

**Condensed Transcript of Question and Answer Session
Marubeni Sustainability Information Session FYE 3/2021**

Date: March 10, 2021 (Wednesday)

Format: Online Meeting

Those Present: Takayuki Furuya,

Managing Executive Officer, Member of the Board

CSDO (Chief Sustainable Development Officer), CFO

Masayuki Hashimoto,

General Manager, Sustainability Management Department

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<Questioner 1>

You have stated that you aim to contribute to a low carbon society and decarbonization through your business. What business opportunities do you anticipate?

Since you are engaged in the IPP business in emerging countries, including in coal-fired power generation businesses, do you anticipate any opportunities to make use of your expertise in CO₂ capture in CCUS projects? Also, what business opportunities do you foresee in relation to emission credits?

✓ Through IPP projects in emerging countries, we see the conversion of fuels to ammonia co-combustion, hydrogen co-combustion and mono-fuel combustion technologies as a near-term theme. Ammonia co-combustion is currently being demonstrated in Japan, and hydrogen production, transport and use of it as a fuel is also undergoing demonstration trials in Japan and overseas.

✓ The Infrastructure Project Division is currently working with partners to conduct joint development of Carbon dioxide Capture, Utilization and Storage (CCUS) businesses, for global customers. We are looking to develop our existing business by incorporating technologies that improve combustion efficiency and abate CO₂ emissions.

✓ The Group will proceed by leveraging its competitive advantage in the context of its business with existing customers. For customers in the Middle East, we are working to strengthen our large-scale photovoltaic power generation business, and we are also working on projects for gas-fired power generation for peak power supply. There is a growing need to improve the efficiency of power generation, and we are responding to this need. While it is difficult for us to develop new technologies independently, we believe that the key is how we can incorporate them into our business model.

✓ In addition to IPP and other power generation businesses, the Company is now expanding its power business to include power services, particularly retail power sales. In the renewable energy sector, in addition to the growth in the power generation business, we are also making significant inroads into the power services business, including the sale of power from renewable energy through SmartestEnergy Ltd. SmartestEnergy is currently generating revenue, and we expect it to continue to contribute to our earnings in the future.

✓ Helena Agri-Enterprises, LLC, an agri-business company, also presents a possible area for contributing to a low-carbon society, and we will extend our expertise through this business to Europe and South America.

✓ In terms of hydrogen and ammonia, there are significant business opportunities arising from the emerging trend to produce, transport, market and use hydrogen. Hydrogen comes in a variety of forms, including blue and green, and we believe that there is great potential for trading companies that engage with a diverse range of customers in this area.

✓ The Group is also working on the previously announced individual project of recycling business with Circ LLC (formerly known as Tyton BioSciences LLC). There are certain things that can contribute to profits immediately and others that will take time to implement. In the US, Fulcrum BioEnergy, Inc. is in the business of turning waste into sustainable aviation fuel (biojet fuel); we hope to bring this business model to Japan. We intend to continue working on such projects based on their potential to lead to credits and emission rights.

<Questioner 2>

The main reason for the 20% abatement by 2030 in Scope 3 (Category 15 (Investments)) is the plan to halve the coal-fired power generation business, but what is the background to bringing forward this halving (from 2030 to 2025)?

✓ We have recently revised the milestones for the phase-out of coal-fired power generation projects. As of 2018, the net generation capacity of our coal-fired power generation projects was 3 GW; by the end of this fiscal year, this will be 2.6 GW. This figure will be further 1.5 GW in 2025 and 1.3 GW in 2030. We have now sold three projects in Asia and withdrawn from one in Africa.

<Questioner 3>

In terms of future plans to abate CO₂ emissions, I was under the impression that if coal-fired power generation projects were halved by 2025, emissions could be abated by more than 20%, but does that mean that the rest is too big?

✓ Scope 3 (category 15 (investment)) CO₂ emissions of 36 million tons in FYE 3/2020 are based on the actual figures for FYE 3/2020 together with the estimated emissions from currently committed projects. The portfolio includes new gas-fired power generation businesses and other new gas-related developments, which we intend to continue to work on

given the needs of the transition to a low-carbon future. The key to the action plan is to monitor progress. As new investments, abatements in emissions from existing operations and the use of new technologies emerge, we will also monitor these closely.

✓ Emissions exposure will be monitored closely with an awareness of underlying issues, including the attitude of financial institutions, taxonomy and carbon taxes. There may be changes to plans as a result of monitoring. As with our policy towards coal-fired power generation businesses, we will set milestones as we look towards 2050.

<Questioner 4>

What impact will plans to abate CO₂ emissions have on the business portfolio? Will there be a negative impact on earnings due to the downsizing of the coal-fired power generation business, or will there be positive implications such as opportunities in the emissions credit trading business?

✓ We believe that the impact on earnings of scaling back our coal-fired power generation business, which is included in the current milestones for 2030, will be very limited. We will continue to generate profits and cash flow from our renewable energy and gas-fired power generation businesses.

✓ For Horizon 2 and Horizon 3, we are responding to the demands of society and prioritizing sustainability. It all comes down to accumulating returns within our overall business strategy.

<Questioner 5>

Under Scope 3 (Category 15 (Investment)), oil and gas development businesses are expected to have lower GHG emissions than coal-fired power generation businesses, so what is the need for divestment in oil and gas development businesses? In addition, the resources trade has a large GHG emissions impact in categories 1 to 14; how will this be disclosed in the future?

✓ Our business strategy is being considered both in terms of CO₂ emissions and how we view our assets. We have decided not to engage in coal-fired power generation businesses due to emissions concerns; we have made the decision not to engage in equity interests in thermal coal from the same perspective. Our equity production volume for our crude oil

interests is approximately 30,000 barrels per day, and we are cautious about increasing our exposure in light of the impact of climate change. We intend to pursue the possibility of divestment of existing assets. Emissions related to trading under Scope 3 need to be viewed together with customers on both sides. There are areas that we cannot control alone, and we will continue to work with each company and industry to consider how to comply with the international framework. We believe that the disclosure of categories 1 to 14 will be a challenge for the future.

<Questioner 6>

In terms of CO₂ absorption from forest resources, as explained, there is a possibility that this may not be counted as credits under a situation where international rules have not yet been established. Will you still aim for negative emissions based on the approach you have presented, or will you change your approach depending on the rules? Is there a possibility that you will continue to operate the Musi Pulp project (for carbon sequestration), despite the sluggish performance it has been experiencing?

- ✓ The points you raise are being addressed and we recognize the challenges.

- ✓ At present, CO₂ emissions from afforestation are considered to be emitted when the trees are harvested, but under the current understanding, CO₂ may be considered to be absorbed (sequestered) depending on the purposes in the future. The current plantation area by PT. Musi Hutan Persada (MHP, which is engaged in afforestation in the Musi Pulp project in Indonesia) is just over 100,000 hectares; we believe that this can be increased to 120,000 hectares.

- ✓ Considering the capacity of PT. Tanjungenim Lestari Pulp and Paper (TEL, which manufactures pulp under the MHP project), it is assumed that there will be surplus resources in the future; if these are used as fuel for biomass power plant with CCS, there is a possibility that they will be considered as absorption (sequestration), and there is also the potential that the surplus may not be harvested. We believe that this project is also meaningful for Indonesia in terms of CO₂ absorption (sequestration).

- ✓ At the same time, we will consider projects from a comprehensive point of view. This does not mean that we will pursue everything in accordance with the plans we have drawn up. Pulp prices are affected by market conditions, but our plantation operations are steadily moving on track, and costs are falling. In the near future, surplus resources will emerge, and

we will look at our business in a comprehensive manner, which includes these resources.

<Questioner 7>

With regard to “Energy systems to serve as the foundations for a decarbonized society”, “Sustainable agri-input businesses and forest management” and “Control/abate GHG emissions over a broad range of industries” on page 11 of the document, how would you consider both the contribution to earnings and any potential negative impact?

✓ In the coal-fired power generation business, we have decided not to work on new business projects and will bring forward our withdrawal from existing businesses. To compensate for this, the Power Business Division will focus on expanding our renewable energy power generation business and businesses such as SmartestEnergy to boost profits. Ratio of power generated by renewable energy sources is now close to 15%, and we are seeing profits. We are also looking to increase profits by expanding SmartestEnergy from Europe to the US, Australia and elsewhere. We want to maintain the Helena business in the US and expand a similar business model to South America and beyond to generate profits.

<Questioner 8>

What incentives would you introduce internally as KPIs? Some companies have their individual incentives such as in-house carbon pricing to encourage investment; what are your thoughts on this?

✓ The most important theme is to determine how to allocate the cash generated by the Group as a whole. There are various metrics for allocation, but in our case, we use PATRAC, ROIC, RORA, and so on. In addition to this, reflecting sustainability factors in the allocation is not an easy task, but it is an important one. Carbon pricing, etc., must continue to be considered, but at present there are differences in the calculation for Scope 3, depending on the sales division and region. We are considering this in our TCFD disclosures and hope to deliberate not only based on scenario analysis, but also on the business context. Milestones will be set for what we can do in the future, and we will also consider setting important indicators in terms of climate change.

<Questioner 9>

Do you think that this latest announcement will lead to an increase in the MSCI rating from A to AA? In the past two years, the rating has risen from BB to A. If the company is rated AA, it could be included in the index.

✓ We have repeated discussions internally and disclosed information, and we hope that MSCI and other rating agencies and investors will appreciate this.

<Questioner 10>

Regarding human capital, even as the company aims to achieve net-zero GHG emissions, it is necessary to consider all stakeholders, including employees. What is your view on managing of human capital in areas where a business ceases to exist?

✓ For human capital in areas targeted for divestment, when the business ceases, new businesses will be pursued in adjacent fields. There are also a variety of measures that can provide opportunities to work in completely different business areas and organizations, such as external personnel exchange programs, internal fostering programs, the FA system, the “15% Rule” and Crosshelp. By strengthening and revitalizing our human capital, a Marubeni Group Fundamental Materiality, we hope to achieve sustainable growth across the entire Marubeni Group.

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