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https://www.marubeni.com/en/investor/sustainability/  To Investors
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Our Company

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Editorial Policy
The Marubeni Group’s Integrated Report is meant to serve as a tool for communicating with stakeholders and gaining the trust of greater society. To provide a systematic explanation of the Marubeni Group’s initiatives, the Integrated Report cohesively presents the vision for the Marubeni of the future and the strategies for realizing this vision, as well as our commitment to helping resolve social issues through our business activities. The Integrated Report 2020 puts emphasis on conveying directly the messages of management, through the CEO’s messages and the roundtable discussion with external directors. It also broadens the disclosure of non-financial information such as, for example, starting to disclose information based on TCFD recommendations, as well as reporting on progress made with initiatives and policies related to the materiality of the Marubeni Group.

Reporting Period
April 1, 2019-March 31, 2020
The contents of the publication include some information below and after the reporting period.

Disclaimer Regarding Forward-Looking Statements
This material contains forward-looking statements about the future performance, events or management plans of Marubeni Corporation and its Group companies. The Company bases its forward-looking information, analysis and forecasts on the current state of the Marubeni Group and its thoughts on enhancing corporate value over the long-term. The Company bears no responsibility for any possible damages arising from the use of information in this material, nor does the Company have any obligation to update these statements, information, future events or otherwise. This material is an English-language translation of the materials originally written in Japanese. In case of discrepancies, the Japanese version is authoritative and universally valid.

Note Regarding Accounting Standards
The Company adopted U.S. GAAP up until the fiscal year ended March 31, 2013, and IFRS from the fiscal year ended March 31, 2014. "Profit attributable to owners of the parent" is described as "Consolidated Net Profit"/"Net profit" in this report.
History of the Marubeni Group

In 2018, Marubeni commemorated the 160th anniversary of its founding. Over the years, we have been creating value while embracing countless challenges and undergoing self-transformation. Such challenges and transformation are truly the grounds upon which Marubeni’s current foundations as a Sogo Shosha (general trading company) were built.

Looking ahead, Marubeni will boldly navigate the next era to evolve beyond the general-trading-company mold by variously endeavoring to advance society and industry while continuing to unerringly embrace challenge and transformation.

Company Creed/Management Philosophy/Corporate Principles

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Our Company Creed, “Fairness,” Innovation,” and Harmony,” dates back to Marubeni’s first president, Shinobu Ichikawa. Mr. Ichikawa encouraged employees to act fairly with dignity befitting a large company, to continuously foster an enterprising culture within which it operates. In order to achieve these goals, Marubeni is committed to the following six basic principles of business:

1. Conduct Fair and Open Business Activities
2. Develop a Globally Connected Company
3. Create New Value Through Business Vision
4. Respect and Encourage Individuality and Originality
5. Promotes Good Corporate Governance
6. Safeguard Ecological and Cultural Diversity

Management Philosophy

In accordance with the spirit grounded in “Fairness, Innovation, and Harmony,” the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities.

Corporate Principles

Marubeni Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and lawful competition. As a company, Marubeni will also continue to play its part in the growth of the global economy, while always striving to enrich the society in which it operates. In order to achieve these goals, Marubeni is committed to the following six basic principles of business:

1. Fairness—Act with fairness and integrity at all times.
2. Innovation—Pursue creativity with enterprise and initiative.
3. Harmony—Give and earn the respect of others through cooperation.

Implementation of Management Strategy

For the Marubeni Group’s long-term direction and an overview of the GC2021 Medium-Term Management Strategy, please see PP.10-14: “Our Vision and Promotion of the GC2021 Medium-Term Management Strategy”

Global crossvalue platform

Marubeni 2030

Pursuing long-term corporate value creation with sights set on 2030

Our vision

Global crossvalue platform

Value creation company going beyond the boundaries of the current Sogo Shosha
Message from the President & CEO

Whatever the future may bring, we will build a robust foundation and continue to evolve beyond the boundaries of the Sogo Shosha (general trading company) mold as we aim to become a value-creative corporate group.

We will take on the challenge of creating new business models and aim for long-term corporate value enhancement without changing the underlying spirit of the GC2021 Medium-Term Management Strategy.

Masumi Kakinoki
President & CEO
First, in addition to extending my deepest sympathies to all those affected by the impact of COVID-19, I would like to take this opportunity to express my profound gratitude to all of the medical institutions that are at the forefront of medical treatment and the many people who are working hard to prevent the spread of this virus. The Marubeni Group has declared ensuring the safety of our Group employees, customers, and partners worldwide as our top priority, and we are taking every precaution as we continue our business activities. As president, I want to express my deepest gratitude for all Marubeni Group employees, who are facing challenges in carrying out their daily tasks; I am extremely proud of their ability to persevere through these difficult circumstances, continue to perform to the best of their abilities and focus on the Marubeni Group’s future.

The underlying spirit of GC2021 remains unchanged

I was appointed president in April 2019 and spent the fiscal year (ended March 31, 2020) focusing on instilling the new GC2021 Medium-Term Management Strategy. In particular, I focused on creating lots of opportunities for face-to-face communication with junior employees. One of my first priorities was to instill my message and unite all Group employees, so I visited as many countries as possible, rallied the Marubeni Group employees in those areas, including seconded employees from headquarters and local staff, and repeatedly engaged in direct communication with them.

Innovation is happening right now, all around us, whether we participate in it or not. Everything is moving at an accelerated pace, including technological breakthroughs, and, in some cases, things that had previously taken many small steps can now be achieved in a single bound.

For example, back when I used to work in the power business, a transmission line and a distribution line were necessary to supply electricity, even in a small village. Now, solar panel technology makes it possible to build a closed system for use by, for example, a single village, rendering obsolete the power line technology that was once essential in the not so distant past. We are in an age where breakthroughs make it possible to do things that people could once only dream of, or were otherwise technologically impractical – an age in which we can no longer rely on doing the same things we have always done to make progress.

Put simply, a Sogo Shosha is a collection of various businesses. We now live in a world where, in each of those businesses, the former conventional wisdom—that there is no doubt customers will come if you just continue to operate within the framework you have already built, or that customers will be happy to just buy what you have in stock—no longer applies. If you focus only on the work that your department is responsible for, you will never encounter anything new; so I encourage employees to venture outside of their normal work and see what the department next door is doing. As Sogo Shosha are involved in a diverse spectrum of fields, there are any number of possibilities for different businesses to collaborate. This is actually not an entirely novel idea. Years ago, we would often talk about creating synergies, but in the end we were unable to break out of our own rigid and over-compartmentalized work culture. The fact of the matter was, things were working out just fine for us, even if we didn’t break free from those rigid frameworks – that is until recently. Now, due to various breakthroughs, these old-fashioned methods of doing business are gradually becoming untenable, and there is a very real possibility that the things we have relied on until now could become obsolete in no time at all.

The Medium-Term Management Strategy emphasizes that threats and opportunities go hand in hand, working to permeate this way of thinking throughout the Group. The Global Crossvalue platform*, which has been adopted as the long-term direction of the Marubeni Group, was born from a feeling of being boxed into a comer, and the fear that, were we not to adopt it, we might end up losing our means of survival.

This is the situation Marubeni was in as the COVID-19 outbreak began, and at the end of the fiscal year (ended March 31, 2020), we recorded a large impairment loss, imposing a tremendous burden on our shareholders, and all of our stakeholders. To post this loss when we did was certainly a radical measure, but we recognized that in the long run, if we do not diligently maintain our financial strength and earnings power, we will end up placing even more of a burden upon the shoulders of our shareholders, investors, business partners, and employees. Ultimately, we made the decision to post this loss when we did in the interest of proving to all of our stakeholders that they can still count on a bright future for the Marubeni Group.

The world is changing at an astounding rate, irrespective of the situation with COVID-19. I believe that the underlying spirit of GC2021, which I have repeatedly discussed and instilled in our employees, remains unchanged; if we do not adapt to the changing world, we will be left behind, and it is possible that the assets we possess will quickly become obsolete. Marubeni is seizing this opportunity to address a number of aspects related to our business activities, for example reexamining ourselves, looking closely at the circumstances surrounding us, reflecting on things that need further consideration, and reviewing the things that require our full attention.

*For more details on the Global Crossvalue platform, by which we aim to create long-term corporate value with our sights set on 2030, please refer to GC2021 Medium-Term Management Strategy on PP.10-14.
A company is only as good as the achievements of its employees

For a Sogo Shosha like Marubeni, people are the most important asset. This company has both medium-term management strategies and company-wide goals. These apply to each group, business division, and department, but ultimately a company is only as good as the accumulated achievements of each and every one of our employees. This fiscal year, Marubeni is also working on HR system reforms based on this philosophy. When individuals set their “missions” for the year, if they make a mistake in setting their mission, or if they do not properly understand it, their earnest efforts may go to waste. That is why I place considerable emphasis on correctly setting missions as the basis for performance reviews. Just because an employee is always present at the office and appears to be busy does not mean they are doing meaningful work. A true review should reflect each employee’s contribution to achieving the goals set by the company. As such, it is equally important to clarify what is expected of each employee and to identify those expectations as individual missions. As an employee, it is extremely discouraging to feel that evaluations are not being properly conducted, so we have introduced a system by which, each year, the mission and expectations for each employee are clearly identified and defined.

Thorough governance to ensure strategy execution

Over the years, the way in which we think about the achievements of a company has largely changed. In the past, I think there was this sense that the ultimate goal was to maximize one measure of financial value – posting a profit. Because industrial progress has moved so rapidly in the past century, we have had an excessively negative impact on this planet; there are hardly any days where the environment, and particularly climate change, does not come up as a topic of conversation. Therefore, Marubeni incorporates ESG initiatives in our business activities, starting with the things we can do right away with our existing assets. One example of this is that we were the first in the trading house sector to proclaim our stance on coal-fired power generation.

Speaking of ESGs, while the “Environment” part gets lots of public attention, I consider “Governance” to be the most important. With good governance, we can appropriately respond to both environmental and social issues while simultaneously ensuring strategy execution. We can do nothing without proper governance. As such, Marubeni places the utmost importance on board-level governance and effectiveness in carrying out our business strategies. Marubeni’s Board of Directors is extremely stringent, and freely offers their opinions on any and all matters pertaining to our business. I think that this is the correct way for a company to operate. Beginning this fiscal year, five of our eleven directors are external directors, and I think that, in the future, this number will continue to be revised and eventually the external directors will outnumber the internal directors. That said, we do not expect external directors to simply conform to the same role of the internal directors. The most important characteristic of external directors is their external point of view. For example, when we start having internal discussions about an investment project, it is not unheard of for a heated debate to ensue about how we can put the investment project into practice.

Then, when we have a Board of Directors meeting and the external directors ask a very simple question as to why we have made a particular choice, or whether this choice is necessary for the development of the Company, there are times that such simple but substantive questions remind us of the importance of being objective and not overcomplicating the issue. On several occasions, the Board has even sent the proposals back to the deliberation phase. It is invaluable to have opinions from angles that we did not even think of, or even from outside of the company.

Furthermore, as Marubeni has many Group companies, we must continue to enhance not only the governance of our headquarters, but also overall Group governance. Unless the Board of Directors is effective Group-wide, which includes our important Group companies, we cannot claim to have thorough Group governance. This represents a tough task for us ahead, but I believe that ultimately it is not possible to say that we have achieved Group governance without implementing the same kind of governance across the board as we have here at headquarters.

Working towards restoring trust

In light of our results for this last fiscal year, I must express my deep regret for falling short of our stakeholders’ expectations. In any event, put simply, I think there are two ways for Marubeni to restore trust. First, we cannot sustainably pay our shareholders and investors back unless we survive. Because it is not possible to enhance shareholder value all at once, I want to focus on recovering our financial strength, which was greatly damaged by the impairment losses. To start, we have made a big reduction in dividend forecasts for the current fiscal year (ending March 31, 2021). We will redirect these resources to improve our financial foundation, and to improve our net DE ratio, first to around 1.1 times by the end of March 2021, and then to around 1.0 by the end of March 2022, the final year of GC2021. We will work diligently towards achieving these goals. As the current fiscal year is the next period after having incurred the impairment losses, the other way to restore trust is to achieve the earnings targets we have set for this year no matter what. By focusing on these two things, and producing results, I pledge to gradually regain the trust of our stakeholders.

I know that incurring these losses has caused stress for all Marubeni Group employees, but what we are doing now is focusing on forward-looking efforts and initiatives, and I believe that we have created an environment in which our employees will be able to focus on their missions without feeling burdened, and in which shareholders and investors alike can justifiably expect a bright future ahead for Marubeni; I am confident that we can produce results. Please look forward to great things from Marubeni.

August 2020

Masumi Kakinoki
President & CEO
Our Vision and Promotion of the GC2021 Medium-Term Management Strategy

Long-Term Direction of the Marubeni Group

In 2018, the year in which Marubeni commemorated the 160th anniversary of its establishment in 1858, the Group adopted Global crossvalue platform as a long-term vision to aspire toward. In simple terms, building a Global crossvalue platform will involve radical reform of Marubeni’s businesses and organizational structure.

Until recently, Marubeni grew by creating and providing various solutions to society and customers while transforming its business model from trading to business investment. However, as evidenced by the current new coronavirus (COVID-19) pandemic, we started to experience a major sense of crisis in response to society’s changing values, the digital revolution and drastic changes in the structure of industry and competitive landscape. Under our existing organizational structure based mainly on product verticals, we recognize that the potential exists to sooner or later lose its business model from trading to business investment.

We will take on the challenge of uncovering new businesses. We will realize a Marubeni Group that boldly pursues new growth domains and new business models.

Our vision: Global crossvalue platform

Value creation company going beyond the boundaries of the current Sogo Shosha

Pursue growth engines and create new business models by proactively addressing the challenges of customers and society through vertical evolution and horizontal expansion.

Global Changes and Major Trends toward 2030

- Millennial generation and changing values
- Technological innovation, digital transformation
- Geopolitical risk and the shifting balance of world powers
- Transformation of the industrial structure
- New business ecosystems

Concurrent Opportunities and Threats

Opportunities
- New growth opportunities arising from changes

Threats
- Risk of existing business models becoming obsolete
- Limitations inherent in solutions based on product-oriented business lines

Ability to identify opportunities and threats, anticipate the future and drive change

Basic Policy of Management Strategy

We formulated the GC2021 Medium-Term Management Strategy, a three-year roadmap that commenced in the fiscal year ended March 31, 2020, as a first step toward implementing our Global crossvalue platform. Under this strategy, our aim is to create long-term corporate value with our sights set on 2030.

In May 2020, the Marubeni Group took steps to review GC2021 in light of the significant loss incurred in the fiscal year ended March 31, 2020 and the deteriorating business environment triggered by the spread of COVID-19. Although we have adopted the two basic policies of “rebuilding and strengthening our financial foundation” while “enhancing business strategies,” our basic growth strategy policy of “corporate value enhancement in the medium to long term by strengthening existing business and creating new business models” remains unchanged. Our basic policy under GC2021 is to simultaneously pursue both sustained growth by strengthening existing businesses and explosive growth by creating new business models with our sights set 10 years ahead, i.e., predicated on building and maintaining a strong financial foundation as a cornerstone for growth.

To do so, we have incorporated the new concept of three growth horizons into GC2021. These three growth horizons are one of GC2021’s distinguishing features.

Horizon 1 supports sustained growth through the improvement of existing businesses. Specifically, we will endeavor to grow earnings by maintaining or upgrading the value of existing businesses through capital expenditures* that, for example, extend the useful lives of existing assets.

Horizon 2 supports sustained growth through new investments that look to pursue the Group’s distinctive strategies in existing business domains.

We have designated Horizons 1 and 2 as the Marubeni Group’s core earnings drivers for achieving sustained growth during the GC2021 execution period.

Horizon 3 targets explosive growth toward 2030. To realize this explosive growth, we have identified a concept that we call White Space. White Space refers to new business models and growth domains that the Marubeni Group has yet to exploit. Because White Space represents a new frontier for the Marubeni Group, we recognize that Horizon 3 investments may not realistically contribute to earnings during the GC2021 period. Nonetheless, we will boldly engage in high-promise growth domains to achieve explosive growth toward 2030. Beyond the explosive growth stage, Horizon 3 businesses will be treated as Horizon 1 or Horizon 2 existing businesses. In this case, we will shift our focus toward further expansion and upgrade.

By always challenging new business models with different timelines corresponding to the three growth horizons, we will endeavor to become a “value creation company going beyond the boundaries of the current Sogo Shosha” and “pursue sustained growth in market capitalization.”

* Capital expenditures are additional investments in existing assets to maintain or increase their value.

See “Message from the CDIO & CSO” on P.15 for more details on Horizon 3 initiatives.

Our Vision and Promotion of the GC2021 Medium-Term Management Strategy
The Marubeni Group incurred a consolidated net loss of ¥197.5 billion (including one-time items of ¥422.0 billion) in the fiscal year ended March 31, 2020. As a result of the aforementioned one-time items, our top priority is to focus on cash flow management in order to rebuild and strengthen our financial foundation. Under the GC2021 policy, we were looking to promote efforts aimed at both “strengthening our financial foundation” and “allocating capital to growth opportunities (undertake strategic investments in the three growth horizons).” In light of the deterioration in our financial foundation due to the substantial loss incurred in the fiscal year ended March 31, 2020 and the dramatic change in our operating environment as a result of the unprecedented economic crisis triggered by COVID-19, we recognize the important need to improve our financial foundation as quickly as possible. Taking the aforementioned into account, we have set the quantitative target of improving our net D/E ratio to around 1.0 times as of the March 31, 2022 fiscal year-end by maximizing free cash flow after the delivery of shareholder returns and prioritizing the repayment of interest-bearing debt.

Rebuild and Strengthen the Financial Foundation

As a result of the huge loss in the fiscal year ended March 31, 2020, our top priority is to focus on cash flow management in order to rebuild and strengthen our financial foundation. Prioritize repayment of debt by accumulating positive free cash flow after the delivery of shareholder returns during the GC2021 period and endeavor to achieve net D/E ratio of around 1.0 times as of the end of March 2022.

Enhancement of Business Strategies

Maintain the Basic Policy under GC2021

Pursue corporate value enhancement in the medium to long term by strengthening existing businesses and creating new business models

Focus on preserving and improving existing businesses including cost reduction measures and establish a sustainable and stronger business foundation

Envisage what a post-COVID-19 world would look like, including the economy, social issues, growth domains, and business models, we will work to further enhance and strengthen our risk management practices in a bid to enhance corporate value.

Although there may be the possibility of a dramatic change in conventional wisdom throughout the world after COVID-19 dissipates, the theme of the Global crossvalue platform to which the Group as a whole aspires indeed remains the radical reform of its businesses and organizational structure. While taking up the challenges of new business models in each of the growth horizons explained earlier, we will clarify our raison d’être and work in unison to create value.

With the deterioration of the business environment caused by COVID-19 combined with the fall of crude oil prices, the value of weaker businesses and assets of concern have been reassessed, removing the risk of future impairment loss.

Net loss of ¥197.5 billion (including one-time items of ¥422.0 billion)

Net D/E ratio slipped back to 1.16 times.

COVID-19 has stopped the movement of people worldwide, leading to the worst financial crisis since World War II, and the first major one since the 2008 global financial crisis.

This situation threatens the life and safety of people, possibly of a sustainable society, and may have a huge impact on the economy, society, and values of the future.

An early medical breakthrough is unlikely. Rapid recovery (also called a “V-shaped recovery”) of the global economy is extremely difficult, and a worldwide recovery is expected to be sluggish (“L-shaped” recovery timeline). 2021 may also be a year of slow and moderate recovery.

The safety of Marubeni’s employees worldwide, customers and partners is our top priority.

Brace for an expected long-lasting impact to our business environment and focus on rebuilding and strengthening our business foundation.

Revised Downward revision of FYE 3/2020 results

Net loss of ¥197.5 billion (including one-time items of ¥422.0 billion)

Net D/E ratio slipped back to 1.16 times.

COVID-19 shock

With the deterioration of the business environment caused by COVID-19 combined with the fall of crude oil prices, the value of weaker businesses and assets of concern have been reassessed, removing the risk of future impairment loss.
—Shareholder Returns Policy

As far as the payment of dividends during the GC2021 period is concerned, we will maintain our current dividend policy and target a consolidated dividend payout ratio of 25% or more with the minimum set at the forecast announced at the beginning of each fiscal year. Under GC2021 announced in May 2019, we stated that the Company would flexibly buy back shares as an additional shareholder returns policy after achieving a net D/E ratio of approximately 0.8 times. To prioritize the rebuilding and strengthening of our financial base, which is the basis for allocating capital for new growth investments and shareholder returns, however, we have decided not to buy back shares during the GC2021 period. In order to enhance corporate value over the medium to long term, we will promptly rebuild and strengthen our financial foundation.

Business Policies SPP

As part of GC2021, we have formulated a trio of new business policies we call SPP — Strategy × Prime × Platform — as basic principles common to all of the Marubeni Group’s business models.

- Strategy policies involve closing the gap between the status quo and our vision. It expresses our renewed commitment to staying intensively strategy-focused.

- Prime policies involve proactively executing strategies across all Marubeni Group businesses. If we were to merely invest in businesses, we would have much fewer opportunities to create solutions to the challenges and issues facing society and customers. We would also have less growth potential. We have accordingly made a commitment in the form of our Prime policy, which means proactively formulating and executing with the aim of increasing the value of our businesses. Rather than limit investments to projects in which we will hold a majority stake, we will take the initiative to add value to these businesses by teaming up with like-minded partners in mutually complementary strategies in the case of large deals.

- Platform policies involve leveraging the Marubeni Group’s platform to substantially grow its businesses. We treat businesses with promising prospects of geographic, market or product-line expansion as platforms. We will pursue expansion of such businesses through M&As and/or organic growth with the aim of long-term earnings growth.

In addition, we will employ the Group’s knowledge, know-how, and assets as platforms to create new value by synergistically combining a wide variety of internal and external expertise. While it has been one year since they were first identified, these new SPP business policies are now well entrenched as values common to all personnel, including both employees and management. As a result, we are working on strategic projects based on SPP, which are expected to contribute to the future growth of the Marubeni Group.

Looking ahead, we will work to maximize the value of the Marubeni Group’s overall portfolio businesses by selectively making new investments, strengthening existing businesses and expediting recoupment of previous investments and asset turnover.


Under our GC2021 Medium-Term Management Strategy, we have identified the goals of simultaneously pursuing sustained growth by strengthening existing businesses and explosive growth by creating new business models with our sights set 10 years ahead in order to enhance our long-term corporate value. While firmly cementing the foundations of our earnings through the pursuit of strategies in existing business domains, we will target growth in Horizon 3 by pursuing “White Space,” which is defined as new business models and growth domains that the Marubeni Group has not yet focused on. As far as this “White Space” is concerned, we will ensure that the Next Generation Business Development Division, newly established in the fiscal year ended March 31, 2021, works together with the 13 existing business divisions, and that every effort is made to promote cross-pollination of the Group’s internal resources with external functions in a bid to create new business models.

While we define “explosive growth” as multifold growth in corporate value within a 10-year timeframe, we do not intend to become involved in high-risk/high-return businesses. The most important point here is to identify future growth engines by addressing and anticipating the challenges and issues of society and customers and proactively cultivating and growing businesses from a long-term standpoint.

We will take on the challenge of growth domains and new business models with our sights set 10 years ahead.

Kenichiro Oikawa

Managing Executive Officer, Member of the Board
Chief Digital Innovation Officer (CDIO)
Chief Strategy Officer (CSO)
Regional CEO for Asia
Regional CEO for Japan Business
Vice Chairman of Investments and Growth Committee

Message from the CDIO & CSO

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The aim is to significantly grow businesses that are capable of creating corporate value that is many times more valuable within a 10-year timeframe, even if they do not contribute to earnings in their first years. An example of one such specific initiative is our investment in TYTON BioSciences LLC (TYTON), a U.S.-based company that has unique products recycling technology that can, for example, recycle fabrics to textile materials. This type of business equity investment is distinctive in that it is designed to create new business models by combining the Marubeni Group’s global network with the latest technologies of start-up companies, while at the same time helping to solve social issues. Another example is the Group’s investment in PT Siloam International Hospitals Tbk (Siloam), the largest private hospital group in Indonesia, which is being handled through the Next Generation Business Development Division.

The healthcare business is an area in which the Marubeni Group has not been fully engaged until now. However, due to the increased prominence of such social issues as growth in the aging of the world’s population, we believe that the creation of a business model that can contribute to the resolution of these issues has great potential to help further enhance corporate value. Looking ahead, we will also endeavor to capitalize on our collective platform that encompasses expertise, know-how, assets, and other resources, in a bid to realize our vision of becoming a Global crossvalue platform. In this manner, we will continue to work on the creation of new business models and take on a variety of new growth opportunities that are not currently available to us.

See “Special Feature: Business Strategies Based on SPP Business Policies” on P.39–42 for more details on specific SPP projects.

GC2021 Group HR Strategy

To help build a better tomorrow, the Marubeni Group has identified “Human Capital with High Social Value” as an essential category of Fundamental Materiality. We see human capital as one of our most important assets. We define “Human Capital with High Social Value” as highly regarded individuals who are essential to society and customers.

The Group HR strategy incorporated into the GC2021 Medium-Term Management Strategy aims to create a “Marubeni HR Ecosystem” promoting the involvement of every Marubeni Group employee in the creation of new value as part of the “Global crossvalue platform.”

The key concepts underpinning the “Marubeni HR Ecosystem” are “Human Capital with High Social Value,” “Diversity & Inclusion,” and “A Culture for Individuals’ Development and Productivity.” Creation of new value is driven by “Human Capital with High Social Value,” referring to employees who are highly regarded and essential to society and customers. A focus on “Diversity & Inclusion” enhances our value-creation capabilities. Building a “Culture for Individuals’ Development and Productivity” helps to integrate internal and external ideas, promoting open innovation. To realize these concepts, we are formulating and implementing various policies and measures to make HR systems more closely aligned with management strategies; construct a framework to foster development of diverse human capital; and create an environment going beyond the boundaries of companies and organizations.

**Marubeni Group HR Strategy**

**Execute Marubeni Group HR strategy where every single Marubeni Group employee is involved in creating new value as part of “Global crossvalue platform.”**

**Priorities**

- HR systems strongly aligned with management strategy
- Employee development & Workplaces for diverse human resources
- Human Capital with High Social Value
  - Creating new value
  - Highly regarded and essential to society and customers
- Diversity & Inclusion
  - Respect for diverse values
  - Value creator capabilities utilizing various individual abilities and experiences
- Culture for Individuals’ Development and Productivity
  - Workplace environments for invigorating human resources
  - Open innovation to bring together internal and external ideas

**Message from the CAO**

We are building a “Marubeni HR Ecosystem” to help develop, incentivize and connect human capital with high social value.

**Mutsumi Ishizuki**

Senior Managing Executive Officer;
Chief Administrative Officer (CAO); Senior Operating Officer, Audit Dept.; Senior Operating Officer, Executive Secretariat; Vice-Chairman of Investment and Credit Committee; Chief Compliance Officer (CCO); Chairman of Internal Control Committee; Chief Information Officer (CIO)

In building the “Marubeni HR Ecosystem” that is the goal of the Group HR strategy incorporated into the GC2021 Medium-Term Management Strategy, our aim is the continual development of “Human Capital with High Social Value” – highly regarded employees who are essential to society and customers. The most vital element of this is to foster conditions enabling creation of new value via mutual respect for diversity; dynamic, motivating workplaces; and through organic connections.

Since the fiscal year ended March 31, 2019, we have pursued “Human Capital × Mechanisms × Time” initiatives aimed at developing human capital with high social value while at the same time creating new value, including Marubeni Academia, the External Personnel Exchange Program, the Business Plan Contest, and the 15% Rule. From the fiscal year ending March 31, 2021, to build on the momentum already created, we are looking to reform our HR systems from the three viewpoints of remuneration structures, talent management, and workplace environments.

With remuneration, the goal is to motivate all employees to set high targets and take on tough challenges. To delegate organizational and HR management authority to each division, we are making radical reforms based on mission and contribution to our appraisal, compensation and qualification systems. We are also introducing new rewards to incentivize employees to make contributions to other divisions of the organization than their own via the 15% Rule, for instance.

With talent management, our aim is to optimize HR deployment to increase our organizational capacity to implement strategy while promoting growth in human capital. We are upgrading our HR management systems in various ways, such as utilizing assessment-based visualization of human capital, promoting better job matching in our external and internal recruitment, and providing stronger career support for seniors.

In terms of workplace environments, we are promoting health management since employee health and safety is our foremost priority. In addition, we are upgrading systems to support connections between people beyond company and organizational boundaries, and to facilitate self-directed careers and styles of work. These moves include relaxing bans on side-jobs, using alumni networks to forge connections between retirees, and introducing flexible and remote working arrangements to boost flexibility.

Human capital is our most valuable asset. We are maximally focused on creating the conditions to develop, incentivize and connect human capital with high social value.

* See PP.18-19 for more details on “Human Capital × Mechanisms × Time” initiatives.
HR Development

To build Marubeni’s global competitiveness via the development of individual employees, we are upgrading the Group’s HR development programs. These consist mainly of on-the-job training supplemented by off-the-job training.

On-the-job training includes assigning hands-on experience and recommending young employees for overseas assignments to build professionalism early in their careers. The Marubeni Group training curriculum that supports off-the-job training has been revamped since the fiscal year ended March 31, 2017. Established to help realize the Marubeni Group’s HR strategy, the Marubeni Global Academy (MGA) is being upgraded. We plan to roll out its HR development programs at the global and group levels to continue building human capital across the Marubeni Group.

Developing new value creators

Marubeni Academia

Under the Marubeni Academia initiative, we select personally distinguished individuals with diverse careers from across the Marubeni Group worldwide with the aim of developing them into innovation leaders capable of driving Marubeni’s future global growth. Over the course of a year, the program guides participants from conceptual discussions of innovation to realizing practical innovation. They are expected to play a leading role in the Marubeni Group’s innovation initiatives as evangelists. In each of the first two years (fiscal years ended March 31, 2019 and March 31, 2020), 25 participants from eight countries took part in the program, practicing innovation to take maximum advantage of the diverse assets within the Marubeni Group’s platform.

Creating mechanisms to support innovation

Business Model Visualization

Business Model Canvas

Bizcon is a program to attract new business development ideas from across the Marubeni Group as part of trying to foster a dynamic and innovative Group culture. Ideas collected from every part of the Group are considered with the aim of commercializing winning entries. In its second year in 2019, the program attracted 114 entries, with three granted commercialization rights. We plan to hold a third edition of Bizcon in the fiscal year ending March 31, 2021 as part of continuous efforts to promote change within the Marubeni Group.

Creating time for innovation

The “15% Rule”: providing space to take up the challenge

Even with adequate “Human Capital” and “Mechanisms,” facing new challenges requires time. To address this, Marubeni has adopted the 15% Rule as a “Time” initiative to grant each employee time within working hours to come up with ingenious ideas for improving business practices or creating future-oriented business models. With the aim of creating the time to develop high-value-added processes, we have also conducted a business process improvement project focused on internal systems revision and process standardization or automation.

Targeting higher organizational productivity

“Work Anywhere” (telework) and flextime systems

By providing employees with greater choice about where and when to work to support more autonomous working styles, we are aiming to bolster the productivity and performance of our entire organization. Our new telework system “Work Anywhere” allows employees to work from home or using a shared satellite office space. In the fiscal year ending March 31, 2021, we also introduced a partially revised flextime system to allow each part of the organization to set its core working hours in response to local circumstances.

In the COVID-19 outbreak, these frameworks and IT infrastructure enabled many employees to work from home and allowed us to keep our essential operations running. To support those employees forced to work non-standard hours, we engaged an external counselling service as part of measures to help relieve worker stress. Going forward, we will focus on developing styles of work to maintain and improve levels of individual performance while ensuring the health and safety of employees and affiliates.
Diversity & Inclusion within Our Organization

Promoting Diversity Management
Diversity is an important aspect of the Group HR Strategy within the GC2021 Medium-Term Management Strategy. Aiming to become a stronger Marubeni Group where diverse individuals play active roles, we are promoting diversity to build a corporate culture and workplace environment that utilizes the strengths of diverse individuals with different personalities, experiences, capabilities and values.

Promotion of Work Life Management
We are promoting work life management as a way to help employees from a varied range of backgrounds achieve results. Our aim is to support continuous career development and performance irrespective of one’s stage in life. Every work life management measure is designed so that employees can access the required system when they need it.

Female Empowerment at Work
Marubeni has been recruiting more women for career-track positions since April 2006. From the fiscal year ended March 31, 2015, we also introduced the “BENInovation Program” a program aimed at encouraging women in career-track positions to take on greater challenges, while promoting diversity management. This training program also builds awareness among early-career female managers and immediate superiors. We continue to promote female empowerment by strengthening the recruitment and training of career-track women, actively assigning more women to overseas postings, and creating conditions to ensure women can thrive at work regardless of other events in their life.

Female Ratios for Managerial and Administrative Track Positions

<table>
<thead>
<tr>
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<tr>
<td>2019</td>
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Female Employees on Overseas Assignments

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<th>Female</th>
<th>Total</th>
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<td>2019</td>
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Health and Productivity Management
Identifying human capital as one category of Fundamental Materiality, the Marubeni Group places utmost priority on the health and safety of employees to help maximize their potential. To this end, we are conducting various health management initiatives within the Marubeni Group. Among related external accolades, we were chosen for inclusion in the Brand of Companies Enhancing Corporate Value through Health and Productivity Management Selection (Health & Productivity Stock Selection) in 2015, operated by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). Since 2018, we have been certified for three years in a row as an Outstanding Organization in Health and Productivity Management in the large enterprise (White 500) category by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

Marubeni Group Health Declaration
• Employees are a vital asset for the Marubeni Group, and their health is of paramount importance. The Group has therefore positioned maintaining and promoting employee health as a top management priority.
• The Marubeni Group supports employees’ success by working to create an environment where each individual can autonomously and proactively take steps to maintain and promote his or her health. These efforts will lead to the growth of the Marubeni Group.

Marubeni Health Promotion Structure
Marubeni has established the Marubeni Health Promotion Structure, under the responsibility of the CAO. The system promotes health and productivity management through the coordination of four groups: occupational physicians (Internal Medical Clinics), the Health Insurance Association, the Human Resources Department, and health and productivity management promotion officers selected from among the Company’s employees.
Message from the CSDO

Efforts to anticipate social needs while growing and evolving together with society will lead directly to sustainable improvements in our corporate value.

Takayuki Furuya
Managing Executive Officer, Member of the Board
Chief Operating Officer, Investor Relations, and Credit Ratings
Chairman of Investment and Credit Committee
Chief Sustainable Development Officer, Chairman of Disclosure Committee

The Marubeni Corporation established the Sustainability Management Committee in order to strengthen the Group’s initiatives aimed at the sustainable enhancement of corporate value in April 2018. In outlining its view on sustainability, the Group identified three categories of “Fundamental Materiality,” namely “human capital,” “management foundation” and “governance,” as well as “Environmental and Social Materiality” in February 2019. To ensure the efficacy of its efforts in each of these categories, the Group is deepening discussions at the management level on environmental and social issues, including climate change measures, and their impact on management. At the Sustainability Management Committee, which I chair, we are taking steps to implement our policy on environmental and social materiality while promoting the development of implementation plans. We have also initiated steps to better grasp current conditions in order to build a sustainable supply chain across the Group’s diverse business lines. We are working to enhance the Marubeni Group’s corporate value by lifting the reliability of our supply chain.

The Group is currently taking on the challenge of a self-transformation as it works toward its long-term Global Crossvalue Platform vision. We believe that our mission is to anticipate the needs of society, evolve our business model, and continue to grow together with society.

The spread of COVID-19 has posed a major global threat to social and economic activity, while at the same time exposing the fragility of short-term financial value. As new challenges arise for companies, including the incidence of fragmented supply chains and digitalization as a form of crisis management, we believe that the need to put in place a sustainable society in a post-COVID-19 society will only get stronger together with the change in people’s values. In an era of unprecedented uncertainty, I believe that general trading companies have an important role to play in anticipating and providing solutions to social issues. In line with the long-term direction envisioned by the Marubeni Group, we will create value and ensure that this value leads to sustainable growth.

The sources of value creation for the Marubeni Group are the insight, the ability to self-transform as it works toward its long-term Global Crossvalue Platform vision. We believe that our mission is to anticipate the needs of society, evolve our business model, and continue to grow together with society.

Fundamental Materiality

Sustainability for the Marubeni Group means anticipating environmental and social demands, proactively providing solutions, and putting the Management Philosophy into practice. The Marubeni Group has identified three categories of Fundamental Materiality as the three most important fundamental elements in building a better tomorrow and promoting sustainability.

Three categories of Fundamental Materiality

- Human Capital with High Social Value
- Robust Management Foundation
- Governance for Coexistence with Society

Sustainability Management Organization

- We have set up a Sustainability Management Committee that reports to the President and is chaired by the Chief Sustainable Development Officer (CSDO). To incorporate independent perspectives, several External Directors and External Audit & Supervisory Board members serve on this committee in an advisory role.
- The Sustainability Management Committee reports to the Board of Directors at least once a year on the important matters that it deliberates. These periodic reviews form the basis for the supervision of sustainability-related matters by directors.
- Sustainability is promoted across the Marubeni Group via the appointment of Sustainability Leaders and Sustainability Managers.

Board of Directors
President and CEO
Sustainability Management Committee
Sustainability Leaders
Sustainability Managers
Sustainability Management Department
Environmental & Social Materiality

The Sustainable Development Goals (SDGs)* adopted by the United Nations in September 2015 are goals shared by governments, the private sector and civil society for achieving sustainability and leaving the world a better place for future generations. We have identified four categories of Environmental and Social Materiality in which the Marubeni Group can make a valuable contribution.

Our categories of Environmental and Social Materiality are based on the 17 goals and 169 targets of the SDGs, and consider stakeholders’ expectations and interests along with the social and environmental impact of our business. By working on Environmental and Social Materiality by utilizing our Fundamental Materiality, we will contribute to achieving the SDGs and work toward building a better tomorrow.

Materiality in which the Marubeni Group can make a valuable contribution.

The Sustainable Development Goals (SDGs)* adopted by the United Nations in September 2015 established the SDGs under the 2030 Agenda for Sustainable Development. Consisting of 17 goals and 169 targets to help realize a sustainable world, the SDGs cover the period from 2016 to 2030.

Climate Change and Marubeni Group Value Creation

Climate change is an urgent global issue due to its broad impact on social and environmental sustainability, as seen in phenomena such as global warming, natural environmental changes and increasing damage due to natural disasters. Various industries are rapidly implementing reforms to help realize a decarbonized society, in line with the Paris Agreement that aims to cut greenhouse gas emissions through coordinated international action.

For the Marubeni Group, which has worldwide operations in a wide range of sectors including power generation and energy-related businesses, these movements present both risks and critical opportunities for growth. We see addressing climate change through business as supporting the sustainable growth of the Marubeni Group. We have set the following targets as part of our efforts to seize the opportunities while mitigating related risks.

**The Process of Pulling out of Coal-fired Power Generation**

- Cut coal-fired net generation capacity of approximately 30GW as of March 31, 2019, in half by 2030

**Proactive Involvement in Renewable Energy Generation Business**

- Expand the ratio of net generation capacity of renewable energy sources to approximately 20% by 2033

**Expansion of the renewable energy generation business**

- Start of commercial operation of Shewal Solar Photovoltaic IPP Project (gross generation capacity 1,177MW) in the United Arab Emirates in April 2019
- Start of commercial operation of Amin Solar PV IPP Project (gross generation capacity: 105MW) in Oman in May 2020
- Loan agreements signed in December 2019 for Biomass Power Generation Project (gross generation capacity 446MW) in Garmagn City in Aichi Prefecture
- Power purchase agreement signed for Al Khasaah Solar PV IPP Project (gross generation capacity 134MW) in Qatar in January 2020
- Loan agreements signed in February 2020 for Offshore Wind Farm Project (gross generation capacity 132MW) at Aksia Port and Kuchis Port in Aichi Prefecture

**Disclosures in line with the Recommendations of the TCFD**

See PP.28-29 for more information.
**Disclosure in line with the Recommendations of the TCFD**

Recognizing the importance of climate-related financial disclosures, the Marubeni Group affirmed the recommendations of the TCFD in February 2019. We are endeavoring to evaluate risks and opportunities angendered by climate change and to enhance related disclosures.

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**Basic Stance on Climate Change**

The Marubeni Group is striving to anticipate shifts in society linked to climate change and to create growth opportunities while mitigating related risks.

1. **GHG emissions-reduction business creation**
   - One aim of our growth strategy is to create new businesses to reduce emissions of greenhouse gases (GHGs), especially GHG emissions by other entities. At the same time, we are working to reduce the GHG emissions of the Marubeni Group.
   - *Green-renewing entities in the Marubeni Group: Notable business partners and suppliers of products and services*

2. **Flexibility to revise business portfolio**
   - With businesses expected to face obsolescence or downward earnings pressure due to climate change, we will consider alternatives, including exiting the business. To avoid damaging corporate value, we aim to revise our business portfolio at the appropriate time and to change asset allocations accordingly.

3. **A highly diversified business portfolio**
   - The Group’s business portfolio is highly diversified, providing a high degree of resilience to climate change. Potential impacts on the Group’s finances due to risks within specific industries or businesses are expected to be limited.

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**Goverance**

Our governance structure ensures adequate Board supervision of important climate-related issues.

Specifically, the Sustainability Management Committee, an advisory body to the President, leads the assessment of any climate-related opportunities/risks and deliberation of related strategy. It reports at least annually to the Board of Directors. Important matters are deliberated and voted on by the Corporate Management Committee and by the Board of Directors.

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**Strategy and Specific Initiatives**

We have identified the major climate-related opportunities and risks for the Marubeni Group by considering the potential impact on the 13 business divisions (excluding Next Generation Business Development Division) under the two global warming scenarios* of 1.5˚C and 4˚C. These are summarized below.

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**Risk Management**

The Sustainability Management Committee undertakes the management and monitoring of the Marubeni Group’s major opportunities and risks related to climate change.

1. **Risk management in internal processes**
   - Sustainability risk assessments, including risks related to climate change, have been introduced as part of the risk analysis prior to investment decisions.

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**Metrics and Targets**

1. **Cut coal-fired net generation capacity in half from end-March 2019 levels by 2030**
2. **Increase ratio of renewable energy sources of net generation capacity to approximately 20% by 2023**

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*The “1.5˚C scenario” is based on the Report on the Impact of Global Warming of 1.5˚C released by the Intergovernmental Panel on Climate Change (IPCC), referencing the Sustainable Development Scenario proposed by this International Energy Agency. The scenario sets out the elimination of net CO2 emissions by 2050 based on initiatives to mitigate climate change. Based on the IPCC’s RCP2.6 scenario, the “1.5˚C scenario” assumes no additional measures are implemented to mitigate global warming, resulting in a mean global temperature rise of 4˚C by 2100. This would lead to more severe natural disasters, among other outcomes.
Sustainable Forestry

Forests and value creation by Marubeni Group

Forests are a precious resource and enrich life on Earth in various ways. The Marubeni Group currently owns around 140,000 hectares of two plantations across the world (total gross project area: around 310,000 ha), operated using sustainable forestry management methods. Managing these forests through coexistence and co-prosperity with local communities, we strive to create value by addressing social issues, based on the supply of sustainable forest resources that meet the needs of consumers and business partners. We also aim to contribute to the establishment of a circular economy by fostering innovation in the utilization of forest resources while working to cater to the increasingly diverse environmental needs of society.

Wood resources have high socioeconomic value since they are recyclable and do not impair environmental value if they are properly managed. Through the sustainable management of forests, the Marubeni Group is working to promote forest conservation while increasing the value of our operations.

Forest Management Policy

We formulated the Forest Management Policy to drive our commitments to sustainable forest management and the protection of forests with high conservation value in our business activities.

Product Procurement Policy (Forest-derived Products)

We formulated the Product Procurement Policy to promote the procurement of timber and related products produced from appropriately managed forests, thereby realizing the sustainable use of forest resources.

For more details, see the “Sustainable Forestry” section on our website: https://www.marubeni.com/en/sustainability/environment/forest/

Sustainable Forest Management

The Marubeni Group currently owns forest plantation businesses in the two countries of Indonesia and Australia. Using a controlled cycle of planting, cultivation and management, and harvesting focused on eucalyptus hardwoods that mature quickly in 6-10 years, we provide a stable and sustainable supply of wood resources for pulp and paper production. Based on the principle of No Deforestation, our sustainable forestry management practices prioritize natural and social capital by not harvesting natural forests. We also undertake proactive programs jointly with local communities. The Marubeni Group will continue to manage the supply chain for manufacturing pulp and paper in a sustainable manner, encompassing everything from forest plantation through paper and product sales.

Forest management and forestry certification at Marubeni Group

<table>
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<th>Group company</th>
<th>Location</th>
<th>Nature of business</th>
<th>Forestry certification</th>
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</thead>
<tbody>
<tr>
<td>PT. Musi Hutan Persada (MHP)</td>
<td>Indonesia</td>
<td>Forest plantation business</td>
<td>Indonesian Forestry Certification Cooperation*5 &lt;br&gt; - Sustainable Forest Management certification</td>
</tr>
<tr>
<td>WA Plantation Resources Pty Ltd</td>
<td>Australia</td>
<td>Forest plantation/wood chips production/business</td>
<td>FSC® certification*6 &lt;br&gt; - CoC (Chain of Custody, processing/distribution processes) certification &lt;br&gt; - Responsible Wood®*7 &lt;br&gt; - Sustainable Forest Management certification</td>
</tr>
</tbody>
</table>

*1. Indonesian Forestry Certification Cooperation is a forest certification system in Indonesia endorsed and mutually recognized under the FSC®.
*2. The Programme for the Endorsement of Forest Certification (PEFC) is an international system for forest certification that is based on a framework for mutual recognition of national forest certification schemes.
*3. The Forest Stewardship Council (FSC) is a non-profit organization that operates an international forest certification scheme with the aim of promoting the worldwide adoption of responsible forest management practices.
*4. Responsible Wood is an Australian forest certification scheme endorsed and mutually recognized under the FSC®.

Coexistence with Local Communities

The Marubeni Group strives to provide social and economic development of the areas where we operate forest plantations and woodchip and pulp manufacturing. In Indonesia, plantation manager MHP and our consolidated subsidiary PT. Taru Jurugem Lestari Pulp and Paper (TEL), to which MHP supplies logs, together employ about 2,000 workers. The Muli Pulp Project has created 10,000 local jobs including at local affiliates. TEL is also involved in improving regional levels of education through the provision of scholarships and the operation of local schools at kindergarten, elementary and secondary level. Other efforts to stimulate the development of the region include support for production of traditional foods and cultivation of agricultural produce to help revitalize the economy, and the construction of infrastructure and public health facilities.

For the Marubeni Group, coexistence and co-prosperity with local communities are the foundation of forest management. We will continue to look for opportunities to create shared value with local communities.

Initiatives related to Product Procurement Policy (Forest-derived Products)

In line with the Product Procurement Policy (Forest-derived Products), we investigate the environmental and social considerations of suppliers as well as their compliance with laws and regulations. We review business relationships with suppliers if our surveys identify any issues that need to be addressed. In the fiscal year ended March 31, 2020, we selected 14 companies in the Group’s supply chain for timber and related products based on certain quantitative and qualitative criteria and conducted written surveys at those companies. No issues were identified within the scope of the survey. Procedures were reviewed at the end of the supply process as part of a continuous PDCA improvement cycle. Going forward, besides the regular disclosure of information on how our procurement policy operates, we will maintain appropriate communications with our suppliers and other stakeholders.

Sustainable palm oil and the Marubeni Group

Various concerns surround palm oil, including environmental degradation and biodiversity loss caused in the process of cultivation, and human rights violations affecting workers. Demand is growing for “sustainable oil,” produced in a way that is conscious of the environment and other concerns such as RSPO® certification.

Marubeni became a member of the RSPO in 2015. In 2019, we joined the Japan Sustainable Palm Oil Network (JSPO)®, an initiative that promotes the procurement and consumption of sustainable palm oil in the Japanese market. We are building a supply chain in Japan for palm oil-based fatty acids that is stable and meets demand for both large and small amounts to service underlying customer needs. We were the first company in Japan to begin warehouse sales of RSPO-certified fatty acids based on the ISCC (MB) supply chain model.

Elsewhere, our US-based Group company, the agricultural product distributor Platinum, Baum & Co., Inc., is working as a member of the RSPO and the ISCC® to procure and distribute products with low environmental impact to users. Nearly 30% of the palm oil and palm oil derivative products handled by the company are RSPO/ISCC-certified products.

We remain focused on expanding adoption of sustainable palm oil through procurement and distribution of certified products by Marubeni Group companies.

*1. The Roundtable on Sustainable Palm Oil (RSPO) is a non-profit organization that aims to promote sustainable palm oil production and utilization.
*2. The Supply Chain Certification Systems (SCCS) guarantees that palm oil products in the production and distribution processes meet the specified conditions. The Mass Balance MB supply chain model is used where sustainable palm oil from certified sources is mixed with ordinary palm oil throughout the supply chain under strict controlled circumstances.
*3. The International Sustainability & Carbon Certification (ISCC) system is used to certify the sustainability of biomass and bioenergy.
Human Rights & Co-Development with Communities

Human Rights and Value Creation by Marubeni Group

The Marubeni Group conducts business from 136 locations*1 across 68 countries and regions, employing more than 40,000 people*2 from a diverse range of nationalities and ethnicities. We are active in a wide range of businesses and conduct global, multi-faceted activities. With various human rights violations, the overseas operations of companies against local workers and residents pose a burgeoning issue, we have a responsibility as a global enterprise to address these issues. We believe respect for the human rights of those people affected by our business activities is indispensable. Furthermore, we are obliged to take appropriate corrective measures if there is evidence that our business activities have had a negative impact, since failure to do so would pose a significant risk of impairing corporate value. The Marubeni Group seeks to create sustainable value by conducting business activities that respect human rights.

Basic policies on human rights and supply chain management

For more details, see the "Respect for Human Rights" section of our website.

Sustainability Assessment and Human Rights Due Diligence

Development of sustainability assessment methods

The Marubeni Group is developing methods for assessing the potential risks from a business sustainability perspective as part of managing the risks involved in building supply chains that are sustainable, resilient and respect human rights. Incorporating the advice of an external consultant with specialized knowledge in the field, the definition of risk evaluation criteria takes into consideration relevant laws and regulations, international standards, and case studies taken from similar businesses.

Specifically, the approach involves evaluating the degree of potential risk for each type of risk in the three categories of "Environmental," "Safety and Health," and "Social," taking into account (1) the sector and type of each business and (2) the country/region where each business has its operations. The degree of risk is judged based on the impact due to specific factors such as scale, range and difficulty of remedy.

Human rights due diligence

Within the "Social" category of risks, we take a comprehensive stance to include items that relate to social, human rights or labor-related aspects of international standards associated with corporate social responsibility. We also include supply chain risk management items to reflect the UN Guiding Principles on Business and Human Rights and other guidelines. We have introduced these risk assessment methods to internal processes, such as surveys of consolidated subsidiaries and risk analysis of new investments. Through these efforts, the Marubeni Group will continue to conduct human rights due diligence.

Risk assessment items by category

- Environmental
  - Climate change / environmental pollution / biodiversity / resource management / mitigation measures and administrative procedures
- Safety and Health
  - Machine safety / fire and explosions / toxic substance exposure / infection / hazardous operations / mitigation measures and administrative procedures
- Social
  - Forced labor and human trafficking / child labor / working hours / wages and employment contracts / discrimination / harassment at work / disciplinary measures / respect for diversity / freedom of association / land issues / negative social impact on local communities / indigenous peoples and cultural heritage / conflict minerals / privacy / animal welfare / responsible marketing / mitigation measures and administrative procedures (supply chain)

On-site inspection in progress

FYE 3/2020
Risk assessment method developed, including human rights due diligence, Survey of consolidated subsidiaries started

FYE 3/2019
Basic policies on human rights and supply chain management formulated and announced

Supply Chains and Value Creation by Marubeni Group

Supply Chain surveys for consolidated subsidiaries

The Marubeni Group consolidated subsidiaries around the world are the starting point for the supply chains with which we provide products and services. Recognizing that safeguarding the sustainability of these business operations is a first step and a critical element of building sustainable and resilient supply chains, we have instituted sustainability surveys for our consolidated subsidiaries. From the fiscal year ended March 31, 2020, we assessed potential risks according to the process outlined below. On-site inspections were conducted at four domestic consolidated subsidiaries.

- Survey
  - All consolidated subsidiaries (approx. 400)
  - Selected for survey (approx. 203)
  - Written survey for other companies

- On-site inspections
  - On-site inspections for firms where potential risk at the industry, country or region exceeds a certain level
  - Potential risk evaluated using sustainability risk assessment method (see P.30 for details)

For more details, see the “Basic Supply Chain Sustainability Policy” section of our website.

Supply Chains Start with Consolidated Subsidiaries

Sustainability surveys for consolidated subsidiaries

The Marubeni Group consolidated subsidiaries around the world are the starting point for the supply chains with which we provide products and services. Recognizing that safeguarding the sustainability of these business operations is a first step and a critical element of building sustainable and resilient supply chains, we have established sustainability surveys for our consolidated subsidiaries. From the fiscal year ended March 31, 2020, we assessed potential risks according to the process outlined below. On-site inspections were conducted at four domestic consolidated subsidiaries.

- Survey
  - All consolidated subsidiaries (approx. 400)
  - Companies screened for survey based on business content

- On-site inspections
  - On-site inspections for firms where potential risk at the industry, country or region exceeds a certain level

For more details, see the “Basic Supply Chain Sustainability Policy” section of our website.
Performance Highlights

Financial Data

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<thead>
<tr>
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<tr>
<td>Net Profit (Yen)</td>
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<td>-200</td>
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<td>2,200</td>
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<td>Total Shareholder Return*</td>
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<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>62.3</td>
<td>2016.3</td>
<td>2017.3</td>
<td>2018.3</td>
<td>2019.3</td>
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<tr>
<td>Cash Flows</td>
<td></td>
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<tr>
<td>Net Cash Flow</td>
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<td>31.8</td>
<td>22.5</td>
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<td>Cash Flow Margin (%)</td>
<td>3.07</td>
<td>3.37</td>
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<tr>
<td>Total Shareholder Return*</td>
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<td>ROE (%)</td>
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<td>2016.3</td>
<td>2017.3</td>
<td>2018.3</td>
<td>2019.3</td>
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</tbody>
</table>

Non-Financial Data

ENVIRONMENTAL DATA

Greenhouse Gas (CO2) Emissions (Energy/Related) 13
- Marubeni Corporation’s six principal offices
- Marubeni Corporation’s six principal offices (Scope 1)
- Marubeni Corporation’s six principal offices (Scope 2)
- Marubeni Corporation’s six principal offices (Scope 3)

Energy Consumption 14
- Electricity consumption in Marubeni Corporation’s six principal offices
- Electricity consumption of Marubeni Corporation’s consolidated subsidiaries

Water Withdrawal
- Marubeni Corporation’s six principal offices
- Others of Marubeni Corporation + consolidated subsidiaries

Social Data

No. of Employees Who Took Maternity Leave*8/
- No. of employees who took maternity leave (left scale)
- No. of employees (right scale)
- Return rate (after childcare leave)*10 (right scale)

For more details, please refer to the website: https://www.marubeni.com/en/sustainability/environment/env_data/
Message from the CFO

We will take steps to improve our financial foundation at an early stage while strategically allocating capital with a view to enhancing our corporate value over the medium to long term.

Takayuki Furuya
Managing Executive Officer, Member of the Board
Chief Operating Officer, Investor Relations and Credit Ratings; CFO; Managing Executive Officer, Member of the Board

Q1. Have you altered your approach toward financial discipline after posting a substantial impairment loss in the fiscal year ended March 31, 2020?

A1. Our top priority is to rebuild and strengthen our financial foundation.

In light of the deterioration in our operating environment, including the spread of COVID-19 worldwide, a sharp drop in crude oil prices and an outlook that business conditions will continue to worsen, Marubeni posted an impairment and other one-time losses in the fiscal year ended March 31, 2020. As a result, the Company reported a consolidated net loss of ¥197.5 billion in the fiscal year under review, a negative turn-around of ¥428.3 billion compared with the previous fiscal year.

In response, we outlined details of a revision to our GC2021 Medium-Term Management Strategy, which began in the fiscal year ended March 31, 2020, at the time of our consolidated financial statement announcement. Under this revision, our top priority is to focus on rebuilding and strengthening our financial foundation. With this in mind, we will place an even greater emphasis on cash flow management. In specific terms, we will prioritize the repayment of interest-bearing debt by accumulating positive free cash flow after the delivery of shareholder returns during the three-year period of GC2021 and work to lower our net debt/equity ratio to around 1.0 times at the end of March 31, 2022.

Buffered by such factors as the drop in natural resource prices, Marubeni posted a net one-time loss in excess of ¥200.0 billion over the cumulative two fiscal year period from the fiscal year ended March 31, 2015 and over the fiscal year ended March 31, 2016. Over the ensuing period, we have been focusing on improving our financial position. Under these circumstances, we set the goal of achieving a net debt/equity ratio of around 0.8 times at the end of the fiscal year ended March 31, 2020, and had planned to introduce a new capital allocation policy after achieving this goal. However, after posting a substantial loss and damaging shareholders’ equity in the fiscal year ended March 31, 2020, we decided to renew our focus on cash flow and to rebuild and strengthen our financial foundation.

A sound financial foundation is a prerequisite for achieving growth. This reflects our belief that the maintenance and improvement of our creditworthiness and procurement ability of quality funds are key sources of our competitive advantage. Those aspects provide the underlying support and foundation for growth. Amid the probability of further downside scenarios in the global economy, such as the risk of a prolonged global battle against COVID-19, we recognize the urgent need to rebuild and strengthen our financial foundation by focusing on cash flow management in order to maintain a stable credit standing and the strength in quality fund procurement.

By working to promptly rebuild our financial foundation and then continuing to invest in growth with an eye on the future, we are committed to enhancing our corporate value over the medium to long term, which in turn will lead to an improvement in shareholder value.

Q2. What are your business and investment strategies for the future?

A2. We will improve the performance of our investments by staying intensely strategy-focused. We will also pursue the creation of new business models while at the same time enhancing the strength of our existing businesses.

Over the three-year period of the medium-term management plan GC2018, which began in the fiscal year ended March
31, 2017, in-depth discussions were held to analyze the investments that resulted in impairment losses and improve the performance of investments. As a result of these discussions, we clarified the concept of “staying strategy-focused” without making investment itself an objective and put in place strategies by business division. Under this “staying strategy-focused” concept, we hone in on the business strategy that is most likely to ensure that we achieve our vision. On this basis, investment is the only means to execute that strategy.

As part of the process to implement the strategies set out in GC2018 described above, we explicitly incorporated the “staying strategy-focused” concept into our Strategy, Prime, Platform (SPP)*4 business policies under GC2021, and will increase business value by thoroughly pursuing business strategies.

Despite a deterioration in the business environment due to the global spread of COVID-19, we will strengthen and improve existing businesses, including cost savings, while at the same time working to create new business models with an eye on the future. To further improve and strengthen risk management, we will clarify business strategies based on the SPP business policies, and upgrade and expand our organizational capacity for business investment and business management, including the establishment of a rigorous management governance system after investments are made. We need to vigorously pursue these initiatives to put in place a positive cycle of continuous business value improvement.

By enforcing investment discipline based on the SPP business policies, we will avoid the short-sighted pursuit and emphasis placed on profit, and increase the repeatability of success while looking at medium- and long-term growth.

The entire workforce is encouraged to share the lessons learned from past mistakes. As a result of the “staying strategy-focused” concept firmly taking hold, the investment projects undertaken since GC2018 have generated a steady improvement in earnings. Looking ahead, we will continue to engage in business operations by staying intensely strategy-focused with the aim of further improving the performance of our investments.

Q3. What is your capital allocation policy going forward?

A3. We will focus on cash flow to improve our financial foundation at an early stage. In addition, we will continue to invest in growth with an eye on the future and aim to increase corporate value.

As I explained in my answer to the first question, our top priority during the period of GC2021, is to rebuild and strengthen our financial foundation following the impairment loss posted in the fiscal year ended March 31, 2020. At the same time, we plan to improve our net debt/equity ratio to around 1.0 times by the end of the fiscal year ending March 31, 2022. Accordingly, the Company has announced details of its shareholder returns policy under which it will look to maintain a consolidated dividend payout ratio of 25% or more and its decision not to undertake the buyback of shares during the period of GC2021.

Along with enhancing the strength of existing businesses, it is also important to invest in future growth in order to increase our ability to generate cash. The investments that we have made in the past are steadily evolving into businesses that support our current earnings base. While working to rebuild and strengthen our financial foundation, we will reinforce those businesses that are capable of generating future cash by continuing to engage in carefully selected growth investment based on the “staying strategy-focused” concept to ensure that we do not fall into a diminishing equilibrium.

The question remains, “how can we efficiently use the equity entrusted to us by shareholders as well as the interest-bearing debt procured from financial institutions and capital markets to maximize profits?” Our goal is not only to reduce funding costs, but also to reduce the cost of equity by rebuilding and strengthening our financial foundation, which is the platform of our business, improving investment efficiency, and fostering the expectation of growth, thereby maximizing returns for our shareholders.

As chairman of the Investment and Credit Committee, I will further increase the risk-return on strategic investments that are on track for improvement, and as CFO, I will engage in management to increase shareholder value over the medium to long term by allocating capital appropriately and efficiently.

Concerning the Decision-making Processes for New Investments and Asset Recycling

As previously explained, Marubeni continues to work to improve the performance of its investments, but the decision-making process for new investments and asset recycling has not changed significantly. Projects submitted by the Business Group are analyzed both qualitatively and quantitatively by the Investment and Credit Committee, and decisions are made after deliberation by the Corporate Management Committee and more important projects by the Board of Directors.

Quantitative indicators, such as the internal rates of return (IRR), payback period, and PATRAC,* continue to be important criteria, but what has been more important for new investments under GC2018 and GC2021 is qualitative evaluation. Before making a final decision, we will spend more time in discussions based on the concept of the SPP business policies to deepen the level of understanding of the project business model, for example on what strategies we will utilize to leverage Marubeni’s strengths and improve business value, how we will analyze the external environment and industry outlook and how we will respond, and how to strengthen the governance of business management after the investment is made. As a result, the hurdles for obtaining approval are higher than before, but the performance of investment projects that have gone through this process has been improving.

The same way of thinking applies to asset recycling. We will replace assets as part of our efforts to strengthen and improve the overall quality of our existing businesses. The post-investment process is important in achieving strategic growth, and stringent checks are made of the state of progress by regular monitoring. If an assumption made at the time of an investment were to change, we would revise the strategy each time. We are targeting asset recycling for projects that we think are past their peaks or for which no strategic significance can be found, even if those projects are currently performing well.

* PATRAC (Profit After Tax less Risk Asset Cost): A performance indicator developed by Marubeni to measure the extent to which returns exceed a minimum risk-adjusted return target.
**Investment Decision-Making Process**

For individual projects such as significant business investments, Marubeni has a risk management regime, i.e., decision-making system (Ringi system) and monitoring process that spans every step from entry through exit.

1. With regard to new investment projects, Business Groups must first submit project summaries and business plans.
2. In response, the relevant Corporate Staff Group submits opinions on the result of risk analyses from both a quantitative and qualitative perspective.
3. While applying PATRAC, the risk-adjusted profit after tax, as one guideline for quantitatively evaluating a project, the Investment and Credit Committee holds discussions that take into account the feasibility and risk analyses of individual projects, and company-wide concentration ratios.
4. The project is then forwarded to the Corporate Management Committee for further scrutiny and approved by the President. Projects that exceed a certain materiality threshold are approved by a Board of Directors’ resolution.
5. Once an investment and financing are in place, new investment projects and highly material investments are monitored more closely to facilitate early problem detection and the planning of corrective action. The Investment and Credit Committee, Corporate Management Committee and the Board of Directors periodically receive reports on the current status of those investments.
6. With regard to those projects that are the subject of reports and have issues, consideration is given to various factors, and decisions are made on whether to revise and move forward or withdraw in accordance with a decision-making system process (Ringi system).

**Important Points for Deliberation**

- **Qualitative Evaluation**
  - Positioning of investment concerned in medium- to long-term growth strategy
  - Understanding of investor’s business model
  - Added value created by / significance of Marubeni’s participation
  - Investor’s competitive edge and its continuity
  - Action plan for realization
  - PMI (Post-merger integration process)
  - Completion risk / technological risk

- **Social trends (trends, technological innovation, risk of obsolescence)**
- **Changes in potential needs/values**
- **Industry trends/industry knowledge**
- **Sustainability/ESG**
- **Probability of assumptions used for future predictions**

- **Quantitative Evaluation**
  - Internal rates of return (IRR)
  - Dividend institution
  - PATRAC (see the chart on p.77)
  - Value of acquisition price
  - IRR premium (country risk, currency risk, etc.)
  - Liquidity of acquired assets
  - Related regulations (Finance, taxation, foreign investment regulations, etc.)

**Agri-input Retailing Business**

**Helena Agri-Enterprises, LLC (Helena)**

Wholly owned by the Marubeni Group, Helena Agri-Enterprises, LLC (Helena) is engaged in the agri-input retailing business (pesticides, fertilizers, seeds and own-brand products) in the U.S., the world’s largest agricultural powerhouse. In a country that has an arable land area of around 150 million hectares, which is almost four times the total land area of Japan, the U.S. market’s needs for agri-inputs are extremely diversiformed, and it can be said that it is at the forefront of the global agribusiness market.

Operating at about 1000 locations at the time of its acquisition by Marubeni in 1987, Helena has currently expanded to about 500 locations within the U.S. By having this base network and about 5,000 employees consisting of specialists in sales, technology, agriculture and management specialized in the agri-input business, Helena has established a solid position in the industry as a top-class agri-input retailing company in the U.S. The company is also seeking a base to build and expand its network of bases and gain a deep understanding of the needs of agricultural operators across the U.S., thereby enhancing its competitive edge.

While the environment surrounding U.S. agriculture remains harsh, including the U.S.-China trade friction, Helena’s business performance is solid in the years to come, the company will leverage the strong local networks at its disposal and its organization to enhance its track record, experience, and ability to make proposals to customers, while accelerating growth by providing customers with its own product lines and consulting services. At the same time, Marubeni will deploy the knowledge and know-how gained from Helena’s innovation across the world and work to create further value.

Please refer to the Agri Business Division on PP.76-77 for more details about future value creation initiatives in the agri-business.

**Agri-input retailing company that boasts the second-largest share of U.S. market**

**Accelerating growth through network expansion and creating a platform of performance and experience**

Helena works to differentiate its strengths (including products, services and functions) and engage in the creation of added value not from a product starting point but from a customer starting point. To further grow its community-based consulting business, which is one of its strengths, the company is working to build and expand its network of bases and gain a deep understanding of the needs of agricultural operators across the U.S., thereby enhancing its competitive edge.
In 2017, Marubeni made investments in Creekstone Farms Premium Beef LLC (Creekstone Farms), which engages in the beef cattle processing and sales business in the U.S. Processing beef cattle at its own factory in the state of Kansas, Creekstone Farms sells beef to high-end steakhouses and mass retailers across the U.S. and also exports to Asia, Europe and the Middle East. The only beef handled by the company is high-quality Black Angus beef that has been fattened in the U.S. using grain-based feed, and the company is building a business model that features the supply of high-value-added products.

Meanwhile, Marubeni's operations cover safe and reliable meat products based on strict production management cultivated in the global market. These operations include the fattening of high-quality beef cattle and sales business at Australian company Rangers Valley Cattle Station Pty., Ltd. (Rangers Valley), which possesses the experience and know-how to sell to mass retailers, the restaurant industry and livestock processing manufacturers.

At the present time, Marubeni is implementing initiatives that combine Creekstone Farms’ strengths with its own, such as expanding sales of high-quality beef from Creekstone Farms to Asia, including Japan, using Rangers Valley sales channels. The tariff reductions on U.S. beef imports into Japan following the trade agreement between Japan and the U.S. are expected to give added impetus to this initiative.

Creekstone Farms × Marubeni
Aiming to maximize synergies

From the time when Marubeni made its investment, Creekstone Farms has been steadily outperforming its initial plans. Aiming to further expand operations, in the fiscal year ended March 31, 2020, Marubeni invested approximately ¥12.0 billion and carried out expansion investments, such as for additional factory processing lines and a newly established distribution warehouse. Outsourced processing trade transactions with Walmart Inc. (Walmart), which is the largest volume sales channel in the U.S., started in October 2019, and the beef cattle procured by Walmart are processed efficiently and hygienically at the new Creekstone Farms facility. Creekstone Farms is targeting further growth by means of expansion investments.

Accelerating growth by leveraging huge volume sales chains and outsourced processing trade transactions

In 2018, Marubeni established wholly owned KRAFT OF ASIA PAPERBOARD & PACKAGING CO., LTD (Kraft of Asia), which engages in the containerboard manufacturing and packaging materials sales businesses, in Ba Ria-Vung Tau Province in Vietnam. Construction of the plant began in February 2019, and commercial operations are scheduled to commence in the second half of the fiscal year ending March 2021. The plant is slated to have an annual production capacity of 350,000 tons when fully operational in 2022. Marubeni has been involved in the containerboard manufacturing business for more than 60 years. In addition to the management and operating experience gained with Koa Kogyo Co., Ltd. (79.9% Marubeni investment) and Fukuyama Paper Co., Ltd. (51%) in Japan, the company has also been accumulating knowledge of the containerboard business overseas. Leveraging Koa Kogyo’s production skills and know-how and its own sales network, for example by deploying Koa Kogyo personnel to Kraft of Asia, Marubeni aims to expand its operations in the burgeoning Vietnamese containerboard market by conducting operations management that gives consideration to resource and energy conservation.

Capture growing demand for containerboard in Vietnam, where economic growth is remarkable

Global demand for containerboard is expected to remain firm in the years to come due to factors that include the expansion of economic scale and the increase of electronic commerce. Of the ASEAN member countries, Vietnam’s population of more than 94 million is the third-largest, domestic demand is expanding in line with the increase in national income, and solid economic growth is being achieved by attracting many foreign-owned export sectors. In terms of demand for containerboard, growth is at an annual rate of 7% or more, surpassing other advanced paper manufacturing countries in ASEAN, such as Thailand and Indonesia, and Vietnam is expected to become the largest consumer of containerboard in ASEAN in the first half of the 2020s.

Wholly owned containerboard manufacturing base established in Vietnam

Marubeni Containerboard Manufacturing Business Milestones

<table>
<thead>
<tr>
<th>Kraft of Asia (Established 2018) Vietnam</th>
</tr>
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<tbody>
<tr>
<td>Koa Kogyo Co., Ltd (79.9% investment)</td>
</tr>
<tr>
<td>Vietnam</td>
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* Consolidated from second quarter

More details about this business can be found on PP.72-73. Please refer to those pages in conjunction with the Forest Products Division’s business strategy.
Aiming to build a business model for a sustainable recycling-oriented economy with innovative fiber recycling technology

In 2019, Marubeni invested in the U.S. company TYTON BioSciences LLC (TYTON), which possesses the technologies to recycle textile products such as fabrics into textile raw materials. Aiming to overcome the trend for price reductions for various products and the ongoing increase in supply due to the growth of the global economy, incineration and disposal in landfills have become major social issues even in the case of textile products, which includes fabrics.

TYTON’s technologies utilize the hydrolysis method, which minimizes the use of chemicals while reducing the environmental load by recycling cotton and polyester products into polyester raw materials and cellulose fiber raw materials. Since its fiber recycling efficiency is high, this epoch-making technology contributes to waste reduction and the circular economy*1.

At the same time as responding to the preferences of consumers who show increasing environmental awareness with every passing year and to the needs of related companies such as SP&I*2, which provides products to such consumers, the Marubeni Group aims to build a business model that achieves a sustainable circular economy. Globally developing recycling-type supply chains by capitalizing on Marubeni Group platforms

Marubeni has long built strong relationships with leading companies at each stage of the supply chain, including raw material manufacturers, spinning and cotton mills, and sewing factories in Asia. In 2017, Marubeni gained access to the sales channels of global European SPA companies by investing in Turkey’s Saiye Tekstil Sanayi ve Ticaret Anonim Şirketi, which plans, manufactures, and sells clothing and other products. Capitalizing on these Marubeni Group global networks as a platform in combination with TYTON’s technical prowess, we will build a global supply chain in the major markets of the Americas and Europe as well as Asia, which is a production base and a promising market for the future.

*1 Circular economy. Rather than a one-way economic system that collects and disposes of resources, an economic system that cyclically utilizes resources, or a business model that maximizes the utilization of products, parts, and resources and continues recycling and reusing them.

*2 Special store retailer of Private label Apparel: A retail business that consistently handles and sells products from a single manufacturer and sells.

Examples of SHM System Utilization (Application Examples)

Aiming for safe and secure social environments

In 2019, Marubeni invested in Acellent Technologies, Inc. (Acellent), a U.S. company that designs, develops, and sells structural health monitoring (SHM) systems.

In recent years, frequent collapses and damage due to the aging of social infrastructure, such as railways and other transportation equipment, large-scale production facilities, power plants and highways, have become a major social issue. SHM systems incorporate technologies that can build up a picture, in real time, of any damage or deterioration in structures (transport aircraft and mechanical equipment, infrastructures) as well as changes caused by stress.

A venture company from Stanford University in the U.S., Acellent developed a stick-on sensor called SMART Layer and a high-precision analysis technology that eliminates noise (signal interference) in high-vibration environments. This enabled the use of SHM systems in the areas of transport aircraft and mechanical equipment, where their application had previously been beset with difficulties.

Capitalizing on its networks that extend all over the world, Marubeni aims for safe and secure social environments by developing applications for all structures based on Acellent’s technologies.

Pursuing new business models using SHM technology with Marubeni as the platform

It can be expected that Acellent’s technology will be utilized in a variety of industries. By combining SHM technology with Marubeni’s worldwide network and points of contact with a range of industries in one platform, the Company is aiming to provide not only simple abnormality detection systems but also services, such as flat-rate monitoring of mechanical equipment for cracks and corrosion, and services that formulate optimal maintenance plans based on monitored information.

Over the medium to long term, Marubeni will examine the possibilities of a new business model that could be called “SHM as a Service.” For example, machine sales that guarantee the minimum utilization rates for equipment by preventing the occurrence of sudden downtime, and development of insurance products that would cover the loss of profits due to equipment failures.

More details about this business can be found on PP.92-93. Please refer to those pages in conjunction with the Construction, Industrial Machinery & Mobility Division’s business strategy.
Towards a more effective Board of Directors

Kitabata: In addition to Marubeni’s compliance with all principles of Japan’s Corporate Governance Code, I really appreciate the Company’s commitment to a series of corporate governance reforms since the Japanese version of the Sarbanes-Oxley Act was implemented. An easy-to-understand example is the change in the composition of the Board of Directors. When I became a director at Marubeni seven years ago, there were only two external directors on the Board. Now, of the 11 board members, five are external directors. Female directors also continue to be appointed. In these ways, the Company is taking steps to reform the governance system to include more diverse viewpoints. Aside from the Chairperson, the ratio of internal to external directors is 5 to 5. In addition, although they don’t have voting rights, Audit & Supervisory Board members (three external and two internal) also attend Board meetings and participate in discussions. So, in terms of numbers, there is an even balance between internal and external members. Still, I think there is room for improvement, in terms of both the content of Board meeting agenda items and the timing of their submission. For example, some proposals could be referred to other deliberative bodies such as the Corporate Management Committee. To this end, it is necessary to revitalize internal company meetings, as well as redefine the roles of the respective deliberative bodies, such as shifting the role of the Board of Directors towards monitoring. Also, I think that the timing of submitting agenda items should be more flexible. For example, I think it would be better to have proposals for large-scale M&A projects and other complex projects submitted earlier than usual. If we can resolve these issues, I believe the Board of Directors, in which the role of external directors is central, will be even more effective.

Takahashi: I’m involved in evaluating the effectiveness of the Board of Directors as Chair of the Governance and Remuneration Committee. Every year, we appoint outside experts to gather opinions from all directors and Audit & Supervisory Board members. I think the more the quality of the Board has improved, the more deeply it has been able to evaluate effectiveness. We have also revised and improved our methods of gathering opinions so that more specific points of view can be heard. Among its efforts to improve effectiveness, where I think Marubeni has done particularly well is putting in place a system where the Secretariat briefs us in advance on agenda items, so that the Board is able to adequately discuss issues. Many of the projects Marubeni is involved in are quite complex and broad in scope, so it’s crucial that the external directors in particular are able to fully grasp a project’s outlines before the Board meets. I think the Company has done well in creating such an environment, including the support of the Secretariat, which is enabling a more effective corporate governance system.
About Marubeni’s Sustainability

Kitabata: Marubeni is currently engaged in businesses that contribute to addressing environmental and social issues, such as solar power generation, bio-jet fuel, and water businesses. I think the spirit of Marubeni’s founders, “good for the seller, good for the buyer, good for society,” is very relevant to the SDGs and sustainability of our time. In that sense, helping to solve social issues is one of the reasons why Marubeni has existed since its founding.

I believe, for Marubeni, the foundation for achieving sustainability is, first of all, human capital. It is important for the Company to develop a culture that can attract motivated employees, and then hone their abilities so that they can go on to play an active role in expanding the business.

Takahashi: At Marubeni, the Sustainability Management Committee plays a central role in formulating a clear sustainability policy for the Company. As Mr. Kitabata mentioned earlier, human capital is the key to how this policy is applied to specific actions and made to bear fruit.

In Marubeni’s case, the Company is engaged in a wide range of businesses that extend around the world. Naturally, its employees are also active all over the world, so it is crucial to create a mechanism for instilling a sustainability mindset in each employee. Moreover, by leveraging its global network and supply chain, I think the Company is able to take a comprehensive approach to the social issues it aims to help solve, while also possibly creating new business opportunities.

Okinada: I am a member of the Sustainability Management Committee, which was formed two years ago. Since the beginning, committee members from across the organization have been engaged in very animated discussions. It’s been encouraging to see the members’ willingness to rethink their business activities and make bold proposals based on what they experience in the field. As an example of their achievements, the Company has made a decision, based on a long-term perspective, to halve its coal-fired power net generation capacity and also announced early on its support for the TCFD recommendations.*

Marubeni has identified several categories of Fundamental Materiality and Environmental & Social Materiality. Among them, it is the shared understanding of members of the Sustainability Management Committee that human capital is Marubeni’s most important asset. As an investment in human capital, it is essential to put in place a system that provides employees with a variety of opportunities and experiences. I think this idea is also leading to a review of the Company’s HR system. It is my belief that “sustainability” has steadily become one of management’s principles.

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* TCFD (Task Force on Climate-related Financial Disclosures) Established by the Financial Stability Board (FSB)
Kitabata: As Ms. Okina said, the policy Marubeni established on the coal-fired power generation business was a major management decision in terms of profitability. At the same time, I think it was very significant in terms of signaling to the world Marubeni’s commitment to responding to the expectations of society. Moreover, in terms of initiatives to grow the business, it is necessary to continue to take on even small-scale projects. Marubeni’s track record in the solar power generation business has grown steadily, so much so that the size of a single solar power project in the Middle East, for example, is as large as that of one nuclear power plant in terms of the generation capacity. I am looking forward to seeing the Company push forward in business areas that successfully help to address new social issues, such as water, food, and marine plastic waste. Moreover, along with the COVID-19 pandemic, companies are being called on not only to develop vaccines, but to respond to social needs in other areas as well. In Japan and overseas, we will see growing demand for environmental activities as well as improved hygiene. I believe Marubeni is a company that can take advantage of major business opportunities while actively responding to such new social demands.

Takahashi: Speaking of the current pandemic, one outcome has been the introduction of new working styles, such as working remotely from home or elsewhere. Before, this was a convenient option but it was not much utilized. Going forward, I think the working styles of Japanese firms will be transformed. Beyond the current crisis, we will see a paradigm shift not only in workstyles but in lifestyles. The Company will need to be ready to respond to the needs that emerge from this.

Okina: I would like the Company to take the lead in workstyle reform. Marubeni is improving its IT environment and actively introducing telecommuting, but as I said at the Board meeting the other day, there is still some work that can’t be done without coming into the office, and further revision is needed. It is my hope that Marubeni can bring about a virtuous cycle: By enabling flexible working styles that are conducive to a healthier work-life balance, Marubeni will be recognized as a company that can take advantage of major business opportunities while actively responding to such new social demands.

Roles of the Nomination Committee and Governance and Remuneration Committee

Kitabata: The role of the Nomination Committee is to examine director and Audit & Supervisory Board member candidates proposed to be presented at the General Meeting of Shareholders, and report its findings to the Board of Directors. It also deliberates on proposals for executive appointments drafted by the President. Thoroughly discussing all proposals in the Nomination Committee, a majority of whose members are external directors, is one mechanism for ensuring the transparency of the appointment process.

I currently chair the Nomination Committee. I believe a key role for the Committee going forward will be to formulate a succession plan. Marubeni needs to raise up senior executive candidates who, in their actions and management decisions, are able to lead the Company appropriately regardless of how the times change, and to establish training programs to that end.

Takahashi: To date, the Governance and Remuneration Committee, which I chair, has revised a part of Marubeni’s compensation structure. Specifically, in addition to consolidated net profits, which were already used as a performance-based compensation indicator, we revised the compensation structure to include core operating cash flow* as a further indicator. As Marubeni is involved in a number of large-scale investment projects, we consider cash flows generated from such projects to be a highly relevant indicator of the Medium-Term Management Strategy GC2021, and thus reflected this in the compensation structure.

In the fiscal year ended March 31, 2017, we also introduced stock options, to create a greater incentive to contribute to share price appreciation and growth of shareholder value, as well as to share the rewards and risks of share price fluctuations with shareholders.

Furthermore, in the fiscal year ended March 31, 2020, to create a further incentive to grow future market capitalization, we introduced stock options with terms that can only be exercised if the Company’s market capitalization has increased after three years, and if the growth rate of market capitalization has exceeded the TOPIX (Tokyo Stock Price Index) growth rate.

Okina: Amid increased demand for supervision and monitoring of the Board of Directors, the dual system of oversight of the Nomination Committee and the Governance and Remuneration Committee is effective, and we do not need more robust corporate governance. In terms of the Nomination Committee, as Mr. Kitabata mentioned, I also think the creation of a succession plan is a key issue. A solid framework, in which the Nomination Committee plays a central role in the selection and development of senior executive candidates, is needed. I also think the Governance and Remuneration Committee plays a critical role in maintaining a fair, impartial, highly transparent compensation framework, and in remaining accountable to shareholders and investors. I’ve only just joined the Nomination Committee, and I would like to make a strong contribution to growth in Marubeni’s corporate value.

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* Core operating cash flow: Operating cash flow excluding net increase/decrease in working capital and others.
Corporate Governance System

Basic View on Corporate Governance

In accordance with the spirit of "Yamazaki, Innovation, and Harmony," Marubeni believes in responding to the expectations of all its stakeholders — shareholders, customers, local communities, and employees — by increasing its corporate value to become a proud corporate group that contributes to social and economic development and helps to safeguard the global environment. To this end, Marubeni is making efforts to enhance corporate governance as the foundation for ensuring the soundness, transparency and efficiency of management.

Moreover, in light of contemporary social expectations, Marubeni is strengthening its corporate governance for improved coexistence with society, by deepening engagement with diverse stakeholders, enhancing the effectiveness of the Board of Directors' oversight function, and bringing greater transparency to management.

Timeline of Changes in Corporate Governance at Marubeni

- Percentage of external Audit & Supervisory Board members
- Percentage of external directors

Corporate Governance Chart

- Directors (including external): 11 (Five)
- Audit & Supervisory Board members (including external): Five (Three)
- Term of office for directors: One year
- Executive officer system adopted: Yes
- Number of meetings of the Board of Directors: (FYE 2020): 17
- Number of meetings of the Audit & Supervisory Board and its sub-committees: 15
- Advisory bodies to the Board of Directors: Nomination Committee, Gouvernance and Remuneration Committee
- Executive compensation system: Basic compensation / Performance-based compensation / Stock options / Other market-based compensation / Bonuses / Basic remuneration
- Independent auditor: Ernst & Young Shrinshin LLC

Roles and functions of External Directors and External Audit & Supervisory Board Members

1. Contributing various outside perspectives
   Bring new vitality to the Board of Directors and the Audit & Supervisory Board by offering advice and suggestions based on a wealth of experience in various areas of origin and insights thereby gained, and share meaningful opinions from viewpoints not bound by Marubeni's particular corporate culture or customs.

2. Strengthening check and supervisory functions
   Strengthen representative directors' check and oversight functions by ensuring deliberation and decision-making based on fair, clear reasoning and standards acceptable to those outside the Company.

3. Check for conflicts of interest
   In situations where a conflict of interest exists between management and shareholders or other stakeholders, ascertain whether management is conducting business fairly in due consideration of the interests of such stakeholders.

Corporate Governance System Summary

- Clarification of accountability framework
- Enhancement of management transparency and soundness
- Enhancement of supervisory and audit functions
- Enhancement of decision-making functions
- Organization design
- System of committees
- Independence of external executives
- Formulation of standards and methodology regarding independence of external executives
- Determination of basic internal control policy
- Establishment of Code of Conduct
- Establishment of Code of Ethics
- Establishment of Code of Governance and Business Conduct
- Appointment of Chairman of Marubeni Group CEO system
- Adoption of Executive Officer system
- Adoption of Group CEO system
- Abolishment of Group CEO system
- Establishment of Disclosure Committee
- Establishment of Environment Committee
- Establishment of Investment and Business Structure Committee
- Establishment of Disclosure Committee
- Establishment of Remuneration Committee
- Establishment of Nomination Committee
- Establishment of Governance and Remuneration Committee
- Establishment of Audit & Supervisory Board members
- Percentage of external directors (including external): 60%
- Percentage of external directors: 45%
Corporate Governance Structure

General Meeting of Shareholders

- Election of directors
- Election of Audit & Supervisory Board members

Audit & Supervisory Board

- Election of independent auditors

Nomination Committee

- Selection of candidates for directors
- Selection of candidates for Audit & Supervisory Board members

Corporate Governance Committee

- Evaluation of the effectiveness of the Board of Directors

- Submission of a report on the evaluation to the Board

B Board of Directors

- Number of directors: 11 (five external)

Corporate Management Committee

- Business Group
- Business Division

Committee of Heads of Divisions

- Internal Control Committee
- Quality Management Committee

Committee of Executive Officers

- Disclosure Committee
- Corporate Staff Group

Overview of the Board of Directors

- Composition: 11 directors (five external)
- Number of board meetings: 17

Purpose

- In accordance with laws and regulations and the Articles of Incorporation, the Board decides important management matters and supervises the business conduct of directors.
- In principle, the Chairman of the Board, who does not have representative rights or the authority to conduct business, chairs meetings of the Board of Directors.
- Directors, based on business ethics determined by the Board of Directors, conduct business in accordance with laws and regulations and the Articles of Incorporation, and provide status reports to the Board at least once every three months.
- External directors are appointed to ensure the effectiveness of corporate governance.

Term of office for directors

- Set at one year, to clarify management responsibilities and flexibly build an optimal management system that can address changes in the business environment.

The following committees have been established as advisory bodies to the Board of Directors.

Nomination Committee

<table>
<thead>
<tr>
<th>Composition</th>
<th>Chair: Takao Kitabata, Director (External)</th>
<th>Members: Masaumi Kakukin, President and CEO, Member of the Board</th>
<th>Yori Okina, Director (External)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>• The Nomination Committee deliberates on candidates proposed for appointment as directors and Audit &amp; Supervisory Board members as well as for the next CEO, and on succession plans formulated and enacted by the CEO (including qualifications, requirements, successor candidate groups, and training and development plans), and reports its findings to the Board.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Goverance and Remuneration Committee

<table>
<thead>
<tr>
<th>Composition</th>
<th>Chair: Kyohei Takahashi, Director (External)</th>
<th>Members: Masaumi Kakukin, President and CEO, Member of the Board</th>
<th>Motoaki Ikeda, Director (External)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>• The Governance and Remuneration Committee deliberates on decision-making policies and the suitability of standards regarding compensation for directors and executive officers, and reports its findings to the Board.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• Also assesses and reviews the Board of Directors as a whole, including Board composition and operations, and reports its findings to the Board. |

Evaluation of the Effectiveness of the Board of Directors

<table>
<thead>
<tr>
<th>Target</th>
<th>All Directors (nine people) and Audit and Supervisory Board members (five people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>Once a year</td>
</tr>
<tr>
<td>Implementation</td>
<td>An anonymous questionnaire survey is conducted.</td>
</tr>
<tr>
<td>In the fiscal year ended March 31, 2020, to better assess recent changes in the environment surrounding governance, the structure and content of the questionnaire evaluating the effectiveness of the Board of Directors were significantly revised compared with previous versions, such as an increase in the number of descriptive questions.</td>
<td></td>
</tr>
</tbody>
</table>

Overview of the Evaluation Results to the fiscal year ended March 31, 2020

The Board of Directors discussed the results of the evaluation and review by the Governance and Remuneration Committee concerning the overall Board of Directors, including its composition and operation, based on responses to the questionnaire.

The Board of Directors discussed the results of the evaluation and review by the Governance and Remuneration Committee and confirmed that, on the whole, the Board of Directors is being operated effectively.

On the other hand, from the perspective of improving corporate value over the medium to long term, strengthening supervision and monitoring of management policies and enhancing discussions based on feedback from shareholders regarding expectations for the Board, various factors were identified as areas for improvement.

Furthermore, regarding Group governance, Marubeni formulated the Marubeni Group Governance Policy on April 1, 2017. The policy aims to maintain the corporate value of the Group and achieve sustainable growth, with the goal of sharing and disseminating the Group’s management policies and strengthening governance by clarifying the roles, authority, and responsibilities of Marubeni and Marubeni Group companies.

Since the policy was formulated, while a certain standard of group governance has been upheld, the Board will continue to monitor actions to further disseminate the policy and put it into practice.
### Reason for Appointment and Main Activities

#### Mr. Kitabata

**Chief Executive Director**

Takashi Kitabata

**Director**

Kyohei Hatchoji

**Chairman of the Nomination Committee** and **Director**, Marubeni Corporation

- **Reason for Appointment**
  - Due to his profound insight cultivated through his involvement in corporate management at an international company. He vigorously stated opinions at meetings of the Board of Directors from a specialist viewpoint. As the Chief External Director of the Corporation, he has been providing advice to management and appropriately supervising business execution. He is also well versed in corporate governance.

- **Main Activities**
  - Participated in a total of 17 Board meetings held during the business year under review and made appropriate remarks based primarily on his broad experience at having been in a number of senior positions at leading companies and the deep insight he gained through such experience.

#### Ms. Nishiyama

**Chairperson, The Japan Research Institute, Inc. (current)**

- **Reason for Appointment**
  - Due to her profound insight cultivated through involvement in corporate management at an international company. She vigorously stated opinions in order to enhance soundness, transparency, and efficiency of the Corporation’s management. In view of the above, the Board decided to reappoint her as an External Director.

- **Main Activities**
  - Participated in all Board meetings of the Board of Directors held during the business year under review and made appropriate remarks based primarily on her broad experience at having been in a number of senior positions at leading companies and the deep insight she gained through such experience.

### Audit & Supervisory Board

#### Percentage of external Audit & Supervisory Board members

- **Composition**: Five auditors (three external)

- **Number of meetings**: 15

- **Activities**
  - As a company with auditors, Marubeni has an Audit & Supervisory Board. Audit & Supervisory Board members oversee directors’ execution of their duties by attending Board of Directors meetings and other important management gatherings and investigating operations and the status of assets pursuant to audit policies and plans formulated at Audit & Supervisory Board meetings.

#### Overview of Audit & Supervisory Board

- **Chairperson**: Mr. Nishiyama

#### Committee

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chairperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee</td>
<td>Mr. Yoneda</td>
</tr>
<tr>
<td>Governance and Remuneration Committee</td>
<td>Mr. Kido</td>
</tr>
<tr>
<td>Strategy for Becoming the Marubeni of the Future</td>
<td>Mr. Nishiyama</td>
</tr>
</tbody>
</table>

### Reason for Appointment and Main Activities

#### Mr. Kono

**Chairperson, Zeon Corporation (current)**

- **Reason for Appointment**
  - As a company with auditors, Marubeni has an Audit & Supervisory Board. Audit & Supervisory Board members oversee directors’ execution of their duties by attending Board of Directors meetings and other important management gatherings and investigating operations and the status of assets pursuant to audit policies and plans formulated at Audit & Supervisory Board meetings.

- **Main Activities**
  - Participated in all meetings of the Board of Directors and 14 of a total of 15 meetings of the Audit & Supervisory Board held during the business year under review, and attended four external auditor meetings…
Corporate Management Committee

Four representative directors including the President, one senior executive vice president, one senior managing executive officer, three managing executive officers, one full-time Audit & Supervisory Board member

Mutsumi Ishizuki
Representative Director and Senior Managing Executive Officer
Chair of the Audit Committee (CAG), Senior Operating Officer, Audit Dept., Senior Operating Officer, Executive Secretariat, Senior Operating Officer, New Office Building Project Dept., Vice Chairman of Investment and Credit Committee, Chair of Compliance Committee (CDI), Chairman of Internal Control Committee, Chair of Disclosure Committee (CDI).

Takayuki Furuya
Representative Director and Managing Executive Officer
Chair of the Corporate Strategy Committee (CSC), Chief Operating Officer, Food Division; Chair of Consumer Products Group, Energy & Metals Group; Member of the Investment Committee; Chair of Disclosure Committee (CDI).

Kenichiro Okawa
Representative Director and Managing Executive Officer
Chief Digital Innovation Officer (CDIO), Chief Strategy Officer (CSO), Regional CEO for East Asia, Regional CSO for Japan Business, Vice Chairman of Investment and Credit Committee.

Akihiko Sagara
Managing Executive Officer
Chief Executive Officer, Energy & Midstream Group

Hajime Kawamura
Senior Managing Executive Officer
Chair of the Audit Committee (CAG), Senior Operating Officer, Transportation & Industrial Machinery Financial Business Group

Jun Hiraiwa
Managing Executive Officer
Chair of the Audit Committee (CAG), Senior Operating Officer, Consumer Products Group

Yoshiaki Yokota
Managing Executive Officer
Chair of the Audit Committee (CAG), Senior Operating Officer, Power Business & Infrastructure Group

Compliance Committee

The following committees have been established as advisory bodies to the Board of Directors.

Various committees

Policy on Holding and Reduction of Cross-Shareholdings*

Marubeni Group conducts diversified business activities across a broad range of sectors through domestic and overseas networks. Cooperative relationships with a variety of companies are essential to its operations. The Company annually reviews the overall significance of holding each of its cross-shareholdings based on a comprehensive assessment of quantitative metrics (return on investment (income/loss divided by acquisition cost) compared against the Company’s average return) and qualitative factors (e.g., maintaining or strengthening relationships with investee companies through equity ownership).

The Board of Directors notifies the findings of this review. In principle, cross-shareholdings are sold if it is decided that holding them is no longer significant. Sales of cross-shareholdings are reported to the Board of Directors in the fiscal year following the decision to sell.

* General investment shares are equity investments owned for a purpose other than as a pure investment.

Voting Standard for Cross-Shareholdings

When exercising voting rights on listed shares owned as cross-shareholdings, the Company makes voting decisions primarily from the standpoint of medium- and long-term improvement in the investee company’s corporate value.

Training for directors and auditors

Marubeni promotes, in an appropriate and timely manner, information to external directors and Audit & Supervisory Board members that they need to perform their duties, with the aim of enabling a better understanding of the Group’s management philosophy, corporate governance, businesses, activities, and organization. The Company will also provide opportunities for both internal and external directors and Audit & Supervisory Board members to take part in seminars and other training events necessary to fulfill their roles and responsibilities, and will cover the costs incurred.
Directors and Audit & Supervisory Board Members’ Compensation

Remuneration for Directors and Audit & Supervisory Board Members

Maximum total remuneration shall be determined for all directors and all Audit & Supervisory Board members, respectively, by resolution at a General Meeting of Shareholders. As for the remuneration for directors, the Governance and Remuneration Committee, with the majority of its members consisting of independent external directors and Audit & Supervisory Board members, deliberates on the policies for compensation decisions and the appropriateness of compensation levels, and reports to the Board of Directors. The remuneration amount is determined by resolution of the Board of Directors. The remuneration amount for Audit & Supervisory Board members is determined through discussions among the Audit & Supervisory Board members.

The composition, and policies for setting, directors’ and Audit & Supervisory Board members’ compensation are as follows:

- **Auditor & Supervisory Board members’ compensation**:
  - Directors: 11
  - External Directors: 5

- **Directors’ Compensation Mix**
  - Compensation type: Fixed compensation, Performance-based compensation, Individual evaluation-based compensation
  - Types of stock options: Basic compensation type, Performance-based compensation type, Individual evaluation-based compensation type, Complimentary stock options subject to market-capitalization-based exercisability conditions

### Internal Directors’ Compensation

- Directors and executive officers are compensated in part with performance-based compensation.
  - They receive no performance-based compensation.
  - They receive no performance-based compensation.

- **Remuneration amount**:
  - Directors: ¥97 million
  - Audit & Supervisory Board members: ¥126 million

### External Directors’ Compensation

- **Representative directors** are paid representative director bonuses in addition to director bonuses.

#### Compensation Policies

- **Basic compensation**
  - Basic compensation that varies based on individual directors’ positions
  - The purpose is to create further incentives to grow future market capitalization

#### Compensation Setting Method

- **Basic compensation**
  - The annual remuneration pool is not to exceed ¥1,150 million for directors (including pool of ¥120 million for external directors)
  - The annual remuneration pool is not to exceed ¥1,150 million for directors (including pool of ¥120 million for external directors)

### Performance-based Compensation Formula

- **Multiplier**
  - If the sum of 50% of the previous fiscal year’s consolidated net profit and 50% of the previous fiscal year’s core operating cash flow was less than ¥10 billion, the multiplier is 0 if the sum was less than ¥10 billion (approx. +2 percentage points per ¥5 billion)

### Performance-based Compensation Options

- **Bonuses**
  - Director bonuses
  - Performance-based compensation-type stock options

#### Composition of Compensation

- **Compensation mix**
  - Fixed compensation: 80% cash, 20% stock-compensation-type stock options

### Total Compensation Paid to Directors and Audit & Supervisory Board Members for the Fiscal Year Ended March 31, 2020

- **Directors**: ¥232 million (excluding external directors)
- **Audit & Supervisory Board members**: ¥27 million (excluding external directors)

#### Individual Compensation

- **Individuals to Whom the Total Amount of Compensation Paid Exceeded ¥100 Million for the Fiscal Year Ended March 31, 2020**

### Individuals to Whom the Total Amount of Compensation Paid Exceeded ¥100 Million for the Fiscal Year Ended March 31, 2020

- **Fumiaki Kuboki**
  - Director
  - Cash Compensation: ¥173 million
  - Stock-compensation-type Stock Options: ¥64 million

- **Masami Kazumoto**
  - Director
  - Cash Compensation: ¥197 million
  - Stock-compensation-type Stock Options: ¥48 million

- **Yukiko Matsumura**
  - Director
  - Cash Compensation: ¥197 million
  - Stock-compensation-type Stock Options: ¥50 million

- **Nobuhito Yabe**
  - Director
  - Cash Compensation: ¥197 million
  - Stock-compensation-type Stock Options: ¥20 million
Internal Control

Basic Policy

Marubeni seeks to steadily increase and maximize corporate value through business activities that are in accordance with its Company Creed and Management Philosophy, and to steadily and continuously build and expand the entire Group’s business foundation. To this end, Marubeni has established internal control systems, which serve as a rational process to ensure improvement of efficiency of business operations, accurate financial reporting to stakeholders, compliance with applicable laws and regulations, safeguarding of assets, and appropriateness of corporate activities. Marubeni regularly reviews this internal control system based on its structure and operation status to respond to changes in social conditions and the business environment.

In accordance with the Companies Act and its implementation guidelines, Marubeni has established a Basic Internal Control Policy, which helps to ensure that all business activities are conducted appropriately. Each year, Marubeni confirms the content and implementation of this policy, and implements improvements when necessary. With regard to the internal control report system mandated under the Financial Instruments and Exchange Act, the Internal Control Committee conducts evaluations as stipulated in the practical standards. As of the year ended March 31, 2019, we submitted our internal control report for the year ended March 31, 2020, which concluded that “internal control is effective.”

Stringent Application of the Compliance Manual

Part of the Marubeni Group’s Company Creed is “Fairness.” This symbolizes our pledge to always conduct ourselves in a fair and upright manner. We have defined Marubeni’s stance on compliance as: “When you are faced with a choice between integrity and profit, choose integrity without hesitation.” Based on this stance, Marubeni has compiled the Marubeni Group Compliance Manual, which specifies the standards of behavior that Group employees are expected to follow. Every year, the Company’s executives and employees, as well as the presidents of all domestic Marubeni Group companies, make a written statement to adhere to the code expressed in this manual. As of October 2019, the Compliance Manual, now in its 16th edition, is available in English as well as Japanese, and can be viewed on the Company’s website.

Compliance

Basic Policy

As it advances its global operations, Marubeni acts in accordance with the belief that compliance goes beyond merely following the letter of the law. In its broad sense, compliance means corporations—good members of society—practicing high levels of ethics, living up to the expectations of stakeholders, and fulfilling their social responsibilities. To achieve this type of compliance, Marubeni is reinforcing and regularly improving its compliance systems under the guidance of the Compliance Committee, which is overseen by the President and CEO. We have also established the specialized Compliance Control Department and are constructing compliance systems and spreading awareness with an emphasis on preventing the occurrence of serious economic crimes within the Group. Going forward, we will continue to strengthen global compliance systems that encompass all Group companies.

Marubeni Group Anti-Corruption Policy

The Marubeni Group places utmost priority on compliance and deems trade which requires corrupt practice to win orders is not only unnecessary for but also contrary to the interest of the Group. As a member of global corporations, the Marubeni Group is seriously committed to prevention of bribery. With the aim of helping officers and employees of the Marubeni Group all over the world to soundly deliver on their anti-bribery commitment, we have established the “Anti-Corruption Handbook” which should be commonly observed by all officers and employees. In addition, in order to thoroughly manage the bribery risk, we distribute the following policy to our business partners and ask for their cooperation in our anti-corruption due diligence.

Compliance Access Points

If any director or employee of a Marubeni Group Company becomes aware of any conduct that is (or that is suspected of being) contrary to the compliance system, that conduct should be reported in accordance with the established guidelines of the appropriate organization. If the usual lines of reporting are not functioning properly for any reason, the following access points may be used:

1. Marubeni Hotline (formerly, “Door of Courage”)
   The “Marubeni Hotline” (formerly, “Door of Courage”) is the Compliance Access Point for general compliance matters. It is available to the directors and employees of our Group Companies. To make a report or seek a consultation using the “Marubeni Hotline,” you may contact any of the following:
   - Compliance Committee
   - Outside legal counsel

2. Marubeni Anti-Corruption Hotline
   The “Marubeni Anti-Corruption Hotline” is the Compliance Access Point for concerns relating to bribery and other serious crimes. It is available to the directors and employees of Marubeni Group Companies and our business partners.

Compliance Education and Training

The Marubeni Group conducts education and training sessions throughout its organization in accordance with the Marubeni Group Compliance Manual. Specifically, we conduct e-Learning programs and group training sessions to teach employees about general compliance topics, anti-bribery precautions, and cartel countermeasures. In addition, the Chairman of the Compliance Committee and representatives from the Compliance Control Department make periodic visits to Group companies and overseas offices to provide training and raise awareness of compliance. Moreover, based on the system of the Head Office, overseas offices have implemented compliance systems which comply with the laws and business practices of their respective countries, and Regional CEOs formulate and review compliance action plans for their respective region annually.
Corporate Management

As of June 19, 2020

Members of the Board

Fumiya Kokubu

Chairman of the Board

Mar. 1979: Joined Marubeni Corporation
Apr. 2010: Executive Officer
Jan. 2010: Managing Executive Officer, Member of the Board
Apr. 2013: Senior Executive Vice President
Jan. 2015: Senior Executive Vice President, Member of the Board
Apr. 2015: President and CEO, Member of the Board

Ichiro Takahara

Vice Chairman

Apr. 1979: Joined the Ministry of International Trade and Industry (MITI)
Jul. 2008: Director-General, Economics and Industry Policy Bureau
Jul. 2010: Vice-Minister of Economy, Trade and Industry
Oct. 2013: Advisor of Marubeni Corporation
Jul. 2014: Managing Executive Officer, Member of the Board
Apr. 2017: Senior Managing Executive Officer, Chief Executive Officer
Jul. 2019: Senior Executive Vice President, Member of the Board
Apr. 2020: Vice Chairman, Member of the Board (current)

Masumi Kakinoki

President and CEO

Mar. 1980: Joined Marubeni Corporation
Apr. 2015: Executive Officer
Jan. 2015: Managing Executive Officer, Member of the Board
Apr. 2018: Managing Executive Officer
Apr. 2020: Managing Executive Officer
Jan. 2019: Executive Vice President
Apr. 2019: President and CEO, Member of the Board (current)

Mutsumi Ishizuki

Senior Managing Executive Officer

Apr. 1981: Joined Marubeni Corporation
Apr. 2014: Managing Executive Officer, Chief Operating Officer, Metals & Mineral Resources Div. II
Aug. 2020: Senior Managing Executive Officer, CIO, Senior Operating Officer, Audit Dept.; Senior Operating Officer, Application Service Center; New Building Projects Dept.; Vice Chairman of Investment and Credit Committee; Chair, Corporate Governance Committee, Board of Directors
Nov. 2020: Chief Information Officer (CIO), Chair of the Board

Kenichiro Okawa

Managing Executive Officer

Mar. 1980: Joined Marubeni Corporation
Apr. 2018: Managing Executive Officer, Chief Operating Officer, Finance & Business Strategy Division
Jan. 2020: Managing Executive Officer CIO, CEO, Regional CEO for East Asia, Regional CEO for Japan Business, Vice Chairman of Investment and Credit Committee (current)

Takayuki Furuya

Managing Executive Officer

Apr. 1987: Joined Marubeni Corporation
Jun. 2020: Managing Executive Officer, CIO, Chief Operating Officer, Investor Relations and Credit Ratings, Chairman of Investment and Credit Committee, Chair of Corporate Governance Committee, Chair of Corporate Governance Committee, Board of Directors

Takao Kitabata

External (Independent) Director

Jul. 2002: Deputy-in-Chief, Ministry of Finance, Japan
May 2004: Director-General, Ministry of Finance
Jul. 2005: Vice-Minister of Finance
Jun. 2009: Director, Advisory Board of the Japan Bank for International Cooperation
Apr. 2010: Director, Showa Denko K.K.
Apr. 2020: President, Nihon Professional Life Insurance Company (current)

Yuri Okina

External (Independent) Director

Jun. 2006: Council Chairman, The Japan Research Institute, Limited
Apr. 2014: Member of the Board, The Japan Research Institute, Limited
Jun. 2016: Chair, Professor, The Japan Research Institute, Limited
Apr. 2018: Chairperson, The Japan Research Institute, Limited

Masato Kitera

External (Independent Director

Jul. 2008: Director-General, International Cooperation Bureau, Ministry of Foreign Affairs
Apr. 2010: Assistant Director-General, International Cooperation Bureau
Jul. 2012: Ambassador, Ministry of Foreign Affairs
Nov. 2013: Ambassador, Ministry of Foreign Affairs, Honorary Consul
Apr. 2016: Ambassador to France
Apr. 2018: Ambassador to France, Honorary Consul
Jun. 2019: Member of the Board, Enlace Corporation (current)

Kyohei Takahashi

External (Independent Director

Mar. 2002: Managing Director, Showa Denko K.K.
Mar. 2004: Senior Managing Director, Showa Denko K.K.
Jan. 2005: Representative Director, Showa Denko K.K.
Jan. 2007: Representative Director, President and Chief Executive Officer (CEO), Showa Denko K.K.
Jan. 2011: Representative Director, Chairman of the Board, Showa Denko K.K.
Jan. 2016: Advisor & Supervisory Board Member of Marubeni Corporation
Mar. 2018: Director, Chairman of the Board, Showa Denko K.K.
Jan. 2016: Member of the Board, Marubeni Corporation (current)
Apr. 2020: Advisor & Supervisory Board Member, Fuji Mutual Life Insurance Company (current)
Mar. 2017: Director, Showa Denko K.K.

Takashi Hatchoji

External (Independent Director

Nov. 2006: Representative Director, Morgan Stanley Asia, Morgan Stanley
Apr. 2008: Representative Director, Morgan Stanley Asia, Morgan Stanley
Jan. 2012: Director, Morgan Stanley
Jul. 2012: Senior Director, Morgan Stanley
Apr. 2016: Director, Morgan Stanley
Apr. 2018: Director, Morgan Stanley
Mar. 2019: Director, Morgan Stanley

Yuri Okina

External (Independent Director

Jun. 2006: Council Chairman, The Japan Research Institute, Limited
Apr. 2014: Member of the Board, The Japan Research Institute, Limited
Jun. 2016: Chair, Professor, The Japan Research Institute, Limited
Apr. 2018: Chairperson, The Japan Research Institute, Limited

Masato Kitera

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Jan. 2011: Representative Director, Chairman of the Board, Showa Denko K.K.
Jan. 2016: Advisor & Supervisory Board Member of Marubeni Corporation
Mar. 2018: Director, Chairman of the Board, Showa Denko K.K.
Jan. 2016: Member of the Board, Marubeni Corporation (current)
Apr. 2020: Advisor & Supervisory Board Member, Fuji Mutual Life Insurance Company (current)
Mar. 2017: Director, Showa Denko K.K.


### Corporate Governance

#### Audit & Supervisory Board Members

**Kazuro Gunji**  
Audit & Supervisory Board Member  
No. of years served as Audit & Supervisory Board Member: 3 years  
Current shareholdings in the Corporation*1: 429,950 shares  
Attendance at meetings of the Audit & Supervisory Board: 100% (7/10)

**Hikaru Minami**  
Audit & Supervisory Board Member  
No. of years served as Audit & Supervisory Board Member: 1 year  
Current shareholdings in the Corporation*1: 113,900 shares  
Attendance at meetings of the Audit & Supervisory Board: 100% (11/11)

**Tsunoshi Yoneda**  
External (Independent) Audit & Supervisory Board Member  
No. of years served as Audit & Supervisory Board Member: 3 years  
Current shareholdings in the Corporation: 100% (7/10)  
Attendance at meetings of the Audit & Supervisory Board: 100% (7/10)

**Yoichi Kikuchi**  
External (Independent) Audit & Supervisory Board Member  
No. of years served as Audit & Supervisory Board Member: —  
Current shareholdings in the Corporation: 100% (7/10)

**Shigeru Nishiyama**  
External (Independent) Audit & Supervisory Board Member  
No. of years served as Audit & Supervisory Board Member: —  
Current shareholdings in the Corporation: 100% (7/10)

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### Management Message

**Executive Officers**

**Soji Sakai**  
General Manager, Chubu Branch

**Minoru Tomita**  
General Manager, Osaka Branch

**Akira Terakawa**  
Chief Executive Officer, Food, Agriculture & Chemicals Group; Chief Operating Officer, Food Div.

**Hidekazu Futai**  
Senior Operating Officer, Agril Business Div.

**Yuichiro Ohira**  
Chief Operating Officer, Lifestyle Div.

**Jiro Itai**  
Chief Operating Officer, Construction, Industrial Machinery & Mobility Div.

**Nobuyuki Yabe**  
Regional CEO for Europe & CIS; Regional CEO for Europe, Managing Director and CEO, Marubeni Europe plc

**Tatsuya Abe**  
Chief Operating Officer, ICT & Real Estate Business Div.

**Takashi Yano**  
Chief Operating Officer, Infrastructure Projects Div.

**Yoishiro Ogawa**  
Regional CEO for China, President, Marubeni (China) Co., Ltd.

**Koichi Arizumi**  
General Manager, Legal Dept.

**Seiichi Kiyota**  
Chief Operating Officer, Metals & Mineral Resources Div.

**Koji Kashima**  
General Manager, Human Resources Dept.

**Taro Kawabe**  
Chief Operating Officer, Finance & Leasing Business Div.

**Koichi Uchida**  
Chief Operating Officer, Energy Div.

**Satoru Harada**  
Chief Operating Officer, Power Business Development Div.

**Masayuki Omoto**  
Chief Operating Officer, Next Generation Business Dev't.

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*1 As of the end of May 2020.

*2 The average attendance at meetings held following his assumption of office as Director on June 21, 2019.

*3 This applies to Audit & Supervisory Board meetings held after his assumption of office on June 21, 2019.

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*The members of the Audit Committee as of June 21, 2020.*
## Business Divisions

### At a Glance

<table>
<thead>
<tr>
<th>Business Group</th>
<th>Business Division</th>
<th>Major Products and Areas</th>
<th>Major Products and Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Products Group</strong></td>
<td>Lifestyle Division</td>
<td>Apparel, footwear, lifestyle products, textile materials, industrial materials</td>
<td>Consumer-use food products, commercial-use food materials, dairy products and agricultural resources</td>
</tr>
<tr>
<td><strong>Food, Agriculture &amp; Chemicals Group</strong></td>
<td>Food Division</td>
<td>Grains (corn, soybeans, wheat, rapeseed, etc.)</td>
<td>Consumer-use food products, processed seafood, raw materials for beverages (coffee, tea, fruit juices, etc.)</td>
</tr>
<tr>
<td><strong>Energy &amp; Metals Group</strong></td>
<td>Power Business Division</td>
<td>Power generation business / Renewable energy generation / Power service and retail business / EPC* business for offshore wind turbine installation / Wholesale and retail power sales / Coal-fired power sources / Community-based multiutility service / AI and IoT solution business</td>
<td>Construction, industrial machinery, financial business group</td>
</tr>
<tr>
<td><strong>Transportation &amp; Industrial Machinery, Financial Business Group</strong></td>
<td>Aerospace &amp; Ship Division</td>
<td>Aircraft &amp; engine parts trading business and fund establishment, development investment / Sales representatives for commercial aircraft and defense equipment, space-related projects / Business jet sales agency &amp; business, aircraft-related businesses / Sale and purchase, chartering, and ownership of merchant ships / Ownership and chartering of LPG carriers, and investments in offshore businesses</td>
<td>Construction, industrial machinery &amp; mobility division</td>
</tr>
<tr>
<td><strong>Next Generation Business Development Division</strong></td>
<td>Next generation business development business / Inbound tourism business / Next-generation retail business / Smart city and smart infrastructure business / Next-generation industrial parks / New materials and raw technologies business / Manufacturing and distribution of pharmaceuticals / Hospital and medical infrastructure / Medical services business / e-sports / IC platform of fast-moving consumer goods in Asia / Businesses in high-growth domains</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Lifestyle Division Strengths**

- Ability to keep abreast of the diversification of consumer lifestyles and accurately identify changing trends/needs; advanced design-oriented merchandising planning capabilities
- Asia-centric production network with stable, timely, right-sized supply
- Supply chains vertically integrated from raw material sourcing through end-product production
- Diverse product lines, including apparel, footwear, lifestyle products, industrial materials and textile materials

**Growth Opportunities and Business Strategies Based on GC2021**

**Growth Opportunities**

- Expansion of the consumer class in the wake of global population growth and rising standards of living in emerging economies
- Diversifying customer and consumer needs, purchasing behavior and methods
- Growth in demand for environmentally friendly materials, products and services amid a trend toward sustainability

**Business Strategies Based on GC2021**

- Strengthen efforts with global SPA to receive around planning proposals and short lead-time production capabilities
- Strengthen direct-to-consumer sales business, promote utilization of digital technology
- Develop a circular supply chain that has TYTON’s recycling technology at its core

**Anticipated Risks and Countermeasures**

**Anticipated Risks**

- Rising costs in key production regions amid economic growth in emerging economies
- Relative weakening of existing functions and rapid structural changes in distribution networks amid digitalization and IoT proliferation
- Impact on procurement on account of potential country risks in major production regions

**Countermeasures**

- Cultivate new production regions, promote production automation
- Streamline production and sales by using digital technology, change business model
- Decentralize supply chain, global expansion

**Examples of Initiatives That Embody the GC2021 Business Strategy**

**Further enhance the popularity of “IFME,” Marubeni's own brand of children's shoes**

April 2020 marks the 20th anniversary of the launch of FME, the Company’s own brand of children’s shoes. Cumulatively, it amounts to 25 million pairs of shoes sold. We are endeavoring to raise brand value through making more points of contact with users so as to achieve even greater growth, and are striving to expand sales overseas. In October 2019, we released “Pittari FME,” an app that measures foot size by using augmented reality (AR). Making it easy to regularly measure foot size of fast-growing children at home, this app facilitates the selection of the right shoes for children. In November 2019, we established a composite-type outlet shop with the three brands of IFME, MERRELL, and FILA, within Minami-ku Ward’s Grandberry Park in Tokyo, and in June 2020, opened the first FME concept shop in Akihabara, Tokyo. In addition, the Company has been making concerted efforts to expand in East Asia, specifically China and Taiwan. We were selected by the leadership of a children’s magazine in Taiwan to receive an award for excellence, which demonstrates the high level of support we receive from users.
The ICT & Real Estate Business Division provides a wide range of high-added-value services and solutions in operating domains related to consumers' everyday lives, including ICT, real estate, logistics, and insurance.

In the ICT business, we engage in system solutions and network businesses that provide business solutions, wireless telecommunications solutions, high-speed/high-quality telecommunications services, and internet connection services, as well as in mobile phone-related businesses that include mobile phone sales agents and reuse.

In the real estate business, we operate domestic and overseas real estate development businesses, as well as real estate asset management and property management businesses.

In the logistics business, we seek to expand digital ICTM*1 services with a 3PL*2 business at their core, and in the insurance business, our main priorities are insurance brokerage businesses, insurance agency operations, and the captive insurance business.

In each of these domains, we provide high-value-added services and solutions that organically merge the expertise of each field in response to customer needs that are changing in step with the recent advancements in digital technology and IT.

*1: Digital SCM (Supply Chain Management): A business that leverages digital technologies to provide solutions that help improve the supply chain, including inventory optimization and improved logistics efficiency

*2: 3PL: Third Party Logistics: A business that takes a bird’s-eye view of the shipper’s entire logistics process to design and plan a logistics strategy from a management perspective and thereby take charge of logistics operations.

Examples of Initiatives That Embody the GC2021 Business Strategy

Providing a broad range of services and solutions across the entire mobile phone lifecycle

We provide innovative, optimal solutions for every stage of the mobile phone lifecycle. Our mobile phone sales business operates a nationwide chain of stores as an authorized dealer for wireless carriers. We are one of the top mobile phone retailers in Japan (418 carrier outlets in operation as of March 2020). In addition to holding smartphone classes that utilize VR content to enable simulated disaster experiences, recently we have been undertaking the challenge of developing other new solutions, such as providing hands-on learning as part of distance education that leverages smart glasses and other cutting-edge technologies in anticipation of the era of 5G.

Moreover, for corporate customers, the mobile phone sales business provides device deployment and management services that track customers’ needs from the perspectives of “workstyle reform and telework promotion,” “productivity improvement,” and “cost savings.” In addition to buying and reselling used mobile phones in a way that leverages expertise and technical capabilities gained from repairing mobile phones, the mobile phone sales business is also expanding its operations to include rentals and leasing.
The Forest Products Division aims to strengthen its earnings foundation, mainly through the stable operation of its Indonesian afforestation business and pulp manufacturing business and improvement in the profitability of its domestic paper and paperboard manufacturing and sales operations.

Additionally, we are involved in developing biomass fuels, which contribute to the realization of a low-carbon society; branching into markets for new materials with promising demand growth prospects, like cellulose nanofiber (CNF); and advancing the building of a business model that focuses on the sale of products that will assist in reducing plastic usage. In Vietnam, we decided to invest in a containerboard manufacturing and packaging materials sales business. In the sanitary paper field, having decided to acquire a hygiene products manufacturer in Brazil, which has the fourth-largest market in the world, we will participate in the business in the country and promote expansion to other regions. In addition to these businesses, we will focus on a wide range of forest-derived materials and expand sustainable, renewable and recyclable businesses that contribute to society and to the environment.

Growth Opportunities
- Capture of growing packaging demand in emerging economies
- Development of business model to capture burgeoning sanitary paper market
- Development of business models aligned with trend toward ESIG and SDGs, most notably decarbonization and reduction of plastic usage
- Development of eco-friendly materials that effectively utilize wood components

Anticipated Risks and Countermeasures
- Contraction in domestic demand in the wake of low birthrate and societal aging
- Decreased demand for paper products caused by COVID-19

Examples of Initiatives That Embody the GC2021 Business Strategy
Development of containerboard manufacturing business in the Asian market centered on Vietnam

In addition to the production technology and know-how possessed by Koa Kogyo Co., Ltd., a containerboard manufacturing company in Japan, the Forest Products Division is leveraging the sales power based on its experience in manufacturing and selling containerboard in Japan and business while itself investing in a containerboard manufacturing base that is under construction in Vietnam. It is a country where the processing and manufacturing capacities, which is reputed large amount of containerboard, are significantly expanding— even among the ASEAN member countries, where demand is growing with economic growth—we are aiming to capture significant demand. We are also planning to expand to neighboring countries, while accommodating with the supply and demand environment in Vietnam with a view to expanding to other Asian countries. So far, the construction has proceeded according to plan, and we are planning to complete construction and the commencement of commercial production in the second half of the fiscal year ending March 31, 2021.

Please refer to the Special Feature: Business Strategies Based on SPP Business Policies on P.41 for more information on containerboard manufacturing business strategies.
The Food Division’s strategic priorities are strengthening specialty product marketing and upgrading manufacturing functions. Our aim is to sustainably expand the business by building value-added food production and processing businesses.

We are taking a number of steps to further reinforce the business base. Specifically, we plan to start commercial operations at instant coffee manufacturing and sales company IGUACU VIETNAM COMPANY LIMITED (Iguacu Vietnam) in 2023 and expand capacity at U.S. beef processor/supplier Creekside Farms Premium Beef LLC (Creekside Farms). Also, in April 2020 we acquired shares of Danish Salmon A/S, aiming to use its land-based recirculating aquaculture system (RAS) for salmon farming to create societies and businesses focused on the Sustainable Development Goals (SDGs).

The Food Division will continue to focus on cultivating diverse human resources and fostering an open organizational culture to create new business models in response to constant changes in the business environment. We will also work to ensure stable supplies of food products, recognizing our vital role in daily life, especially during global pandemics such as the current COVID-19 outbreak.

**Global Business Development**

- **Danish Salmon A/S**
  - Ethiopia – Establishing an acclimatizing aquaculture system for salmon farming
- **Great Wall Food (Dalian) Co., Ltd.**
  - China – Processing and sales of broiler chickens and processed meat products
- **QINGDAO TIANRUN FOOD CO., LTD.**
  - China – Processing and sales of roast duck and processed meat products
- **Aroma Coffee (Shanghai) Co., Ltd.**
  - China – Roasting of coffee beans and sale of various coffee ingredients
- **IGUACU VIETNAM COMPANY LIMITED (Iguacu Vietnam)**
  - Vietnam – Processing and sale of instant coffee
- **Acecook Vietnam Joint Stock Company**
  - Vietnam – Processing and sale of wheat flour noodles, rice flour noodles, bean gum vermicelli and other food products
- **North Pacific Seafoods, Inc.**
  - U.S. – Shoring, processing and sale of raw Alaska seaweed products
- **Columbia Grain International, LLC**
  - U.S. – Collection, storage, export and domestic sale of North American grains and beans
- **Rangers Valley Cattle Station Pty. Ltd.**
  - Australia – Raising, processing and sale of beef products
- **Creekside Farms Premium Beef LLC**
  - U.S. – Processing and sale of premium beef products in the U.S. and overseas
- **Eastern Fish Company LLC**
  - U.S. – Import and sale of seaweed products, primarily seaweed
- **Gavilon Agriculture Investment, Inc.**
  - U.S. – Collection, storage, export and domestic sale of North American grains, feed supplements and fertilizer
- **Cia. Iguaçu de Café Solúvel**
  - Brazil – Processing and sale of instant coffee
- **Telrga Terminal Maritima Ltda.**
  - Brazil – Nationwide storage and sales of grains

*Please refer to the Special Feature: Business Strategies Based on SPP Business Policies on page 44 for more information on Creekside Farms’ strategies.*

**Examples of Initiatives That Embody the GC2021 Business Strategy**

Marubeni takes stake in land-based RAS salmon farming business in Denmark

In April 2020, Marubeni and Nippon Suisan Kaisha, Ltd. partly acquired 66.7% of the shares of Danish Salmon A/S, giving Marubeni and its partner a stake in a European salmon farming business that uses a land-based recirculating aquaculture system (RAS).

Demand for marine products continues to increase worldwide, but catches from wild fisheries have remained almost flat for 30 years. Instead, aquaculture is being used to meet rising demand. Within the aquaculture field, the sub-industry of salmon farming is limited to optimal coastal areas, but in contrast, land-based RAS is a promising area of growth, as the systems are not constrained by geographic conditions. The RAS fish farming approach has the potential to minimize environmental impact by reducing both the risk of water pollution and the risk of escaped farmed fish. Consequently, RAS is attracting attention as a future solution to a possible protein shortage caused by the world’s growing population. With the acquisition of Danish Salmon A/S, the Food Division aims to satisfy increasing global demand for seafood while also helping to solve the challenge of increased protein demand by providing a stable supply of sustainable marine products to consumers worldwide.

**Business Strategies Based on GC2021**

- **Roughly 30% share of Japan’s coffee bean imports**
- **Omens Cia. Iguaçu de Café Solúvel (Iguacu Brazil), a Brazilian instant coffee manufacturer with sales in over 40 countries**
- **Owns high-quality beef suppliers in the U.S. and Australia, two top beef-producing countries**
- **Stable grain supply capacity using a global network extending from collection through sales**

**Anticipated Risks and Countermeasures**

- **Changes in political or economic conditions in end-market countries (country risk)**
- **Risk of natural disasters such as crop failures due to abnormal weather**
- **Global pandemics such as COVID-19**

**Countermeasures**

- **Diversify sourcing and selling regions, develop new producing areas and customers**
- **Research and develop alternative products and new materials**
- **Further reinforce supply chains, collaborate with business partners**
- **Create a stable food supply framework through appropriate risk management and steps to prevent endemic infection**
Marubeni’s Agri Business Division is currently expanding its agri-input product retail business and services as well as proprietary product development and tolling. The division is also involved in the origination and trading of grain and specialty products, mainly in the Americas, Europe and Asia. We aim to further strengthen our global presence by providing optimal solutions to farmers around the world.

In the agri-input business, we are expanding our agri-input retail business to support sustainable agricultural production in the Americas, Europe and Asia, led by Helena Agri-Enterprises, LLC (Helena). In the North American grain business, we are upgrading grain origination, storage and transportation capacity at Gavilon Agriculture Investment, Inc. (Gavilon) and Columbia Grain International, LLC (CGI) to maintain and strengthen earnings capabilities. Having the agri-input business and the North American grain business in the same division aims to improve collaboration and strengthen ties between the two businesses while also working to create cross value.

Marubeni’s Agri Business Division Strengths

- Helena, an agri-retailer with close ties to the communities it serves, is ranked second by market share in North America; leveraging expertise from agri-input retailing, Helena also offers advanced solutions to help farmers solve issues in their businesses.
- Stable worldwide grain supply capacity using a global network extending from grain origination through sales.

**Anticipated Risks and Countermeasures**

**Anticipated Risks**
- Risk of changes in farmer income levels or weather events that impact operating companies’ sales
- Country risk due to changes in political or economic conditions

**Countermeasures**
- Contribute to agricultural production that is highly resilient to climate change by providing agri-input products and services that help farmers increase productivity
- Diversify business office locations and create a geographically optimized portfolio

Examples of Initiatives That Embody the GC2021 Business Strategy

Marubeni invests in Brazilian Agri-input Retailer Abudos Real S.A.

In October 2019, we invested in Abudos Real S.A. (AR), a company that sells agri-input products in Brazil. AR was established in Minas Gerais State and has been supporting local growers for roughly 40 years, helping them increase earnings by supplying agri-inputs and consulting services for agri-businesses. AR’s business site in Minas Gerais State has achieved significant growth as a leading player in the region’s agri-input retail market. Brazil is a major agricultural producer and a highly profitable market for agri-inputs. We also see the potential to utilize Helena’s expertise in the market due to similarities between farming in Brazil and the U.S. Through its investment in AR, the Agri Business Division aims to contribute to the growth and development of Brazilian agriculture by leveraging expertise in the agri-input business.

Please refer to the Special Feature: Business Strategies Based on GC2021 Strategy for Becoming the Marubeni of the Future on P.39 for more information on our business strategy in agri-input retailing operations.
The Chemicals Division is enhancing its ability to adjust supply and demand in petrochemicals trading, where it has been one of the top-ranked players in the industry for many years. In the specialty products field, which covers electronics such as storage batteries, displays and solar power equipment, the division is augmenting its solutions-oriented business in Japan and overseas. Meanwhile, in the life sciences field, which offers good prospects for sustained growth in tandem with population growth, we are targeting further business expansion centered on livestock feed additives distributor Orffa International Holding B.V. (Orffa) and working to capture opportunities in new fields that go beyond chemical products, such as AI-applied diagnostic imaging in the digital health field.

Examples of Initiatives That Embody the GC2021 Business Strategy

**Developing an AI-applied diagnostic support business for medical institutions in the digital health field**

The Chemicals Division is focusing on growing markets in the digital health field, which has the potential to solve social challenges in healthcare.

In January 2019, Marubeni invested in U.S. company Enlitic, which is developing an AI-applied diagnostic imaging system. Marubeni also entered into an exclusive business alliance with Enlitic for the Japanese market. Under the arrangement, Marubeni will work with Enlitic to develop and launch the system in Japan. In April 2020, we established wholly owned subsidiary Clairvo Technologies, Inc. to further develop our presence in the digital health field.

After securing the necessary business licenses, we plan to form partnerships with many companies developing AI digital health products and technologies and create an AI-applied diagnostic support platform for medical institutions. Through these and other initiatives, we aim to drive the development of AI digital health products and technologies and create an AI-applied diagnostic support platform for medical institutions in the digital health field.

**Anticipated Risks and Countermeasures**

- **Trade in petrochemical and other products highly sensitive to market price changes**
  - **Anticipated Risks**
  - **Countermeasures**
- **Downturn in trade due to political or economic risks in the U.S. and/or China, both of which are major importers of chemicals**
  - **Anticipated Risks**
  - **Countermeasures**
- **Decline in operating rates at trading partners due to global economic slowdown and emerging credit risks caused by deteriorating earnings**
  - **Anticipated Risks**
  - **Countermeasures**

**Growth Opportunities and Business Strategies Based on GC2021**

- **Expand value-added sales service businesses in feed additives and other fields**
  - **Growth Opportunities**
  - **Countermeasures**
- **Capture corporate demand for solar power and storage batteries to help realize low-carbon societies**
  - **Growth Opportunities**
  - **Countermeasures**
- **Accelerate initiatives in the digital health field, starting with Enlitic, Inc. (Enlitic) partnership**
  - **Growth Opportunities**
  - **Countermeasures**

Please refer to the section below, Examples of Initiatives That Embody the GC2021 Business Strategy.

**Chemicals Division Strengths**

- Broad trading platform with links to many industries
- Roughly 30% share of global ethylene trade
- PVC, chlor-alkali trade with capacity to respond to changes in global markets
- Dutch subsidiary Orffa’s strong presence in European feed additives market
- Electronics value-chain businesses extending downstream from scarce resources
- Partnerships with top industry players in diverse chemical product trading markets
Energy & Metals Group
Energy Division

The Energy Division aims to be a solutions provider capable of addressing societal challenges and changing customer needs on the path toward a low-carbon society, while also continuing to focus on existing businesses.

In the natural gas/LNG business, a promising area of future demand growth, we are increasing the value of existing businesses, expanding projects and cultivating demand across the value chain, from upstream through downstream areas.

In the new energy business, the Energy Division is developing its environmental solutions business, which includes biofuels and CO2-free energy supply chains for hydrogen, ammonia and other carriers. In the trading and marketing field, we aim to utilize our infrastructure and networks in Japan and overseas to expand trading in oil, natural gas, LNG and other fuels to meet demand for energy.

In the nuclear energy business, we will provide total solutions by reinforcing our presence across all areas of the supply chain.

Koichi Uchida
Chief Operating Officer, Energy Div.

Global Business Development

- Oil and gas business
  - LNG
  - Uranium mine
- UK/North Sea
- Kharasan (Kazakhstan)
- Sakhalin Project (Russia)
- Shale oil projects (U.S.)
- Equatorial Guinea LNG (Equatorial Guinea)
- Qatar LNG (Qatar)
- Papua New Guinea LNG (Papua New Guinea)
- Peru LNG (Peru)

Energy Division Strengths

- Ability to meet energy demand in Japan and overseas through production, trade, logistics and marketing of oil, natural gas, LNG and other fuels
- New energy business focused on realizing low-carbon and carbon-free societies
- Nuclear energy business that adds value throughout the supply chain

Growth Opportunities and Business Strategies Based on GC2021

- Growth in natural gas/LNG and new energy businesses such as hydrogen and ammonia amid transition to low-carbon and carbon-free societies
- Changes in energy demand structure in developed countries

Anticipated Risks and Countermeasures

- Fluctuations in resource prices and changes in the regulatory framework and geopolitical conditions
- Shift to renewable energy and low-carbon energy
- Changes in energy demand structure in developed countries

Examples of Initiatives That Embody the GC2021 Business Strategy

Developing the CO2-free energy supply chain and environmental solutions

The Energy Division is developing its new energy business in preparation for the advent of low-carbon and carbon-free societies. Specifically, we are focusing on the environmental solutions business, which covers biofuels and CO2-free energy supply chains for hydrogen, ammonia and other carriers. In the hydrogen field, we are part of an Australian project that is building a liquefaction and transportation supply chain for hydrogen made from brown coal. We are also stepping up efforts to build a supply chain for ammonia, another promising CO2-free new energy carrier, with preparations underway to supply ammonia to Japan from overseas production sites. The Energy Division is also pursuing a range of other new energy initiatives. We have moved into the supply chain for the production and supply of alternative jet fuel through an investment in U.S. company Fulcrum BioEnergy Inc., which manufactures jet fuel from municipal waste, and we are involved in the trading of emission rights, a form of environmental value earned by reducing greenhouse gas emissions.
The Metals & Mineral Resources Division is involved in a wide range of businesses. In addition to interests in iron ore, coking coal and copper mines and aluminum smelting through its investment business, the trading business in various metals products, from steel raw materials, non-ferrous metal and related products, to steel products through steel distributor Marubeni-Itochu Steel Inc.

In the investment business, we are focusing on building an earnings structure that contributes to stable Group earnings. Specifically, we plan to develop new deposits in the vicinity of existing mines and add to holdings of mining interests based on medium- and long-term perspectives, while also harnessing AI and IoT technologies to spur automation and increase earnings from mines.

In the trading business, we are stepping up efforts in environmental and circular businesses, such as producing magnesium ingots in Canada from tailings (mine waste) and recycling solar panels. We will also reinforce initiatives in markets with good prospects for demand growth to capitalize on changes in society such as wider uptake of EVs.

Examples of Initiatives That Embody the GC2021 Business Strategy

Marubeni signs agreement to invest in magnesium ingot production and sales business

In December 2019, Marubeni signed an agreement to join a magnesium ingot production and sales business with Alliance Magnesium Inc., a Canadian company currently building a commercial magnesium plant. The project will extract magnesium from tailings (mine waste) at an abandoned mine site in Quebec, Canada, and produce primary magnesium ingots through the electrolysis process. Production and sales are scheduled to start in 2020. In recent years, magnesium is one of the materials whose demand has dramatically increased for the purpose of reducing the weight of vehicles and other products. Additionally, the production process will have a very small environmental footprint, as power will be sourced from hydroelectric dams, reducing greenhouse gas emissions to only about one-twentieth of the level emitted from conventional magnesium production. Marubeni has been involved in the aluminum business over the years and saw demand also increasing from light vehicles. By making use of our expertise in the aluminum business, we will contribute to enhance the sustainability of global society through development and promotion of green materials.

Growth Opportunities and Business Strategies Based on GC2021

<table>
<thead>
<tr>
<th>Growth Opportunities</th>
<th>Business Strategies Based on GC2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term growth in demand for metals and mineral resources supported by global economic growth</td>
<td>Improve cost-competitiveness of existing mines and smelters, develop new mines, expand portfolio of prime assets</td>
</tr>
<tr>
<td>Growth in demand for non-ferrous metals driven by advent of AI/ IoT society and EV uptake</td>
<td>Strengthen marketing in trading operations, expand presence in processing and finished products</td>
</tr>
<tr>
<td>Growing emphasis on sustainability worldwide</td>
<td>Step up environmental and circular business initiatives</td>
</tr>
</tbody>
</table>

Anticipated Risks and Countermeasures

<table>
<thead>
<tr>
<th>Anticipated Risks</th>
<th>Countermeasures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in market prices and other market fluctuations that directly impact earnings</td>
<td>Optimize production, rigorously control costs and introduce advanced technologies at existing mines and smelters to increase earnings</td>
</tr>
<tr>
<td>National policies and geopolitical factors that impede the investment and trading businesses</td>
<td>Build a business portfolio to mitigate country risk</td>
</tr>
<tr>
<td>Changes in the business environment amid the transition to a low-carbon, circular society</td>
<td>Create environmental and circular businesses with an ESG focus</td>
</tr>
</tbody>
</table>

Internal Control System

Internal control is a system of checks, balances, internal reporting mechanisms and other activities designed to provide reasonable assurance that the objectives of the company are achieved.

Global Business Development

The Metals & Mineral Resources Division operates in 20 countries and regions, including Japan. It manages 100 production plants and 300 subsidiary companies. The Division sells 500 types of products with total sales exceeding JPY 1 trillion. Examples of business activities conducted by Metals & Mineral Resources Division include the following:

Iron ore
Coking coal
Copper
Aluminum

In the investment business, we are focusing on building an earnings structure that contributes to stable Group earnings. Specifically, we plan to develop new deposits in the vicinity of existing mines and add to holdings of mining interests based on medium- and long-term perspectives, while also harnessing AI and IoT technologies to spur automation and increase earnings from mines.

In the trading business, we are stepping up efforts in environmental and circular businesses, such as producing magnesium ingots in Canada from tailings (mine waste) and recycling solar panels. We will also reinforce initiatives in markets with good prospects for demand growth to capitalize on changes in society such as wider uptake of EVs.
Power Business Division

“Transforming from the power business of a general trading company, to a general power trading company” – the Power Business Division endeavors to broaden and deepen its power generation business*1 and power service and retail business*2. As a global power business player, we are committed to contribute toward building a sustainable society through delivering safe and stable electric power infrastructures and services which can preserve the global environment.

In the power generation business, we strive to heighten the ratio of power generated by renewable energy sources in our net power supply and to expand the energy-value-chain business such as LNG-to-Power*3 projects.

In addition, in the power service and retail business, we aim to expand EPC*4 business, de-centralized power sources, wholesale and retail power sales, and other asset-light businesses. We will also develop services that facilitate optimal management of power generation assets owned by us and others, by using digital technologies such as AI and IoT. We will advance our power business solutions while harmonizing with regional societies and the natural environment.

Examples of Initiatives That Embody the GC2021 Business Strategy

Participating in numerous renewable energy projects in and outside of Japan

In the power generation business, Sweihan Photovoltaic IPP Project, located in the United Arab Emirates, capable of producing power equivalent to that by a unit of a nuclear power plant, entered into commercial operation in April 2019. In Qatar, we received an order for Al Kharsaah Solar PV IPP Project, the first large-scale photovoltaic power generation project in that country. In Japan, we commenced construction in 2020 of the Offshore Wind Farm Project at Akita Port and Noshiro Port, the first offshore wind power project on a commercial basis in Japan. In Asia, we acquired Chenya Energy Co., Ltd., a solar power developer and operator in Taiwan, together with its businesses, targeting business development in Taiwan and other Asian nations.

In the power service and retail business, SmartestEnergy Ltd. of the U.K. is expanding its business by establishing a presence in the U.S. and Australia. Besides our participation in WASHIKA Inc., a company that provides power by solar panels to regions with no access to electricity, we have invested in Azuri Technologies Ltd., a solar home systems provider, further expanding our renewable energy business.

In both the power generation business and the power service and retail business, we will continue devoting ourselves to create a sustainable society by contributing to measures against climate change.

Power Division Business Strengths

- Strong area business & marketing forces, project development hubs and asset management teams, IPP business of world-class scale
- IPP business’s proven track record, competitiveness, in-house development and problem-solving know-how/capabilities
- Project management skills in EPC business in and outside of Japan and unique EPC management capabilities
- Vast experience in electric power wholesaling/retailing

Growth Opportunities and Business Strategies Based on GC2021

- Growing prevalence of De-carbonization, De-centralization and Digitalization (“3D”) in the power sector
- Changes of energy mixes and policies in major countries
- Technological innovations in major power generation equipment such as offshore wind, solar power, and storage batteries
- Digital technological innovations such as AI, IoT and Big Data

Anticipated Risks and Countermeasures

- Policy change in liberalized power markets and changes in power demand trends
- High volatility of fuel energy and/or natural resource prices
- Weather variation risks that would affect the power supply-demand balance and market prices

Countermeasures

- *1: Power generation business: Renewable energy generation/energy-value chain (fuel-to-power) projects such as LNG-to-Power’s gas-fired and other thermal power generation.
- *2: Power service and retail business: EPC business and offshore wind turbines installation/wholesale and retail power sales/ de-centralized power sources (community-based multi-utilize services) and IPP solution business.
- *3: LNG-to-Power, souring, storing and re-gasifying LNG as well as power generation by such gas.
- *4: EPC, Engineering, procurement and construction.

Examples of Initiatives That Embody the GC2021 Business Strategy

Participating in numerous renewable energy projects in and outside of Japan

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In both the power generation business and the power service and retail business, we will continue devoting ourselves to create a sustainable society by contributing to measures against climate change.
We aim to continue evolving our business across the world that contributes to the enhancement of social infrastructure to enrich society and people’s daily lives. We cover a wide range of infrastructure including railway, road, water and sewerage utility, desalination plant, gas transportation and distribution, offshore oil production, and also carbon capture.

Responding to the growing demands of society and industry, we globally invest in various projects that generate stable profit and pursue to maximize the value of our businesses. We will also seek to expand the operation of an infrastructure investment fund and achieve synergies between the fund and infrastructure businesses. Additionally, we will continue building a track record in the fields of EPC*1 and O&M*2 through a selective focus on sectors and regions in which we can demonstrate our strengths.

Furthermore, we are promoting circular economy businesses and conducting projects by utilizing AI technologies, with the aim of achieving sustainable development in harmony with the global environment and society. Seeing changes in markets as opportunities, we will tackle new challenges and contribute to society by achieving safe and stable operations.

*1 EPC: Engineering, Procurement and Construction. Full turnkey contract for equipment and plant.
*2 O&M: Operating and Maintenance of infrastructure equipment.

Global Business Development

- Gas transmission and storage business (Japan)
- Carbon capture, utilization and storage business (Japan)
- Development and business expansion of AI-advanced water main condition assessment software (Japan)
- Water supply and sewerage services (Portugal)
- Gas distribution business (Portugal)
- Shugaki 3 Independent Water Plant Project (Japan)
- Supply of railway systems for Manila LRT Line 2 east extension project (Philippines)
- Water supply and sewerage services (Philippines)
- Supply of select- mechanical systems for Dhaka MRT Line 6 project (Bangladesh)
- Gold Coast Light Rail PPP project (Australia)
- Sydney Metro Northwest PPP project (Australia)
- Waste-to-energy plant project (Thailand)
- FPSO chartering project for Tra Thema Sub oil field (Brunei)
- Water supply and sewerage services (CMA)
- Gas-related infrastructure business (Australia)

Examples of Initiatives That Embody the GC2021 Business Strategy

Contributing solutions to global challenges by performing stable operation of social infrastructure

The unprecedented situation caused by the COVID-19 pandemic has reaffirmed the importance of social infrastructure such as water, gas, public transportation, etc., which are essential lifelines to people’s lives. The Infrastructure Project Division engages in the stable operation of such social infrastructure globally and will continue to develop our businesses with the intention of contributing to sustainable growth worldwide. For example, in water and sewerage business, we are not only committed to performing stable supply and efficient use of water, but also proactively taking action to raise awareness of sanitation and hygiene practices, and to protect the environment of water sources.

Additionally, we are endeavoring to resolve social issues related to the low-carbon and circular economy by promoting our business activities. In the fiscal year ended March 31, 2020, we have invested in a company that develops and owns the technology to capture CO2 from the flue gas emitted by coal-fired power plants and industrial plants. We are conducting the joint development of CCU (Carbon Capture & Utilization) and making efforts to contribute to the reduction of greenhouse gas, with the aim of preventing global warming.
In the aerospace and defense sectors, the Aerospace & Ship Division operates aircraft parts trading and maintenance services as well as asset management businesses as a value-up trader for aircraft-related assets. We also operate defense-related business including defense equipment distributorship business and airport ground handling services. Furthermore, we will be branching out into intra-airport autonomous vehicle and business jet service businesses as well as the space-related sector while promoting the expansion of our business domain.

In the ship sector, in addition to the trading and financing businesses, such as the sale and purchase of various types of ship, charter brokerage and marine equipment trading, we engage in the fleet ownership/operation of merchant ships and LNG carriers. Providing a wide range of functions, from ownership structuring to ship management, securing operating income, we are aiming to evolve as a comprehensive ship service provider.

Through creating new value by organically connecting Marubeni’s functions with customers’ needs, we will lead the industry as a comprehensive provider of aero-marine solutions.

Examples of Initiatives That Embody the GC2021 Business Strategy

Initiatives in aircraft asset business domain

In the aviation sector, we are promoting a value-up trading strategy for aircraft and aviation-related assets with a focus on the used aircraft market, which requires a high level of knowledge—such as capabilities in risk management, remarketing and asset appraisal—and thus has high barriers to entry.

In the business of acquiring used aircraft, Magellan Aviation Group LLLP, our subsidiary, is developing a parts-out business, by which the engines and parts obtained from disassembling aircraft are repaired and overhauled and then supplied to the aircraft maintenance market. In addition, Interstellar Technologies Inc. (ITI), a subsidiary that develops aviation-related space management business, provides investment opportunities for aircraft and aviation-related assets, which are increasingly being recognized as attractive investment targets.

To build a platform as a value-up trader that maximizes the value of aircraft and aviation-related assets, we will promote the strengthening, expansion and revaluation of the functions within the Group in the years to come.

Examples of Initiatives That Embody the GC2021 Business Strategy

Initiatives in aircraft asset business domain

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Initiatives in aircraft asset business domain

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To consolidate finance and leasing businesses across the Group, the Finance & Leasing Business Division was formed in April 2019. Through a business alliance with Mizuho Leasing Company, Limited, we are working to grow our business and expand profits by mutually providing our strengths, know-how, and range of resources. In the fiscal year ended March 31, 2020, we expanded our collaboration with Mizuho Leasing Company, Limited by beginning the joint operations of Mizuho Marubeni Leasing Corporation, the delisting of Aircastle Limited, and through the transfer of equity interests in PLM Fleet, LLC (PLM).

In 2020, affiliated businesses will be variously affected due to the spread of COVID-19 infections, so we will focus on “defensive” business management and respond accurately to structural changes in society until the situation has with some certainty returned to normal. At the same time, looking ahead to the post-COVID-19 era, we will promote developmental studies into next-generation financial businesses, for example by growth from existing businesses, expansion of joint business domains and the utilization of FinTech.

Global Business Development

- Auto finance business
- Aircraft/aerial engine leasing business
- Comprehensive leasing business
- Leasing of various commercial vehicles and freight railcars
- Private equity (PE) investment/asset management

Examples of Initiatives That Embody the GC2021 Business Strategy

Start of chilled/refrigerated trailer business in China and entry into online trade finance business in Singapore

One of the Finance & Leasing Business Division’s strategies is to develop the existing business model horizontally. PLM in the U.S. has been establishing itself as the No. 1 in the nation as a specialized leasing and rental company for chilled and refrigerated trailers by carefully responding to customer needs by leveraging the strength of its expertise in those products. Having applied the company’s business model in collaboration with G7, a leading IoT information services company in the Chinese logistics market, operations in China, where the cold chain market is expected to grow, commenced in September 2019. As a new initiative, in May 2019 we established ZMA to customer needs by leveraging the strength of its expertise in those products. Having applied the company’s business model in collaboration with G7, a leading IoT information services company in the Chinese logistics market, operations in China, where the cold chain market is expected to grow, commenced in September 2019. As a new initiative, in May 2019 we established ZMA in collaboration with the major Chinese company Zall Smart Commerce Group Ltd. with the intention of entering the next-generation finance business. In starting a trial offering of a trade finance service for online businesses to business trade transactions, we are aiming to provide highly convenient online trade finance services to small and medium-sized enterprises that previously have not been able to easily participate in international trade.
Transportation & Industrial Machinery, Financial Business Group

Construction, Industrial Machinery & Mobility Division

The Construction, Industrial Machinery & Mobility Division will maximize operating efficiency based on conventional trading and direct investment businesses in four sectors while further strengthening its earnings foundation through expansion of peripheral businesses. In the construction machinery sector, we sell construction machinery products from world-leading Japanese manufacturers on a global scale. We aim to evolve and become an all-around construction/heavy machinery service provider by integrating new functions and services with those products. In the tire and rubber materials sector, we have built a rubber value chain that extends from upstream (rubber raw material sales) to downstream (trading in tires and other rubber products, overseas retail businesses) with the aim of rising to the top of every market in which we operate by developing new merchandise and geographic markets and globally expanding existing businesses. In the industrial systems and mobility sector, we aim to build sustainable social infrastructure by integrating our business foundation, accumulated from existing trading and sales businesses, with next-generation technologies, such as EVs and distributed power sources. In the industrial machinery sector, we are capitalizing on the broad company networks that we have cultivated over decades to expand our efforts not only in industrial machinery but also to a wide range of industries. In all four of these sectors, we will diversify our operations with the aim of creating new technologies and new industrial businesses that transcend boundaries between existing industries.

Global Business Development

- **Business base**: Distributor/product support business for construction and mining equipment
- **Distributor**: Large dump truck used at mines (Philippines), Large hydraulic excavator used at mines (Chile)
- **Large dump truck**: Distributor/product support business for construction and mining equipment
- **Large hydraulic excavator**: Distributor/product support business for construction and mining equipment
- **Distributor (Turkey)**: Building the rubber value chain
- **Building the rubber value chain**: Tire sales business (Mexico), Conveyor belt sales business (All States Belting, LLC)
- **Tire sales business (Mexico)**: Next-generation mobility business (U.S.), New industrial businesses that transcend boundaries between existing industries
- **Next-generation mobility business (U.S.)**: New industrial businesses that transcend boundaries between existing industries

**Automotive sales and after-sales service businesses, mobility service businesses utilizing existing assets**

- **Aftermarket service business (U.S.)**: tire materials business
- **Next-generation mobility business (U.S.)**: tire materials business
- **Dealership business (U.K.)**: tire materials business

**Examples of Initiatives That Embody the GC2021 Business Strategy**

**Investment in U.S. company Acellent Technologies, Inc.**

In October 2018, Marubeni invested in Acellent Technologies, Inc. (Acellent), a Silicon Valley-based U.S. company that designs, develops, and sells structural health monitoring (SHM) systems. The technologies in SHM systems enable the real-time monitoring of structural status and integrity. Acellent’s SHM systems constantly and automatically monitor the condition of metals and composite materials, such as the carbon fiber-reinforced plastics used in automobiles and aircraft, while managing their lifecycles. The diverse types of deterioration that can be identified include fatigue cracks, corrosion, layered corrosion, impact damage, and loose bolts. Through its collaborations with Acellent in the years to come, Marubeni will accumulate an enormous amount of data on the operation and condition of transport equipment and machinery in a wide range of markets. The aim is to utilize that data in the development of new products and machinery versions for its comprehensive healthcare and maintenance businesses.

Please refer to the Special Feature: Business Strategies Based on SPP Business Policies on P.43 for more information on Acellent’s strategies.
Having adopted growth themes in domains where explosive growth is expected in the years ahead, the Next Generation Business Development Division is drawing on the global network that a general trading company has at its disposal. At the same time, the Division is working to create new business models by anticipating the world's most advanced business models.

Specifically, the Division is incorporating cutting-edge business models from innovation hubs around the world by collaborating with the corporate venture capital fund firm Marubeni Ventures Inc. and Vertex Venture Holdings Ltd., a global venture fund owned by the Singaporean sovereign wealth fund Temasek Holdings (Private) Ltd. We will be focusing on business development along 12 adopted growth themes that cover: (1) Chinese children’s education, (2) inbound tourism, (3) next-generation retail, (4) smart city/smart infrastructure, (5) next-generation industrial parks, (6) new materials/new technologies, (7) manufacture/distribution of pharmaceuticals, (8) hospital/medical infrastructure, (9) medical services, (10) EC platform of fast-moving consumer goods in Asia, (11) e-sports, and (12) high-growth domains.

Through efforts such as these, we are confronting the challenges of delivering new products, services, and solutions to Marubeni Group customers and partners. Regarding “creating business that will be valued by the next generation of the 2030s” as the Division’s unswerving common goal, we will carefully select promising businesses for the next generation business development with an emphasis on speed while pursuing the development of next-generation businesses that will form a major future earnings foundation.

Examples of Initiatives That Embody the GC2021 Business Strategy

Investment in PT Siloam International Hospitals Tbk, Indonesia’s largest private hospital group

In February 2020, Marubeni acquired a stake of approximately 5% of the shares issued in PT Siloam International Hospitals Tbk (Siloam Hospitals), Indonesia’s largest private hospital group, and thereby entered the hospital/healthcare business in that country.

Amid Indonesia’s burgeoning healthcare needs—stemming from the rise in the middle-income class brought about by population growth and economic development—doctors in infrastructure development, such as hospitals, and the lack of specialized human resources in the medical field are being regarded as social issues. Through its participation in Siloam International Hospitals, which has numerous hospital networks not only in Indonesia but throughout the region, Marubeni will not only contribute to the expansion of its healthcare business in Indonesia but also to improvements in that country’s medical infrastructure and the development of healthcare systems that enable specialization in growth domains.

The latter will be achieved by actively introducing technologies and know-how from medically advanced countries, including Japan, and thereby entering the hospital/healthcare business in that country.

Investments by Marubeni Ventures Inc.

Examples of Initiatives That Embody the GC2021 Business Strategy

Next Generation Business Development Division Strengths

- Agility that comes from being a newly established division, implementation systems that emphasize speed, systems that enable specialization in growth domains
- Development and construction of new business models focusing on solving social/customer issues regardless of the product verticals of existing businesses
- Systems capable of drawing on Marubeni’s strengths (company-wide optimal business promotion through collaboration with existing business divisions)
- Access to/incorporation of the world’s most advanced and innovative technologies

Growth Opportunities and Business Strategies Based on GC2021

- Expansion of consumption power due to the rise of the middle-income demographic in Asia
- Expansion of next-generation social infrastructure (urbanization/smartification)
- Carbon-free society/circular economy
- Expansion in high-quality medical needs and rise in health awareness
- Transformation of values in millennials/new normal
- Acceleration of contactless technologies (digitalization, shift to online access, shift to remote operation)

Anticipated Risks and Countermeasures

- Risk of players with innovative technologies and business models appearing faster than expected
- Return to short-term orientation due to stagnation in next-generation business development
- Anticipated Risk: Accumulate knowledge and know-how relating to the world’s most advanced innovative technologies and innovation through startup ecosystem and innovation hubs
- Countermeasures: Pursue a high-speed learning mechanism that involves learning from small-scale projects and leads to large-scale projects
Analysis of Financial Position and Business Results

Overview of Business Results
In the fiscal year ended March 31, 2020, a slowdown in developed economies and the Chinese economy was compounded by a slowdown in developing economies in response to deterioration of business confidence from continued U.S.-China trade tensions, beginning at the start of the fiscal year. Given this situation, central banks across much of the world, most notably in the U.S., shifted to an easing bias, and on top, partial agreement was reached at U.S.-China trade talks in December thereby temporarily preventing further deterioration of business confidence.

However, the global economy started to decline due to the spread of COVID-19, which started at the beginning of 2020 in China and spread to the rest of the world. As COVID-19 spread, measures such as lockdowns were undertaken in various countries to prevent further escalation of the virus. As a result, economic activities were significantly restricted and the global economy rapidly shrank, with financial market turmoil and price drops in primary products starting to take place. The crude oil price, among others, saw a sudden drop as trading restrictions, concerns over declining demand along with the economic downturn and breach of agreement on declaration of cooperation at OPEC plus discussion took place. The copper price also dropped owing to the decrease in Chinese demand, which accounts for half of the overall consumption of copper, and with the production suspension of automotive companies one after the other. Under these circumstances, governments and central banks of each country have undertaken various policies including but not limited to fiscal action of an unprecedented scale in order to support households, businesses, and financial markets. Under the aforementioned business environment, consolidated operating results for the fiscal year ended March 31, 2020, are as follows.

Fiscal results (Billions of yen (change year on year))

<table>
<thead>
<tr>
<th>Description</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,827.6</td>
<td>7,401.3</td>
<td>+573.7</td>
</tr>
<tr>
<td>Gross profit trading</td>
<td>729.7</td>
<td>699.6</td>
<td>-30.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>175.0</td>
<td>135.9</td>
<td>-39.1</td>
</tr>
<tr>
<td>Dividend income</td>
<td>27.6</td>
<td>21.4</td>
<td>-6.2</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>(12.6)</td>
<td>(13.2)</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

*1 “Operating profit” is presented in accordance with “Japanese accounting-practice for investors’ convenience” and not required by IFRS.
*2 “Non-operating other—net” is the sum of “Gain (loss) from partial sale of refrigerated trailer leasing and rental business, that was outweighed by factors such as a pullback from gains booked in the previous fiscal year related to the consolidation of ARTERIA Networks” and “Other—net.”
*3 “Profit attributable to owners of the parent” is shown as “Net profit (Net loss)”.

Profit attributable to owners of the parent (Net profit (Net loss))

<table>
<thead>
<tr>
<th>Description</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.4</td>
<td>-3.4</td>
<td>+0.0</td>
<td></td>
</tr>
</tbody>
</table>

Revenue
Revenue was down ¥573.6 billion (7.8%) from the fiscal year ended March 31, 2019 to ¥6,827.6 billion, due mainly to a drop in grain trading volume for the Chinese market, lower prices and production volumes in petrochemicals, and weaker sales in the Gavilon grain business.

Gross trading profit
Despite the consolidation of ARTERIA Networks and other positive factors, gross trading profit decreased ¥32.9 billion (4.5%) from the fiscal year ended March 31, 2019 to ¥696.8 billion, primarily reflecting a drop in profits at Gavilon amid unfavorable weather and deteriorating conditions in the fertilizer market, lower profits from the MUSI Pulp Project due to weaker prices for pulp, and a decline in profits in the oil & gas E&P related to a slump in prices for oil and gas.

Gross trading profit (Billions of yen (change year on year))

<table>
<thead>
<tr>
<th>Description</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>373.3</td>
<td>373.7</td>
<td>+0.4</td>
</tr>
<tr>
<td>Agi Business</td>
<td>163.1</td>
<td>163.5</td>
<td>+0.4</td>
</tr>
<tr>
<td>Chemicals</td>
<td>25.8</td>
<td>16.0</td>
<td>-10.8</td>
</tr>
<tr>
<td>Other—net</td>
<td>177.5</td>
<td>184.8</td>
<td>+7.3</td>
</tr>
</tbody>
</table>

Share of profits (losses) of associates and joint ventures (Billions of yen (change year on year))

<table>
<thead>
<tr>
<th>Description</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals &amp; Mineral Resources</td>
<td>16.0</td>
<td>16.5</td>
<td>+0.5</td>
</tr>
<tr>
<td>Financial &amp; Leasing Business</td>
<td>20.1</td>
<td>24.5</td>
<td>+4.4</td>
</tr>
<tr>
<td>Plant</td>
<td>16.0</td>
<td>24.5</td>
<td>+8.5</td>
</tr>
<tr>
<td>Non-resources</td>
<td>-18.2</td>
<td>-199.2</td>
<td>-181.0</td>
</tr>
<tr>
<td>Other—net</td>
<td>-12.4</td>
<td>-14.2</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

Net profit (Net loss)

<table>
<thead>
<tr>
<th>Description</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net</td>
<td>(197.5)</td>
<td>(-428.3)</td>
<td>-230.8</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(160.0)</td>
<td>(-223.5)</td>
<td>-63.5</td>
</tr>
<tr>
<td>Other—net</td>
<td>(12.4)</td>
<td>(-42.8)</td>
<td>-30.4</td>
</tr>
</tbody>
</table>

Interest expense, net of interest income
Interest expenses — net of interest income increased ¥0.5 billion (1.6%) from the fiscal year ended March 31, 2019 to ¥31.4 billion, largely reflecting the application of the IFRS 16 (Leases) accounting standard, which outweighed a decline in interest expenses related to a drop in the interest rate for the U.S. dollar.

Dividend income
Dividend income declined ¥9.7 billion (26.0%) from the fiscal year ended March 31, 2019 to ¥27.6 billion, mainly due to a drop in dividend income received from the overseas power generation business.

Gains (losses) on property, plant and equipment
Losses on property, plant and equipment totaled ¥251.0 billion, a deterioration of ¥235.8 billion (–%) from the fiscal year ended March 31, 2019. The main factors were the booking of impairment losses on property, plant and equipment in the oil & gas E&P in the U.S. Gulf of Mexico and in the U.K. North Sea, and impairment losses on goodwill and intangible assets in the Gavilon grain business recognized at the time of acquisition.

Gains (losses) on investment securities
Gains on investment securities totaled ¥25.1 billion, a decline of ¥335.8 billion (–%) from the fiscal year ended March 31, 2019. Although the Company recorded a gain on the partial sale of an investment in a U.S. refrigerated trailer leasing and rental business, that was outweighed by factors such as a pullback from gains booked in the previous fiscal year related to the consolidation of ARTERIA Networks.

Share of profits (losses) of associates and joint ventures (Billions of yen (change year on year))
impairment losses related to investments in a number of businesses—Chilean copper mining business, aircraft leasing business in the U.S., infrastructure project in the Philippines, green power installation business in the U.K., and LNG business in Papua New Guinea.

As a result of the above, loss before tax for the fiscal year ended March 31, 2020 totaled ¥165.9 billion, a deterioration of ¥454.8 billion (−83.7%) year on year. As a result of the above, income taxes declined ¥25.3 billion (51.0%) year on year to ¥45.0 billion, significantly lower than the previous year due to the reversal of deferred tax assets. For the fiscal year ended March 31, 2020, oil and gas E&P in the U.K. North Sea, the Company and consolidated subsidiaries filing tax returns recorded tax expenses related to the reversal of deferred tax assets.

Profit (loss) attributable to owners of the parent
Profit attributable to owners of the parent for the fiscal year ended March 31, 2020, also referred to below as net profit for the fiscal year under review, decreased ¥428.3 billion (−43.3%) to negative ¥197.5 billion relative to the year-earlier period due to a decline in operating profit and one-time losses such as impairment losses.

Significant one-time losses (after tax) are as follows:

- Impairment loss on oil and gas E&P in the U.S. Gulf of Mexico
- Impairment loss of goodwill, intangible assets and such in Gavilon’s grain business recognized at the time of acquisition
- Impairment loss on investment in Chilean copper mining business
- Impairment loss of property, plant and equipment and reversal of deferred tax assets on oil and gas E&P business in the U.K. North Sea
- Impairment loss on investment in aircraft leasing business in the U.S.
- Impairment loss on investment in infrastructure project in the Philippines
- Impairment loss of investment on a grain exporting business on the U.S. West Coast
- Impairment loss of investment on offshore wind power installation business in the U.K.
- Impairment loss of investment on LNG business in Papua New Guinea
- Reversal of deferred tax assets by the Company and consolidated subsidiaries filing tax returns recorded tax expenses related to the reversal of deferred tax assets.

### Business Results by Segment

#### Results for each operating segment for the fiscal year ended March 31, 2020

<table>
<thead>
<tr>
<th>Segment</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle</td>
<td>5.2</td>
<td>4.1</td>
<td>1.1</td>
</tr>
<tr>
<td>ICT &amp; Real Estate Business</td>
<td>31.4</td>
<td>11.9</td>
<td>(19.5)</td>
</tr>
<tr>
<td>Food</td>
<td>19.2</td>
<td>3.3</td>
<td>(15.9)</td>
</tr>
<tr>
<td>Energy</td>
<td>19.6</td>
<td>19.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Metals &amp; Mineral Resources</td>
<td>0.7</td>
<td>(77.1)</td>
<td>(76.4)</td>
</tr>
<tr>
<td>Power Business</td>
<td>11.4</td>
<td>4.1</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Other</td>
<td>15.0</td>
<td>9.0</td>
<td>(6.0)</td>
</tr>
<tr>
<td>Total</td>
<td>26.6</td>
<td>(170.3)</td>
<td>(196.9)</td>
</tr>
<tr>
<td>Other</td>
<td>41.7</td>
<td>(5.7)</td>
<td>(46.4)</td>
</tr>
<tr>
<td>Plant</td>
<td>15.6</td>
<td>(27.8)</td>
<td>(43.4)</td>
</tr>
<tr>
<td>Aerospace &amp; Ship</td>
<td>14.0</td>
<td>11.6</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Finance &amp; Leasing Business</td>
<td>18.3</td>
<td>(7.4)</td>
<td>(25.7)</td>
</tr>
<tr>
<td>Construction, Auto &amp; Industrial Machinery</td>
<td>22.1</td>
<td>19.6</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Next Generation Business Development</td>
<td>22.3</td>
<td>(3.7)</td>
<td>(26.0)</td>
</tr>
<tr>
<td>Other</td>
<td>4.8</td>
<td>(6.6)</td>
<td>(11.4)</td>
</tr>
<tr>
<td>Total</td>
<td>230.9</td>
<td>(179.5)</td>
<td>(410.4)</td>
</tr>
</tbody>
</table>

#### Operating Profit per Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle</td>
<td>5.2</td>
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<td>0.7</td>
<td>(77.1)</td>
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<tr>
<td>Total</td>
<td>230.9</td>
<td>(179.5)</td>
<td>(410.4)</td>
</tr>
</tbody>
</table>

#### Adjusted Net Profit per Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle</td>
<td>5.2</td>
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<tr>
<td>Energy</td>
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<td>19.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Metals &amp; Mineral Resources</td>
<td>0.7</td>
<td>(77.1)</td>
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<tr>
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<tr>
<td>Total</td>
<td>230.9</td>
<td>(179.5)</td>
<td>(410.4)</td>
</tr>
</tbody>
</table>

#### Cash Flows

<table>
<thead>
<tr>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>284.9</td>
</tr>
<tr>
<td>Core operating cash flow*</td>
<td>373.2</td>
</tr>
<tr>
<td>Increase/ decrease in working capital and others</td>
<td>(88.3)</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>22.5</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>307.4</td>
</tr>
<tr>
<td>Free cash flow after delivery of shareholding returns</td>
<td>245.8</td>
</tr>
</tbody>
</table>

#### Financial Position

<table>
<thead>
<tr>
<th>March 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>6,826.1</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>1,859.8</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,071.7</td>
</tr>
<tr>
<td>Net DE ratio</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

#### Cash Dividends

<table>
<thead>
<tr>
<th>FYE 3/2019</th>
<th>FYE 3/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Dividend</td>
<td>33% per share (Basic dividend ¥17.30 per share)</td>
</tr>
<tr>
<td>(Year-end dividend ¥17.30 per share)</td>
<td>(Year-end dividend ¥17.50 per share)</td>
</tr>
</tbody>
</table>
Profit of a Chinese real estate sales business. Net profit for the year, including the above, decreased ¥19.4 billion (61.9%) from the fiscal year ended March 31, 2019, to ¥11.9 billion as a result of a loss related to the reassessment business and the non-reversion of a year-earlier mark-to-market valuation gain on ARTE consolidation.

Forest Products
Gross trading profit decreased ¥8.7 billion (21.2%) year on year, to ¥32.4 billion as a result of worsening pulp market prices and the like. Operating profit decreased ¥8.1 billion (41.0%) year on year, to ¥11.7 billion. Share of profits of associates and joint ventures decreased ¥3.6 billion (-7.0%) year on year, to negative ¥1.2 billion as a result of an impairment loss on part of a plant for production on an equity-method associate and the effect from deconsolidation of an equity-method associate a year earlier. In addition to the above, as a result of the reversal of deferred tax assets of a MUSI pulp project, net profit for the year decreased ¥12.9 billion (79.7%) from the fiscal year ended March 31, 2019, to ¥3.3 billion.

Food
Gross trading profit increased ¥4.4 billion (4.5%) year on year, to ¥102.3 billion, as a result of improved margins in grain trading and the like. In addition, operating profit increased ¥7.8 billion (32.6%) year on year, to ¥31.6 billion as a result of a decrease in expenses. However, as a result of decreased profit from the deterioration of foreign exchange rates and an impairment loss on property, plant and equipment and the like, operating profit decreased ¥4.3 billion (88.0%) year on year, to ¥5.4 billion as a result of an increase in provision for doubtful accounts and the like. Net profit for the year decreased ¥7.4 billion (64.3%) from the fiscal year ended March 31, 2019, to ¥4.1 billion as a result.

Power Business
Gross trading profit decreased ¥6.9 billion (22.7%) year on year, to ¥23.6 billion, as a result of a decline in profits in the U.K. electricity wholesaling/retailing business and the like. The operating loss worsened ¥3.7 billion (-96.9%) year on year, to ¥13.9 billion. Share of profits of associates and joint ventures increased ¥14.2 billion (398.1%) year on year, to ¥17.8 billion as a result of the non-reversion of a year-earlier impairment loss on investment in the power generating business in Singapore and the like, which offset an impairment loss on investment in the offshore wind power installation business in the U.K. and the like. However, net profit for the year decreased ¥6.0 billion (40.2%) from the fiscal year ended March 31, 2019, to ¥9.0 billion, as a result of the non-reversion of a gain recognized in the year-earlier period on the sale of a domestic power generating business.

Energy
Gross trading profit decreased ¥17.7 billion (32.2%) year on year, to ¥37.3 billion, as a result of the fall in prices and the like in the oil and gas E&P business as well as decreased profit in the oil & gas trading business. Operating profit decreased ¥16.7 billion (83.3%) year on year, to ¥9.3 billion. Share of profits of associates and joint ventures decreased ¥14.2 billion (-96.9%) year on year, to negative ¥13.2 billion as a result of an impairment loss on investment in the LNG business in Papua New Guinea and the like. Net profit for the year, including the above, decreased ¥176.0 billion (-100%) from the fiscal year ended March 31, 2019, to negative ¥149.3 billion, as a result of the impairment loss from property, plant and equipment in the oil and gas E&P businesses in the U.S. Gulf of Mexico, as well as an impairment loss on property, plant and equipment, and reversal of deferred tax assets in the oil and gas E&P business in the U.K., North Sea and the like.

Metals & Mineral Resources
Gross trading profit decreased ¥2.3 billion (6.9%) year on year, to ¥30.4 billion, as a result of falling prices and the like in the Australian coal business. Operating profit decreased ¥2.0 billion (14.3%) year on year, to ¥11.7 billion. Share of profits of associates and joint ventures decreased ¥57.6 billion (-74.3%) year on year, to negative ¥16.5 billion as a result of an impairment loss on investment in the Chilean copper mining business, which offset the profit increase in an Australian iron ore business. As a result, net profit for the year decreased ¥47.7 billion (-79.1%) from the fiscal year ended March 31, 2019, to negative ¥5.7 billion.

Plant
Gross trading profit decreased ¥0.7 billion (4.8%) year on year, to ¥14.1 billion, as a result of a decrease in the handling volume of an overseas plant project. The operating loss worsened ¥1.2 billion (-16.8%) year on year, to ¥4.5 billion. Share of profits of associates and joint ventures decreased ¥34.1 billion (-67.2%) year on year, to negative ¥16.6 billion as a result of impairment losses on investment in the infrastructure business in the Philippines as well as the North American oil and gas E&P-related business and the like. Net profit, including the above, worsened ¥43.3 billion (-100%) year on year, to negative ¥27.8 billion, due to a loss on the overseas infrastructure business and the like.

Aerospace & Ship
Gross trading profit increased ¥2.8 billion (12.1%) year on year, to ¥26.2 billion, mainly due to an increase in ship-related business earnings and the like. Operating profit increased ¥2.8 billion (24.4%) year on year, to ¥14.1 billion. Share of profits of associates and joint ventures decreased ¥2.2 billion (44.2%) year on year, to ¥2.8 billion as a result of an impairment loss on investment in an offshore wind power installation business in the U.K., which offset the profit increase in a ship-related business. Consequently, net profit for the year decreased ¥2.3 billion (16.8%) from the fiscal year ended March 31, 2019, to ¥11.8 billion.

Finance & Leasing Business
Gross trading profit remained almost unchanged year on year, while operating profit decreased ¥1.6 billion (-1.0%) year on year, to negative ¥20.5 billion as a result of an increase in expenses. Share of profits of associates and joint ventures worsened ¥42.4 billion (-14.4%) year on year, to negative ¥20.1 billion as a result of an impairment loss on investment in the aircraft leasing business in the U.S., which offset an increase in profit from the automotive sales finance business. Net profit for the year worsened ¥25.8 billion (-100%) from the fiscal year ended March 31, 2019, to negative ¥7.4 billion, as a result of the worsening of share of profits of associates and joint ventures, which offset a gain from sale of securities by a partial sale of leasing and rental of refrigerated trailers in the U.S.

Construction, Auto & Industrial Machinery
Gross trading profit increased ¥3.1 billion (3.6%) year on year, to ¥93.6 billion, as a result of a profit growth in the automotive-related business, construction machinery sales business and tire, rubber materials business, and the like. Operating profit increased ¥1.3 billion (7.2%) year on year to ¥20.0 billion. Share of profits of associates and joint ventures decreased ¥2.6 billion (30.5%) year on year, to ¥6.0 billion as a result of the non-reversion of a gain recognized in the year-earlier period on the sale of a domestic power generating business and the like. As a result, net profit for the year decreased ¥2.6 billion (11.6%) from the fiscal year ended March 31, 2019, to ¥19.6 billion.

Next-Generation Business Development
Operating loss worsened ¥2.3 billion (-7.0%) year on year, to ¥4.4 billion as a result of an increase in expenses such as personnel and research expenses for the creation and development of new business models. As a result, net loss for the year worsened ¥1.5 billion (-100%) from the fiscal year ended March 31, 2019, to ¥3.7 billion.
### Net Profit of Major Group Companies

As for the category of Group companies, consolidated subsidiaries are described as "Consolidated" and associate companies accounted for using the equity method as "Equity method."  

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Consolidated/Equity method</th>
<th>Equity Portion</th>
<th>FYE 3/2019 (Billions of yen)</th>
<th>Change (Billions of yen)</th>
<th>Description of business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lifestyle Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Fashion Link</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.0</td>
<td>-0.1</td>
<td>Non-fashioning, manufacturing and sale of apparel and goods</td>
</tr>
<tr>
<td>Marubeni Wine</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.1</td>
<td>+0.1</td>
<td>Sales of industrial materials, beverages and products</td>
</tr>
<tr>
<td>Seiko Tedashi Sanyo &amp; Toyo</td>
<td></td>
<td></td>
<td>0.3</td>
<td>-0.3</td>
<td>Non-fashioning, manufacturing and sale of apparel and goods</td>
</tr>
<tr>
<td><strong>ICT &amp; Real Estate Business Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Information Systems</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.8</td>
<td>-0.7</td>
<td>IT solution provider for rail system of IT Disruption in every industry</td>
</tr>
<tr>
<td>Marubeni Solutions</td>
<td>Consolidated</td>
<td>80.0%</td>
<td>0.7</td>
<td>+0.2</td>
<td>Sales of mobile systems, construction systems, design and development of software</td>
</tr>
<tr>
<td>MiT Mobile</td>
<td>Consolidated</td>
<td>60.0%</td>
<td>0.6</td>
<td>+0.4</td>
<td>Sales, repair and maintenance of mobile handsets and related equipment</td>
</tr>
<tr>
<td>ASTERIA Networks</td>
<td>Consolidated</td>
<td>50.0%</td>
<td>2.2</td>
<td>+0.1</td>
<td>Provision of various network services for business and communications</td>
</tr>
<tr>
<td>Marubeni Real Estate Management</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.2</td>
<td>+0.7</td>
<td>Planning and outsourcing of real estate management of office buildings and related facilities</td>
</tr>
<tr>
<td>Marubeni Logistics</td>
<td>Consolidated</td>
<td>100%</td>
<td>0.0</td>
<td>+0.0</td>
<td>Construction and operation of projects, 5G network planning equipment and 5G trial cover &amp; air field deployment, consulting relating to logistics</td>
</tr>
<tr>
<td>Marubeni Universal</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.2</td>
<td>+0.6</td>
<td>Insurance agency and lending business</td>
</tr>
<tr>
<td><strong>Forest Products Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Pulp &amp; Paper</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.8</td>
<td>+1.0</td>
<td>Manufacture and sale of paper</td>
</tr>
<tr>
<td>Marubeni Coal</td>
<td>Consolidated</td>
<td>100%</td>
<td>3.6</td>
<td>-1.0</td>
<td>Sales of all types of petroleum products and natural gas</td>
</tr>
<tr>
<td><strong>Automotive Aftermarket Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Plax</td>
<td>Consolidated</td>
<td>100%</td>
<td>0.9</td>
<td>+0.0</td>
<td>Insurance agency and lending business</td>
</tr>
<tr>
<td>Marubeni SuMiT Rail Transport</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.1</td>
<td>+1.0</td>
<td>Leasing and subleasing of real estate, management of office buildings and related facilities</td>
</tr>
<tr>
<td><strong>Construction, Auto &amp; Industrial Machinery Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Chemical</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.1</td>
<td>+0.2</td>
<td>Sales and foreign trade of dyed products and viscose</td>
</tr>
<tr>
<td><strong>Power Business Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni IPP Projects**</td>
<td>Equity method</td>
<td>15.0%</td>
<td>0.9</td>
<td>+0.0</td>
<td>Electricity generation and sale of electric power</td>
</tr>
<tr>
<td>Marubeni LP Holding</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.9</td>
<td>+1.2</td>
<td>Sale of all types of petroleum products and natural gas</td>
</tr>
<tr>
<td>Marubeni Manor &amp; Mines (Carnie)</td>
<td>Consolidated</td>
<td>100%</td>
<td>0.4</td>
<td>-1.0</td>
<td>Sales and foreign trade of dyed products and viscose</td>
</tr>
<tr>
<td>Marubeni Kochi Steel</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.3</td>
<td>+1.0</td>
<td>Leasing and subleasing of real estate, management of office buildings and related facilities</td>
</tr>
<tr>
<td><strong>Plants &amp; Industrial Resources Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Rail Tracking</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.6</td>
<td>-0.7</td>
<td>Investment in coal mine in Australia</td>
</tr>
<tr>
<td>Marubeni Finance &amp; Leasing Business</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.9</td>
<td>+1.2</td>
<td>Investment in coal mine in Australia</td>
</tr>
<tr>
<td>Marubeni Uranium Australia</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.4</td>
<td>-0.5</td>
<td>Refining and sales of uranium in Australia</td>
</tr>
<tr>
<td>Marubeni Metals &amp; Mines (Carnie)</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.3</td>
<td>+1.0</td>
<td>Refining and sales of uranium in Canada</td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Bank</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.7</td>
<td>+0.4</td>
<td>Investment in retail sales business of automobile in the U.K.</td>
</tr>
<tr>
<td>Marubeni Aviation Finance</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.3</td>
<td>-0.7</td>
<td>Investment in retail sales business of automobile in the U.K.</td>
</tr>
<tr>
<td>Marubeni Aircraft Leasing</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.6</td>
<td>-1.0</td>
<td>Investment in aircraft leasing business in the U.K.</td>
</tr>
<tr>
<td><strong>IT Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Communication Systems</td>
<td>Consolidated</td>
<td>100%</td>
<td>1.8</td>
<td>+0.3</td>
<td>Investment in retail sales business of automobile in the U.K.</td>
</tr>
<tr>
<td>Marubeni IT Solutions</td>
<td>Consolidated</td>
<td>100%</td>
<td>2.3</td>
<td>+0.4</td>
<td>Investment in retail sales business of automobile in the U.K.</td>
</tr>
<tr>
<td><strong>Networks &amp; Media Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marubeni Aircastle*</td>
<td>Equity method</td>
<td>50.0%</td>
<td>2.1</td>
<td>+1.0</td>
<td>Investment in aircraft leasing business in the U.K.</td>
</tr>
</tbody>
</table>

### Notes

1) *4 Total profits of consolidated subsidiaries and share of associates and joint ventures of our FPSO projects.
2) *2 Total of oil and gas revenues at Gulf of Mexico (U.S.), North Sea (Nigeria), etc.
3) *7 Completed additional acquisition (OPL-74) on March 27, 2020. Listed figures of consolidated net profit for FYE 3/2019 and 3/2020 are both figures before the additional acquisition, including the impairment loss recognized in FYE 3/2020.
4) **2 Listed figures of consolidated net profit for FYE 3/2019 and 3/2020 are both figures before the additional acquisition, including the impairment loss recognized in FYE 3/2020.
**Business Risks**

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by the Group. Any number of additional risks other than those discussed below could also impact business performance. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company’s management based on information available as of March 31, 2020.

**Impact of the Spread of COVID-19**

The spread of COVID-19 is likely to have various impacts on the Group, which is conducting multifaceted businesses in diverse fields, such as the finance & leasing business, transportation-related businesses, and businesses concerning oil and gas & iron ore, coal, and copper mining, the impacts of COVID-19 will likely be complex and unavoidable. On the other hand, the stable earnings-type businesses, such as the power and infrastructure business, and the food-related businesses, are likely to experience a decrease in profit because of declining trading volume, but are expected to continue to contribute to the Company’s earnings. The trade businesses, such as chemicals and energy businesses, which support all industries, are likely to experience a decrease in profit of its Group assets, classifying by exposure risk attributes, and the correlation coefficient. Marubeni then confirms that the exposure is within the range of its total equity, which represents its risk-bearing capacity.

With regard to risks that are difficult to quantify (unquantifiable risks), such as compliance risk, Marubeni has put in place systems to prevent such risks from manifesting themselves in a form of improved corporate governance and internal control systems and an upgraded compliance system.

However, Marubeni and its consolidated subsidiaries’ risk management framework may not be capable of fully dealing with all of the various risks that could arise in their wide-ranging business activities today or in the future. In such an event, Marubeni and its consolidated subsidiaries’ earnings performance and/or financial condition could be adversely affected.

Please refer to Concerning the Decision-making Processes for New Investments and Asset Recycling on P.37.

**Individual Risks**

**Impact of Changes in the Global Economy and Industrial Structure on the Marubeni Group**

The Company is a general trading company engaged in a wide range of business activities through bases in Japan and over 60 other countries. Examples include the production and procurement of primary commodities, as well as the manufacture and sale of finished goods, the provision of services and various commercial and investing activities in Japan and overseas in many industrial fields.

Consequently, it is necessary for Marubeni to examine the impact on business activities and to respond to events that affect the global economy, such as U.S.-China trade friction, concerns over a slowdown in the Chinese economy, Brexit, Hong Kong demonstrations, the situation in the Middle East as well as natural disasters, such as typhoons, on business activities. The Company also works to develop new business models and revamp existing ones in response to changes in the industrial structure driven by technological innovation, such as AI, blockchain, and 5G services, and changes in and the diversification of values, including sustainability and decarbonization. A global economic downturn or slowdown or failure to adequately adapt to changes in the industrial structure could adversely affect the Company and its consolidated subsidiaries’ operating activities, business results and/or financial condition.

**Credit Risks Regarding Business Partners**

Marubeni and its consolidated subsidiaries extend credit to business partners in the form of accounts receivable, advances, loans, guarantees, and other means. In addition, as a part of its sales activities, the Group concludes merchandise supply, subcontracting, operational outsourcing, and other contracts with business partners. The incidence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could adversely affect the Group’s business results and financial condition.

To prevent credit risks from materializing, the Group sets credit limits, which represent the maximum limit of credit provided to any one customer, while carefully ascertaining the customer’s credit standing, the profit margin of the transaction, strategic consistency and other factors. Operating within the range of that credit limit then serves as the basis of the Company’s credit management.

In preparation for the occurrence of possible losses when credit risk becomes apparent, the Group establishes allowances for doubtful accounts based on the estimated amount of loss, an internal rating determined in accordance with the business partner’s credit standing, collateral value, and other set factors. In the event of such losses, however, the Company cannot guarantee that actual losses will not exceed these established allowances.

**Investment Risk**

Marubeni and its consolidated subsidiaries, both independently and in collaboration with other companies, establish new companies and purchase existing enterprises in the course of their business operations. Most of these business investments require sizable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or time frame, in which case it would be obliged to commit additional capital.

In an effort to prevent the occurrence of risks associated with investments and other activities, Marubeni and its consolidated subsidiaries conduct extensive risk management, including checking the quantitative and qualitative aspects of new investments to determine whether the expected returns are commensurate with the risks involved. The checking process is based on investment standards established within the Company, such as internal rate of return (IRR), payback period, and PATRAC*. Nevertheless, a decline in the value of these investments or the necessity of additional expenditures of capital could adversely affect the Group’s business results and financial condition.

*1 PATRAC (Profit After Tax less Risk Asset Cost): A performance indicator developed by Marubeni to measure the extent to which returns exceed a minimum risk-adjusted return target. Calculated based on the following formula:

\[
PATRAC = \text{Profit after tax} - \text{Risk Asset Cost} \times \text{Risk Asset Ratio}
\]

*2 Hurdle rate based on cost of capital

Please refer to Concerning the Decision-making Processes for New Investments and Asset Recycling on P.37.

**Risk Management Policy**

In conducting their diverse business activities, Marubeni and its consolidated subsidiaries manage risks through a multifaceted approach, encompassing macro and micro as well as quantitative and qualitative perspectives. For each of these approaches, Marubeni has in place a basic policy for risk management and internal rules and has established the organizations, management systems, and management methods to carry out those policies.

Incorporating a micro focus on individual risk, Marubeni and its consolidated subsidiaries make decisions on certain matters (e.g., investments, credit extensions) through a consensus-based decision-making process. Highly material investments are monitored more closely to facilitate early problem detection and corrective action. The Investment and Credit Committee, Corporate Management Committee and the Board of Directors periodically receive reports on the current status of investments. The strategic, growth and profit potential of these investments is examined, with necessary investments considered from a variety of multifaceted angles and the determination regarding whether to revise and move forward or withdraw made in accordance with the consensus-based decision-making process.

In an environment where exchange rates, resource prices and other financial and commodity market variables remain prone to substantial volatility, Marubeni practices integrated risk management from a macro view that spans the entire Group. Its integrated risk management encompasses all of its Group assets, classifying by exposure risk attributes and the correlation coefficient. Marubeni then confirms that the exposure is within the range of its total equity, which represents its risk-bearing capacity.

With regard to risks that are difficult to quantify (unquantifiable risks), such as compliance risk, Marubeni has put in place systems to prevent such risks from manifesting themselves in the form of improved corporate governance and internal control systems and an upgraded compliance system.

However, Marubeni and its consolidated subsidiaries’ risk management framework may not be capable of fully dealing with all of the various risks that could arise in their wide-ranging business activities today or in the future. In such an event, Marubeni and its consolidated subsidiaries’ earnings performance and/or financial condition could be adversely affected.

Please refer to Concerning the Decision-making Processes for New Investments and Asset Recycling on P.37.
### Ability to Procure Funds and Funding Cost
Marubeni and its consolidated subsidiaries engage in fund procurement with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major global capital markets, shortages of cash flows from operating activities, declining profitability, failure in asset-liability management, or a sharp downgrade in the credit rating of the Group by ratings agencies could constrain fund procurement or lead to an increase in funding cost, which could adversely affect the Group’s business results and financial condition.

### Market Risks
Unless otherwise stated, in this section the amount of impact on the profit attributable to owners of the parent (hereinafter, ‘profit’) shown is the amount for the fiscal year ending March 31, 2021, calculated based on the Company’s business results for the fiscal year ended March 31, 2020.

#### Fluctuations in the Prices of Goods and Merchandise
Marubeni and its consolidated subsidiaries handle a variety of merchandise. With regard to certain merchandise, the Group enters into commodity futures transactions and/or forward transactions in order to mitigate the price fluctuation risk related to inventories, contracts, and scheduled contracts of such merchandise. However, price fluctuations especially in the commodities could adversely affect the Group’s business results and financial condition. Such commodities include, but are not limited to the following:
- the grains, such as corn and wheat, and chicken handled by the Food Division
- the chemicals, such as ethylene and propylene, handled by the Chemicals Division
- the crude oil and gas handled by the Energy Division
- the non-ferrous metals handled by the Metals & Mineral Resources Division
- and the wood pulp handled by the Forest Products Division

Marubeni also utilizes vessels, such as dry bulk carriers and tankers, to transport these merchandises, and the market conditions for these vessels could also adversely affect the Group’s business results and financial condition.

#### Fluctuations in Foreign Currency Exchange Rates
Marubeni and its consolidated subsidiaries conduct transactions in a variety of currencies and under a variety of terms. In order to mitigate the risk of exchange rate fluctuations associated with transactions, receivables, and liabilities denominated in foreign currencies, the Group enters into forward exchange contracts and other derivative transactions. Despite these measures, fluctuations in exchange rates could adversely affect the Group’s business results and financial condition.

The effects of price fluctuations on the major products in the mineral resources and the oil and gas E&P businesses in which Marubeni and its consolidated subsidiaries participate are set out below.

If the commodity price of crude oil changes by US$1 per barrel, the effect on profit for the year is estimated to be about ¥600 million per year. However, since profit for the year is affected by factors other than price fluctuations—including production/operation status, operating expenses, development expenses for drilling production wells, constructing production facilities, etc., exploration expenses, and abandonment expenses—there are cases in which it cannot be determined simply by the commodity price of crude oil.

If the commodity price of copper fluctuates by US$100 per ton, the impact on profit for the year is estimated to be about ¥1 billion per year. However, since profit for the year is affected by factors other than price fluctuations—production/operation status, capital expenditure and operating expenditure associated with the maintenance of production and transportation facilities—there are cases in which it cannot be determined simply by the commodity price of copper.

#### Market Liquidity (Liquidity Risk)
Marubeni and its consolidated subsidiaries hold a variety of assets that are subject to market trading, including financial instruments. Financial market turmoil and other factors can cause the market liquidity of held assets to decline dramatically, a situation that could potentially trigger a precipitous drop in the value of held assets. Such an occurrence could adversely affect the Group’s business results and financial condition.

#### Fluctuations in Interest Rates
Marubeni and its consolidated subsidiaries procure necessary business funds through borrowings from financial institutions, the issuance of corporate bonds, and other methods of procuring from capital markets. A large portion of floating rate liabilities is proportionate to operating assets that can counteract adverse impacts of interest rate fluctuations. However, interest rate fluctuation risks cannot be completely eliminated, and a certain degree of exposure remains.

Among the liabilities procured for interest-insensitive assets, such as investment securities and property, plant and equipment, the portion at procured floating rates is categorized as unhedged through the asset-liability management practices of Marubeni and its consolidated subsidiaries. Monitoring market movements in interest rates, the Group utilizes interest rate swaps and other measures to mitigate the risk of interest rate fluctuations.

There is no guarantee that the Group will be able to completely avoid interest rate risk, even after having implemented these management measures. Therefore, changes in market interest rates could adversely affect the Group’s business results and financial condition.

#### Fluctuations in Values of Marketable Securities
**Subject to Market Volatility**
To strengthen business relationships and for other purposes, Marubeni and its consolidated subsidiaries invest in marketable securities that are subject to market volatility. Such securities held by the Group carry the risk of fluctuations in original value due to changes in fair value. Drops in the fair value of these securities could adversely affect the Group’s business results and financial condition.

#### Risks Regarding Employees’ Retirement Benefits
Marubeni and its consolidated subsidiaries’ pension assets include domestic and foreign stocks and bonds. In the management of those assets, the internally established Pension Asset Management Committee conducts regular monitoring and constantly strives to maximize pension assets within the allowable risk range. However, if the performance in the securities markets could decrease the value of those assets beyond expectations, increase retirement benefit costs or require the accumulation of additional pension assets. In addition, the current value of defined benefit obligations is calculated based on assumptions, including those for discount rates and wage hikes, but if the actual values differ from those assumptions, the amount of defined benefit obligations may change. Such events could adversely affect the Group’s business results and financial condition.

#### Risks Associated with Long-lived Assets
Marubeni and its consolidated subsidiaries hold real estate, machinery and equipment, and other property, plant and equipment for sale and lease to third parties as well as for its own use. Moreover, to expand the business, the Group acquires shares and equity stakes in entities and is involved in the management of such entities. Such entities include those whose businesses require large amounts of capital expenditure, such as resource exploration and production businesses, and those in which the Company is involved through investment accounted for under the equity method (equity-method investment) without having a majority. Long-lived assets potentially have risks, including decline in asset value, irrecoverability of investment, and the incurring of an additional loss upon withdrawal.
Marubeni and its consolidated subsidiaries apply appropriate impairment accounting to such long-lived assets in a timely manner in accordance with IFRS. Nevertheless, a significant decline in asset value for reasons such as a future revision to the business plan or change of policy on the holding of such assets, may adversely affect the Group’s business results and financial condition.

Moreover, Marubeni and its consolidated subsidiaries report a considerable amount of intangible assets, including goodwill, on its consolidated statement of financial position, as a result of acquisitions. In accordance with (IFRS), periodic amortization is not applied to goodwill and intangible assets with indefinite useful lives. The Group consider that such goodwill and intangible assets appropriately reflect their business value and future economic benefits, which are expected to be obtained when synergy from business combination is achieved in the future. However, if it is judged that expected results are unattainable because of a change in the business environment or competition, or if a higher discount rate is to be applied, an impairment loss may be incurred and may adversely affect the Group’s business results and financial condition.

<Investment in Resource Development Interests>
Concerning investment in resource development interests at the end of the fiscal year ended March 31, 2020, the financial exposure by product is as follows:

<table>
<thead>
<tr>
<th>Product/Region</th>
<th>Amount of Exposure</th>
<th>Main assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>Approx. ¥20 billion</td>
<td>Equity-method investments (Chile)</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>Approx. ¥1.2 trillion</td>
<td>Property, plant and equipment (the Gulf of Mexico, the U.S., the North Sea, the UK, etc.)</td>
</tr>
<tr>
<td>Iron ore</td>
<td>Approx. ¥1.2 billion</td>
<td>Equity-method investments (Australia)</td>
</tr>
<tr>
<td>Coking coal</td>
<td>Approx. ¥2.5 billion</td>
<td>Equity-method investments/Property, plant and equipment (Australia)</td>
</tr>
<tr>
<td>LNG</td>
<td>Approx. ¥2.5 billion</td>
<td>Equity-method investments (Plique New Guinea, etc./other investments (China, etc.)</td>
</tr>
<tr>
<td>Aluminium</td>
<td>Approx. ¥2.5 billion</td>
<td>Property, plant and equipment (Canada, etc.)</td>
</tr>
<tr>
<td>Resource invest. total</td>
<td>Approx. ¥6.0 billion</td>
<td>Property, plant and equipment (Canada, etc.)</td>
</tr>
</tbody>
</table>

Note: The values are as approximate numbers, the total values may not match.

With regard to investments in the oil and gas E&P businesses as well as the copper and iron ore businesses, which may have a significant impact on the business performance and financial condition of Marubeni and its consolidated subsidiaries, asset value fluctuations may be caused due to the factors listed below:

**Oil and Gas E&P Businesses**

The prices of the oil and natural gas produced and sold by the Group are subject to change due to factors that the Group cannot control, including but not limited to worldwide supply/demand imbalance or supply/demand imbalance in each region, economic fluctuations, inventory adjustments, foreign currency exchange rate fluctuations, the political and geopolitical situations in major oil-producing countries, and the impact of the spread of COVID-19.

Depreciation, production output, operating expenses, development expenses for boring production wells, constructing production facilities, etc., exploration expenses, and expenses for mine closures, etc., and business plans that are based on assumptions of these items may be revised owing to product price fluctuations and technological and economic factors, as well as the policies of the partners leading the projects, the weather and the environment, procurement, financing, the impact of regulations by the authorities, etc.

**Copper and Iron Ore Businesses**

In the copper and iron ore businesses in which the Group is involved, the commodity prices such as copper and iron ore prices, are subject to change due to factors that the Group cannot control, including but not limited to, worldwide supply/demand imbalance or supply/demand imbalance in each region, economic fluctuations, foreign currency exchange rate fluctuations, geopolitical situations, and the impact of the spread of COVID-19. The long-lived assets of the copper business in which the Group is involved consist mainly of equity-method investments (In Los Pelambres Copper Mine, Centrelena Copper Mine, and Antucoya Copper Mine in Chile). The long-lived assets of the iron ore business consist mainly of equity-method investments (in Roy Hill Iron Mine in Australia).

The Group evaluates these equity-method investments based on the business plans formulated by the Group, using price forecasts, taking into consideration data provided by third parties, market conditions, fundamentals, and other factors. However, in the event of fluctuations of product prices and production outputs, sharp increases in capital expenditure and operating expenditure associated with maintenance of production and transportation facilities, changes in the business environment, or an occurrence of operational problems attributable to infrastructure, such as electricity and water, the business plans may be revised.

**Projects that Include Contract Extension in the Business Plan**

The business plans of the Company and its consolidated subsidiaries may be premised on the extension of contracts, such as long-term sales contracts that have already been concluded after confirming appropriate probability in consideration of the business environment at the time of formulation. However, since these assumptions are affected by a variety of factors, such as changes in the business environment, imbalances in supply and demand in the world or in regions, economic fluctuations, in reality it may not be possible to extend the contract, or the contract conditions after the extension may be worse than expected under the original business plan. As a result, a review of the business plan may cause a significant decline in asset value, which may adversely affect business results and the financial condition of the Company and its consolidated subsidiaries.

**Laws and Regulations**

The businesses of Marubeni and its consolidated subsidiaries are subject to a broad range of laws and regulations both in Japan and other applicable countries. Covering a wide range of fields, these laws and regulations, such as taxes and licenses relating to business and investment; regulations pertaining to exports and imports, including national security regulations, tariffs and various tax laws; unfair trade regulations, including antitrust laws; money laundering regulations; anti-corruption and bribery laws; and environmental protection laws. Examples of the main permits and licenses relating to business and investment in Japan include: the Act against Unjustifiable Premiums and Misleading Representation in the Lifestyle Division; the Building Lots and Buildings Transaction Business Act and the Telecommunications Business Act in the ICT and Real Estate Business Division; the Food Sanitation Act and the Act on Safety Assurance and Quality Improvement of Foods in the Food Division; the Poisonous and Deteriorating Substances Control Act in the Chemicals Division; the Electricity Business Act in the Power Business Division; the Oil Stockpiling Act in the Energy Division; the Civil Aeronautics Law and Marine Transportation Act in the Aerospace & Ship Division; and Act on Investment Trusts and Investment Corporations in the Finance & Leasing Business Division. The same or similar laws and regulations exist in other countries.

The Company regards compliance as not only compliance with laws and regulations, but also maintaining high ethical standards as a corporate citizen, meeting the expectations of all stakeholders, and fulfilling its social responsibility. The Company has established a Compliance Committee under the direct control of the President and CEO to implement compliance, including compliance with laws and regulations.
However, depending on the country or region in which the Company or a consolidated subsidiary is operating, there are instances in which the legal system might not be fully functioning, and thus unanticipated changes in laws, regulations, and interpretations, the inconsistent application/interpretation of laws and regulations by regulatory authorities and judicial institutions or unilateral changes in their operation may occur. The businesses (including those based on completely new business models) conducted by the Company and its consolidated subsidiaries may also include business fields for which laws and regulations have not been adequately established. Although the Company and its consolidated subsidiaries thoroughly implement compliance risk management based on a risk-based approach, the possibility remains that compliance violations will occur due to an external or uncontrolled change of business activities they conduct, and the compliance burden placed on them may increase. If the situation of this nature were to arise, punitive measures, including the interruption of operations, may be applied, which could lower the Company’s credibility and adversely affect the Group’s business results and financial condition.

Significant Lawsuits
In the course of business activities in Japan and overseas, the Group may be a party to litigation, disputes, and other legal proceedings (collectively, “Lawsuits”). When the Group is a party to Lawsuits, predicting the outcome is impossible given the inherent uncertainty of Lawsuits. Lawsuits may adversely affect the Group’s business results and financial condition of the Group.

The Sugar Group, comprised of a group of Indonesian companies, filed a lawsuit against the Corporation, and the Supreme Court of Indonesia ("Supreme Court") ruled in favor of the Corporation in 2011 ("Previous Case"). However, Sugar Group filed another series of lawsuits against the Corporation in which substantially the same claims as those in the Previous Case were made ("South Jakarta Case" and "Gunung Sugih Case"). The Supreme Court ruled against the Corporation in the South Jakarta Case and the Gunung Sugih Case and the decisions by the Supreme Court are formally binding on the Corporation. However, the Corporation filed applications for judicial review before the Supreme Court concerning the South Jakarta Case and the Gunung Sugih Case and the Corporation is still pursuing these applications. Separately, the Corporation filed a lawsuit against Sugar Group to seek damages for, among other matters, reputational damages suffered by the Corporation caused by Sugar Group’s torts ("New Case"). In response to the Corporation’s claims in the New Case, Sugar Group filed a counterclaim against the Corporation seeking damages on the grounds that the Corporation’s filing of the New Case allegedly constitutes a tort against Sugar Group ("Counterclaim"). The New Case is pending before the Central Jakarta District Court. Depending on developments in the South Jakarta Case and the Gunung Sugih Case (where the Supreme Court ruled against the Corporation) and the Counterclaim (which is pending before the Central Jakarta District Court) and judicial procedure, the Corporation might be obliged to pay damages based on the rulings against the Corporation, interest, and court costs (in whole or in part) and suffer losses which may adversely affect the Corporation’s business results and financial condition. Note: The South Jakarta Case’s defendants include Marubeni Europe PLC. Thus, the lawsuit may adversely affect Marubeni Europe’s business results and financial condition.

Environmental Risk
Marubeni and its consolidated subsidiaries conduct business activities globally across a broad range of industries. In the event that environmental pollution, such as the air, soil or water, arises as a result of these activities, this could result in business stoppage, pollution remediation expenses, and legal fees in response to litigation by local residents. In addition, the Group’s social reputation could be damaged. In addition to having introduced an environmental management system in the year ended March 31, 2020, to cope with such environmental risks, the Company is working to assess the potential environmental burden and reduce environmental risk by conducting on-site inspections and document examinations at its consolidated subsidiaries and suppliers. In the event, however, that some form of environmental impact occurs, it could adversely affect the Group’s business results and financial condition.

Please refer to Sustainability Assessment and Human Rights Due Diligence on P.130 and Supply Chains Start with Consolided Subsidiaries on P.31.

Risks from Natural and Other Disasters
If a natural disaster—such as an earthquake, tsunami, excessive rainfall or a typhoon—were to occur, or were there to be an outbreak of an infectious disease, such as a new strain of influenza, in a country or region where the Company or a consolidated subsidiary is developing business activities, these events could cause injuries to employees and damage to and the loss of the Group’s offices, facilities, and systems. These effects and disruption to public infrastructure, such as transport, telecommunications, water, gas, and electricity, would inhibit the normal business activities of Marubeni and its consolidated subsidiaries.

While every effort has been made to implement appropriate countermeasures, such as the formulation of business continuity plans, earthquake countermeasures, fire prevention drills, and the stocking of the necessary material, the potential for damage from and the impact of natural disasters cannot be completely mitigated. Consequently, there remains the possibility that such disasters could adversely affect the Group’s business results and financial condition.

Climate-related Risk
The Company and its consolidated subsidiaries engage in sales activities related to a wide range of global industrial fields. If physical risks were to arise, such as natural disasters and extreme weather of increased severity, changes in precipitation and weather patterns, rising mean temperatures and rising sea levels due to climate change, these could adversely affect the Group’s business results and financial condition. For example, crop failures due to changes in climate patterns and the paralysis of logistics functions due to extreme weather conditions could bring about a deterioration in earnings in the grain origination and agri-input businesses.

In addition, the transition to a decarbonized society carries with it the risk of greenhouse gas emission regulations, such as the introduction and strengthening of a carbon tax, and technological improvements or rapid development of renewable energy technologies. There is a possibility that this shift could adversely affect the business performance and financial condition of the Company and its consolidated subsidiaries, especially those engaged in fossil fuel-related businesses. The livelihood of these companies is largely dependent on the status of efforts to prevent climate change under the Paris Agreement.

Following the establishment of the Sustainability Management Committee under the direct control of the president, the Company is working to reduce the climate-related risk. Among a host of initiatives, we have established business policies. This includes, as a general principle, no longer entering into any new coal-fired power generation businesses and cutting our coal-fired power net generation capacity as of March 31, 2019 in half by 2030. However, if these efforts do not succeed, or if climate change progresses at a speed or scale that exceeds expectations, it could adversely affect the performance and financial results of the Company and its consolidated subsidiaries.

Please refer to Climate Change on P.25-27.

For more details on the Sustainability Management Committee please see Sustainability Promotion Committee on P.23.

Country Risks
As they conduct sales activities globally, the Company and its consolidated subsidiaries are exposed to a variety of country risks, such as changes in the political situation in the region/country concerned, the deterioration of social conditions, including terrorism/violent groups, changes in the economic environment, changes in the legal systems and policies related to sales activities as well as natural disasters. A deteriorating operating environment in these markets or regions could adversely affect the Group’s business results and financial condition.
Therefore, the Company assesses and classifies those countries in which operations are conducted according to their level of risk and has established country risk management criteria.

Under these criteria, the Company defines the policy for each country classification or country, quantifies the risk exposure for each country, and conducts management to prevent exposure concentration in a specific country classification or country.

In addition, when considering new investment projects, we have set investment criteria that take into consideration whether an appropriate risk-reward ratio will be obtained in accordance with the country classification or country risk of each country.

The Company also makes every effort to take appropriate risk hedging measures, such as taking out trade insurance, investment insurance or letter of guarantee via third parties, depending on the nature of the project. The main exposures to country risk* as of March 31, 2020, are as follows:

* Of the assets held by Marubeni and its consolidated subsidiaries, the total amount of long-lived assets, such as long-term credit, fixed assets, and investments, Excluded countries with exposure of ¥100 billion or more.

- U.S. ¥1946.6 billion
- Chile ¥259.2 billion
- Australia ¥226.7 billion
- Indonesia ¥167.4 billion
- Singapore ¥136.7 billion
- U.K. ¥101.4 billion

Risks Related to Information Systems and Information Security

The Company and its consolidated subsidiaries recognize as matters of priority the proper management of information assets and the ensuring of a high level of information security. Maintaining the relevant regulations, the Company conducts educational and awareness activities for its officers and employees while implementing security inspection activities. The Company is also working on measures to counter security risks by monitoring networks, including the Group.

It is, however, impossible to completely eliminate all possibility of, for example, unauthorized access from outside, the leakage of confidential/personal information due to computer virus intrusion, or IT service interruptions due to equipment/communication system malfunctions. In any one of these events, Marubeni and its consolidated subsidiaries’ earnings performance and/or financial condition could be adversely affected.

Risk from Significant Accounting Policies and Estimates

The Company’s consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Preparation of the consolidated financial statements requires management to make accounting estimates and assumptions, as necessary that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates and assumptions due to their inherent uncertainty. Accounting estimates and assumptions that could significantly affect the consolidated financial statements are as follows:

- Write-down of inventory assets
- Impairment of property, plant and equipment
- Impairment loss on intangible assets
- Impairment loss on investments in associates and joint ventures
- Recoverability of deferred tax assets
- Defined benefit obligation
- Provisions
- Valuation of financial instruments
- Contingent liabilities

The management of the Company considers these estimates to be reasonable, but in the event of, for example, an unexpected change, they could have a material impact on its consolidated financial statements.

Please refer to 3. Significant Accounting Policies in the Notes to Consolidated Financial Statements for the fiscal year under review for details of the estimates and assumptions of significant accounting policies.

https://ssl4.eir-parts.net/doc/8002/ir_material_for_fiscal_yen19/0305/01.pdf

Medium-Term Management Strategy

The Company and its consolidated subsidiaries began the three-year Medium-Term Management Strategy GC2021 in the year ended March 31, 2020, but having made the restructuring of the financial foundation damaged by the deficit recorded in the previous fiscal year the top priority issue, the quantitative targets have been revised.

Formulated on the basis of certain economic conditions, industrial trends and various other premises, assumptions and forecasts that were considered appropriate at the time of formulation, these quantitative goals may not be achieved due to changes in the business environment, an occurrence of an above-mentioned individual risk, and various other factors.

Please refer below for the content of the Medium-Term Management Strategy GC2021 revisions.

PP.110-14 “Our Vision and Promotion of the GC2021 Medium-Term Management Strategy”

Medium-Term Management Strategy

Financial Data

<table>
<thead>
<tr>
<th>Fiscal years ended March 31,</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, Total volume of trading transactions*1</td>
<td>¥7,405,070</td>
<td>¥7,834,295</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>651,063</td>
<td>727,318</td>
</tr>
<tr>
<td>Operating profit*2</td>
<td>157,462</td>
<td>160,688</td>
</tr>
<tr>
<td>Dividend income</td>
<td>34,917</td>
<td>34,967</td>
</tr>
<tr>
<td>Share of profits of associates and joint ventures</td>
<td>92,512</td>
<td>92,512</td>
</tr>
<tr>
<td>Profit for the year attributable to owners of the parent (Net profit)</td>
<td>210,945</td>
<td>210,945</td>
</tr>
</tbody>
</table>

**At year-end:**

| Total assets | ¥9,020,468 | ¥9,679,089 |
| Net interest-bearing debt | ¥1,859,125 | ¥1,604,600 |
| Total equity | ¥7,161,343 | ¥8,074,489 |

**Amounts per share (¥, U.S.):**

| Basic earnings*4 | ¥64.04 | ¥54.89 |
| Cash dividends | 25.00 | 26.00 |

**Cash flows:**

| Net cash provided by operating activities | ¥291,188 | ¥210,943 |
| Net cash provided by (used in) investing activities | ¥210,943 | ¥172,599 |
| Net cash provided by (used in) financing activities | ¥196,776 | ¥253,423 |

**Ratios:**

| RDA (%) | 2.24 | 2.05 |
| RDE (%) | 16.51 | 16.76 |
| Total debt-equity (DE) ratio (Times) | 3.07 | 2.13 |
| Total shareholders’ volume*5 | — | — |

*1 Reflecting “Total volume of trading transactions” until FYE 3/2013 and “Revenue” from FYE 3/2014 onward.
*2 Gross trading profit + GSA expense + Provision for doubtful accounts. “Operating profit” is presented in accordance with Japanese accounting practices for investors’ convenience and is not required by IFRS.
*3 U.S. dollar amounts above and elsewhere in this report are converted from yen, for the convenience of readers only, at ¥109 to U.S.$1, the exchange rate prevailing on March 31, 2020. (fiscal year N = any fiscal year between FYE 3/2016 - FYE 3/2020)
*4 “Basic earnings per share attributable to owners of the parent” is based on “Profit attributable to owners of the parent” excluding the amount not attributable to ordinary shareholders.
*6 Total shareholder return for fiscal year N = (Share price at the end of fiscal year N + cumulative amount of dividends per share of up to fiscal year N from four fiscal years prior to FYE 3/2020)/share price at the end of the five fiscal years prior to FYE 3/2020.
## Consolidated Statement of Financial Position

Marubeni Corporation  
As of March 31, 2019 and 2020

### Assets

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>March 31, 2020</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 509,288</td>
<td>¥ 522,523</td>
<td>$ 4,793,789</td>
</tr>
<tr>
<td>Time deposits</td>
<td>250</td>
<td>140</td>
<td>1,284</td>
</tr>
<tr>
<td>Investment securities</td>
<td>151</td>
<td>67</td>
<td>615</td>
</tr>
<tr>
<td>Notes, trade accounts and loans receivable</td>
<td>1,289,196</td>
<td>1,056,938</td>
<td>9,696,679</td>
</tr>
<tr>
<td>Inventories</td>
<td>900,472</td>
<td>852,927</td>
<td>7,825,018</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>35,438</td>
<td>19,344</td>
<td>1,284</td>
</tr>
<tr>
<td>Other current assets</td>
<td>241,546</td>
<td>235,255</td>
<td>2,158,303</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,158,549</td>
<td>3,003,055</td>
<td>27,550,963</td>
</tr>
<tr>
<td><strong>Non-current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>1,732,712</td>
<td>1,601,298</td>
<td>14,690,807</td>
</tr>
<tr>
<td>Other investments</td>
<td>292,752</td>
<td>229,080</td>
<td>2,101,661</td>
</tr>
<tr>
<td>Notes, trade accounts and loans receivable</td>
<td>132,328</td>
<td>103,367</td>
<td>948,321</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>926,092</td>
<td>902,423</td>
<td>8,279,110</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>379,341</td>
<td>288,992</td>
<td>2,651,303</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>45,806</td>
<td>32,555</td>
<td>298,670</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>61,386</td>
<td>61,265</td>
<td>562,064</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>3,650,528</td>
<td>3,316,982</td>
<td>30,431,028</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥ 6,809,077</td>
<td>¥ 6,320,037</td>
<td>$ 57,981,991</td>
</tr>
</tbody>
</table>

### Liabilities and equity

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>March 31, 2020</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>¥ 478,387</td>
<td>¥ 620,020</td>
<td>$ 5,688,257</td>
</tr>
<tr>
<td>Notes and trade accounts payable</td>
<td>1,279,196</td>
<td>1,085,616</td>
<td>9,959,780</td>
</tr>
<tr>
<td>Other current financial liabilities</td>
<td>275,217</td>
<td>387,971</td>
<td>3,375,881</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>17,778</td>
<td>16,360</td>
<td>150,092</td>
</tr>
<tr>
<td>Liabilities directly associated with assets held for sale</td>
<td>359</td>
<td>417</td>
<td>3,826</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>421,489</td>
<td>370,566</td>
<td>3,399,686</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,466,426</td>
<td>2,460,950</td>
<td>22,577,523</td>
</tr>
<tr>
<td><strong>Non-current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>1,889,990</td>
<td>1,761,768</td>
<td>16,163,009</td>
</tr>
<tr>
<td>Notes and trade accounts payable</td>
<td>11,566</td>
<td>5,245</td>
<td>48,119</td>
</tr>
<tr>
<td>Other non-current financial liabilities</td>
<td>74,404</td>
<td>231,116</td>
<td>2,120,330</td>
</tr>
<tr>
<td>Accrued pension and retirement benefits</td>
<td>86,764</td>
<td>109,143</td>
<td>1,001,312</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>107,783</td>
<td>63,073</td>
<td>578,651</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>97,418</td>
<td>84,142</td>
<td>771,945</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>2,270,925</td>
<td>2,254,487</td>
<td>20,683,367</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥ 4,737,351</td>
<td>¥ 4,715,437</td>
<td>¥ 43,260,890</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>262,696</td>
<td>262,696</td>
<td>2,409,963</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>139,898</td>
<td>143,189</td>
<td>1,313,661</td>
</tr>
<tr>
<td>Other equity instruments</td>
<td>243,589</td>
<td>243,589</td>
<td>2,234,761</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(1,384)</td>
<td>(1,172)</td>
<td>(10,752)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,163,472</td>
<td>866,140</td>
<td>7,946,239</td>
</tr>
<tr>
<td><strong>Other components of equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains (losses) on financial assets measured at fair value through other comprehensive income</td>
<td>71,912</td>
<td>22,718</td>
<td>208,422</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>131,178</td>
<td>41,247</td>
<td>378,413</td>
</tr>
<tr>
<td>Gains (losses) on cash flow hedges</td>
<td>(33,610)</td>
<td>(62,922)</td>
<td>(577,266)</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent</strong></td>
<td>1,977,741</td>
<td>1,511,475</td>
<td>13,903,440</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>93,985</td>
<td>89,125</td>
<td>817,661</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>¥ 6,809,077</td>
<td>¥ 6,320,037</td>
<td>¥ 57,981,991</td>
</tr>
</tbody>
</table>

See "Consolidated Financial Statements with Independent Auditors’ Report for Fiscal Year Ended March 31, 2020" on our website "To Investors, IR Library" for more details on the consolidated financial statements.

## Consolidated Statement of Comprehensive Income

**Marubeni Corporation**

**Fiscal years ended March 31, 2019 and 2020**

### Revenue:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of goods</td>
<td>¥ 7,197,705</td>
<td>¥ 6,638,184</td>
<td>$ 60,900,771</td>
</tr>
<tr>
<td>Commissions on services and trading margins</td>
<td>¥ 203,551</td>
<td>¥ 189,457</td>
<td>¥ 1,738,138</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>¥ 7,401,256</td>
<td>¥ 6,827,641</td>
<td>$ 62,638,908</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>¥ (6,671,581)</td>
<td>¥ (6,130,833)</td>
<td>¥ (56,246,174)</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 729,675</td>
<td>¥ 696,808</td>
<td>¥ 6,392,734</td>
</tr>
</tbody>
</table>

### Other income (expenses):

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling, general and administrative expenses</td>
<td>¥ (549,014)</td>
<td>¥ (558,487)</td>
<td>¥ (5,123,734)</td>
</tr>
<tr>
<td>Gains (losses) on allowance for doubtful accounts</td>
<td>¥ (4,448)</td>
<td>¥ (40,789)</td>
<td>¥ (5,018,265)</td>
</tr>
<tr>
<td>Gains (losses) on property, plant and equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment losses</td>
<td>¥ (17,803)</td>
<td>¥ (251,639)</td>
<td>¥ (2,308,615)</td>
</tr>
<tr>
<td>Gains (losses) on sales of property, plant and equipment</td>
<td>¥ 2,597</td>
<td>¥ 678</td>
<td>¥ 6,220</td>
</tr>
<tr>
<td><strong>Other—the net</strong></td>
<td>¥ (10,742)</td>
<td>¥ (15,098)</td>
<td>¥ (138,514)</td>
</tr>
<tr>
<td><strong>Total other income (expenses)</strong></td>
<td>¥ (561,130)</td>
<td>¥ (838,992)</td>
<td>¥ (7,605,431)</td>
</tr>
</tbody>
</table>

### Finance income (expenses):

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>¥ 15,950</td>
<td>¥ 16,382</td>
<td>¥ 150,294</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>¥ (46,807)</td>
<td>¥ (47,737)</td>
<td>¥ (437,954)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>¥ 37,336</td>
<td>¥ 27,631</td>
<td>¥ 253,495</td>
</tr>
<tr>
<td>Gains (losses) on investment securities</td>
<td>¥ 28,517</td>
<td>¥ 25,123</td>
<td>¥ 230,486</td>
</tr>
<tr>
<td><strong>Total finance income (expenses)</strong></td>
<td>¥ 34,996</td>
<td>¥ (85,117)</td>
<td>¥ (780,890)</td>
</tr>
</tbody>
</table>

### Other comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains (losses) on financial assets measured at fair value through other comprehensive income</td>
<td>¥ (12,485)</td>
<td>¥ (53,880)</td>
<td>¥ (494,312)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plan</td>
<td>¥ (7,301)</td>
<td>¥ (19,080)</td>
<td>¥ (175,046)</td>
</tr>
<tr>
<td>Changes in other comprehensive income of associates and joint ventures</td>
<td>¥ (5,659)</td>
<td>¥ (5,627)</td>
<td>¥ (51,624)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>¥ 47,308</td>
<td>¥ 85,117</td>
<td>¥ (780,890)</td>
</tr>
</tbody>
</table>

### Total comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
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</tr>
<tr>
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<td>¥ (838,992)</td>
<td>¥ (7,605,431)</td>
</tr>
<tr>
<td><strong>Finance income (expenses):</strong></td>
<td>¥ 34,996</td>
<td>¥ (85,117)</td>
<td>¥ (780,890)</td>
</tr>
<tr>
<td><strong>Other comprehensive income:</strong></td>
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<td>¥ 85,117</td>
<td>¥ (780,890)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>¥ 7,401,256</td>
<td>¥ 6,827,641</td>
<td>$ 62,638,908</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>¥ 279,563</td>
<td>¥ (388,329)</td>
<td>$ (3,562,651)</td>
</tr>
</tbody>
</table>

### Total comprehensive income for the year attributable to:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owners of the parent</strong></td>
<td>¥ 270,904</td>
<td>¥ (394,355)</td>
<td>¥ (3,617,936)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>8,659</td>
<td>6,026</td>
<td>55,284</td>
</tr>
</tbody>
</table>

### Basic earnings (losses) per share attributable to shareholders of the parent:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings (losses) per share attributable to shareholders of the parent</td>
<td>¥ 130.74</td>
<td>¥ (116.03)</td>
<td>¥ (1.06)</td>
</tr>
</tbody>
</table>

### Diluted earnings (losses) per share attributable to shareholders of the parent:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019 (¥)</th>
<th>Year ended March 31, 2020 (¥)</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings (losses) per share attributable to shareholders of the parent</td>
<td>¥ 130.62</td>
<td>¥ (116.03)</td>
<td>¥ (1.06)</td>
</tr>
</tbody>
</table>

### Earnings per share:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2020</th>
<th>Year ended March 31, 2020 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>¥ 130.74</td>
<td>¥ (116.03)</td>
<td>¥ (1.06)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>7.359</td>
<td>6.956</td>
<td></td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Equity

**Marubeni Corporation**

#### Year ended March 31, 2019

<table>
<thead>
<tr>
<th>Equity attributable to owners of the parent</th>
<th>Other components of equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued capital</td>
<td>Capital surplus</td>
</tr>
<tr>
<td>Other equity instruments</td>
<td>Treasury stock</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>Gains (loss) on financial assets measured at fair value through other comprehensive income</td>
</tr>
<tr>
<td></td>
<td>Foreign currency translation adjustments</td>
</tr>
<tr>
<td>Balance at April 1, 2018</td>
<td>¥ 2,626,696</td>
</tr>
<tr>
<td></td>
<td>¥ 135,526</td>
</tr>
<tr>
<td></td>
<td>¥ 243,589</td>
</tr>
<tr>
<td></td>
<td>¥ (1,378)</td>
</tr>
<tr>
<td></td>
<td>¥ 1,014,703</td>
</tr>
<tr>
<td></td>
<td>¥ 92,506</td>
</tr>
<tr>
<td></td>
<td>¥ 19,225</td>
</tr>
</tbody>
</table>

- Cumulative effect of applying new accounting standards and interpretations: ¥ (1,117)
- Profit (loss) for the year: ¥ 230,891
- Other comprehensive income: ¥ (1,117)
- Purchases and sales of treasury stock: ¥ 0
- Dividends: ¥ (81,611)
- Equity transactions with non-controlling interests and others: ¥ 4,603
- Distribution in owners of other equity financial instruments: ¥ (4,035)
- Transfer from other components of equity to retained earnings: ¥ (1,617)
- Transfer to non-financial assets or non-financial liabilities: ¥ 0

| Balance at March 31, 2019 | ¥ 262,696 |
|                          | ¥ 143,189 |
|                          | ¥ 243,589 |
|                          | ¥ (1,378) |
|                          | ¥ 1,163,472 |
|                          | ¥ 71,822  |
|                          | ¥ 131,176 |

#### Year ended March 31, 2020

<table>
<thead>
<tr>
<th>Equity attributable to owners of the parent</th>
<th>Other components of equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued capital</td>
<td>Capital surplus</td>
</tr>
<tr>
<td>Other equity instruments</td>
<td>Treasury stock</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>Gains (loss) on financial assets measured at fair value through other comprehensive income</td>
</tr>
<tr>
<td></td>
<td>Foreign currency translation adjustments</td>
</tr>
<tr>
<td>Balance at April 1, 2019</td>
<td>¥ 2,626,696</td>
</tr>
<tr>
<td></td>
<td>¥ 130,896</td>
</tr>
<tr>
<td></td>
<td>¥ 243,589</td>
</tr>
<tr>
<td></td>
<td>¥ (1,364)</td>
</tr>
<tr>
<td></td>
<td>¥ 1,163,472</td>
</tr>
<tr>
<td></td>
<td>¥ 71,822</td>
</tr>
<tr>
<td></td>
<td>¥ 131,176</td>
</tr>
</tbody>
</table>

- Cumulative effect of applying new accounting standards and interpretations: ¥ (6,674)
- Profit (loss) for the year: ¥ (197,450)
- Other comprehensive income: ¥ (6,674)
- Purchases and sales of treasury stock: ¥ (198)
- Dividends: ¥ (59,976)
- Equity transactions with non-controlling interests and others: ¥ 3,325
- Distribution in owners of other equity financial instruments: ¥ (3,932)
- Transfer from other components of equity to retained earnings: ¥ (20,389)
- Transfer to non-financial assets or non-financial liabilities: ¥ 0

| Balance at March 31, 2020 | ¥ 262,696 |
|                          | ¥ 143,189 |
|                          | ¥ 243,589 |
|                          | ¥ (1,172) |
|                          | ¥ 866,140 |
|                          | ¥ 22,718  |
|                          | ¥ 41,247  |
### Consolidated Statement of Cash Flows

**Marubeni Corporation**  
Fiscal years ended March 31, 2019 and 2020

<table>
<thead>
<tr>
<th>Year ended March 31, 2020</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit (loss) for the year</td>
<td>239,284</td>
<td>2,500,135</td>
</tr>
<tr>
<td>Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>113,541</td>
<td>1,265,324</td>
</tr>
<tr>
<td>Gain (loss) on property, plant and equipment</td>
<td>11,328</td>
<td>120,861</td>
</tr>
<tr>
<td>Finance (income) expenses (gain)</td>
<td>(54,906)</td>
<td>(190,221)</td>
</tr>
<tr>
<td>Share of profit (loss) of associates and joint ventures</td>
<td>(85,378)</td>
<td>55,150</td>
</tr>
<tr>
<td>Income taxes</td>
<td>49,535</td>
<td>24,295</td>
</tr>
<tr>
<td>Changes in notes and accounts receivable</td>
<td>85,190</td>
<td>21,105,706</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>(42,777)</td>
<td>30,103</td>
</tr>
<tr>
<td>Changes in notes and accounts payable</td>
<td>(127,886)</td>
<td>(1,720,034)</td>
</tr>
<tr>
<td>Other—net</td>
<td>14,036</td>
<td>(82,480) (847,961)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,414</td>
<td>107,345</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(44,202)</td>
<td>(448,532)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>152,765</td>
<td>110,541</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(40,987)</td>
<td>(267,039)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>284,825</td>
<td>2,099,826</td>
</tr>
</tbody>
</table>

| **Investing activities:**  |                 |                          |
| Net (increase) decrease in cash and cash equivalents | 103 | 991 |
| Proceeds from sale of property, plant and equipment | 5,968 | 6,712 |
| Proceeds from sale of investment property | 544 | 6,113 |
| Collection of loans receivable | 33,061 | 32,594 |
| Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of | 12,022 | 15,778 |
| Proceeds from sale of investments in associates and joint ventures, and other investments | 123,753 | 6,413 |
| Purchase of property, plant and equipment | (52,221) | (509,078) |
| Purchase of investment property | (618) | (1,046) |
| Loans provided to customers | (14,672) | (5,020) |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | (7,712) | (1,451) |
| Purchase of investments in associates and joint ventures, and other investments | (52,158) | (599,213) |
| **Net cash provided by (used in) investing activities** | 22,528 | (2,054,679) |

| **Financing activities:**  |                 |                          |
| Net increase (decrease) in short-term borrowings | (155,089) | 74,377 |
| Proceeds from long-term bonds and borrowings | 254,186 | 2,067,119 |
| Repayments of long-term bonds and borrowings | (436,146) | (3,167,827) |
| Dividends paid to shareholders of the parent | (61,611) | (594,339) |
| Net cash outflows on purchases and sales of treasury stock | (5) | (61) |
| Capital contribution from non-controlling interests | 73 | 1,054 |
| Acquisition of additional interests in subsidiaries from non-controlling interests | (9,425) | (7,727) |
| Distribution to owners of other equity instruments | (4,039) | (3,002) |
| Other | (7,307) | (2,727) |
| **Net cash provided by (used in) financing activities** | 22,528 | (2,054,679) |

<table>
<thead>
<tr>
<th><strong>Year ended March 31, 2020</strong></th>
<th><strong>Year ended March 31, 2019</strong></th>
<th><strong>Year ended March 31, 2020</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at March 31, 2020</strong></td>
<td><strong>Balance at March 31, 2019</strong></td>
<td><strong>Balance at March 31, 2020</strong></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td><strong>Effect on exchange rate changes on cash and cash equivalents</strong></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td><strong>Balance at March 31, 2020</strong></td>
<td><strong>August 31, 2020</strong></td>
</tr>
<tr>
<td><strong>Fiscal years ended March 31, 2019 and 2020</strong></td>
<td><strong>Fiscal years ended March 31, 2019 and 2020</strong></td>
<td><strong>Fiscal years ended March 31, 2019 and 2020</strong></td>
</tr>
</tbody>
</table>

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**Management Message**

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**Strategy for Becoming the Marubeni of the Future**

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**Progress with Our Strategy**

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**Corporate Data**

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**Business Strategy Overview**

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**Corporate Governance**

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Company Profile
As of March 31, 2020

Company Name
Marubeni Corporation

Securities Code
8002

Head Office
7-1, Nihombashi 2-chome, Chuou-ku, Tokyo 103-6060, Japan
Tel: 81-3-3292 2111
E-mail: tokb138@marubeni.com

Number of Branches and Offices
136 locations in 68 countries/regions
Consisting of 12 domestic branches and offices, 58 overseas branches and offices and
29 overseas corporate subsidiaries with 66 offices

Founded
May 1858

Incorporated
December 1, 1949

Paid-in Capital
¥262,686 million

Number of Employees
4,404
Including 632 employees seconded to companies in Japan and 864 employees assigned to overseas sites,
employees seconded to overseas companies and overseas trainees,
including 654 local employees of overseas branches and offices and 1,417 local employees of overseas corporate subsidiaries

Corporate Website

IR page

Sustainability page

Business Year
April 1 to March 31 of the following year

Regular General Meeting of Shareholders
June of each year
IR Activities

In keeping with the corporate creed of Fairness, Innovation, and Harmony, we strive to build relationships of trust with all stakeholders, including shareholders and investors, by providing information properly, fairly and in a timely manner, as well as in ways that are easy to understand. This information includes financial and business performance information as well as non-financial information needed to make investment decisions, such as management strategy, in addition to the information that must be disclosed for statutory compliance. We aim to achieve sustainable growth in corporate value by obtaining feedback from stakeholders through an effective two-way dialogue, and sharing them within the Company, including the management and directors.

IR Policy

Fairness: Highly transparent IR

- Provide fair and clear disclosure of information based on the principles of the Fair Disclosure Rules stipulated in the Financial Instruments and Exchange Act, as well as statutory and timely disclosures. Through this, we will fulfill our responsibility for accountability to all stakeholders while engaging in a sincere dialogue.

Innovation: Progressive and Creative IR

- The management, including the President, CFO and directors, will actively participate in various IR events to increase the opportunities for dialogue with shareholders and investors. For the planning and operation of IR events, and the creation of publications and IR website content, we keep ourselves innovative in making the content easy to understand for participants/viewers, while maintaining a broad perspective.

Harmony: IR through two-way dialogues

- This opinion and requests obtained through dialogue with shareholders and investors, mainly by the President, CFO and department responsible for investor relations, will be collected and shared as feedback within the Company including the management and directors. The department responsible for IR will lead the effective coordination within the Company through timely sharing of information among relevant departments.

External Evaluation

Inclusion in ESG Indexes

- FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Marubeni Corporation has been independently assessed according to the FTSE Russell criteria, and has satisfied the requirements to become a constituent of the FTSE Russell Global Index Series. The FTSE Russell Global Index Series are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Russell Global Indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

- MSCI Japan Empowering Women Index (Win)

- FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Marubeni Corporation has been independently assessed according to the FTSE Russell criteria, and has satisfied the requirements to become a constituent of the FTSE Russell Japan Index Series. Created by the global index provider FTSE Russell, the FTSE Russell Japan Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Russell Japan Index Series is available with a wide variety of market participants to create and assess responsible investment funds and other products.

- MSCI Japan Empowering Women Index (Win)

- The inclusion of Marubeni Corporation in any MSCI Index, and the use of MSCI logos, Trademarks, Service Marks or Index Names herein, do not constitute a sponsorship, endorsement or promotion of Marubeni Corporation by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index Names and Logos are Trademarks or Service Marks of MSCI or its affiliates.

Outside certification and evaluation

Selected as Nadeshiko Brand

- Received “Gold” certification

- Received “Platinum” Kurenai (Kurenai) certification

- Recognized as “2020 Health & Productivity Stock Selection” of Health & Productivity Management Outstanding Organization “White 500” organization

- Inclusion in Health & Productivity Management Outstanding Organization Stock Selection

Note: For details, please see our website (https://www.marubeni.com/en/sustainability/evaluation/)

Stock Information

As of March 31, 2020

- Number of Shares Authorized
  - Marubeni Corporation: 4,300,000,000

- Number of Shares Issued and Outstanding
  - Marubeni Corporation: 1,737,940,900

Stock Listings

- Tokyo, Nagoya

Number of Shareholders

- 194,719

Major Shareholders

<table>
<thead>
<tr>
<th>Name of Shareholder</th>
<th>Number of Shares Held (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Trust Bank of Japan, Ltd.</td>
<td>144,607</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>110,175</td>
</tr>
<tr>
<td>ING RE NORWEST⁄WELLS FARGO OMNIBUS</td>
<td>69,529</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>41,818</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>41,745</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>37,491</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>30,000</td>
</tr>
<tr>
<td>Sompo Japan Nipponkoa Insurance Inc.</td>
<td>30,000</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>28,852</td>
</tr>
<tr>
<td>JP Morgan Chase Bank</td>
<td>27,369</td>
</tr>
</tbody>
</table>

For details, please see our website (https://www.marubeni.com/en/sustainability/evaluation/)

Notation: The sum of each ratio may not be 100%, because each ratio has been rounded.

Other domestic companies

<table>
<thead>
<tr>
<th>Companies</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign individuals and companies</td>
<td>28.81</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>41.46</td>
</tr>
<tr>
<td>Other domestic companies</td>
<td>4.90</td>
</tr>
<tr>
<td>Individualls</td>
<td>20.43</td>
</tr>
</tbody>
</table>

Note: The number of shares owned is rounded down to the nearest thousand.