system of governance, which is the foundation of sustainability. From the fiscal year ending March 2023, we have become the first general trading company in Japan where outside directors make up a majority on the Board of Directors. This enhances the oversight function of the Board while ensuring there is sufficient pressure on the executive side. Going forward, we aim to reinforce our governance systems further by improving the transparency surrounding the operation of the Board of Directors and Corporate Management Committee. At the board meetings, we will remain focused on how best to enhance the corporate value of the Marubeni Group over the long term.

*1. EPC (Engineering, Procurement & Construction).
*2. IPP: Independent Power Producer.

Human capital is the critical source of value at Marubeni

Human capital is the Marubeni Group's source of value. It is no exaggeration to say that the key to our growth lies in how we draw out the best from our human capital.

The "Marubeni HR Ecosystem" is our fundamental human capital strategy. It is an ecosystem where people with diverse backgrounds and high social value come together, energize, connect, and create new value. Within this ecosystem, our human capital diversity is most important. Securing and leveraging the diversity of our human capital is essential to respond flexibly to environmental changes in an era of unpredictable and discontinuous changes. To put it another way, we see this as the foundation of our growth strategy.

Within this diversity, empowering our female employees is an area of particular focus. Diversity essentially creates new value and leads towards the right direction through the combination of different experiences and values, but it is not simply a matter of fostering diversity in terms of attributes such as gender. Yet, in a society where the overall population ratio of men to women is generally equal, the predominance of male employees within Marubeni fosters a strong sense of homogeneity. Given our mission of closing gaps and anticipating how to solve societal issues, we are acutely aware of the issues surrounding whether a company with a male employee majority is best equipped to respond and thrive during such unpredictable times. Recognizing these issues, we decided in December 2020 that we would increase the ratio of female new graduates hired for career-track positions to around 40–50% by the fiscal year ending March 2025. From the fiscal year ending March 2023, we have introduced a set of policies to promote the empowerment of women in the workplace entitled "Female Empowerment at Work 2.0." Besides ongoing initiatives to improve the working environment, we are focusing on expanding the talent pipeline and aiming to involve female employees more deeply in corporate management and business decision making at Marubeni. Management is committed to a long-term HR strategy that aims to enhance career development opportunities for women and cultivate their career paths



towards decision-making positions by creating and then broadening the talent pipeline.

Creating an environment where diverse talent can fulfill their potential is also quite important. In the fiscal year ended March 31, 2021, we introduced mission-oriented reforms to remodel our HR system completely so that it placed more value on "challenges" and a "frontline mindset." In terms of challenges, we altered the framework to put less emphasis on past evaluations and more on setting bold targets and taking on new challenges each year. In terms of the frontline mindset, we have focused on enabling frontline personnel to take responsibility for leading organizational and HR management, rather than having uniform rules across the Marubeni Group that restrict flexibility. Particular emphasis has been placed on encouraging our employees to embrace challenges. In response to the large impairment losses during the fiscal year ended March 31, 2020, we have fostered a selective stance towards new investments that is not so restrictive as to impede ambition but also allows for a solid assessment of large mission challenges and its results. Even if failure occurs, we will be able to settle any losses and recover as a company.

Besides such systems, I also place great value on the dialogue with our employees. Before the pandemic, we organized meetings where 40–50 people could gather and have the chance to speak directly management to create opportunities for dialogue. These meetings have continued online during the pandemic, and to date, I have engaged with around half of the entire Marubeni Group workforce in this way.

Since opportunities for direct dialogue are inevitably limited, I have also worked on strengthening communication through the Opinion Box. This communication medium enables me to send video messages on important topics to Marubeni Group employees, who can then reply directly with questions and comments. In the roughly three years I have served as CEO since the fiscal year ended 2020, I have corresponded through the Opinion Box about 40 times and have received many responding questions and comments from employees through this two-way communication system.

This initiative is meaningful for helping Marubeni Group employees understand more about key management policies and messages and heightens their sense of participation within the company. At the same time, I have gained many insights from employees' opinions. As a company, we refer to these opinions for improving upon and revising our policies: for

example, in our efforts to promote the empowerment of female employees, and when we were working out the best balance between office work and telecommuting post-pandemic.

In order to deepen human capital management, senior management must become more involved in drawing out the strengths of their employees and promoting human capital strategies that align with our business strategies. To this end, we established the "Talent Management Committee," a human capital strategy committee comprised of the CEO, CAO, and CSO as core executive members, in the fiscal year ended March 31, 2022 to discuss various issues related to HR management. We continue to consider how best to manage personnel assignments, workforce composition, training, and other aspects of our HR systems and policies, and implement reforms swiftly across the Marubeni Group.

Standing on a new stage, pursuing the creation of longer-term corporate value in partnership with stakeholders

I believe we have made a good start to the fiscal year ending March 2023. I can sense the confident and a vibrant atmosphere present internally, as well as the high expectations in Marubeni from outside the company. We must continue to work hard steadily over time to increase the trust of stakeholders, which can evaporate in an instant. At the same time, it is my strong conviction that we should never turn back.

As dedicated professionals, we can face new challenges and create innovative solutions. When we all bring our best, we inspire each other to keep going until we reach our goals. This is Marubeni's vision for the future. While Marubeni can only achieve so much, I believe we can tackle any issue by partnering with people and companies worldwide.

Standing on a new stage, the Marubeni Group is focused on building corporate value over the medium and long term by seeking to address major societal issues in partnership with all stakeholders, whether individuals, companies or other entities.

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Masumi Kakinoki

President & CEO