

**Condensed Transcript of Question and Answer Session  
Marubeni Sustainability Information Session FYE 3/2022**

**Date:** April 12, 2022 (Tuesday)

**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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**<1st Questioner>**

**Areas among the businesses listed as Green Businesses, where investments and contributions to earnings can be expected during the period of the Medium-Term Management Strategy GC2024 (“GC2024”).**

(Furuya) The Company’s policy is to allocate new investments/CAPEX to the business strategies of each of its 16 Business Divisions. Although we have not set specific monetary allocations to specific business areas, we would like to focus our capital allocation on the Green Business domains in Horizon 1/Horizon 2 that we believe to have a high probability of success and sufficient earnings as set out in our Green Strategy. Please wait and see the results for the amount of investment and earnings contributions for each specific domain during the GC2024 period. Horizon 3 represents an area of future growth, and we intend to plant further seeds of business during GC2024. I expect its contribution to earnings to come after the GC2024 period. We would also like to ensure that we have a firm foothold with respect to Horizon 3 in our Green Strategy. We would like to lay the groundwork not with a blank slate, but by fully utilizing our existing business partners and network in order to create something solid as quickly as possible.

**The size of investment and timing of monetization in the floating offshore wind farm business in Scotland. Also, approach to bottom-fixed offshore wind power generation in Japan.**

(Furuya) Marubeni together with its partners won the bid for seabed leasing rights for the Scottish floating offshore wind farm project, and various works related to this are currently underway. Bidding for the project is scheduled to begin in the mid-2020s, at which time a decision will be made as to whether or not the project will go ahead. As for the timing of contribution to monetization, it is assumed that a portion of the maximum installed capacity will be available by 2030.

Concerning the development of bottom-fixed offshore wind power generation in Japan.

The Company is currently constructing the bottom-fixed offshore wind farms in the area of Akita and Noshiro ports, with commercial operation scheduled to begin within 2022. We are also considering public tenders in the project promotion area in cooperation with our partners. While competition is tough, we would like to take on this challenge, taking into account regulatory design reviews on the part of the government.

**<2nd Questioner >**

**Regarding the scale and timing of investment in the new energy sector.**

(Furuya) Some of the projects themselves would be investments of considerable magnitude. This depends on the Company's decision on when and how large a portion we take. We are examining several projects at a similar progress and speed to the market, and we expect that

these will become more concrete over the course of this year and next.

**Are there any changes in business strategy in light of signs of changes in the energy policies of various countries due to the crisis situation in Ukraine and other factors?**

(Furuya) For the short term, we are keeping a close eye on energy policy changes in various countries. We believe that the trend toward decarbonization will remain unchanged over the medium- to long- term.

In terms of individual businesses/sectors, we would like to continue to pursue the gas-fired power generation business as a viable transitional asset. In the nuclear energy area, the Company will continue to play a role in the uranium fuel business and the provision of power plant maintenance and other services.

With regard to coal-fired power generation business in Asia, we intend to continue pursuing business opportunities such as shifting to renewable energy sources based on host countries' request.

**<3rd Questioner >**

**With supply and demand for natural gas and LNG tightening due to the crisis situation in Ukraine and other factors, will there be any change in the timing for achieving the target of halving the amount of coal-fired power generation?**

(Furuya) It is our belief that the target of halving the net generation capacity from coal-fired power generation business can be achieved as planned. Although gas, which has been the main alternative for coal-fired power generation in Asia, is increasingly being fought over around the world, it is not a cause for concern at this point as we continue to pursue our policy of reducing the net generation capacity of our coal-fired power generation business.

**Linking and visualizing ESG evaluations in Internal Directors' compensation system**

(Furuya) While ESG contributions are evaluated qualitatively as appropriate, we are not at this time setting up quantitative ESG-related evaluations to be reflected in compensation. We will continue to consider the pros and cons of introducing such a system based on case studies of other companies and the unique circumstances of our own Company, and will share progress on this issue with you.

**Current measures and discussion on cyber security**

(Furuya) Update/follow-up at management level, e.g., Corporate Management Committee. The Company has reached a consensus on the necessary allowances/measures, and the Information Strategy Department of the Corporate Staff Group is taking the lead in strengthening cyber security and IT security for both the Group companies and the Group as a whole.

Notes: Based on the IT security governance framework, the Company formulates policies to identify/address issues at the management level, including the Management Committee and the Information Security Committee headed by the CIO (IT Strategy Committee Chairman). The Information Strategy Department of the Corporate Staff Group reduces security risks for the entire Group by (1) establishing security rules to be complied with by each Group company, (2) providing Group-wide IT services in compliance with these rules, and (3) periodically assessments of the status of compliance with the rules, as well as supervising and managing cyber security incidents that occur at Group companies and responding to them.

**<4th Questioner >**

**I understand that carbon stocks from the forestry business cannot be included in GHG reduction calculations, but how can your planned increment of 8 million tons of CO<sub>2</sub> equivalents by 2030 be aligned with your emission abatement targets and lead to improved corporate value?**

(Furuya) In our afforestation business, carbon is accumulated through the afforestation process, but under the current situation, carbon is considered to have been released when the trees are harvested, so this is why it cannot be counted. Therefore, the challenge is how to commercialize and monetize the accumulated carbon volume through a sequestered form, and this is what we are working on. Although there are few established international frameworks or examples, awareness of this issue is beginning to emerge, and we intend to follow the trend of international discussions closely. Initially, we would like to address the issue of increasing the volume of carbon accumulations with key goals in mind.

Regarding the Musi Pulp business in Indonesia, 100% of the plantation is currently used as raw material for TEL's pulp mill, but there will be a surplus in the future that will exceed the demand from the pulp mill. Under these circumstances, we have recently concluded a strategic partnership agreement with Nippon Paper Industries Co., Ltd. for afforestation projects in Indonesia. We also believe that yield and production efficiency can be increased and carbon can be accumulated in plantation assets that have become surplus. For pulp production, we will consider the Bio-Energy with Carbon Capture and Storage (BECCS) project with Pertamina, Indonesia's state-owned oil company, and we are also studying how to convert carbon accumulated in other areas into credits. Since there are examples of funds and investment trusts that have been financed, we believe that such an approach will be pursued.

(Hashimoto) The volume of carbon accumulations represents future potential, and the first priority is to enhance this potential. We are aware that there are as yet no unified international standards for the certification of accumulated carbon as negative emissions, including a

measure-and-verification system, but we will keep an eye on future trends and consider various forms of carbon sequestration, such as multi-purpose use.

**Regarding the Tier 1 supplier survey, I know that some of the companies surveyed have had their problems, but is there any way to think that conducting the survey will exonerate the company when issues occur?**

(Furuya) As our Group has established a number of supply chains in various business areas/businesses, it is difficult practically to manage all of them and eliminate all problems completely. Our first priority is to establish a system and share it with suppliers, and if there are any whose response status is not sufficiently, we will respond to them individually through dialogue and other means. Starting from the policy notification that took place in Step 1, we will create a system that will be firmly operational in the lead up to the secondary survey in Step 3, with input from experts. Encouraging corrective action when there are problems is important, and we have the understanding of our business partners to this end. We have been making steady progress in FYE 3/2021 and FYE 3/2022, and are committed to creating a solid framework.

**<5th Questioner >**

**How to manage progress and promote practical efforts to achieve net zero GHG emissions by 2050**

(Furuya) Of the action plans heading towards 2030 formulated in 2021, the only specific milestone that has been set is the reduction of coal-fired power generation business, while the targets for Scope 1, Scope 2, and Scope 3 for 2030 have been set and work towards achieving them is progressing. Changes in the external environment will also be assessed and verified according to the action plans, and major milestones will be firmly established. For example, for Scope 1 and Scope 2, each consolidated subsidiary will verify when and to what extent it will be specifically abating emissions. Furthermore, we will continue to publicly announce the progress of our initiatives.

**Milestones in the GC2024 Green Strategy and measures to promote related initiatives**

(Furuya) We will continue to provide updates on the progress and results of the Green Strategy for each of our businesses. We would like to promote the Green Strategy as a unique Marubeni initiative that is more than just a slogan and get results, and will consider ways to share results with our stakeholders at the same time.

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