

## 2 Our Corporate Governance



### Members of the Board

1 Chairman of the Board  
**Teruo Asada**

2 President and CEO  
**Fumiya Kokubu**

3 Senior Executive Vice President  
**Mitsuru Akiyoshi**

6 Managing Executive Officer  
**Nobuhiro Yabe**

7 Independent Director  
**Takao Kitabata**

8 Independent Director  
**Kyohei Takahashi**

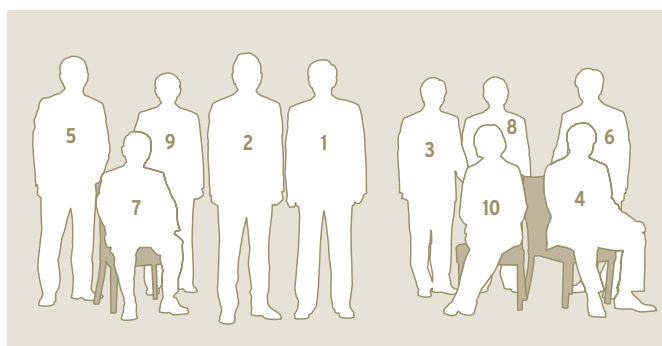


4 Senior Executive Vice President  
**Shigeru Yamazoe**

5 Managing Executive Officer  
**Hikaru Minami**

9 Independent Director  
**Susumu Fukuda**

10 Independent Director  
**Yuri Okina**





## Audit & Supervisory Board Members

1 Audit & Supervisory Board Member

**Kaoru Kuzume**

2 Audit & Supervisory Board Member

**Kazuro Gunji**

3 Independent Audit & Supervisory Board Member

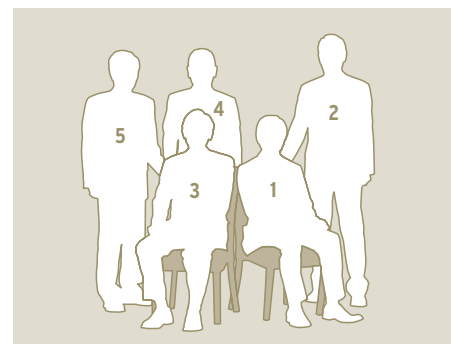
**Shuichi Yoshikai**

4 Independent Audit & Supervisory Board Member

**Takashi Hatchoji**

5 Independent Audit & Supervisory Board Member

**Tsuyoshi Yoneda**



## Message from the Chief Independent Director



**Takao Kitabata**  
Chief Independent Director

### Marubeni Is Forging Ahead Through Smart Risk-Taking Under the Oversight of an Effective Board of Directors

Over the two years since Japan adopted its Corporate Governance Code, Marubeni has taken the initiative to upgrade its governance as a dynamic global company, earning a reputation as a proactive leader among Japanese companies.

As a general trading company that pursues returns by embracing risks, Marubeni plays a special role in a heavily import-dependent Japanese economy that lacks self-sufficiency in food, energy and mineral resources. Japanese general trading companies have long fulfilled the critical societal mission of contributing to Japan's economic development and maintenance of its national standard of living by not only importing goods but also actively making overseas investments that entail risk, enormous capital requirements and long payback periods. Marubeni has been fulfilling this important societal role to an even greater extent than its trading company peers.

Another of Marubeni's missions is supporting the overseas operations of Japanese companies that have been internationalizing their growth strategies as their domestic growth prospects have dimmed in the face of population shrinkage.

I believe the key to successfully operating a diversified portfolio of risky businesses is to adequately assess the

balance between risk and return, devise measures to maximally mitigate risks and forge ahead proactively. While the Investment and Credit Committee and Board of Directors thoroughly discuss such matters, independent directors play a valuable role in the form of additional scrutiny.

Given Marubeni's extensive global network of operating companies, it is important to meet the same governance standards overseas as in Japan. Doing so, however, is complicated by cultural and language differences. While pervasively embedding Marubeni governance into overseas operations, I believe that deepening local corporate officers' understanding of such governance is crucial. Marubeni practices highly transparent governance. Although not formally organized as a company with majority-independent nominating, audit and compensation committees, Marubeni has established a Nominating Committee and Governance and Remuneration Committee as advisory bodies of its Board. Marubeni hired an outside expert to assess its Board of Directors' effectiveness. The Board's quantitative assessment results compare favorably with other companies'. We intend to continue striving to improve the Board's effectiveness to better meet all stakeholders' expectations.

## Corporate Governance System

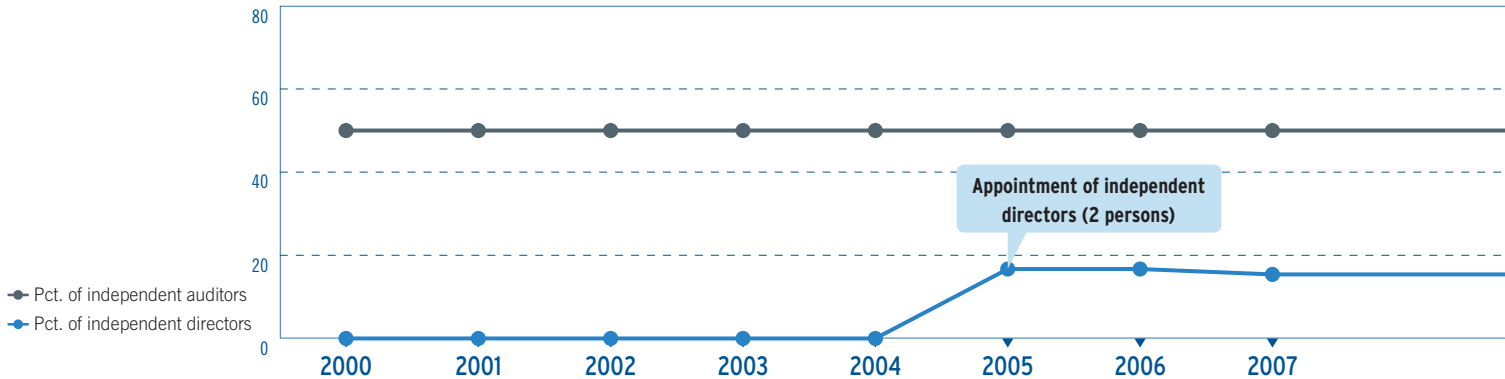
### ➔ Basic Approach to Corporate Governance

In keeping with the spirit of our Company Creed of “Fairness, Innovation, and Harmony,” we seek to improve corporate value with the aim of becoming a proud corporate group that contributes to economic and social development as well as environmental preservation. This quest, we believe, is a means of living up to the expectations of our shareholders, business partners, regional communities, employees, and other stakeholders. We are enhancing corporate governance to serve as the foundation for ensuring the soundness, transparency, and efficiency of management as we recognize that this quest must be supported by such a foundation.

Acting in accordance with this basic stance, we have established criteria for determining the independence

of independent executives—individuals who are playing a key role in reinforcing the supervisory function for management. At the same time, we realize the importance of constructive interactions with shareholders and other investors in pursuing medium-to-long-term improvements in corporate value. Accordingly, through such interactions, we work to promote understanding with regard to Marubeni’s management policies while gaining insight into the perspective of shareholders and other investors so that we may better respond to their needs. The Company thus has the policy of advancing initiatives such as those described above to improve the soundness, transparency, and efficiency of management while complying with the Corporate Governance Code.

#### ► Changes in Corporate Governance at Marubeni



Clarification of accountability framework	► Adoption of executive officer system	► Term of directors changed from two years to one	► Establishment of Committee of Executive Officers					
Enhance management transparency and soundness		► Establishment of Compliance Committee	► Establishment of Investment and Credit Committee	► Establishment of basic policy for internal control system				
			► Proceedings conducted by the Chairman of Marubeni, who has no executive authority in capacity as the Chair of the Board of Directors.					
Enhance Supervisory and Audit Functions			► Establishment of Audit Department	► Dramatic increase in Audit Department staff				
					► Appointment of independent directors (2 persons)			
Enhance Decision-making Functions	► Establishment of Committee of Heads of Divisions, adoption of managing officer system	► Reduction in number of directors						

## ➔ Corporate Governance Structure

Marubeni operates under a corporate audit governance system, adhering closely to the Companies Act, with a control structure designed to facilitate a clearly defined decision-making process, business execution system, and supervisory system. Marubeni has established the structure as shown in the diagram on page 52.

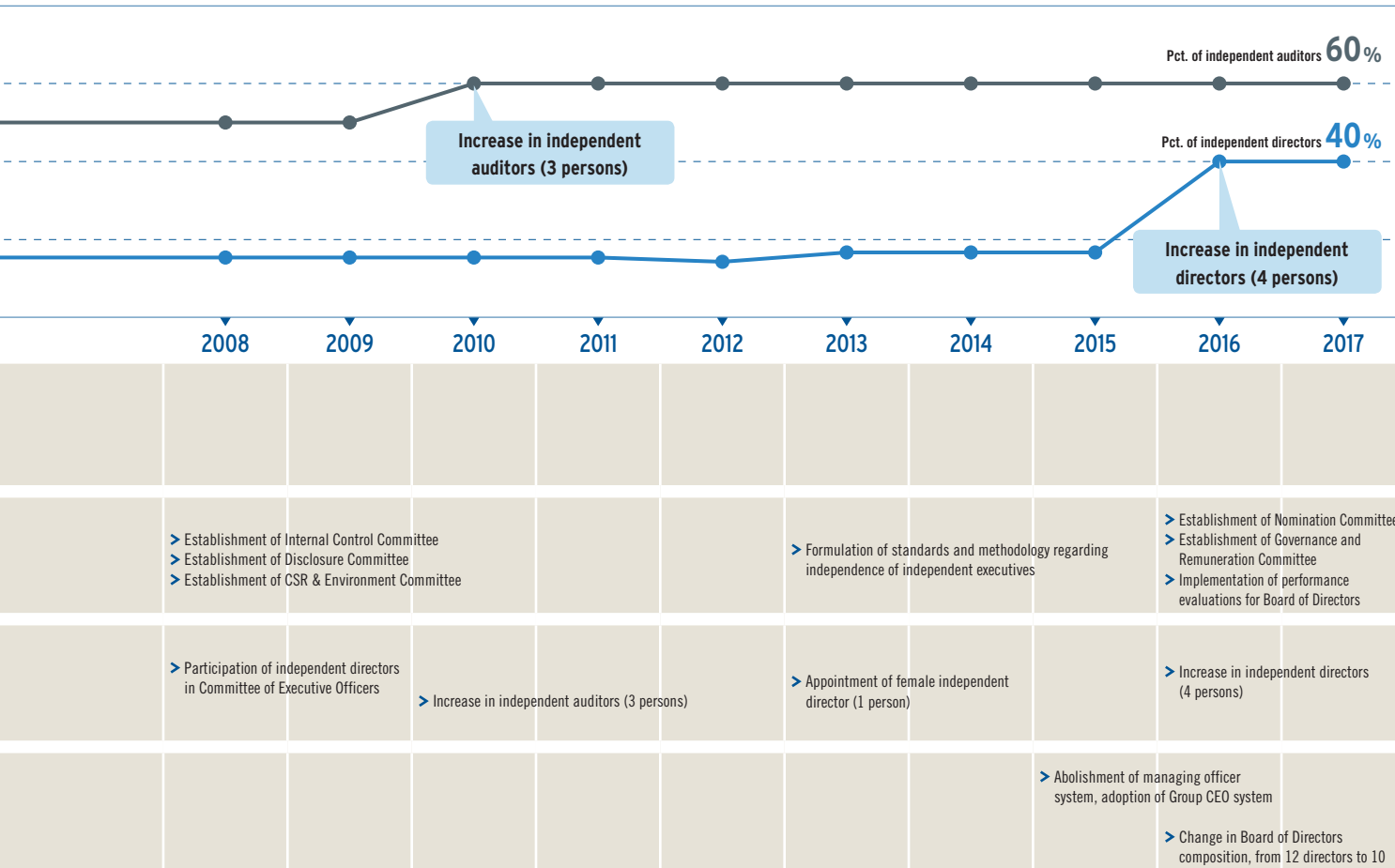
Marubeni conducts a diverse range of businesses globally. Accordingly, Marubeni has established a corporate audit governance model with a Board of Directors mainly comprising internal directors (with appointment of Independent directors and collaboration with the Audit & Supervisory Board) in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management. Marubeni has determined that this governance model is functioning effectively as set forth in items (a) and (b) on the right. Therefore, Marubeni will retain the current governance structure.

### (a) Ensuring rapid and efficient decision-making

Marubeni ensures rapid and efficient decision-making by structuring the Board of Directors mainly around directors who serve concurrently as executive officers and are well-versed in the Company's diverse business activities.

### (b) Ensuring appropriate supervisory functions

Marubeni ensures appropriate supervisory functions by implementing various measures, including appointing Independent directors; assigning dedicated staff to the Audit & Supervisory Board Member's Office; fostering collaboration among the Audit & Supervisory Board Members, the Audit Department, the independent Audit & Supervisory Board Members, and the corporate auditors of Group companies; and implementing advance briefings on matters referred to the Board of Directors for both independent directors and Audit & Supervisory Board Members on the same occasions.



## Corporate Governance Structure As of June 23, 2017

### Board of Directors

Our Board of Directors comprises 10 directors (including four independent directors) who deliberate on overall corporate policy and major issues, while monitoring the performance of individual directors. Each director's term of office is one year. This is to flexibly

put in place an optimal management structure in response to changes in the business environment, while clarifying management responsibility.

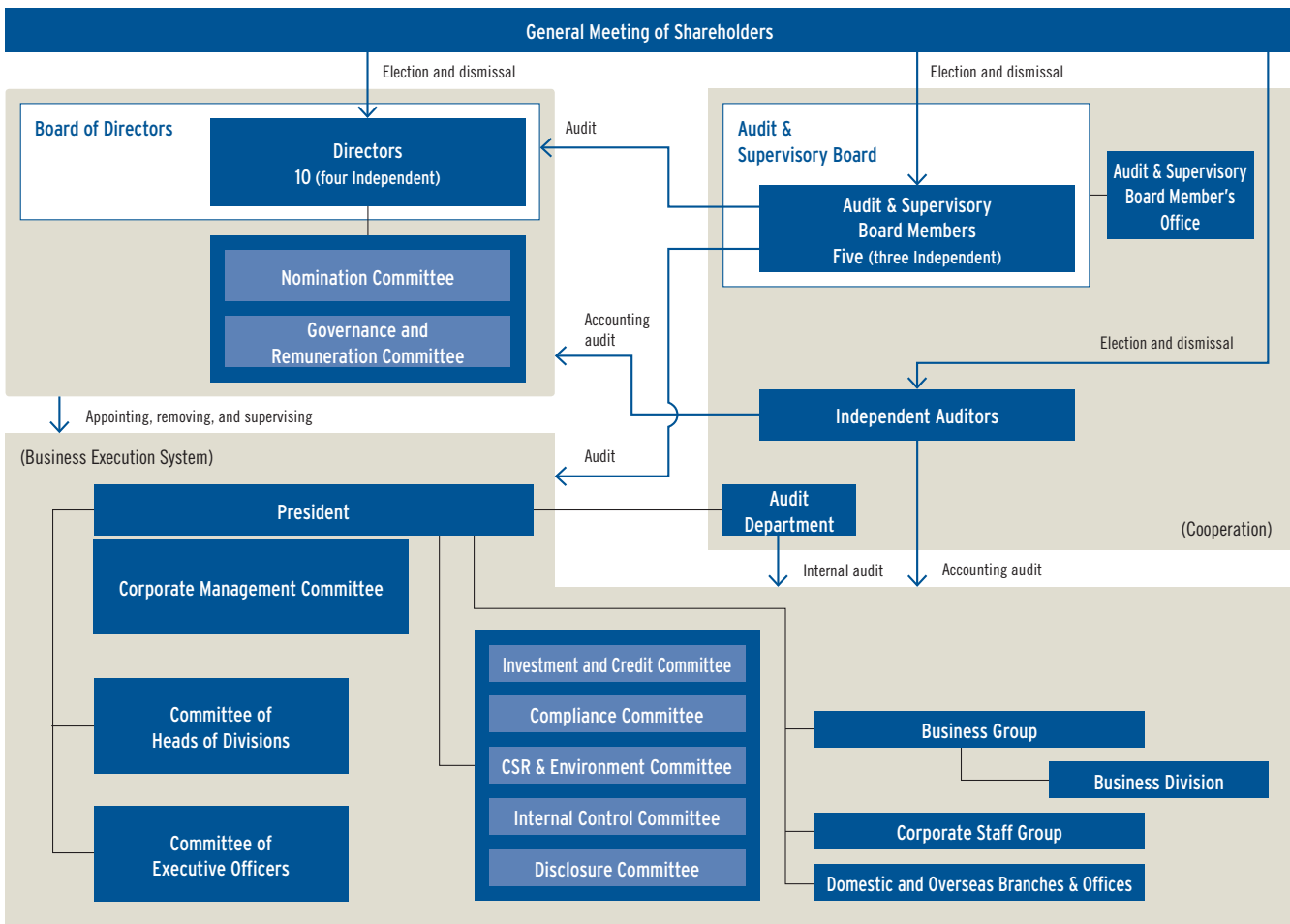
### Audit & Supervisory Board

As a company with a corporate audit governance system, the Audit & Supervisory Board Members at Marubeni are responsible for auditing directors in the execution of their duties by attending important meetings, such as the Board of Directors, and by monitoring business activities and financial conditions in accordance with the auditing policies and plans set by the Audit & Supervisory Board. The Audit & Supervisory Board Members have monthly meetings with the independent auditors to exchange information and opinions on

auditing plans, the progress of auditing activities at Marubeni and Group companies, audit results, key points and considerations on earnings results, and accounting audit trends.

The President also holds regular meetings with the Audit & Supervisory Board Members and reports to them on business performance. Other directors, division COOs, and general managers from the Corporate Staff Group report to the Audit & Supervisory Board Members each year on business performance.

### Corporate Governance Structure



### Corporate Management Committee

The Corporate Management Committee was established as an advisory committee for the President and comprises five members of the board, including the president, as well as three senior managing executive

officers and one managing executive officer. The committee deliberates substantive matters related to management and operations.

### Committee of Heads of Divisions

The members of the Committee of Heads of Divisions are the President, the representative directors, Chief executive officer (Group CEOs), the division COOs, and regional CEOs and COOs appointed by the President.

They discuss matters pertaining to budgeting, account settlement, and financial planning, as well as other issues relating to the execution of business.

### Committee of Executive Officers

The Committee of Executive Officers comprises 35 executive officers (five of whom are also directors) to announce management policies issued by the President and to discuss financial performance, the results of internal audits, and other issues that affect business execution, and to facilitate the exchange of

information between the oversight function and the implementation function. Keeping communication lines open between the directors and executive officers, independent directors also attend these meetings. Executive officers are selected by the Board of Directors and appointed to one-year terms of office.

### Nomination Committee

The Nomination Committee serves as an advisory body to the Board of Directors, deliberating proposed candidates for appointment as directors and auditors, and reporting its findings to the Board of Directors. Independent executives are the majority of committee members.

#### Nomination Committee

Chair: Takao Kitabata, Director (Independent)  
 Members: Fumiya Kokubu, President and CEO, Member of the Board  
 Kyohei Takahashi, Director (Independent)  
 Takashi Hachoji,  
 Audit & Supervisory Board Member (Independent)

### Governance and Remuneration Committee

The Governance and Remuneration Committee serves as an advisory body to the Board of Directors, deliberating decision-making policies and the suitability of standards regarding remuneration for directors and auditors, and reporting its findings to the Board of Directors. Independent executives are the majority of committee members. The committee also assesses and reviews the Board of Directors as a whole, including the Board's composition and operations, and reports its findings to the Board of Directors.

#### Governance and Remuneration Committee

Chair: Kyohei Takahashi, Director (Independent)  
 Members: Fumiya Kokubu, President and CEO, Member of the Board  
 Hikaru Minami, Managing Executive Officer,  
 Members of the Board  
 Susumu Fukuda, Director (Independent)  
 Shuichi Yoshikai,  
 Audit & Supervisory Board Member (Independent)

### ► Committee Roles and Functions

Marubeni has established various committees designed to enhance corporate governance. A brief description of the principal committees and their respective governance roles is given below.

Committee	Role	Meeting Frequency
Investment and Credit Committee	Projects pending approval, such as investments, are discussed and approved by the Investment and Credit Committee prior to appearing on the Corporate Management Committee's agenda.	Held three times a month in principle
Compliance Committee	The Compliance Committee provides support and guidance with regard to practicing compliance and as such develops, maintains, and manages the Marubeni Group's compliance structure.	Held four times a year and when necessary
CSR & Environment Committee	The CSR & Environment Committee is responsible for discussing and reporting on the Marubeni Group's CSR and environmental protection activities as well as the policies for these activities.	Held when necessary
Internal Control Committee	The Internal Control Committee is responsible for developing and monitoring the enforcement of internal control policies based on the Companies Act as well as drafting revisions when necessary. It also establishes, operates, and verifies the effectiveness of internal control systems for financial reports in accordance with the Financial Instruments and Exchange Act, while also drafting internal control reports.	Held when necessary
Disclosure Committee	The Disclosure Committee creates disclosure policies, ensures that internal systems concerning legally mandated and timely disclosure are in place, and decides the importance and appropriateness of the information targeted for legally mandated or timely disclosure.	Held when necessary
Customs Clearance Supervising Committee	The Customs Clearance Supervising Committee establishes and maintains systems to ensure that the Marubeni Group follows appropriate procedures when importing and exporting and also conducts related internal inspections and training.	Held once a year and when necessary
Security Trade Control Committee	The Security Trade Control Committee establishes and maintains security trade control systems, inspects and approves transactions, and conducts internal audit and training concerning security trade controls.	Held once a year and when necessary

### ➔ Roles and Functions of Independent Directors

Independent Directors offer opinions on business management drawn from their broad experience and high-level perspective, and give advice to better implement corporate governance. Independent Directors attend the meetings of the Board of Directors and the Committee of Executive Officers, including on

an ad hoc basis, making active contributions from the perspective of internal control. Prior to meetings, Independent Directors are provided with agendas and fully briefed on management issues and project execution status.

► Major Activities

Name	Independent Director	Reason for Appointment	Advisory Committee	Biography
Chief Independent Director Takao Kitabata	Y	Mr. Takao Kitabata possesses extensive insight pertaining to economic trends in and outside of Japan, reflecting his career background of important positions in official circles. This has enabled Mr. Kitabata, as Marubeni's Chief Independent Director, to advise management and appropriately monitor business execution from both an objective and expert perspective, including through his active input at meetings of the Board of Directors. Mr. Kitabata is also well versed in corporate governance, and has readily offered opinions on ways to enhance the soundness, transparency and effectiveness of Marubeni management as Chair of the Governance and Remuneration Committee, and as a member of the Nomination Committee. In light of this contribution and the findings of the Nomination Committee, Mr. Kitabata has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Kitabata has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Chairman of Nomination Committee	<p>2006 Vice-Minister of Economy, Trade and Industry of Japan (Retired 2008)</p> <p>2010 Director, Kobe Steel, Ltd. (Current); Appointed Audit &amp; Supervisory Board Member of Marubeni</p> <p>2013 President, Sanda Gakuen Schools (Current)</p> <p>2014 Director, SEIREN Co., Ltd. (Current); Director, Zeon Corporation (Current)</p>
Kyohei Takahashi	Y	Mr. Kyohei Takahashi has exceptional insight gained through a career in corporate management at a multinational corporation. This background has enabled Mr. Takahashi, as an Independent Director, to advise management and appropriately monitor business execution from a practical perspective, including through his active input at meetings of the Board of Directors. Mr. Takahashi is also well versed in corporate governance, and has readily offered opinions on ways to enhance the soundness, transparency and effectiveness of Marubeni management as a member of the Nomination Committee. In light of this contribution and the findings of the Nomination Committee, Mr. Takahashi has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Takahashi has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Nomination Committee  Chairman of Governance and Remuneration Committee	<p>2007 President and Chief Executive Officer (CEO), Showa Denko K.K.</p> <p>2011 Chairman of the Board, Showa Denko K.K.</p> <p>2014 Appointed Audit &amp; Supervisory Board Member of Marubeni</p> <p>2015 Director, Chairman of the Board, Showa Denko K.K.</p> <p>2016 Audit &amp; Supervisory Board Member, Fukoku Mutual Life Insurance Company (Current)</p> <p>2017 Director and Advisor, Showa Denko K.K. (Current)</p>
Susumu Fukuda	Y	Mr. Susumu Fukuda possesses extensive insight pertaining to finance and taxation, reflecting his career background of important positions in official circles, coupled with experience serving as an independent executive at various companies. This has enabled Mr. Fukuda, as an Independent Director, to advise management and appropriately monitor business execution from both an objective and expert perspective, including through his active input at meetings of the Board of Directors, to enhance the soundness, transparency and effectiveness of Marubeni management. In light of this contribution and the findings of the Nomination Committee, Mr. Fukuda has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Fukuda has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Governance and Remuneration Committee	<p>2006 Commissioner of the National Tax Agency (Retired in 2007)</p> <p>2007 Vice-Chairman, The General Insurance Association of Japan</p> <p>2008 Assistant Chief Cabinet Secretary</p> <p>2012 Chief Director, Japan Real Estate Institute (Current)</p> <p>2015 Member of National Tax Council, Ministry of Finance (Current)</p> <p>2015 Audit &amp; Supervisory Board Member, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (Current)</p> <p>2016 Appointed Independent Director of Marubeni</p>
Yuri Okina	Y	Ms. Yuri Okina has exceptional insight gained through years of research on economic and financial conditions as part of a think tank, has served as an Independent Executive at various companies, and possesses experience rooted in a broad spectrum of activities as a government member of Japan's Industrial Structure Council, Finance Council and Tax System Research Committee. Accordingly, we believe that this background will allow Ms. Okina to advise management and appropriately monitor business execution from both an expert and multifaceted perspective. In light of this anticipated contribution and the findings of the Nomination Committee, Ms. Okina has been named by the Board of Directors as a new candidate for Independent Director. Moreover, Ms. Okina has no conflicts with the interests of general shareholders represented by her present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that she fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.		<p>2006 Counselor, The Japan Research Institute, Limited</p> <p>2008 Director, Nippon Yusen Kabushiki Kaisha</p> <p>2013 Director, Seven Bank, Ltd.</p> <p>2014 Director, Bridgestone Corporation (Current)</p> <p>2014 Vice Chairman, The Japan Research Institute, Limited (Current)</p> <p>2017 Appointed Independent Director of Marubeni</p>

## ➔ Roles and Functions of Independent Audit & Supervisory Board Members

Independent Audit & Supervisory Board Members monitor the directors' execution of duties and draw upon their wealth of professional expertise to offer various recommendations and advice to enhance the Audit & Supervisory Board. Independent Audit & Supervisory Board Members attend meetings of the Audit & Supervisory Board and also the Board of Directors and Committee of Executive Officers. In

addition, the Independent Audit & Supervisory Board Members meet with the President on a regular basis, as well as with members of the Audit Department, Corporate Accounting Department, and independent auditors, for an exchange of opinions. They receive audit-related information from Full-time Audit & Supervisory Board Members, which they use in the execution of their auditing duties.

### ▶ Major Activities

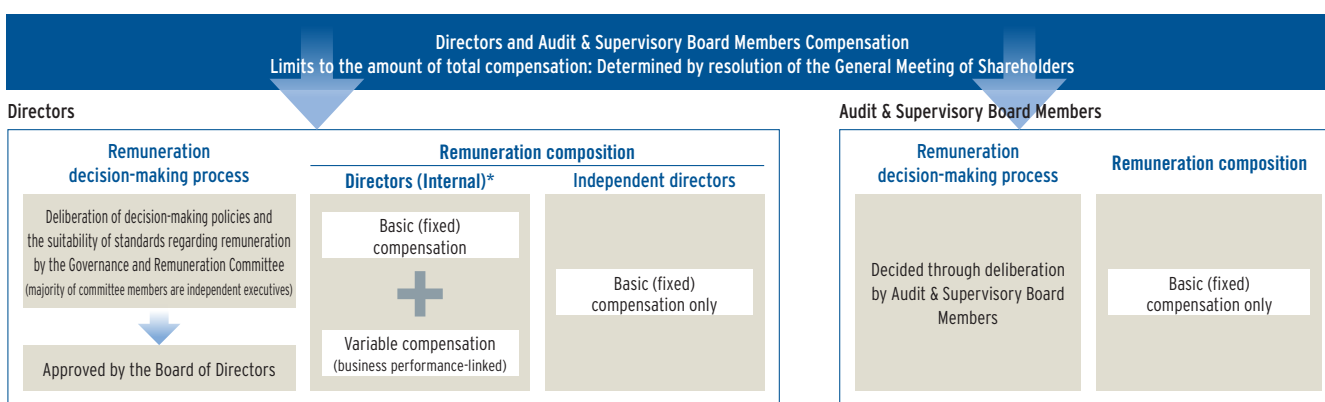
Name	Independent Director	Reason for Appointment	Advisory Committee	Biography
Shuichi Yoshikai	Y	Mr. Shuichi Yoshikai was selected for the position of independent Audit & Supervisory Board Member as it was determined that he could contribute to enhancing Company audits by utilizing his highly professional insight and calling on the extensive experience in the legal field that underpins this insight. No personal, transaction or capital relationships exist between Mr. Yoshikai and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>2006 Administrative Judge, Tokyo High Court</li> <li>2009 Chief Judge, Yokohama District Court</li> <li>2010 Chief Judge, Tokyo District Court</li> <li>2011 President, Osaka High Court</li> <li>2012 President, Tokyo High Court (Retired in 2013)</li> <li>2013 Admitted to Tokyo Bar Association (Current)</li> <li>2016 Appointed Audit &amp; Supervisory Board Member of Marubeni</li> <li>2017 Audit &amp; Supervisory Board Member, The Shoko Chukin Bank, Ltd. (Current)</li> </ul>
Takashi Hatchoji	Y	Mr. Takashi Hatchoji has extensive insight cultivated through a career in corporate management at a multinational corporation, coupled with experience serving as an independent executive at another company. Accordingly, while bringing a practical focus to bear, we believe that Mr. Hatchoji will suitably fulfill his duties as an Independent Audit & Supervisory Board Member, contributing to improved corporate governance and efforts to enhance monitoring and audits at Marubeni from a neutral and objective perspective. In light of this anticipated contribution, the consent of the Audit & Supervisory Board and the findings of the Nomination Committee, Mr. Hatchoji has been named by resolution of the General Meeting of Shareholders as an Independent Audit & Supervisory Board Member. No personal, transaction or capital relationships exist between Mr. Hatchoji and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Nomination Committee	<ul style="list-style-type: none"> <li>2006 Representative Executive Officer, Executive Vice President, Hitachi, Ltd.</li> <li>2007 President and Representative Director, Hitachi Research Institute</li> <li>2009 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd.</li> <li>2011 Director, Hitachi, Ltd.</li> <li>2015 Director, Nitto Denko Corporation (Current)</li> <li>2017 Director, Konica Minolta, Inc. (Current); Appointed Independent Audit &amp; Supervisory Board Member of Marubeni</li> </ul>
Tsuyoshi Yoneda	Y	Mr. Tsuyoshi Yoneda has a wealth of experience from a career of important positions in official circles, as well as exceptional insight grounded in that experience. He also has experience serving as an Independent Executive at another company. Consequently, we believe that Mr. Yoneda will suitably fulfill his duties as an Independent Audit & Supervisory Board Member, contributing to improved corporate governance and efforts to enhance monitoring and audits at Marubeni from a neutral and objective perspective. In light of this anticipated contribution, the consent of the Audit & Supervisory Board and the findings of the Nomination Committee, Mr. Yoneda has been named by resolution of the General Meeting of Shareholders as an Independent Audit & Supervisory Board Member. No personal, transaction or capital relationships exist between Mr. Yoneda and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.		<ul style="list-style-type: none"> <li>2007 Director-General, National Police Agency</li> <li>2009 Commissioner-General's Secretariat, National Police Agency</li> <li>2011 Deputy Director-General, National Police Agency</li> <li>2013 Commissioner General, National Police Agency (Retired in January 2015)</li> <li>2015 Director, Japan Exchange Group, Inc. (Current)</li> <li>2017 Appointed Independent Audit &amp; Supervisory Board Member of Marubeni</li> </ul>

## ➔ Executive Compensation

Compensation for directors and Audit & Supervisory Board Members is decided based on limits to the amount of total compensation for directors and Audit & Supervisory Board Members determined by resolution of the General Meeting of Shareholders. Compensation for directors is decided by resolution of the Board of Directors following a process of deliberation of decision-making policies and the

suitability of standards regarding remuneration by the Governance and Remuneration Committee, which reports its findings to the Board of Directors. Independent executives are the majority of committee members. Compensation for individual Audit & Supervisory Board Members is decided through deliberation by the Audit & Supervisory Board Members.

### ▶ Executive Compensation Calculation Method



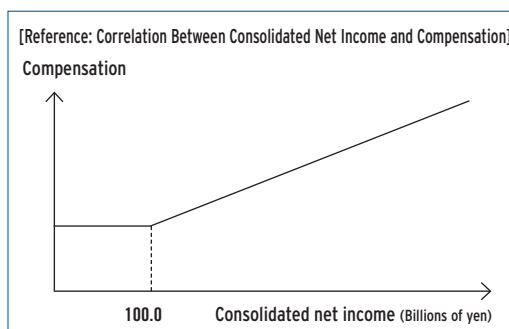
\*Stock options are issued within the limits described above.

## ➔ Compensation for Directors

### ▨ Directors (Internal)

Basic compensation for Directors (excluding Independent Directors) comprises a fixed amount of basic compensation based on the role or position of individual directors, and performance-based compensation pegged to the consolidated business performance of the preceding fiscal year. The basic compensation portion is decided based on individual evaluation that incorporates quantitative and qualitative metrics. Performance-based compensation is calculated based on the following formula:

- Consolidated net income for the previous fiscal year (profit attributable to owners of the parent) less than ¥100.0 billion: 0
- Consolidated net income for the previous fiscal year of ¥100.0 billion or more: Base amount times a multiplier that increases proportionally in step with consolidated net income



For a portion of compensation, the Company provides stock options as a stock-based form of remuneration. In this way, directors share the benefits and risks of stock price fluctuations with shareholders, while having an incentive to contribute more than ever before to efforts to improve stock price and corporate value.

### ▨ Independent Directors

Compensation for Independent Directors, who are independent from business execution, consists solely of basic compensation (no performance-based compensation).

## ➡ Compensation for Audit & Supervisory Board Members

Compensation for Audit & Supervisory Board Members, who are independent from business execution, consists solely of basic compensation (no performance-based compensation).

### ▶ Total Compensation Paid to Directors and Audit & Supervisory Board Members for the Year Ended March 31, 2017

Position	Total Amount of Compensation		Number of Recipients
	Cash Compensation	Stock options	
Directors (excluding independent directors)	¥399 million	¥54 million	9
Audit & Supervisory Board Members (excluding Independent Audit & Supervisory Board Members)	¥63 million	—	2
Independent executives	¥78 million	—	7
<b>Total</b>	<b>¥540 million</b>	<b>¥54 million</b>	<b>18</b>

Notes:

- Rounded to the nearest million.
- Limits to the amount of executive compensation determined by a resolution of the General Meeting of Shareholders are as follows: "Annual pool not to exceed ¥1,100 million for directors (including pool of ¥60 million for independent directors)" (at the 92nd General Meeting of Shareholders held on June 24, 2016) and "Monthly pool not to exceed ¥12 million for Audit & Supervisory Board Members" (at the 88th General Meeting of Shareholders held on June 22, 2012). In addition, based on a resolution of the 92nd General Meeting of Shareholders held on June 24, 2016, the Company introduced a stock option system for directors (excluding independent directors) with an "Annual pool not to exceed ¥220 million for directors."
- The Company submitted a resolution to abolish its system of retirement bonuses for executives at the conclusion of the 83rd General Meeting of Shareholders, held on June 22, 2007, with abolishment accompanied by the decision to close out and pay any remaining retirement bonuses associated with the system. The Company will make these payments to directors and Audit & Supervisory Board Members who are eligible under the resolution, paying directors when they have retired both from their directorship and any held post as executive officer, and paying Audit & Supervisory Board Members upon their retirement. In the year ended March 31, 2017, retirement bonuses were not paid to the directors and Audit & Supervisory Board Members who are eligible to receive a final payment in relation to the abolition of the retirement bonuses plan.

### ▶ Individuals to whom the Total Amount of Compensation Paid Exceeded ¥100 Million

Name	Position	Company Category	Total Amount of Compensation		
			Cash Compensation	Stock options	
Fumiya Kokubu	Director	Issuing company	¥91 million	¥14 million	¥105 million

## ➡ Effectiveness Evaluation of the Board of Directors

The effectiveness evaluation of the Board of Directors conducted by Marubeni for the fiscal year ended March 31, 2017 is detailed below.

### I Evaluation Framework and Methodology

#### 1. Subjects

All Directors (10 persons) and Audit & Supervisory Board Members (5 persons)

\* For individuals in these roles as of December 2016

- ④ Qualifications and knowledge of (Board of) Directors
- ⑤ Deliberations by the Board of Directors
- ⑥ Relationship and communication with shareholders
- ⑦ Responsive to stakeholders other than shareholders

#### 2. Implementation Method

Questionnaire (responses are anonymous)

\*Outside specialist utilized for implementation

#### 4. Evaluation Process

Based on the specifics of questionnaire responses, deliberations were conducted by the Board of Directors in reference to evaluation and review of the entire Board by the Governance and Remuneration Committee regarding Board composition, operations and other matters.

#### 3. Items for Evaluation

- ① Role and accountability of the Board of Directors
- ② Relationship between the Board of Directors and managers/management team
- ③ Institutional design/composition of the Board of Directors

## II Summary of Evaluation Results

The Board of Directors conducted deliberations in reference to evaluation and review by the Governance and Remuneration Committee, confirming the overall effectiveness of the operations of the Board of

Directors as a whole. This evaluation and review will now serve as a point of reference for efforts by Marubeni to maintain and improve the effectiveness of the Board of Directors.

### ➔ Internal Control

#### Basic Internal Control 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 policy 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 in the year ended March 31, 2016, we submitted our internal control report for the year ended March 31, 2017, which concluded that, "internal control is effective."

#### Basic Internal Control Policy (Key Items)

- ① System necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
- ② Systems to preserve and manage information related to the execution of duties by Directors
- ③ Internal regulations for the risk management of losses and other related systems
- ④ Systems necessary to ensure the efficient execution of duties by Directors
- ⑤ Systems necessary to ensure the appropriateness of operations by the Group
- ⑥ Matters concerning employees assisting the duties of Audit & Supervisory Board Members, and matters concerning the independence of these employees from Directors
- ⑦ Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems for reports to Audit & Supervisory Board Members
- ⑧ Other systems necessary to ensure effective audits by Audit & Supervisory Board Members

Please refer to the corporate website for information on the Company's basic internal control policy.

[http://www.marubeni.com/ir/reports/business\\_report/data/93\\_notice\\_en\\_full.pdf](http://www.marubeni.com/ir/reports/business_report/data/93_notice_en_full.pdf) (Pages 43-44)

### ➔ Risk Management

In the course of its diversified business activities, Marubeni conducts risk management activities which address risk from a variety of perspectives: macro and

micro, as well as qualitative and quantitative. Increased volatility in exchange rates, natural resource prices, and other parameters have continued unabated.

Under these conditions, the Company is promoting integrated risk management, measuring the maximum level of risk on a consolidated basis and limiting it to within the scope of total equity. By conducting

thorough screening and follow-up for individual projects and further enhancing internal control systems, the Company has established a structure that minimizes losses due to unforeseen events.

### ► Marubeni's Risk Management Approach



### ▨ Integrated Risk Management

Marubeni operates in a diversified range of industries and regions. Therefore, the Company has established an integrated risk management system which not only focuses on the micro level of the individual risk factors, but also takes a macro view of the various factors that affect the entire Marubeni Group. Integrated risk management takes a broad overview of the assets for the entire Group, gauging risk based on the exposure of these assets to each specific risk factor—country risk, industry risk, credit risk for each client, and so on. These risks form the basis for calculating Value at Risk (VaR), which takes into account dispersion effects and correlations to calculate maximum risk. VaR is used as a primary benchmark for our portfolio management.

Integrated risk management looks at various risk factors in a comprehensive way to enable managers to understand risk as a single monetary value. By using

computer simulations that reflect the latest information, Marubeni has made it possible to grasp the degree of risk in more detail than ever before. We calculate PATRAC\*<sup>1</sup> based on risk assets—a value based on the maximum decline in the value of Group assets as quantified by the Company. PATRAC indicates profit after tax following adjustment for risk. Marubeni has adopted PATRAC as an important management indicator, using it as a method of screening proposals requiring approval. Each Portfolio Unit\*<sup>2</sup> constantly takes steps to adjust its portfolio in a flexible manner, seeking to improve PATRAC in order to achieve maximum returns for a given level of risk, enabling Marubeni to achieve steady and balanced earnings growth.

\*1 PATRAC: Profit After Tax less Risk Asset Cost Marubeni's proprietary management index for measuring the degree to which the return on a risk exceeds a minimum target

\*2 Portfolio Unit: Unit of business management linking business departments and Group companies by business domain

### ▨ Risk Management System

For important individual proposals, such as those relating to investment or financing, drafts are first circulated and discussed by the Investment and Credit Committee and the Corporate Management Committee before the President makes a decision.

The Board of Directors is also involved in decision-making on issues of substantial importance. Following implementation, each business department manages its own risk exposure and, for important cases,

periodic status reports are made to the Investment and Credit Committee, Corporate Management Committee, and the Board of Directors.

In addition, a corporate planning and strategy department was placed under direct control of the Group CEO, the highest authority with regard to all business groups, thereby establishing a risk management system that has been optimized to the business models of each business group.

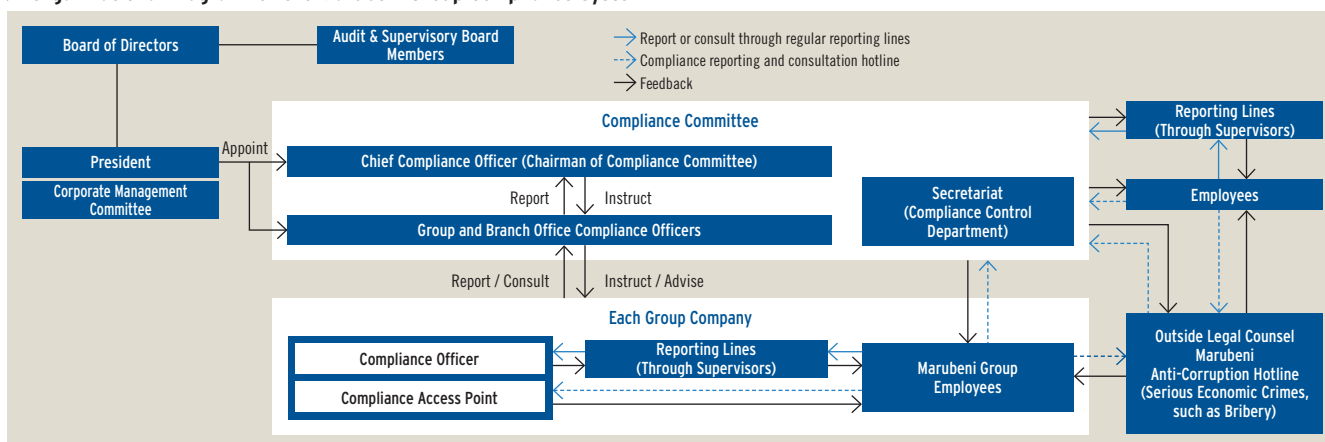
## ➔ Compliance

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 truest sense, compliance means corporations—as 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.

### ► Organizational Diagram for the Marubeni Group Compliance System



### 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 in all their daily work activities.

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 June 2017, the Compliance Manual, now in its 14th edition, is available in English as well as Japanese, and can be viewed on the Company's website.

### Compliance Education and Training

The Marubeni Group conducts education and training programs 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.