

# Sustainability



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## Message from the CSDO



**We aim to improve corporate value by creating environmental and social value based on activities that sincerely address societal issues.**

### Takayuki Furuya

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

Marubeni's Company Creed is "Fairness, Innovation, and Harmony." In accordance with the spirit grounded in our Company Creed, our Management Philosophy expresses that the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities. Sustainability is then about putting this management philosophy into practice. The foundation of the Marubeni Group's value creation narrative is addressing societal issues sincerely to create economic, environmental and social value as part of our efforts to maximize corporate value.

Within environmental and social issues, climate change ranks as highly important and urgent. We announced the Long-Term Vision on Climate Change in March 2021 to outline how the Marubeni Group plans to contribute to medium-term and long-term measures to address climate change under the Paris Agreement. We are committed to achieving net-zero emissions of greenhouse gases (GHGs) across the Marubeni Group by 2050. By working with business partners to create businesses that can contribute to reductions in global GHG emissions, we are targeting a positive impact both within the Marubeni Group and across society. Based on a shared set of Marubeni Group values, this is about monitoring and following up the progress made through frontline initiatives. At the same time, we will continue to

develop a constructive dialogue with all stakeholders based on the appropriate and transparent disclosure of such processes.

Amid a global COVID-19 pandemic where we cannot yet foresee an ending, we face a rapidly changing world where risks tend to diversify and multiply. Companies are now expected to assume a greater role in social and economic development and in creating a sustainable society. This means we must build sustainable, resilient supply chains, while stepping up activities to respect human rights. At the same time, we aim to develop an appropriate risk management system so that we can respond properly to environmental changes and enhance the resilience of our management.

Human capital is the source of value creation by the Marubeni Group, supported by a corporate culture that makes the most of these human capital; a strong business foundation; and governance structures that provide the correct discipline. By strengthening each of these elements to reinforce the foundation for value creation, we will enhance Group capabilities to respond to environmental changes. Going forward, we are focused on addressing societal and customer issues and on creating new business models as we seek to create value and target sustainable growth in corporate value.

## Material Issues for Sustainability (Materiality)

For the Marubeni Group, sustainability is about putting our Management Philosophy into practice by anticipating environmental and social demands and then proactively providing solutions. We identify three categories of Fundamental Materiality relating to the creation of environmental and social value. Building on Fundamental Materiality, we also identify four categories of Environmental and Social Materiality.

### Fundamental Materiality



#### Human Capital with High Social Value

The sources of value creation for the Marubeni Group are the insight, the ability to predict, and the ability to self-transform to anticipate environmental and social demands and to proactively provide solutions. These capabilities are derived from human capital. We will develop and strengthen human capital with high social value and lead to sustainable growth.

See PP.37-41 for details of the GC2021 Group HR Strategy.



#### Robust Management Foundation

Enabling human capital to use our management foundation to the fullest will ultimately lead to maximizing corporate value. Marubeni's innovation is based on the corporate culture that fosters value creation, as well as the strong brand presence and sales foundation we have built up through our business and the financial footing that support our operations.

See PP.24-28 for details of rebuild and strengthen the financial foundation; PP.37-39 on initiatives to promote innovation; and PP.40-41 for more on Diversity & Inclusion.



#### Governance for Coexistence with Society

By deepening our engagement with diverse stakeholders, enhancing the effectiveness of oversight by directors, and targeting greater management transparency, we are working to achieve sustainability based on a governance framework that allows for improved coexistence with society.

See PP.70-97 for more information on corporate governance and P.56 for details of how the governance framework relates to sustainability.

### Environmental & Social Materiality



#### Climate Change

(Disclosure in line with the recommendations of the TCFD)

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#### Sustainable Forestry

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#### Human Rights & Co-Development with Communities

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#### Sustainable & Resilient Value Chains

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### Process for Identifying/Reviewing Environmental and Social Materiality

Our view is that Environmental and Social Materiality requires us to constantly review the environmental and social changes affecting the Marubeni Group. Specifically, we perform regular reviews through dialogs with stakeholders and checks of the expectations from society, as well as constantly analyzing the impact on the company.

#### • Extract existing/potential environmental and social issues

#### • Identify material issues for sustainability (materiality) for the Marubeni Group, based on the following criteria:

- Importance to stakeholders
- Impact and scope of our business activities on the environment and society
- Impact on our earnings

#### • Reflect in operational goals/targets, implement and review periodically

# Climate Change

## Climate Change and Marubeni Group Value Creation

### Marubeni Group's Recognition on the Current Climate-Related Issues

The Marubeni Group recognizes climate change as a global and highly urgent societal issue, and identifies it as one of its Environmental and Social Materiality issues. Recognizing the growing expectations and needs for the role to be played by the private sector under the Paris Agreement, in which the international community cooperates to abate GHG emissions, we believe that contributing to climate change countermeasures through our business will lead to the sustainable growth of the Marubeni Group.

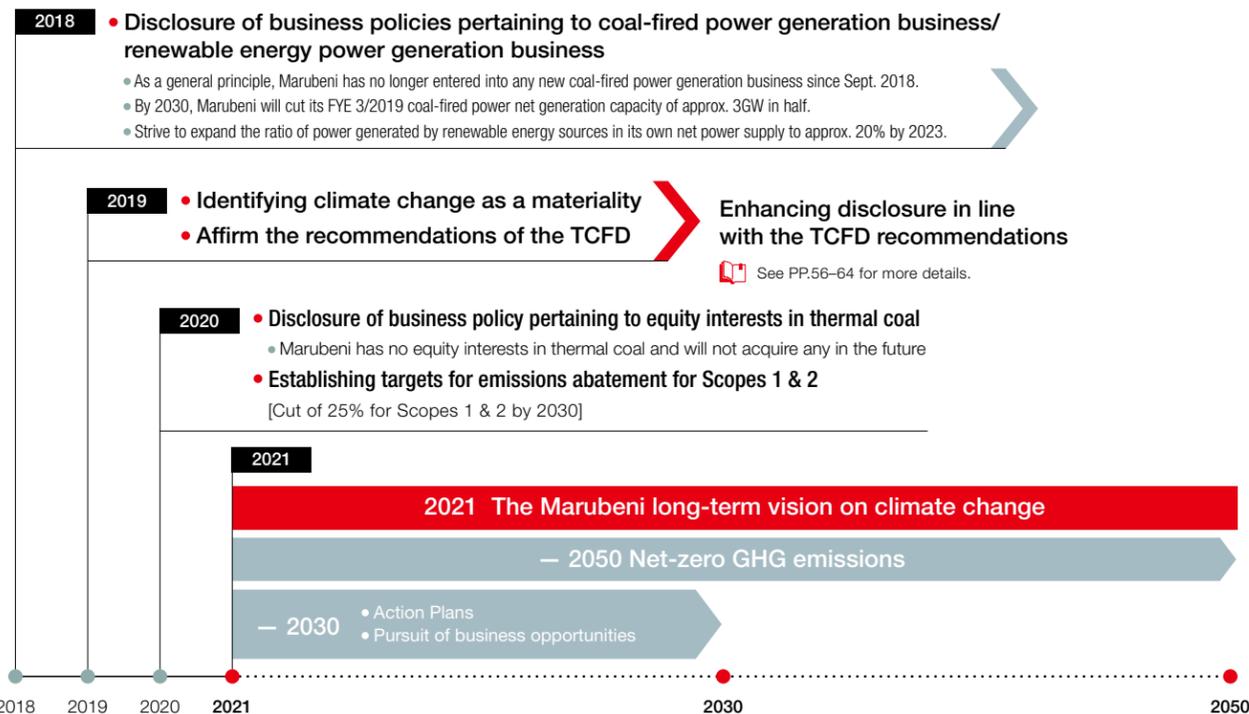
### Basic Stance on Climate Change

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

<b>1. Reductions in Marubeni Group GHG emissions</b>	The Marubeni Group is targeting net-zero GHG emissions by 2050. We are engaged in various initiatives aimed at reducing the Group's GHG emissions.
<b>2. Contributions through Marubeni Group businesses to support the transition to a low-carbon or decarbonized society</b>	The Marubeni Group views the transition to a low-carbon or decarbonized society as a business opportunity. Through Group businesses and other initiatives relating to energy supply and demand, land use, and other fields, we are contributing to efforts to reduce GHG emissions, both within the Marubeni Group and across society.
<b>3. Dynamic business portfolio flexibility</b>	We will consider alternatives, including exiting a sector, in cases where Marubeni Group businesses are expected to face obsolescence or downward earnings pressure due to climate change. We see appropriately scaled and timed revisions to our business portfolio as supporting the growth in corporate value over time.
<b>4. Increased resilience</b>	The highly diversified nature of the Group's business portfolio provides a high degree of resilience to climate change. While the potential impacts on the Group's finances due to the risks within specific industries or businesses are expected to be limited, we will continue to improve risk management on an ongoing basis.

## Contributions to Measures Addressing Climate Change

(Marubeni Group's efforts so far and the direction of future initiatives)



Note: Data in the above chart match those in the original announcement.

## Climate Change-Related Metrics and Targets

The Marubeni Group has formulated the following metrics and targets as part of our response to the opportunities and risks associated with climate change.

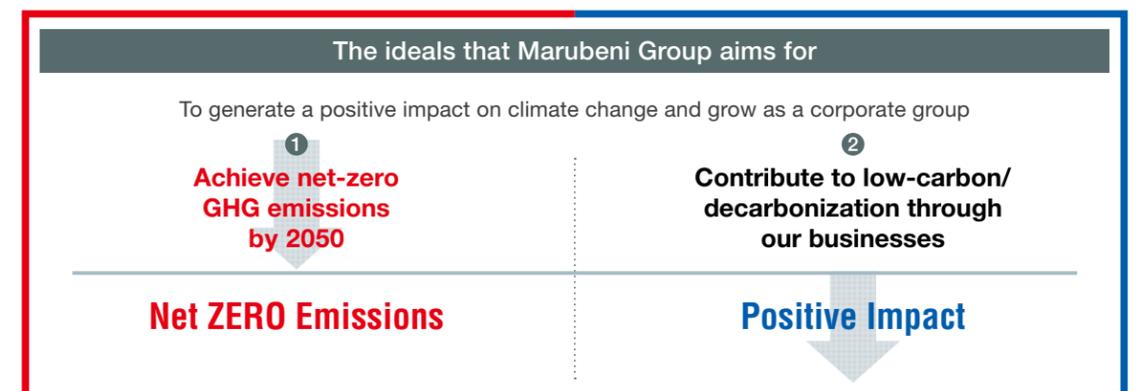
Metrics and targets	Progress and status
1. Cut Group's coal-fired power net generation capacity from FYE 3/2019 value of approx. 3GW in half by 2025, with further abatement to approx. 1.3GW by 2030, and aim for zero by 2050	Approx. 2.6GW (as of March 31, 2021)
2. Expand the ratio of power generated by renewable energy source in Group's own net power supply to approx. 20% by 2023	Approx. 15% (as of March 31, 2021)
3. Expand "Green Revenue" to around ¥1,300 billion by FYE 3/2024	Approx. ¥740 billion (FYE 3/2021)
4. Achieve net-zero GHG emissions*1 by 2050 By 2030: (1) Reduction of 50% in Scope 1 & 2 CO <sub>2</sub> emissions from FYE 3/2020 level (about 1 million t-CO <sub>2</sub> ) (2) Reduction of 20% in Scope 3 CO <sub>2</sub> emissions (Category 15: Investment) from FYE 3/2020 level (estimated CO <sub>2</sub> emissions about 36 million t-CO <sub>2</sub> *2)	(1) Scope 1 & 2 CO <sub>2</sub> emissions: approx. 0.97 million t-CO <sub>2</sub> (FYE 3/2021) (2) Scope 3 CO <sub>2</sub> emissions (Category 15: Investment): approx. 26 million t-CO <sub>2</sub>  Breakdown Power generation approx. 22 million t-CO <sub>2</sub> Resource projects approx. 3 million t-CO <sub>2</sub> Other businesses approx. 1 million t-CO <sub>2</sub> (FYE 3/2020)  Figures for FYE 3/2021 will be available on our website at a later date.

\*1. Includes Scope 1, Scope 2, and Scope 3 (Category 15: Investment) emissions  
\*2. This emissions volume comprises the FYE 3/2020 performance of existing investees plus the estimated emissions from projects already contracted as of March 2021 (as for power generation projects, projects for which associate investees of the Marubeni Group have entered into power purchase agreements but have not yet achieved commercial operations.)

## The Long-Term Vision on Climate Change

In accordance with the Paris Agreement, the Marubeni Group recognizes the importance and urgency of limiting the increase in mean global temperature to 1.5°C by 2100 (hereinafter, the "1.5°C pathways"). We have formulated a long-term vision on climate change to help us contribute to global measures to address climate change over the medium and long term. As part of this vision, we have set a goal for the Marubeni Group of net-zero GHG emissions by 2050. We have also formulated action plans with the measures we plan to implement heading towards 2030 to make the goal of net-zero GHG emissions by 2050 more effective.

Our long-term vision envisages two pillars: first, to achieve net-zero GHG emissions by the Marubeni Group; second, contribute to the transition to a low-carbon or decarbonized society through business activities. By proceeding with both at the same time, we hope that our business activities will have a positive environmental impact in overall terms.



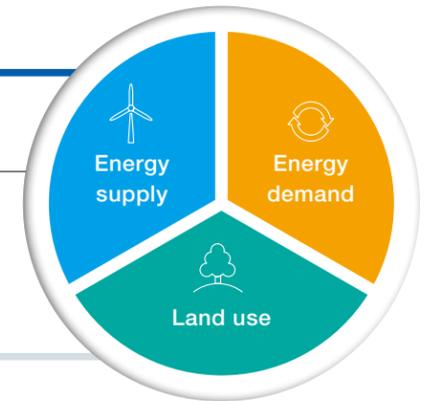
## Net ZERO Emissions ① Achieve net-zero GHG emissions by 2050

Marubeni will abate GHG emissions at a level consistent with the said 1.5°C pathways. Any residual emissions that cannot be abated will be neutralized (GHG elimination) through internationally recognized nature-based solutions (e.g., forests, farmland, etc.), or through technological solutions, with the aim of achieving net-zero GHG emissions by 2050.\*

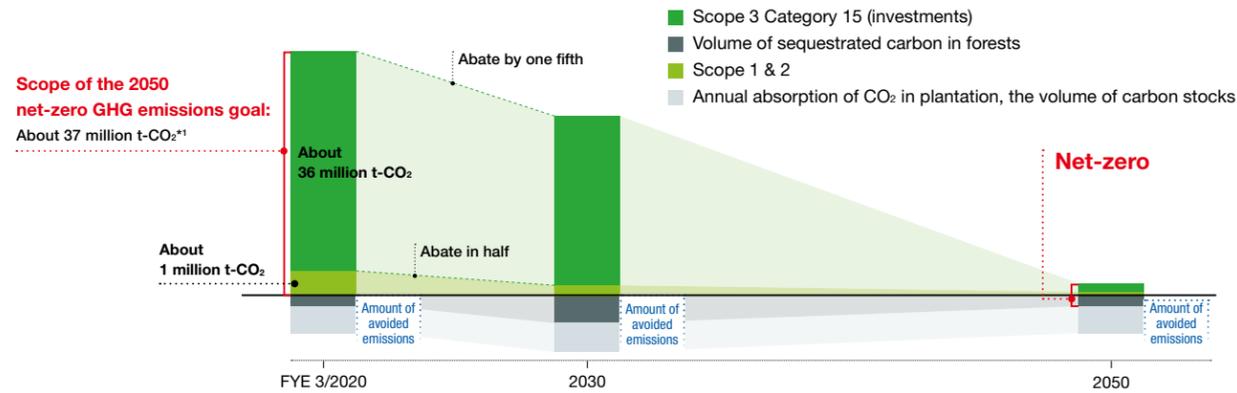
\* Boundary of net-zero GHG emissions:  
 Scope 1: Direct emissions from owned or controlled sources of Marubeni and its consolidated subsidiaries, such as through burning of fuel, industrial process, etc.  
 Scope 2: Indirect emissions from the generation of purchased energy consumed by Marubeni and its consolidated subsidiaries.  
 Scope 3 Category 15 (Investments): Among all other indirect emissions that occur in the Marubeni Group's value chain, Scope 1 and Scope 2 for associate investees account for using the equity method (hereinafter, "associate investees").

## Positive Impact ② Contribute to low-carbon/decarbonization through our businesses

We see supporting the transition to a low-carbon or decarbonized society as representing major business opportunities. We contribute to low-carbon/decarbonization through our businesses.



### Net-Zero GHG Emissions



\*1. Includes GHGs that are biological in origin (in tons of CO<sub>2</sub> equivalents)

### Action Plans towards 2030

Marubeni has formulated the following action plans heading towards 2030 in order to make the 2050 net-zero GHG emissions effective. By executing these actions, by 2030 the Marubeni Group will try to abate its FYE 3/2020 emissions by one-fifth over the total scope covered by our net-zero GHG emissions goal. This plan was formulated to apply to the Marubeni Group's business portfolio as of March 2021 and is based on certain assumptions about current international recognition and foreseeable changes in system and technological innovations. Marubeni will revise them appropriately in light of any future changes to these premises.

- 1 Halve the CO<sub>2</sub> emissions of FYE 3/2020, about one million tons of CO<sub>2</sub>, emitted by Marubeni and its consolidated subsidiaries (Scope 1 and Scope 2)**  
 Marubeni has revised the targeted abatement figure released in September 2020 (25% abatement from FYE 3/2019 levels by 2030) to make it at a more consistent level to the 1.5°C pathways, and will halve its total volume of emissions, which was about one million tons of CO<sub>2</sub> in FYE 3/2020 by 2030.
- 2 Reduce by one-fifth the CO<sub>2</sub> emissions of FYE 3/2020, about 36 million tons of CO<sub>2</sub> \*2, emitted by associate investees of the Marubeni Group (Scope 3, Category 15 (Investments))**  
 Changes in the emissions volume associated with increased emissions from new investments and fluctuations in the emissions volume by plant load factors, as well as reductions in the emissions volume due to the utilization of new technologies (CCS\*3, co-combustion of hydrogen and ammonia, etc.), are not included in the assumptions for the above estimation. In the interest of meeting the needs of society as it makes the low-carbon transition, the development of new gas-related projects such as gas-fired power generation businesses will continue. For aspects that could affect the emissions volume by associate investees going forward, we will monitor the progress of abatement of GHG emissions and conduct reviews thereof. In addition, we will continually perform studies with the aim of establishing milestones towards net-zero GHG emissions by 2050 that are consistent with the 1.5°C pathways.  
 \*2. This emissions volume comprises the FYE 3/2020 performance of existing investees plus the estimated emissions from projects already contracted as of March 2021 (as for power generation projects, projects for which associate investees of the Marubeni Group have entered into power purchase agreements but have not yet achieved commercial operations).  
 \*3. Carbon dioxide Capture and Storage
- 3 Move up the timetable to halve the net power generation capacity of our coal-fired power generation businesses**  
 Based on our Business Policies Pertaining to Sustainability (In Relation to Our Coal-Fired Power Generation Business and Renewable Energy Generation Business) that Marubeni released in September 2018, and taking into account the progress made so far in pulling out of coal-fired power generation, with regard to coal-fired power net generation capacity, we will accelerate our goal of cutting FYE 3/2019 capacity in half by 2030 to 2025, and aim for capacity of approximately 1.3 GW in 2030 (included in the above reduction figure ② for associate investees), and further, aim for zero capacity by 2050.
- 4 Absorb and sequester CO<sub>2</sub> through our forests**  
 Marubeni will strive to expand the volume of carbon stocks in our forests (about 11 million tons of CO<sub>2</sub> equivalents\*\*4 as of March 2021) and, at the same time, expand the sequestered volume of carbon through the multi-purpose utilization of afforested assets.  
 \*4. By enlarging some of our plantation areas, improving stock volume per-unit area, and through the proper management of managed forests, estimated volume of carbon stocks in our forests will be about 19 million tons of CO<sub>2</sub> equivalents in 2030.

### Energy supply: Energy systems to serve as the foundations for a decarbonized society

#### Supply of power from renewable energy (power generation business and power retail business) a

- Strive to expand the ratio of power generated by renewable energy sources in our own net power supply to approx. 20% by 2023 (approx. 15% as of March 31, 2021)
- Fully owned subsidiary SmartestEnergy Ltd., a power retail provider in the U.K., derives approx. 80% of its contracted power capacity from renewable energy sources

#### Alternative energy businesses, including new energy sources such as hydrogen/ammonia b

- Participate in demonstration projects to develop CO<sub>2</sub>-free fuel supply chain
- Invest in U.S.-based biojet fuel producer, Fulcrum BioEnergy, Inc.

#### Develop distributed energy systems

#### Carbon-free mobility and EV- infrastructure/battery related businesses

- Supply cobalt, nickel and other raw materials for lithium batteries for EVs

### Energy demand: Control/abate GHG emissions over a broad range of industries

#### Initiatives contributing to recycling and the circular economy c

- Invest in U.S.-based Circ LLC (formerly known as Tyton BioSciences LLC), which has technologies to recycle textile products such as textile and used clothes into raw textile materials
- Develop in the lithium-ion battery recycling business

#### Supply energy-saving materials, products, and services

#### Solutions using decarbonization technologies such as CCUS\*5 d

\*5. Carbon dioxide Capture, Utilization and Storage

- Invest in the U.K.'s Carbon Clean Ltd., which develops CO<sub>2</sub> capture technology

#### Responding to modal shifts

### Land use: Sustainable agri-input businesses and forest management

#### Improve agricultural productivity by environmentally conscious agri-input business e

- Marubeni owns North America's 2nd-largest agri-input retailer Helena Agri-Enterprises, LLC. Develop environmentally conscious agri-input businesses in Europe

#### Sustainable forest management and utilization of forest assets f

- Around 300,000 hectares in forest assets, expertise and knowhow in forest management



Image a: Floating solar power plant in Changhua (Taiwan) P.119



Image b: Biofuel production (U.S., etc.) P.115



Image c: Circ LLC (U.S. - Manufacture and sale of recycled textile materials) P.101



Image d: Facility that uses CO<sub>2</sub> capture technologies supplied by Carbon Clean Ltd. P.121



Image e: Agri-input business Helena Agri-Enterprises, LLC (U.S.) P.110



Image f: PT. Musi Hutan Persada (Indonesia - forest plantation business) P.104

## Disclosure in Line with the Recommendations of the TCFD

In February 2019, recognizing the importance of climate-related financial disclosures, the Marubeni Group affirmed the TCFD\* recommendations. We are committed to enhancing related disclosure as we work to anticipate shifts in society linked to climate change and to create growth opportunities while mitigating related risks.

In line with the Long-Term Vision on Climate Change announced in March 2021 (see PP.53-55), besides working to mitigate risk by abating the Group's GHG emissions, we are looking to increase the resilience of our business portfolio through appropriately timed revisions to avoid damaging corporate value, which could face obsolescence or downward earnings pressure due to climate change.

The Marubeni Group views the transition to a low-carbon or decarbonized society as a business opportunity. On the supply side, there are opportunities to build the energy systems to serve as the foundations for a decarbonized society. On the demand side, we also promote efforts to control and abate GHG emissions in a wide range of industries. We are also contributing to efforts to cut GHG emissions through sustainable land use in the Group's agri-input and forest management businesses.

\* The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB).

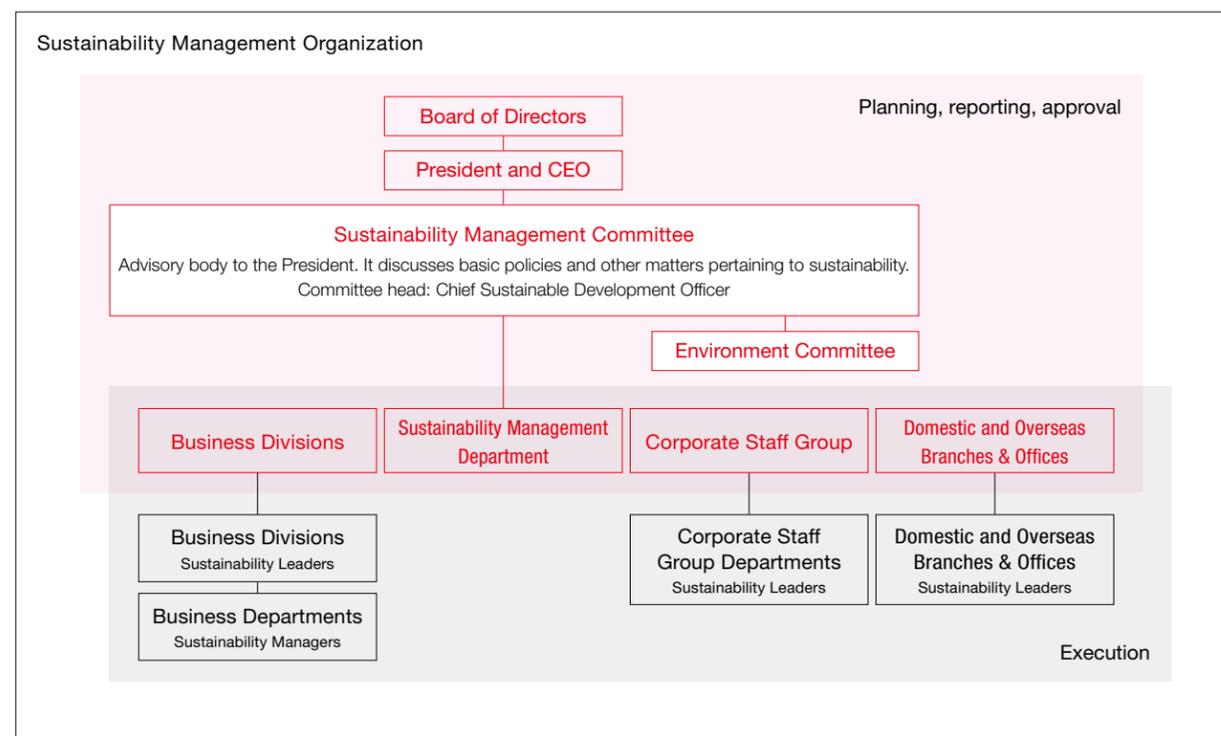
## Governance

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

Specifically, the Sustainability Management Committee, an advisory body to the President, leads the process of evaluating opportunities and risks as identified in our TCFD climate-related disclosure; formulating, revising and monitoring strategy, risk management, metrics, and targets; and reviewing progress in climate-related innovation and changes in the external environment. The committee reports regularly on these matters to the Board of Directors. Important matters are deliberated and voted on by the Corporate Management Committee and the Board of Directors.

Chaired by the CSDO, the Sustainability Management Committee counts external directors and Audit & Supervisory Board members among its advisory members to support the management and supervision of sustainability-related matters from an independent external perspective.

At the execution, the system is set up to support discussion and promotion of sustainability-related matters. A Sustainability Leader in charge of sustainability management is appointed in each business division, each department within the Corporate Staff Group, and at each domestic or overseas branch and office. A Sustainability Manager is also appointed in each business department.



## Strategy and Specific Initiatives (Scenario Analysis)

In line with our Basic Stance on Climate Change (see P.52), the Marubeni Group is striving to take a strategic approach to climate-related opportunities and risks.

### Scenario selection:

Climate-related risks and opportunities differ significantly across the Marubeni Group's business portfolio because of its broad diversification. In line with TCFD disclosure recommendations, we perform scenario analysis to study the businesses that will be relatively more susceptible to the impacts of climate change. Unless otherwise stated, using a time horizon to 2030, we use this process to consider related business conditions, risks and opportunities under baseline and transition scenarios.

To facilitate an objective assessment of new business opportunities and resilience of operations amid significant change in business conditions, we mainly reference the scenarios outlined below. These are taken from the International Energy Agency (IEA) publications "Energy Technology Perspectives 2017/2020," "World Energy Outlook 2020," and "Net Zero by 2050," as well as the Fifth Assessment Report and the 1.5°C Special Report released by the Intergovernmental Panel on Climate Change (IPCC).

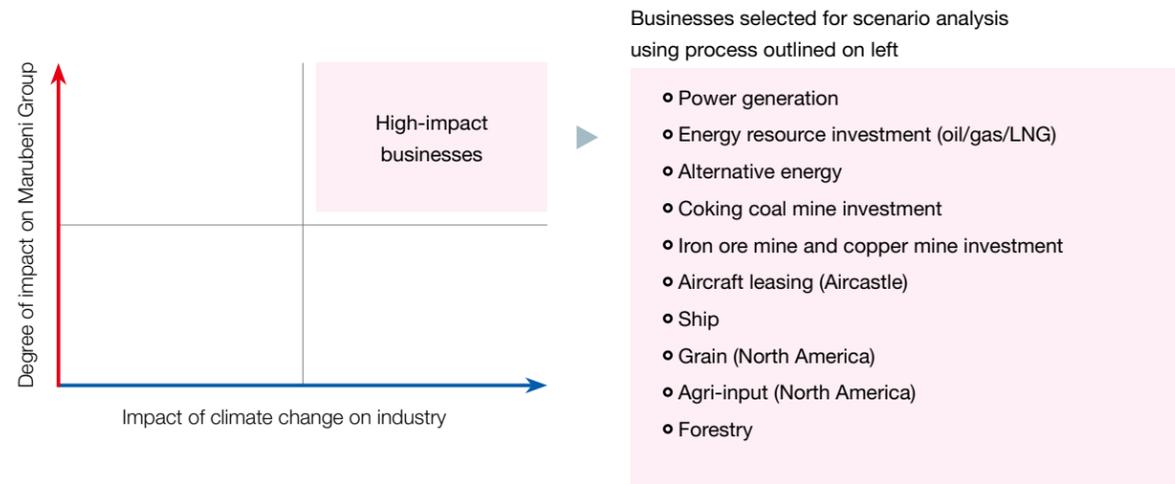
Baseline scenarios	
IEA RTS [Reference Technology Scenario]	Taken from IEA Energy Technology Perspectives 2017, this scenario reflects countries' existing policies and targets (+2.7°C).
IEA STEPS [Stated Policies Scenario]	Taken from the IEA reports Net Zero by 2050 and World Energy Outlook 2020, this scenario reflects countries' existing policies and targets (+2.7°C).
IPCC RCP 8.5/6.0/4.5 [Representative Concentration Pathways]	As detailed in the IPCC Fifth Assessment Report, the RCPs are scenarios describing rises in mean temperature of up to 4°C or so by 2100 compared to pre-industrial levels (+4.3°C/+2.8°C/+2.4°C).
Transition scenarios	
IEA B2DS [Beyond 2°C Scenario]	Taken from IEA Energy Technology Perspectives 2017, this scenario describes efforts to limit the rise in temperature to well below 2°C (+1.75°C).
IEA SDS [Sustainable Development Scenario]	As outlined in publications such as the IEA reports World Energy Outlook 2020 and Energy Technology Perspectives 2020, this scenario describes a sustainable growth pathway consistent with the well below 2°C goal of the Paris Agreement and SDGs. (+1.65°C).
IEA NZE [Net Zero Emissions Scenario]	As outlined in the IEA report Net Zero by 2050, this scenario shows the changes that would be required in energy demand and the energy mix to achieve net-zero global emissions by 2050 and to limit the rise in temperature to 1.5°C (+1.5°C).
IPCC RCP 2.6/1.9 [Representative Concentration Pathways]	Taken from the IPCC's Fifth Assessment Report and the 1.5°C Special Report, the scenario describes low-emissions pathways to attain the goal of limiting future rises in temperature to well below 2°C (+1.6°C/+1.5°C).

Note: Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario. IEA RTS/STEPS/B2DS/SDS/NZE are referenced mainly for Marubeni Group businesses in power generation, energy resource investment (oil/gas/LNG), alternative energy, coking coal mine investment, iron ore mine and copper mine investment, aircraft leasing, ship, and forestry. IPCC RCP is referenced mainly for the Group's grain/agri-input, ship, and forestry businesses.

**Business selection for scenario analysis:**

Businesses in the upper-right quadrant of the matrix shown below are selected for the scenario analysis.

**Horizontal axis** Business domains with high financial impact due to climate change  
**Vertical axis** Degree of impact on Marubeni Group (scale of assets/earnings, etc.)



**Results of scenario analysis:**

The chart below summarizes the results of the scenario analysis for each business selected.

The scenarios and business environment overviews represent the understanding of the Marubeni Group based on major scenarios as developed by the IEA and other international organizations, but do not provide an outlook for the Group.

**How to read the charts**

Name of selected business	<p><b>Business environment overview</b></p> <p><b>Baseline scenarios</b> Expected changes in conditions for the selected businesses based on demand projections under baseline scenarios</p> <p><b>Transition scenarios</b> Expected changes in conditions for the selected businesses based on demand projections under transition scenarios</p> <p>The data show demand projections for the selected business under each scenario as conditions evolve (all data are global, unless otherwise noted).</p> <p><b>Example: coal-fired power generation</b></p> <p>Legend:                  Baseline scenarios: IEA RTS (+2.7°C), IEA STEPS (+2.7°C), IPCC RCP8.5 (+4.3°C), IPCC RCP6.0 (+2.8°C), IPCC RCP4.5 (+2.4°C)                  Transition scenarios: IEA B2DS (+1.75°C), IEA SDS (+1.65°C), IPCC RCP2.6 (+1.6°C), IEA NZE (+1.5°C), IPCC RCP1.9 (+1.5°C)                  Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario.                  Note: Data for IEA RTS referenced from 2014 rather than 2020.                  Note: Data for IEA SDS referenced from 2019 rather than 2020.                  Note: Data for 2020 are scenario-based projections rather than actual figures.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>This section outlines Group policies and initiatives for the businesses, based on the business environment overview from the scenarios.</p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p>
	<p><b>Impact on performance up to 2030</b></p> <p>The impact on the performance of the selected businesses up to 2030 is summarized graphically in overall terms.</p> <p>One of seven possible arrows is used to indicate the overall assessment.</p> <p>Positive (High) ↑ (Med) ↗ (Low) →                  Neutral →                  Negative (Low) ↘ (Med) ↓ (High) ↓</p> <p>This section explains the assessment in more detail.</p>
	<p><b>Financial information</b></p> <p>This section shows the net profit/loss attributable to owners of the parent for the selected businesses of the relevant segment (division) and the financial exposure* or segment assets.</p> <p>* Exposure includes investments, loans receivable, tangible fixed assets, and guarantees.</p>
	<p><b>Power generation business</b></p> <p><b>Business environment overview</b></p> <p><b>Coal-fired power generation</b></p> <p><b>Gas-fired power generation</b></p> <p><b>Renewable energy power generation</b></p> <p><b>Responses to future business risks/opportunities</b></p> <p><b>Impact on performance up to 2030</b></p> <p><b>Financial information</b></p>

Power generation business	<p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Global electric power demand is expected to increase.</li> <li>Coal-fired power will stay flat or fall if fossil fuel dependence continues, while demand will grow for gas-fired power and renewables.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Global electric power demand is expected to increase.</li> <li>Coal-fired power will fall significantly if the world progresses toward becoming a low-carbon or decarbonized society. Gas-fired power is expected to stay flat until 2030, before starting to fall. Demand for renewables is expected to grow significantly.</li> <li>The costs of using fossil fuels will rise if carbon pricing is introduced or enforced more rigorously.</li> </ul>
	<p><b>Coal-fired power generation</b></p> <p><b>Gas-fired power generation</b></p> <p><b>Renewable energy power generation</b></p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We will respond to rising global electric power demand by expanding the Group's power generation business, focusing especially on the renewables sector.</li> <li>We will expand the renewable power generation businesses and increase the ratio of renewable energy sources of net generation capacity to approx. 20% by 2023 (as of March 2021, the ratio is approx. 15%). We will promote greater use of renewable energy in the power wholesale and retail business and in the de-centralized power generation business to help contribute to a low-carbon society.</li> <li>Marubeni will no longer enter into any new coal-fired power generation business. By 2025, we also aim to cut our FYE 3/2019 coal-fired power net generation capacity of approx. 3GW in half, with further abatement to approx. 1.3GW by 2030, and aim for zero by 2050.</li> <li>We will continue to develop gas-fired power generation businesses in response to the needs of society transitioning to a low-carbon society. We will also seek to mitigate CO<sub>2</sub> emissions from thermal power generation utilizing new technologies based on the co-combustion of hydrogen and ammonia.</li> <li>The analysis identifies the risk of higher costs of CO<sub>2</sub> emissions due to the adoption of carbon taxes or emissions trading schemes. The risk of regulatory change is already hedged in the long-term power purchase agreements that govern most of our power generation business.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>Coal-fired power: Negative (Low) → The impact of lower demand on existing businesses is limited by the long-term power purchase agreements governing most of our power generation business. However, earnings from coal-fired power generating businesses will diminish as assets are retired.</p> <p>Gas-fired power: Positive (Low) → New project development should have a positive impact on earnings since electric power demand is projected to increase under the baseline scenarios and some new demand is projected over the short and medium term under the transition scenarios.</p> <p>Renewable energy: Positive (High) ↑ New project development should have a significantly positive impact on earnings since power demand is projected to rise under the baseline scenarios and expand rapidly under the transition scenarios.</p>
	<p><b>Financial information</b></p> <p>Power Business Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥10 billion (power IPP business reported a net profit* of approx. ¥35.9 billion)</li> <li>Relevant segment assets (as of March 31, 2021): approx. ¥741.2 billion</li> </ul> <p>* Total net profits of consolidated subsidiaries and share of associates and joint ventures of our IPP business.                  Reference: Capacity of power generation assets was approx. 2.6GW for coal-fired power generation, approx. 1.8GW for renewable energy power generation, and approx. 7.5GW for gas-fired power generation, and others (as of March 31, 2021)</p>

Energy resource investment business (oil/gas/LNG) and alternative energy business	<p><b>Business environment overview</b></p> <p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>The share of oil and natural gas in total primary energy is expected to be on the rise.</li> <li><b>Oil</b> demand and production are expected to increase until 2030, then flatten out, with demand and supply in equilibrium.</li> <li><b>Gas</b> demand and production are expected to increase until 2040, with supplies of gas generally tightening over time.</li> <li>Demand for <b>alternative energy</b> will remain on a gradual uptrend.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>The share of oil and natural gas in total primary energy is expected to be on a declining trend.</li> <li><b>Oil</b> demand and production are expected to decrease slightly until 2030 and then decline. The supply and demand balance will see a slight shift to oversupply.</li> <li>Demand for <b>gas</b> will remain almost flat until 2030 and then decline. Production of gas will decrease. Supply and demand will be in equilibrium or shift slightly to undersupply.</li> <li>Demand for <b>alternative energy</b> will gradually increase until 2030, and then rise steadily after 2030.</li> </ul> <p><b>Oil demand</b></p> <p><b>Natural gas demand</b></p> <p><b>Hydrogen demand</b></p> <p><b>Bioenergy demand</b></p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We will consider an appropriate and timely review of our oil upstream portfolio by comprehensively taking into account a variety of factors, including future supply and demand trends and progress in climate change countermeasures.</li> <li>With natural gas and LNG interests, we will assess trends in transition needs, particularly in Asia, and seek to increase customers' value by increasing value throughout the value chain.</li> <li>With new energy, we will actively develop, secure, produce, and handle new energy resources, such as hydrogen and ammonia, which will be needed in large quantities in the future, aiming at improving profitability and taking steps to play an appropriate role in society.</li> <li>In addition, we will actively consider and promote the production and sales of other alternative energies, such as biofuels and bio-methane and synthetic fuels, along with the development of the CCUS* business.</li> </ul> <p>* Carbon dioxide Capture, Utilization and Storage</p>
	<p><b>Impact on performance up to 2030</b></p> <p><b>Oil</b> → Neutral The impact of decreasing demand on the Group's performance is expected to be limited until 2030, even under the transition scenarios.</p> <p><b>Natural gas/LNG</b> → Positive (Low) As demand is expected to remain almost unchanged or even slightly increase until 2030, the impact on our business affected by the external environment will be neutral or slightly positive.</p> <p><b>Alternative energy</b> → Positive (Med) We plan to engage more deeply in this sector in anticipation of the expansion of the market over the medium and long term. The impact on earnings is expected to be fairly positive, depending on technological progress.</p>
	<p><b>Financial information</b></p> <ul style="list-style-type: none"> <li>Relevant segment net profit including energy resource investment business (oil/gas/LNG) (FYE 3/2021): approx. ¥11.9 billion for Energy Division (including net profit of approx. ¥5.4 billion for LNG projects and net loss of approx. ¥7.8 billion for oil/gas exploration and production business)</li> <li>Exposure of energy resource investment business (oil/gas/LNG) (as of March 31, 2021): approx. ¥140 billion for oil/gas interests and approx. ¥40 billion for LNG interests</li> <li>Our alternative energy businesses are operated by multiple segments, including Energy Division, Infrastructure Project Division, Power Business Division, Forest Products Division, and Chemicals Division.</li> </ul>

Baseline scenarios: IEA RTS (+2.7°C), IEA STEPS (+2.7°C), IPCC RCP8.5 (+4.3°C), IPCC RCP6.0 (+2.8°C), IPCC RCP4.5 (+2.4°C)  
 Transition scenarios (below 2°C): IEA B2DS (+1.75°C), IEA SDS (+1.65°C), IPCC RCP2.6 (+1.6°C), IEA NZE (+1.5°C), IPCC RCP1.9 (+1.5°C)  
 Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario. Note: Data for IEA RTS referenced from 2014 rather than 2020. Note: Data for IEA SDS referenced from 2019 rather than 2020. Note: Data for 2020 are scenario-based projections rather than actual figures.

Coking coal mine investment business	<p><b>Business environment overview</b></p> <p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Steel production is expected to increase as populations and economies grow.</li> <li>Demand for coking coal will increase slightly to 2030, before growing further.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Steel production is expected to increase more slowly than in the baseline scenario, due to efforts such as extending the life of buildings and reducing the weight of vehicles.</li> <li>Demand for coking coal will decline slightly to 2030, before falling faster.</li> </ul> <p><b>Coal demand in steel industry</b></p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We plan to maintain and continue existing businesses as we head towards 2030, based on projected growth in steel demand and progress in new technological development. In the long term, we will flexibly consider our portfolio, based on progress on decarbonization by the steel industry.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>→ Neutral The impact of decreasing demand on the Group's performance is expected to be limited until 2030, even under the transition scenarios.</p>
	<p><b>Financial information</b></p> <p>Metals &amp; Mineral Resources Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥61.4 billion (including net profit of approx. ¥5.0 billion by Marubeni Resources Development*)</li> <li>Exposure (as of March 31, 2021): approx. ¥70 billion for coking coal mine investment business</li> </ul> <p>* Australia-based Group company managing investments in coking coal mining business</p>

Iron ore mine and copper mine investment business	<p><b>Business environment overview</b></p> <p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Demand for <b>steel</b> is expected to be firm as populations and economies grow.</li> <li>Demand for <b>copper</b> is expected to increase due to population and economic growth, as well as boosts from progress on decarbonization and electrification.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Demand for <b>steel</b> is expected to be firm as populations and economies grow.</li> <li>Demand for <b>copper</b> is expected to increase significantly due to population and economic growth, as well as boosts from progress on decarbonization and electrification.</li> </ul> <p><b>Steel production</b></p> <p><b>Steel/copper demand related to energy technologies such as power infrastructure (rate of change)</b></p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We plan to contribute to stable supplies of iron ore and copper to cater to growing demand through our iron ore mining business in Australia and copper mining business in Chile.</li> <li>We are involved in initiatives to reduce the environmental impact of our mining operations such as switching to renewable power sources and using processed seawater for operational use in Chile.</li> <li>We will pursue the possibility of the replenishment and future expansion of ore reserves to respond to the increase in demand over the medium to long term and to strengthen cost competitiveness.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p><b>Iron ore</b> → Positive (Low) Led by the iron ore mining business in Australia, we expect a positive impact on earnings due to rising demand.</p> <p><b>Copper</b> → Positive (Med) Led by the copper mining business in Chile, we expect a positive impact on earnings due to rising demand. Further boosts to earnings are anticipated under the transition scenarios due to increased demand for copper from electrification trends.</p>
	<p><b>Financial information</b></p> <p>Metals &amp; Mineral Resources Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥61.4 billion (including net profits of approx. ¥30.1 billion by the Roy Hill Iron Ore Project** and approx. ¥16.4 billion by Marubeni LP Holding**)</li> <li>Exposure (as of March 31, 2021): approx. ¥170 billion for iron ore mine investment business and approx. ¥230 billion for copper mine investment business</li> </ul> <p>*1. Iron ore mining business in Australia *2. Chile-based Group company managing investments in copper mining business</p>

Baseline scenarios: IEA RTS (+2.7°C), IEA STEPS (+2.7°C), IPCC RCP8.5 (+4.3°C), IPCC RCP6.0 (+2.8°C), IPCC RCP4.5 (+2.4°C)  
 Transition scenarios (below 2°C): IEA B2DS (+1.75°C), IEA SDS (+1.65°C), IPCC RCP2.6 (+1.6°C), IEA NZE (+1.5°C), IPCC RCP1.9 (+1.5°C)  
 Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario. Note: Data for IEA RTS referenced from 2014 rather than 2020. Note: Data for IEA SDS referenced from 2019 rather than 2020. Note: Data for 2020 are scenario-based projections rather than actual figures.

Aircraft leasing business (Aircastle)	<p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Further growth in demand for air transportation is expected, led by Asia-Pacific and North America.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Further growth in demand for air transportation is expected, led by Asia-Pacific and North America.</li> <li>Reduced use of air transportation is expected due to changes in people's behavior.</li> <li>Use of biofuels and synthetic fuels is expected to increase within the aviation sector.</li> </ul>
	<p><b>Business environment overview</b></p> <p>Distance transported by air</p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>Based on projected growth in passenger air travel in the medium and long term, our business management policy focuses on the use of narrow-body aircraft, which have a lower environmental impact, in the countries and regions where demand is expected to recover post-pandemic.</li> <li>Our aircraft leasing business could see a fall in profitability due to lower demand for leased aircraft, if airlines as our customers are negatively affected under any of the transition scenarios.</li> <li>Since the airline industry is susceptible to the impact of carbon pricing, we will monitor related trends closely.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>Positive (Med)</p> <p>With demand expected to grow even under the transition scenarios, we expect a positive impact on earnings as we seek to mitigate environmental impact.</p>
<p><b>Financial information</b></p> <p>Finance &amp; Leasing Business Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥8.9 billion (including net loss of approx. ¥7.8 billion by Aircastle)</li> <li>Exposure (as of March 31, 2021): approx. ¥140.4 billion for Aircastle (carrying amount of interests)</li> </ul>	

Ship business	<p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Demand for freight (ton-km) is expected to increase.</li> <li>Demand for bulk carriers is projected to grow slightly. Demand for LNG carriers will peak in 2040 and fall gradually thereafter.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Demand for freight (ton-km) is expected to increase.</li> <li>Demand for bulk carriers is projected to be flat. Demand for LNG carriers will tend to decline.</li> <li>Carbon pricing will push up the costs of using fossil fuels.</li> <li>Conversion to alternative fuels such as ammonia, biofuels, and hydrogen will be gradually implemented and these are expected to become the main fuels in the longer term.</li> </ul>
	<p><b>Business environment overview</b></p> <p>Distance transported by sea</p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We will target higher earnings in this field, with growth in freight (ton-km).</li> <li>In accordance with the IMO (International Maritime Organization) GHG emission reduction target and the strategy with regard to fuel efficiency performance regulations, we will improve fuel efficiency by implementing high-efficiency vessels, improving the efficiency of ship allocation, and introducing energy-saving technology for existing vessels.</li> <li>We will support ongoing programs to develop and introduce next-generation vessels powered by carbon-recycled, bio-methane, hydrogen or ammonia fuels.</li> <li>Besides monitoring carbon pricing trends closely, we aim to create new businesses in the ship sector relating to green technologies, based on collaboration within the Group.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>Positive (Med)</p> <p>With demand expected to grow even under the transition scenarios, we expect a positive impact on earnings as we seek to mitigate environmental impact.</p>
<p><b>Financial information</b></p> <p>Aerospace &amp; Ship Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥3.2 billion</li> <li>Relevant segment assets (as of March 31, 2021): approx. ¥265.7 billion</li> </ul>	

Baseline scenarios: IEA RTS (+2.7°C), IEA STEPS (+2.7°C), IPCC RCP8.5 (+4.3°C), IPCC RCP6.0 (+2.8°C), IPCC RCP4.5 (+2.4°C)  
 Transition scenarios (below 2°C): IEA B2DS (+1.75°C), IEA SDS (+1.65°C), IPCC RCP2.6 (+1.6°C), IEA NZE (+1.5°C), IPCC RCP1.9 (+1.5°C)  
 Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario. Note: Data for IEA RTS referenced from 2014 rather than 2020. Note: Data for IEA SDS referenced from 2019 rather than 2020. Note: Data for 2020 are scenario-based projections rather than actual figures.

Grain/agri-input businesses (North America)	<p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Global grain demand is expected to rise.</li> <li>In line with rising grain demand, cultivation area is also expected to expand by deforestation.</li> <li>In North America, it is expected that the cultivable period will be extended mainly in the western and southern regions due to the rise in temperature.</li> <li>Overall, there are many regions with precipitation increases, and this tendency is more remarkable in the baseline scenarios.</li> <li>The water stress across North America is expected to be high in the western region, but relatively low in the eastern region.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Global grain demand is expected to rise.</li> <li>In line with rising grain demand, cultivation area is also expected to expand by converting land from other applications.</li> <li>In North America, it is expected that the cultivable period will be extended mainly in the western and southern regions due to the rise in temperature.</li> <li>Overall, there are many regions with precipitation increases, but it will tend to decline in the southwestern and central regions.</li> <li>The water stress across North America is expected to be high in the western region, but relatively low in the eastern region. However, its impact will be smaller than the one in baseline scenarios.</li> </ul>
	<p><b>Business environment overview</b></p> <p>Grain demand</p> <p>* Refer to chart legend below.</p> <p>Cultivation area</p> <p>* Refer to chart legend below.</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We will continue to grow earnings by capturing the increase of grain and food demand. The extension of the cultivable period caused by global warming is also expected to contribute to our earnings increase.</li> <li>We will increase our competitiveness and expand our business by providing goods and services that support higher crop yields and lower environmental impact.</li> <li>We will work on reducing physical risks by diversifying and expanding our procurement and sales networks for logistical impacts caused by the increase and intensification of natural disasters, and by expanding our networks in the regions that are relatively less affected by water stress.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>Positive (Low)</p> <p>We expect a positive impact on our earnings due to rising grain demand. In baseline scenarios, the impact of physical risks could potentially slow the growth of our grain business. In the transition scenarios, the need for higher crop yields could bring fast growth to our agri-input business.</p>
<p><b>Financial information</b></p> <p>Agri Business Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit (FYE 3/2021): approx. ¥42.4 billion (net profits of approx. ¥21.5 billion by Gavilon Agriculture Investment*1, approx. ¥3.6 billion by Columbia Grain International*2, and approx. ¥22.8 billion by Helena*3)</li> <li>Relevant segment assets (as of March 31, 2021): approx. ¥1,402.9 billion</li> </ul> <p>*1. Holding company of Gavilon Group (handling/sales of grain, fertilizer, etc.) *2. Group company engaged in handling, storage, export and domestic sales of grain produced in North America *3. Group company engaged in sales of agri-input materials and supply of various agri-related services in the U.S.</p>	

Forestry business	<p><b>Baseline scenarios</b></p> <ul style="list-style-type: none"> <li>Paper/pulp-related production is expected to rise gradually.</li> <li>Forest area is expected to decrease.</li> </ul> <p><b>Transition scenarios</b></p> <ul style="list-style-type: none"> <li>Paper/pulp-related production is expected to rise gradually.</li> <li>Supplies of wood-derived biomass fuels are expected to increase.</li> <li>Forests and cultivated areas for bioenergy are expected to grow.</li> <li>Introduction and stricter enforcement of carbon pricing regimes from 2030 will boost the importance of forests for absorption and sequestration of CO<sub>2</sub>. This will focus attention on approaches that use plantation forests and bioenergy technologies such as BECCS*1.</li> </ul> <p>*1. Bioenergy with Carbon Capture and Storage *2. Refer to chart legend below.</p>
	<p><b>Business environment overview</b></p> <p>Forest area</p>
	<p><b>Responses to future business risks/opportunities</b></p> <p>Note: Unless otherwise stated, the analysis target is up to 2030.</p> <ul style="list-style-type: none"> <li>We will improve the sustainability of our forest plantation businesses and seek to increase the value of long-term stable supplies of forestry resources.</li> <li>By raising the carbon sequestration of our plantation and managed forests and utilizing the plantation forests for multiple purposes, we will boost carbon sequestration volumes, increase environmental value, and lead to the building of asset value.</li> </ul>
	<p><b>Impact on performance up to 2030</b></p> <p>Positive (Med)</p> <p>Under the transition scenario, climate change measures will improve forest value, and the expansion of forest area will increase opportunities for business expansion, which will have a positive impact on earnings.</p>
<p><b>Financial information</b></p> <p>Forest Products Division</p> <ul style="list-style-type: none"> <li>Relevant segment net profit/loss (FYE 3/2021): net loss of approx. ¥2.1 billion (including net losses of approx. ¥4.4 billion by Musi Pulp Project*1 and approx. ¥0.3 billion by WA Plantation Resources*2)</li> <li>Relevant segment assets (as of March 31, 2021): approx. ¥285.9 billion</li> </ul> <p>*1. Indonesia-based Group company engaged in forestry (hardwood plantation) and manufacture/sales of pulp *2. Australia-based Group company engaged in plantation forest management and manufacture/sales of wood chips for use in production of paper and biomass fuels</p>	

Baseline scenarios: IEA RTS (+2.7°C), IEA STEPS (+2.7°C), IPCC RCP8.5 (+4.3°C), IPCC RCP6.0 (+2.8°C), IPCC RCP4.5 (+2.4°C)  
 Transition scenarios (below 2°C): IEA B2DS (+1.75°C), IEA SDS (+1.65°C), IPCC RCP2.6 (+1.6°C), IEA NZE (+1.5°C), IPCC RCP1.9 (+1.5°C)  
 Figures in parentheses correspond to the projected temperature rise by 2100 under each scenario. Note: Data for IEA RTS referenced from 2014 rather than 2020. Note: Data for IEA SDS referenced from 2019 rather than 2020. Note: Data for 2020 are scenario-based projections rather than actual figures.

Physical risks	The Marubeni Group conducts business activities globally and in a wide range of sectors. Our performance and financial position may be adversely affected due to the emergence of physical risks associated with climate change, such as increases in the intensity of natural disasters, extreme weather, shifting rainfall and weather patterns, rising average temperatures, and rising sea levels.	
	We anticipate impacts on every business, including on the infrastructure for power generation and resource projects, in our logistics businesses, and across supply chains. We are taking varied measures to mitigate risks, including the formulation of business continuity plans and disaster countermeasures, and the use of various types of insurance. Specific measures are outlined below for two sectors where we expect great impact: (1) our North American grain and agri-input business, and (2) our forestry business.	
	<b>Grain/agri-input business (North America)</b>	
	<b>Anticipated business impacts</b>	<ul style="list-style-type: none"> <li>Poor harvests due to the change of climate patterns in North America, our main areas, could have significant impact on earnings of our grain handling and agri-input business.</li> <li>Paralysis of logistics functions due to extreme weather conditions could affect our business.</li> </ul>
	<b>Risk mitigation responses</b>	<ul style="list-style-type: none"> <li>Expansion of agricultural support business through sales of agri-input materials and providing services that contribute to improving productivity.</li> <li>We will comprehensively manage risks by geographically diversifying and expanding the procurement and sales network, and diversifying production areas and crops.</li> </ul>
	<b>Forestry business</b>	
<b>Anticipated business impacts</b>	<ul style="list-style-type: none"> <li>Wildfires across areas of Southeast Asia and Western Australia due to the drier and stormier conditions associated with climate change and global warming could have a significant impact on the earnings from our plantation forestry and wood-derived resources businesses.</li> </ul>	
<b>Risk mitigation responses</b>	<ul style="list-style-type: none"> <li>To address the threat from wildfires, we are installing fire-fighting equipment, investing in systems for fire prevention and monitoring, and conducting activities to raise awareness in local communities.</li> <li>We are installing meters-wide firebreaks (gaps where trees are not planted) to help create separate blocks of plantation forest to better prevent fire from spreading.</li> </ul>	
Besides the above, we are also evaluating whether individual measures are optimal and are considering building a system to respond to any crisis.		

### Risk Management

The Marubeni Group manages and monitors climate change-related and other opportunities and risks that are highly important from the perspective of sustainability by the Sustainability Management Committee.

Besides climate change, the Marubeni Group is assessing potential risks from a business sustainability perspective as well. We have developed an assessment framework to support the multifaceted analysis of 27 items across the three risk categories of environmental, health and safety, and social. We define the risk evaluation criteria based on relevant laws and regulations, international standards, and historical case studies drawn from similar sectors. In addition, we assess the importance and impact of potential risks in line with the specifics of the business, its sector, and the country or region where it is operating.

We use this risk assessment approach in sustainability assessment methods. It is also part of the process used to make any investment and financing decisions. Besides monitoring existing businesses, we use this approach to gauge the value of Group businesses on an ongoing basis from a sustainability perspective. Where necessary, our business domains judged high-risk are deliberated by the Investment and Credit Committee, the Corporate Management Committee, and the Board of Directors.

While monitoring sustainability-related trends in Japan and overseas as driven by international institutions, governments, business sectors and industry groups, we review our risk assessment approach periodically based on information from stakeholders, including investors, financial institutions, and NGOs.

We are continually reviewing efforts to develop our systems for managing risks from sustainability and other varied perspectives.

<b>Risk assessment items by category</b> (27 items across 3 categories)	
<b>Environmental</b>	Climate change / environmental pollution / biodiversity / resource management / mitigation measures and administrative procedures
<b>Health and Safety</b>	Machine safety / fires and explosions / toxic substance exposure / infection / hazardous operations / mitigation measures and administrative procedures
<b>Social</b>	Forced labor and human trafficking / child labor / working hours / wages and employment contracts / discrimination / harassment at work and 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)

### Metrics and Targets

For further details, refer to section on “Climate change-related metrics and targets” (P.53).

## Enhancing Our Resilience to Changes in the External Environment — COVID-19 response —

The COVID-19 pandemic has not only led to many infected people globally and put increased pressure on healthcare systems, but has also seen many governments respond using mobility restrictions such as lockdowns and immigration controls. These measures have had a serious impact on the lives and economic activity of people worldwide.

Under such conditions, the Marubeni Group maintained a strong operating base by focusing on countermeasures and other COVID-19 responses at each global site (including all Group companies and corporate subsidiaries). This section looks at the COVID-related risks faced by the Marubeni Group in the fiscal year ended March 31, 2021, and the specific measures that were successful in helping to mitigate these risks.

### Major Risks Faced by Marubeni Relating to COVID-19 Crisis

- 1 Workplace infections (risks to physical and mental health of employees)
- 2 Shutdown caused by COVID-19 outbreaks (risk of cessation of operations)
- 3 Impacts on local communities due to non-functioning infrastructure (risk of erosion of community trust, or of socioeconomic losses affecting local communities)

### Five key aspects of risk mitigation

<b>1. Stringent infection controls</b>	<b>Episode</b>	Measures to protect employees' lives and to give physical and mental health support while preventing infection spreading to the local community included onsite measures such as temperature testing, disinfection, hygiene controls, PCR testing, and strict site access management, as well as the use of working-from-home arrangements.
<b>2. Use of worker rotations and shift work</b>		We strove to ensure business continuity by developing systems to prevent generalized operational stoppages in the event of any Group employees contracting COVID-19, including the use of staggered work times, shift work and worker rotations.
<b>3. Community support initiatives</b>		Our local community support initiatives included providing medical assistance and economic support for measures to prevent the spread of infection in the community, including donations of hygiene supplies. Improved community protection from COVID-19 infection in turn enhanced our business continuity.
<b>4. Maintenance of rigorous internal controls</b>		Our efforts to prevent economic loss based on strong compliance and internal controls included promoting good communications using teleconferencing, email and phone; efficiency measures to prevent compliance issues and to maintain proper management standards; anti-fraud measures related to telework arrangements; supplier checks to prevent double payments; and steps (such as teleconferencing) to maintain the same frequency of Board meetings.
<b>5. Focus on resilient business assets/models</b>		The essential socioeconomic nature of the Marubeni Group's operations across many basic industries was another key aspect of resilience against COVID-19, with state governments and other authorities quick to provide support for operational continuity, including impact from lockdown and other mobility restrictions.

The measures outlined above supported operational continuity across many parts of the world by preventing workplace clusters at Marubeni Group sites. By supporting healthcare and other social infrastructure, they also helped to keep local communities going through the pandemic.

Amid a continuing threat from COVID-19 due to emerging variants, the Marubeni Group is responding dynamically to risks and environmental shifts in partnership with local stakeholders. The resilience of the Group to the COVID-19 pandemic is the result of many detailed measures and initiatives showing the collective power of our frontline employees. Going forward, we plan to share the varied local responses to COVID-19 with Head Office and within the Group so these experiences can be used to identify issues, upgrade BCPs across the company, and improve risk management systems.

### Infection Controls at PT. Tanjungenim Lestari Pulp and Paper (TEL: hardwood pulp manufacturing and sales, based in Indonesia)

**Episode**

Before COVID-19 spread to Indonesia, managers at TEL took steps to assess the risks and develop internal rapid-response systems to help minimize the projected operational impact of the pandemic on the company, including potential infections among employees. Local outbreaks were identified as a major operational risk. TEL took steps to prevent the spread of infection and to secure critical supplies at an early stage. This enabled TEL to provide supplies and other support to the local community.

TEL's efforts in the pandemic have been recognized with an award for outstanding social contribution, which was sponsored by a major local media company.



TEL supplied masks, thermometers, PPE and other infection control supplies, along with food and nutritional supplements

## 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 130,000 hectares of tree plantations across the world (total gross project area: around 300,000 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 societal issues, based on the supply of sustainable forestry 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.

<b>Forest Management Policy</b>	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.
<b>Product Procurement Policy (Forest-derived Products)</b>	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 of 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 end-product sales.



Forest plantation business in south Sumatra (MHP)

### Forest Management and Forestry Certification at Marubeni Group

Group company	Location	Nature of business	Forestry certification
<b>PT. Musi Hutan Persada (MHP)</b>	Indonesia	Forest plantation business	<b>Indonesian Forestry Certification Cooperation<sup>1</sup></b> • Sustainable Forest Management certification
<b>WA Plantation Resources Pty., Ltd. (WAPRES)</b>	Australia	Forest plantation/wood chips production business	<b>FSC<sup>®</sup> certification<sup>3</sup></b> • FM (Forest Management) certification • CoC (Chain of Custody, processing/distribution processes) certification  <b>Responsible Wood<sup>4</sup></b> • Sustainable Forest Management certification

\*1. Indonesian Forestry Certification Cooperation is a forest certification system in Indonesia endorsed and mutually recognized under the PEFC<sup>2</sup>.  
 \*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 forestry certification schemes.  
 \*3. The Forest Stewardship Council<sup>®</sup> (FSC<sup>®</sup>) 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. (FSC<sup>®</sup> C016260)  
 \*4. Responsible Wood is an Australian forest certification scheme endorsed and mutually recognized under the PEFC<sup>2</sup>.

### Promoting Innovation in the Forestry Sector

In June 2021, in partnership with our Australia-based Group company, which operates forest plantation, WAPRES, the inaugural “Marubeni Forest Innovation Business Contest” (MFIBC) was launched as part of an initiative to create new businesses utilizing forestry resources. The MFIBC challenges companies, start-up ventures, NPOs, entrepreneurs, educational institutions and students to come up with novel ideas for businesses utilizing forestry resources. NELIS<sup>\*5</sup>, an NPO involved in developing young leaders worldwide, is acting as an advisor for the contest and will provide related support. The entries will be evaluated and judged by a panel of experts from fields such as sustainability and forestry management.

Forest-based ecosystems can play a vital role in carbon recycling and the protection of water resources. By leveraging this in a business setting, the Marubeni Group aims to address environmental and social issues to help tackle climate change and realize a circular economy.

\*5. NELIS: Next Leaders’ Initiative for Sustainability



Forest plantation business in Australia (WAPRES)

### 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, 2021, we selected 11 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 survey 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.

### Using Forests and Plantations as Carbon Sinks

Reducing CO<sub>2</sub> and other greenhouse gas (GHG) emissions is a major international issue to prevent global warming, one of the key aspects of climate change. The ability of trees to use photosynthesis to sequester carbon as part of their natural growth, thus absorbing CO<sub>2</sub> from the atmosphere, has refocused global attention on the potential role of forests as carbon sinks.

The Marubeni Group owns and manages a total of around 130,000 ha of plantation forest in Indonesia and Australia, an area roughly equivalent to 220% of that of the 23 wards of Tokyo. The stock volume of this area of forest is about 11 million tons of CO<sub>2</sub> equivalents (as of March 2021). The stock volume of

Group owned forest plantations will be estimated about 19 million tons of CO<sub>2</sub> equivalents by 2030 through a combination of expanding total plantation acreage, increasing stock volume per-unit area, and the appropriate management of plantation forests.

International thinking on the capacity of plantation forests to absorb and sequester CO<sub>2</sub> through repeated afforestation cycles continues to advance. While monitoring this global trend closely, the Marubeni Group is committed to developing ways of creation of negative emissions based on sustainable forestry management practices.

## Human Rights & Co-Development with Communities

### Human Rights and Value Creation by Marubeni Group

The Marubeni Group conducts business from 133 locations\*1 across 68 countries and regions, employing over 40,000 people\*2 from a diverse range of nationalities and ethnicities. Moreover, our multi-faceted and global business activities span a wide range of sectors. With a view to contributing to achieving the goals set out in the SDGs and building a sustainable society, we are fully committed to respecting the human rights of stakeholders\*3 who are related to the Marubeni Group's business and to closely monitoring relevant circumstances. We view it as an important social responsibility for the Marubeni Group to institute corrective measures to provide redress in cases where our business activities have been involved with adverse impacts in human rights terms. By fulfilling this social obligation, we see respect for human rights through our business activities as part of the sustained creation of value.

<b>The Marubeni Group Basic Policy on Human Rights</b>	The Marubeni Group Basic Policy on Human Rights incorporates three basic principles from the UN Guiding Principles on Business and Human Rights, namely: 1) respect for human rights, 2) due diligence on human rights, and 3) redress.
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For more details, see the "Respect for Human Rights" section of our website.  
[https://www.marubeni.com/en/sustainability/social/human\\_rights/](https://www.marubeni.com/en/sustainability/social/human_rights/)



\*1. As of April 1, 2021 \*2. As of March 31, 2021  
 \*3. Stakeholders include: business partners, including customers and suppliers, whether direct or indirect; employees of Marubeni Group and our business partners; residents and members of local communities.

### Sustainability Assessment, Human Rights Due Diligence, and Grievance Mechanism

#### Sustainability assessment

As part of managing the risks involved in the development of sustainable and resilient supply chains and respecting human rights, the Marubeni Group has developed and applied methods to assess potential risks from a business sustainability perspective. An external consultant with specialized expertise in the field was engaged to advise on methodological development. Risk evaluation criteria were defined based on relevant laws and regulations, international standards, and business case studies from related sectors.

Specifically, this approach evaluates the degree of potential risk under each of the three categories of "Environmental," "Health and Safety," and "Social," factoring in (1) the business sector and type, and (2) the country or region where each business operates. The degree of risk is estimated in various terms by considering relevant factors such as the scale, scope, and irremediable character. We are introducing sustainability assessments in sustainability surveys sent to consolidated subsidiaries and suppliers, and as part of the risk analysis conducted for new investments.

\* Refer to P.69 for details.

#### Human rights due diligence

The "Social" category of risks that we use in our sustainability assessments comprises a comprehensive list of items related to social, human rights and labor-related aspects of international standards relevant to corporate social responsibility. We also

include supply chain risk management items that reference other guidelines such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct that are based on the OECD Guidelines for Multinational Enterprises. The Marubeni Group will continue to conduct human rights due diligence based on these types of risk evaluation going forward.

#### Risk assessment items by category

<b>Environmental</b>	Climate change / environmental pollution / biodiversity / resource management / mitigation measures and administrative procedures
<b>Health and Safety</b>	Machine safety / fires and explosions / toxic substance exposure / infection / hazardous operations / mitigation measures and administrative procedures
<b>Social</b>	Forced labor and human trafficking / child labor / working hours / wages and employment contracts / discrimination / harassment at work and 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)

#### Development of grievance mechanism

In the fiscal year ended March 31, 2021, in line with the Marubeni Group Basic Policy on Human Rights, we instituted an internal process that serves as a grievance mechanism for complaints relating to human rights (redress). Furthermore, we plan to conduct a study for setting up a contact point dedicated to human rights issues.

## Sustainable & Resilient Value Chains

### Supply Chains and Value Creation by Marubeni Group

Our diverse global business operations are based on relationships with thousands of Marubeni Group business partners. The importance of building sustainable supply chains has increased in recent years. Both internally and in partnership with business partners, the Group is engaged in initiatives to conserve the global environment while promoting sustainable development of society throughout supply chains. We see such efforts contributing directly to the enhanced competitiveness and differentiation of the Marubeni Group.

Respect for human rights is an essential element of building sustainable supply chains. By building sustainable and resilient supply chains, the Group aims to foster stakeholder confidence in Marubeni and expand business opportunities.

<b>Basic Supply Chain Sustainability Policy</b>	We have formulated the Basic Supply Chain Sustainability Policy to promote sustainability in a highly effective way in cooperation with business partners.
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For more details, see the "Basic Supply Chain Sustainability Policy" section of our website.  
[https://www.marubeni.com/en/sustainability/social/supply\\_chain/](https://www.marubeni.com/en/sustainability/social/supply_chain/)



### Expanded and Deeper Focus on Supply Chain Management

#### Sustainability surveys for consolidated subsidiaries

Marubeni Group supply chains for products and services originate with our consolidated subsidiaries around the world. Recognizing that safeguarding the sustainability of these business operations is a critical element of building sustainable and resilient supply chains, we conducted written survey-based sustainability assessments of approximately 200 of our 400 consolidated subsidiaries (selected via a business content-based screening procedure) using our sustainability assessment methods\*. In addition, we conducted on-site inspections at a further five consolidated subsidiaries. The surveys confirmed operations are being managed sustainably at each subsidiary. We plan to follow up these surveys on an ongoing basis and seek to make related improvements.

\* Refer to P.68 for details.

### Working with our supply-chain partners

Starting in the fiscal year ending March 31, 2022, we plan to begin surveying our Tier 1 (direct) suppliers to identify sustainability risks in our supply chains. Initially, we plan to focus mainly on the supply chains for 25 products where we believe there are major potential risks relating to sustainability.

In the fiscal year ended March 31, 2021, we reaffirmed the Marubeni Group's policy on sustainability to 2,590 Tier 1 suppliers in writing, and requested their understanding and cooperation. Going forward, based on the use of surveys and monitoring, we will seek the cooperation of Tier 1 suppliers to define and address the sustainability risks in supply chains for 25 products where we see major potential risks relating to this issue. Where surveys identify specific issues, we aim to take steps to improve and enhance management systems in cooperation with suppliers.

