



Marubeni



2022 Marubeni's Sustainability

Marubeni Sustainability Information
Session FYE 3/2022



April 2022
Marubeni Corporation

Outline of Today's Meeting

Topics

Sustainability of the Marubeni Group

- Initiatives to Improve Corporate Value
- Strengthening the Foundations for Value Creation

Presenter

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Managing Executive Officers, Member of the Board
CSDO (Chief Sustainable Development Officer)
CFO

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 - Climate Change-Related Metrics and Targets
 - Green Strategy
- ii. TCFD/Green Bond/TNFD/BCP

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Strengthening the Foundations for Value Creation

- i. Human Capital
- ii. Corporate Governance

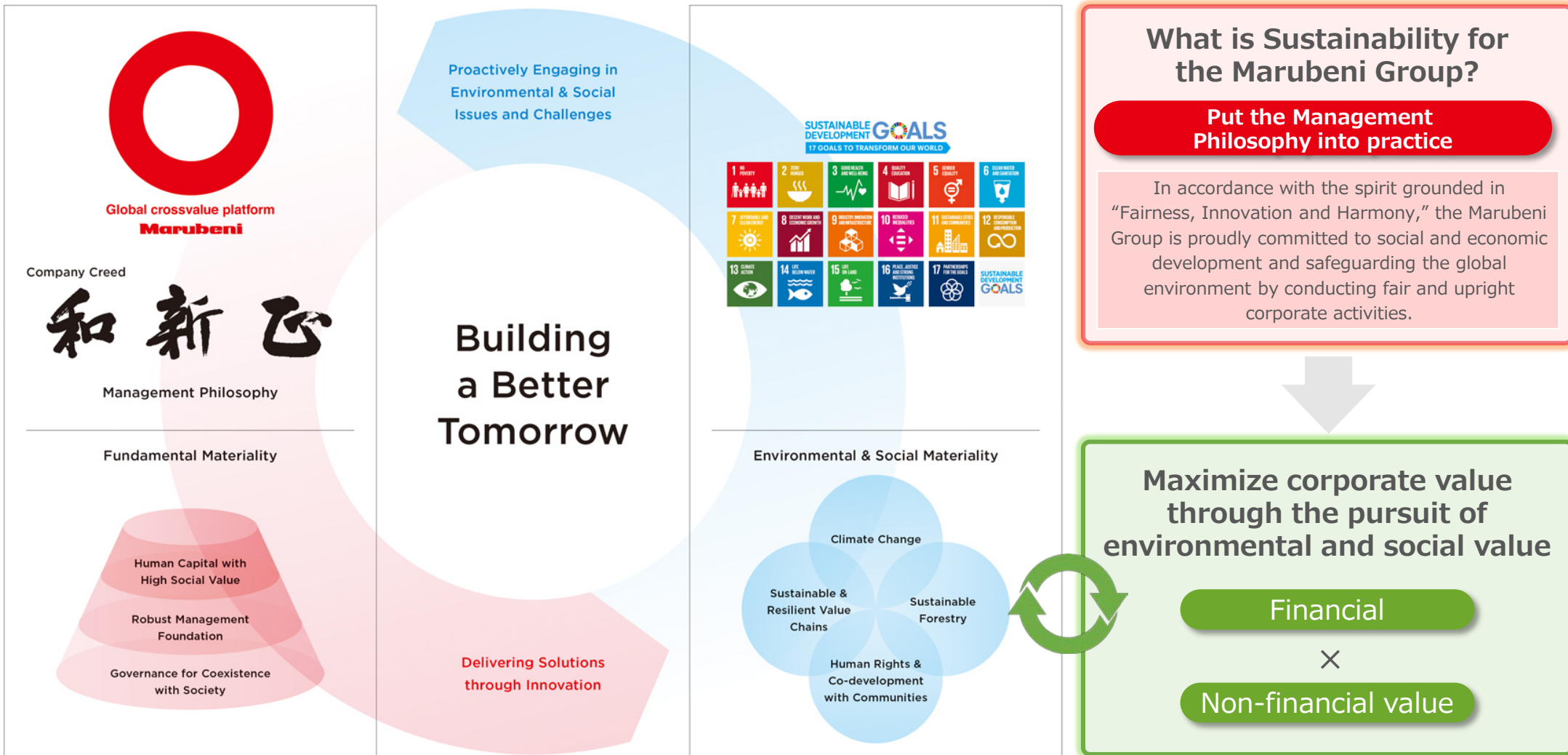
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(Reference) Corporate Governance



1 . Introduction

■ What is Sustainability for the Marubeni Group?



Marubeni Group's Sustainability Conceptual Diagram



2 . Initiatives to Improve Corporate Value

2. Initiatives to Improve Corporate Value i) Initiatives for Net Positive

■ Disclosure of the Long-Term Vision on Climate Change in March 2021

The ideals that Marubeni Group aims for : **Net Positive**


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 CO₂ emissions of FYE 3/2020, about one million tons of CO₂, emitted by Marubeni and its consolidated subsidiaries (Scope 1 and Scope 2)

 Reduce by one-fifth the CO₂ emissions of FYE 3/2020, about 36 million tons of CO₂, emitted by associate investees of the Marubeni Group (Scope 3, Category 15 (Investments))

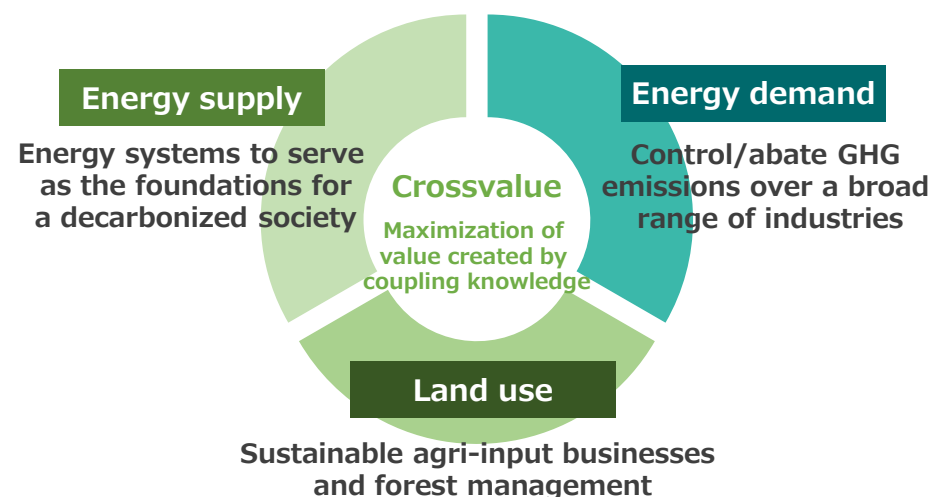
 Accelerate our goal of cutting FYE 3/2019 coal-fired power net generation capacity in half by 2030 to 2025, aim for zero capacity by 2050.

 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

- Initiatives for decarbonization in Coal-fired Power Generation Business (P8)
- Initiatives to expand the volume of carbon stocks and create of negative emissions in forestry business (P9)
- Climate Change-Related Metrics and Targets (P10)

Positive Impact



- Formulated our "Green Strategy" generating positive impact and improving corporate value in Medium-Term Management Strategy GC2024(P11~16)

2. Initiatives to Improve Corporate Value i) Initiatives for Net Positive

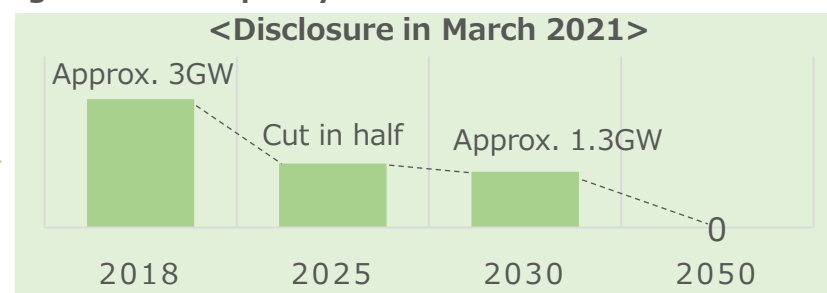
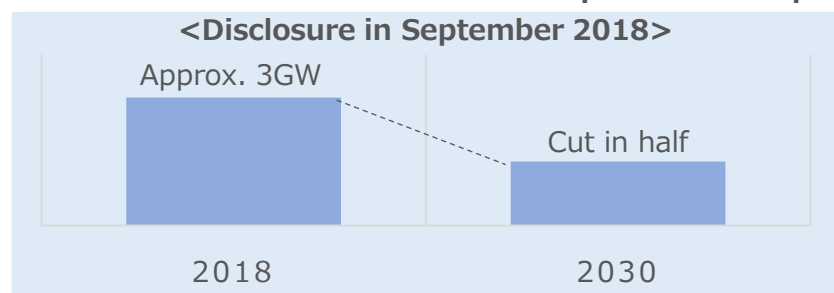
■ Initiatives for Coal-fired Power Generation Business

- 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)

- Marubeni has no longer entered into any new coal-fired power generation since Sept. 2018.
- By 2030, Marubeni will cut its FYE 3/2019 coal-fired power net generation capacity of approximately 3GW in half.
- 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

November 2021 COP26:

"Global Coal to Clean Power Transition Statement"

- Rapid expansion of clean power generation and energy efficiency measures
- Phased transition away from coal-fired power generation without reduction measures (by 2030s for major economic powers, by 2040s globally) etc.

Statement supported by: the UK, the EU, Poland, Singapore, Vietnam, Indonesia, the Philippines, etc.

Vietnam and Indonesia have declared carbon neutrality by 2050 and 2060, respectively.

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.

2. Initiatives to Improve Corporate Value i) Initiatives for Net Positive

■ 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**

Aim to increase PT. MHP's forest growing stock based on Nippon Paper Industries' genetic analysis technology, breeding and propagation technology, and other technical guidance.

- **Organize the "Marubeni Forest Innovation Business Contest" in Western Australia**

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.

PoC to be implemented in the field starting in FYE 3/2023.

Expand the volume of carbon stocks in whole area of plantation

【Present】
About **11 million**
tons of CO₂ equivalents

【2030】
About **19 million**
tons of CO₂ equivalents

② Consider projects for forest-derived negative emission

- **Indonesia/PT. TEL BECCS project**

Signing a memorandum with PT. Pertamina, an Indonesian state-owned company, on Bio-energy with Carbon Capture and Storage project at PT. Tanjungenim Lestari Pulp and Paper, our pulp manufacturing company.

- **Consider of forest management and afforestation projects aiming for carbon dioxide sequestration**

With an eye on expanding the market for forest-based carbon credits, began considering forest projects for carbon dioxide sequestration, as well as the leveraging of funds.

■ Climate Change-Related Metrics and Targets

| Metrics and Targets | Progress in FYE 3/2022 | | Reference in FYE 3/2021 | |
|--|--|---|--|---|
| Cut Group's coal-fired power net generation capacity from FYE 3/2019 value of approx. 3GW in half by 2025, with further abatement to approx. 1.3GW by 2030, and aim for zero by 2050 | Approx. 2.6 GW (as of March 31, 2022) | | Approx. 2.6 GW (as of March 31, 2021) | |
| Expand the ratio of power generated by renewable energy source in Group's own net power supply to approx. 20% by 2023 | Approx. 15 % (as of March 31, 2022) | | Approx. 15 % (as of March 31, 2021) | |
| Achieve net-zero GHG emissions by 2050 By 2030: (1) Reduction of 50% in Scope 1 & 2 CO ₂ emissions from FYE 3/2020 level (about 1 million t-CO ₂) (2) Reduction of 20% in Scope 3 CO₂ emissions (Category 15:Investment) from FYE 3/2020 level (estimated CO ₂ emissions about 36 million t-CO ₂ *) * This emissions volume comprises the FYE 3/2020 performance of existing investees plus the estimated emissions from projects already contracted as of March 2021 (as for power generation projects, projects for which associate investees of the Marubeni Group have entered into power purchase agreements but have not yet achieved commercial operations.) | Scope 1 & 2 CO ₂ emissions (FYE 3/2021) | Approx. 1.08 million t-CO ₂ (Including non-energy related GHG emission) | Scope 1 & 2 CO ₂ emissions (FYE 3/2020) | Approx. 1.08 million t-CO ₂ (Excepting for non-energy related GHG emission) |
| | | Approx. 0.97 million t-CO ₂ (Excepting for non-energy related GHG emission) | | |
| | Scope 3 CO ₂ emissions (Category 15: Investment) (FYE 3/2021) | Approx. 25 million t-CO ₂ 【Breakdown】 <u>Power generation</u> -Approx. 21 million t-CO ₂ <u>Resource projects</u> -Approx. 3 million t-CO ₂ <u>Other businesses</u> -Approx. 1 million t-CO ₂ | Scope 3 CO ₂ emissions (Category 15: Investment) (FYE 3/2020) | Approx. 26 million t-CO ₂ 【Breakdown】 <u>Power generation</u> -Approx. 22 million t-CO ₂ <u>Resource projects</u> -Approx. 3 million t-CO ₂ <u>Other businesses</u> -Approx. 1 million t-CO ₂ |

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 CO₂)

【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).

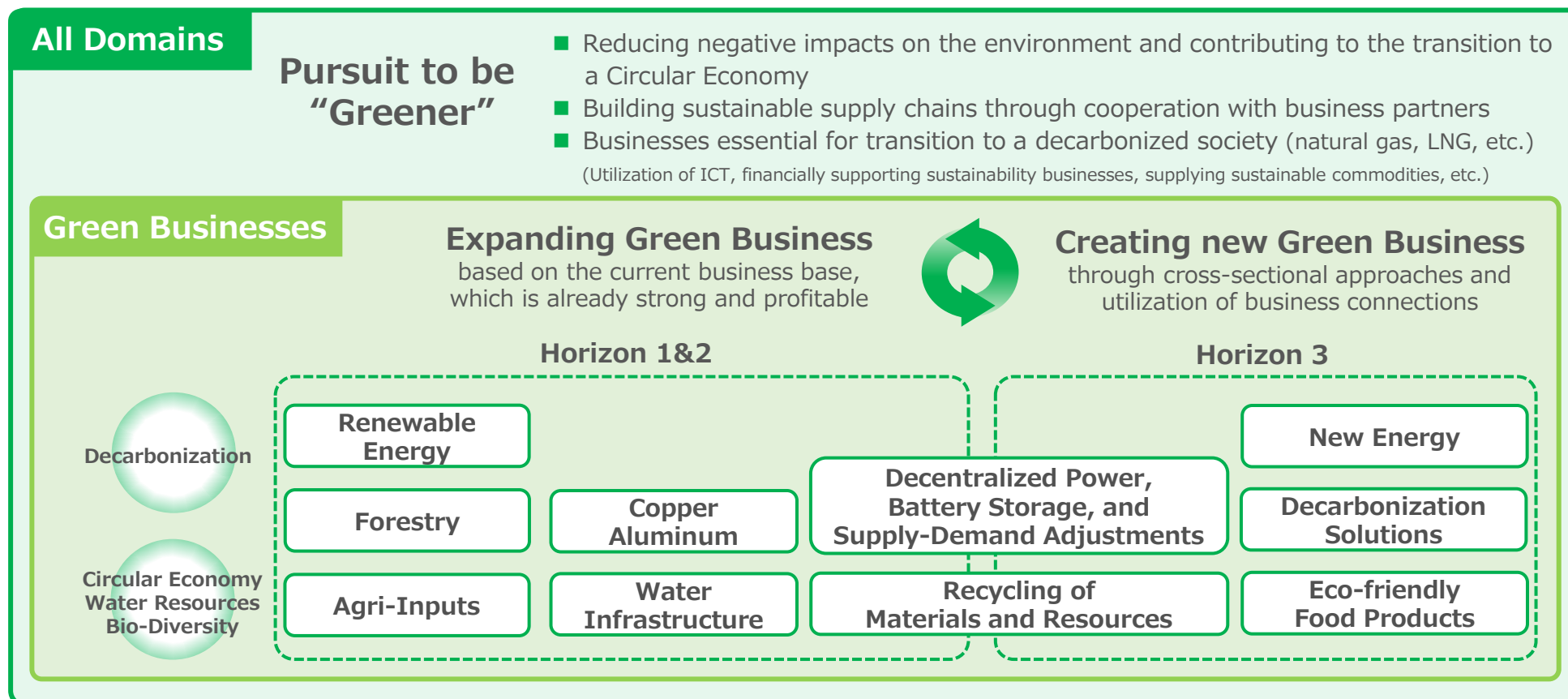
■ Scope 3

Closely monitor policy trends in countries/regions generating emissions. See P8 for reduction efforts in coal-fired power generation projects.

■ Our **Green Strategy**, one of the basic policies for Medium-Term Management Strategy GC2024

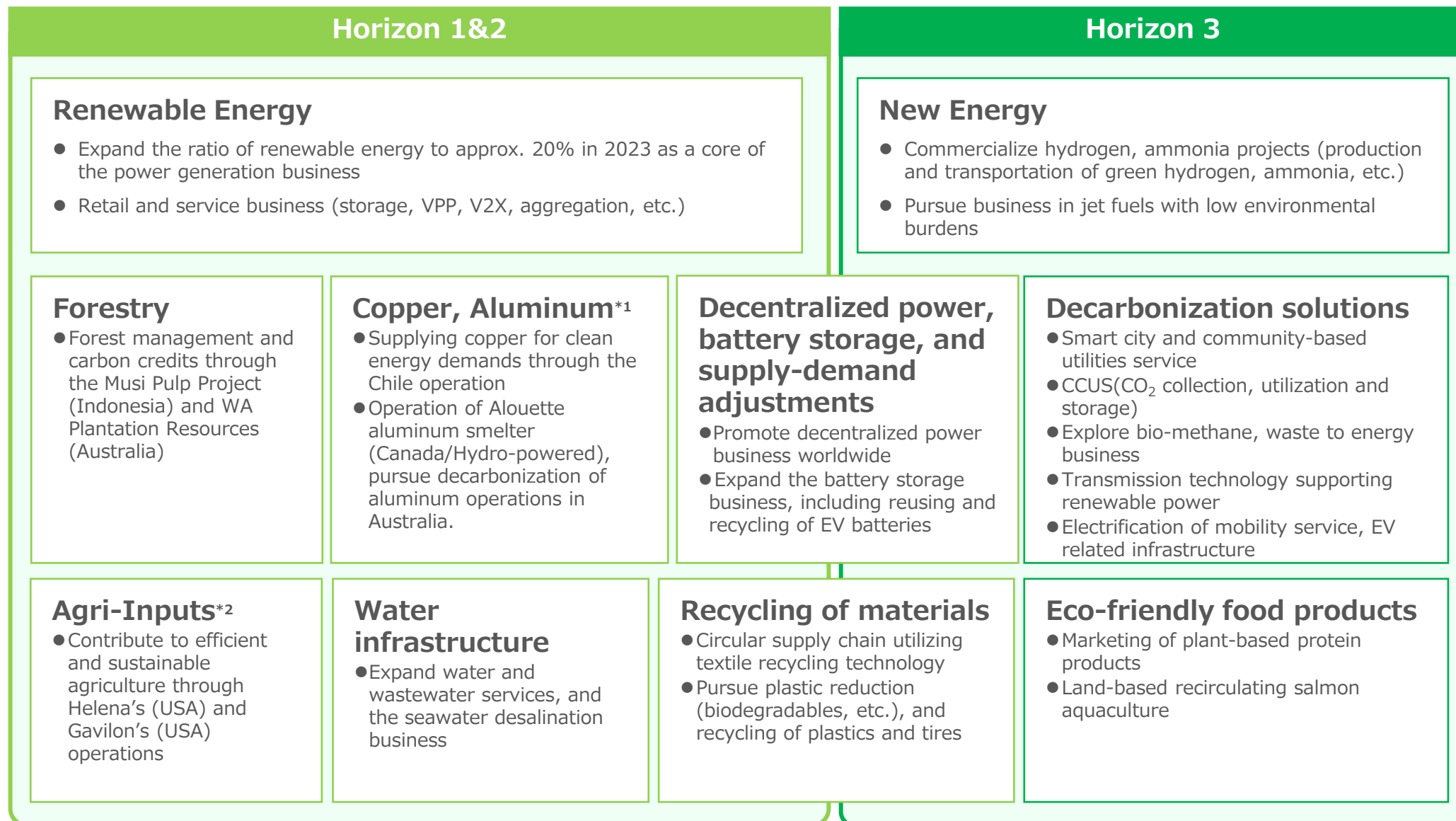
By “strengthening our green business*” and “promoting the greening in all business domains,” we aspire to become the

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.

■ Strengthening Marubeni's Green Business



*1 Contributing to decarbonization by supplying critical minerals used for EVs and other clean technologies

*2 Contributing to climate change measures and protection of bio-diversity by supporting efficiency of land use in agriculture

■ Promotion of the Greening in All Business Domains

- Reducing negative impacts on the environment and contributing to the transition to a Circular Economy
- Building sustainable supply chains through cooperation with business partners
- Businesses essential for transition to a decarbonized society (natural gas, LNG, etc.)

(Utilization of ICT, financially supporting sustainability businesses, supplying sustainable commodities, etc.)

Carbon-free products/Services

- Sales of carbon neutral aluminum ingot
- Carbon neutral ethylene and its transportation, etc.

Waste recycling

- “edish” Upcycled Tableware
- “Bottle to Bottle Project” producing recycled products using plastic bottles
- Solar panel recycling
- Reuse and recycling of lithium-ion batteries, etc.

Eco-friendly new materials

- New material using radiant cooling technology “SPACECOOL®”
- Sales of cellulose nanofiber-based environment improvement material for hen houses and sneakers, etc.

Transition to decarbonized society

- GHG abatement and energy consumption efficiency in development/production(operation)/processing/transportation/sales/disposal, etc.

Sustainable procurement

(includes respecting human rights and strengthening of occupational health and safety systems)

- Establishment of sustainable supply system through thorough quality control framework and support for suppliers in trade activities
- Handling of certified sustainability-related products (such as marine products, textile raw materials, forest-derived products), etc.

Utilize ICT/DX

- Reform the supply chain of the Japanese publishing industry to become more sustainable (Optimization of supply chain by DX technologies)
- Visualization of GHG emissions associated with corrugated boxes procurement

■ Promotion of the Greening/Initiatives for Respecting 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.

① Establish a human rights policy



- FYE 3/2019: we formulated the “**Marubeni Group Basic Policy on Human Rights**” and revised the “**Basic Supply Chain Sustainability Policy**.”
- FYE 3/2021- FYE 3/2022: communicate and promote awareness to suppliers and contractors of consolidated subsidiaries (notice a total of **approximately 20,000 suppliers and contractors** of “Marubeni Group Basic Policy on Human Rights” (see P16)

② Establish and conduct human rights due diligence (human rights DD)




- **Assessment of sustainability risk and mapping** to establish the process of human rights DD
- Conduct human rights DD on **all new projects** (covers **100%** continuously)
- **Conduct human rights DD** on **existing projects** through surveys for consolidated subsidiaries
- **Expand human rights DD to the supply chain** through future surveys of **Tier 1 suppliers**

③ Establish and operate a grievance mechanism



- Establish an in-house system for handling human rights complaints as a grievance mechanism; system has been in operation since FYE 3/2022

- 
- **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**

2. Initiatives to Improve Corporate Value i) Initiatives for Net Positive

■ Promotion of the Greening/Initiatives for Supply Chain Management

① Expanded and deeper focus on supply chain management



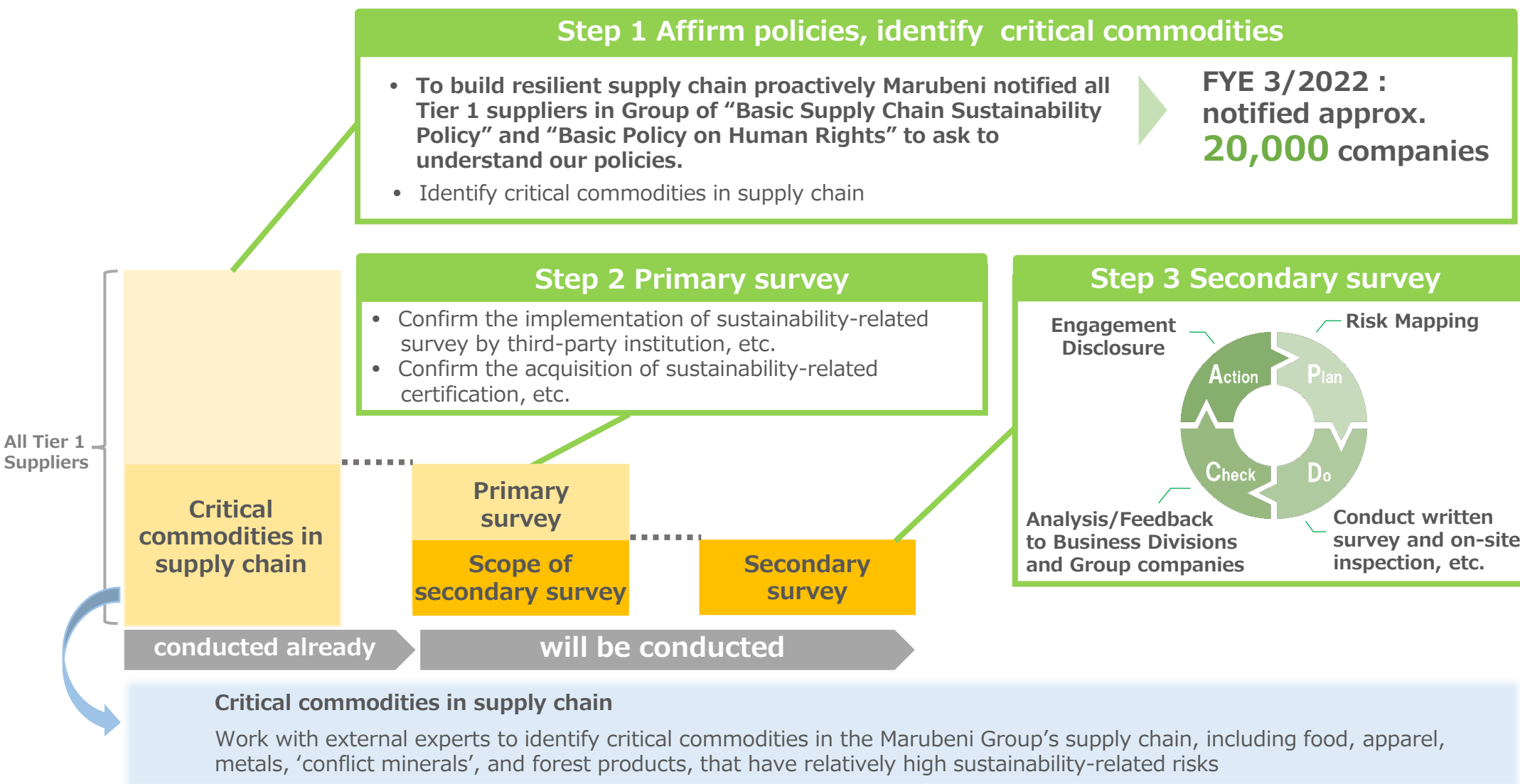
② Sustainability Risk in Supply Chain

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

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

2. Initiatives to Improve Corporate Value i) Initiatives for Net Positive

③ Tier 1 Supplier Survey (Consolidated Basis)



④ Establish Policies for Individual Commodities

- Establish procurement policies for palm oil and beef in FYE 3/2022, in addition to procurement policy for forest-derived products

■ Disclosure in Line with the Recommendations of the TCFD/September 2021 (more details on [disclosure](#))

- We performed scenario analysis to study the 10 businesses that will be relatively more susceptible to the impacts of climate change. We use this process to consider related business conditions, risks and opportunities under baseline and transition scenarios.

10 Businesses selected for scenario analysis

- Power generation • Energy resource investment (oil/gas/LNG) • Alternative energy • Coking coal mine investment
- Iron ore mine and copper mine investment • Aircraft leasing (Aircastle) • Ship • Grain (North America)
- Agri-input (North America) • Forestry

■ Issuance of USD-denominated Senior Unsecured Green Bonds/September 2021

- Issue US\$500Million of Senior Unsecured Bonds to raise funds for projects that help solve environmental problems.

The Green Bonds limit its use of proceeds to four business areas within the Marubeni Group's various Green Businesses.

- ①Renewable Energy ("Energy Supply") ②FSC/PEFC certified afforestation ("Land Use")
- ③Magnesium Refining ("Energy Demand") ④Water Supply and Sewage

■ Participation in the TNFD Forum/March 2022

- Marubeni will continue to contribute to the conservation of bio-diversity, which is an urgent issue in the world along with climate change, through supporting the development of TNFD's framework.

■ All-hazard type Marubeni Group BCP/April 2022

- Introduction of the all-hazard type Marubeni Group BCP*, replacing the previous BCP based on individual crisis events.
- Establishment of a new organization dedicated to building and promoting a BCM* structure to ensure effective functioning of the BCP.
- When a crisis occurs, the Emergency Response Headquarters and BCM Office will work together to establish a crisis response structure.

* BCP : Business Continuity Plan/BCM : Business Continuity Management

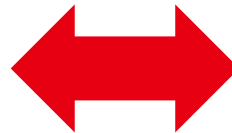


3 . Strengthening the Foundations for Value Creation

< Global crossvalue platform >



Global crossvalue platform
Marubeni



< 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

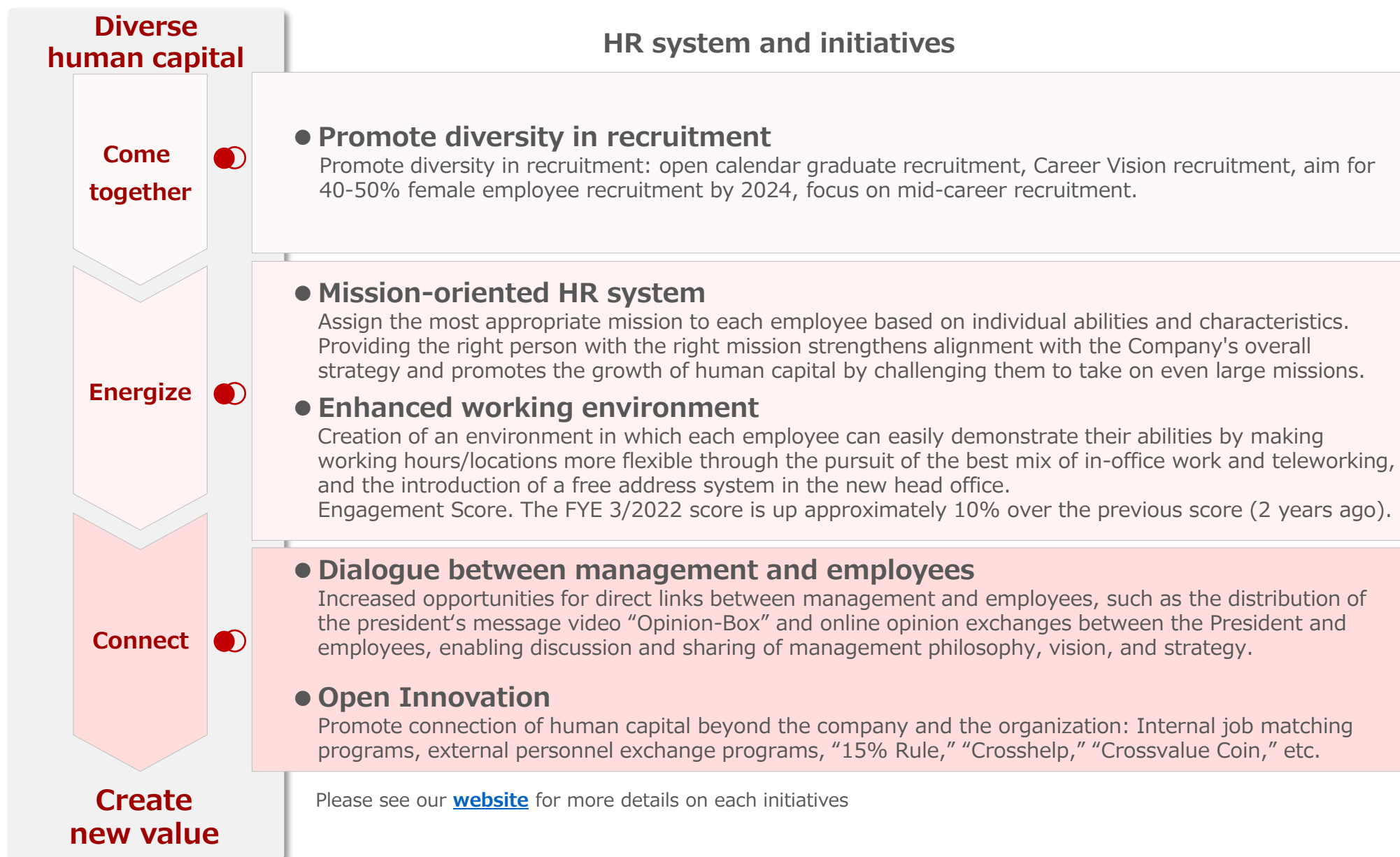
We will generate new value by freely combining our Group's strengths, internal and external expertise, and individual dreams and visions, taking the Marubeni Group as one single platform.

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

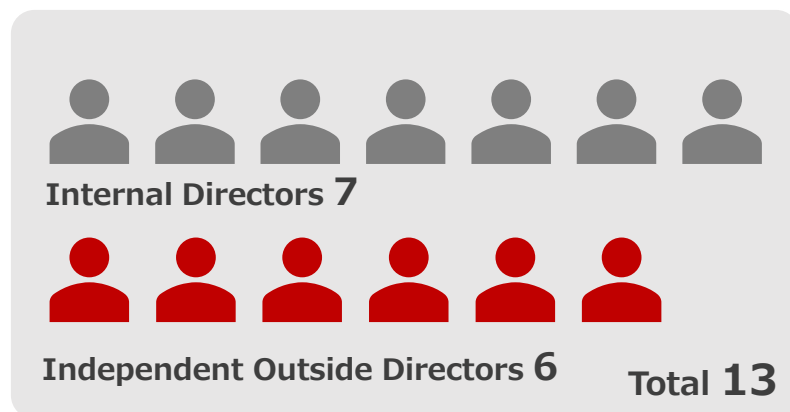
■ Promote the Further Progression of the Marubeni HR Ecosystem



■ Composition of Board of Directors

[FYE 3/2022]

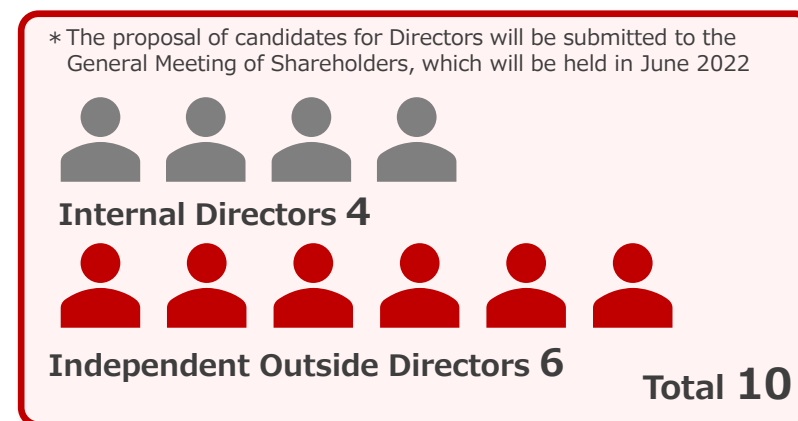
Percentage of Independent
Outside Directors 46%



[FYE 3/2023]

60%

For the first time in any general trading company's history, the composition of the Board of Directors will have 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.**
- 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.**

■ 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

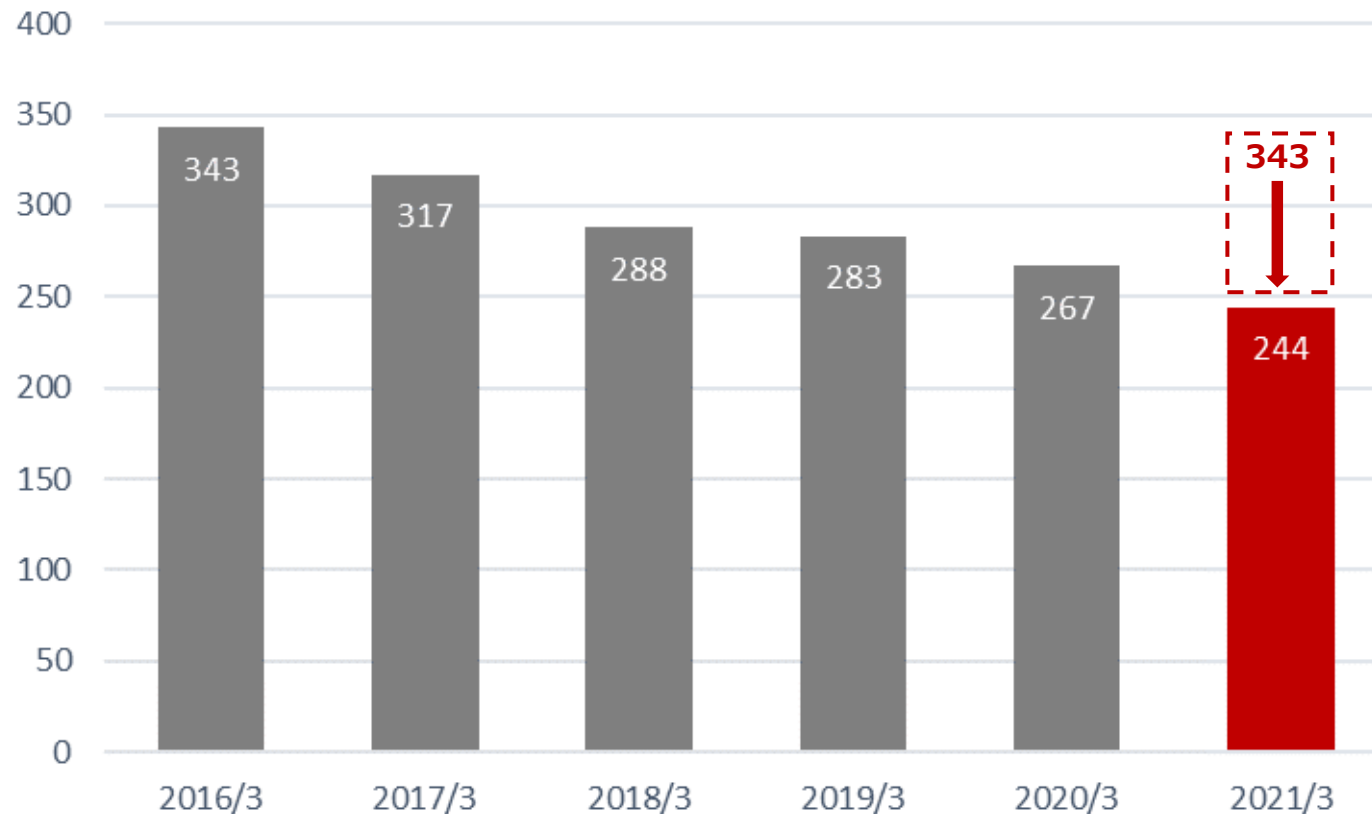
■ Reduction of cross-shareholdings (includes non-listed general investment shares)

- 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)

As of March 31, 2016 **343** stocks held → As of March 31, 2021 **244** stocks held

Number
of individual
stocks



Decreased by
approx. 30%
in six years

Disclaimer Regarding Forward Looking Statements

This material contains forward-looking statements about the future performance, events or management plans of Marubeni Corporation and its Group companies (the Company) based on the available information, certain assumptions and expectations at the point of disclosure, of which many are beyond the Company's control. These are subject to a number of risks, uncertainties and factors, including, but not limited to, economic and financial conditions, factors that may affect the level of demand and financial performance of the major industries and customers we serve, interest rates and currency fluctuations, availability and cost of funding, fluctuations in commodity and materials prices, political turmoil in certain countries and regions, litigation claims, changes in laws, regulations and tax rules, and other factors. Actual results, performances and achievements may differ materially from those described explicitly or implicitly in the relevant forward-looking statements.

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