

# Executive Summary

## Our Initiatives for Sustainability in the fiscal year ended March 31, 2022

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# Sustainability for the Marubeni Group

Our Company Creed is “Fairness, Innovation and Harmony.” We are proudly committed to being a corporate group that contributes to the development of the economy and society as well as the conservation of the global environment through fair and upright corporate activities in accordance with this Company Creed. This is the Management Philosophy of the Marubeni Group. Sustainability is then about putting this Management Philosophy into practice.

We have identified human capital, management foundation, and corporate governance as the three most important elements for implementing sustainability as our “Fundamental Materiality.” In addition, we have identified climate change, sustainable forestry, human rights and co-development with communities, and sustainable and resilient value chains as the four elements of the “Environmental and Social Materiality” that we must focus on to address environmental and social issues.

We will seek to maximize corporate value by creating environmental and social value based on activities that sincerely address Environmental and Social Materiality, raising not only financial but also non-financial value, and converting that non-financial value into financial value. We will also seek to further enhance the resilience of management by appropriately responding to changes in the environment with a focus on sustainability, the foundation of the Marubeni Group's value creation narrative.

- > [Click here to view more details on Our Views on Sustainability](#)
- > [Click here to view more details on Materiality for Marubeni Group](#)



Marubeni Group's Sustainability Conceptual Diagram

# The Long-Term Vision on Climate Change

## The ideals that Marubeni Group aims for

To generate a positive impact on the climate change and grow as a corporate group

① Achieve net-zero GHG emissions by 2050

② Contribute to low-carbon/decarbonization through our businesses

### Net ZERO Emissions

#### ● Action Plans towards 2030



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)



Reduce by one-fifth the CO<sub>2</sub> emissions of FYE 3/2020, about 36 million tons of CO<sub>2</sub>, emitted by associate investees of the Marubeni Group (Scope 3, Category 15 (Investments))



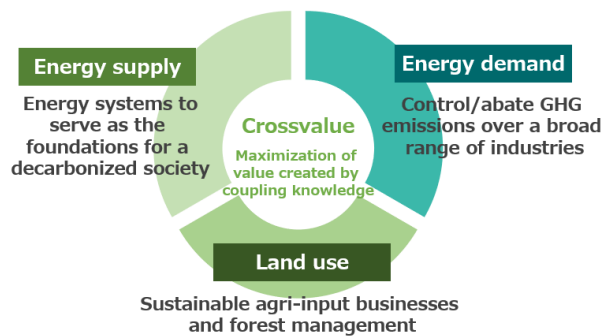
Accelerate our goal of cutting FYE 3/2019 coal-fired power net generation capacity in half by 2030 to 2025, aim for zero capacity by 2050.



Expand the volume of carbon stocks in our forests and expand the sequestered volume of carbon through the multi-purpose utilization of afforested assets

Try to abate our FYE 3/2020 emissions by one-fifth over the total scope covered by our net-zero GHG emissions goal

### Positive Impact



● Formulated our “Green Strategy” generating positive impact and improving corporate value in Medium-Term Management Strategy GC2024(P9)

We disclosed the Long-Term Vision on Climate Change in March 2021.

Our long-term vision envisages two pillars: first, to achieve net-zero GHG emissions by the Marubeni Group by 2050, we formulated Action Plans heading towards 2030 to abate our FYE 3/2020 emissions by one-fifth over the total scope covered by our net-zero GHG emissions goal; second, contribute to the transition to a low-carbon or decarbonized society through business activities. By proceeding with both at the same time, we aim to generate positive impact on climate change and grow as a corporate group.

“Positive Impact,” the second pillar, identified energy supply, energy demand, and land use as key opportunities for the Company. In our Medium-Term Management Strategy GC2024, announced in February 2022, we formulated a “Green Strategy” to further embody our positive impact. In Green Strategy, we contribute to various social issues, not only climate change, but also bio-diversity, water resources, circular economy, furthermore, human rights and supply chain, aiming to generate Positive Impact to our society.

➤ [Click here to view more details on Climate Change](#)

# Contributions to Measures Addressing Climate Change

## 1 Climate Change-Related Metrics and Targets

Metrics and Targets	Progress in FYE 3/2022		Reference in FYE 3/2021	
<b>Cut Group's coal-fired power net generation capacity</b> 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. <b>2.6GW</b> (as of March 31, 2022)		Approx. <b>2.6GW</b> (as of March 31, 2021)	
<b>Expand the ratio of power generated by renewable energy source</b> in Group's own net power supply to approx. 20% by 2023	Approx. <b>15%</b> (as of March 31, 2022)		Approx. <b>15%</b> (as of March 31, 2021)	
<b>Achieve net-zero GHG emissions</b> by 2050  By 2030: (1) <b>Reduction of 50% in Scope 1 &amp; 2 CO<sub>2</sub> emissions</b> from FYE 3/2020 level (about 1 million t-CO <sub>2</sub> ) (2) <b>Reduction of 20% in Scope 3 CO<sub>2</sub> emissions (Category 15:Investment)</b> from FYE 3/2020 level (estimated CO <sub>2</sub> emissions about 36 million t-CO <sub>2</sub> *)  * 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.)	Scope 1 & 2 CO <sub>2</sub> emissions (FYE 3/2021)	Approx. <b>1.08 million t-CO<sub>2</sub></b> (Including non-energy related GHG emission)	Scope 1 & 2 CO <sub>2</sub> emissions (FYE 3/2020)	Approx. <b>1.08 million t-CO<sub>2</sub></b> (Excepting for non-energy related GHG emission)
		Approx. <b>0.97 million t-CO<sub>2</sub></b> (Excepting for non-energy related GHG emission)		
	Scope 3 CO <sub>2</sub> emissions (Category 15: Investment) (FYE 3/2021)	Approx. <b>25 million t-CO<sub>2</sub></b> [Breakdown] <u>Power generation</u> -Approx. 21 million t-CO <sub>2</sub> <u>Resource projects</u> -Approx. 3 million t-CO <sub>2</sub> <u>Other businesses</u> -Approx. 1 million t-CO <sub>2</sub>	Scope 3 CO <sub>2</sub> emissions (Category 15: Investment) (FYE 3/2020)	Approx. <b>26 million t-CO<sub>2</sub></b> [Breakdown] <u>Power generation</u> -Approx. 22 million t-CO <sub>2</sub> <u>Resource projects</u> -Approx. 3 million t-CO <sub>2</sub> <u>Other businesses</u> -Approx. 1 million t-CO <sub>2</sub>

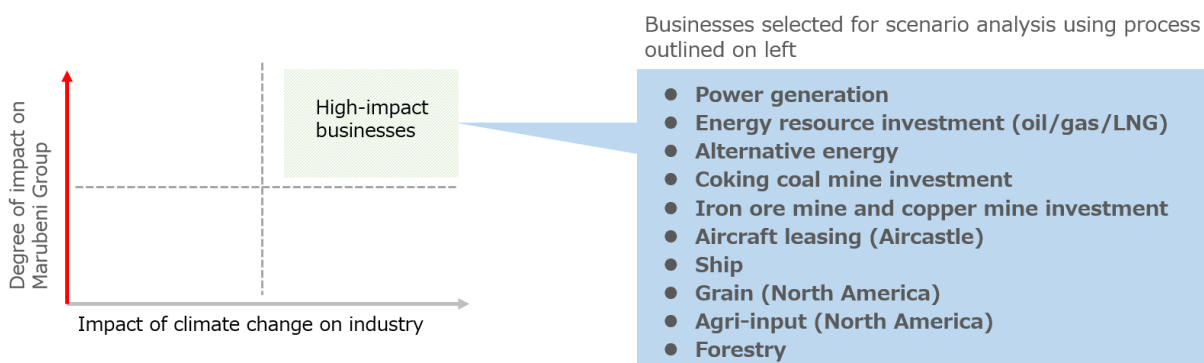
### Initiatives for abatement of GHG emissions

- Scope 1 · 2** **[Marubeni Corporation]** Starting with the supply of 100% renewable electricity to Marubeni's new head office building, we will make the electricity purchased at all domestic branches and offices virtually carbon-neutral from FYE 3/2022. (Assumed reduction: approximately 7,200 tons of CO<sub>2</sub>)  
**[Group Companies]** Promote the shift to renewable energy for purchased electricity. Plan to promote energy conversion of major facilities and decarbonize owned vehicle fleet (change to EVs).
- Scope 3** Closely monitor policy trends in countries/regions generating emissions. See P7 for reduction efforts in coal-fired power generation projects.

## 2 Disclosure in Line with the Recommendations of the TCFD

Recognizing the importance of climate-related financial disclosure, the Marubeni Group affirmed the TCFD\* recommendations in February 2019 and is working to comprehend "opportunities" and "risks" brought by climate change and enhance its information disclosures. In disclosure in FYE 3/2022, we perform scenario analysis to study 10 businesses that will be relatively more susceptible to the impacts of climate change and degree of impact on Marubeni Groups (scale of assets/earnings, etc.). We use this process to consider related business conditions, risks and opportunities under baseline and transition scenarios.

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



➤ [Click here to view more details on Disclosure in Line with the Recommendations of the TCFD](#)

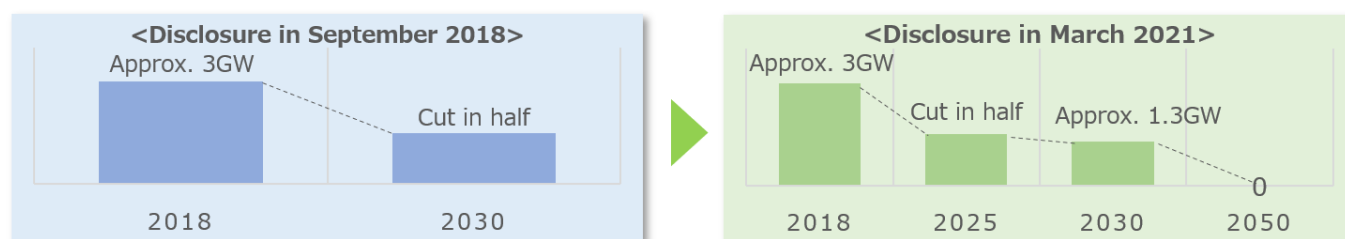
# Initiatives for Coal-fired Power Generation Business

- After release of our business policies\* in September 2018, taking into account the progress made so far in pulling out of coal-fired power generation business, in the Long-term Vision on Climate Change, we will accelerate our goal of cutting our FYE 3/2019 coal-fired power net generation capacity in half by 2030 to 2025, and aim for capacity of approximately 1.3 GW in 2030, and further, aim for zero capacity by 2050.

**\*Business policies in relation to our coal-fired power generation business and renewable energy generation business (Sept. 2018)**

- ① Marubeni has no longer entered into any new coal-fired power generation since Sept. 2018.  
 ② By 2030, Marubeni will cut its FYE 3/2019 coal-fired power net generation capacity of approximately 3GW in half.  
 ③ Strive to expand the ratio of power generated by renewable energy sources in its own net power supply to approximately 20% by 2023.

## Group's coal-fired power net generation capacity



- For already-contracted coal-fired power generation projects, consider management policies of power plants to fulfill our responsibilities to host countries/other stakeholders
- At the same time, accelerate the Marubeni Group's decarbonization process by contributing to energy policies of host countries aimed at achieving decarbonization

### Marubeni Group's Initiatives

The following will be considered while continuing to secure required power sources during the host country's transition period

Introduction of renewable energy power sources utilizing excess space on the sites of Group-owned power plants, contributing to reducing dependence on coal-fired power generation by increasing the ratio of renewable energy in each host country

Abate GHG emissions through biomass and ammonia co-combustion

Implement proactive decarbonization/low-carbonization measures at owned assets by making maximum use of private sector funds such as transition funds and programs that support coal-free transition in developing economies provided by OECD member countries, international financial institutions, etc.

In September 2018, Marubeni announced the business policies in relation to coal-fired power generation business. In this document, it was announced that: (1) the Company would no longer enter into any new coal-fired power business; (2) By 2030, Marubeni will cut its FYE 3/2019 coal-fired power net generation capacity in half.

Following this, in March 2021, the Company announced that the timetable of the halving of net generation capacity would be brought forward five years, from 2030 to 2025. We are currently on track to do achieve this. After 2025, the policy will remain unchanged as we advance as far as possible toward achieving approximately 1.3 GW by 2030 and aim for zero capacity by 2050.

Many nations made commitments to reach carbon neutrality in COP26 held in November 2021. In this context, the Company will continue to consider its management policies regarding coal-fired power generation projects that have already been contracted in order to fulfill its responsibilities to host countries and other stakeholders. At the same time, the Marubeni Group will accelerate its decarbonization process by contributing to energy policies of host countries aimed at achieving decarbonization.

While monitoring changes and trends in the market, we intend to aggressively promote these initiatives as we strive to make the greatest possible contribution to our own GHG abatements and to the decarbonization of the world.

# Initiatives to Expand the Volume of Carbon Stocks and Create Negative Emissions in Forestry Business

## ① Initiatives to expand the volume of carbon stocks in existing forestry resources

### ■ Conclusion of a strategic partnership agreement for an afforestation project in Indonesia, Nippon Paper Industries Co., Ltd. and our plantation company, PT. Musi Hutan Persada (PT. MHP)

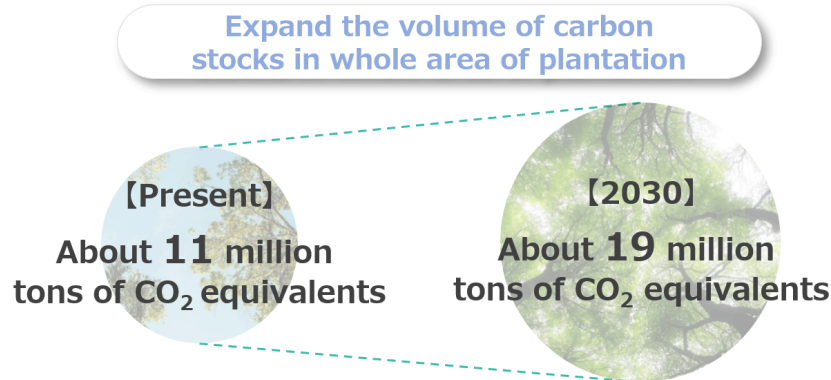
In March 2022, Marubeni Corporation and Nippon Paper Industries Co., Ltd. signed a strategic partnership agreement aimed at increasing forest growing stock through Nippon Paper Industries' technical guidance to PT. MHP, an Indonesian plantation company wholly owned by Marubeni Corporation.

Under the terms of the agreement, Marubeni will accept technical employees at PT. MHP starting in FYE 3/2023 to provide support and guidance on Nippon Paper Industries' proprietary afforestation technologies, including genetic analysis technology, breeding/propagation technology, pulp material evaluation technology, and plantation management know-how, in order to improve forest stock per unit area.

> [Click here to view more details on our initiatives](#) 

### ■ Organize the “Marubeni Forest Innovation Business Contest” in Western Australia

Starting in June 2021, we began working with WA Plantation Resources Pty., Ltd. (WAPRES), a subsidiary that operates a forest plantation business in Australia, to conduct the Marubeni Forest Innovation Business Contest. WAPRES invited the public to submit new ideas for solving social issues through the use of forest resources based on the company's plantation as a platform. 39 applications from 11 countries were received and one was selected after the selection process. The projects selected for this contest are scheduled to be demonstrated on site starting in FYE 3/2023.



## ② Consider projects for forest-derived negative emission

### ■ Indonesia/PT. TEL BECCS project

Marubeni signed a memorandum of understanding (MOU) in February 2022 with PT. Pertamina (Persero), an Indonesian state-owned oil company, for the joint development of decarbonization projects in Indonesia.

Through this MOU, we will work on the joint development of a wide range of decarbonization projects, including a biomass-derived carbon capture and storage business generated by PT. Tanjungenim Lestari Pulp and Paper (PT. TEL), our pulp manufacturing company in Indonesia, the so-called Bio-energy with Carbon Capture and Storage, or 'BECCS', project, the creation of carbon credits, and biomass fuel production business.

> [Click here to view more details on our initiatives](#)

### ■ Consider of forest management and afforestation projects aiming for carbon dioxide sequestration

We have begun to consider forest projects for the purpose of carbon dioxide sequestration, with an eye to expanding the market as a result of the development and spread of the forest-based carbon credit system, and we plan to explore the use of forest funds in the future.

# Medium-Term Management Strategy GC2024 “Green Strategy”

In our Medium-Term Management Strategy, GC2024, which we released in February 2022, we have raised our Green Strategy as one of our basic policies.

Sustainability initiatives such as decarbonization, the transition to a circular economy, protection of water resources and bio-diversity, promotion of human rights, and so on, are related to social issues that need to be solved and is an obligation for all companies to fulfill. By collaborating with customers, partners, and other stakeholders to solve such social challenges, we ultimately aim to enhance our corporate value.

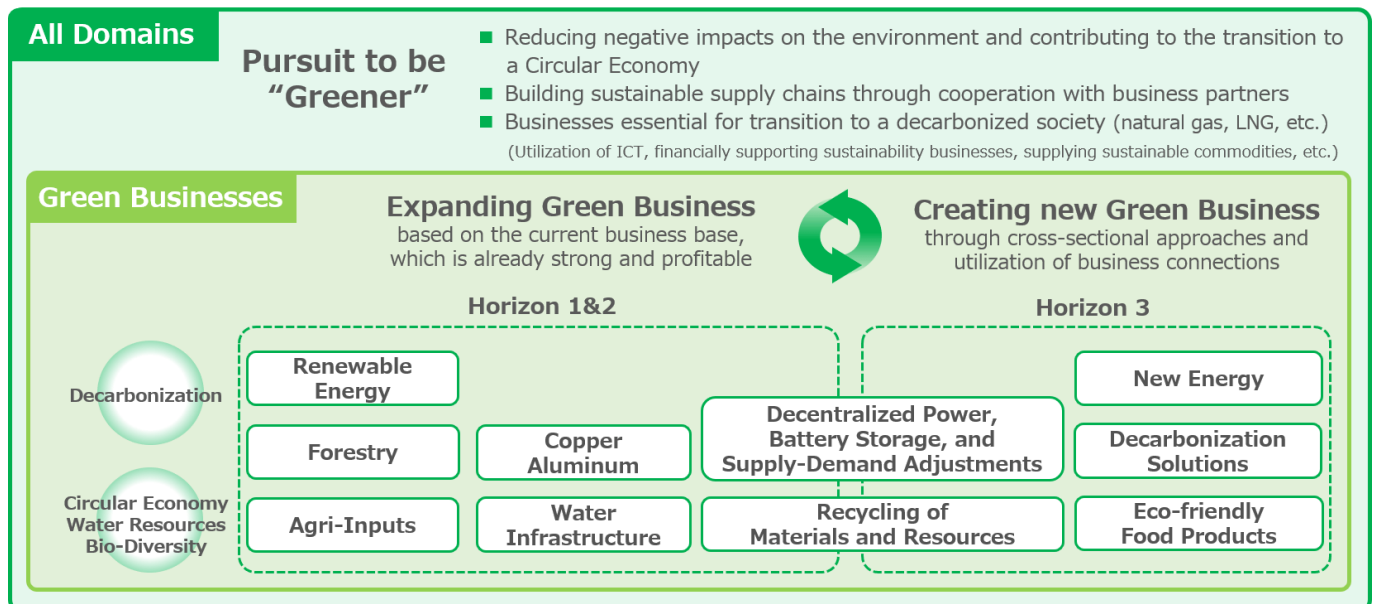
We aspire to become the forerunner in green business by “strengthening our green business” and “promoting the greening in all business domains.” Firstly, we will focus on “strengthening our green businesses,” including areas such as renewable energy, forestry, agri-input, copper/aluminum, and water infrastructure. We already have solid business foundations and high competitiveness and profitability in these areas, and we will continue to focus on allocating capital to expand and strengthen our business.

Furthermore, our advantage lies in our ability to leverage our existing business base and network, and by promoting Group-wide cross-sectional initiatives, and we aim to create new green businesses in areas such as new energy, decentralized power/battery storage and supply-demand adjustments, recycling of materials and resources, decarbonization solutions, and eco-friendly food products by utilizing our advantages.

➤ [Click here to view more details on Medium-Term Management Strategy GC2024](#)

By “strengthening our green business\*” and “promoting the greening in all business domains,” we aspire to become the

## Forerunner in Green business



\*Green Business : Sustainable businesses which have positive effects on the environment such as decarbonization and the circular economy, and adjacent businesses which supply those businesses with non-substitutable materials, etc.

# Initiatives for Respecting Human Rights

Human rights and the supply chain constitute categories of our Environmental and Social Materiality, and we will continue to strengthen this area as we consider it a prerequisite for the promotion of our Green Strategy (See P9.)

Our approach to human rights is putting into practice the three areas of (1) establishment of a human rights policy, (2) human rights due diligence, and (3) grievance mechanisms.




As part of this approach, from FYE 3/2021 to FYE 3/2022, we notified our basic policy on human rights to approximately 20,000 Tier 1 suppliers in order to inform and alert suppliers and contractors engaged by Marubeni Corporation and our consolidated subsidiaries to the policy. We intend to take steps to respond to this issue as part of our sustainability efforts in the supply chain.

As for human rights due diligence, we anticipate that the trend toward mandatory human rights due diligence will spread, particularly in Europe, and we are enhancing our responses in anticipation of this trend.

After identifying sectors, commercial stages, and regions with salient human rights risks, we intend to continue strengthening our efforts to implement risk mitigation measures and actions for redress, as well as to create mechanisms to support these.

➤ [Click here to view more details on Respect for Human Rights](#)

Ahead of **guidelines** to be developed by the Japanese government, as well as **human rights due diligence legislation** in Europe and other countries, we are enhancing our response as follows.

<p><b>1 Establish a human rights policy</b></p> 	<ul style="list-style-type: none"> <li>• FYE 3/2019: we formulated the “<b>Marubeni Group Basic Policy on Human Rights</b>” and revised the “<b>Basic Supply Chain Sustainability Policy.</b>”</li> <li>• FYE 3/2021- FYE 3/2022: communicate <b>and promote awareness to suppliers and contractors</b> of consolidated subsidiaries (notice a total of <b>approximately 20,000 suppliers and contractors</b> of “Marubeni Group Basic Policy on Human Rights” (see P12)</li> </ul>
<p><b>2 Establish and conduct human rights due diligence (human rights DD)</b></p> 	<ul style="list-style-type: none"> <li>• <b>Assessment of sustainability risk and mapping</b> to establish the process of human rights DD</li> <li>• Conduct human rights DD on <b>all new projects</b> (covers <b>100%</b> continuously)</li> <li>• <b>Conduct human rights DD on existing projects</b> through surveys for consolidated subsidiaries</li> <li>• <b>Expand human rights DD to the supply chain</b> through future surveys of <b>Tier 1 suppliers</b></li> </ul>
<p><b>3 Establish and operate a grievance mechanism</b></p> 	<ul style="list-style-type: none"> <li>• Establish an in-house system for handling human rights complaints as a grievance mechanism; system has been in operation since FYE 3/2022</li> </ul>



- **Identify sectors, commercial stages, and regions that pose salient human rights risks**
- **Implement risk mitigation measures/actions for redress and create mechanisms to support these**



# Initiatives for Supply Chain Management

## ① Expanded and deeper focus on supply chain management



From FYE 3/2020 we commenced engagement to reinforce the sustainability in supply chain. In FYE 3/2021 we conducted sustainability surveys of approximately 200 of our consolidated subsidiaries, which are the “starting point” of our supply chain. From FYE 3/2022, we expand the surveys to Tier 1 (direct) supplier, includes surveys on human rights.

## ② Sustainability Risk in Supply Chain

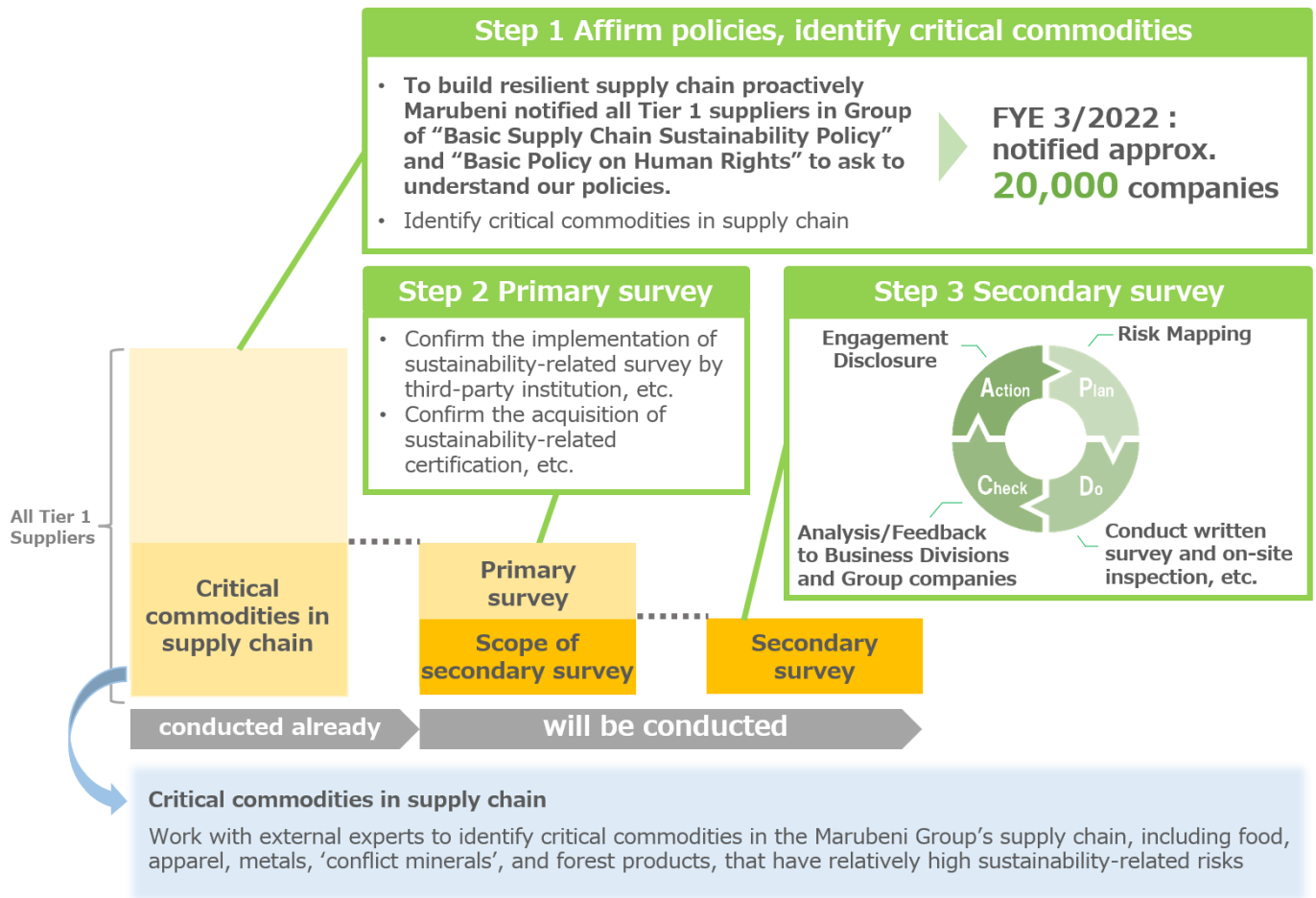
We have identified 27 risk items across the three categories of environmental, health and safety, and social that are relevant to sustainability in the supply chain. Based on these risk assessment items, we are conducting sustainability surveys of consolidated subsidiaries and suppliers, as well as conducting risk analysis for new investments.

### Risk assessment items in business (27 items across 3 categories)

Environmental	Health & Safety	Social
<ul style="list-style-type: none"> <li>Climate change</li> <li>Environmental pollution</li> <li>Bio-diversity</li> <li>Resource management</li> <li>Mitigation measures and administrative procedures</li> </ul>	<ul style="list-style-type: none"> <li>Machine safety</li> <li>Fires and explosions</li> <li>Toxic substance exposure</li> <li>Infection</li> <li>Hazardous operations</li> <li>Mitigation measures and administrative procedures</li> </ul>	<ul style="list-style-type: none"> <li>Forced labor and human trafficking</li> <li>Child labor</li> <li>Working hours</li> <li>Wages and employment contracts</li> <li>Discrimination</li> <li>Harassment at work and disciplinary measures</li> <li>Respect for diversity</li> <li>Freedom of association</li> <li>Land issues</li> <li>Negative social impact on local communities</li> <li>Indigenous peoples and cultural heritage</li> <li>Conflict minerals</li> <li>Privacy</li> <li>Animal welfare</li> <li>Responsible marketing</li> <li>Mitigation measures and administrative procedures (supply chain)</li> </ul>

> [Click here to view more details on Supply Chain](#)

### 3 Tier 1 Supplier Survey (Consolidated Basis)



We conduct Tier 1 supplier survey (consolidated basis) according to the following three processes in principle.

**Step 1:** We notified all Tier 1 suppliers, including our consolidated subsidiaries, of the “Basic Supply Chain Sustainability Policy” and “Marubeni Group Basic Policy on Human Rights.” We also identified “critical commodities in supply chain” that have relatively high sustainability-related risks within the supply chain.

**Step 2:** We will conduct a primary survey of the companies of the selected critical commodities identified in the supply chain, including “confirmation of the implementation of sustainability-related surveys by third-party institutions, etc.” and “confirmation of the acquisition of sustainability-related certifications, etc.” From the results, we will consider proceeding to the next Step 3, the secondary survey, for those surveyed companies that could not be confirmed.

**Step 3:** For the secondary survey, we intend to implement a PDCA cycle that includes risk mapping to identify the location of risks, implementation of written survey and on-site inspection using methods specific to those risks, analysis and feedback of survey results, and consideration and disclosure of engagement methods.

### 4 Establish Policies for Individual Commodities

As part of our supply chain management, we have established policies for individual commodities, for high-risk commodities. In FYE 3/2022, we established new procurement policies for palm oil and beef. We will continue to formulate our procurement policy from time to time for higher risk commodities.

# Human Capital

Human capital is the Group's greatest asset and the driving force of value creation. In the Medium-Term Management Strategy GC2024, we will further evolve the "Marubeni HR Ecosystem" set forth in GC2021 with the aim of further strengthening it. The "Marubeni HR Ecosystem" is a concept that forms the basis of our human capital strategy in order to realize our vision of a global crossvalue platform, and it represents the direction in which we are striving for change.

The Marubeni Group provides a setting where human capital of high social value with diverse backgrounds can come together, work actively, and connect with each other beyond the boundaries of the company and the organization, where they can continue to take on the challenge of creating new value by combining their diverse values and expertise: this is the kind of attractive ecosystem that we hope to create.

The Talent Management Committee, a human capital strategy committee consisting of the President, CAO, and CSO as key members, discusses and promotes the human capital strategies to achieve this vision. The Talent Management Committee, which has been in place since FYE 3/2022, will align management strategy with HR strategy and continue to discuss key priorities such as the optimal human capital strategy for the Group, and specifically, human capital allocation, leader development, engagement, diversity, and HR system reform review, in order to promote the management-led changes with a sense of urgency.

> [Click here to view more details on HR Management](#)

## < Global crossvalue platform >



## < Marubeni HR Ecosystem >

### Human Capital with High Social Value

- Human capital that creates new value
- Highly regarded and essential to society and our customers



### Diversity & Inclusion

- Respect for diverse values
- Utilizing the strength of diverse individuals/Increasing value-creation capabilities

### Culture of Active Participation and Connectivity

- Creating environments and workstyles for invigorating human capital
- Open innovation to bring together internal and external ideas

Come together

Energize

Connect

## < Vision for the Marubeni of the future > Global crossvalue platform

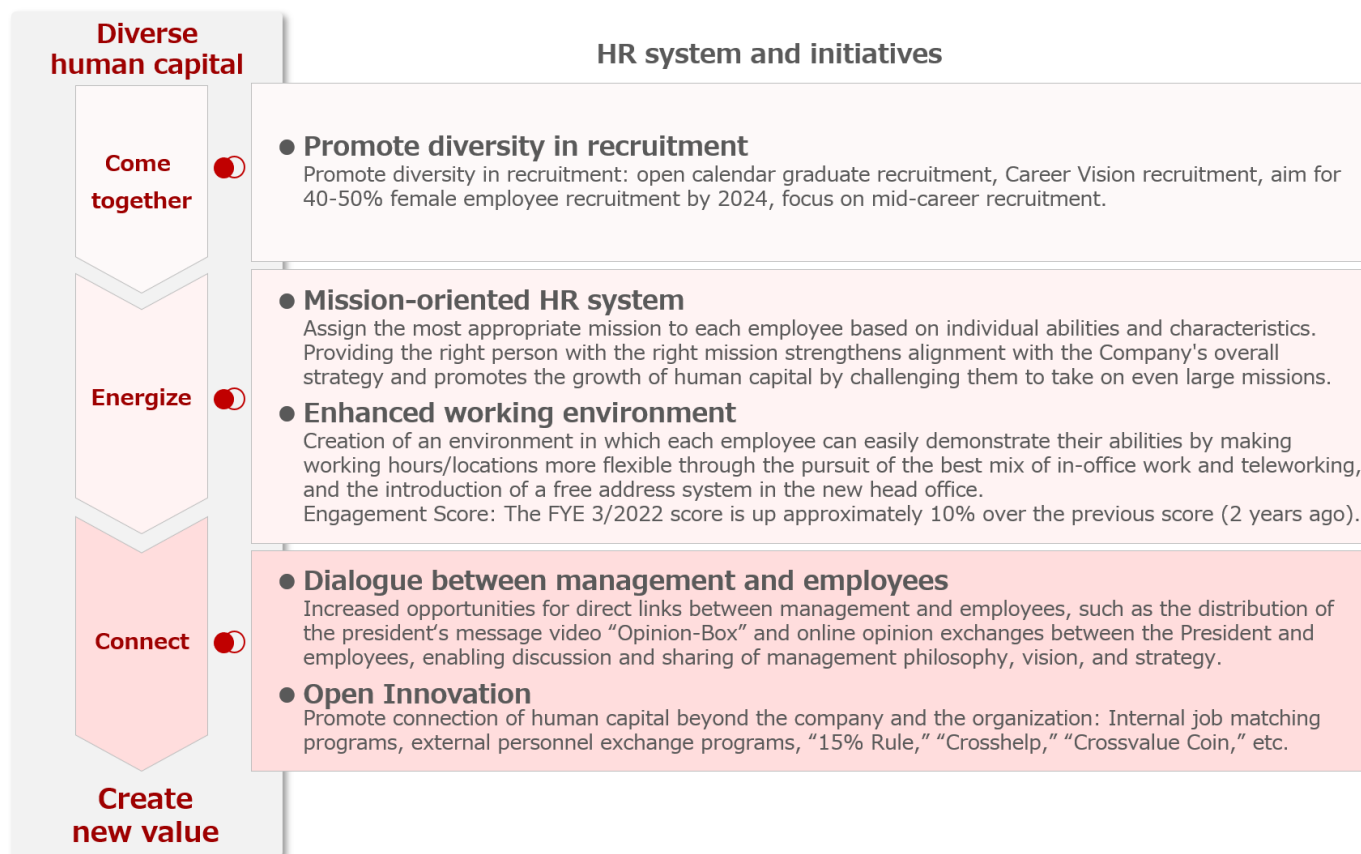
**We will generate new value by freely combining our Group's strengths, internal and external expertise, and individual dreams and visions, taking the Marubeni Group as one single platform.**

Every single Marubeni Group employee is involved in creating new value as part of the "Global crossvalue platform."

- **Promote the further progression of the Marubeni HR Ecosystem**
- **Talent Management Committee\* to promote specific management-led human capital strategies**

\*Human capital strategy meetings with the President, CAO, and CSO as key members

# Promotion of the Further Progression of the Marubeni HR Ecosystem



➤ [Click here to view more details on each initiative](#)

## Recruiting women

We have set a goal of increasing the ratio of new graduate recruitment for career-track positions to 40-50% by 2024, and already this ratio is close to 40% for new hires in FYE 3/2023.

## A new mission-oriented HR system

It was fully launched in FYE 3/2022. We believe that this system will promote the implementation of organizational strategies and the growth of human capital by assigning performance-oriented missions and encouraging employees to take on larger missions.

## Employee engagement

The engagement survey conducted in 2021 showed a 10% increase in scores compared to the previous survey conducted in FYE 3/2020 before the COVID-19's pandemic, and we believe this, along with an enhanced working environment, is leading to more employee satisfaction and motivation.

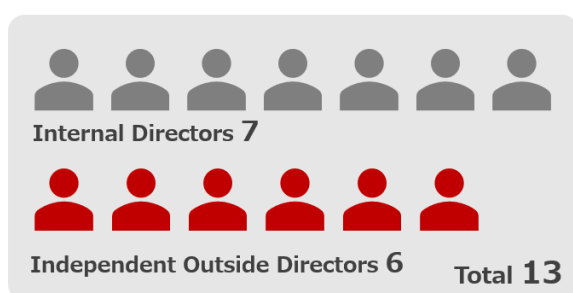
In this context, we are continually implementing various initiatives to enhance dialogue and communication between management and employees. In particular, the "Opinion Box" is an initiative in which the President himself sends out video messages on important topics and directly responds to questions and opinions from employees. We believe that this is extremely meaningful in terms of raising Group employees' understanding of and sense of involvement in important management policies and messages.

# Corporate Governance

## ① Composition of Board of Directors

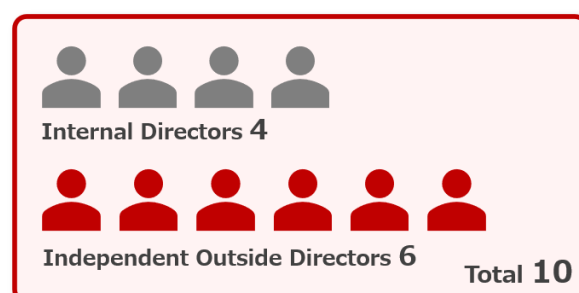
[FYE 3/2022]

Percentage of Independent  
Outside Directors 46%



[FYE 3/2023]

**60%** For the first time in any general trading company's history, the composition of the Board of Directors has a majority of Outside Directors



## Enhance the function of the Board of Directors

- To enhance the effectiveness of the Board of Directors, the Company appoints personnel who have diverse experience, knowledge, expertise, and insight, etc. and are well-versed in business activities as Directors. Furthermore, by appointing non-executive Directors and multiple Independent Outside Directors, **the Company seeks to introduce perspectives not bound by corporate culture and custom of the Corporation and to strengthen checks and supervisory functions.**
- **Further enhance monitoring functions of the Board of Directors and promote a greater sense of urgency on the executive side** by having a majority of Independent Outside Directors, and **further strengthen governance by clarifying the functions of the Board of Directors/Corporate Management Committee.**
- Continued from FYE 3/2022, to enhance monitoring functions of the Board of Directors, **the Board of Directors will discuss material management issues through clarifying the matters to be discussed and supervised.**

In order to realize medium- to long-term enhancement of corporate value, we are continuously improving and strengthening our corporate governance, which lies at the foundation of sustainable management.

As one of the measures to strengthen the Board of Directors, as announced in a press release on January 26, 2022, the composition of the Board of Directors was changed from 13 Directors, 6 of whom are Outside Directors, to 10 Directors, of whom 6 are Outside Directors, and this change was submitted to the Company's General Meeting of Shareholders in June 2022. For the first time in any general trading company's history, the composition of the Board of Directors now has a majority of Outside Directors.

By having a majority of Independent Outside Directors, we hope to further enhance the supervisory function of the Board of Directors, promote a greater sense of urgency on the executive side, and further strengthen governance by clarifying the functions of the Board of Directors and the Corporate Management Committee.

The results of assessment of the Board of Directors effectiveness in FYE 3/2022 and the policy for FYE 3/2023 are shown on the next page. For details, please refer to "Marubeni's Corporate Governance Code Initiatives (Supplementary Principles 4.11.3.)"

➤ [Click here to view more details on "Marubeni's Corporate Governance Code Initiatives"](#)

## ② Evaluation of the Effectiveness of the Board of Directors

### **Handling issues in effectiveness evaluations pertaining to the Board of Directors in FYE 3/2022**

#### 1) Enhancement of deliberation of key issues through board meetings and free discussions

##### ● Main Agenda Items of the Board of Directors in FYE 3/2022

- **Medium-Term Management Strategy GC2024**

(Green Strategy, improving profitability, Marubeni Group HR strategy, capital allocation policy, shareholder returns policy, etc.)

- **Investment and financing projects**

(development of a floating offshore wind farm in Scotland; share transfer of subsidiary, which owns oil and gas fields in the UK North Sea; and the reorganization of Gavilon and transfer of Gavilon's shares, etc.)

- **Financial results and other finance related matters** (share repurchase, etc.), **remuneration for Directors/Audit & Supervisory Board Members**

- **Evaluation of the effectiveness of the Board of Directors, internal control related matters,**

**how to enhance the corporate governance system** (to respond to Japan's Corporate Governance Code, etc.)

#### 2) Discussions regarding expectations from stakeholders

(Promotion of sustainability, responses to expectations from shareholders and investors)

#### 3) Discussions regarding the diversity of Board members

### **Policy for initiatives in FYE 3/2023**

#### 1) Share awareness of changes related to the external environment and risks, etc., at Board of Directors meetings and enhance deliberations concerning critical management issues

#### 2) Discussions regarding HR strategy and allocation of management resources of human capital

#### 3) Supporting the Outside Directors to further utilize their expertise

### ③ Reduction of cross-shareholdings (includes non-listed general investment shares)

- Upon conducting a comprehensive examination of quantitative and qualitative aspects for each holding, the significance of the cross-shareholdings are assessed by the Board of Directors each year.
- If any of the cross-shareholdings is no longer significant, they are sold, and the number of individual stocks has been decreasing.

#### Status for cross-shareholdings (includes non-listed general investment shares)

