

GLOBAL  
CROSSVALUE  
PLATFORM

# INTEGRATED REPORT 2019

**Marubeni Corporation**

Fiscal year ended March 31, 2019

**Marubeni**

### **Editorial Policy**

Integrated Report 2019 is meant to serve as a tool for communicating with stakeholders and gaining the trust of greater society. To provide a systematic explanation of the Marubeni Group's corporate value, this report is compiled in the form of an integrated report that describes our quest to create both corporate and social value. We hope that this report will give readers an understanding of our business strategies as well as our commitment to helping resolve social issues through our business activities.

Furthermore, the notation for the fiscal year covered in this report is FYE 3/2019 (April 1, 2018 to March 31, 2019).

### **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, many of which 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, performance and achievements may differ materially from those described explicitly or implicitly in the relevant forward-looking statements.

The Company bears no responsibility for any possible damages arising from the use of information in this material, nor does the Company have any obligation to update these statements, information, future events or otherwise.

This material is an English language translation of the materials originally written in Japanese. In case of discrepancies, the Japanese version is authoritative and universally valid.

### **Note Regarding Accounting Standards**

The Company adopted U.S. GAAP up until the fiscal year ended March 31, 2013, and IFRS from the fiscal year ended March 31, 2014.

"Profit attributable to owners of the parent" is described as "Consolidated Net Profit"/"Net profit" in this report.

## **Communication Framework**

		Linkage	
		Financial Information	Non-Financial Information
Stakeholder Engagement	<ul style="list-style-type: none"><li>● One-on-one meetings (for analysts, institutional investors)</li><li>● Earnings briefings (for analysts, institutional investors)</li><li>● Business briefings and tours (for analysts, institutional investors)</li><li>● Briefings for individual investors</li><li>● General meeting of shareholders</li></ul>	<ul style="list-style-type: none"><li>● Lectures by experts</li><li>● Public meetings</li><li>● Stakeholder dialogue</li></ul>	
Reports	<ul style="list-style-type: none"><li>● Financial Results</li><li>● IR Materials</li><li>● Consolidated Financial Statements with Independent Auditors' Report</li><li>● Business Report</li></ul>	<b>Integrated Report</b> 	<b>Sustainable Development Report</b> <ul style="list-style-type: none"><li>● Corporate Governance Report</li></ul>
Online Resources	 <b>Investor Relations</b> <a href="https://www.marubeni.com/en/ir/">https://www.marubeni.com/en/ir/</a>		
	 <b>Sustainability</b> <a href="https://www.marubeni.com/en/sustainability/">https://www.marubeni.com/en/sustainability/</a> <ul style="list-style-type: none"><li>● Our Way to Sustainability</li><li>● Global Environment &amp; Climate Change</li><li>● Respect for Human Rights</li><li>● Supply Chain Management</li><li>● Social Contribution</li><li>● Human Resource Development &amp; Utilization</li><li>● Sustainability Initiatives through Our Business</li><li>● Social Contribution Activities</li></ul>		

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**Marubeni's History**

# CHALLENGE AND TRANSFORMATION IN PURSUIT OF NEW VALUE CREATION

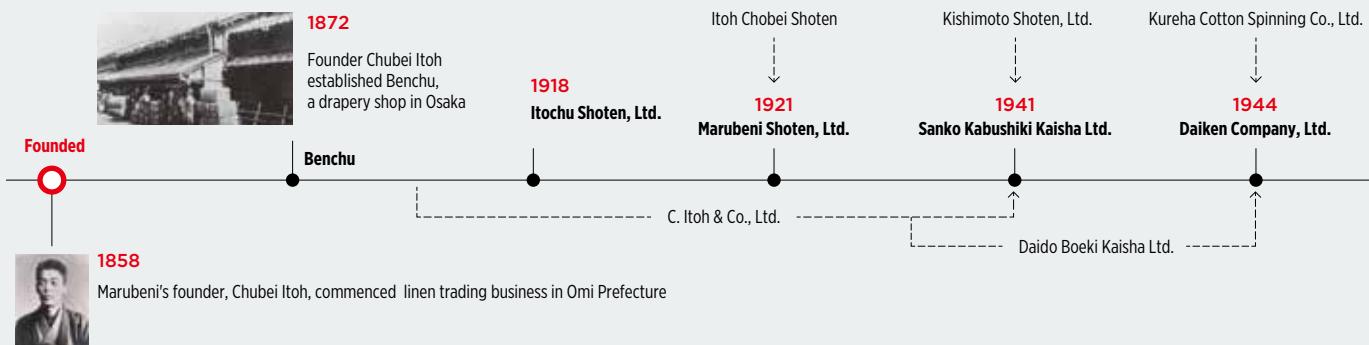
**Marubeni has been taking on the  
challenge of creating new value**

In 2018, Marubeni commemorated the 160th anniversary of its founding.

Over the years, we have been creating new value while embracing countless challenges and undergoing self-transformation. Such challenges and transformation are truly the grounds upon which Marubeni's current foundations as a *sogo shosha* (general trading company) were built. Looking ahead, Marubeni will boldly navigate the next era to evolve beyond the general-trading-company mold by variously endeavoring to advance society and industry while continuing to unremittingly embrace challenge and transformation.

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1858



## MANAGEMENT PHILOSOPHY

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### Company Creed

**Fairness**—Act with fairness and integrity at all times.

**Innovation**—Pursue creativity with enterprise and initiative.

**Harmony**—Give and earn the respect of others through cooperation.

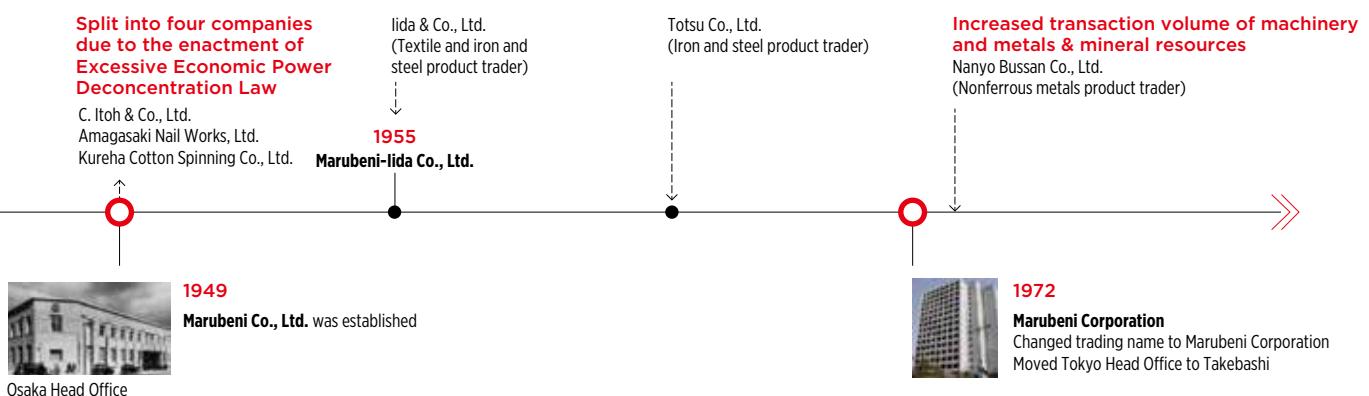
### Management Philosophy

In accordance with the spirit grounded in "Fairness, Innovation and Harmony," the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities.

### Corporate Principles

Marubeni Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and lawful competition. As a company, Marubeni will also continue to play its part in the growth of the global economy, while always striving to enrich the society within which it operates. In order to achieve these goals, Marubeni is committed to the following six basic principles of business:

1. Conduct Fair and Open Business Activities
2. Develop a Globally Connected Company
3. Create New Value Through Business Vision
4. Respect and Encourage Individuality and Originality
5. Promote Good Corporate Governance
6. Safeguard Ecological and Cultural Diversity



# UPDATE

## Record-High Consolidated Net Profit for the Second Consecutive Fiscal Year

### All Quantitative Targets Achieved under GC2018, the Previous Medium-Term Management Plan

In the fiscal year ended March 31, 2019, consolidated net profit hit ¥230.9 billion, a record high for the second consecutive year, with a ¥19.6 billion or a 9% increase year on year.

- Adjusted net profit, net profit excluding one-time items, also reached an all-time high of approximately ¥256.0 billion
- Core operating cash flow totaled positive ¥373.2 billion, a record high
- Positive free cash flow after delivery of shareholder returns totaled ¥245.8 billion
- The net DE ratio improved 0.14 points compared to the end of the previous fiscal year, to 0.90 times

FYE 3/2017

Consolidated net profit

¥155.4 billion

Free cash flow after delivery of shareholder returns

+¥336.1 billion

Net DE ratio

1.20 times

ROE

11.1%

Annual dividend per share

¥23

FYE 3/2018

Consolidated net profit

¥211.3 billion

Free cash flow after delivery of shareholder returns  
(Two-year cumulative)

+¥494.6 billion

Net DE ratio

1.04 times

ROE

14.0%

Annual dividend per share

¥31

FYE 3/2019

Consolidated net profit

¥230.9 billion

All-time high

Free cash flow after delivery of shareholder returns  
(Three-year cumulative)

+ ¥740.4 billion

Achieved GC2018 target

0.90 times

Achieved GC2018 target



Net DE ratio

13.9%

Achieved GC2018 target

ROE

13.9%

Achieved GC2018 target

Annual dividend per share

¥34

Record high

500

## Marubeni's Performance and Growth Capabilities

Key Performance Indicators

# GROWTH POWER

+30%  
increase

## Targeting Further Growth

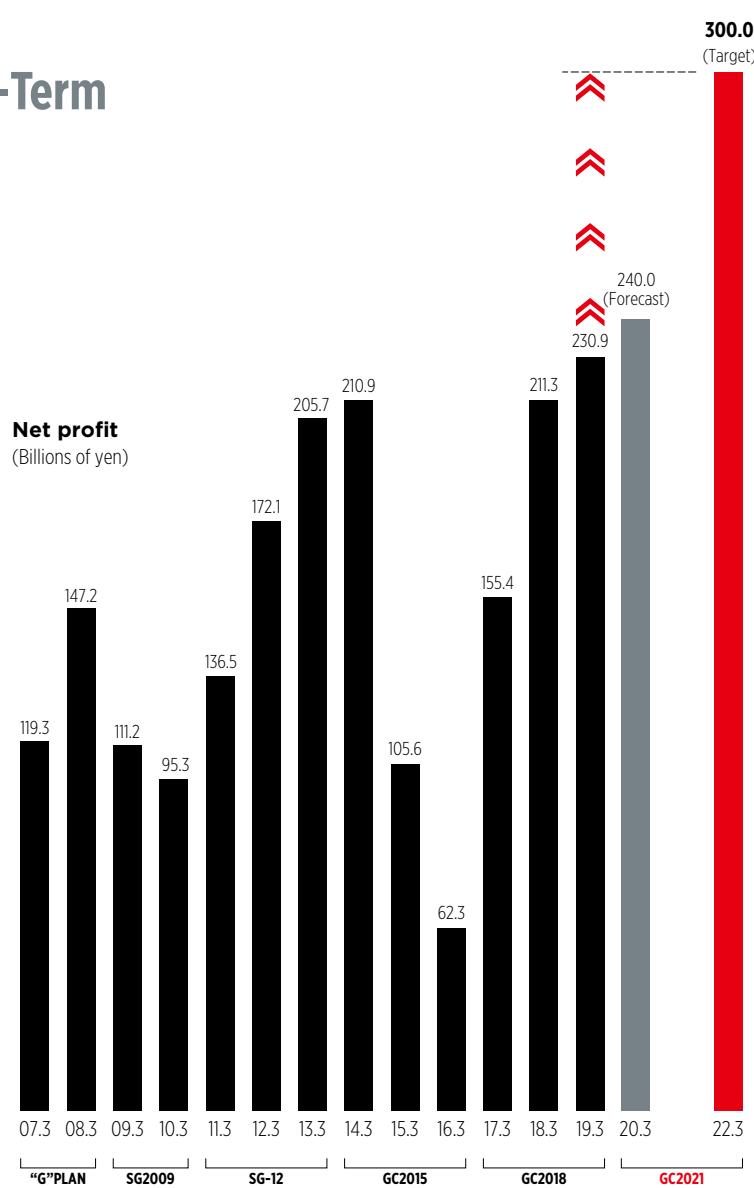
### Launch of GC2021 Medium-Term Management Strategy

Marubeni formulates and executes medium-term management plans aimed at resolving societal issues and creating new value. Looking back, some of these achieved record-high profits in every year of the plan, while some plan targets had to be revised due to drastic changes in the external environment. Going forward, Marubeni will address various challenges head on while working to create new value.

In May 2019, we announced the GC2021 Medium-Term Management Strategy (for the three-year period between the fiscal years ending March 31, 2020 and March 31, 2022).



See page 014 for more details of the GC2021 Medium-Term Management Strategy.



# GC2021 ➤

Global crossvalue platform

Financial Targets (FYE 3/2022)

Consolidated net profit (FYE 3/2022)

¥ 300.0 billion

Core operating cash flow (Three-year cumulative)

¥ 1,200.0 billion

Free cash flow after delivery of shareholder returns  
(Three-year cumulative)

+ ¥ 100.0 billion or more

FYE 3/2022: Net DE ratio of around 0.7 times

New investments (including CAPEX) (Three-year cumulative)  
Approx.

¥ 900.0 billion

(On the condition of achieving targeted FCF after  
delivery of shareholder returns)

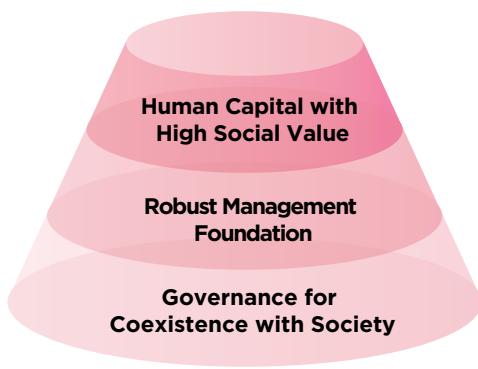
ROE

10% or more

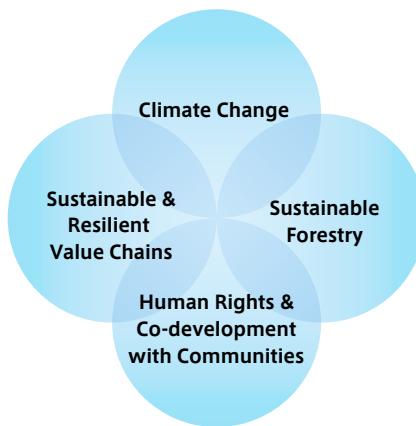
Marubeni's Value Creation Process

# MARUBENI'S VALUE DRIVERS

## FUNDAMENTAL MATERIALITY



## ENVIRONMENTAL & SOCIAL MATERIALITY



See "Fundamental Materiality" on page 040 and "Environmental & Social Materiality" on page 042 for more details on "Fundamental Materiality" and "Environmental & Social Materiality," respectively.



## OUR ACTIVITIES

### 14

Business Divisions

#### Consumer Products Group

- Lifestyle Division
- ICT & Real Estate Business Division
- Forest Products Division

#### Food, Agriculture & Chemicals Group

- Food Division
- Agri Business Division
- Chemicals Division

#### Power Business, Energy & Metals Group

- Power Business Division
- Energy Division
- Metals & Mineral Resources Division

#### Machinery, Infrastructure & Financial Business Group

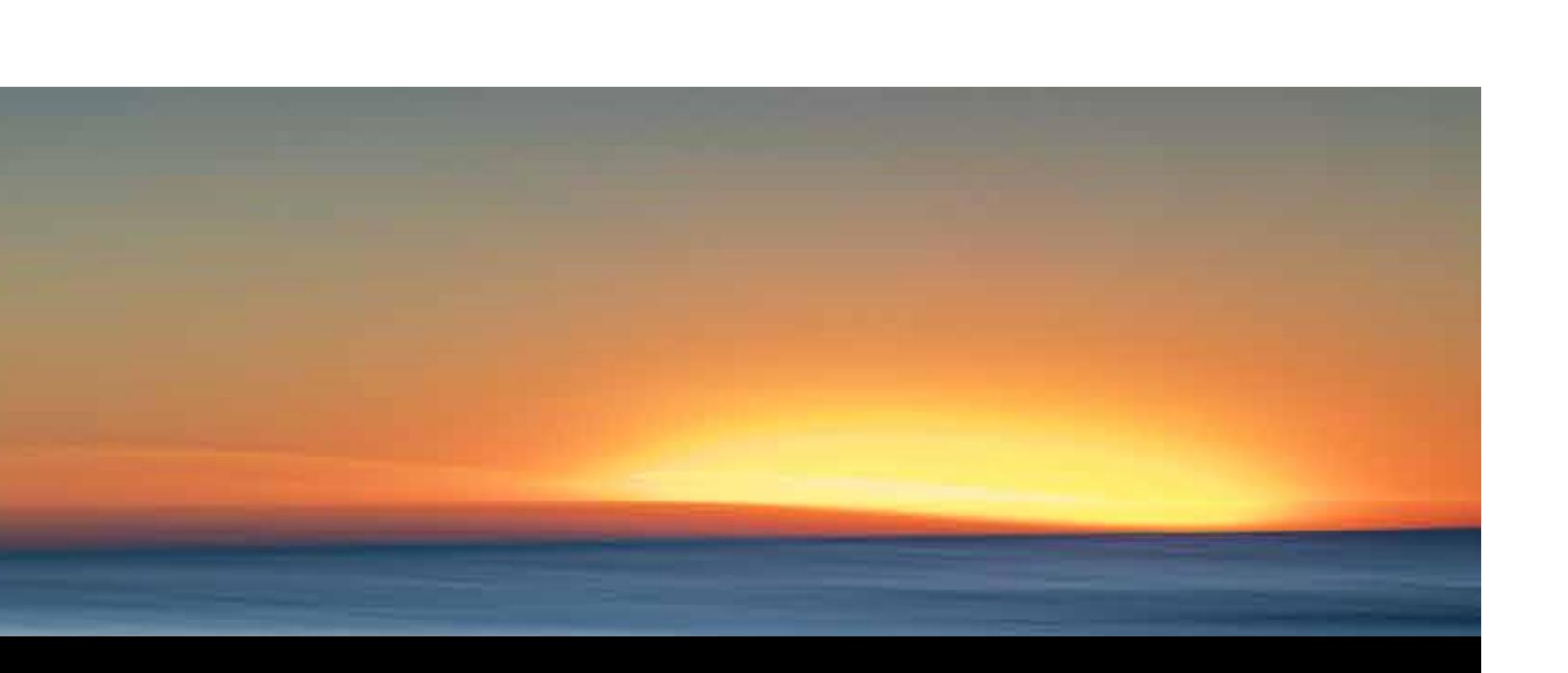
- Plant Division
- Aerospace & Ship Division
- Finance & Leasing Business Division
- Construction, Auto & Industrial Machinery Division

#### CDIO

- Next Generation Business Development Division



See pages 074-101 "Operating Activities" for more details on the activities of our 14 business divisions.



## OUR VISION



**Global crossvalue platform**

**Marubeni**

- We anticipate the issues and challenges facing society and create innovative solutions for our customers and for the world, breaking down barriers between sectors, between internal and external, crossing borders, building on our existing business models and expanding into new markets.
- We will generate new value by freely combining our Group's strengths, internal and external expertise, individual dreams and visions, taking the Marubeni Group as one single platform.



See pages 014-015 "What is the Global Crossvalue Platform?"  
for more details of our vision.

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# **Seizing upon changing, uncertain times as growth opportunities, we will forge our own path and elevate Marubeni to new heights.**

In addition to anticipating issues and challenges facing society and providing solutions to society and customers, we will challenge new growth domains and new business models by transcending the status quo and conventional wisdom.



**Masumi Kakinoki**

President & CEO



## Message from the President & CEO

In speaking with people both inside and outside of Marubeni since becoming president in April 2019, I keenly feel the magnitude of the expectations placed on Marubeni.

I believe that meeting such expectations is our *raison d'être*. I believe a general trading company is an essential partner that continually bridges gaps in society. In the 20th century, we bridged geographic gaps through trade. In the 21st century to date, we have been bridging gaps between current value and future value through investment. Over the past few years, we have entered a new era of rapid economic, technological and political change. Going forward, the Marubeni Group aims to bridge the new gaps (societal issues) that arise between the present and an obscure future. It is difficult to know what form these gaps will take, where they will lie or how big they will be. Additionally, gaps interact with each other, abruptly joining together or splitting apart.

We live in a challenging era. Nonetheless, I believe Marubeni is expected to continue to be a bold leader even amid such an environment. Marubeni will remain a company that propels society forward. The Marubeni Group aims not only to create timely solutions by anticipating societal challenges and the emerging needs of customers but also to co-create and realize dreams by anticipating the dreams of society and customers. The key to doing so is teamwork, as I tell all Marubeni Group personnel. Our teams need to hit the ground running, with everyone playing a valuable role. We cannot afford to have even a single member who lacks commitment or enthusiasm. We must forge ahead no matter what, thinking, acting and

creating as a team. We do not fear failure. We never let failure become an intractable crisis. Additionally, we cultivate human capital by providing opportunities to bounce back from failure. As long as Marubeni workplaces are filled with hard-working young people warmly supported by their seniors, I have absolute confidence that we can meet expectations as a leader that continually bridges gaps.

The Marubeni Group adopted a vision of its future self as a Global Crossvalue Platform in June 2018. We did so to reaffirm our commitment to anticipating issues and challenges facing society and creating innovative solutions for society and customers, even in the coming era of uncertainty, through vertical evolution and horizontal expansion that break down various barriers, including between sectors, inside and outside the Company and national borders. As a first step toward realizing this vision, we unveiled our GC2021 Medium-Term Management Strategy in May 2019. We aim to be a value-creative group that transcends the general trading company framework. To do so, we will simultaneously pursue both sustained growth by strengthening existing businesses and explosive growth by creating new business models with sights set 10 years ahead.

In the fiscal year ended March 31, 2019, Marubeni earned consolidated net profit in excess of ¥230 billion, a second consecutive record, to achieve our GC2018 medium-term management plan target. Our earnings power and financial foundation are now stronger than ever before in Marubeni's history of over 160 years. We are heading into an unknown world. I believe uncertain times call for a management approach that places priority on Marubeni's Creed of "Fairness, Innovation

and Harmony.” This creed calls on us to act with fairness and integrity at all times, pursue creativity with enterprise and initiative, and give and earn the respect of others through cooperation. There are no words more fitting to the current era or more conducive to sustained growth in corporate value. I believe that upholding our Company Creed will in turn generate even greater expectations of Marubeni and further reinforce Marubeni’s *raison d'être* and clarify its path forward. As president, I will make every effort to realize this aim.

#### Career History

April 1980	Joined Marubeni Corporation
June 2009	Senior Operating Officer, Power Projects & Infrastructure Division; Senior Corporate Officer, Abu Dhabi Trade House Project Department
April 2010	Executive Officer; Chief Operating Officer, Power Projects & Infrastructure Division
April 2013	Managing Executive Officer; Chief Operating Officer, Corporate Planning & Strategy Department, Global Strategy & Coordination Department, and Research Institute; Chairman of Internal Control Committee; Vice Chairman of Investment and Credit Committee
June 2013	Managing Executive Officer, Member of the Board
April 2014	Managing Executive Officer
April 2017	Senior Managing Executive Officer
April 2018	Senior Executive Vice President, Chief Executive Officer, Power Business & Plant Group
June 2018	Senior Executive Vice President, Member of the Board
April 2019	President and CEO, Member of the Board



# President & CEO Masumi Kakinoki on Strategy

GC2021 Medium-Term Management Strategy in the  
President & CEO's Words



## Q1 What is the Global Crossvalue Platform?

### A1 Clarification of the Marubeni Group's raison d'être.

In June of 2018, the year in which Marubeni commemorated the 160th anniversary of its establishment in 1858, the Marubeni Group adopted Global Crossvalue Platform as a long-term vision to aspire toward.

In simple terms, building a Global Crossvalue Platform will involve radical reform of Marubeni's businesses and organizational structure. Until recently, Marubeni grew by creating and providing various solutions to society and customers while transforming its business model from

trading to investing. However, we started to experience a major sense of crisis in response to society's changing values, the digital revolution and drastic changes in the industrial structure and competitive landscape. Under our existing organizational structure based mainly on product verticals, we were concerned about the possibility of sooner or later losing the ability to provide solutions to problems, obsolescence of our existing business models and the risk of asset holdings becoming stranded assets.

We feared that perpetuation of the status quo could call Marubeni's raison d'être into question. In response, we initiated radical reforms after discussing how to best navigate the whole Marubeni Group through these changing times and how to turn threats into opportunities. The Global Crossvalue Platform is the Marubeni Group's commitment to its internal and external stakeholders — a clarification and reaffirmation of its raison d'être when launching these reforms and a commitment to continually grow corporate value on a

Group-wide basis.

The Global Crossvalue Platform was formulated through repeated face-to-face discussions among not only the Corporate Management Committee but also frontline Marubeni Group employees who create solutions that only Marubeni can deliver.

We extensively engaged in frank discussions with employees who have built our existing business models, asking them how long they expect those business models to last under an organizational structure based predominantly on product verticals, the conventional trading company framework. We were told

that current business models would survive for another 2-3 years, 4-5 years or in some cases 10 years, but there were few business models that frontline employees were confident would survive beyond 10 years. I continue to communicate with all Marubeni Group personnel, constantly encouraging them to depart from the status quo, think hard about creating value throughout the Marubeni Group, embrace challenges without being afraid to fail and break free of existing organizational silos.

The “platform” in Global Crossvalue Platform is a generator of new businesses based on cross-pollination of various forms of value on

a global scale. The Marubeni Group itself aims to create solutions for society and customers by anticipating the issues and challenges facing society while evolving vertically and expanding horizontally as a single mega-platform encompassing a wide variety of businesses.

We will challenge new businesses by dismantling outdated organizations and transcending conventional wisdom. We will realize a Marubeni Group that challenges new growth domains and new business models.

#### Long-Term Direction

## **Our vision: Global crossvalue platform Value creation company going beyond the boundaries of the current *Sogo Shosha***

**Pursue growth engines and create new business models by proactively addressing the challenges of customers and society through vertical evolution and horizontal expansion**



#### **Global Changes and Major Trends toward 2030**

- Millennial generation and changing values
- Technological innovation, digital transformation
- Geopolitical risk and the shifting balance of world powers
- Transformation of the industrial structure
- New business ecosystems

Discontinuous changes, Disruptions to the status quo

#### **Concurrent Opportunities and Threats**

##### **Opportunities**

- New growth opportunities arising from changes

##### **Threats**

- Risk of existing business models becoming obsolete
- Limitations inherent in solutions based on product-oriented business lines

Ability to identify opportunities and threats,  
anticipate the future and drive change

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## **Q2 Is the GC2021 Medium-Term Management Strategy a plan to realize your Global Crossvalue Platform vision?**

**A2** It is not a mere plan, but a strategy. It is a first step toward realizing our vision.

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We formulated the GC2021 Medium-Term Management Strategy as a first step toward implementing our Global Crossvalue Platform with the aim of long-term corporate value creation with our sights set on 2030. Additionally, strategies toward realization of our 10-year vision in various business domains have already been extensively discussed and shared between management and frontline business units. GC2021's three-year term is those strategies' execution phase. GC2021 is accordingly a medium-term management strategy, not a mere plan.

The Global Challenge 2018 (GC2018) medium-term management plan, GC2021's precursor, was launched in April 2016 and revised in May 2017, largely in response to changes in the external environment. In its final fiscal year (ended March 31, 2019), we achieved the revised quantitative targets, including consolidated net profit, free cash flow

after delivery of shareholder returns, net debt/equity ratio and ROE. With our financial and earnings foundations steadily strengthening, we believe we have now laid the groundwork for GC2021's new challenges.

Our basic policy under GC2021 is to simultaneously pursue both sustained growth by strengthening existing businesses and explosive growth by creating new business models with our sights set 10 years ahead, all predicated on building and maintaining a strong financial foundation as a cornerstone for growth. To do so, we have incorporated three growth horizons into GC2021 as a new concept for Marubeni. These three growth horizons are one of GC2021's distinguishing features.

Horizon 1 supports sustained growth through improvement of existing businesses. Specifically, we will endeavor to grow earnings by maintaining or upgrading the value of existing businesses through capital ex-

penditures\* that, for example, extend the useful lives of existing assets.

Horizon 2 supports sustained growth through the pursuit of strategies distinctive to the Marubeni Group in existing business domains. Business divisions finished formulating their respective visions and strategies at 2018. These strategies are now in the execution stage. New investments made in existing business domains in the course of executing these strategies are Horizon 2 investments.

We have designated Horizons 1 and 2 as the Marubeni Group's core earnings drivers for achieving sustained growth during the GC2021 execution period.

Horizon 3 targets explosive growth toward 2030. To realize such explosive growth, we have defined a concept we call White Space, which refers to new business models and growth domains that the Marubeni Group has yet to exploit. Because White Space represents a new fron-

tier for the Marubeni Group, we recognize that Horizon 3 investments may not have realistic prospects of contributing to earnings during the GC2021 execution period. Nonetheless, we will boldly engage these highly promising growth domains to achieve explosive growth toward 2030. Beyond the explosive growth stage, Horizon 3 businesses will be treated as Horizon 1 or Horizon 2 existing businesses, meaning that we will further expand and upgrade them. Meanwhile, we will continue to

challenge White Space businesses in pursuit of another round of explosive growth. Through this approach, we seek to increase the Marubeni Group's value not only on a single year basis but over one- to three-decade timeframes by always challenging new business models with different timelines corresponding to the three growth horizons.

Organizationally, we have carried out structural reforms and reallocated human (organizational) capital. We will explicitly allocate cash

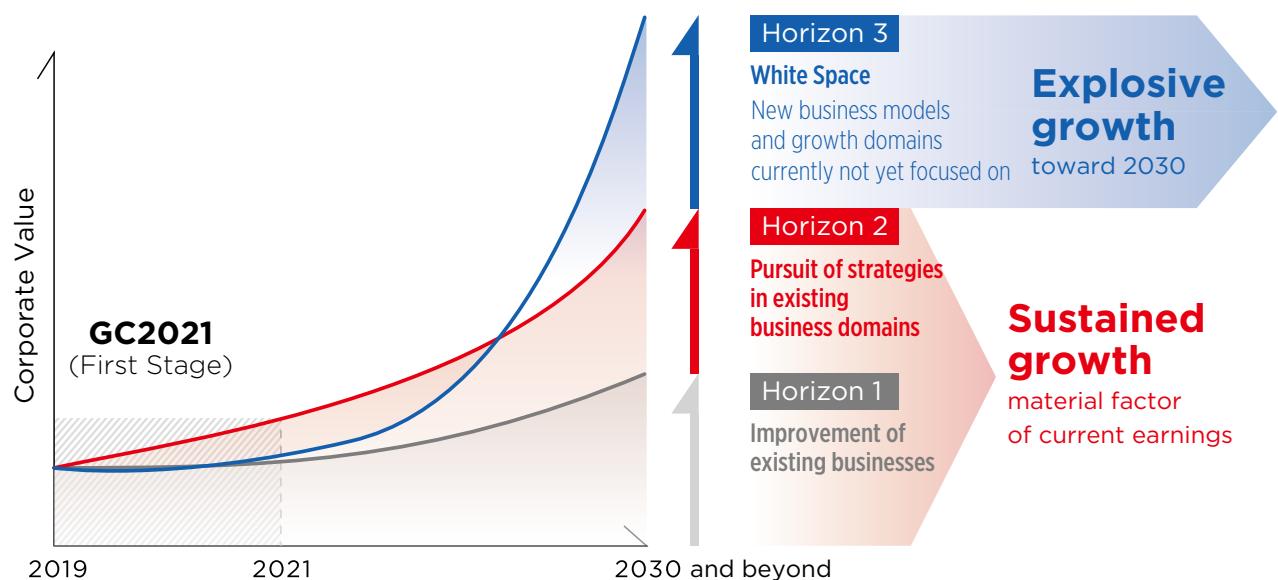
flows to implement our three growth horizons with differing timelines, all in the aim of strengthening existing businesses and creating new business models.

\*Capital expenditures are additional investments in existing assets to maintain or increase their value.



See page 024 for more details on "Concepts of Horizon 3 and White Space."

### Basic Policy of Management Strategy (Corporate Value Enhancement and Growth Horizons)



## Q3 How do you plan to allocate capital in pursuit of growth?

**A3** We will realize a virtuous cycle toward cash-flow maximization by allocating capital based on growth horizons.

**U**nder GC2021, we will further strengthen cash flow management in pursuit of long-term corporate value creation. We will work to maximize core operating cash flow\*, our root source of cash generation, and aim to generate cumulative positive core operating cash flow of ¥1,200 billion during GC2021's three-year term.

In terms of capital allocation, we will maintain financial discipline and further strengthen our financial foundation by achieving three-year cumulative positive free cash flow of

at least ¥100 billion after delivery of shareholder returns, and use it to pay down debt. By doing so, we expect to achieve our target of reducing our net debt/equity ratio to around 0.8 times by March 31, 2020, one year ahead of schedule. By March 31, 2022, the end of GC2021's third and final fiscal year, we expect our debt/equity ratio to improve to approximately 0.7 times.

We have been consistently allocating capital to growth opportunities since GC2018's inception. We plan to maintain a strategically

selective approach to new investments and capital expenditures. During GC2021's term, we plan to invest some ¥900 billion, allocated as follows to the three growth horizons.

**Horizon 1:** ¥200 billion allocated to expenditures required to improve existing businesses

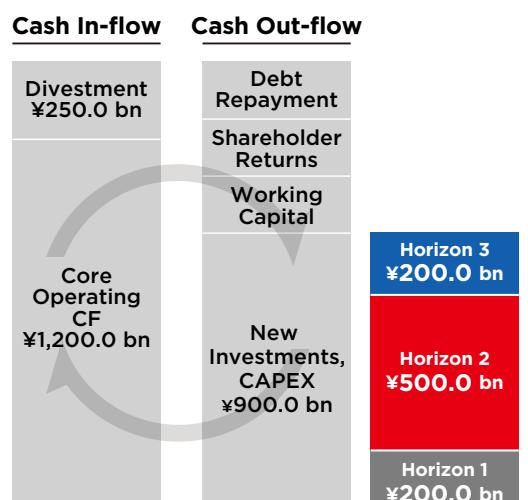
**Horizon 2:** ¥500 billion allocated to new investments aimed at strengthening and expanding our foundations in pursuit of strategies in existing business domains

**Horizon 3:** ¥200 billion allocated to new investments in White Space, defined as new business models and growth domains not yet exploited by the Marubeni Group, for realization of explosive growth toward 2030

Through this approach that aims to generate cash flow with differing timelines, our allocation of capital to growth opportunities will realize a virtuous cycle that maximizes core operating cash flow and, in turn, further increases our capacity to invest.

\*Core operating cash flow: Operating cash flow excluding Net increase/decrease in working capital and others

### Cash Flow Management



Three-year cumulative CF target

## Q4 What is your stance toward new investments under GC2021?

A4 SPP: Strategy × Prime × Platform

**A**s part of GC2021, we have formulated a trio of new business policies we call SPP—Strategy × Prime × Platform—as basic principles common to all of the Marubeni Group's business models.

**Strategy** policies involve closing the gap between the status quo and our vision. It expresses our renewed commitment to staying intensively strategy-focused.

**Prime** policies involve proactively executing strategies across all Marubeni Group businesses. If we were to merely invest in businesses, we would have much fewer opportunities to create solutions to the challenges and issues facing society and customers. We would also have less growth potential. We have accordingly made a commitment in the form of our Prime policy, which means proactively formulating and executing with the aim of increasing the value of our businesses. When investing in businesses that are too large for us to acquire a majority stake, we will take the initiative to add value to these businesses by teaming up with like-minded partners in mutually complementary strategies. Additionally, we believe our Prime policy increases the mo-

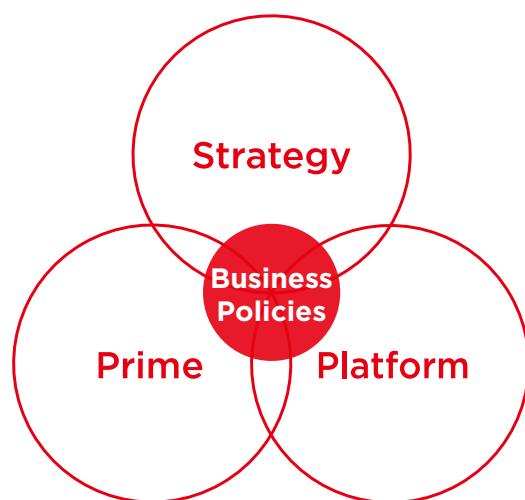
tivation of frontline Marubeni Group personnel.

**Platform** policies involve leveraging the Marubeni Group's platform to substantially grow its businesses. In White Space businesses in particular, we believe we must create new value by synergistically combining a wide variety of internal and external expertise. Additionally, we treat businesses with promising prospects of geographic, market or product-line expansion as platforms. We will pursue expansion of such businesses through M&As and/

or organic growth with the aim of long-term earnings growth.

After instilling these new SPP business policies in our workforce as values common to all personnel, including both employees and management, we will work to maximize the value of the Marubeni Group's overall portfolio businesses by selectively making SPP-based new investments, strengthening existing businesses and expediting recoupment of previous investments and asset turnover.

### New Business Policies (SPP) : Strategy × Prime × Platform



## Q5 What are your specific growth strategies?

We will meet the challenge of expanding into White Space  
A5 in addition to pursuing further growth in existing business domains based on our growth horizons.

**G**C2021 does not designate any strategic growth sectors because our business divisions are pursuing their own respective strategies to create new value. When formulating GC2021, we placed priority on strategies devised by our business divisions based on their experience addressing the needs and wants of customers and society. The business divisions of course

formulated their respective growth strategies in accord with GC2021's basic policies, namely the growth horizons and SPP business policies.

Organizational aspects of the growth strategies' implementation were also extensively discussed in the process of formulating GC2021. We concluded that for the Marubeni Group to be able to anticipate dizzyingly fast changes in societal val-

ues, digital technologies, industrial structure and the competitive landscape, we must speed up our own processes and expedite the implementation of growth strategies. GC2021 therefore includes organizational reforms. Specifically, we flattened the chain of command from four layers to three so that business divisions are able to implement their strategies more swiftly. The three layers



### Business Strategies of the Existing 13 Business Divisions (Existing Business Domains + White Space)

#### Consumer Products

- Lifestyle    ICT & Real Estate Business    Forest Products
- Global ODM business for SPA brands; Direct-to-consumer sales business (SPA, e-commerce, etc.)
  - ICT business; Domestic and overseas housing development/sales and asset management business; Technology-enabled solutions such as 5G etc. & value-added service for condominium residents and other customers
  - Musi Pulp Project's competitiveness and profitability; Packaging manufacturing and sales business overseas

#### Power Business, Energy & Metals

- Power Business    Energy    Metals & Mineral Resources
- Total Energy Solutions Business, especially renewable energy power and natural gas/ new energy value-chain businesses, in recognition of a low-carbon society
  - Global Power-retail/ Power-service related businesses; community-based utility service; distributed power generation and energy businesses
  - Superior upstream interests; Initiatives for environmental and circular economy businesses

#### Food, Agriculture & Chemicals

- Food    Agri Business    Chemicals
- Sales and marketing of specialty products in the food and chemical sectors; expanded presence in the life science field in particular in chemicals
  - Production and manufacturing capabilities
  - Helena Agri-Enterprises; Global agri-input business including Asia and South America; North American grain origination business

#### Machinery, Infrastructure & Financial Business

- Plant    Aerospace & Ship    Finance & Leasing Business
- Construction, Auto & Industrial Machinery
- Strong presence in social infrastructure business; Infrastructure fund business
  - Finance and leasing businesses that transcend industrial verticals; Next-generation financial services businesses
  - Functions in machinery & industrial domains by enhancing high-value-added services



See pages 076-101 for more details on growth strategies of our divisions.

consist of Marubeni's president, Division COOs and departmental general managers. Additionally, our previously product-based business divisions were reorganized along business-model lines, centered on steadily implementing each growth strategy. Our previous structure of six groups comprising 16 business divisions was reorganized into four groups comprising 13 business divisions. Additionally, we newly established the Next Generation Business

Development Division. Its mission is to create new White Space business models from the standpoint of Group-wide optimization. It will develop growth strategies with a staff of some 100 reassigned from other business divisions.

The other four groups and 13 business divisions will deploy the Three Growth Horizons in their respective growth strategies. In Horizons 1 and 2, they will steadily progress along the path of sustained

growth by expanding existing businesses and business domains. At the same time, they will pursue the White Space of Horizon 3 in close coordination with the Next Generation Business Development Division.



See "Next Generation Business Development Division: —Business Development Organization for the Creation of New Business Models Focused on the Next 10 Years" on page 026 for more details on the Next Generation Business Development Division.

## Column

### Chain of Command Flattened to Three Layers

## Evolving vertically and expanding horizontally by strengthening and expanding existing businesses and cross-pollinating

Since April 2019, Marubeni has embarked on structural reforms to implement new growth strategies toward the realization of the Marubeni Group's Global Crossvalue Platform vision.

First, to evolve vertically (strengthen and expand existing business domains), the Marubeni Group flattened its chain of command from four layers (President, Group CEOs, Division COOs and departmental general managers) to three layers (President, Division COOs and departmental general managers). The flatter organizational structure will enable

business divisions to implement strategies faster.

To promote horizontal expansion (cross-pollination among existing businesses, entry into new business domains), Marubeni established the Next Generation Business Development Division under its Chief Digital Innovation Officer (CDIO). In addition to being conducive to horizontal expansion, the new organizational structure will allow Group CEOs to manage their groups and supervise business divisions from more of a company-wide perspective.



**Takeo Kobayashi**  
Managing Executive Officer  
Chief Executive Officer,  
Consumer Products Group



**Akira Terakawa**  
Senior Managing Executive Officer  
Chief Executive Officer, Food,  
Agriculture & Chemicals Group



**Ichiro Takahara**  
Senior Executive Vice President,  
Member of the Board  
Chief Executive Officer, Power Business,  
Energy & Metals Group



**Hajime Kawamura**  
Senior Managing Executive Officer  
Chief Executive Officer, Machinery,  
Infrastructure & Financial Business Group



**Hirohisa Miyata**  
Managing Executive Officer,  
Member of the Board  
CDIO

### Key Features of Organization Reforms

- Aggregation of agri-input business & North American grain origination business to pursue further growth in the agribusiness domain
- Reorganization of Power Business Division and Energy Division under the same business group to pursue total energy solutions
- Reorganization of finance and leasing businesses under the same business division to pursue new financial solutions
- Establishment of Next Generation Business Development Division to create new business models from the point of view of Group-wide optimization

## Q6 What is your shareholder returns policy?

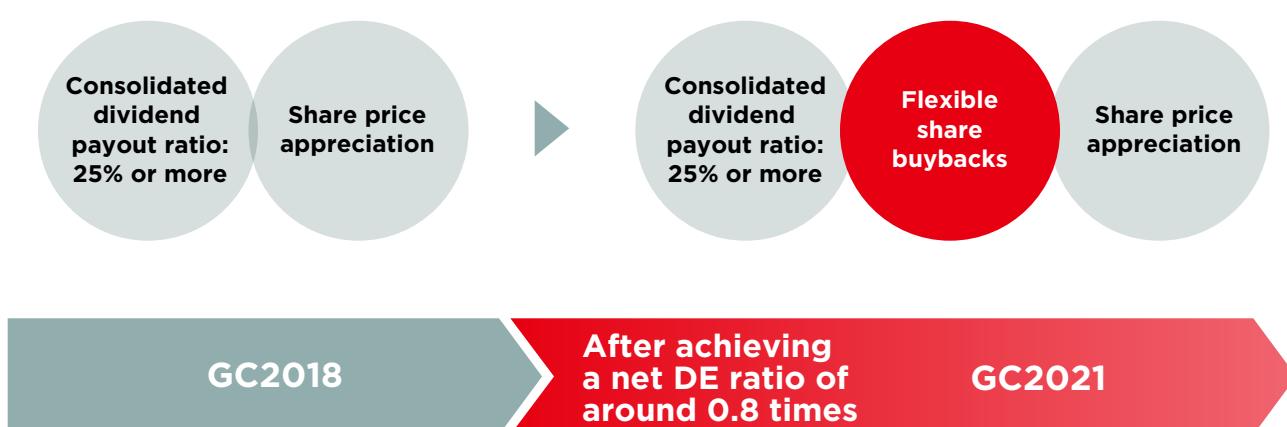
A6 We will flexibly buy back shares after achieving our net debt/equity ratio of around of approximately.

**F**or dividends, we maintain a consolidated dividend payout ratio of '25% or more'. We treat the dividend forecast we disclose at the beginning of every fiscal year as a minimum dividend for that fiscal year. Under GC2021, we are targeting consolidated net profit of ¥300 billion in the fiscal year ending March 31, 2022. Although we don't plan to change our dividend payout ratio of '25% or more', we expect to increase our dividends by growing profits.

In addition, after achieving a net debt/equity ratio of approximately 0.8 times, we will buy back shares as an additional shareholder returns policy. The buyback will be done flexibly based on our ability to generate core operating cash flow, the primary source of capital allocation, and after evaluating our growth investment pipeline.

In addition to maintaining and enhancing the value of existing business, we believe that profit growth driven by new investments is important to long-term growth in shareholder value. During GC2021's three-year term, we plan to allocate some ¥900 billion to new investments (including CAPEX), including Horizon 3 investments. We aim at strategic investment in prime assets to lead to growth in shareholder returns through future profit growth and share price appreciation.

### Shareholder Returns



## **Q7 What are the management indicators and financial targets of GC2021?**

**A7** Consolidated net profit, cash flow, ROE and pursuit of sustained growth in market capitalization.

The main management indicator of GC2021 is consolidated net profit. We aim to earn consolidated net profit of ¥300 billion in the fiscal year ending March 31, 2022, GC2021's final year. It is ¥60 billion higher than our ¥240 billion consolidated net profit target for the fiscal year ending March 31, 2020, and we are confident that it can be attained through steady execution of our ongoing growth strategies. During GC2021's term, we expect improvements to existing businesses to add about ¥50 billion to consolidated net profit

and new investments to add another ¥20-¥30 billion, giving us a ¥10-¥20 billion buffer built into our target.

Other targets include three-year cumulative positive core operating cash flow of ¥1,200 billion, three-year cumulative positive free cash flow of ¥100 billion or more after delivery of shareholder returns, and net debt/equity ratio at March 31, 2022, of around 0.7 times.

Additionally, we have set a minimum ROE target of 10% in light of our cost of capital. Our ROE is currently in the vicinity of 14%.

Under GC2021, we are pursuing sustained growth in market capitalization as a new management indicator/target not included in any of our previous medium-term management plans. We did so to signal internally and externally that we will pursue growth in market capitalization through efforts to increase corporate value as a value-creative corporate group that transcends the trading company framework in pursuit of our Global Crossvalue Platform vision. We believe management has a responsibility to grow market capitalization.

### **Management Indicators, Financial Targets**

<b>Consolidated net profit</b>		<b>FYE 3/2022</b>	<b>¥300.0 bn</b>
<b>Cash flow</b>	<b>Core operating CF</b>		
	<b>FCF after delivery of shareholder returns</b>		<b>¥1,200.0 bn</b>
		<b>Three-year cumulative</b>	<b>+¥100.0 bn or more</b>
			(FYE 3/2022: Net DE ratio of around 0.7 times)
	<b>New investments (including CAPEX)</b>	<b>Three-year cumulative</b>	<b>Approx. ¥900.0 bn</b>
			<b>Horizon 3 ¥200.0 bn Horizon 2 ¥500.0 bn Horizon 1 ¥200.0 bn</b>
			(On the condition of achieving targeted FCF after delivery of shareholder returns)
	<b>ROE</b>		<b>10% or more</b>
<b>Pursue sustained growth in market capitalization</b>			

## Column

### Concepts of Horizon 3 and White Space

## Marubeni will achieve explosive growth toward 2030 by creating new business models in White Space.

**M**arubeni will pursue long-term corporate value creation with its sights set on 2030. To convey its commitment to doing so to internal and external stakeholders, Marubeni incorporated into GC2021 a basic policy of explosive growth through creation of new business models with sights set 10 years ahead. The term “explosive growth” is the outcome of extensive discussion during the GC2021 formulation process. Alternatives such

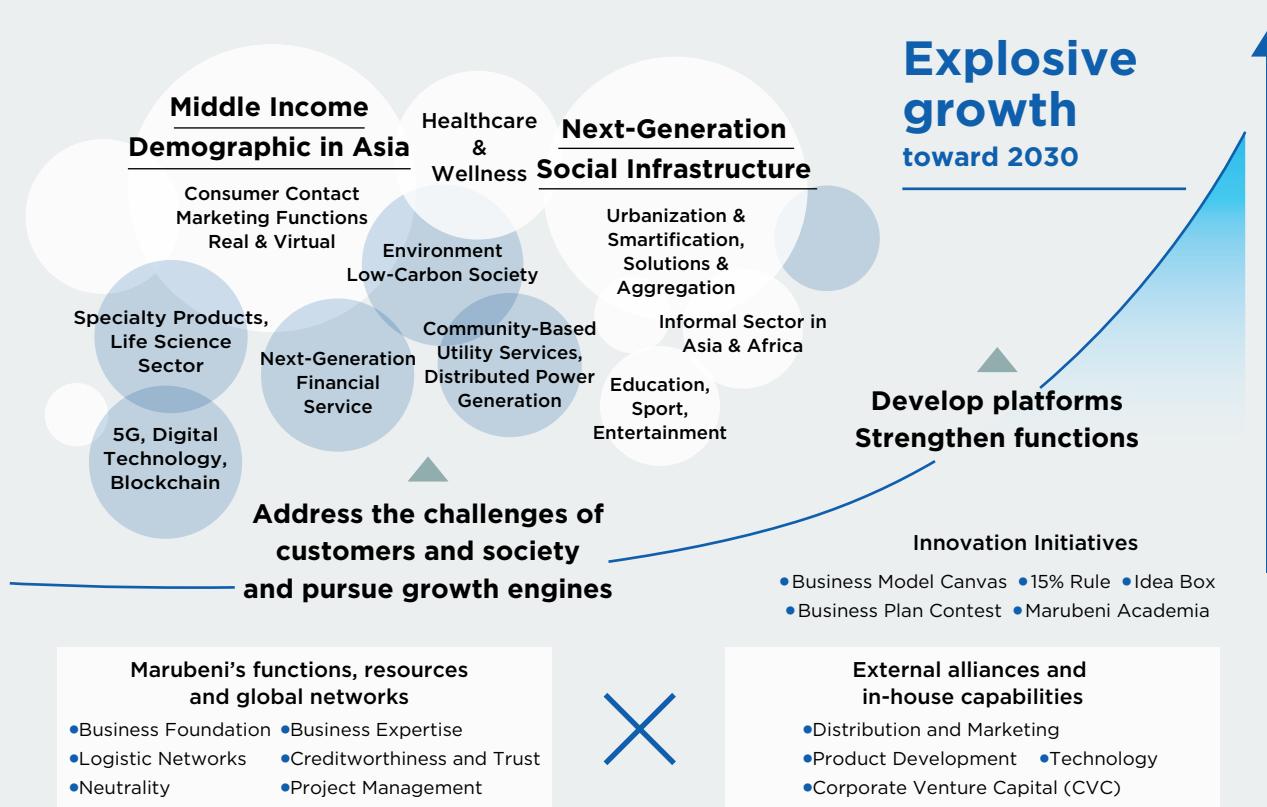
as “dramatic growth” were initially also proposed, but Marubeni decided to publicly commit to pursuing “explosive growth” to exceed internal and external stakeholders’ expectations by transcending its previous boundaries.

Marubeni will generate explosive growth on Horizon 3, the objective of which is White Space—new business models and growth domains the Marubeni Group has yet to exploit. In contrast, the objective of Horizons 1 and 2

### Horizon 3

#### White Space: New business models and growth domains currently not yet focused on

- Existing 13 Business Divisions and Next Generation Business Development Division -



is sustained growth through efforts to steadily increase the value of existing businesses by strengthening and expanding them. Marubeni will ferret out growth engines from White Space on Horizon 3. While Marubeni defines “explosive growth” as multifold growth in a business’s value within a 10-year timeframe, it does not intend to become involved in high-risk/high-return businesses.

A wide range of Horizon 3 growth opportunities exist one step beyond Horizons 1 and 2, domains in which the Marubeni Group can fully utilize its strengths. The key is to identify future growth engines by addressing and anticipating the challenges and issues of society and customers and proactively cultivating and growing businesses from a long-term standpoint. The aim of explosive growth is to grow businesses into core businesses many times more valuable within a 10-year timeframe, even if they do not contribute to earnings in their first years.

The adjacent infographic concretely depicts White Space to help internal and external stakeholders understand it better.

The white and blue balloons are growth domains and business models that are new to the Marubeni Group. They are areas we are targeting under GC2021. The business domains represented by blue balloons are ones already incorporated into the newly formulated GC2021 business strategies. They represent White Space the Marubeni Group will challenge as an extension of existing business domains, leveraging its strengths. The white balloons alongside the blue balloons represent domains in which the Marubeni Group does not yet have a presence, areas in which the Marubeni Group will strive to develop businesses from scratch under GC2021. The biggest white balloons are “rising middle income demographic in Asia” and “expanding next-generation social infrastructure.” Marubeni will endeavor to create new business models in these two domains with major growth prospects by capitalizing on its platform encompassing its expertise,

know-how, assets and other resources and capabilities. With respect to the rising middle income demographic in Asia in particular, Marubeni aims to go beyond its existing B2B business models by newly developing B2C models. In other areas as well, including “healthcare & wellness,” “the informal sector in Asia & Africa,” and “education, sport and entertainment,” Marubeni will work to develop various new growth opportunities it has yet to challenge. In pursuit of its vision of becoming a Global Crossvalue Platform, Marubeni aims to transform into a company that transcends the general trading company model to realize explosive growth through the creation of new business models instead of clinging to its existing mindset, hesitant to branch out into new domains.

As already mentioned, Marubeni’s consolidated net profit in the fiscal year ended March 2019 exceeded ¥230 billion, a second consecutive record-high, achieving the GC2018 medium-term management plan’s target.

Marubeni’s earnings power and financial foundation are currently stronger than ever before in its 160-year history. However, Marubeni has never previously extended its operations beyond the general trading company model or its own traditional business lines. Looking at the domains represented by the white and blue balloons, we keenly realized during the GC2021 formulation process the vastness of yet-to-be-exploited domains that extend beyond Marubeni’s existing operations. At the same time, we became convinced that domains in which Marubeni has the potential to generate explosive growth are expanding. Marubeni will generate the explosive growth in this White Space through coordination between its newly established Next Generation Business Development Division and the 13 existing business divisions and cross-pollination of the Group’s internal resources with external functions in the aim of creating new business models from the standpoint of Group-wide optimization.



See “Next Generation Business Development Division: Business Development Organization for the Creation of New Business Models Focused on the Next 10 Years” on page 026 for more details on the Next Generation Business Development Division.

GC2021 Medium-Term Management Strategy in the  
President & CEO's Words

## Column

**Next Generation Business Development Division:  
Business Development Organization for the Creation of New Business Models  
Focused on the Next 10 Years**

### Confronting Societal and Customer Challenges, Pursuing Next-Generation Growth Engines



**Masayuki Omoto**

Chief Operating Officer,  
Next Generation Business  
Development Div.

The Next Generation Business Development Division was established in April 2019 with a total of about 100 employees as a new business division developing next-generation businesses by seizing upon underlying growth opportunities in societal challenges. We will develop new business models in next-generation growth areas, including the Asian middle-class, next-generation social infrastructure, healthcare and entertainment, which are all expected to grow robustly around the world going forward. We will also create new business models by pursuing the in-house utilization of AI, blockchain and other digital technologies and by combining them with Marubeni's business base and partnerships. With "creating business valued by the next generation"

as the division's shared value, we will pursue measures that stimulate innovation, such as focusing on speed, thinking and acting on one's feet with no fear of minor failures, while avoiding the creation of obstacles to organizational awareness. We will work in close cooperation with all 13 business divisions as we pursue the development of next-generation businesses that will be the foundation for next-generation earnings.

#### Overseas Bases of Next Generation Business Development Division

Country	Location
U.S.	New York, Silicon Valley
China	Shanghai, Shenzhen
Singapore	Singapore
Estonia	Tallinn

#### Growth Theme for Next Generation Business Development Division



## Establishment of a Corporate Venture Capital Fund

Marubeni established a Corporate Venture Capital Fund (CVC) firm called Marubeni Ventures Inc. This firm will look to invest in start-up companies around the globe.

In using Marubeni Ventures Inc. to invest in start-up companies that create innovative businesses, Marubeni will accelerate innovation beyond existing business models and create new businesses that will become the revenue base of the next-generation, and achieve explosive growth looking toward 2030 as stated in GC2021 Medium-Term Management Strategy.

This CVC will allow Marubeni to promote collab-

oration and co-creation with start-up companies more actively and with greater speed. Marubeni believes that it can support and accelerate the resolution of societal challenges, and also deliver new value to society through collaboration with selected start-up companies. Marubeni will achieve this by combining the disruptive innovation of start-up companies with its own knowledge, experience and expansive business network.

In addition to the CVC activities, Marubeni will facilitate partnerships with start-up companies as a means of creating innovative business with a global reach.

## Establishment of a Pharmaceutical Product Wholesaler in China

Marubeni, in conjunction with Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Fosun Pharma), established joint venture Fobeni Healthcom Pharmaceutical Jiangsu Co., Ltd. (Fobeni), targeting pharmaceutical distribution business between Japan and China.

In China, the spread of chronic diseases resulting from rising living standards and lifestyle changes has become a societal challenge. As China has recently been developing a medical insurance system, foreign pharmaceutical companies including Japanese ones are increasingly motivated to enter this market.

Fobeni will deliver high-quality Japanese pharmaceuticals leveraging Fosun Pharma's nationwide sales network in China and promote business aimed at re-

solving societal challenges.

Additionally, Marubeni and Fosun Pharma have entered into a comprehensive strategic alliance to supply high-quality pharmaceutical resources to overseas markets in Asia and Africa as well as in Japan and China. These resources include the first biosimilars\* developed in China by the Fosun Pharmaceutical Group and high-quality pharmaceutical raw materials manufactured in China. Marubeni and Fosun Pharma will aim at further expanding business in the healthcare field.

\*Biosimilars are pharmaceutical products verified to be of the same quality, efficacy, and safety as biopharmaceuticals (pharmaceuticals manufactured using genetic recombination and other biotechnologies) and approved as being similar to biopharmaceuticals.

## Establishment of a Russian-Japanese Health Checkup and Prevention Center in Russia

Marubeni and Russian Railways<sup>\*1</sup> signed a memorandum for the establishment of a Russian-Japanese health checkup and prevention center (the Center), with the support of the Ministry of Health, Labor and Welfare<sup>\*2</sup> and in cooperation with Kameda Medical Center (Kameda<sup>\*3</sup>).

The average life expectancy of Russian people is below the average for developed countries. One of the possible causes could be that preventative medical care, including regular health checkups, are not widespread in the country.

It is under such circumstances that Marubeni and Russian Railways have agreed to open the Center in Khabarovsk, Russia in 2021. The Center will provide high-quality preventative medical services, including health checkups, with the help of Japanese medical institutions.

Marubeni and Russian Railways plan to have the

Center act as a flagship facility for the promotion of health checkups and preventative medical care in Russia, and are committed to having such medical care practices take root in the country leveraging the extensive hospital network of Russian Railways. The two companies will also work together to help Russian people to prevent diseases and lead healthier lives.

\*1. Russian Railways is a railway company wholly owned by the Russian government. Russian Railways has the world's 4th longest railway total extension and also owns the largest hospital group in Russia, which comprises more than 170 medical institutions.

\*2. The establishment of the Center is one of the projects of the "cooperation to raise medical standards in Russia and help extend healthy life expectancy of the Russian people" portion of the "Eight-Point Cooperation Plan", which Japanese Prime Minister Abe presented to Russian President Putin for promoting Japan-Russia economic exchange at the Japan-Russia Summit Meeting in May 2016.

\*3. Manages Kameda General Hospital, etc.

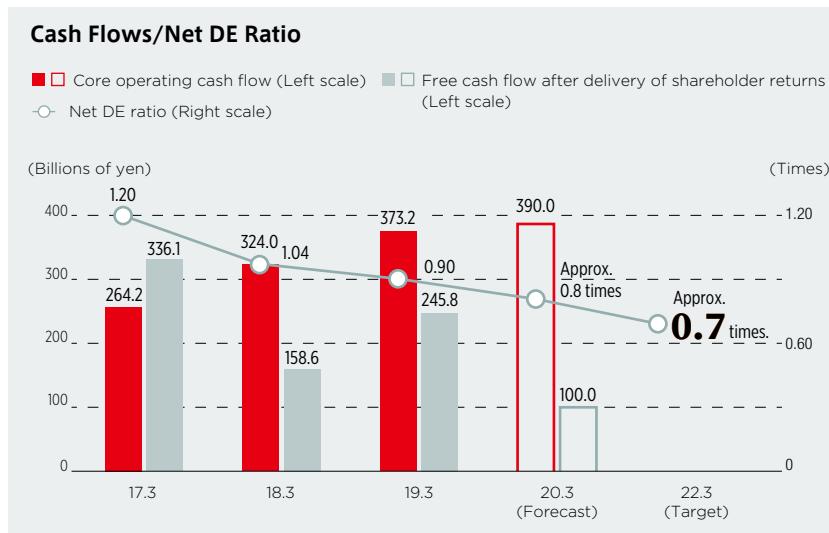
# We aim to increase corporate value by pursuing strategic investments and expediting asset turnover while strengthening our financial foundation.

028

## Q1

**How are you approaching financial discipline while implementing the GC2021 strategy?**

During the term of our previous medium-term management plan GC2018, we implemented various initiatives to maximize cash flow with the aim of further strengthening our financial foundation, which we set as a top priority. These initiatives included increasing the earnings power of existing businesses, screening prospective investments more selectively and expediting asset turnover. In the fiscal year ended March 31, 2019, such efforts resulted in all-time record consolidated net profit (¥230.9 billion) for a second consecutive year, substantial positive core operating cash flow of ¥373.2 billion and positive free cash flow (FCF) of ¥245.8 billion after delivery of shareholder returns. We consider core operating cash flow to be the most accurate measure of our earnings power. We used the cash thus generated to both pay down debt and build





## Nobuhiro Yabe

Senior Managing Executive Officer, Member of the Board  
CFO; Chief Operating Officer, Investor Relations and Credit Ratings;  
Chairman of Investment and Credit Committee;  
Chief Sustainable Development Officer;  
Chairman of Disclosure Committee

up equity by accumulating profits, reducing our net debt/equity ratio at March 31, 2019, to 0.90 times, a 0.14-point improvement from a year earlier. We had set a target of reducing our net debt/equity ratio to around 0.8 times by March 31, 2021 at the latest. We now expect to achieve this target by March 31, 2020, one year ahead of schedule. We have been strengthening our financial foundation more rapidly than planned. We believe we have solidly laid the groundwork for our GC2021 Medium-Term Management Strategy.

The quantitative targets of the **GC2021** strategy include three-year cumulative positive core operating cash flow of ¥1,200 billion, positive three-year cumulative FCF of at least ¥100 billion after delivery of shareholder returns, and reduction of our net debt/equity ratio to around 0.7 times by March 31, 2022, through FCF-funded debt repayments.

With our operating environment changing at an ever-faster pace, we need to maintain a strong financial foundation with enough risk-bearing capacity to enable us to continue our investment activities and realize sustained growth. Deleveraging is crucial to maintaining and upgrading our credit ratings as a company that borrows globally. We aim to further strengthen our financial foundation by continuing to rigorously manage our cash flow and interest-bearing debt no matter how our environment changes going forward.

# **Q2**

## **What is your investment strategy under GC2021?**

During the three-year term of the GC2018 plan, we made strategically selective new investments totaling cumulative ¥287.3 billion (excluding capital expenditures\*), mainly in non-resource businesses. Specific examples include equity investments in Creekstone Farms Premium Beef LLC, a U.S. beef processor/supplier; Saide Tekstil Sanayi ve Ticaret A.S., a Turkish company that plans, manufactures and sells apparel, among other products; and Orffa International Holding B.V., one of Europe's largest distributors of functional feed additives. We are also launching a containerboard manufacturing and packaging material sales business in Vietnam.

Meanwhile, we recouped a cumulative ¥636.9 billion over the same three-year period by rigorously divesting assets that no longer made strategic sense or lacked sufficiently promising prospects.

### **New Containerboard Manufacturing and Packaging Material Sales Business in Vietnam**

#### **Building a wholly owned containerboard manufacturing subsidiary in Vietnam**

Marubeni has established Kraft of Asia Paperboard & Packaging Co., Ltd., and commenced construction of a plant in Ba Ria-Vung Tau Province, Vietnam. The plant is scheduled to be commissioned into commercial operation in the latter half of the fiscal year ending March 31, 2021. It is slated to have annual production capacity of 350,000 tons when operating at full capacity from 2022.

Marubeni has been accumulating expertise in the containerboard business overseas in addition to its experience managing and operating domestic subsidiaries Koa Kogyo Co., Ltd., and Fukuyama Paper Co., Ltd., (respectively 79.95% and 55% owned by Marubeni). Marubeni aims to expand operations in the growing Vietnamese containerboard market by playing the lead role in their management while capitalizing on its sales network and Koa Kogyo's production technology and know-how.

#### **Aiming to capture growing containerboard demand in the burgeoning Vietnamese economy**

Global containerboard demand is expected to remain buoyant against a backdrop of solid economic expansion and e-commerce growth. With a population in excess of 93 million, Vietnam is the third-most populous ASEAN country. Its economy is growing robustly by virtue of a combination of domestic demand growth driven by national income growth and recruitment of many foreign-owned exporters. Containerboard demand in Vietnam has been growing at a compound annual rate in excess of 10%, faster than in other ASEAN nations with more developed papermaking industries such as Thailand and Indonesia. Vietnam is expected to become the ASEAN bloc's biggest containerboard-consuming country by the mid-2020s.



During the three-year term of **GC2021**, we plan to cumulatively invest some ¥900 billion split among three growth horizons. We intend to allocate ¥200 billion to capital expenditures to maintain and increase the value of existing businesses (Horizon 1), ¥500 billion to new investments to expand existing business domains based on the respective strategies of business divisions (Horizon 2) and, with sights set 10 years ahead, ¥200 billion to investments in new growth domains and business models (Horizon 3) while leveraging strengths cultivated in existing businesses. In accordance with this allocation plan, we will stringently adhere to our new “SPP” business policies irrespective of the business model involved, strictly maintain investment discipline and strategically screen new investments based on a thorough understanding of their risk/return profiles.

Faced with an increasingly uncertain competitive environment, we must make smart investment decisions and manage our operations from a forward-looking standpoint. We will accordingly discuss and understand the strategic attributes of businesses and the essence of their business models more deeply than in the past in addition to conducting quantitative due diligence.

We aim to maximize the value of the Marubeni Group’s overall business portfolio by exhaustively pursuing strategic fit in the businesses in which we invest and expediting asset turnover.

\*Capital expenditures are additional investments in existing assets to maintain or increase their value

 See “Q4. What is your stance toward new investments under GC2021?” on page 019 for more details on the “SPP” business policies.

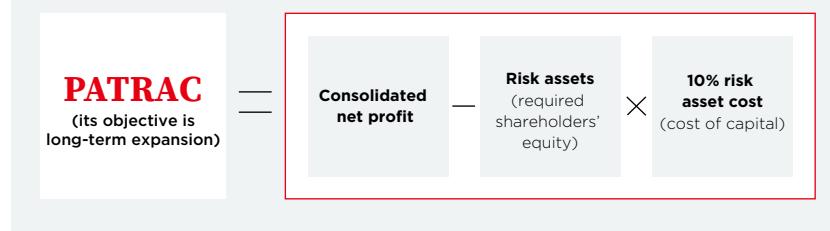
## Q3

**What are you doing to improve capital efficiency in pursuit of corporate value creation?**

At Marubeni, we have long managed our operations with a strong focus on cost of capital. In pursuit of profitability in excess of our cost of capital, we use PATRAC (Profit After Tax less Risk Asset Cost) as a proprietary KPI and, in making investment decisions, confirm on a case-by-case basis whether investment deals can generate returns commensurate with their risk. Even after making investments, we monitor them individually using PATRAC and flexibly reallocate management resources by replacing unprofitable or inefficient assets.

To promote effective utilization of shareholders’ equity, one of the GC2018 plan’s quantitative targets was ROE of at least 10%. In the fiscal year ended March 31, 2019, Marubeni achieved this target with an ROE of 13.9%. **GC2021** likewise includes an ROE target of at least 10% as a minimum benchmark. We will continue to manage our operations with a cost-of-capital consciousness.

### PATRAC (Profit After Tax less Risk Asset Cost)



## Risk Management

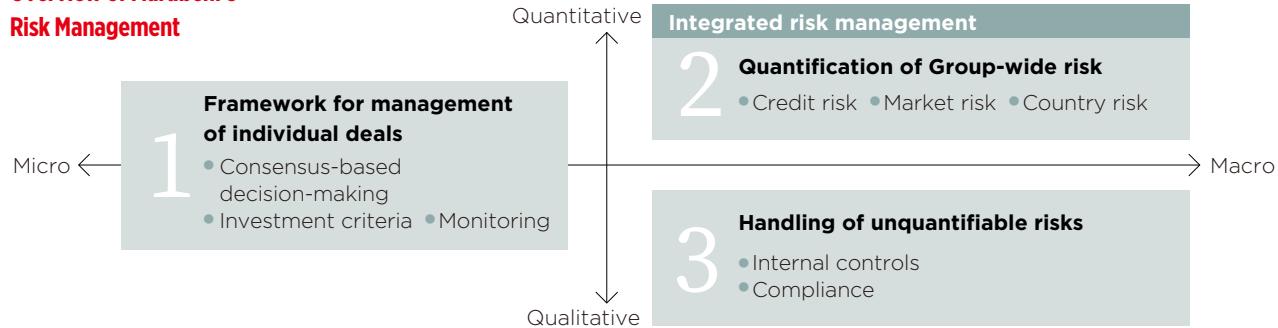
In conducting its diverse business activities, Marubeni manages risks through a multifaceted approach encompassing micro, macro, quantitative and qualitative perspectives. In an environment where exchange rates, resource prices and other financial and commodity market variables remain prone to substantial volatility, Marubeni practices integrated risk management by quantifying its maximum risk on a consolidated basis and keeping this maximum risk within the amount of total equity, which represents its risk-bearing capacity. While rigorously screening prospective investments on a case-by-case basis and monitoring them after they have been funded, Marubeni is also upgrading its internal control systems to prevent unforeseen losses.



See "Internal Control" on page 068 for more details of the internal control system.

# Marubeni's Risk Management

### Overview of Marubeni's Risk Management



### Integrated Risk Management

Marubeni practices integrated risk management across its diverse operations spanning a broad range of sectors and geographic areas. Its integrated risk management incorporates both a macro view of the entire Group and a micro focus on individual risks. In conducting integrated risk management encompassing all of its Group assets, Marubeni uses the VaR (value at risk) method to calculate its maximum risk.

Integrated risk management synthesizes various risk factors to quantify risk as a single monetary value. Marubeni precisely quantifies risk through computerized simulations that reflect the latest information. Based on the asset holdings of the Marubeni Group, maximum downside risk (risk assets), as quantified by the VaR meth-

od is, at present, within the amount of total equity which is the source of funds for unforeseen circumstances.

### Credit Risk Management

Marubeni analyzes counterparties' credit risk both quantitatively and qualitatively and manages its credit risk in accordance with the degree of risk involved. Specifically, Marubeni uses a credit scoring model based on its own proprietary algorithms and ranks customers in terms of creditworthiness based on their financial statement data and other relevant considerations, such as country risk and creditworthiness, including that of the parent company. Utilizing these creditworthiness rankings together with qualitative assessments, Marubeni sets credit limits

for individual counterparties. Marubeni also calculates allowances for credit losses based on collection periods, seeks to earn returns commensurate with risk and takes precautions against losses.

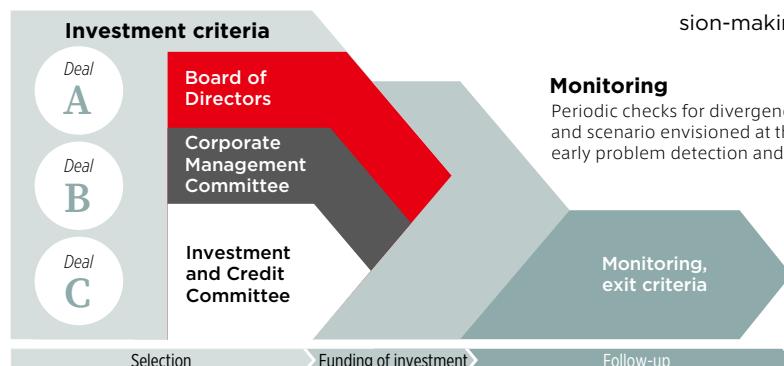
### Market Risk Management

The various commodities in which Marubeni deals include crude oil, natural gas and grains, which pose a risk of substantial earnings volatility due to market price fluctuations. To avoid excessive risk exposure to any single commodity market, Marubeni currently manages the risk of such commodity price fluctuations by managing its commodity market positions that have commodity-by-commodity basis limits, and by regularly monitoring its positions in every commodity it trades.

### Country Risk Management

Recognizing and managing the positive or negative impacts of unfolding events on individual countries and businesses amid an ever-changing, increasingly complex global business environment has become more important than ever for Marubeni, given its ongoing aggressive investment in overseas businesses. Marubeni currently categorizes countries based on their degree of risk in hypothetical scenarios in which financial risk escalates simultaneously across multiple countries. Marubeni manages both its overall exposure to each category of countries and the risk of concentrated exposure to any single country or region, the latter by controlling its exposure to individual countries.

### Investment Decision-Making Process



### Management of Individual Deals, Investment

#### Decision-Making Process

For individual deals such as significant business investments, Marubeni has a risk management regime spanning every step from entry through exit-based consensus decision-making and monitoring.

With regard to new deals, business groups must first submit project summaries and business plans. In response, the relevant corporate staff groups submit opinions on the result of risk analyses from both a quantitative and qualitative perspective. They are then discussed by the Investment and Credit Committee. The Investment and Credit Committee applies PATRAC\*, the risk-adjusted profit after tax, as one guideline for quantitatively evaluating the deal while taking into account the feasibility of individual deals, risk analyses and company-wide concentration risks. The deal is then forwarded to the Corporate Management Committee for further scrutiny and approved by the President. Deals that exceed a certain materiality threshold are approved by a Board of Directors' resolution.

\* **PATRAC (Profit After Tax less Risk Asset Cost):** A performance indicator developed by Marubeni to measure the extent to which returns exceed a minimum risk-adjusted return target

Once an investment has been made, the business group monitors it. Highly material investments, however, are monitored more closely to facilitate early problem detection and corrective action. The Investment and Credit Committee, Corporate Management Committee and the Board of Directors periodically receive reports on the current status of investments. The strategic, growth and profit potential of these investments is examined, with necessary investments considered from a variety of multifaceted angles and the determination regarding whether to revise and move forward or withdraw made in accordance with a consensus-based decision-making process.

## Sustainability

### Our Views on Sustainability

#### Company Creed



#### Management Philosophy

In accordance with the spirit of the Company Creed of "Fairness, Innovation and Harmony," the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment through fair and upright corporate activities.

Our Management Philosophy clearly expresses our views on sustainability. To us, sustainability means proactively engaging in environmental and social issues and challenges, delivering solutions through innovation, and living by the Management Philosophy.

Corporate value is composed of financial and non-financial value; non-financial value in particular is steadily growing in importance. With regard to sustainability, such issues as climate change, the depletion of forestry resources and human rights issues pose grave threats to social and environmental sustainability. Adopting and implementing clear medium- and long-term corporate policies regarding these issues is directly related to increasing non-financial value and corporate value.

Until now, to increase corporate value, each of our businesses has generally created its own innovative business model in anticipation of the challenges facing society.

From now on, however, we will further fortify our traditionally strong businesses (vertical evolution) and also leverage internal and external expertise in order to generate better results than would otherwise be possible (horizontal expansion). This is the concept of our "Global crossvalue platform;" it will provide solutions for social and environmental problems and guide us in working toward a better tomorrow by providing a framework for promoting social and economic development and conserving the global environment.



We have published the Sustainable Development Report 2019, which shows our basic policies, activities, case studies, and performance data on our corporate sustainability.

<https://www.marubeni.com/en/sustainability/report/>

**Fairness:** Act with fairness and integrity at all times.

**Innovation:** Pursue creativity with enterprise and initiative.

**Harmony:** Give and earn the respect of others through cooperation.



Global crossvalue platform  
**Marubeni**

#### Company Creed



#### Management Philosophy

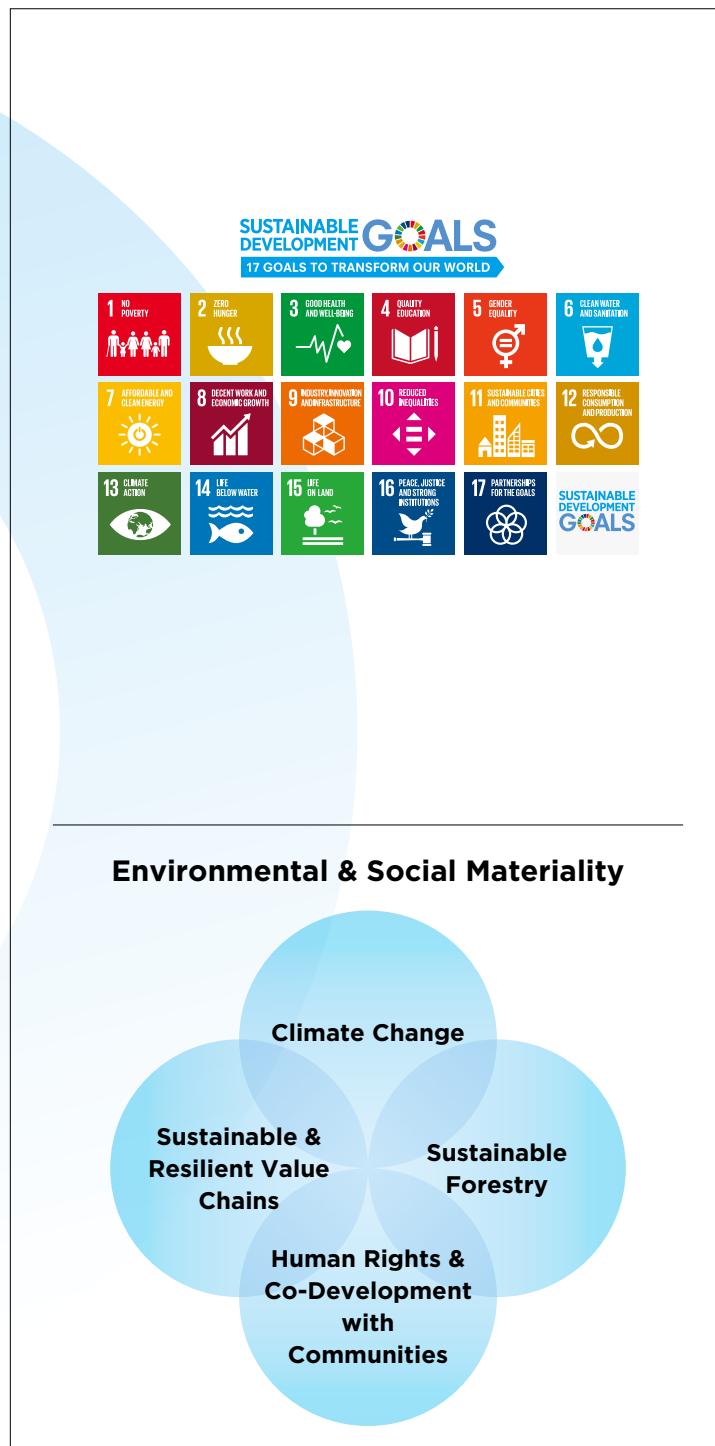
#### Fundamental Materiality



**Proactively Engaging in Environmental & Social Issues and Challenges**

# BUILDING A BETTER TOMORROW

**Delivering Solutions through Innovation**



## Sustainability Dialogue

Dialogue with Stakeholders at Marubeni Sustainability Information Session

### Marubeni's Basic Views on Sustainability

Our planet and society face various threats to their sustainability. The Earth's average temperature has risen about 1°C since the Industrial Revolution. Deforestation is progressing at a rate equivalent to 27 soccer fields per minute. Extreme climate events and natural disasters regularly occur throughout the world. Meanwhile, nearly half of the global population subsists on less than \$5.50 per day and 4.3 million children are reportedly ensnared in forced labor. Addressing such

wide-ranging issues, all of which are closely related to the sustainability of business activities, is now a high priority issue globally. We believe that explicitly setting and implementing medium- and long-term policies addressing such issues will create nonfinancial value and, in turn, directly lead to growth in corporate value.

Our views on sustainability are clearly expressed by our Management Philosophy: "In accordance with the spirit grounded in 'Fairness, Innovation and Harmony,' the Marubeni Group is proudly committed to social

## Marubeni's views and policies on sustainability

In March 2019, Marubeni held a sustainability dialogue to explain its sustainability initiatives and gather candid input from stakeholders to incorporate into future initiatives. The analysts, institutional investors and ESG professionals in attendance asked numerous specific questions. See page 039 for highlights of the Q&A session.

### Nobuhiro Yabe

Senior Managing Executive Officer, Member of the Board;  
CFO; Chief Operating Officer, Investor Relations and Credit Ratings; Chairman of Investment and Credit Committee; Chief Sustainable Development Officer; Chairman of Disclosure Committee



and economic development and safeguarding the global environment by conducting fair and upright corporate activities." The very act of practicing our Management Philosophy through the proactive provision of solutions to environmental challenges and emerging social needs constitutes sustainability for the Marubeni Group.

In April 2018, Marubeni formed a Sustainability Management Committee (the "Committee") that reports directly to the President. The Committee met 23 times over the year through March 2019. Through many rounds of lively discussion on how to best put our Management Philosophy into practice, the Committee reached the conclusion that Marubeni itself must first become a sustainable entity. The Committee completed a materiality assessment that identified "human capital with high social value," "robust management foundation" and "governance for coexistence with society" as three categories of Fundamental Materiality for accomplishing the goal of ensuring sustainable growth for the Company and "building a better tomorrow." The Marubeni Group is now leveraging these three categories of Fundamental Materiality with a focus on creating its own innovative business models and highly practical solutions.

### **In Pursuit of Solutions to Environmental and Social Demand**

After setting its three categories of Fundamental Materiality, Marubeni identified the following four Environmental and Social Materiality categories. It needs to pursue the attainment of the Sustainable Development Goals (SDGs)\*<sup>1</sup> adopted by the United Nations General Assembly in 2015 and resolve sustainability issues of importance to governments, the private sector and civil society. Leveraging its Fundamental Materiality will enable Marubeni to pursue its Environmental and Social Materiality together with innovative solutions that contribute to the attainment of the SDGs.

**\*1. Sustainable Development Goals (SDGs):** As a first step, in 2001 the UN established the Millennium Development Goals (MDGs) with a target date of 2015. Subsequently, in September 2015 the UN Sustainable Development Summit established the SDGs under the 2030 Agenda for Sustainable Development. They are a set of international goals covering the period from 2016 through to 2030, and consist of 17 goals and 169 targets.

#### **1. Climate Change**

Marubeni aims to help realize a low-carbon society by mitigating global warming through its global renewable energy and related businesses.

In September 2018, the Marubeni Group pledged to cut its FYE 3/2019 coal-fired power net generation capacity of approximately 3GW in half by 2030 and announced we will no longer enter into any new coal-fired power generation business as a general principle. We strive to accelerate expansion of our portfolio of renewable energy generation business. We have adopted a target of doubling the ratio of power generated by renewable energy sources in our own net power supply by 2023. Additionally, we aim to grow our green revenue (revenue from businesses that contribute to climate change countermeasures) from roughly ¥700 billion at present to around ¥1.3 trillion by the fiscal year ending March 31, 2024. As new measures to counter climate change mitigation initiative, the Marubeni Group affirmed the TCFD\*<sup>2</sup> recommendations in February 2019 in recognition of the importance of climate-related financial disclosure. Going forward, we will endeavor to better understand the financial impacts of risks and opportunities brought about by climate change, and also engage in improved climate-related financial disclosure.

**\*2. TCFD (Task Force on Climate-related Financial Disclosures):** Established by the Financial Stability Board (FSB).



See pages 042-044 for more information on Climate Change under Environmental & Social Materiality.

#### **2. Sustainable Forestry**

Marubeni owns tree plantations with some 140,000 planted hectares, mostly in Indonesia and Australia. The total gross project area is equivalent to about 1.5 times the area of Tokyo Metropolis. Marubeni is contributing to sustainable forest conservation through its tree plantations around the world.

In February 2019, Marubeni announced a commitment to sustainable forestry in the form of a new Forest Management Policy and Product Procurement Policy for forest-derived products. In these policies, Marubeni pledged both internally and externally: "No conversion of natural forests in forest plantation developments,"

## Sustainability Dialogue



"No handling of procured products produced from illegally logged timber," and "biodiversity conservation." In managing its forest product operations, Marubeni has a zero-tolerance policy on human rights violations such as child labor and is strongly committed to harmonious co-existence with local indigenous people.

Going forward, Marubeni aims to help build a circular economy by innovatively utilizing forest resources while meeting diverse environmental needs with solutions tailored to countries and regions' respective characteristics.



See pages 045-047 for more information on Sustainable Forestry under Environmental & Social Materiality.

### 3. Human Rights and Co-Development with Communities

The Marubeni Group has formulated and published a Group-wide Basic Policy on Human Rights based on the Guiding Principles on Business and Human Rights endorsed by the United Nations Human Rights Council in 2011. Pursuant to this policy, the Group aims to eradicate human rights violations such as child labor and forced labor. The Marubeni Group will conduct human rights due diligence<sup>\*1</sup> on business projects etc. while respecting the human rights of persons affected in any way by our business activities.

**\*1. Human rights due diligence:** a process undertaken to identify, prevent, mitigate and address adverse impacts on human rights.



See pages 048-049 for more information on Human Rights and Co-Development with Communities under Environmental & Social Materiality.

### 4. Sustainable and Resilient Value Chains

The Marubeni Group has revised its Basic Supply Chain CSR Policy, first adopted in 2008, and formulated a new Basic Supply Chain Sustainability Policy. We now visit suppliers in countries or industries that pose a high degree of environmental or social risk and inspect their adherence to guidelines on matters such as observance of laws, respect for human rights, conservation of the environment, safety and health. When visiting suppliers, we conduct multifaceted inspections customized to the supplier's local and operational circumstances, and also report the inspection results to the supplier. Our aim in doing so is to build sustainable and resilient supply chains by collaborating with diverse suppliers. We believe that such initiatives foster confidence in Marubeni's reliability from the perspective of stakeholders while also generating more new business opportunities.



See pages 050-051 for more information on Sustainable & Resilient Value Chains under Environmental & Social Materiality.

The Marubeni Group is firmly convinced that practicing our Management Philosophy based on these four categories of Environmental and Social Materiality will contribute to "building a better tomorrow." Through these sustainability initiatives, the Marubeni Group aims to newly create and increase nonfinancial value and continuously grow its corporate value.

## Main Questions and Answers at Marubeni Sustainability Information Session

**Q1**

**You said that the Sustainability Management Committee has met many times. Who is on the committee and how did they shape Marubeni's views and policies on sustainability?**

**A1**

The Sustainability Management Committee's members were appointed from frontline Business Divisions to cross-organizationally incorporate diverse viewpoints from business units where value creation takes place. Additionally, an External Director and two External Audit & Supervisory Board Members serve as advisors to the Committee. External consultants are also involved with helping the Committee do its job, including through pre-meeting preparations. In addition to the previously mentioned 23 Committee meetings, the Committee engaged in discussion 70 times, including preparatory meetings before and after Committee meetings, in the fiscal year ended March 31, 2019. The External Director and Audit & Supervisory Board Members serving in an advisory capacity attended nearly all of the 23 Committee meetings. They actively participated in discussions and offered advice.

**Q2**

**What is the composition of your existing roughly ¥700 billion of green revenue and how will you double it?**

**A2**

We define green revenue based on the FTSE and other ESG rating companies' methodologies. Our green revenue currently consists mostly of sales from businesses dealing in power generation from renewable energy sources; sales from water businesses and other businesses contributing to efficient use of resources; sales of products certified as contributing to sustainable forestry, fisheries, etc.; sales from businesses contributing to propagating EV (electric vehicles); and sales from businesses contributing to waste reduction. In terms of specific measures to double green revenue by the fiscal year ending March 31, 2024, doubling the ratio of power generated by renewable energy sources will be the biggest driver.

**Q3**

**As the power business cuts its coal-fired power net generation capacity from roughly 3GW to around 1.5GW, will you look to replenish the reduced capacity with renewable energy generation businesses?**

**A3**

Currently, the Marubeni Group's net generation capacity totals around 12GW, about 3GW of which is generated from coal-fired power generation businesses. Given our current profit levels, we do intend to replenish the reduction in coal-fired power generation capacity with renewable energy generation business, but we are also working to expand the scope of our entire operations. We realize that to do so, we must generate new businesses by prevailing over international competition. In addition to renewable energy generation businesses, including offshore wind power businesses in Japan and overseas, we plan to expand our portfolio of other non-coal-fired power generation businesses as well. We intend to also expand our operations outside of the IPP\*<sup>2</sup> business, including through our UK subsidiary SmartestEnergy Ltd.

\*2. IPP: Independent Power Producer

**Q4**

**Will the newly identified materiality have any effect on your decision-making process for investments in new businesses?**

**A4**

As part of our decision-making process for new investments, we check and monitor new investments from a sustainability standpoint, like a compliance check. If, for example, a business's investee or partner company was committing human rights violations, we would examine whether to continue our business with that party.

## Fundamental Materiality

The Marubeni Group has identified three categories of Fundamental Materiality for living by our Management Philosophy, building a better tomorrow, and accomplishing the goal of ensuring sustainable growth for the company.



### 1 Human Capital with High Social Value

We regard human capital as our most valuable asset in meeting environmental and social demand, and proactively providing solutions. We define "Human Capital with High Social Value" as individuals who are essential not only to the company but also to society. We will nurture Human Capital with High Social Value, and thereby bring about innovation and provide solutions.

#### To us, Human Capital with High Social Value means:

- Individuals who observe laws and act in conformity with accepted international customs, and who also maintain high ethical standards for the good of society.
- Innovative individuals with the foresight, insight and creativity needed to anticipate social change.
- Individuals with sound judgment and the ability to make correct decisions and act quickly.
- Individuals with the communication skills to truly address the demands of society, with a sense of purpose and responsibility, while also being attuned to the realities of the marketplace. These attributes are the foundation of decision-making, decisiveness and the ability to execute.



### Robust Management Foundation

We have identified Robust Management Foundation as the second category of Fundamental Materiality, as we believe it is necessary both for maximizing the potential of our human capital and for maximizing corporate value.

We must build a foundation that facilitates the activities of our human capital and establish a truly Robust Management Foundation. If we cannot accomplish this, our human capital will not be able to continue innovating and providing solutions. Enabling our human capital to use our management foundation to the fullest will ultimately lead to maximizing corporate value.

#### To us, Robust Management Foundation means:

- A fundamentally sound management foundation with a strong brand presence, reputation, sales foundation and network, and financial footing.
- A corporate climate and culture that is capable of producing abundant Human Capital with High Social Value, and can enable that human capital to engage in meaningful work.
- An environment that places importance on the ability to create diverse values and generate quality solutions within a diverse and inclusive organization.



### Governance for Coexistence with Society

We will endeavor to increase corporate value based on a Robust Management Foundation in which Human Capital with High Social Value develops innovative ideas and continues providing solutions.

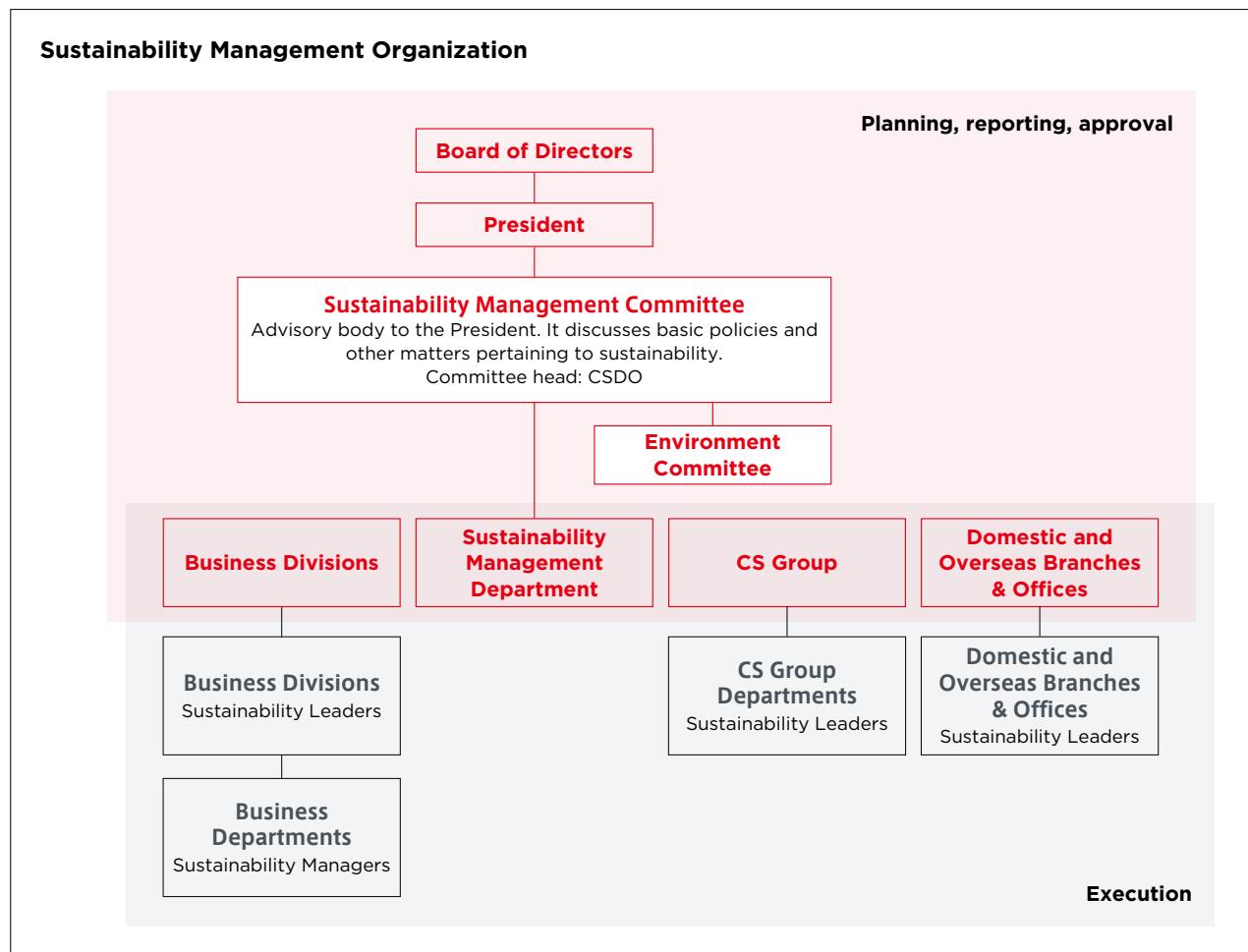
Within that framework, and given social expectations and demands, we believe that strengthening our corporate governance system for improved coexistence with society is important to all of our stakeholders. We will deepen our engagement with diverse stakeholders, enhance the effectiveness of the Board of Directors' oversight function, and bring greater transparency to our management in order to build a governance framework that allows for improved coexistence with society and works toward achieving sustainability.

## Organization

As part of its organization to promote sustainability initiatives, the Marubeni Group has a Sustainability Management Committee under the supervision of the President. The Committee discusses policies and measures concerning our sustainability initiatives and ESG risk management and reports to the Board of Directors at least once a year. To incorporate the views of external parties, the Committee also includes External Directors and External Audit & Supervisory Board Members in an advisory role. A Director heads the Sustainability Management Committee, and the Board of Directors, by receiving periodic reports on important issues pertaining to the sustainability initiatives discussed by the Committee, oversees sustainability-related issues evaluated from the viewpoints of the appropriateness of our ESG risk management and compatibility with society.

Starting April 1, 2019, we take the following steps to enhance our sustainability management organization:

- A Chief Sustainable Development Officer (CSDO) serves as the head of the Sustainability Management Committee.
- A Sustainability Management Department is newly established within the Corporate Staff (CS) Group to coordinate sustainability management among the Business Division, the CS Group, and our branches, offices and overseas corporate subsidiaries.
- A Sustainability Leader in charge of sustainability management is appointed in each business division, each department within the CS Group, and at each branch, office and overseas corporate subsidiary. A Sustainability Manager is also appointed in each business department.

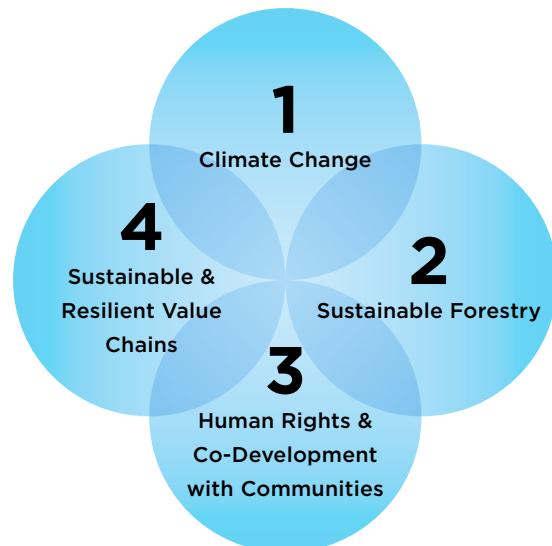


## Environmental & Social Materiality

The Sustainable Development Goals (SDGs)\*1 adopted by the United Nations in September 2015 are goals for achieving sustainability and leaving the world a better place for future generations shared by governments, the private sector and civil society. In recognition of this, the Marubeni Group has identified the following categories of Environmental and Social Materiality in which it can truly make a valuable contribution.

In addition to the 17 goals and 169 targets of the SDGs, and taking into consideration stakeholders' expectations and interests as well as the environmental and social impact of our business, our categories of Environmental and Social Materiality are based on the criteria described below. Building on initiatives set out through our Fundamental Materiality, we will contribute to achieving the SDGs and work toward building a better tomorrow.

- Importance to stakeholders
- Impact and scope of our business activities on the environment and society
- Impact on our earnings



\*1. **Sustainable Development Goals (SDGs):** As a first step, in 2001 the UN established the Millennium Development Goals (MDGs) with a target date of 2015. Subsequently, in September 2015 the UN Sustainable Development Summit established the SDGs under the 2030 Agenda for Sustainable Development. They are a set of international goals covering the period from 2016 through to 2030, and consist of 17 goals and 169 targets.

### 1 Climate Change

Climate change, which is responsible for phenomena such as global warming, changes in the natural environment and more frequent natural disasters, is a global issue with a broad impact on social and environmental sustainability.

Marubeni has business operations throughout the world, and views climate change as a serious risk. However, we also believe that it presents business opportunities.

We see contribution to climate change mitigation and adaptation as a category of Environmental and Social Materiality. We contribute to climate change countermeasures mainly through the following policies:

#### Coal-Fired Power Generation and Renewable Energy Generation Businesses

The Marubeni Group has 12GW net power generation capacity (as of March 31, 2019) and is a leading independent electric power operator. We announced our policy on coal-fired power generation and renewable energy generation businesses on September 18, 2018 as part of our proactive climate change countermeasures.



See page 044 for Notification Regarding Business Policies Pertaining to Sustainability (In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business).

**We view climate change-related transfer risk as a business opportunity, and we aim to increase our “Green Revenue” of ¥700 billion in FYE 3/2018 to ¥1.3 trillion by FYE 3/2024.**

Green Revenue, a part of our business contribution to climate change countermeasures, includes the following:

- Sales of products certified as contributing to sustainable forestry, fisheries, etc.
- Sales from businesses (real estate, etc.) contributing to lessening environmental impact
- Sales from businesses dealing in power generation from renewable energy sources
- Sales from businesses contributing to propagating EV (electric vehicles)

- Sales from businesses (recycling-related, etc.) contributing to waste reduction
- Sales from businesses (water business, etc.) contributing to efficient use of resources

**The Marubeni Group recognizes the importance of climate-related financial disclosures. As new measures to counter climate change, in addition to affirming the recommendations of the TCFD<sup>\*2</sup>, we will endeavor to better understand the financial impact of both the risks and opportunities brought about by climate change, and also engage in improved climate-related financial disclosure.**

**\*2. TCFD (Task Force on Climate-related Financial Disclosures):** Established by the Financial Stability Board (FSB).

### Actual Initiatives Related to TCFD

Marubeni endorsed the intent of the TCFD Consortium (“the Consortium”) in which the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment support as observers, and joined the Consortium as a member in May 2019. The Consortium is intended to facilitate discussions among corporations and financial institutions that endorse TCFD recommendations for initiatives aimed at more efficient disclosure of corporate information as well as information disclosure leading to appropriate investment decisions by financial and other institutions.

In addition, the Marubeni Group is conducting scenario analysis to analyze the impact that climate change is likely to have on its businesses and finances. The Marubeni Group will analyze the risks, opportunities and impacts on its businesses from climate change based on a Current Policies Scenario and the 2.0°C Scenario, and will use the results in considering business plans and strategies.

### The Case of our Initiatives

- In feed ingredients procurement in the Food Division, taking into account the possibility of increases in product prices and transportation costs due to a decrease in production volume in the agriculture and livestock industries resulting from climate change, the Marubeni Group is actively responding to the risks that accompany climate change by viewing them as opportunities. This response includes geographic diversification of suppliers and customers, cultivation of new production regions, research and development of alternative and new products, and acquisition of new partners.
- In the power generation business of the Power Business Division, in September 2018 Marubeni released the Notification Regarding Business Policies Pertaining to Sustainability (In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business) to promote reduction of GHG emissions from its power generation portfolio, based on transition risks such as changes in the energy mix of each country under the 2.0°C Scenario, tightening of regulations, changes in systems, and changes in stakeholder awareness. On the other hand, the increase in renewable energy projects, upgrades and efficiency improvements of existing power plants, the increase in energy storage and power system stabilization projects, and the increase in distributed power sources will present business opportunities, and we will therefore take a more active approach in the area of clean energy generation. Furthermore, Marubeni recognizes the financial impact from changes such as insurance premium increases as a transition risk based on the Current Policies Scenario, and will use it for reference when formulating medium- and long-term strategies.

## Environmental & Social Materiality

September 18, 2018

### **Notification Regarding Business Policies Pertaining to Sustainability (In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business)**

Marubeni Corporation (hereinafter, "Marubeni") recognizes that climate change is a major issue shared by all of humanity. It is a problem that threatens the co-existence of the global environment and society, a problem that has an enormous effect on Marubeni's business and its shareholders, and a problem that Marubeni believes must be dealt with swiftly. Therefore, as part of Marubeni's promotion of sustainable management, and in order to contribute fight global climate change, Marubeni has established new business policies (hereinafter, "Policies") regarding its coal-fired power generation business and its renewable energy generation business.

#### **1. The Process of Pulling Out of Coal-Fired Power Generation**

As a global player in the power business, Marubeni will reduce its greenhouse gas emissions volume from its power generation portfolio. By 2030, Marubeni will cut its FY2018 coal-fired power net generation capacity of approximately 3GW in half. Additionally, Marubeni will deploy innovative technologies to increase the efficiency of its portfolio assets, and proactively promote the reduction of its environmental impact.

#### **2. The Policy on New Coal-Fired Power Generation Business**

As a general principle, Marubeni will no longer enter into any new coal-fired power generation business. However, Marubeni might consider pursuing projects that adopt BAT ("Best Available Technology", which at present is USC: "Ultra-supercritical steam generating technology) and are compliant with the policies and measures of the Japanese government and any country in which the project will be executed (e.g. energy supply stability, poverty and employment measures and economic growth policies). Nevertheless, even if Marubeni does make an exception to take on a project like this, Marubeni will make proposals on the creation of a low-carbon society, efficient power generation systems and the diversification of energy sources; Marubeni will make efforts to contribute to the resolution of local issues in the country and/or region in which the project is executed.

#### **3. Proactive Involvement in Renewable Energy Generation Business**

Looking forward to the expansion of the renewable energy generation business, Marubeni will strive to expand the ratio of power generated by renewable energy sources in its own net power supply from approximately 10% to approximately 20% by 2023. Furthermore, Marubeni will contribute to the transition towards a low-carbon society by promoting the expansion of the handled volume of renewable energy sources pertaining to energy trading. An example of this is SmartestEnergy Ltd.\*1, a wholly-owned subsidiary located in the United Kingdom that manages approximately 3GW of total energy, which is purchased from independent generators; about 80% of that 3GW is generated by renewable energy sources.

Moving toward the achievement of these Policies, Marubeni will work to properly communicate and cooperate with its diverse stakeholders, and also proactively disclose updates on Marubeni's progress in reaching these goals. Additionally, given the changes to the external environment, Marubeni will refer to the various international guidelines, beginning with the OECD Export Credits Arrangement, diligently monitor measures taken by different countries in terms of coal-fired and renewable energy generation business, as well as the international state of affairs, and use this information to periodically review and rework its own policies from the standpoint of climate change countermeasures.

In April 2018, Marubeni launched the Sustainability Management Committee (hereinafter, "the Committee") under the supervision of the President and CEO, with the aim to strengthen the company's sustainability initiatives. Since its launch, and while soliciting the opinions of external parties, the Committee has discussed a number of basic policies and measures pertaining to Marubeni's sustainability initiatives, beginning with identification and periodic review of the materiality. Policies and measures considered as a result of these discussions will be announced as part of Marubeni's ESG related data once it has been compiled.

\*1. SmartestEnergy Ltd., established by Marubeni in the U.K. in 2001, purchases power from small to medium sized independent generators, and resells on the wholesale market or to retail customers. <https://www.smallestenergy.com/>

**2**

## Sustainable Forestry

Forests are a precious resource and enrich life on Earth in many ways. The Marubeni Group currently holds 140,000 hectares of tree plantations across the world (total gross project area is 320,000 hectares). These forests are run according to management methods for sustainable forestry.

To build a better tomorrow, we have adopted a Forest Management Policy and a Procurement Policy (for Wood-derived Products) to conserve and sustainably use valuable forest resources. By operating our businesses in accordance with these policies, we will promote sustainable forest management and contribute to forest conservation.

### Forest Management Policy

#### 1. Introduction

Marubeni Group (hereinafter the "Company") promotes sustainable forest management by conducting fair and upright corporate activities in accordance with the spirit of the Company Creed of "Fairness, Innovation and Harmony". We recognize that forests are renewable resources that provide various benefits for sustaining life on earth, and embrace economically viable forest management methods with the aim of ensuring the prosperity of present and future generations.

We strive to contribute to the establishment of a circular economy by creating innovation in the utilization of forest resources and responding to the society's environmental needs that are becoming more diverse.

The Forest Management Policy (hereinafter the "Policy") drives our commitments to sustainable forest management, the protection of forests with high conservation value (HCV<sup>\*2</sup>) and the elimination of unregulated forest logging in our business activities. We, through our focus on on-site operations, are able to create economic benefits and contribute to society by conducting sustainable forest management through coexistence and co-prosperity with local communities, as well as supplying environmentally conscious wood resources that respond to society's needs.

#### 2. Scope

The Policy applies to all woodchip and pulp manufacturing and forest plantation operations by Marubeni and its subsidiaries worldwide.

#### 3. Commitments

We go beyond compliance in our commitments to sustainable forest management. Through this Policy, we reaffirm our commitment to comply with all applicable laws and regulations relevant to forestry operations and seek to extend this obligation to our contractors and their employees.

<sup>\*2</sup>. HCV forests are forests that have a High Conservation Value in social, cultural and or environmental terms.

#### 1) Natural Capital

In implementing sustainable forest management, we commit to the following guidelines on the principle of No Deforestation:

- Only handling wood resources managed in a sustainable and appropriate way.
- No conversion of natural forests in forest plantation developments.
- Proactively addressing protection of HCV forests in our forest management from the viewpoint of biodiversity conservation.
- No forest plantation operations in HCV forests or on peatland.
- Committing to a "No Burn Policy" that restricts the use of fire in forest plantation operations that can potentially cause forest fires in tropical forest areas.
- Minimizing the impact of logging and related logging access roads construction on ecosystems.
- Proactively addressing the protection of species at risk of extinction included in IUCN's (International Union for Conservation of Nature and Natural Resources) Red List of Threatened Species.
- Restricting the usage of alien species only to cases where impact is manageable.
- Following international best practices for soil management.
- Not using any pesticides classified as Class 1A/1B in the classification scheme of the WHO (World Health Organization), or any substances regulated by the Rotterdam Convention and the Stockholm Convention as pesticides.
- Not using genetic modification technology in forest management.
- Effective utilization of trees damaged by natural disasters such as burned trees, fallen trees, drift wood etc.

## Environmental & Social Materiality

### 2) Social Capital

We commit to the social and economic development of the areas where we operate and seek to identify opportunities to create shared values with local communities. We recognize the importance of land use rights for local communities and indigenous people and their right to enjoy a fair share of the benefits obtainable from the commercial use of forest resources. Marubeni Group follows the principles regarding human rights described in the Basic Policy on Human Rights, and conducts the following activities as a responsible party:

- Committing to provide a safe and productive work environment, and not tolerating any form for child labor, forced labor, discrimination, harassment or abuse.
- Following the principle of Free, Prior and Informed Consent (FPIC) when starting new forestry operations on the lands where indigenous and local communities hold legal or customary rights
- Establishing grievance and conflict resolution mechanisms compliant with international standards and the regulatory requirements of the host countries of our forestry operations, as well as engaging in good-faith dialogue with stakeholders to resolve any issues.
- Actively carrying out stakeholder engagement on local, national and international scales.
- Respecting the rights of every worker.

We are contributing to economic and social development of areas where we operate through the following initiatives:

- Creating employment opportunities for local residents (priority allocation of contracts for forest plantation related work)
- Joint programs with local residents (Joint Forestry, Agriculture and Forest Products Harvesting Programs, etc.)
- Support activities for local residents (support for indigenous people, vocational training, disaster prevention drills, voluntary provision of daily necessities, etc.)
- Educational support (scholarships, construction or renovation and extension of schools, dispatching of teachers, operational support, etc.)
- Other community support (support for infrastructure equipment repair, sports events, etc.)

### 3) International Standards

We promote the main principles outlined in international standards relevant to the forestry industry (forest plantations, woodchips and pulp manufacturing) in our own operations as part of our commitment to sustainable forest management.

### 4) Environmental and Social Risk Assessment

We conduct the necessary environmental and social risk assessment prior to the completion of land acquisitions or land developments for new operations.

### 4. Governance

#### 1) Implementation

The Policy is approved by Marubeni's Board of Directors. Oversight of the Policy is by the Chairperson of Sustainability Management Committee with implementation by the Business Group.

#### 2) Links to Other Policies

The Policy complements other sustainability related policies of the Company including the Basic Policy on Human Rights and Basic Supply Chain Sustainability Policy.

#### 3) Policy Management

We will review the Policy at least once a year, or as new information and knowledge becomes available, in ways that are consistent with our objectives of sustainable forest management.

#### 4) Certification Audit and Monitoring

We hold international certification for sustainable forest management and CoC (Chain of Custody) certification to manage distribution and processing. As a result, accredited bodies conduct regular auditing and monitoring of these certifications.

#### 5) Information Disclosure

In addition to increasing the transparency of our business activities, we are committed to disclose information on our approach to sustainable forest management on the Company website etc.

## Product Procurement Policy (Forest-derived Products)

### 1. Introduction

The Marubeni Group (hereinafter referred to as "we") conducts fair and upright corporate activities in accordance with the spirit of its Company Creed of "Fairness, Innovation and Harmony" and strives to build a sustainable society together with its business partners in line with the "Basic Supply Chain Sustainability Policy."

We have established the Product Procurement Policy (Forest-derived Products) (hereinafter referred to as the "Policy") to promote the procurement of timber and related products produced from appropriately managed forests, thereby realizing the sustainable use of forest resources.

This Policy has been approved by Marubeni's Board of Directors. The Chairperson of the Sustainability Management Committee oversees the Policy, and the Business Group is in charge of its effective implementation. We undertake to review this Policy at least annually and revise it as necessary.

### 2. Scope

This Policy applies to the trading of timber and related products by Marubeni and its subsidiaries worldwide. Specifically, it covers raw timber, woodchips (including fuel woodchips), pulp, and paper and paperboard products (hereinafter referred to as "procured products").

### 3. Commitment

In cooperation with suppliers and customers, we are committed to ensuring the traceability of procured products while conducting our procurement activities in accordance with the Basic Supply Chain Sustainability Policy and the following principles.

- (1) No handling of procured products produced from illegally logged timber.
- (2) No handling of products procured from suppliers involved in serious environmental and social controversies, such as the destruction of forests with high conservation value.
- (3) No handling of procured products produced from genetically modified wood.
- (4) Promoting the handling of procured products that have been certified under a reliable international forest certification system.

In order to promote this Policy, we will investigate the environmental and social considerations of suppliers as well as their compliance with laws and regulations. In the event that any non-compliance with this Policy is discovered, consultations and requests for improvement measures will be made. If the non-compliant supplier does not improve, we will review our business relationship with the relevant supplier.

We will regularly disclose information on this Policy. We are committed to promoting to society the sustainable use of forest resources through appropriate communication with our suppliers and customers and other stakeholders.

## Environmental & Social Materiality

### 3

### Human Rights & Co-Development with Communities

Due to the globalization of economic activity, serious abuses of human rights against workers and local residents are taking place in relevant countries and regions. Many of these abuses can be remedied or improved by taking human rights into consideration in business activities, and there are growing expectations that businesses should play a role in remedying human rights abuses.

The Marubeni Group does business in 136 locations<sup>\*1</sup> in 67 countries and regions and employs 40,000 people<sup>\*2</sup> of many different nationalities and ethnicities. We are

active in a wide range of businesses and conduct global, multi-faceted activities.

To build a better tomorrow, we take a sincere approach to dealing with human rights issues facing the international community. As part of our initiatives, we have included the three basic principles of the United Nations' "Guiding Principles on Business and Human Rights: 1) respect for human rights, 2) due diligence on human rights, and 3) redress in our Basic Policy on Human Rights.

\*1. As of April 1, 2019 \*2. As of March 31, 2019

#### Basic Policy on Human Rights

In the spirit of the Company Creed of "Fairness, Innovation and Harmony," the Marubeni Group is proudly committed to promoting social and economic development and safeguarding the global environment through fair and upright corporate activities. We recognize that respecting the human rights of persons affected by our business activities and endeavoring to take responsibility for doing so are of utmost importance, and to this end we have formulated our Basic Policy on Human Rights ("the Policy"), based on the UN's Guiding Principles on Business and Human Rights.

#### Our Basic Stance on Human Rights

We support and respect all international rules on human rights, including the UN's International Bill of Human Rights (Universal Declaration of Human Rights and International Covenant on Human Rights), the ILO's Declaration on Fundamental Principles and Rights at Work and the 10 Principles of the UN Global Compact.

#### Scope of Application

This Policy applies to all executives and employees of the Marubeni Group. We also ask that stakeholders (vendors, service providers, contractors, third-party manufacturers, joint venture partners, outsourcing partners, customers and other business partners and local communities) and other related parties observe the intent of the Policy and take appropriate action if a negative effect on human rights caused by them is directly related to the business activities of the Marubeni Group.

#### Responsibility for Human Rights

We will carry out our responsibility to respect human rights by ensuring that we do not violate human rights. If it should come to light that any of our business activities are having a negative impact on human rights, we will take appropriate action to remedy the situation.

##### • Human Rights Due Diligence:

We will create and continue using a system for carrying out human rights due diligence.

##### • Redress:

We will create a system (complaint resolution mechanism) for reporting when our business activities have a negative effect on human rights or we have been involved in human rights violations. If such reports are received, appropriate procedures for redress will be taken once the facts are sufficiently ascertained.

##### • Dialogue and Discussion:

We will engage in sincere dialogue and discussion with relevant stakeholders in order to promote initiatives in line with this Policy.

##### • Compliance with Relevant Laws:

We will observe the laws and regulations of the countries or regions where we conduct business activities. If national laws are in contradiction with internationally recognized human rights, we will pursue solutions in which we can respect human rights principles.

**• Education and Training:**

We will conduct appropriate training and skill development for our executives and employees to ensure that this Policy is understood and effectively put into practice in all our business activities.

**• Information Disclosure:**

We will report on our initiatives, etc. for fulfilling our responsibilities to respect human rights through our official website and other avenues.

The above Policy includes the following policies with regard to those who are especially vulnerable to human rights abuses:

**• Policy Regarding the Rights of Children:**

In addition to supporting the Children's Rights and Business Principles<sup>\*3</sup>, which are intended to protect children's rights in the course of our business activities, we will undertake social contribution activities to strengthen children's rights and by so doing will contribute to improving children's rights.

**• Policy Regarding the Rights of Indigenous Peoples:**

When conducting our business activities in countries or regions with indigenous peoples, we will acknowledge the native culture and history of indigenous peoples, and we will give due consideration to the laws of the country or region in question and the rights of indigenous peoples set out in international rules.

**• Policy Regarding Use of Security Services:**

We are aware of the inherent risk to human rights related to the use of weapons for security. With regard to the use of security services when conducting business activities, we will observe the laws of the countries or regions where we operate, support international rules and related practices and endeavor to respect human rights.

**\*3. Children's Rights and Business Principles:** A comprehensive set of principles formulated by UNICEF, the UN Global Compact and Save the Children covering various actions that enterprises can take in the workplace, the marketplace and the community in order to promote respect for children's rights.

### 4

### Sustainable & Resilient Value Chains

The Marubeni Group deals with thousands of suppliers in conducting transactions and operating a wide range of businesses on a global scale. We believe that we make important contributions to sustainability through environmental conservation and sustainable social development initiatives throughout our supply chain. To build a better tomorrow, we have identified Sustainable and Resilient Value Chains and working together with our business partners as an essential category of Environmental and Social Materiality. In addition to managing the supply chain, we will also involve buyers of our products and enhance the strength and competitiveness of our entire value chain, which includes not only the Marubeni group but also our business partners.

As part of our sustainability initiatives, together with stakeholders, we, including our business partners, adopted our Basic Supply Chain CSR Policy in 2008 to manage our supply chain. Subsequently, to advance understanding of and cooperation with the spirit of this Policy, we sent the Policy to suppliers, conducted surveys, and dispatched personnel to suppliers' manufacturing or production sites to conduct direct on-site inspections. Since we believe that value chain management is important, we will continue taking initiatives toward both suppliers and buyers of our products to resolve issues in this area.

In addition, we have revised our Basic Supply Chain CSR Policy, adopting a new Basic Supply Chain Sustainability Policy to place more importance on climate change countermeasures and respect for human rights.

## Basic Supply Chain Sustainability Policy

(Revised January 2019)

1. The Marubeni Group, not being satisfied with simply strengthening its own sustainability initiatives, supports strengthening sustainability throughout its supply chain with the objective of building an environmentally friendly, healthy and sustainable society.
2. Having set out the Supply Chain Sustainability Guidelines below, the Marubeni Group asks for the understanding and cooperation of its business partners in observing the Guidelines, to promote, together with its business partners, highly effective sustainability initiatives. Further, when calling on its business partners, the Marubeni Group will communicate the Guidelines so that they are fully aware of the Guidelines and will assist business partners' capacity building by making recommendations, requests or providing guidance as necessary and by sharing examples of good practices.

### 3. Supply Chain Sustainability Guidelines

#### (1) Observance of Laws:

- Observe the laws of the countries where business is conducted and laws relating to business transactions.

#### (2) Respect for Human Rights:

- Respect human rights without discrimination, harassment of any kind, abuse or other inhumane treatment.
- No child labor or forced labor.
- Proper management of employees' work hours, breaks and holidays and prohibition of excessive overtime work.
- Payment of the legally mandated minimum wage and endeavoring to pay at least a living wage. No inappropriate wage abatement.
- Respect for employees' right to unionize for the purpose of labor-management negotiations and right to collective bargaining.

#### (3) Conservation of the Environment:

- Recognize that climate change issues are important and respond appropriately.
- Protect the natural environment.
- Reduce environmental negative impact, prevent pollution.

#### (4) Fair Transactions:

- Conduct fair transactions and do not inhibit free competition.
- Prevent corruption; offer no bribes or illegal contributions.

#### (5) Safety and Health:

- Ensure safe and healthy workplaces and maintain a good working environment.

#### (6) Quality Control:

- Maintain the quality and safety of products and services.

#### (7) Information Disclosure:

- Timely and appropriate disclosure of information.

### 4. As part of this Policy, the Marubeni Group has set out the following procedures for dealing with vendors that do not meet labor standards.

(i) When it comes to light that a vendor has failed to meet labor standards relating to (1) Observance of Laws, (2) Respect for Human Rights or (5) Safety and Health, we will as necessary, ask the vendor to:

- Ascertain the facts, and
- If the facts are true, prepare a report on the background of the issue and improvement measures.

Depending on circumstances, we may also inspect the vendor.

(ii) If we determine that improvement measures are insufficient, we will request that further measures be taken.

(iii) If, despite implementing steps (i) and (ii) above, the situation does not improve, we will examine whether to continue our relationship with the vendor.

## HR Strategy

### 1. GC2021 Group HR Strategy

To build a better tomorrow, the Marubeni Group has identified “Human Capital with High Social Value” as an essential category of Fundamental Materiality.

We regard human capital as our most valuable asset in meeting environmental and social demand, and proactively providing solutions. We define “Human Capital with High Social Value” as individuals who are essential not only to the company but also to society. We will nurture Human Capital with High Social Value, and thereby bring about innovation and provide solutions.

The GC2021 Medium-Term Management Strategy incorporates a new Group HR strategy based on the mindset as described above. Under this Group HR strategy, the goal is to create a “Marubeni HR Ecosystem” that promotes the involvement of every single Marubeni Group employee in creating new value as part of the “Global crossvalue platform.”

The key terms here are “Human Capital with High Social Value,” a “Diversity & Inclusion,” and “Culture for Individuals’ Development and Productivity.” The “Marubeni HR Ecosystem” is a place where “Human Capital with High Social Value” creates new value, the “Diversity & Inclusion” of our human capital increases our value creation power, and a “Culture for Individuals’ Development and Productivity” provides for open innovation to bring together internal and external ideas—this is what we aim to build.

In order to achieve this, we are proposing and implementing various policies and measures that will enable us to strongly align our management strategies and HR systems, construct policies and programs to develop diverse human capital and create a cohesive environment that goes beyond the boundaries of companies and organizations.

#### Marubeni Group HR Strategy

Execute Marubeni Group HR strategy where every single Marubeni Group employee is involved in creating new value as part of “Global crossvalue platform”

##### Priorities

- HR systems strongly aligned with management strategy
- Employee development & Workplaces for diverse human resources
- Health and productivity management & Workstyle reforms
- Environment going beyond the boundaries of companies and organizations



##### ① Human Capital with High Social Value

- Creating new value
- Highly regarded and essential to society and customers

##### ② Diversity & Inclusion

- Respect for diverse values
- Value creation capabilities utilizing various individual abilities and experiences

##### ③ Culture for Individuals’ Development and Productivity

- Workplace environments for invigorating human resources
- Open innovation to bring together internal and external ideas

### 2. HR Development Initiatives

The Marubeni Group is upgrading its HR development programs, which consist mainly of on-the-job training supplemented by off-the-job training.

Marubeni conducts on-the-job training through such means as assigning trainees to posts that promote hands-on experience and recommending young personnel for overseas assignments that will help them develop professionalism early in their careers. For off-the-job training, Marubeni has been revamping its Group-wide

training curriculum since the fiscal year ended March 31, 2017, including by establishing and subsequently strengthening Marubeni Global Academy (MGA) to support the realization of the Marubeni Group’s HR strategy. Marubeni will further upgrade its HR development programs on a Group-wide basis by continuing to develop MGA programs and improve their content.

Specifically, MGA trains Marubeni Group personnel through the following programs.

**Composition of MGA programs****A) Business Skills:**

Programs aimed at imparting skills and knowledge fundamentally required to conduct business

**B) Leadership and Management:**

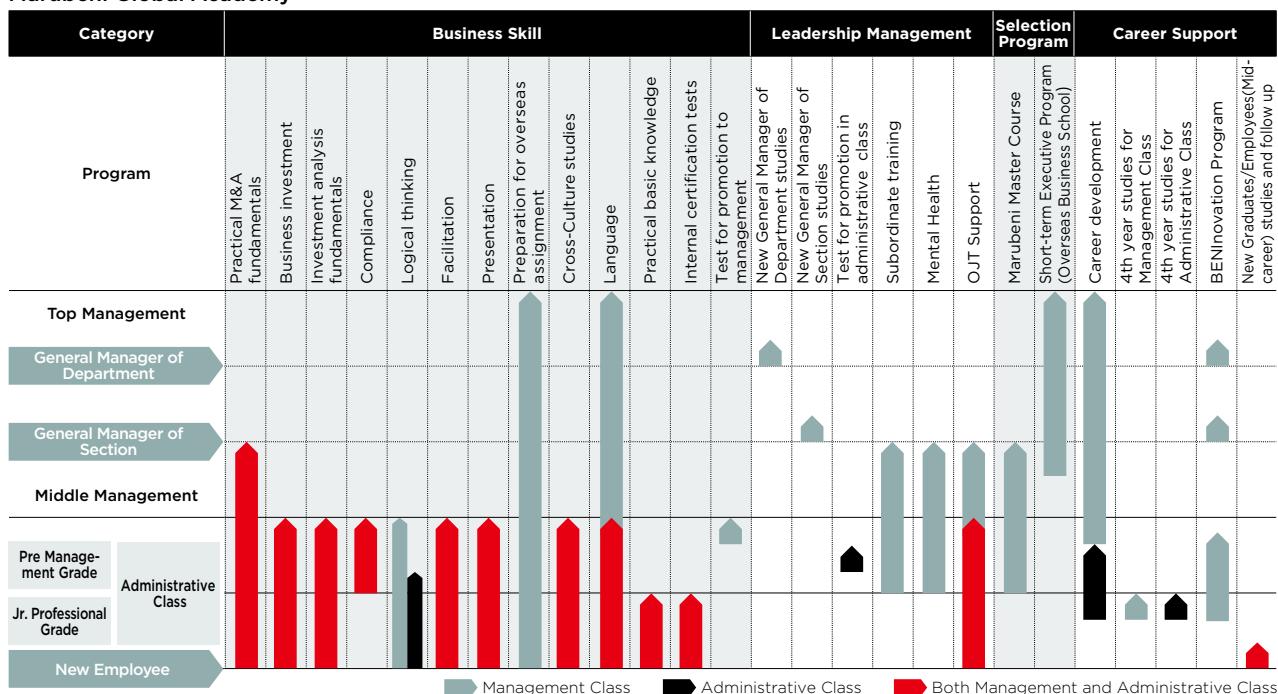
Programs aimed at improving relationships with internal and external associates and strengthening communication skills conducive to stronger leadership in conducting business

**C) Selection-based Programs:**

Intensive investment in selected personnel to cultivate human resources capable of serving in head office executive positions and C-suite positions at major domestic and overseas operating companies

**D) Career Support Programs:**

Career-focused programs that provide input/follow-up at designated points in time

**Marubeni Global Academy****3. Human Capital × Mechanisms × Time**

The Marubeni Group is always pursuing new work styles that fit its culture in the aim of generating innovation. In order to promote a method of working that will enable us to grasp the needs of our ever-changing society and clients, create solutions that fit with the times and create new distribution channels, Marubeni is carrying out initiatives under the themes of "Human Capital," "Mechanisms" and "Time" in pursuit of synergies generated by combining the three.

**Human Capital**

Looking towards the future, the Marubeni Group needs people who are not only experts in their particular prod-

uct or area of business, but who have the ability to grasp the issues affecting society and our clients from a variety of angles, transcending the boundaries of business divisions, and the creative power to then fully utilize Marubeni's various business infrastructures or platforms to create solutions. As a means to develop leaders like this, we have established Marubeni Academia. We also have launched the External Personnel Exchange Program, through which we are further expanding and strengthening interpersonal relations with people outside Marubeni. The aim is not only to forge network connections with people from external organizations,



See column on page 054 for more details on Marubeni Academia.

## HR Strategy

but by looking at ourselves from an outside perspective, to identify values and functions which we have not been successful at delivering in the past, and to promote the development of human capital who are capable of linking these to business expansion.

### Mechanisms

In order to generate innovation, we have started by “knowing the Marubeni Group”. One of the mechanisms we can use for this is the Business Model Canvas, a website that displays the Marubeni Group’s assets and business models. The site classifies the Marubeni Group’s businesses into roughly 300 different business models and provides information on each business’s assets, dealings, network connections, earnings model and competitors. We also have set up the Idea Box, where employees can propose business ideas and potential solutions to business challenges. The Next Generation Business Development Division helps to refine promising

ideas. In addition, we have held the Business Plan Contest and endeavors to commercialize winning business plans as startup ventures.



See column below for more information on the Business Plan Contest.

### Time

Even with adequate Human Capital and Mechanisms, new challenges cannot be started without time. Marubeni has accordingly implemented a 15% Rule as a Time initiative.

Under the 15% Rule, each employee is granted time during working hours to come up with innovative ideas for reforming current business or working practices by overcoming the boundaries of organizational structures. This policy allows all employees, regardless of position or assignment, to allocate up to 15% of their working hours towards making plans for new business models and work processes.

### Marubeni Academia

Marubeni Academia is not a training program. It selects personally distinguished individuals with diverse careers from the Marubeni Group’s global workforce in the aim of developing them into global innovation leaders that will drive the Marubeni Group into the future. Over the course of a year, it aims to take its participants from thinking about and discussing innovation to actually innovating. It is headed by Chua Taik Him, who has long played a key role in Singapore’s economic development at the Singaporean Economic Development Board and International Enterprise Singapore. In

the fiscal year ended March 31, 2019, Marubeni Academia’s inaugural year, 25 participants from eight countries practiced innovation that maximally leverages the diverse assets aggregated atop the Marubeni Group’s platform. They are expected to play a leading role in the Marubeni Group’s innovation initiatives as evangelists. Marubeni Academia has a new group of 25 participants from eight countries in the fiscal year ending March 31, 2020, its second year. Marubeni plans to keep the program running on an ongoing basis.

### Business Plan Contest Awakens Employees' Entrepreneurial Spirit

In January 2019, Marubeni held the Business Plan Contest, open to all Marubeni Group staff throughout the world. Contest winners are awarded a “Ticket for Challenge,” which is an offer of resources, such as funds and human resources, and are given a chance for actual start-up. The first contest held in January 2019 drew diverse new-business ideas ranging from businesses aimed at solving broad societal problems to businesses targeted at specific customers’ day-to-day challenges. 12 ideas made it to the final round of judging from 160 entries in the world. Four plans were ultimately awarded a Ticket for

Challenge, giving those entrants the opportunity to pursue an entrepreneurial career path as the Marubeni Group.



## 4. Health and Productivity Management

With human capital as one of its categories of Fundamental Materiality, the Marubeni Group places utmost priority on its employees' health and safety to enable them to fully utilize their capabilities. Toward this end, it is carrying out various health management initiatives.

### Marubeni Group Health Declaration

- Employees are a vital asset for the Marubeni Group, and their health is of paramount importance. The Group has therefore positioned maintaining and promoting employee health as a top management priority.
- The Marubeni Group supports employees' success by working to create an environment where each individual can autonomously and proactively take steps to maintain and promote his or her health. These efforts will lead to the growth of the Marubeni Group.

### Marubeni Health Promotion Structure

Marubeni has established the Marubeni Health Promotion Structure under the responsibility of the director in charge of the Human Resources Department. Health management initiatives are carried out by four groups acting in concert: occupational physicians (in-company medical clinics), the Health Insurance Association, the Human Resources Department and health and productivity management promotion officers selected by employees.

### Marubeni Health Project

The Marubeni Health Project carries out various initiatives, mainly under the following four themes.

Theme	Initiatives
<b>1. Improving health literacy</b>	Walking events, healthy menu options in employee cafeterias, etc.
<b>2. Better prevention of cancer and lifestyle diseases</b>	Increased subsidization of smoking cessation therapies, practical health seminars, physical exams and cerebrovascular imaging fully paid for by the company, etc.
<b>3. Strengthening mental health measures</b>	Expansion of employee assistance program services, support services for returnees from mental health leave, etc.
<b>4. Strengthening women's health initiatives</b>	Seminars for improving women's health literacy, establishment of women's health consultation desks, etc.



For more details on the Marubeni Health Project, see page 062 of the Sustainable Development Report 2019  
<https://www.marubeni.com/en/sustainability/report/>

## External Accolades

### • Inclusion in Health & Productivity Stock Selection

Marubeni was chosen for inclusion in the Brand of Companies Enhancing Corporate Value through Health and Productivity Management Selection (Health & Productivity Stock Selection). Launched in the year ended March 31, 2015, this joint program by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) recognizes TSE-listed companies that exhibit excellence in strategically practicing health and productivity management\*, thereby making employee health a management issue. Aiming to help employees improve their health, Marubeni has been developing more sophisticated healthcare management systems while simultaneously supporting employees in living more fulfilling social and private lives. It was the recognition of these efforts that resulted in the Company's inclusion in the Health & Productivity Stock Selection. Going forward, we will continue to invest in employee health to further boost our global competitiveness.



\* The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.

### • Marubeni Certified as Health and Productivity Management Outstanding Organization (White 500)

Marubeni was certified as a 2019 Health and Productivity Management Outstanding Organization in the large enterprise category (White 500) by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Health and Productivity Management Outstanding Organization certification is awarded annually to corporations that practice particularly exemplary health and productivity management based on initiatives tailored to local health issues and the Nippon Kenko Kaigi's health promotion initiatives. It was awarded to Marubeni in both 2018 and 2019. Marubeni will continue to support its employees' success and expedite its own growth by creating an environment in which all employees can autonomously and proactively maintain or improve their health.



056

MARUBENI CORPORATION

INTEGRATED REPORT 2019

## Corporate Governance

### Members of the Board





# CORPORATE GOVERNANCE AT A GLANCE

As a global company, Marubeni pursues corporate governance best practices adapted to its own organization from a comprehensive, medium- to long-term perspective, recognizing the societal role that companies play and international differences in legal systems and capital market environments.

## FACTS & FIGURES

### Structure of the Board of Directors

(As of June 21, 2019 (\*As of April 30, 2019))

Name	Years served as Director	Current shareholdings in the Corporation* (Thousands of shares)	Subscription rights to shares held*	Attendance at meetings of the Board of Directors (FYE 3/2019)	Membership on advisory bodies	
					Nomination Committee	Governance and Remuneration Committee
Chairman of the Board <b>Fumiya Kokubu</b>	7 years	169	1,237 rights	18/19		
President and CEO <b>Masumi Kakinoki</b>	1 year	72	572 rights	15/15	Member	Member
Senior Executive Vice President <b>Yukihiko Matsumura</b>	1 year	90	595 rights	15/15		Member
Senior Executive Vice President <b>Ichiro Takahara</b>	Appointed June 2019	21	540 rights	-		
Senior Managing Executive Officer <b>Nobuhiro Yabe</b>	3 years	55	533 rights	19/19		
Managing Executive Officer <b>Hirohisa Miyata</b>	1 year	37	485 rights	15/15		
External Director <b>Takao Kitabata</b>	6 years			18/19	Chairman	
External Director <b>Kyohei Takahashi</b>	3 years			19/19	Member	Chairman
External Director <b>Susumu Fukuda</b>	3 years			19/19		Member
External Director <b>Yuri Okina</b>	2 years			19/19		

## Composition of Board of Directors

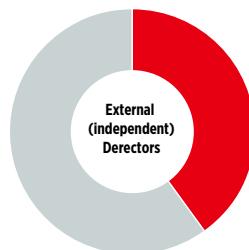
**10**  
**PERSONS**

### Board of Directors

The Board of Directors is made up of 10 directors (four of whom are external). In addition to determining management policies and other important matters, the Board of Directors oversees directors' execution of their duties. The four external directorships are entrusted to independent, trustworthy outsiders possessing a high degree of specialized knowledge, extensive experience as senior corporate executives, broad discernment, international expertise and/or other qualifications of value to Marubeni's wide-ranging business operations.



- Directors
- External (independent) Directors



**4**  
**PERSONS**

#### External (independent) directors' backgrounds and specialties

Senior corporate executive	1 person
Government officials	2 persons
Think tank	1 person

#### Years served as external (independent) director

6 years	1 person
3 years	2 persons
2 years	1 person

## Composition of Audit & Supervisory Board

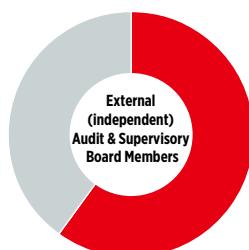
**5**  
**PERSONS**

### Audit & Supervisory Board

As the Audit & Supervisory Board of a company with auditors, the Audit & Supervisory Board has five members (three of whom are external) and conducts audits in accordance with audit policies and audit plans. Its three external seats are entrusted to independent, trustworthy outsiders with the requisite knowledge, skills, experience and/or other qualifications of value to Marubeni's wideranging business operations. Another consideration that factors into selection of external Audit & Supervisory Board members is the degree to which they complement external directors' expertise and skill sets.



- Internal Audit & Supervisory Board Members
- External (independent) Audit & Supervisory Board Members



**3**  
**PERSONS**

#### External (independent) Audit & Supervisory Board members' backgrounds and specialties

Lawyer	1 person
Senior corporate executive	1 person
Government official	1 person

#### Years served as external (independent) Audit & Supervisory Board member

3 years	1 person
2 years	2 persons

# Corporate Governance System

## Basic View on Corporate Governance

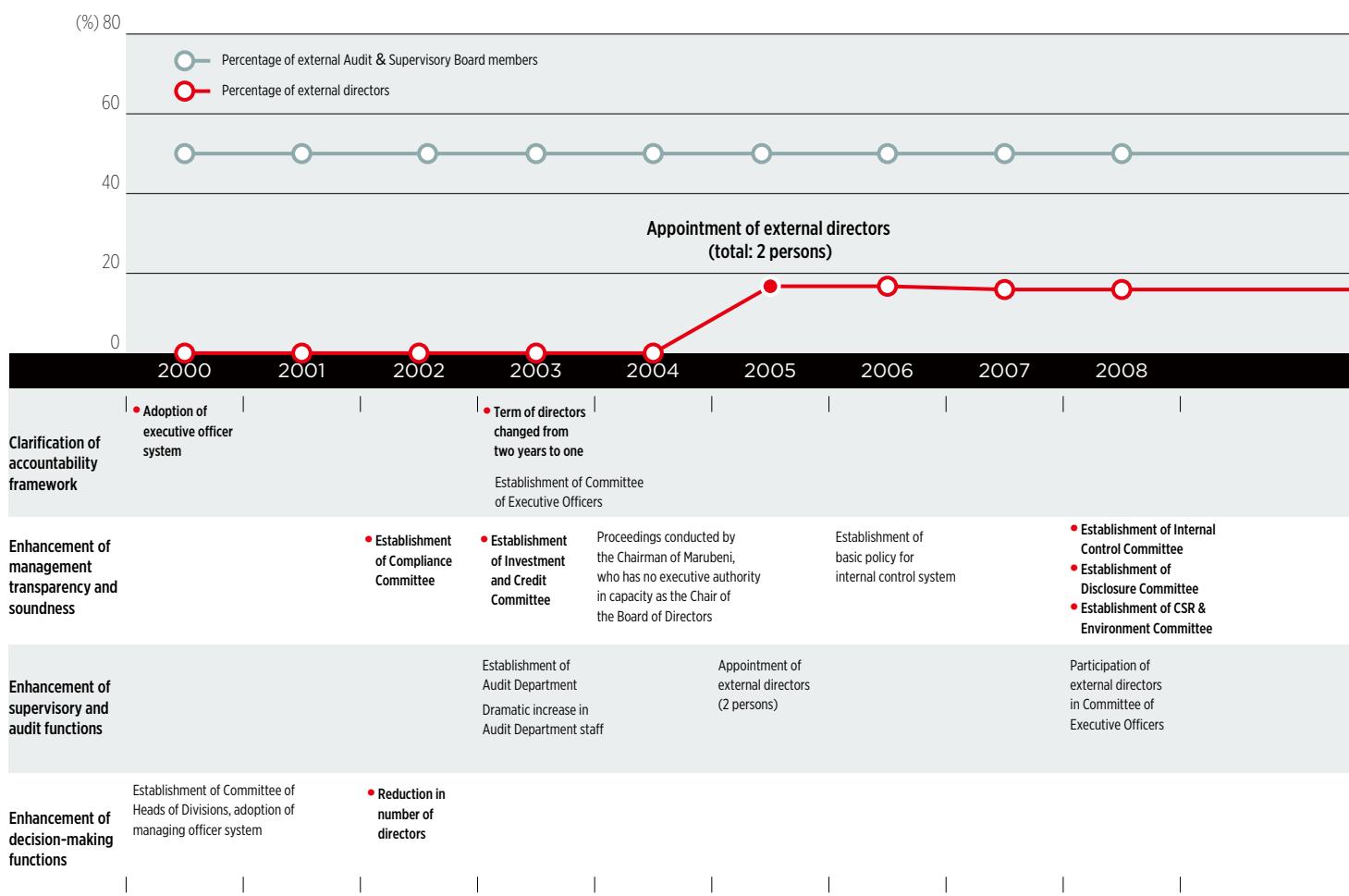
Marubeni is committed to meeting the expectations of its shareholders, customers, suppliers, employees, local communities and other stakeholders by striving to increase its corporate value in the aim of being a proud corporate group that contributes to economic and societal development and preservation of the global environment in accord with the spirit of its Company Creed: "Fairness, Innovation, and Harmony." To do so, Marubeni is endeavoring to improve its corporate governance as a cornerstone of sound, transparent and efficient management. In accord with this fundamental mindset, Marubeni has set independence standards for external directors and Audit & Supervisory Board members and is upgrading its management oversight

functions through its external directors and Audit & Supervisory Board members. Marubeni believes that constructive engagement with shareholders and investors plays an important role in medium- to long-term corporate value enhancement. Through such engagement, Marubeni seeks to understand and appropriately respond to shareholders and investors' perspectives while gaining their understanding of its management policies.

Japan's Corporate Governance Code was revised in June 2018. Marubeni's corporate governance regime is in compliance with the revised Code. Marubeni plans to continue to pursue sounder, more transparent and more efficient management to further upgrade its corporate governance.

 For further information, please refer to the [Corporate Governance Report on the Company's website](https://www.marubeni.com/en/company/governance/).  
<https://www.marubeni.com/en/company/governance/>

## Changes in Corporate Governance at Marubeni



## Corporate Governance System

Marubeni is classified as a company with auditors under Japan's Companies Act. The configuration of its management decision-making, executive and oversight functions is shown in the "Corporate Governance Structure" diagram on page 062.

Marubeni operates a diverse portfolio of businesses globally. To ensure swift and efficient management decision-making and appropriate management oversight functions, Marubeni's current governance model is that of a company with both auditors and a Board of Directors comprising internal and external directors.

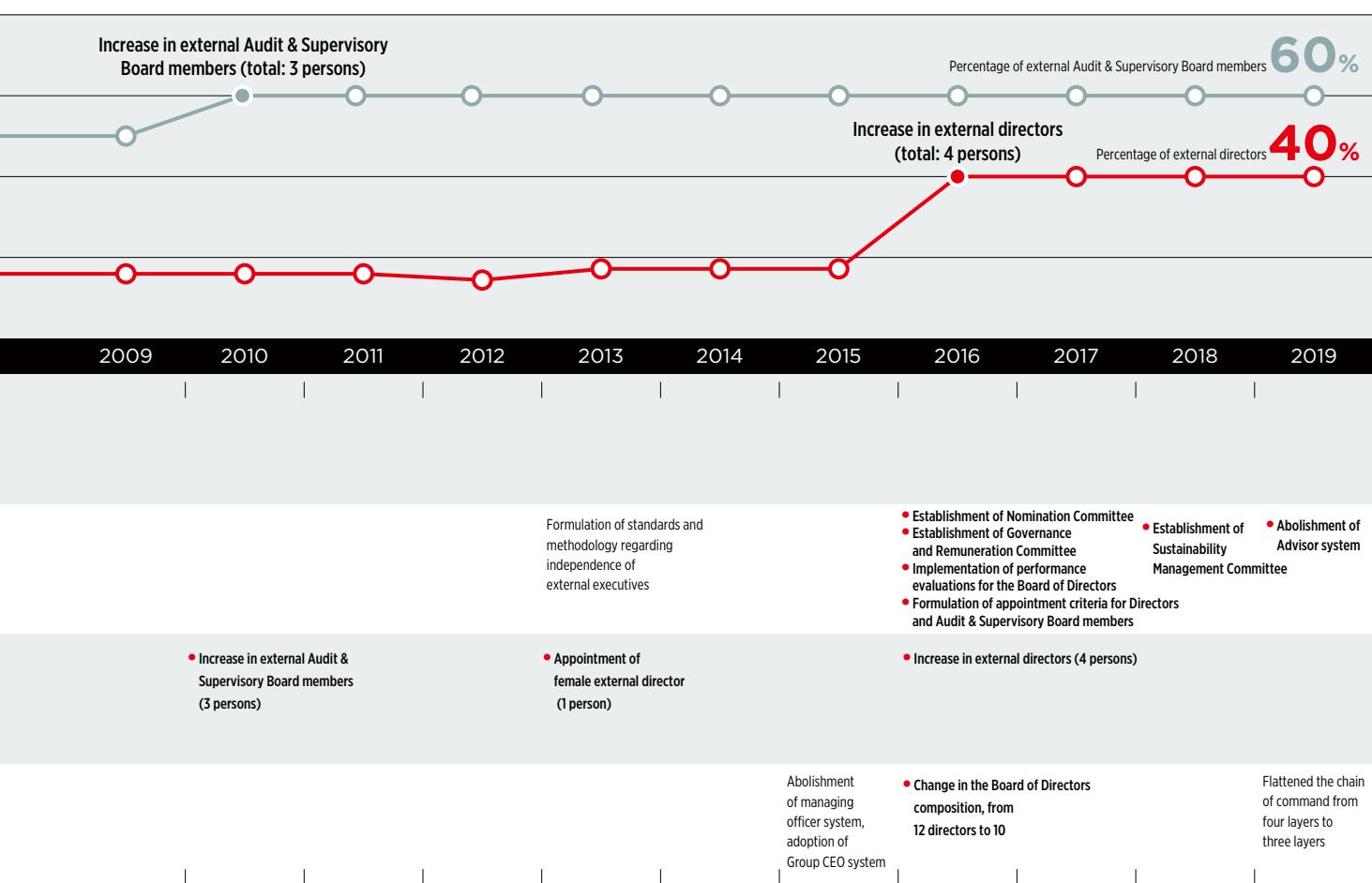
Marubeni will maintain its existing governance model because it deems the model to be effective in the following two respects.

### (a) Decision-making speed and efficiency

Marubeni ensures swift and efficient decision-making by appointing directors who concurrently serve as executive officers and are deeply knowledgeable about its diverse business activities.

### (b) Appropriate oversight functions

Marubeni ensures appropriate oversight functions through such means as filling at least one-third of the seats on its Board of Directors with external directors, establishing an Audit & Supervisory Board Members' Office, promoting coordination of Audit & Supervisory Board members, the Audit Department and the accounting auditor and holding advance briefings on Board of Directors meeting agendas for both external directors and external Audit & Supervisory Board members at the same time.



## Corporate Governance Structure

(As of June 21, 2019)

### Board of Directors

The Board of Directors is made up of 10 directors (four of whom are external). In addition to determining Marubeni's management policies and other important matters, the Board of Directors oversees directors' execution of their duties. To clarify management responsibility and flexibly build an optimal management team in response to changes in the business environment, directors are appointed for one-year terms.

### Audit & Supervisory Board

As a company with auditors, Marubeni has an Audit & Supervisory Board. Audit & Supervisory Board members oversee directors' execution of their duties by attending Board of Directors meetings and other important management gatherings and investigating operations and the status of assets pursuant to audit policies and audit plans formulated at Audit & Supervisory Board meetings. Additionally, the Audit & Supervisory Board meets monthly with Marubeni's accounting auditor to discuss

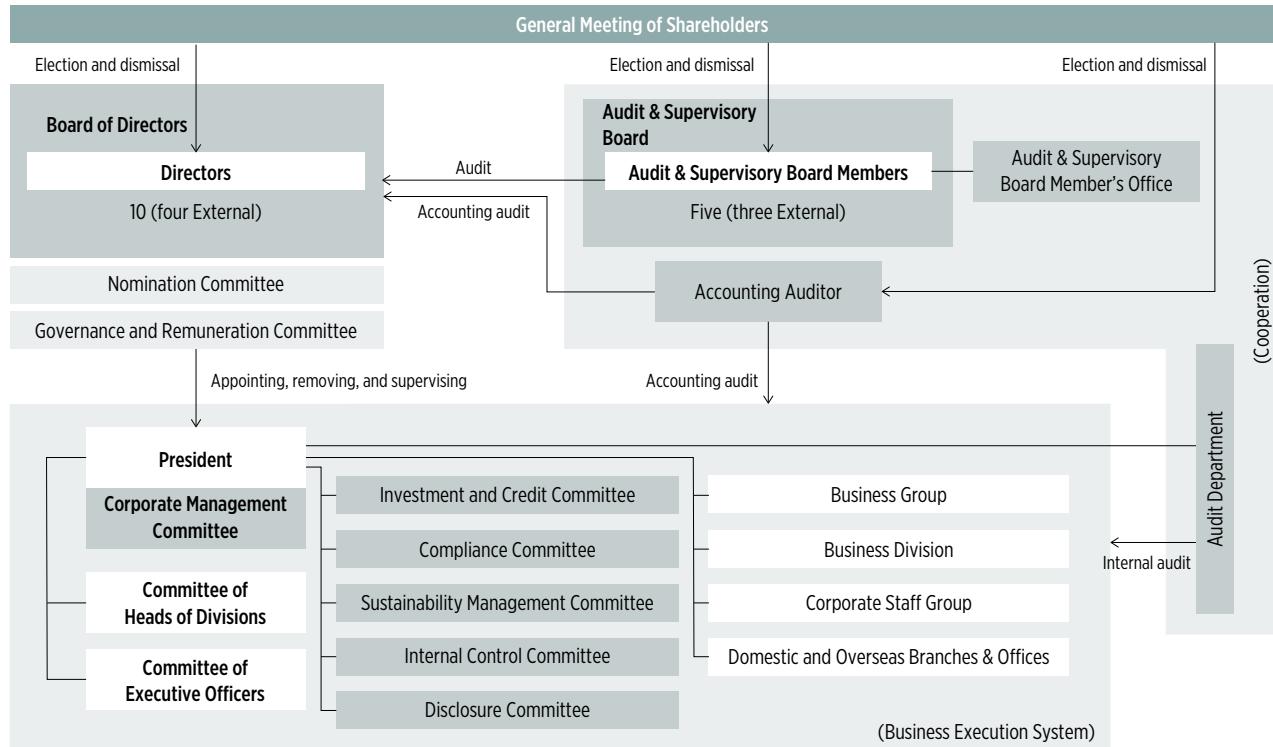
audit plans, the progress and findings of audits involving Group companies, financial results, matters requiring attention, developments in the auditing profession and other relevant matters.

Additionally, the President periodically meets with Audit & Supervisory Board members and reports to them on the status of business execution. Other directors, Group CEOs, Division COOs and Corporate Staff Group general managers annually report to Audit & Supervisory Board members on the status of business execution.

### Corporate Management Committee

The Corporate Management Committee, established as an advisory committee to the President, comprises five directors including the President, two senior managing executive officers and a managing executive officer. It deliberates on important management matters.

### Corporate Governance Structure



## Committee of Heads of Divisions

The Committee of Heads of Divisions is made up of the President, representative directors, Division COOs, and regional CEOs and COOs appointed by the President. It deliberates on matters related to business execution, including budgets, financial results and funding plans.

## Committee of Executive Officers

The Committee of Executive Officers comprises 33 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, external 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 on proposed candidates for appointment as directors and auditors, and reporting its findings to the Board of Directors. External executives are the majority of committee members.

### Nomination Committee

**Chair:** Takao Kitabata, Director (External)  
**Members:** Masumi Kakinoki, President and CEO, Member of the Board  
 Kyohei Takahashi, Director (External)  
 Takashi Hatchoji, Audit & Supervisory Board Member (External)

## 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. External 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 (External)  
**Members:** Masumi Kakinoki, President and CEO, Member of the Board  
 Yukihiko Matsumura, Senior Executive Vice President, Member of the Board  
 Susumu Fukuda, Director (External)  
 Shuichi Yoshikai, Audit & Supervisory Board Member (External)  
 Tsuyoshi Yoneda, Audit & Supervisory Board Member (External)

## Nomination of New President

Marubeni is endeavoring to optimize its corporate governance as a foundation that ensures management soundness, transparency and efficiency with the aim of maximizing corporate value in accordance with the Company Creed of "Fairness, Innovation and Harmony." Toward this end, it has been upgrading management oversight functions through independent external directors.

As one such initiative, the Company has been operating a Nomination Committee as an advisory body of its Board of Directors since the fiscal year ended March 2017. The Nomination Committee has four members, three of whom are independent external directors. I serve as the Committee's chairman.

In selecting a nominee to serve as the Company's next president, the Nomination Committee spent ample time objectively and impartially discussing multiple candidates from numerous angles and carefully deliberating on their qualifications. After comprehensively assessing the candidates in light of the Company's operating environment, the Committee decided that (then) Senior Executive Vice President and Chief Executive Officer Masumi Kakinoki was the most qualified candidate. The Nomination Committee unanimously voted in favor of nominating Mr. Kakinoki and reported his nomination to the Board of Directors. The Board approved Mr. Kakinoki's nomination in January 2019.



**Takao Kitabata**  
Chief External Director  
Nomination Committee Chairman

### Meeting Frequency of Boards and Major Committees (Fiscal Year Ended March 2019)

Board of Directors	Audit & Supervisory Board	Corporate Management Committee	Committee of Heads of Divisions	Committee of Executive Officers
19	10	32	3	4

### 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	Chair	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.	Senior Managing Executive Officer Nobuhiro Yabe	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.	Senior Executive Vice President Yukihiko Matsumura	Held four times a year and whenever else necessary
Sustainability Management Committee	The Sustainability Management Committee defines/redefines materiality inclusive of ESG (environmental, social and governance) considerations across all business domains and deals with sustainability-related matters, including ESG compliance.	Senior Managing Executive Officer Nobuhiro Yabe	Held once a year in principle and whenever else 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.	Senior Executive Vice President Yukihiko Matsumura	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.	Senior Managing Executive Officer Nobuhiro Yabe	Held when necessary

### Functions and Roles of External Directors

External directors offer opinions on management and advice to improve corporate governance from a high-level perspective grounded in extensive experience.

External directors attend and actively participate in

Board of Directors and Committee of Executive Officers meetings from an internal control standpoint. Before attending Board of Directors or other meetings, external directors are briefed on management issues, business execution status and the meeting's agenda items.

### Major Activities

(As of June 21, 2019)

Name	Independent	Reason for Appointment	Advisory Committee	Biography
Chief External Director <b>Takao Kitabata</b>	Y	Participated in 18 meetings of the Board of Directors out of a total of 19 meetings held during the business year under review and made comments actively based primarily on his wide experience in government services and his profound knowledge accumulated through such experience.	Chairman of Nomination Committee	<ul style="list-style-type: none"> <li>Vice-Minister of Economy, Trade and Industry</li> <li>Director, Kobe Steel, Ltd. (current)</li> <li>Chairman of the Board, Sanda Gakuen Junior &amp; Senior High Schools</li> <li>Director, Seiren Co., Ltd. (current)</li> <li>Director, Zeon Corporation (current)</li> </ul>
<b>Kyohei Takahashi</b>	Y	Participated in all meetings of the Board of Directors held during the business year under review and made comments actively based primarily on his wide experience from having been an executive of various corporate entities and his profound knowledge accumulated through such experience.	Nomination Committee, Chairman of Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>President, CEO and Representative Director, Showa Denko K.K.</li> <li>Audit &amp; Supervisory Board Member, Fukuoka Mutual Life Insurance Company (current)</li> <li>Advisor, Showa Denko K.K. (current)</li> </ul>
<b>Susumu Fukuda</b>	Y	Participated in all meetings of the Board of Directors held during the business year under review and made comments actively based primarily on his wide experience in government services and his profound knowledge accumulated through such experience.	Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>Commissioner, National Tax Agency</li> <li>Vice-Chairman, The General Insurance Association of Japan</li> <li>Assistant Chief Cabinet Secretary</li> <li>Member, National Tax Council, Ministry of Finance</li> <li>Audit &amp; Supervisory Board Member, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</li> <li>Chairman and Representative Director, Japan Real Estate Institute (current)</li> <li>Vice Chairman (Representative Director), Japan Tax Association (current)</li> </ul>
<b>Yuri Okina</b>	Y	Participated in all meetings of the Board of Directors held during the business year under review and made comments actively based primarily on her wide experience at a research institute and her profound knowledge accumulated through such experience.		<ul style="list-style-type: none"> <li>Chairperson, The Japan Research Institute, Limited (current)</li> <li>Director, Nippon Yusen Kabushiki Kaisha</li> <li>Director, Seven Bank, Ltd.</li> <li>Director, Bridgestone Corporation (current)</li> </ul>

## Functions and Roles of External Audit & Supervisory Board Members

In addition to overseeing directors' execution of their duties, Audit & Supervisory Board members help to improve the effectiveness of internal audits by offering recommendations and advice based on their wealth of experience.

External Audit & Supervisory Board members peri-

odically meet with the President in addition to attending meetings of the Audit & Supervisory Board, Board of Directors and Committee of Executive Officers. They also set up meetings to confer with the Audit Department, Corporate Accounting Department and the accounting auditor and utilize audit-related information received from full-time Audit & Supervisory Board members in their auditing work.

### Major Activities

(As of June 21, 2019)

Name	Independent	Reason for Appointment	Advisory Committee	Biography
Shuichi Yoshikai	Y	Participated in all meetings of the Board of Directors and all meetings of the Audit & Supervisory Board held during the business year under review and made comments actively based primarily on his wide experience in legal services and his profound knowledge accumulated through such experience.	Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>President, Osaka High Court</li> <li>President, Tokyo High Court</li> <li>Admitted to Tokyo Bar Association (current)</li> <li>Audit &amp; Supervisory Board Member, Shoko Chukin Bank, Ltd.</li> </ul>
Takashi Hatchojo	Y	Participated in 18 meetings of the Board of Directors out of a total of 19 meetings and 9 meetings of the Audit & Supervisory Board out of a total of 10 meetings held during the business year under review and made comments actively based primarily on his wide experience from having been an executive of various corporate entities and his profound knowledge accumulated through such experience.	Nomination Committee	<ul style="list-style-type: none"> <li>President and Representative Director, Hitachi Research Institute</li> <li>Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd.</li> <li>Director, Nitto Denko Corporation (current)</li> <li>Director, Konica Minolta, Inc. (current)</li> </ul>
Tsuyoshi Yoneda	Y	Participated in all meetings of the Board of Directors and 9 meetings of the Audit & Supervisory Board out of a total of 10 meetings held during the business year under review and made comments actively based primarily on his wide experience in government services and his profound knowledge accumulated through such experience.	Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>Commissioner General, National Police Agency</li> <li>Director, Japan Exchange Group, Inc. (current)</li> </ul>

## Policy on Cross-Shareholdings\* (Listed General Investment Shares) and Reduction Thereof

The Company conducts diversified business activities across a broad range of sectors through domestic and overseas networks. Cooperative relationships with a wide variety of companies are essential to its operations. The Company annually reviews the justification for owning each of its cross-shareholdings based on a comprehensive assessment of quantitative metrics (return on investment (income/loss divided by acquisition cost) compared against the Company's weighted-average cost of capital) and qualitative factors (e.g., maintenance or strengthening of relationships with investees through equity ownership). The Board of Directors then decides

whether to retain or divest cross-shareholdings based on the review's findings. As a general rule, cross-shareholdings are sold if the Board decides that owning them is no longer justified. Sales of cross-shareholdings are reported to the Board of Directors in the fiscal year following the decision to sell.

\*General investment shares are equity investments owned for a purpose other than as a pure investment.

## Voting Standard for Cross-Shareholdings (Listed General Investment Shares)

When exercising voting rights on listed shares owned as cross-shareholdings, the Company makes voting decisions primarily from the standpoint of increasing the investee's medium/long-term corporate value.

## Directors and Audit & Supervisory Board Members' Compensation

Marubeni has established a majority-independent Governance and Remuneration Committee as an advisory body to its Board of Directors. The Governance and Remuneration Committee reviews, and reports to the Board of Directors on, policies for setting directors and executive officers' compensation and the appropriateness of their

compensation levels. Directors' compensation is set by the Board of Directors' resolutions within compensation limits authorized at the General Meetings of Shareholders.

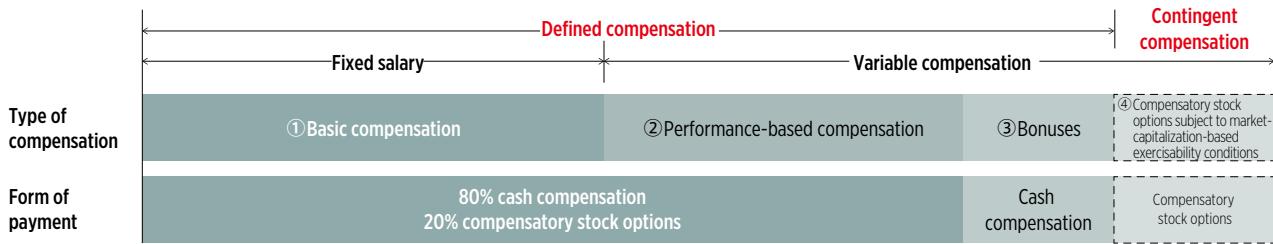
The composition of, and policies for setting, directors and Audit & Supervisory Board members' compensation are as follows.

(As of June 21, 2019)

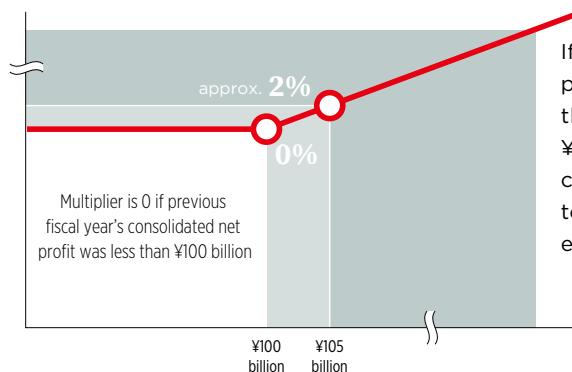
	Applicable Individuals	Compensation Policies	Compensation-Setting Method
Directors: 10	Directors: 6  External Directors: 4	<ul style="list-style-type: none"> <li>Directors and executive officers are compensated in part with performance-based compensation.</li> <li>To share the rewards and risks of share price movements with shareholders and have a greater incentive to contribute to share price appreciation and enhancement of corporate value, directors and executive officers are paid 20% of their total basic and performance-based compensation in the form of stock options instead of cash.</li> <li>To better align compensation with the GC2021 Medium-Term Management Strategy's management targets, the indicator used is the sum of 50% of consolidated net profit and 50% of core operating cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>At the 92nd General Meeting of Shareholders on June 24, 2016, shareholders passed a resolution limiting directors and executive officers' aggregate annual compensation to ¥1,100 million (external directors' share of which is ¥60 million). Directors and executive officers' compensation is set by Board of Directors' resolutions within the limit authorized at the General Meeting of Shareholders.</li> </ul>
Audit & Supervisory Board members: 2	Audit & Supervisory Board members: 2  External Audit & Supervisory Board members: 3	<ul style="list-style-type: none"> <li>External non-executive directors and Audit &amp; Supervisory Board members' compensation consists solely of fixed basic compensation. They received no performance-based compensation.</li> </ul>	<ul style="list-style-type: none"> <li>At the 88th General Meeting of Shareholders on June 22, 2012, shareholders passed a resolution limiting external directors and Audit &amp; Supervisory Board members' aggregate monthly compensation to ¥12 million. External directors and Audit &amp; Supervisory Board members' compensation is set within said compensation limit by agreement of Audit &amp; Supervisory Board members.</li> </ul>

### (Internal) Directors' Compensation

Compensation Type	Description	Fixed/Variable	Form of Payment
① Basic compensation	<ul style="list-style-type: none"> <li>Basic compensation that varies based on individual director's positions</li> </ul>	Fixed	
② Performance-based compensation	<ul style="list-style-type: none"> <li>Compensation linked to previous fiscal year's consolidated earnings</li> <li>Performance-based compensation is the product of basic compensation and a multiplier</li> <li>Its amount is set by multiplying basic compensation by a multiplier that increases in proportion to the previous fiscal year's consolidated net profit if it was at least ¥100 billion; the multiplier is 0 if the previous fiscal year's consolidated net profit was less than ¥100 billion (approx. +2 percentage points/every +¥5 billion)</li> </ul>	Variable (fiscal yearly variability)	80% cash 20% stock options
③ Bonuses	<ul style="list-style-type: none"> <li>Director bonuses</li> <li>* Representative directors are paid representative director bonuses in addition to director bonuses</li> <li>Reflects quantitative and qualitative individual evaluations</li> </ul>	Fixed  Variable (fiscal yearly variability)	Cash
④ Compensatory stock options subject to market-capitalization-based exercisability conditions	<ul style="list-style-type: none"> <li>Adding to basic compensation up to 1.5 times an amount equivalent to 10% of basic compensation, with three years since allocation as the starting date for the exercise of rights, only in the event that the Company's market capitalization exceeds market capitalization as of the allotment date after three years and the Company's market capitalization condition growth rate is equal to or higher the TSE stock price index growth rate are stock options allocated with market capitalization conditions than can be exercised</li> </ul>	Fixed	Stock options

**(Internal) Directors' Compensation Mix****Performance-based Compensation Formula**

Performance-based compensation multiplier



If the sum of 50% of the previous fiscal year's consolidated net profit (profit attributable to owners of the parent) and 50% of the previous fiscal year's core operating cash flow was at least ¥100 billion, performance-based compensation is equal to basic compensation multiplied by a multiplier that increases in proportion to said sum (i.e., by approx. 2 percentage points per ¥5 billion in excess of ¥100 billion)

Sum of 50% of consolidated net profit + 50% of core operating CF (in ¥100 mil.)

**Compensation for External Directors**

Compensation for external 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 Fiscal Year Ended March 31, 2019**

Position	Total Amount of Compensation		Number of Recipients	
	Cash Compensation	Compensatory Stock Options		
Directors (excluding external directors)	¥500 million	¥111 million	¥611 million	9
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	¥80 million	—	¥80 million	2
External officers	¥101 million	—	¥101 million	7
Total	¥681 million	¥111 million	¥792 million	18

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 external directors)" (at the 92nd General Meeting of Shareholders held on June 24, 2016, applicable to 10 directors (of which four are external directors)) 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, applicable to five directors). In addition, based on a resolution of the 92nd General Meeting of Shareholders held on June 24, 2016 (applicable to six directors), the Company introduced a stock option system for directors (excluding external directors) with an "Annual pool not to exceed ¥220 million for directors. As of June 21, 2019, this rule applied to 15 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 abolition 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, 2019, 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 for the Fiscal Year Ended March 31, 2019**

Name	Position	Total Amount of Compensation		
		Cash Compensation	Compensatory Stock Options	
Teruo Asada	Director	¥104 million	¥24 million	¥128 million
Fumiya Kokubu	Director	¥127 million	¥29 million	¥156 million

## Evaluation of the Effectiveness of the Board of Directors

The evaluation of effectiveness of the Board of Directors in the fiscal year ended March 31, 2019 was conducted as described below:

### Framework and Method of Evaluation

#### 1. Target

All Directors (10 people) and Audit and Supervisory Board members (five people)

\* As of December 2018

#### 2. Implementation Method

A questionnaire survey was conducted. (Anonymous responses.)

\* The Company utilized an external specialized institution for its implementation.

#### 3. Evaluation Items

- (1) Roles and responsibilities of the Board of Directors
- (2) Relationship between the Board of Directors and senior executives
- (3) Organizational design and composition of the Board of Directors and other bodies
- (4) Quality and expertise of Directors and of the Board of Directors
- (5) Deliberation by the Board of Directors
- (6) Relationship and dialogue with shareholders
- (7) Engagement with stakeholders other than shareholders
- (8) Progress of improvement issues from the fiscal year ended March 31, 2018.

#### 4. Evaluation Process

The Board of Directors deliberated in view of the results of the evaluation and review by the Governance and Remuneration Committee concerning the overall Board of Directors, including its composition and operation, based on the responses to the questionnaire.

### Overview of the Evaluation Result

The Board of Directors deliberated in view of the results of the evaluation and review by the Governance and Remuneration Committee and confirmed that, on the whole, the Board of Directors is being operated effectively. The previous fiscal year's evaluation identified a need for more thorough deliberation on important matters. Measures to address this issue that were implemented in the fiscal year ended March 2019 (e.g., improvement in reporting on directors' execution of their duties, revision of materiality standards for inclusion of individual projects/investments on Board meeting agendas) were evaluated positively in the latest evaluation. Meanwhile, some of the participants expressed expectations of additional initiatives to promote more substantive discussions of Group management policies.

The Company will continue to endeavor to maintain and improve its Board of Directors' effectiveness in light of the latest evaluation and review.

## 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 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, 2018, we submitted our internal control report for the year ended March 31, 2019, 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.

[https://www.marubeni.com/en/company/governance/measure/internal\\_control/](https://www.marubeni.com/en/company/governance/measure/internal_control/)

## 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.

### 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 employ-

ees, 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 October 2018, the Compliance Manual, now in its 15th edition, is available in English as well as Japanese, and can be viewed on the Company's website.

### Compliance Education and Training

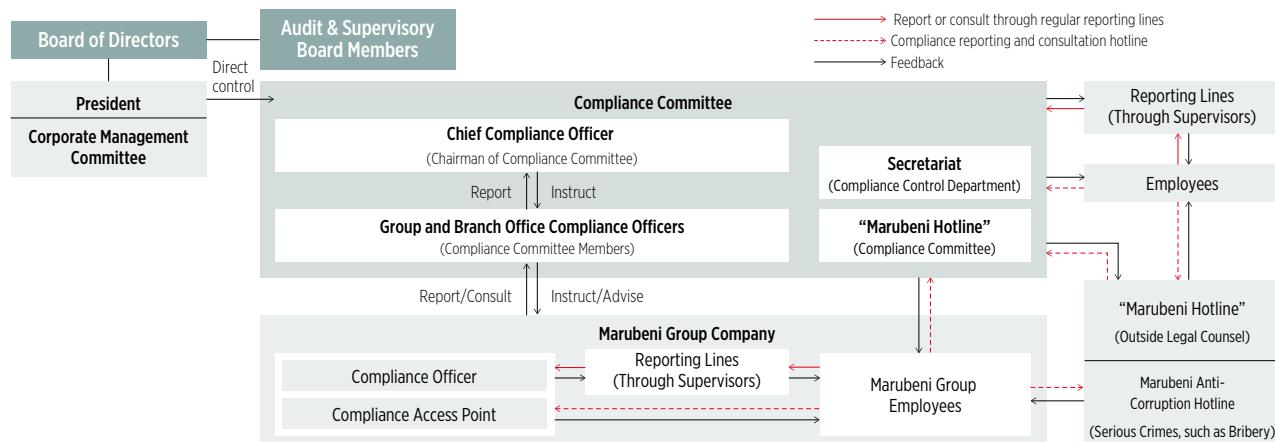
The Marubeni Group conducts education and training programs throughout its organization in accordance with the Marubeni Group Compliance Manual. Specifically, we conduct e-Learning programs and group training sessions to teach employees about general compliance topics, antibribery precautions, and cartel 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.

#### About Japan Fair Trade Commission's October 2018 Announcement

In October 2018, the Japan Fair Trade Commission (JFTC) announced that Marubeni and its subsidiary Marubeni Mates committed antitrust violations in connection with a bid to supply uniforms to NTT Docomo for Docomo Shop employees.

The Group has always endeavored to comply with applicable laws. It takes seriously the fact that it was raided multiple times by JFTC investigators in connection with the relevant transactions. In response, it has conducted an internal investigation with the cooperation of an external law firm and is further strengthening its compliance and working diligently to prevent recurrence through such means as revising its internal regulations and reeducating employees on compliance, including antitrust law.

### Organizational Diagram for the Marubeni Group Compliance System



## Corporate Management (As of June 21, 2019)

### Members of the Board



#### ① Fumiya Kokubu

Chairman of the Board

#### ② Masumi Kakinoki

President and CEO

#### ③ Yukihiko Matsumura

Senior Executive Vice President,  
CAO; Senior Operating Officer, Audit Dept.;  
Senior Operating Officer, Executive Secretariat;  
Senior Operating Officer, New Office Building  
Project Dept.; Chief Compliance Officer;  
Chairman of Internal Control Committee;  
Chief Information Officer

#### ⑤ Nobuhiro Yabe

Senior Managing Executive Officer,  
CFO; Chief Operating Officer, Investor Relations and  
Credit Ratings; Chairman of Investment and Credit  
Committee; Chief Sustainable Development Officer;  
Chairman of Disclosure Committee

#### ④ Ichiro Takahara

Senior Executive Vice President,  
Chief Executive Officer, Power Business,  
Energy & Metals Group

#### ⑥ Hirohisa Miyata

Managing Executive Officer,  
CDIO; CSO; Regional CEO for East Asia;  
Vice Chairman of Investment and Credit Committee



**7 Takao Kitabata**

External (Independent) Director

**8 Kyohei Takahashi**

External (Independent) Director

**9 Susumu Fukuda**

External (Independent) Director

**10 Yuri Okina**

External (Independent) Director

## Audit & Supervisory Board Members



**① Kazuro Gunji**  
Audit & Supervisory Board  
Member

**② Hikaru Minami**  
Audit & Supervisory Board  
Member

**③ Shuichi Yoshikai**  
External (Independent) Audit &  
Supervisory Board Member

**④ Takashi Hatchojo**  
External (Independent) Audit &  
Supervisory Board Member

**⑤ Tsuyoshi Yoneda**  
External (Independent) Audit &  
Supervisory Board Member

**Senior Managing Executive Officers****Kaoru Iwasa**

Regional CEO for ASEAN & Southwest Asia; Regional COO for ASEAN; Managing Director, Marubeni ASEAN Pte. Ltd.

**Akira Terakawa**

Chief Executive Officer, Food, Agriculture & Chemicals Group; Vice Chairman of Investment and Credit Committee

**Hajime Kawamura**

Chief Executive Officer, Machinery, Infrastructure & Financial Business Group

**Managing Executive Officers****Mutsumi Ishizuki**

Regional CEO for Europe & CIS; Regional COO for Europe; Managing Director and CEO, Marubeni Europe plc

**Takeo Kobayashi**

Chief Executive Officer, Consumer Products Group

**Michael McCarty**

Chief Operating Officer, Agri Business Div.; President & CEO, Helena Agri-Enterprises LLC

**Akihiko Sagara**

Chief Operating Officer, Energy Div.

**Shinichi Kobayashi**

Chief Operating Officer, Metals & Mineral Resources Div.

**Jun Horie**

Regional CEO for the Americas; Regional COO for North & Central America; President and CEO, Marubeni America Corporation

**Kenichiro Oikawa**

Chief Operating Officer, Finance & Leasing Business Div.

**Executive Officers****Eiji Okada**

Chief Operating Officer, Plant Div.

**Soji Sakai**

Senior Operating Officer for ASEAN & Southwest Asia; President, Marubeni Thailand Co., Ltd.; General Manager, Bangkok Branch

**Hisamichi Koga**

General Manager, Chubu Branch

**Yutaka Shimazaki**

General Manager, Executive Secretariat, and Corporate Communications Dept.

**Minoru Tomita**

General Manager, Osaka Branch

**Hidekazu Futai**

Senior Operating Officer, Agri Business Div.

**Hiidenobu Kumada**

Chief Operating Officer, Food Div.

**Jun Hirasawa**

Regional CEO for China; President, Marubeni (China) Co., Ltd.

**Makoto Sato**

Regional CEO for Middle East

**Yuichi Ohira**

Chief Operating Officer, Lifestyle Div.

**Takayuki Furuya**

General Manager, Corporate Planning & Strategy Dept.

**Yoshiaki Yokota**

Chief Operating Officer, Power Business Div.

**Jiro Itai**

Chief Operating Officer, Construction, Auto & Industrial Machinery Div.

**Kosuke Takechi**

Chief Operating Officer, Aerospace & Ship Div.

**Takao Ando**

General Manager, Risk Management Dept.

**Tsuyoshi Teragaki**

Chief Operating Officer, Forest Products Div.

**Satoru Ichinokawa**

Chief Operating Officer, Chemicals Div.

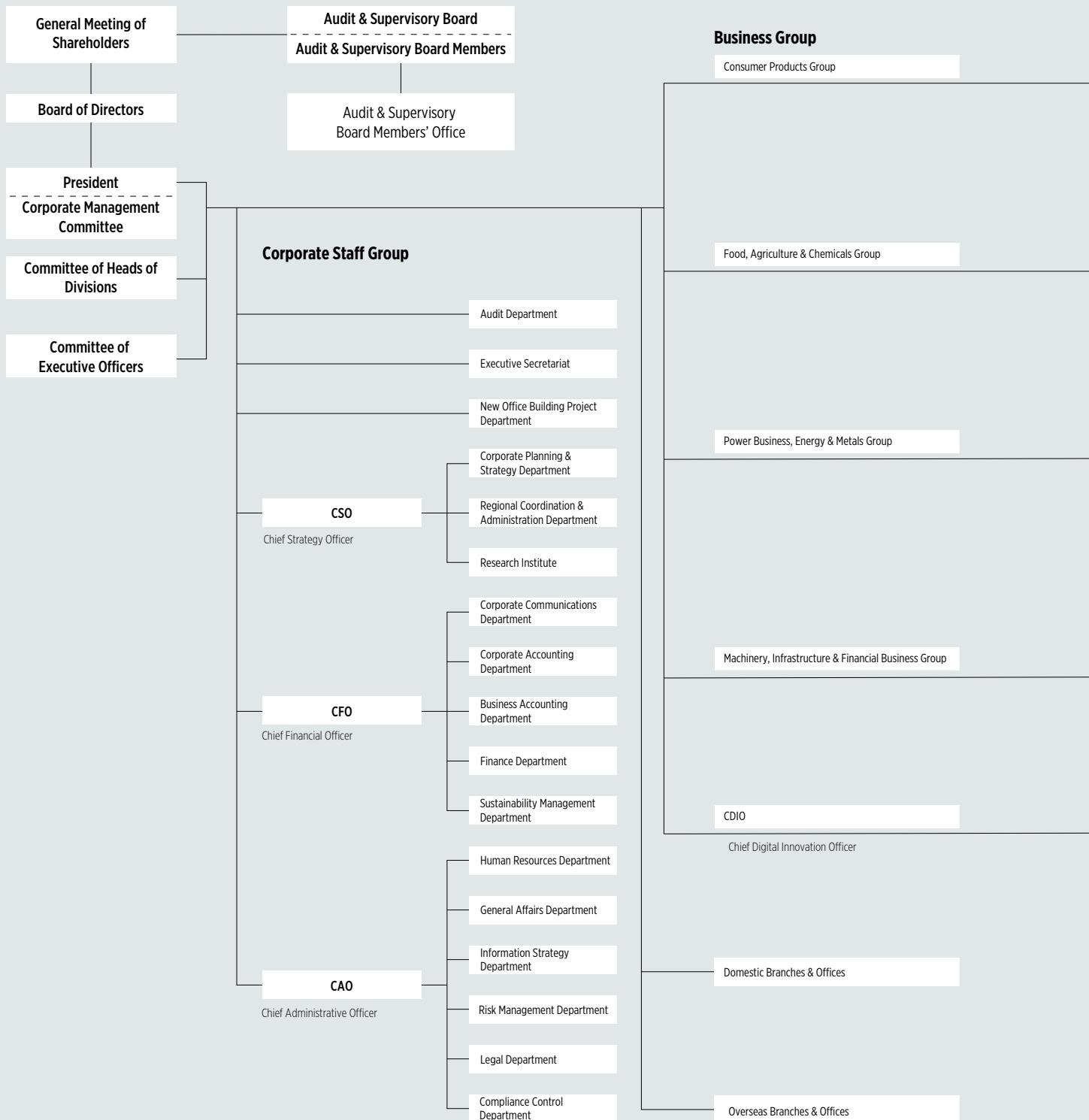
**Takashi Imamura**

General Manager, Research Institute

## Organization

(As of April 1, 2019)

In April 2019, Marubeni embarked on structural reforms to implement new growth strategies toward the realization of the Marubeni Group's Global Crossvalue Platform vision.



## **Reorganizing Business Groups and Flattening Chain of Command (From Four Layers to Three)**

In light of business conditions, we reorganized our business group structure in an attempt to promote optimized and efficient business strategies. We also flattened the chain of command from four layers (President, Group CEOs, Division COOs and departmental general managers) to three (President, Division COOs and general managers), creating a structure enabling each business division to execute strategies more quickly.

**Business Division**

**Lifestyle Division**

**ICT & Real Estate Business Division**

**Forest Products Division**

**Food Division**

**Agri Business Division**

**Chemicals Division**

**Power Business Division**

**Energy Division**

**Metals & Mineral Resources Division**

**Plant Division**

**Aerospace & Ship Division**

**Finance & Leasing Business Division**

**Construction, Auto & Industrial Machinery Division**

**Next Generation Business Development Division**

## **Aim of Next Generation Business Development Division Establishment**

The Next Generation Business Development Division will create new business models focused on the next ten years. Specifically, the Asia Business Department, Next Generation Social Infrastructure Department, Healthcare & Medical Business Department, New Business Development Department and the Digital Innovation Department were all established under the division's umbrella to pursue "white spaces" (growth areas and business models not currently incorporated into our business), including platform businesses targeting the Asian middle-class, urban development and smart city-related businesses, health and wellness businesses and FinTech businesses with the aim of realizing explosive growth over the next 10 years. In addition to participating in innovation ecosystems located in New York, Silicon Valley, Singapore, and Shenzhen, etc., we will also establish a new European base in Tallinn, Estonia, which is promoting the realization of a digital nation. These efforts are intended to accelerate the incorporation of cutting-edge technologies and business models.



See "Next Generation Business Development Division: —Business Development Organization for the Creation of New Business Models Focused on the Next 10 Years" on page 026 for more details on the Next Generation Business Development Division.

# Lifestyle Division



We globally provide everyday consumer products and services optimized to the end user across a wide range of markets and industries.

## Yuichi Ohira

Chief Operating Officer, Lifestyle Div.



## MAJOR PRODUCTS AND AREAS

Apparel, footwear

Lifestyle products

Textile materials, industrial materials

## PRESENT STATE ANALYSIS

### Strengths

- Ability to keep abreast of diversification of consumer lifestyles and accurately identify changing trends/needs; advanced design-oriented merchandise planning capabilities
- Long-standing Asia-centric production network with stable, timely, right-sized supply capabilities
- Supply chains vertically integrated from raw material sourcing through end-product production
- Diverse product lines, including apparel, footwear, lifestyle products, industrial materials and textile materials

### Opportunities

- Expansion of the consumer class in the wake of global population growth and rising standards of living in emerging economies
- Growth in demand for environmentally friendly materials, products and services amid a trend toward sustainability

### Risks

- Rising costs in key production regions amid economic growth in emerging economies
- Relative weakening of existing functions and rapid structural changes in distribution networks amid digitalization and IoT proliferation

## GROWTH STRATEGY

One of the Lifestyle Division's core businesses is OEM<sup>\*1</sup>/ODM<sup>\*2</sup> manufacturing of products such as apparel and footwear. We are focusing on expanding OEM/ODM sales in European markets, in addition to our core domestic market, through Saide Tekstil Sanayi ve Ticaret Anonim Sirketi (Saide), a Turkish company in which we acquired an equity stake in 2017. We will expand OEM/ODM sales in the global apparel market, focusing mainly on growing middle-class demand, by combining Saide's product planning and short lead-time production capabilities with Marubeni's merchandise sourcing capabilities in Asia.

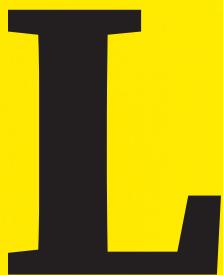
In the brand marketing business, IFME, a Marubeni's own brand of children's shoe, and Merrell, an American outdoor brand, both continue to sell well. The Lifestyle Division aims to develop IFME into an all-around brand by extending its product line beyond shoes, deploying digital technologies and expanding points of contact with customers.

Utilizing the functions and know-how cultivated in these existing businesses, we will focus on direct-to-consumer businesses also.

Additionally, we will pursue sustainability initiatives such as building circular businesses and proactively utilizing environmentally friendly materials like recycled fibers and organic cotton to help bring about a sustainable society.

<sup>\*1. OEM:</sup> Original Equipment Manufacturer; manufacturing of products sold under the contractee's name or brand

<sup>\*2. ODM:</sup> Original Design Manufacturer. An ODM does everything from the development and design to the production of a product that is eventually sold under another firm's name or brand



LIFESTYLE  
DIVISION

## Supplying on-trend merchandise fast — Saide (Turkey)

Saide has a planning base in London, the center of fast fashion. In recent years Saide has been rapidly expanding sales in the European apparel market by providing customers with a short lead-time production function in Turkey, which has a cluster of textile manufacturers and is situated next to Europe, and a design and planning function that reflects the latest global trends.

Meanwhile, Marubeni has established a production system that enables stable and right-sized supply of high-quality apparel, footwear, and other everyday consumer goods on a timely basis at competitive prices for the Japanese and other Asian markets.

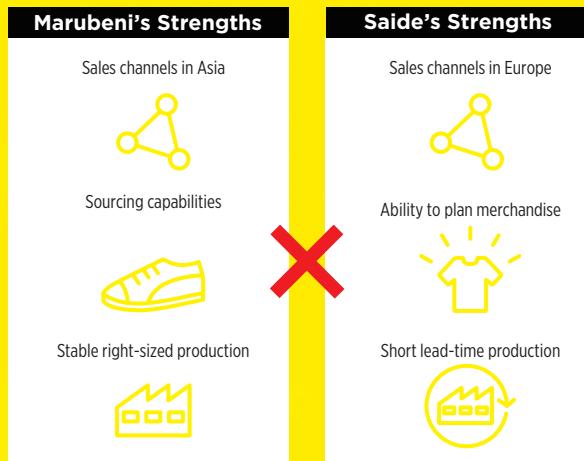
Since acquiring an equity stake in Saide in 2017, Marubeni has been creating new value and maximizing its OEM/ODM business's value by combining its strengths

with Saide's. Specifically, Marubeni is optimally combining the planning, production and sales channels of Marubeni and Saide to create synergies in ways such as constructing a short lead-time production scheme for Asian customers. In global apparel and other lifestyle-related markets projected to grow in tandem with population growth and economic development, Marubeni aims to expand its sales by upgrading its OEM/ODM services for SPAs<sup>\*3</sup>, improving its product mix and increasing its price competitiveness.

\*3. SPA: Specialty store retailer of private label apparel



Saide plans, manufactures and sells apparel, among goods



» Acceleration of growth through added value



Saide  
Tekstil Sanayi ve Ticaret  
Anonim Sirketi

# ICT & Real Estate Business Division



We organically integrate specialized know-how in information and communication technologies (ICT), real estate, logistics and insurance to provide high-value-added solutions utilizing new technologies.

## Tatsuya Abe

Chief Operating Officer, ICT & Real Estate Business Div.



### MAJOR PRODUCTS AND AREAS

Network
Systems solutions
Mobile sales
Domestic and overseas housing development
J-REIT/Private placement REIT/Private real estate fund management business
Property management
Logistics
Insurance and reinsurance

### PRESENT STATE ANALYSIS

#### Strengths

- Proprietary platform capable of meeting diverse consumer needs; wide range of service offerings (e.g., Internet and property management services for condo complexes, nationwide mobile phone retail chain)
- Expertise and know-how in accurately identifying increasingly diverse consumer needs; sophisticated deal-structuring and operational capabilities backed by experience

#### Opportunities

- Growth in opportunities to provide new solutions in response to changes in the everyday environment in the wake of advancements in digital and information technologies

#### Risks

- Contraction in domestic demand in the wake of low birthrate and societal aging
- Pending consumption tax hike that may dampen domestic consumer demand

### GROWTH STRATEGY

The ICT & Real Estate Business Division is involved in a broad range of business domains related to consumers' everyday lives, including telecommunication infrastructure, mobile devices and housing. We provide high-value-added solutions and services in response to customer needs that are changing as digital and information technologies evolve.

In the ICT business, the ICT & Real Estate Business Division operates system solutions and network businesses, mainly through Marubeni Information Systems Co., Ltd. and ARTERIA Networks Corporation, respectively. They provide solutions for manufacturers, CRM\* solutions and high-speed telecommunication lines. The mobile phone sales business, operated mainly by MX Mobiling Co., Ltd., is focusing on improving the efficiency of its carrier shop operations and strengthening its custom solutions for corporate customers.

In the real estate business, the ICT & Real Estate Business Division runs a redevelopment/reconstruction business, demand for which is growing in Japan, and develops rental properties. In doing so, we are exploiting the track record and expertise we have amassed in developing housing in Japan and overseas. In the REIT business, we are enlarging our investment universe with the aim of accumulating more assets.

In the logistics business, the ICT & Real Estate Business Division is focusing on digital supply chain management services that optimize supply chains and improve their visibility. In the insurance business, our main priority is expanding our domestic and overseas insurance agency operations.

In addition to these initiatives, the ICT & Real Estate Business Division aims to achieve further growth by developing value-added service businesses such as smart homes and sharing that cross-pollinate information/communication technologies and real estate, as well as solutions and services that leverage new technologies like 5G.

\*CRM: Customer Relationship Management

# I

## ICT & REAL ESTATE BUSINESS DIVISION

### Co-owned housing development project in Jiaxing City, China (near Shanghai)

In China, Marubeni has partnered with Zhejiang Strongtree Real Estate Group Co., Ltd. (Strongtree Group), a local developer, to develop housing in Jiaxing, a city in Zhejiang Province, earning the distinction of being the first Japanese company to take part in property development in Jiaxing. The project, Marubeni's 14th in China, is a big one, with total floor area of some 220,000m<sup>2</sup> (10-building condominium complex with 1,800 units, another building with 360 units of condominium for the elderly and commercial facilities). Marubeni has been actively involved in Chinese housing development projects since the 1980s. Its Chinese projects have cumulatively sup-

plied over 11,000 dwelling units.

Marubeni, which has a track record of housing development in Japan and China, will work with the Strongtree Group, a leading developer in Jiaxing, to promote high-quality housing development projects that harness development expertise from Japan while incorporating Chinese culture and lifestyles.



Architectural rendering of housing development in Jiaxing (China)

### Providing a broad range of services and solutions across the entire mobile phone lifecycle

The ICT & Real Estate Business Division provides innovative, optimal solutions for every stage of any mobile phone's lifecycle.

Our mobile phone sales business operates a nationwide chain of stores as an authorized dealer for wireless carriers. We are one of the top mobile phone retailers in Japan. Recently, we are also pursuing new business ventures, including a new store concept that enables shoppers to experience next-generation technologies such as VR and IoT and a mortgage brokerage business that capitalizes on customer service know-how cultivated over many years of store operation.

For corporate customers, the mobile phone sales business offers various device deployment and management services tailored to customers' needs from the standpoint of improving operating efficiency, reducing costs, mitigating risks and/or strengthening sales capabilities.

Additionally, the mobile phone sales business is expanding its operations by leveraging expertise and technical capabilities gained from repairing mobile phones. For example, it now buys and resells used mobile phones and offers mobile phone rentals, leasing and warranties, among other support services.

Marubeni is Japan's only general trading company that owns an MVNO (mobile virtual network operator) business. The MVNO business will provide high-value-added communication lines, mainly for various industrial applications.



Top: Mobile phone being repaired (Kanagawa Prefecture)  
Lower left: SIM cards provided MVNO and communication terminal

Lower right: Miyamaedaira NTT Docomo Shop, opened in August 2018 (Kanagawa Prefecture)

# Forest Products Division



The hallmarks of our forest products are sustainability, renewability and recyclability. We are expanding our businesses that contribute to the environment and society.

## Tsuyoshi Teragaki

Chief Operating Officer, Forest Products Div.



## MAJOR PRODUCTS AND AREAS

Wood chips and biomass fuel

Pulp and waste paper

Paper and paperboard

Building & construction materials and wood products

## PRESENT STATE ANALYSIS

### Strengths

- Value chain encompassing everything from tree farming through paper end-product sales
- Massive pulpwood plantation and pulp plant in Sumatra, Indonesia, that is in proximity to Asian markets
- Sales networks in paper, paperboard, pulp and woodchip markets
- Containerboard manufacturing/sales subsidiaries' production technology/know-how
- Feedstock supply network for biomass power plants that help promote the spread of renewable energy

### Opportunities

- Development of business models aligned with trend toward ESG and SDGs, most notably decarbonization and reduction of plastic usage

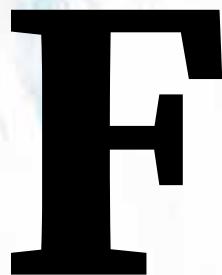
### Risks

- Weather/fire risks to tree farming business
- Pulp business's sensitivity to market price fluctuations

## GROWTH STRATEGY

**T**he Forest Products Division aims to strengthen its earnings foundation, mainly through stable operation of its Indonesian afforestation business and pulp manufacturing business (Musi Pulp Project) and improvement in the profitability of its domestic paper and paperboard manufacturing and sales operations.

Additionally, we are building business models that involve developing biomass fuels, including internally sourced wood pellets, that contribute to realization of a low-carbon society; branching into markets for new materials with promising demand growth prospects, like cellulose nanofiber; and selling plastic-alternative products in sync with a global trend toward reduction in plastic usage. In Vietnam, the Forest Products Division has decided to invest in a containerboard manufacturing and packaging materials sales business with the aim of building a presence in the rapidly growing Vietnamese packaging market. In addition to conventional paper and pulp products, we will broadly focus on ligneous materials that embody our products' hallmarks of sustainability, renewability and recyclability. In the process, we will also broaden our customer base across a wider range of industries, thereby expanding our operations that address and help solve environmental and social problems.



**FOREST PRODUCTS  
DIVISION**

### Musi Pulp Project (Indonesia)

The Forest Products Division operates PT. Musi Hutan Persada (MHP), a forest plantation company, and PT. Tanjungenim Lestari Pulp & Paper (TEL), a pulp manufacturer, in southern Sumatra in the Republic of Indonesia. MHP's tree farming operations cover some 300,000ha, equivalent to 1.4 times the land area of the Tokyo metropolis. TEL manufactures and exports, mainly to Asia, pulp from eucalyptus trees harvested by MHP.

MHP had been growing acacia trees since its inception before switching to eucalyptus trees in 2013, when the acacia trees became blighted. The switch was an unprecedented challenge not only for MHP as a forest plantation company but also for

TEL as a pulp manufacturer and even for the sales force that markets and sells TEL's pulp. However, the Forest Products Division marshaled its full capabilities and was able to start shipping eucalyptus pulp in 2017.

Together, MHP and TEL employ about 2,000 workers. Including affiliated companies' workforces, Musi Pulp Project has created 10,000 jobs. MHP and TEL are also involved in running a local preschool and elementary/middle school. They operate their businesses in harmony with the local community.

The Forest Products Division will continue to focus on building sustainable relationships with local communities and making positive contributions economically, environmentally and socially by sustainably operating its afforestation and pulp manufacturing businesses.

#### Musi Pulp Project's Competitive Advantages and Societal Significance

##### Cost competitiveness

Low-cost operations by virtue of a production process integrated from tree farming (raw material) through pulp manufacturing; geographic advantage of proximity to huge Asian markets

##### Pulp sales capabilities

Global sales network and high degree of trust from the market

##### Operational management capabilities

Wealth of human resources and operational know-how in tree farming and pulp manufacturing

##### Integration into local community

Created 10,000 jobs, including affiliates' workforces; runs local preschool and elementary/middle school

##### Environment

Sustainable resource management (Forest certification, ISO 14001, etc.)



Tree plantation business (Indonesia)

# Food Division



We pursue further advancement of the value of our businesses by strengthening our value-added sourcing, production and sales of grains and other foods, taking maximal advantage of our global network of subsidiaries and sales channels.

## Hidenobu Kumada

Chief Operating Officer, Food Div.



### MAJOR PRODUCTS AND AREAS

- Grains in general (corn, soybeans, wheat, rapeseed, etc.)
- Feed ingredients (soybean meal, rapeseed meal, fish meal, etc.)
- Compound feed
- Consumer-use food products, commercial-use food materials, dairy products and agricultural resources
- Marine products, processed seafood, and fresh and processed meat
- Raw ingredients for food (flour, sugar, oils and fats, etc.)
- Raw materials for beverages (coffee, tea, fruit juice, etc.)

## PRESENT STATE ANALYSIS

### Strengths

- Roughly 30% share of Japan's coffee bean imports
- Owns Iguacu de Café Solúvel (Iguacu), a Brazilian instant coffee manufacturer with sales in over 40 countries
- Owns high-quality beef suppliers in the U.S. and Australia, two top beef-producing countries
- Stable worldwide grain supply capacity by virtue of a global network extending from grain origination through sales

### Opportunities

- Growth in demand for high-quality food products (e.g., coffee, beef) in emerging market economies (e.g., China, Asia)
- Growth in global demand for grains and other foods

### Risks

- Changes in political or economic conditions in end-market countries (country risk)
- Risk of natural disasters such as crop failures due to abnormal weather

## GROWTH STRATEGY

The Food Division's strategic priorities are strengthening specialty product marketing, upgrading manufacturing functions, boosting its overseas share of revenue and maximizing the value of its livestock feed business and the efficiency of its grain trading operations. We will expand operationally and grow sustainably by building value-added production and processing businesses and improving the efficiency of grain origination and trading operations.

In the food products business, we are expanding the scope of our operations by acquiring high-quality food suppliers throughout the world in addition to strengthening existing businesses and expanding domestic and overseas trade. Specific initiatives include expanding the capacity of U.S. beef processor/supplier Creekstone Farms Premium Beef LLC (Creekstone Farms) and Brazilian instant coffee manufacturer Iguacu. The latter's new capacity is slated to be commissioned into operation in the fiscal year ending March 31, 2021 to meet globally growing coffee demand.

In the grain sector, we are strengthening our earnings power by functionally leveraging grain origination, storage and distribution capacity in American grain belts to expand sales in markets in which Marubeni possesses strong sales infrastructure. Additionally, the Food Division will move one step closer to helping achieve the UN's Sustainable Development Goals (SDGs) for society. Toward this end, Marubeni entered into a strategic partnership with an agri-tech startup with proprietary circulatory biomass recycling technology in the fiscal year ended March 2019.

The Food Division will continue to focus on cultivating diverse human resources and fostering an open organizational culture to create new business models in response to constant changes in the business environment, including IT innovation and fragmentation of consumer demand into niche markets.



FOOD DIVISION

**Continue building the “Marubeni Premium Beef” brand in a rapidly growing global market for premium beef.**

— Creekstone Farms (U.S.)

Marubeni subsidiary, Creekstone Farms, has built a distinctive business model around supplying premium beef products sourced exclusively from high-quality Black Angus cattle born and raised in the U.S. and finished on a predominantly grain-based diet. Creekstone Farms processes the cattle at its own full-service facility in Kansas and sells it to high-end steakhouses and supermarkets throughout the U.S.. It also exports high quality beef to Asia, Europe and the Middle-East.

Likewise, Marubeni has long been raising and selling high-quality beef in collaboration with its Australian subsidiary Rangers Valley Cattle Station Pty., Ltd. (Rangers Valley). Marubeni Group's operating companies also produce broiler chickens in Japan and China. This provides Marubeni with vast experience and know-how in selling safe and trusted meat products to distributors, supermarkets, restaurants and food processors around the world based on stringent production management standards developed in global markets.

#### Marubeni's Strengths

High-value-added cattle (high-end)



Asian sales channels



RV brand



Cattle-fattening and yield-improvement know-how



#### Creekstone Farms' Strengths

High added value (upper mid-end)



U.S. sales channels



Creekstone Farms brand



➡ Acceleration of growth through added value

The Food Division is currently moving forward with a series of unique initiatives that synergistically combine Creekstone Farms and Marubeni's respective strengths. On the sales side, it is expanding sales of Creekstone Farms' high-quality beef to Japan, China and elsewhere in Asia by way of established Rangers Valley sales channels. On the production side, it is endeavoring to improve productivity by strengthening its pre-existing stable sourcing capabilities and sharing know-how gained from the Marubeni Food Division with Creekstone Farms to help improve the business model.

Demand for premium quality beef in emerging economy countries is forecasted to rise in the coming years and Marubeni will take this opportunity to expand its business. Using two major beef production countries, the U.S. and Australia, as bases of operations, Marubeni aims to strengthen its position in the growing premium quality beef market with its own “Marubeni Premium Beef” brand.

# Agri Business Division



**With the agri-input and North American grain businesses paired as a single business division, we will strengthen our earnings power by pursuing synergies across both businesses.**

## Michael McCarty

Chief Operating Officer, Agri Business Div.



### MAJOR PRODUCTS AND AREAS

Sales of agri-inputs (crop protection products, fertilizers, seeds, Helena-brand products)

Subcontracting services for fertilization and crop protection products dispersion

Provision of precision agriculture and other technical services

Contract crop protection products formulation

Fertilizer raw materials

Grain & oilseed (corn, wheat, barley, soy, vegetables, edible beans etc.), Procurement and export business in the U.S.

## PRESENT STATE ANALYSIS

### Strengths

- Subsidiary Helena Agri-Enterprises (Helena), an agri-input retailer with close ties to the communities it serves, is ranked second by market share in North America
- Stable worldwide grain supply capacity by virtue of a global network extending from grain collection through sales

### Opportunities

- Generation of synergies through integration of agri-input and North American grain businesses
- Agri-input market growth driven by need to increase foodstuff production and limits on expansion of arable acreage

### Risks

- Risk of changes in farmers income levels or weather events that impact group companies' sales
- Country risk due to changes in political or economic conditions

## GROWTH STRATEGY

In the agri-input business, the Agri Business Division offers services to help farmers increase their profitability and productivity in addition to expanding existing operations through M&As and capital investment. Such services include contract farming and consulting aided by sophisticated IT-enabled agri-tech. We aim to also build new agri-input sales platforms outside of North America. Additionally, we plan to add value operationally by deploying Helena's service model in other operating companies within the Marubeni Group.

In the North American grain business, we aim to strengthen Gavilon and Columbia Grain International's earnings power, further improve the efficiency of their North American grain collection facilities and create crossvalue through collaboration and affiliation with the agri-input business.

The Agri Business Division is currently expanding businesses in agri-input product development, contracting and production operations, agri-input retailing operations, grain collection and exporting operations and specialty product operations in Asia—mainly Japan, Malaysia and Myanmar—and in the West—mainly the U.S., the U.K., the Netherlands and Brazil. We will offer even more crossvalue by providing optimal solutions to farmers around the world.



**AGRI BUSINESS  
DIVISION**

**Top-tier agri-input retailer in the U.S., the world's most advanced agri-business market — Helena (U.S.)**

Helena sells agri-inputs in the U.S., the world's biggest agricultural producer. With some 150 million hectares of arable land, equivalent to nearly four times Japan's total land area, the U.S. market is marked by extremely diverse agri-input needs. It is also the world's most advanced agri-business market. Helena continues to evolve in response to an ever-changing market environment while further solidifying its status within the industry as a top U.S. agri-input retailer. In addition to selling agri-inputs and consulting with customers, Helena is

currently expanding its operations further by developing new services such as AGRIntelligence, a consulting service powered by the state-of-the-art precision agri-tech.

**AGRIntelligence precision agri-tech consulting service**

Helena offers multi-faceted analysis that utilizes digital technology to gain better visibility into customers' soil and crop conditions throughout the U.S. Based on such analysis, Helena provides individually customized programs, including which product to apply, at which rate, and when, to help customers increase their yield and operating efficiency.

**U.S. grain collection and export business**

Headquartered in the U.S., the world's top grain-producing and -exporting country, Gavilon is a grain collection and sales company with some 140 grain collection sites throughout the U.S. It also operates in major grain belts outside of the U.S., including in Brazil, an increasingly high-profile grain producer in recent years.

Marubeni owns two other grain-related companies in the U.S.: Columbia Grain International and Pacificor. The former, like Gavilon, is a grain collection and sales

company; the latter operates grain export terminals on the West Coast. They are well-equipped to agilely meet grain demand from Japan, among many other countries around the world.



Gavilon grain terminal

# Chemicals Division



We aim to be a group of sales professionals that provide added-value to customers and markets by tapping into our trading platform across a broad range of industries.

## Satoru Ichinokawa

Chief Operating Officer, Chemicals Div.



## MAJOR PRODUCTS AND AREAS

Basic petrochemical products and plastic derivatives

Salt and chlor-alkali products

Life science products like functional feed additives, oleochemicals, multifunctionals for food products

Electronic materials, inorganic mineral resources, fertilizer materials and inorganic chemicals

## PRESENT STATE ANALYSIS

### Strengths

- Broad base of customers and suppliers across a wide range of industries
- Roughly 30% share of global ethylene trade
- Dutch subsidiary Orffa International's prominence in European feed additives market
- Electronics value-chain businesses that extend downstream from scarce resources
- Partnerships with top industry players in diverse chemical product trading markets

### Opportunities

- Development of life science and related businesses set to grow in tandem with population growth
- Entry into solar-power-related businesses that will promote proliferation of renewable energy

### Risks

- Trade in petrochemical and other products highly sensitive to market price changes
- Downturn in trade due to political or economic risks in the U.S. and/or China, both of which are major importers of chemicals

## GROWTH STRATEGY

The Chemicals Division serves a broad range of industries, reflecting the nature of the products in which it deals. We operate in an opportunity-rich environment in which societal problems and market needs are readily identifiable amid recurring cycles of drastic structural change.

Capitalizing on such a business environment, the Chemicals Division aspires to be a group of sales professionals with the ability to conceptualize products/services and offer solutions while maintaining a strong focus on creatively adding value.

In the electronic materials business, earnings continue to grow briskly, and the Innovation Promotion Office has been newly established in April 2019 to catalyze novel "chemical reactions" in new fields that go beyond chemical products.

In the commodity chemical, largely olefin, trading business, an area in which Marubeni has long been one of the top-ranked players in the industry, the Chemicals Division aims to further expand its trading volume by playing a bigger role in balancing supply and demand and to add maximum value by leveraging logistics functions and other such services. In the specialty chemicals business, we will delve more deeply into solution-oriented distribution businesses, capitalizing on Marubeni Group sales networks and product capabilities that tap into points of contact with customers. In the life science business, which has particularly promising prospects of sustainable growth in tandem with population growth, we will focus on further expanding its operations around Dutch subsidiary Orffa International Holding B.V., one of Europe's largest distributors of livestock feed additives.



# Marubeni's Global Chemical Businesses

Marubeni's Chemicals Division operates businesses worldwide through four business units and a global network centered on a nucleus of over 20 consolidated subsidiaries and associates.

→ Commodity chemical trading (olefins, vinyl chloride resin, caustic soda, etc.)

## Expanding operations with a focus on life sciences

- Operates in multiple life science markets, including functional food/beverage ingredients and feed additives



**Investee: Orffa International (feed additives distributor)**

**Home country: Netherlands**

Marubeni Group's equity stake: 80%

- One of Europe's largest feed additives distributors
- Pursuing worldwide distribution of feed additives that meet European safety and environmental standards through Marubeni's network

## Expanding environmentally attuned businesses, most notably electronic materials and renewable energy

- Globally trades LIB materials essential for storage batteries
- Building a nationwide logistics network in China for hazardous chemicals and refrigerated/frozen chemical materials for LCDs
- Providing full range of solar power solutions, from equipment sales to project organization



(From left) LCD plant, one of the largest in the world, owned by China's BOE Technology Group; Lithium-ion batteries manufactured by Northvolt of Sweden; Mega solar power plants in Soo City, Kagoshima Prefecture

## Handling the world largest volume of olefin products

- Roughly 30% share of global seaborne trade volume
- Owns and hires around 30 gas carriers to provide on-time delivery service



## Global chlor-alkali trader with integrated supply chain extending upstream to feedstock salt business

- World's top-ranked vinyl chloride resin trader by unit volume
- Major player in global caustic soda market



**Investee: Dampier Salt (solar salt manufacturer)**

**Home country: Australia**

Marubeni Group's equity stake: 21.51%

- World's top industrial salt exporter by unit volume
- Roughly 30% share of Asian trading volume

# Power Business Division



**As a global player in IPP as well as power service business, we are committed to contribute toward building a sustainable society through delivering safe and stable electric power and services which can preserve the global environment.**

## Yoshiaki Yokota

Chief Operating Officer, Power Business Div.



## MAJOR PRODUCTS AND AREAS

Power generation business

Renewable energy

Power service and retail business

- EPC business and offshore wind turbine installation
- Wholesale and retail power sales
- Community-based multi utilities service
- Power digital and new energy solution business

## PRESENT STATE ANALYSIS

### Strengths

- Strong area business & marketing forces, project development hubs and asset management teams; IPP<sup>\*1</sup> business of world-class scale
- IPP business's proven track record, competitiveness, in-house development and problem-solving know-how/capabilities
- Extensive EPC<sup>\*2</sup> track record (overseas) and unique EPC management capabilities
- Vast experience in electric power wholesaling/retailing

\*1. IPP: Independent Power Producer

\*2. EPC: Engineering, Procurement and Construction

### Opportunities

- Growing prevalence of De-carbonization, De-centralization and Digitalization ("3Ds") in the power sector
- Changes of energy mixes and policies in major countries
- Technological innovations in major power generation equipment such as offshore wind and solar power
- Digital technological innovations such as AI, IoT and Big Data

### Risks

- Policy change in liberalized power market-countries
- High volatility of fuel energy and/or natural resource prices
- Weather variation risks that would affect the power supply-demand balance

## GROWTH STRATEGY

The De-carbonization, De-centralization and Digitalization ("3Ds") are rapidly gaining prevalence in the power industry. Decarbonization is manifesting as efforts to mitigate climate change in response to a growing commitment to a low-carbon society; decentralization, as dispersion of power sources to enable local power production for local consumption; and digitalization, as adoption of digital technologies that would efficiently operate power plants and deploy renewable energy sources-certification. Seeing such changes in the business environment as the opportunities, the Power Business Division is expanding the portfolio scale of the power generation business as its earnings base. As announced in September 2018, we strive to double the ratio of power generated by renewable energy sources in our net power supply by 2023 and increase energy value chain type business such as fuel to power IPP projects having procurement of LNG or biomass fuel through power generation. In parallel with the power generation business's expansion, we are diversifying power service business, in which we are expanding retail-power business with various services to those customers and community based multi-utilities service businesses through distributed power supply and off-grid power sources. Additionally, we will proactively deploy digital technologies such as AI and IoT to improve the efficiency of own and major client' power plants, to operate IT driven power retailing businesses and to provide various digital services to our customers and the businesses' platform usership.

# P

**POWER BUSINESS  
DIVISION**

## Energy solution business

To adapt to diversification and expansion of the energy business domain, the Power Business Division is committed to be a partner always providing optimal power/energy solutions to meet and satisfy stakeholders' and society's expectations and needs. While continuing to strengthen its portfolio in gas fired thermal projects, it is intensively expanding its portfolio of power generated

by renewable energy sources (e.g., solar, offshore/onshore wind power, geothermal and so on) by which we can contribute to a low-carbon society to mitigate climate change. We will also actively pursue energy value chain (e.g., fuel-to-power) projects that integrate every step from LNG/bio-mass fuel sourcing through power generation.

## Power services & retail business

U.K. subsidiary SmartestEnergy Ltd., (SmartestEnergy) is a retailer of most of procured power sourcing in renewable energy. We plan to expand and diversify SmartestEnergy's business, both within the U.K. and to other countries/regions. We aim to also expand community-based multi utilities service business that provide various utility services to the power retailing business's customer base, as well as the operations of a new project in which Marubeni has par-

ticipated since 2018 to supply distributed power sources in off-grid areas of Africa. Additionally, we will utilize digital technologies such as AI and IoT to improve the efficiency of its power plants and other companies' power generation assets, also to pursue businesses that serve IT power retailing business and digital solution to its business platforms' prosumers (producer/consumers).



# Energy Division



**With sights set firmly on the advent of a low-carbon society, we provide comprehensive energy solutions to address societal challenges and changing customer needs.**

## Akihiko Sagara

Chief Operating Officer, Energy Div.



### MAJOR PRODUCTS AND AREAS

- Exploration, development, and production of oil and gas
- Natural gas business (production, liquefaction, trade, and infrastructure)
- New energy related business (hydrogen, ammonia, municipal solid waste, thermal energy storage)
- Petroleum & lpg trade, distribution and marketing business
- Nuclear energy business (development of uranium mines, nuclear fuel cycle, related equipment sales & services)

## PRESENT STATE ANALYSIS

### Strengths

- Competitive upstream interests such as the Qatar LNG and Sakhalin Projects
- One of Japan's top energy (e.g., natural gas, LNG, petrochemical feedstock) trading businesses
- New energy businesses conducting demonstration projects in Japan and overseas
- Nuclear energy business that adds value throughout the supply chain

### Opportunities

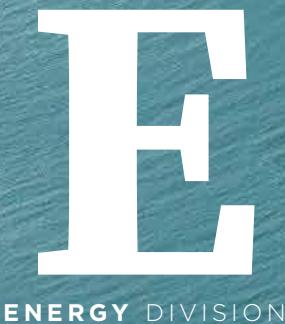
- Growth in natural gas/LNG and new energy (e.g., ammonia, hydrogen) businesses amid transition to low-carbon society
- Changes in sales channels due to shift in LNG demand toward Asia

### Risks

- Market fluctuations such as resource prices and shifts in geopolitical trends
- Changes in energy demand structure in developed countries

## GROWTH STRATEGY

The Energy Division aims to be a solutions provider capable of addressing societal challenges and changing customer needs on the path toward a low-carbon society. In the natural gas/LNG business, we are aggressively expanding our operations across the entire natural gas/LNG value chain from upstream resource development downward in anticipation of future demand growth. Specific initiatives include ongoing efforts to improve the operational stability and efficiency of existing operations and increase the value of projects. Over the longer term, we will increase the share of natural gas/LNG in our portfolio of upstream interests. In trading, logistics and marketing businesses, we are pursuing further earnings growth, mainly through petrochemical feedstock and natural gas/LNG trading, one of Marubeni's fortés. Core logistics and marketing subsidiaries, including Marubeni Energy Corporation, Marubeni Ennex Corporation and ENEOS GLOBE Corporation, are swiftly adapting to changes in their operating environment while endeavoring to add more value to their asset holdings. In the new energy business, the Energy Division is working to commercialize CO<sub>2</sub>-free energy carriers such as hydrogen and ammonia in Japan and overseas. We have been involved in such CO<sub>2</sub>-free energy carrier supply chains since the demonstration stage. In the nuclear energy business, we will provide total solutions by upgrading the entire supply chain from upstream development of uranium resources through the back end of the nuclear fuel cycle.



## Upstream resource businesses and supply chains that contribute to stable energy supplies

Marubeni is steadily exploring for, developing and producing oil and gas resources in the U.S., U.K., India and elsewhere. It is also strengthening and restructuring its trading operations to better meet customers' changing needs. Another priority is increasing the value of oil and gas interests through appropriate cost management and operational efficiency upgrades.

With demand for natural gas/LNG projected to grow substantially, the Energy Division is working diligently to expand and add more value to its natural gas/LNG

supply chains through involvement in gas projects around the world, including in Qatar, Equatorial Guinea, Peru and Papua New Guinea. While continuing to maintain the operating stability of existing projects, the Energy Division will intensify its overall efforts from upstream through downstream, focusing on pursuing new investment opportunities and expanding trade to meet future growth in global LNG demand. It is also proactively branching into new business domains, including a business that will supply LNG as a maritime fuel in anticipation of future demand and gas-to-power projects encompassing everything from natural gas supplies to power generation infrastructure as a package deal.

## Developing new energy businesses that will usher in a low-carbon society

The Energy Division is building new energy businesses in preparation for the advent of a low-carbon/carbon-free society. It is involved in demonstration projects and commercialization of supply chain businesses for CO<sub>2</sub>-free fuels such as hydrogen, ammonia and biofuels. One hydrogen project in which it is involved is a low-carbon hydrogen supply chain project that uses conversion and storage technologies to turn electric power into hydrogen in Tomioka, Miyagi Prefecture, Japan. Another aims to build a supply chain to liquefy and export hydrogen produced from brown coal in Australia. The Energy Division is also ramping up efforts to build a supply chain for ammonia, another promising CO<sub>2</sub>-free new energy carrier. It is preparing to supply ammonia to Japan from overseas.

Additionally, the Energy Division has entered the waste-to-energy business through an equity investment in Fulcrum BioEnergy Inc., a U.S. manufacturer of jet fuel from municipal waste. It is also actively developing an energy storage business to even out variability in renewable energy supplies from sources such as solar and wind power. The Energy Division is pursuing various other new energy initiatives in Japan and overseas, most notably trading of emission rights, a form of environmental value earned by reducing greenhouse gas emissions through such means as installing energy-efficient equipment or using renewable energy.



Hydrogen supply chain project  
(water electrolysis facility in  
Tomioka, Miyagi Prefecture)



Marubeni Ennex's Chiba Terminal

# Metals & Mineral Resources Division



We support peoples' daily lives and contribute to the development of society by securing and stably supplying metal resources essential to the global economy.

## Shinichi Kobayashi

Chief Operating Officer, Metals & Mineral Resources Div.



## MAJOR PRODUCTS AND AREAS

Development of iron ore, coal, and copper mines

Smelting and refining of aluminum

Trading of iron ore, coal, ferroalloy, and ferrous raw materials

Trading of non-ferrous metals, ingots, and related products

Steel product trading and business investment

Leasing of temporary steel construction materials

## PRESENT STATE ANALYSIS

### Strengths

- Strong earnings foundation rooted in ownership of multiple highly cost-competitive projects
- Top-caliber partners committed to increasing asset values together with Marubeni
- One of the world's top-ranked metal traders by unit volume
- Worldwide steel distribution network

### Opportunities

- Long-term growth in demands for metals and mineral resources supported by global economic growth
- Growth in demand for nonferrous light metals by virtue of advent of IoT society and proliferation of EVs

### Risks

- Market price changes that directly affect businesses' earnings
- National policies that affect businesses' progress
- Changes in the business environment amid the transition to a low-carbon, circular society

## GROWTH STRATEGY

The Metals & Mineral Resources Division owns mining and/or refining rights for iron ore, coking coal, copper and aluminum, all of which are essential to economic development. It contributes to Marubeni's overall earnings through stable operation of its mines and smelters and ongoing cost reductions.

The Metals & Mineral Resources Division owns interests in several upstream projects that are highly competitive even by global standards: Roy Hill Iron Ore Project in Australia, Queensland Coal Mines in Australia and Chilean copper mines co-owned with Antofagasta plc., all of which have been designated as core projects. Through a combination of expansion of prime projects and organic growth, including growth in trading volumes, we are focused on building a project portfolio that can stably contribute to earnings even during downturns in metal prices.

In the investment business, we will strengthen cost competitiveness by utilizing AI and IoT technologies, better manage mine operations, develop new deposits in the vicinity of existing mines and add to holdings of mining interests. We will also seek to acquire prime new projects based on a long-term perspective. We will strengthen our earnings foundation throughout the value chain by expanding not only upstream but also midstream and downstream operations.

In the trading business, the Metals & Mineral Resources Division will contribute to solving environmental challenges with global societal implications by stepping up environmental and circular business initiatives. We will focus on expanding businesses in markets with favorable demand growth prospects, capitalizing on trends such as proliferation of EVs and migration to lighter-weight vehicles as opportunities.



## Growing copper business

With the age of electro-mobility rapidly approaching, copper is currently in the spotlight. Marubeni has been investing in copper resources since the 1970s, expanding its operations while amassing a long track record and know-how in the copper business. It currently owns 30% of the Centinela and Antucoya Copper Mines and a 9.21% interest in the Los Pelambres Copper Mine, all in Chile. Its share of the three mines' reserves equates to 150,000t

of copper cathode equivalent, one of the biggest hoards of copper resources owned by any Japanese company. The three Chilean mines are co-owned with Antofagasta plc of the U.K., one of the world's top copper producers. Together with Antofagasta, Marubeni aims to further increase the mines' asset value by expanding their production capacity and developing adjacent deposits. The Metals & Mineral Resources Division will contribute to the development of society by meeting growing copper demand with stable supplies.

## Roy Hill Iron Ore Project (Australia)

Demand for iron, a base metal essential for daily life and industry, has been steadily growing in tandem with global economic growth.

Marubeni owns 15% of the Roy Hill Iron Ore Project, the largest single iron ore mine in Western Australia's Pilbara region. With 55 million tonnes of annual production capacity located on a vast site bigger than Singapore, the project was developed at a total cost of A\$11.0 billion (U.S.\$7.9 billion). Its integrated mine, rail and port infrastructure are all owned in-house. One of the world's most cost-competitive iron ore mines, the project is contributing to development of Asian steel industries and econ-

omies with stable supplies of high-quality iron ore, most of which is sold to Japanese and other Asian steelmakers under long-term agreements.

Another distinctive feature of the Roy Hill mine is that its deposits are located at a shallow depth below ground, making them accessible by low-cost and environmentally friendly open-pit mining. Once a pit is completely mined, it is refilled with the overburden removed from the next pit to be excavated and then re-covered with its original topsoil containing the indigenous seeds and microorganisms needed to revitalize the land. All pits are expected to basically be fully restored to their original status by around the time the Roy Hill mine shuts down.



Roy Hill Iron Ore Project (Australia)

# Plant Division



We are striving to maximize the value of our businesses through deep involvement in managing infrastructure projects while also seeking to realize a carbon-free society by promoting efficient water and energy utilization that contributes to preservation of the earth's environment.

## Eiji Okada

Chief Operating Officer, Plant Div.



### MAJOR PRODUCTS AND AREAS

EPC for industrial plants (oil/gas/chemical, steel, cement, pulp & paper, sugar, textiles, waste to energy power generation etc.)

Investments in oil and gas infrastructure projects

EPC, operation and maintenance for railway systems

Investments in transportation infrastructure projects (railway, road, port, airport, etc.)

Investments in the water business (water supply, wastewater treatment, desalination, etc.)

EPC, operation and maintenance for water related facilities

Circular economy businesses such as waste to energy power generation, fuel conversion etc.

Management of infrastructure funds

## PRESENT STATE ANALYSIS

### Strengths

- A global investment portfolio diversified across transportation, water, energy infrastructure and industrial plant sectors (e.g., railway PPPs<sup>\*1</sup>, industrial parks, port operation, water/wastewater projects, gas transport/distribution, FPSOs<sup>\*2</sup>, waste-to-energy projects) and proven track record in EPC<sup>\*3</sup> and trade
- Project development, structuring, execution and management capabilities backed by extensive track record in infrastructure investment, EPC and trade

**\*1. PPP:** Public-Private Partnership

**\*2. FPSO:** Floating Production, Storage and Offloading system

**\*3. EPC:** Engineering, Procurement and Construction

### Opportunities

- Infrastructure development/replacement demand in both developing and developed countries
- New PPP business opportunities utilizing private capital
- Increasingly stringent environmental regulations and growing environmental consciousness
- New infrastructure business opportunities arising from technological innovation

### Risks

- Decreased business opportunities due to slowdown in economic growth
- National policies and regulations that affect investment, EPC and trade opportunities

## GROWTH STRATEGY

The Plant Division globally operates infrastructure businesses that serve as a foundation for sound, harmonious development of society and industry. Its portfolio includes railway and road PPPs, water and wastewater utilities, desalination plants, gas transport and distribution infrastructure, FPSO facilities for crude oil and waste-to-energy projects. The Plant Division aims to accumulate stable income streams through investments in infrastructure projects and to deepen involvement in managing these projects to maximize their value. Additionally, we are amassing a track record in EPC and O&M<sup>\*4</sup> through a selective focus on sectors and regions in which we can exercise our strengths.

In the fiscal year ended March 31, 2019, the Plant Division launched a fund to invest in overseas infrastructure assets. While capitalizing on synergies between the fund business and our other operations, the Plant Division will continue to contribute to the development of social and industrial infrastructure throughout the world.

Additionally, the Plant Division is pursuing initiatives to meet societal needs or respond to societal trends. Such initiatives include waste-to-power and waste-to-liquid-fuel projects that contribute to progress toward a decarbonized society and circular economy, and proof-of-concept toward commercialization of an AI-powered water main condition assessment service in Europe. Embracing market changes as opportunities, we will continue to pursue new challenges in the plant and infrastructure sectors.

**\*4. O&M:** Operating and Maintenance

# P

PLANT DIVISION

## Launch of fund specializing in equity investments in overseas infrastructure assets

Marubeni has engaged in the infrastructure business since the 1950s. It has been involved in construction, operation and management of a wide variety of infrastructure. In the process, it has amassed not only a wealth of experience and an extensive track record in infrastructure projects but also a top-class portfolio of overseas infrastructure assets. Marubeni rivals major overseas infrastructure funds in terms of its infrastructure investment record.

Utilizing its overseas infrastructure investment expertise and management capabilities cultivated to date, Marubeni partnered with Mizuho Bank, Ltd. and Asset Management One Co., Ltd. in January 2019 to launch an infrastructure fund. The venture's first fund is named "MM Capital Infrastructure Fund 1". It will invest in the transportation and energy infrastructure

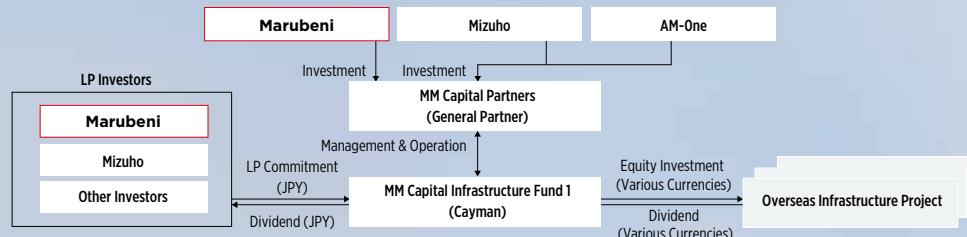
sectors, focusing specifically on operational infrastructure projects with stable cash flows in OECD countries.

Through such an investment approach, the fund aims to reduce country risks and project risks, capture yield and provide long-term, stable investment opportunities to pension funds and other institutional investors.

"The MM Capital Infrastructure Fund 1" achieved its first close with an investment commitment of around ¥20 billion, in March 2019. It plans to continue to broadly reach out to number of investors and start investing in Australian assets and projects developed and owned by Marubeni as seed assets. It aims to build a portfolio of up to ¥50 billion by investing in prime assets in Europe and the Americas.



Energy infrastructure asset in fund's portfolio (Australia)



CHAPTER

C



60

# Aerospace & Ship Division



We create new value by connecting Marubeni's functions with customer needs as a comprehensive aero-marine solution provider.

## Kosuke Takechi

Chief Operating Officer, Aerospace & Ship Div.



## MAJOR PRODUCTS AND AREAS

Aircraft & engine parts trading business and fund establishment, development investment

Sales representatives for commercial aircraft and defense equipment, and space-related projects

Business jet sales agency & business, airport related businesses

Sale and purchase, chartering, and ownership of merchant ships

Ownership and chartering of lng carriers, and investments in offshore businesses

## PRESENT STATE ANALYSIS

### Strengths

- Product and service lineup encompassing every stage of aircraft lifecycle from development to ownership, operation and retirement
- Deep insight into customers/markets and solutions capabilities gained from operating a broad array of businesses in the aerospace and defense industries
- Management capabilities in businesses that own and operate ships ranging from general merchant ships to LNG carriers
- Ship trading, investing and financing service capabilities
- Operational capabilities enabling rapid expansion into new business domains

### Opportunities

- Growth in aircraft demand and demand for aircraft O&M services
- Growth in ship demand driven by growth in seaborne cargo volumes amid a trend toward a borderless global economy

### Risks

- Event risk, including the risk of terrorism, regional conflicts, war, epidemics or other changes in international conditions and resultant increases in jet fuel prices
- Fluctuation in newbuild ship pricing and/or marine freight rates

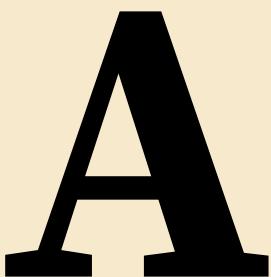
## GROWTH STRATEGY

In the aviation sector, the Aerospace & Ship Division operates a diverse collection of businesses, including aircraft sales, maintenance and support services, parts trading and airport ground handling, in an aviation market that continues to grow against a backdrop of solid growth in passenger traffic. Additionally, we plan to branch out into new businesses, including development of new financing schemes, an intra-airport autonomous vehicle business and businesses related to business jets, with the aim of becoming a value-up trader that optimally manages aircraft-related assets.

In the ship sector, we serve fleet operators, shipowners, shipbuilders, financial institutions and other customers around the world. We do so with diverse functions ranging from sourcing and ownership structuring to ship management and chartering from ships across multiple businesses, including charter brokerage, second-hand ship sales, fleet ownership/operation and trading in not only newbuild vessels but also marine equipment. We plan to further strengthen these functions with the aim of evolving into a comprehensive ship service provider.

In the defense and space sector, we aim to expand beyond our existing defense equipment distributorship business by entering new business domains and ramping up our presence in space-related businesses in light of Japan's changing national security environment.

Armed with the ability to create new value by organically connecting our functions with customers' needs, we will further augment our strengths as an industry-leading provider of comprehensive aero-marine solutions.



**AEROSPACE & SHIP  
DIVISION**

## Comprehensive solution provider to global maritime cluster

An industry cluster is a web of direct and indirect business relationships among companies and organizations that drives business expansion and gives rise to new businesses. One such cluster that is tightly linked to the global economy is the maritime cluster (shipowners, shipbuilders, marine equipment manufacturers, financial institutions and ship operators), which supports global logistics. The Aerospace & Ship Division possesses strengths accessible to maritime clusters all over the world and has a prominent presence as a trusted business partner. Specifically, Marubeni owns and operates its own fleet of ships, mainly dry bulk carriers, capitalizing on its strengths

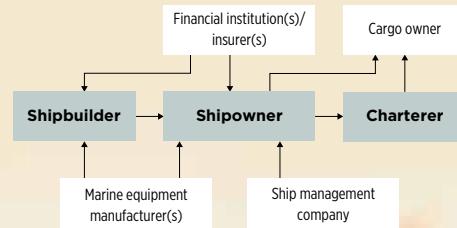
cultivated over decades in the ship trading business. It also has an LNG carrier business that transports LNG pursuant to long-term charter contracts. Additionally, it is a hands-on provider of various value-added services and solutions, from ship sourcing and ownership structuring to management, chartering and selling ships.

With global cargo volumes projected to continue growing by virtue of global population growth and rising standards of living in Asia, the Middle East, Africa and elsewhere, the global maritime-cluster economy is likewise expected to grow steadily. The Aerospace & Ship Division will run its businesses as a group of professionals that continues to create new value, partly by being first to identify needs in the global market.

### Main Types of Ships Dealt in



### Value Chain



# Finance & Leasing Business Division



The Finance & Leasing Business Division has been formed to consolidate finance and leasing businesses across the Group into a single division transcending product verticals. We aim to create new value around the finance function.

## Kenichiro Oikawa

Chief Operating Officer, Finance & Leasing Business Div.



## MAJOR PRODUCTS AND AREAS

Auto finance business

Aircraft engine leasing business

Leasing, rental, maintenance, sales, and fleet management of refrigerated trailers

Leasing, rental, maintenance, sales, and fleet management of commercial vehicles

Leasing, management, and brokerage of commercial freight railcars

Comprehensive leasing & non-bank business

Corporate investment and fund management business

## PRESENT STATE ANALYSIS

### Strengths

- Relationships with top-caliber partners around the world
- Automotive product and industry expertise cultivated over decades
- Wealth of know-how amassed through aircraft and aircraft engine sales and maintenance support
- Specialized leasing expertise in specific products such as refrigerated trailers and freight railcars
- Collaborations with partners with industry-leading IoT technologies
- Over 20 years of investment know-how as a domestic private equity fund pioneer

### Opportunities

- Auto and freight demand growth supported by robust U.S. economy
- Solid growth in global air passenger traffic
- Cold chain market growth driven by expansion of middle class in developing countries

### Risks

- U.S. economic slowdown; rising U.S. interest rates
- Temporary slowdown in growth in passenger traffic due to, e.g., terrorism or regional conflict
- Slowdown in middle-class growth due to, e.g., emerging market currency depreciation

## GROWTH STRATEGY

The Finance & Leasing Business Division aims to achieve multi-layered growth through cross-pollination by effectively managing its portfolio of financial businesses while strengthening its asset-side information and know-how. Its strategy is to maximally deploy internal and external financial resources in pursuit of value creation in accord with the GC2021 Medium-Term Management Strategy's growth horizons.

In its existing business domains, the Finance & Leasing Business Division plans to upgrade portfolio quality. On the individual deal level, we will better serve customers and provide more value by utilizing IT and data in addition to the expertise and know-how we have cultivated to date across various sectors. On the overall portfolio level, we will strategically reallocate capital based on ROE, market size and growth rates, market share, volatility and country risk, among other factors. At the same time, we will focus on horizontally extending existing business models. We are already geographically expanding our refrigerated trailer leasing business, utilizing expertise and IoT services developed in the U.S. We will do likewise with other businesses.

Additionally, the Finance & Leasing Business Division aims to build next-generation financial business models that synergistically utilize existing assets atop new platforms. We will establish new business models that lead to explosive future growth through cross-pollination of, for example, rental/leasing services with fleet management in response to the sharing economy's growing popularity or, as another example, trade finance with e-commerce to capture expansion of commodity distribution due to middle-class growth.



**FINANCE &  
LEASING BUSINESS  
DIVISION**

## Expansion of general leasing and finance business domain

Marubeni has designated the finance and leasing business domain as one growth sector. We aim to develop new leasing businesses, mainly overseas, while further growing and expanding existing leasing and finance operations, including its U.S. aircraft, auto, freight railcar and trailer leasing businesses.

In March 2019, Marubeni partnered with IBJ Leasing Company, Ltd., to further grow MG Leasing Corporation, a general leasing company in the Finance & Leasing Business Division. IBJ Leasing acquired an equity stake in MG Leasing, opening a new chapter for the latter. Marubeni executed the deal out of a belief that collaborations with strategically compatible partners with top-notch financing capabilities are essential to further grow the Group's domestic and overseas captive businesses\* and expand the leasing and finance business domain overseas. Going forward, Marubeni

and IBJ Leasing will soundly grow MG Leasing by collaboratively leveraging their respective strengths and know-how, including the overseas networks Marubeni has built as a general trading company and IBJ Leasing's sophisticated financial know-how.

\*For example, domestic and overseas leasing transactions within the Marubeni Group



Real estate asset finance

# Construction, Auto & Industrial Machinery Division



We aim to provide new value by delving deeper into existing businesses, branching out into peripheral businesses and synergizing asset holdings.

## Jiro Itai

Chief Operating Officer, Construction, Auto & Industrial Machinery Div.



## MAJOR PRODUCTS AND AREAS

- Sales, services, and financing of construction and mining equipment
- Automotive trade, distributor & dealer business, and aftermarket services.
- Retail sale of tires & automobile after market service business
- Sale of conveyor belts and other rubber materials & raw materials
- Sales and peripheral businesses related to automotive production line and machine tools
- Sales of industrial machinery and investment in related business
- Mobility services & related businesses

## PRESENT STATE ANALYSIS

### Strengths

- Sales, investment and operational know-how amassed over decades through global business activities, a workforce of professionals well-versed in their respective industries, a fast information network linking domestic and overseas operating companies, overseas subsidiaries and the Tokyo Head Office, and strong relationships of trust with globally top-tier manufacturers
- Diverse lineup of products and services, including trading, wholesaling and retailing, that meet a wide range of customer needs domestically and internationally

### Opportunities

- Growth in demand for resource development and infrastructure in the wake of economic and population growth
- Growing diversity of business domains in which AI, IoT, automation and other new technologies are used

### Risks

- Event risk, including terrorism, regional conflicts and other such changes in international conditions
- Obsolescence of existing markets due to technological innovation; risk of competition from new entrants from other sectors

## GROWTH STRATEGY

The Construction, Auto & Industrial Machinery Division will maximize operating efficiency based on conventional trading and direct investment businesses in four sectors while further strengthening its earnings foundation through expansion of peripheral businesses. In the construction machinery sector, we sell construction machinery products from globally top-tier Japanese manufacturers worldwide. We aim to become an all-around construction/heavy machinery service provider by adding new brands, functions and services to our existing distributorship platform while expanding our customer base and diversifying our business model. In the automotive sector, we aspire to be a service provider that fully utilizes new technologies and data in addition to the industry expertise, customer base, dealer networks and other assets we have accumulated to date in our existing trading, wholesaling, retailing and parts sales businesses. In the tire and rubber materials sector, we have built a rubber value chain that extends from upstream (rubber raw material sales) through midstream and downstream (trading in tires and other rubber products, overseas retail businesses) with the aim of rising to the top of every market in which we operate by developing new merchandise and geographic markets and globally expanding existing businesses. In the industrial/production machinery sector, the Construction, Auto & Industrial Machinery Division aims to build new business models involving EVs, distributed power sources, smart factories and other next-generation technologies, capitalizing on its broad industry connections and company networks cultivated over decades. In all four of these sectors, we will diversify our operations with the aim of creating new technologies and new industrial businesses that transcend boundaries between existing industries.

# C

**CONSTRUCTION  
AUTO & INDUSTRIAL  
MACHINERY  
DIVISION**

## Renewable energy × mobility business

The Construction, Auto & Industrial Machinery Division is proactively pursuing initiatives to usher in the mobility society of the future as encapsulated by the acronym CASE\*, said to be a once-a-century revolution in the auto industry. It is also working on renewable energy solutions, partly through equity investments in startups that are installing fast charging infrastructure for EVs and developing autonomous delivery vehicles. It is combining such investments with new businesses such as car sharing and development of distributed power sources and existing businesses such as solar panel sales, mega solar power plant

development, power retailing and solar panel and storage battery inspection services. The Construction, Auto & Industrial Machinery Division will seek to provide value that contributes to the development of sustainable communities, economies and societies by actively embracing technological innovation and adopting new technologies applicable to both the renewable energy and mobility businesses.

\*CASE: Connected, Autonomous, Shared, Electric



Advent of mobility society

## All-around construction/heavy machinery service provider

Marubeni launched its construction machinery business in the 1950s as an exporter of Japanese construction machinery. In the 1970s, the construction machinery business expanded abroad by setting up local sales operations in Europe and the U.S. It has since branched into resource-producing countries and emerging market economies. Today, it not only sells construction machinery but also offers a full-line of after-sales services, including maintenance and re-

pairs. A crew of some 5,000 specialists provides total support for customer difficulties anytime and anywhere, most notably by keeping machinery working at high utilization rates at mining sites that operate around the clock in harsh environments. The construction machinery business will further increase customer satisfaction and comprehensively augment its solutions menu through such means as being an early mover in the AI/IoT-enabled predictive maintenance space and establishing itself as a one-stop platform through linkages with Marubeni's business network (e.g., giant mining tires).



## Performance Highlights

Medium-Term Management Plan	⦿ "G" PLAN		⦿ SG2009		⦿ SG-12	
	U.S. GAAP					
Fiscal years ended March 31,	2007	2008	2009	2010	2011	
<b>For the year:</b>						
Revenue, Total volume of trading transactions <sup>*1</sup>	¥ 9,554,943	¥ 10,631,616	¥ 10,462,067	¥ 7,965,055	¥ 9,020,468	
Gross trading profit	531,171	596,916	644,803	491,673	522,152	
Operating profit <sup>*2</sup>	165,020	200,153	234,065	118,926	145,774	
Dividend income	20,705	23,645	27,719	23,561	19,200	
Share of profits of associates and joint ventures	44,880	55,661	21,973	28,864	71,452	
Profit for the year attributable to owners of the parent (Net profit)	119,349	147,249	111,208	95,312	136,541	
<b>At year-end:</b>						
Total assets	¥ 4,873,304	¥ 5,207,225	¥ 4,707,309	¥ 4,586,572	¥ 4,679,089	
Net interest-bearing debt	1,843,445	2,001,977	1,911,607	1,706,397	1,615,634	
Total equity	820,839	860,581	623,356	799,746	831,730	
<b>Amounts per share (¥, \$U.S.):</b>						
Basic earnings <sup>*5</sup>	¥ 72.41	¥ 84.93	¥ 64.04	¥ 54.89	¥ 78.63	
Cash dividends	10.00	13.00	10.00	8.50	12.00	
<b>Cash flows:</b>						
Net cash provided by operating activities	¥ 152,075	¥ 235,290	¥ 343,618	¥ 280,610	¥ 210,044	
Net cash provided by (used in) investing activities	(135,147)	(306,855)	(387,069)	(35,207)	(128,495)	
Free cash flow	16,928	(71,565)	(43,451)	245,403	81,549	
Net cash provided by (used in) financing activities	24,819	65,865	257,608	(254,655)	(17,010)	
Cash and cash equivalents at end of year	414,952	402,281	573,924	570,789	616,003	
<b>Ratios:</b>						
ROA (%)	2.52	2.92	2.24	2.05	2.95	
ROE (%)	16.94	19.31	16.51	14.52	17.98	
Net debt-equity (DE) ratio (Times)	2.25	2.33	3.07	2.13	1.94	

\*1. Reflecting "Total volume of trading transactions" until FYE 3/2013 and "Revenue" from FYE 3/2014 onward.

"Total volume of trading transactions" includes all transactions involving the Company and its consolidated subsidiaries regardless of transaction type.

\*2. Operating profit = Gross trading profit + SGA expenses + Provision for doubtful accounts. "Operating profit" is presented in accordance with Japanese accounting practices for investors' convenience and is not required by IFRS.

\*3. U.S. dollar amounts above and elsewhere in this report are converted from yen, for the convenience of readers only, at ¥111 to U.S.\$1, the exchange rate prevailing on March 31, 2019.

\*4. Including financing through perpetual subordinated loans in the amount of ¥250.0 billion in August 2016. The loans are classified as Total equity (other equity instruments) under IFRS.

\*5. "Basic earnings per share attributable to owners of the parent" is based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

		GC2015				GC2018					
		IFRS								(Millions of yen)	(Millions of U.S. dollars) <sup>a</sup>
2012	2013	2014	2015	2016	2017	2018	2019	2019	2019	2019	2019
¥ 10,584,393	¥ 10,509,088	¥ 7,055,700	¥ 7,834,295	¥ 7,300,299	¥ 7,128,805	¥ 7,540,337	¥ 7,401,256	¥ 7,401,256	¥ 7,401,256	\$ 66,678	\$ 66,678
541,454	528,194	651,063	707,318	670,086	613,880	677,237	729,675	729,675	729,675	6,574	6,574
157,315	122,932	157,462	160,688	104,231	91,597	118,054	173,009	173,009	173,009	1,559	1,559
27,351	30,112	34,917	34,957	18,555	17,512	21,254	37,336	37,336	37,336	336	336
81,528	87,790	99,405	89,919	31,824	114,725	148,503	85,278	85,278	85,278	768	768
172,125	205,696	210,945	105,604	62,264	155,350	211,259	230,891	230,891	230,891	2,080	2,080
¥ 5,129,887	¥ 5,965,086	¥ 7,256,085	¥ 7,673,064	¥ 7,117,686	¥ 6,896,733	¥ 6,877,117	¥ 6,809,077	¥ 6,809,077	¥ 6,809,077	\$ 61,343	\$ 61,343
1,755,705	1,785,247	2,491,043	2,887,608	2,762,453	2,099,939	1,915,824	1,858,839	1,858,839	1,858,839	16,746	16,746
915,770	1,188,379	1,531,231	1,678,713	1,415,202	1,742,758 <sup>*4</sup>	1,835,637 <sup>*4</sup>	2,071,726 <sup>*4</sup>	2,071,726 <sup>*4</sup>	2,071,726 <sup>*4</sup>	18,664	18,664
¥ 99.13	¥ 118.48	¥ 121.52	¥ 60.85	¥ 35.88	¥ 88.08	¥ 119.43	¥ 130.74	¥ 130.74	¥ 130.74	\$ 1.18	\$ 1.18
20.00	24.00	25.00	26.00	21.00	23.00	31.00	34.00	34.00	34.00	0.31	0.31
¥ 172,599	¥ 295,734	¥ 291,188	¥ 170,943	¥ 359,132	¥ 324,263	¥ 253,423	¥ 284,895	¥ 284,895	¥ 284,895	\$ 2,567	\$ 2,567
(273,689)	(210,878)	(706,585)	(331,411)	(174,596)	46,504	(49,742)	22,528	22,528	22,528	203	203
(101,090)	84,856	(415,397)	(160,468)	184,536	370,767	203,681	307,423	307,423	307,423	2,770	2,770
171,913	129,030	196,779	(70,705)	(36,268)	(258,123)	(269,507)	(427,420)	(427,420)	(427,420)	(3,851)	(3,851)
677,312	919,475	665,498	469,106	600,840	704,972	625,834	509,288	509,288	509,288	4,588	4,588
3.51	3.71	3.15	1.41	0.84	2.22	3.07	3.37	3.37	3.37		
21.17	20.74	16.67	7.28	4.39	11.09	13.97	13.92	13.92	13.92		
1.92	1.50	1.63	1.72	1.95	1.20	1.04	0.90	0.90	0.90		

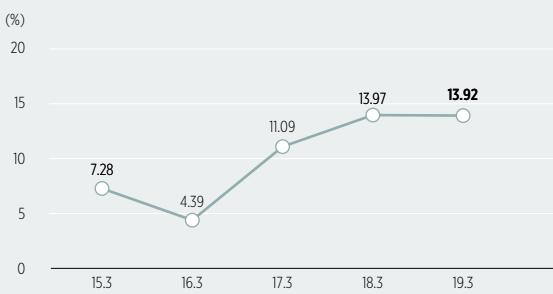
## Financial Data

### Net Profit/Total Assets/ROA

■ Net profit (Left scale) ■ Total assets (Right scale) ○ ROA

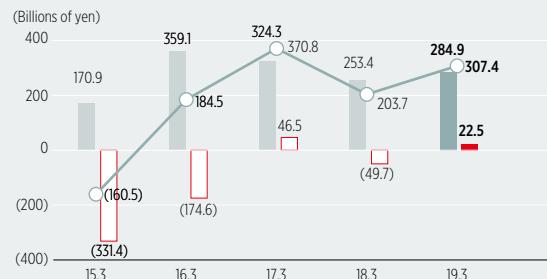


### ROE

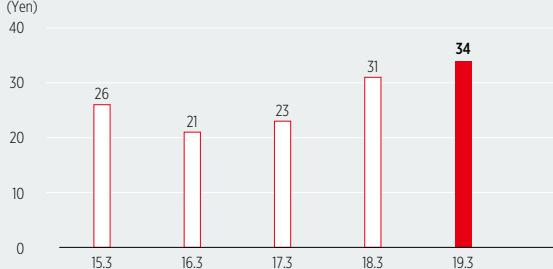


### Cash Flows

■ Operating cash flow ■ Investing cash flow ○ Free cash flow



### Annual Dividend per Share

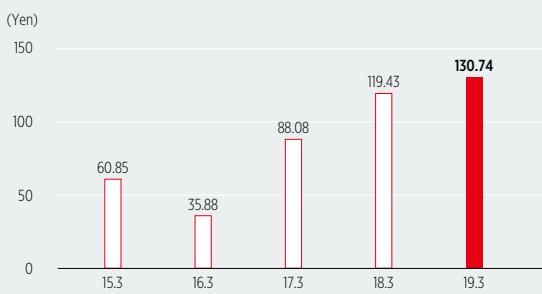


### Total Equity/Net Interest-Bearing Debt/Net Debt/Equity (DE) Ratio

■ Total equity (Left scale) ■ Net interest-bearing debt (Left scale) ○ Net debt/equity (DE) ratio (Right scale)



### Net Profit per Share (basic)



### Total Equity/Risk Assets/Risk Buffer\*

■ Total equity (Left scale) ■ Risk assets (Left scale) ○ Risk buffer (Right scale)



\*Risk buffer = Total equity – Risk assets

### Total Shareholder Return\*

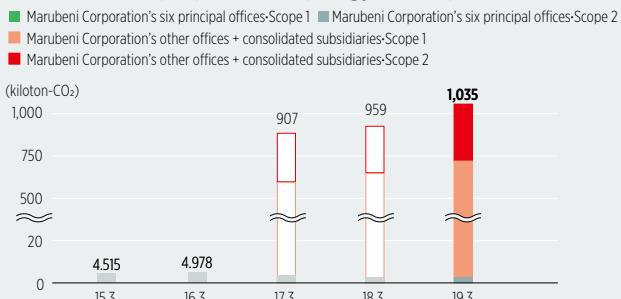


\*Total shareholder return for fiscal year  $N$  = (Share price at the end of fiscal year  $N$  + cumulative amount of dividends per share of up to fiscal year  $N$  from four fiscal years prior to FYE 3/2019)/share price at the end of the five fiscal years prior to FYE 3/2019  
(fiscal year  $N$  = any fiscal year between FYE 3/2015 - FYE 3/2019)

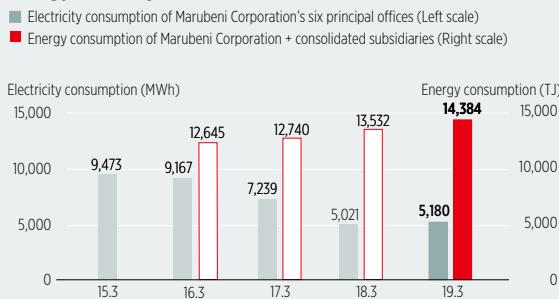
## Non-Financial Data

### ENVIRONMENTAL DATA\*1

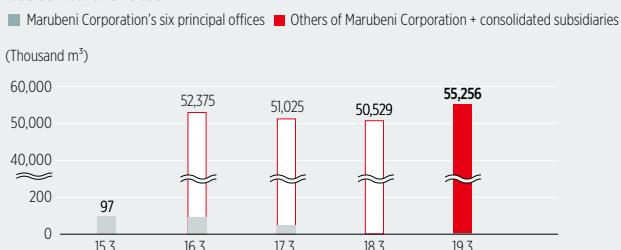
#### Greenhouse Gas (CO<sub>2</sub>) Emissions (Energy-Related)



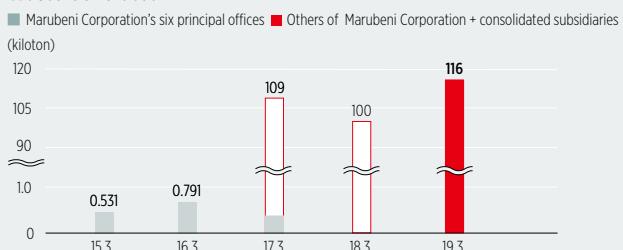
#### Energy Consumption



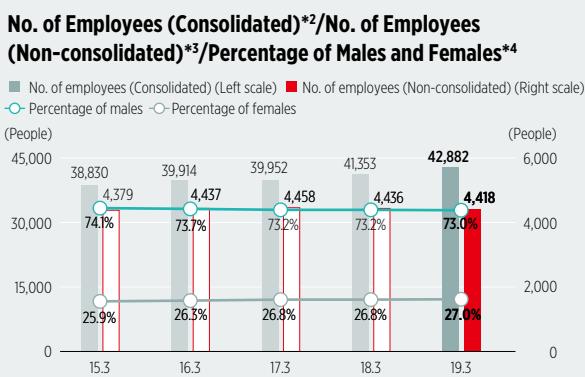
#### Water Withdrawal



#### Waste Generated



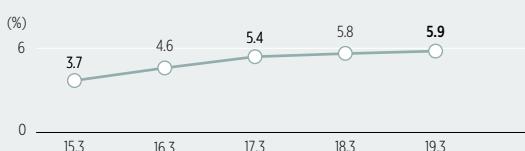
### SOCIAL DATA



#### No. of Employees Who Took Maternity Leave\*5/No. of Employees Who Took Childcare Leave\*6



#### The Ratio of Females in Managerial Positions\*4



#### \*1. The boundaries of the environmental data:

- For FYE 3/2015 - FYE 3/2016 Marubeni Corporation's six principal offices (Tokyo Head Office, plus Hokkaido, Chubu, Osaka, Kyushu, and Shizuoka Branches). Due to the relocation of the Osaka Branch in July 2015, the energy consumption of the office in July is calculated based on figures at both its previous and current site for FYE 3/2016 data.

#### \*2. From FYE 3/2017

Marubeni Corporation and its domestic and international consolidated subsidiaries, excluding Helena Agri-Enterprises, LLC, and the subsidiaries that are designated to be liquidated or sold. From FYE 3/2019, the grain procurement and export company based in northern U.S., which was not included in FYE 3/2017 and FYE 3/2018, has been included.

#### \*3. Greenhouse gas (CO<sub>2</sub>) emissions (energy-related):

- CO<sub>2</sub> emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used for fuel and steam.

#### \*4. Emission factors for electricity:

Emission factors for each electric power provider released by the Ministry of the Environment (actual emission factors) are used for Marubeni Corporation. International Energy Agency (IEA) 2016 emission factors by country (CO<sub>2</sub> emissions per kWh from electricity generation) are used for the domestic and international consolidated subsidiaries.

#### \*5. CO<sub>2</sub> emission factors for city gas:

For FYE 3/2015, emission factors released by the gas companies in each location of the six principal offices are used.

From FYE 3/2016, the emission factor stipulated by the Act on Promotion of Global Warming Countermeasures is used.

- For FYE 3/2018, kerosene, diesel oil and gasoline are included. In FYE 3/2018, CO<sub>2</sub> emissions associated with consumption of kerosene, diesel and gasoline totaled 25 thousand metric tons of CO<sub>2</sub>.

#### \*6. Energy Consumption

- 3.6 GJ/MWh is used for heat value per unit for electricity.

- The heat values per unit described in the Law Concerning the Promotion of Measures to Cope with Global Warming are used for fuel.

- Biomass energy is not included.

#### \*7. Waste Generated

- Materials with resale or reuse value are not included.

#### \*8. As of March 31.

- Total figures include the number of Marubeni employees assigned to other companies and exclude secondees to Marubeni from other companies (as of March 31).

- Figures for Marubeni Corporation (non-consolidated basis as of March 31).

- Figures for Marubeni Corporation. Indicate the total number of people who used leave in the fiscal year, including those who used the leave continuously from the previous fiscal year.

- Figures for Marubeni Corporation. Indicate the total number of people who started using leave in the applicable fiscal year.

## Consolidated Financial Results at a Glance

### Operating Results of FYE 3/2019

	FYE 3/2018	FYE 3/2019	Change
Revenue	7,540.3	7,401.3	-139.1
<b>Gross trading profit</b>	<b>677.2</b>	<b>729.7</b>	<b>+52.4</b>
Selling, general and administrative expenses	(547.3)	(549.0)	-1.8
Provision for doubtful accounts	(11.9)	(7.7)	+4.3
<b>Operating profit<sup>1</sup></b>	<b>118.1</b>	<b>173.0</b>	<b>+55.0</b>
Interest expense, net of interest income	(21.4)	(30.9)	-9.4
Dividend income	21.3	37.3	+16.1
Non-operating other-net <sup>2</sup>	(11.4)	24.1	+35.4
Share of profits of associates and joint ventures	148.5	85.3	-63.2
<b>Profit before tax</b>	<b>255.0</b>	<b>288.8</b>	<b>+33.8</b>
Corporate income tax	(38.4)	(49.5)	-11.1
Profit for the year	216.6	239.3	+22.7
Profit attributable to owners of the parent (Net profit) <sup>3</sup>	211.3	230.9	+19.6
Profit attributable to non-controlling interests	5.3	8.4	+3.1

\*1. "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.

\*2. "Non-operating other-net" is the sum of "Gains (losses) in investment securities", "Gains (losses) on property, plant and equipment" and "Other-net".

\*3. "Profit attributable to owners of the parent" is shown as "Net profit".

### Key Factors of FYE 3/2019

**Net profit hit ¥230.9 billion, the second consecutive record high, with a +¥19.6 billion or a +9% increase year on year**

- Adjusted net profit hit a record high of ¥256.0 billion
- The +¥19.6 billion of net profit increase is the sum of an increase in adjusted net profit (approx. +¥26.0 billion: improvements notably in Forest Products in Non-resources, in Energy in Resources) and a deterioration in one-time items (approx. -¥7.0 billion: nonrecurrence of accounting effects of the year-earlier U.S. tax reform and profit declines in the Grain and Power Business)

**Net DE ratio stood at 0.90 times, an improvement by 0.14 points from the previous fiscal year-end**

- Core operating cash flow hit a record high of +¥373.2 billion
- Free cash flow after delivery of shareholder returns amounted +¥245.8 billion

**The FYE 3/2019 annual dividend per share is ¥34, including a year-end dividend of ¥17, which is an increase by ¥3 from the previous fiscal year.**

	(Billions of yen (change year on year))	
<b>Gross trading profit</b>		
● <b>Energy &amp; Metals</b>	86.4 (+28.4)	
	Improved due to production-volume growth and higher price in the oil and gas development business. Improved margins in the oil and gas trading business.	
● <b>Chemical &amp; Forest Products</b>	226.4 (+23.1)	
	Profit growth in the pulp business due to higher market prices and improved margins in the containerboard business.	
● <b>Transportation &amp; Industrial Machinery</b>	118.8 (-12.7)	
	Decreased due to deconsolidation of a former consolidated subsidiary, now an equity-method associate, in the automotive business.	
<b>Interest expense, net of interest income</b>	-30.9 (-9.4)	
	Deteriorated due to increase in interest rates.	
<b>Dividend income</b>	37.3 (+16.1)	
	Increased in overseas power business and energy business.	
<b>Non-operating other-net</b>		
● <b>Gains (losses) on investment securities</b>	28.5 (+3.4)	
	Valuation gain on a newly consolidated subsidiary that was previously an equity-method associate in the ICT business.	
	Recognition of gains from a year-earlier sale of securities of offshore wind project in the U.K.	
● <b>Gains (losses) on property, plant and equipment</b>	-15.2 (-13.7)	
	Recognition of impairment losses on metals-related business and oil & gas development businesses.	
● <b>Other-net</b>	10.7 (+45.8)	
	Recognition of gains from the sale of domestic power generating business.	
	Recognition of provision loss from overseas infrastructure project and automotive sector business in North America in the previous fiscal year.	
<b>Share of profits of associates and joint ventures</b>		
● <b>Power Business &amp; Plant</b>	22.1 (-42.8)	
	Recognition of an impairment loss from investment in power generating business in Singapore.	
● <b>Food</b>	-24.7 (-33.1)	
	Recognition of an impairment loss from investment in grain exporting business in North America.	
● <b>Transportation &amp; Industrial Machinery</b>	33.7 (+7.0)	
	Increased profit in automotive and ship related business.	
<b>Net profit</b>		
● <b>Consolidated net</b>	230.9 (+19.6)	
	Natural resources	56.0 (+42.8)
	Non-natural resources	180.4 (-19.4)
	Other	-5.6 (-3.7)
	Net profit amounted to a record high for the second consecutive fiscal year.	

**Cash Flows**

	FYE 3/2018	FYE 3/2019
Cash flow from operating activities	253.4	<b>284.9</b>
Core operating cash flow* <sup>4</sup>	324.0	<b>373.2</b>
Increase/decrease in working capital and others	(70.5)	(88.3)
Cash flow from investing activities	(49.7)	<b>22.5</b>
New investments	(111.3)	(66.5)
CAPEX and others* <sup>5</sup>	(101.2)	(85.8)
Natural resource investments related	(24.9)	(16.0)
Divestment	162.8	<b>174.9</b>
Free Cash Flow	203.7	<b>307.4</b>
Free cash flow after delivery of shareholder returns	158.6	<b>245.8</b>

\*4. Core operating cash flow: Operating cash flow excluding net increase/decrease in working capital and others.  
\*5. CAPEX and others: Additional capital spending to maintain/improve business value of existing projects and others.

**Financial Position**

	(Billions of yen)	
	March 31, 2018	March 31, 2019
Total assets	6,877.1	<b>6,809.1</b>
Net interest-bearing debt	1,915.8	<b>1,858.8</b>
Total equity	1,835.6	<b>2,071.7</b>
Net DE ratio	1.04 times	<b>0.90 times</b>

**Cash Dividends**

	FYE 3/2018	FYE 3/2019
Annual dividend	¥31 (interim dividend paid at ¥12.50 per share inclusive)	¥34 (interim dividend paid at ¥17.00 per share inclusive)

**Net Profit by Segments**

The figures are based on operating segments for the fiscal year ended March 31, 2019

(Billions of yen)

Operating Segment*	Net profit		
	FYE 3/2018	FYE 3/2019	Change
<b>Food</b>			
Grain/Food Products	42.3	(3.1)	-45.4
<b>Consumer Products</b>			
Lifestyle/ICT, Logistics & Healthcare/Insurance, Finance & Real Estate Business	27.0	<b>37.3</b>	+10.3
<b>Chemical &amp; Forest Products</b>	41.9	<b>51.5</b>	+9.7
Agri-Input Business	29.3	<b>23.4</b>	-5.9
Chemical Products/Forest Products	12.6	<b>28.2</b>	+15.6
<b>Energy &amp; Metals</b>	21.9	<b>67.9</b>	+45.9
Energy	(22.4)	<b>26.6</b>	+49.0
Steel Products	8.7	<b>11.8</b>	+3.2
Metals & Mineral Resources	35.6	<b>29.4</b>	-6.2
<b>Power Business &amp; Plant</b>	38.9	<b>30.8</b>	-8.1
Power Business	44.8	<b>15.0</b>	-29.7
Plant	(5.9)	<b>16.4</b>	+22.3
<b>Transportation &amp; Industrial Machinery</b>	41.0	<b>52.0</b>	+11.0
Aerospace & Ship/Automotive & Leasing/Construction & Industrial Machinery			
<b>Other</b>	(1.8)	<b>(5.6)</b>	-3.7
<b>Consolidated</b>	211.3	<b>230.9</b>	+19.6
Natural resources* <sup>7</sup>	13.3	<b>56.0</b>	+42.8
Non-natural resources* <sup>7</sup>	199.8	<b>180.4</b>	-19.4
Other* <sup>7</sup>	(1.8)	<b>(5.6)</b>	-3.7

\*6. On April 1, 2018, "Food & Consumer Products" was divided into "Food" and "Consumer Products". Parts of the "Lifestyle" division of "Consumer Products" and the "Plant" division of "Power Business & Plant" were incorporated into the "Construction & Industrial Machinery" division of "Transportation & Industrial Machinery". In addition, parts of the "Agri-Input Business" division were incorporated into the "Chemical Products" division. In conjunction with these organizational changes, operating segment information for FYE 3/2018 has been reclassified in the FYE 3/2018 vs FYE 3/2019 comparison.

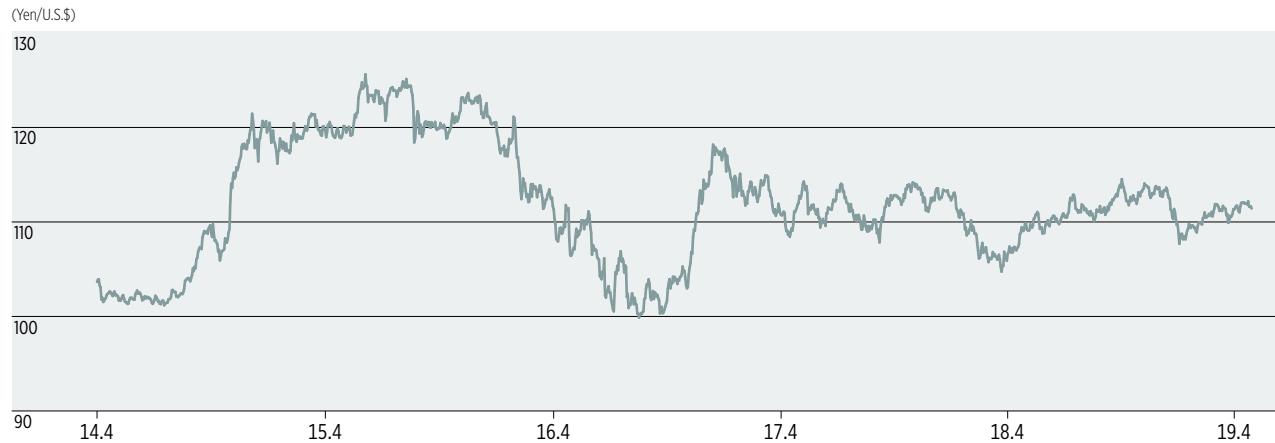
\*7. Business fields

Resources: "Energy & Metals" group excluding "Steel Products" sub-segment  
Other: "Other" segment  
Non-Resources: Other than the above

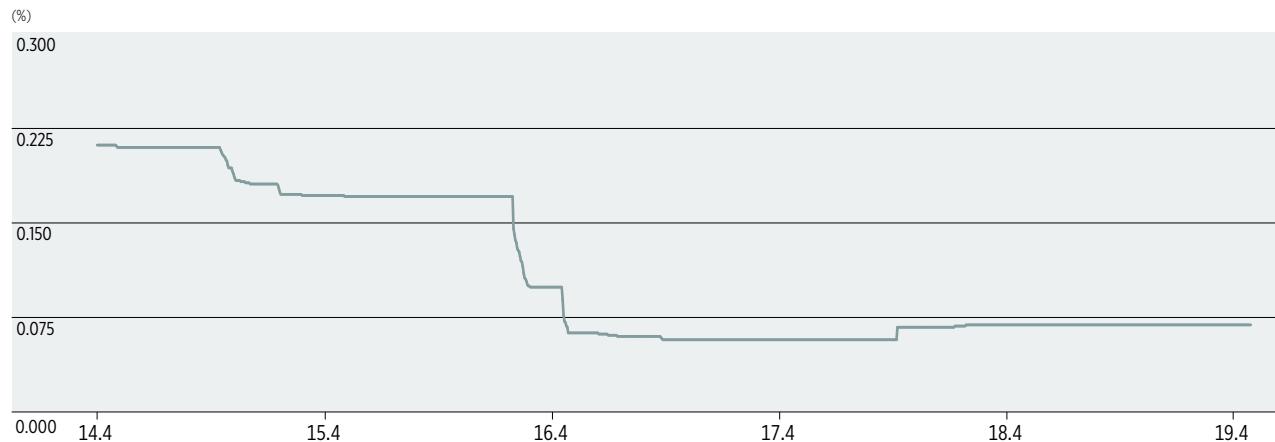
## Financial-Related Graph Data

Trends in data related to the Marubeni Group's business and financial activities are presented in the following graph data.

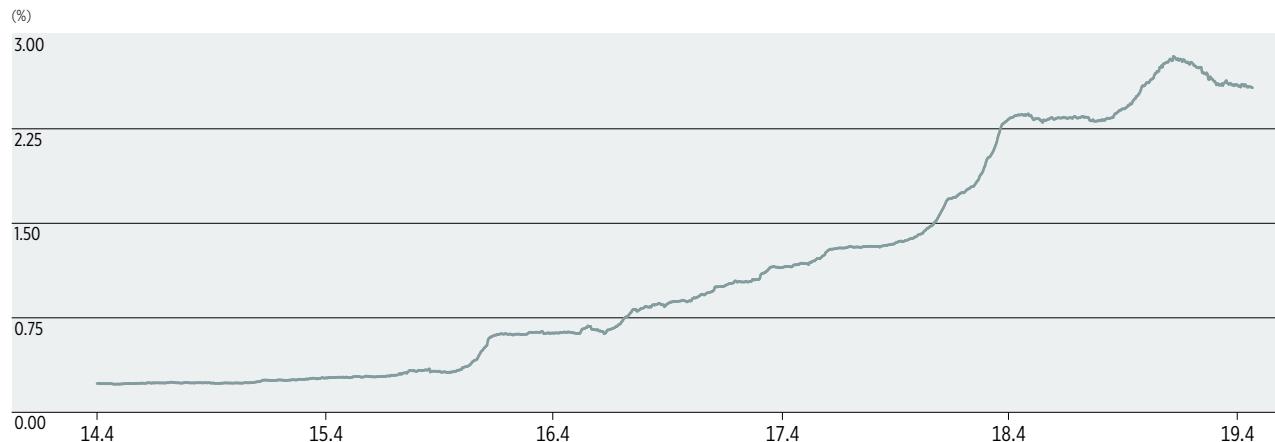
### Yen-Dollar Exchange Rates



### Three-Month Yen-Denominated Tokyo Interbank Offered Rate (TIBOR)

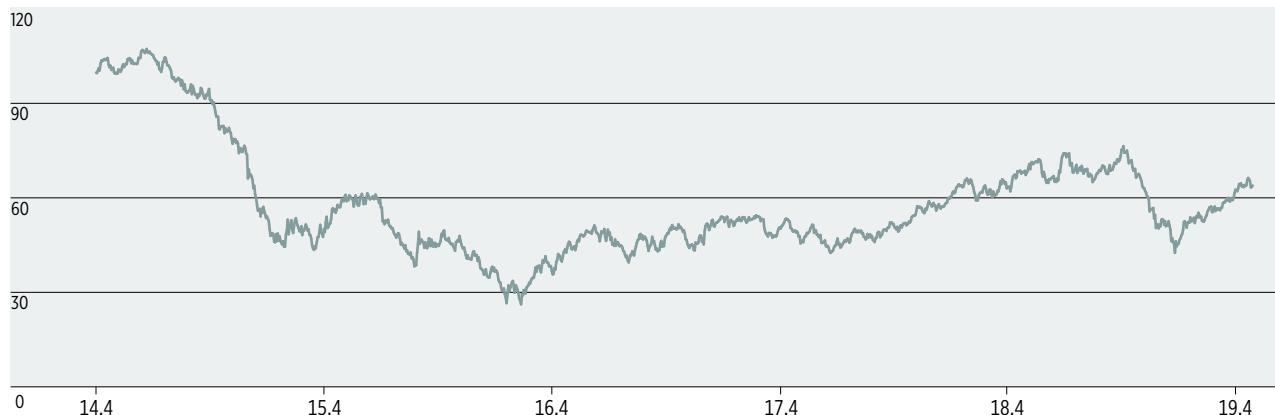


### Three-Month USD-Denominated London Interbank Offered Rate (LIBOR)

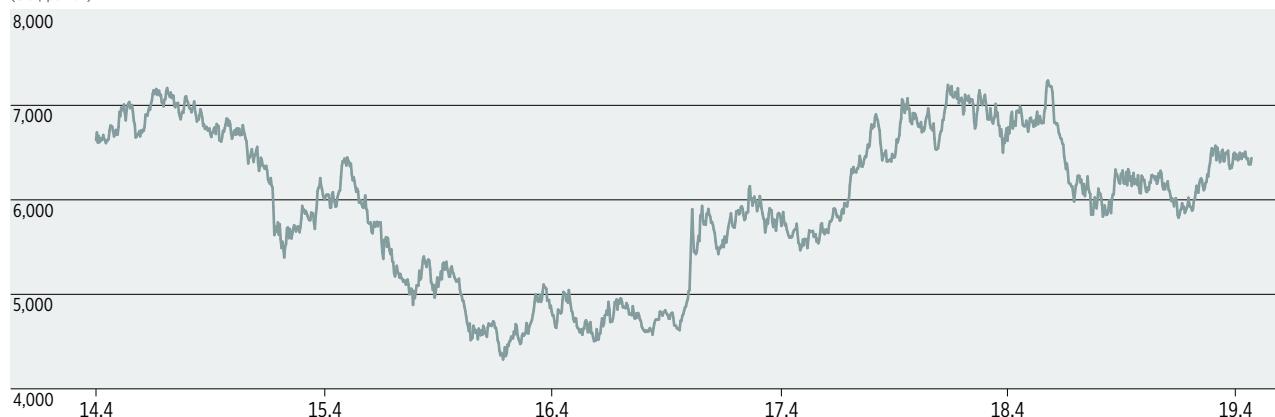


**Crude Oil Price (WTI)**

(U.S.\$ per barrel)

**Copper Price**

(U.S.\$ per ton)

**Financial Indicators and Commodity Volumes/Prices**

Financial Indicator/Commodity Price		FYE 3/2018 Yearly	FYE 3/2019 Yearly	Change	FYE 3/2020 Yearly Assumption	Sensitivity to * Yearly Net Profit
Oil	WTI (USD/bbl)	54	63	+ 9	57	approx. JPY0.4bn/[USD1/bbl] <sup>*5</sup>
Copper	LME (USD/ton) <sup>*1</sup>	6,363	6,369	+ 6	6,550	approx. JPY1.0bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.062	0.069	UP 0.007points	0.1	
	USD LIBOR 3mo (%)	1.478	2.497	UP 1.019points	2.6	
Currency	Term Average (yen)	110.85	110.91	JPY depreciation by 0.06yen	110	approx. JPY1.2bn/[JPY1/USD]
	Term-end (yen)	Mar-31-2018	Mar-31-2019	JPY depreciation by 4.75yen	Mar-31-2020	
		106.24	110.99		110	
Commodity Volume		FYE 3/2018 Yearly	FYE 3/2019 Yearly	FYE 3/2020 Plan		
Oil, Gas	Equity Production Volume (K boe/day)	28	30	29		
	Upper: [Oil & Gas Interests] <sup>*2</sup>					
	Lower: [Total] <sup>*3</sup>	33	34	33		
Copper	Equity Sales Volume (K ton)	121	133			
Coking Coal	Equity Sales Volume (K ton)	6,170	5,668			

<sup>\*1</sup>. Average of March-to-February<sup>\*2</sup>. Total of Oil & Gas Interests at Gulf of Mexico (U.S.), North Sea (U.K.), Indian Sea<sup>\*3</sup>. Total of equity volume based on production sharing contracts on a consolidated basis, including above Oil & Gas Interests.<sup>\*4</sup>. Sensitivity to the forecast at the start of the fiscal year ending March 31, 2020.<sup>\*5</sup>. Sensitivity in Oil & Gas Interests

## Management's Discussion and Analysis of Financial Position and Business Results

### Overview of Business Results

In the fiscal year ended March 31, 2019, the global economy generally maintained a stable growth trajectory amid continued stable expansion in developed economies, most notably the U.S., and continued growth in emerging market economies such as China, etc. However, the global economic outlook turned increasingly murky in late 2018 in the wake of financial market volatility, a slowdown in the Chinese economy and economic sluggishness in Europe against a backdrop of U.S.-China trade friction compounded by a recognition that international financial conditions were tightening. In response, the pace of monetary tightening was revised, mainly in the U.S. Meanwhile, crude oil and other commodity prices fluctuated with respect to each commodity in response to supply-side factors and the effects of trade friction, mainly between the U.S. and China.

U.S. economic expansion continued against a backdrop of a solid employment environment and the effects of tax reform stimulus. The Federal Reserve continued to raise its policy rate and reduce its asset holdings amid mild inflation. From October, however, U.S. equity markets turned downward in response to tighter financial conditions and trade friction. From December into January, economic uncertainty was exacerbated by several factors, including financial market volatility and a partial government shutdown. In response, the Federal Reserve revised the pace of its monetary tightening.

The European economy also went through periods of heightened uncertainty due to fraught Brexit negotiations and consternation over Italy's fiscal policy, but it

generally maintained a stable growth trajectory in the first half of the fiscal year ended March 31, 2019. In late 2018, however, the ECB announced it would discontinue quantitative easing but keep its policy rate at an accommodative level amid a distinct deceleration in economic growth.

Emerging market economies generally continued to expand, though their growth was restrained by tighter international financial conditions and trade friction, among other factors. Several emerging market currencies, most notably the Turkish lira and Argentine peso, depreciated precipitously in summer 2018. In the second half of the year, the Chinese economy slowed markedly, largely as a result of the U.S.-China trade conflict.

The Japanese economy continued to benefit from stable growth in both domestic and external demand amid continued improvement in employment, though inflationary pressures remained weak and a series of natural disasters in some areas dampened economic activity.

Additionally, exports weakened from mid-2018 in response to tighter international financial conditions, trade friction and global economic deceleration. The Japanese equity market continued to sell off into the year-end and financial market volatility persisted into early January, but further deterioration in markets was averted by the Federal Reserve's policy pivot. Under the aforementioned business environment, consolidated operating results and financial statements for the fiscal year ended March 31, 2019 are as follows:

(Millions of yen)

	FYE 3/2019	FYE 3/2018	Change
Total revenue	7,401,256	7,540,337	-139,081
Gross trading profit	729,675	677,237	+52,438
Operating profit	173,009	118,054	+54,955
Share of profits of associates and joint ventures	85,278	148,503	- 63,225
Profit for the year attributable to owners of the parent	230,891	211,259	+19,632

Notes:

1. Figures are rounded to the nearest million yen unless otherwise stated.

2. "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS. "Operating profit" is the sum of "Gross trading profit" and "Selling, general and administrative expenses" including "Provision for doubtful accounts."

**Revenue**

Revenue was down ¥139.1 billion (1.8%) from the fiscal year ended March 31, 2018 to ¥7,401.3 billion, due mainly to decreases in Chemical & Forest Products and Transportation & Industrial Machinery.

**Gross trading profit**

Gross trading profit increased ¥52.4 billion (7.7%) from the fiscal year ended March 31, 2018 to ¥729.7 billion. By operating segment, profits increased mainly at Energy & Metals and Chemical & Forest Products.

**Operating profit**

Operating profit increased ¥55.0 billion (46.6%) from the fiscal year ended March 31, 2018 to ¥173.0 billion.

**Share of profits of associates and joint ventures**

Share of profits of associates and joint ventures decreased ¥63.2 billion (42.6%) from the fiscal year ended March 31, 2018 to ¥85.3 billion. By operating segment, profits decreased mainly in Power Business & Plant and Food.

**Profit attributable to owners of the parent**

Profit attributable to owners of the parent for the fiscal year ended March 31, 2019 (also referred to as net profit for the year under review) increased ¥19.6 billion (9.3%) to ¥230.9 billion relative to the fiscal year ended March 31, 2018.

**Business Outlook by Segment**

Results and financial statements for each operating segment for the fiscal year ended March 31, 2019 are as follows:

**Food**

Gross trading profit increased ¥3.8 billion (2.8%) year on year to ¥139.0 billion, driven mainly by consolidation of a U.S. beef processing/sales subsidiary acquired in the first half of fiscal year 2019. Net profit for the year was down ¥45.4 billion (- %) from the fiscal year ended March 31, 2018 to ¥3.1 billion, due to an impairment loss from equity-method investment of grain export-

ing business in North America along with the fact that profit in the previous year was boosted by U.S. tax reform.

Assets corresponding to this segment amounted to ¥1,378.6 billion, a decrease of ¥59.2 billion from the end of the fiscal year ended March 31, 2018, due to a decrease in trade receivables and impairment of investments related to the North American grain export business.

**Consumer Products**

Gross trading profit increased ¥6.3 billion (5.4%) from the fiscal year ended March 31, 2018 to ¥123.6 billion, as a result of new consolidation of a subsidiary that was previously an equity-method associate in the ICT business. Despite non-recurrence of the first half period of the fiscal year ended March 31, 2018 gain on the sale of equity-method associate in the ICT business, net profit for the year increased ¥10.3 billion (38.2%) year on year to ¥37.3 billion, largely because of a valuation gain on a newly consolidated subsidiary that was previously an equity-method associate in the ICT business.

Assets corresponding to this segment increased ¥126.2 billion from the end of the fiscal year ended March 31, 2018, to ¥578.0 billion due to the consolidation of equity-method affiliates in the ICT business.

**Chemical & Forest Products**

Gross trading profit increased ¥23.1 billion (11.4%) from the fiscal year ended March 31, 2018 to ¥226.4 billion, boosted largely by profit growth in the pulp business due to higher market prices and improved margins in the containerboard business. Net profit for the year increased ¥9.7 billion (23.1%) from the fiscal year ended March 31, 2018 to ¥51.5 billion.

Assets corresponding to this segment increased ¥38.2 billion from the end of the fiscal year ended March 31, 2018, to ¥1,218.2 billion due to an increase in inventory assets.

**Energy & Metals**

Gross trading profit increased ¥28.4 billion (49.0%) year on year to ¥86.4 billion, largely as a result of pro-

duction volume growth and higher price in the oil and gas development business and improved margins in the oil and gas trading business. Net profit for the year increased ¥45.9 billion (209.3%) from the fiscal year ended March 31, 2018 to ¥67.9 billion, largely due to increases in gross trading profit and share of profits of associates and joint ventures, as well as non-recurrence of the first half of the fiscal year ended March 31, 2019 decrease in income tax expense due to U.S. tax reform, which offset the impairment loss of assets on oil and gas development business and metal related business.

Assets corresponding to this segment increased ¥21.4 billion from the end of the fiscal year ended March 31, 2018, to ¥1,634.8 billion.

#### **Power Business & Plant**

Gross trading profit increased ¥5.6 billion (14.2%) from the fiscal year ended March 31, 2018 to ¥45.5 billion, largely by virtue of growth in profits from overseas plant business and the UK electricity wholesaling/retailing business. Net profit for the year decreased ¥8.1 billion (20.9%) from the fiscal year ended March 31, 2018 to ¥30.8 billion, largely as a result of impairment loss in investment of the power generating business in Singapore which offset gains on the sale of a domestic power generating business coupled with non-recurrence of provision loss from overseas infrastructure projects of the first half period of fiscal year ended March 31, 2019.

Assets corresponding to this segment decreased ¥32.6 billion from the end of the fiscal year ended March 31, 2018, to ¥1,078.4 billion due to impairment of investments related to the power generating business in Singapore.

#### **Transportation & Industrial Machinery**

Gross trading profit decreased ¥12.7 billion (9.6%) from the fiscal year ended March 31, 2018 to ¥118.8 billion, largely as a result of deconsolidation of a former consolidated subsidiary, now an equity-method associate, in an automotive business. Net profit for the year increased ¥11.0 billion (26.8%) from the fiscal year ended March 31, 2018 to ¥52.0 billion, boosted largely by a gain on the sale of a domestic power generation business and growth in profits from equity-method investments in automotive and ship-related businesses, as well as non-recurrence of the first half period of the fiscal year ended March 31, 2019 loss from a North American automotive business.

Assets corresponding to this segment increased ¥20.5 billion from the end of the fiscal year ended March 31, 2018, to ¥804.8 billion.

##### (Note 1)

From the fiscal year ended March 31, 2019, "Food & Consumer Products" has been divided into "Food" and "Consumer Products". Parts of "Consumer Products" and "Power Business & Plant" have been incorporated into "Transportation & Industrial Machinery". In conjunction with these revisions, operating segment information for the fiscal year ended March 31, 2018 has been reclassified.

##### (Note 2)

Inter-segment transactions are generally priced in accordance with the prevailing market prices.

## Business Risks

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by the Group. Any number of additional risks other than those discussed below could also impact business performance. Furthermore, risks considered to have a low likelihood of materializing have also been disclosed, from the perspective of ensuring proactive information disclosure. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company's management based on information available as of March 31, 2019.

### **Impact of Changes in Global Economy and Industrial Structure on the Marubeni Group**

The Company is a general trading company engaged in a wide range of business activities through bases in Japan and over 60 other countries. Examples include the production and procurement of natural resources and other primary commodities, as well as the manufacture and sale of finished goods and various commercial and investing activities in Japan and overseas in many industrial fields. They are consequently affected by global economic conditions. They also constantly need to develop new business models and revamp existing ones in response to changes in the industrial structure driven by forces such as technological innovation and diversification of values. A global economic downturn or slowdown or failure to adequately adapt to changes in the industrial structure could adversely affect the Company and its subsidiaries' operating activities, business results and/or financial condition.

### **Credit Risks Regarding Business Partners**

Marubeni and its consolidated subsidiaries extend credit to business partners in the form of accounts receivable, advances, loans, guarantees, and other means. In addition, as a part of its sales activities, the Group concludes merchandise supply, subcontracting, operational outsourcing, and other types of contracts with business partners. The incurrence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could

adversely affect the Group's business results and financial condition.

To prevent credit risks from materializing, the Group conducts extensive risk management at the credit screening stage. Nevertheless, the Company is susceptible to a variety of credit risks.

In preparation for the incurrence of possible losses when credit risk becomes apparent, the Group establishes allowances for doubtful accounts based on the estimated amount of loss, the business partner's creditworthiness, collateral value, and other set factors. In the event of such losses, however, the Company cannot guarantee that actual losses will not exceed these established allowances.

### **Investment Risk**

Marubeni and its consolidated subsidiaries, both independently and in collaboration with other companies, establish new companies and purchase existing enterprises in the course of their business operations. Most of these business investments require sizable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or time frame, in which case it would be obliged to commit additional capital.

In an effort to prevent the occurrence of risks associated with investments and other activities, the Group conducts extensive risk management, including checking new investments to determine whether expected returns are commensurate with the risks involved. Nevertheless, a decline in the value of these investments or the necessity of additional expenditures of capital could adversely affect the Group's business results and financial condition.

### **Concentrated Risk Exposure**

As part of their commercial and investment activities, Marubeni and its consolidated subsidiaries are concentrated in specific investment targets, markets, and regions. In the context of the Group's country risk management, the Company classifies countries according to their level of risk, and has established transaction management standards and promotes efforts to ensure optimal portfolio management and appropriate risk/reward ratios. Nevertheless, a deteriorating operating environment in these markets or regions could adversely affect the Group's business results and financial condition.

## Ability to Procure Funds and Funding Cost

Marubeni and its consolidated subsidiaries engage in fund procurement with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major global capital markets, shortages of cash flows from operating activities, declining profitability, failure in asset-liability management, or a sharp downgrade in the credit rating of the Group by ratings agencies could constrain fund procurement or lead to an increase in funding cost, which could adversely affect the Group's business results and financial condition.

## Market Risks

### ① Fluctuations in the Price of Goods and Merchandise

Marubeni and its consolidated subsidiaries handle a variety of merchandise. In order to mitigate the risk of fluctuations in market conditions for certain merchandise, contracts, and scheduled contracts, the Group enters into commodity futures and forward contracts. However, changes in respective market conditions could adversely affect the Group's business results and financial condition.

In addition, the Group participates in energy and natural resource exploration and production (E&P) businesses and other manufacturing businesses. Fluctuations in the markets of the products sold through these activities could adversely affect the Group's business results and financial condition.

### ② Market Liquidity (Liquidity Risk)

Marubeni and its consolidated subsidiaries hold a variety of assets that are subject to market trading, including financial instruments. Financial market turmoil and other factors can cause the market liquidity of held assets to decline dramatically, a situation that could potentially trigger a precipitous drop in the value of held assets. Such an occurrence could adversely affect the Group's business results and financial condition.

### ③ Fluctuations in Foreign Currency Exchange Rates

Marubeni and its consolidated subsidiaries conduct transactions in a variety of currencies and under a variety of terms. In order to mitigate the risk of exchange rate fluctuations associated with transactions, receiv-

ables, and liabilities denominated in foreign currencies, the Group enters into forward exchange contracts and other derivative transactions. Despite these measures, fluctuations in exchange rates could adversely affect the Group's business results and financial condition.

### ④ Fluctuations in Interest Rates

Marubeni and its consolidated subsidiaries procure necessary business funds through borrowings from financial institutions, the issuance of corporate bonds, and other methods of procuring from capital markets. A large portion of floating rate liabilities is proportionate to operating assets that can counteract adverse impacts of interest rate fluctuations. However, interest rate fluctuation risks cannot be completely eliminated, and a certain degree of exposure remains. Among the liabilities procured for interest insensitive assets, such as investment securities and property, plant and equipment, the portion at procured floating rates is categorized as unhedged through the asset-liability management practices of Marubeni and its consolidated subsidiaries. Monitoring market movements in interest rates, the Group utilizes interest rate swaps and other measures to mitigate the risk of interest rate fluctuations.

There is no guarantee that the Group will be able to completely avoid interest rate risk, even after having implemented these management measures. Therefore, changes in market interest rates could adversely affect the Group's business results and financial condition.

### ⑤ Fluctuations in Values of

#### Marketable Securities Subject to Market Volatility

To strengthen business relationships and for other purposes, Marubeni and its consolidated subsidiaries invest in marketable securities that are subject to market volatility. Such securities held by the Group carry the risk of fluctuations in original value due to changes in fair value. Drops in the fair value of these securities could adversely affect the Group's business results and financial condition.

### ⑥ Risks Regarding Employees' Retirement Benefits

As the Group holds domestic and foreign stocks and bonds as pension assets, sluggish performance in securities markets could decrease the value of those assets or could require it to accumulate additional pension assets.

Such an event could adversely affect the Group's business results and financial condition.

### **Impairment of Real Estate, Machinery and Equipment, and Other Property, Plant and Equipment**

Marubeni and its consolidated subsidiaries hold real estate, machinery and equipment, and other property, plant and equipment for sale and lease to other parties as well as for their own use. A decline in the value of these assets could potentially require the Group to recognize impairment losses. The Group accounts for impairment of property, plant and equipment in accordance with IFRS. Nevertheless, a dramatic decline in asset value could adversely affect the Group's business results and financial condition.

### **Laws and Regulations**

In the course of operations, Marubeni and its consolidated subsidiaries are subject to a broad range of laws and regulations both in Japan and other applicable countries. Changes in or unanticipated interpretations of these laws and regulations could increase the obligations pertaining to legal and regulatory compliance placed on the Group. Accordingly, changes or altered interpretations of laws and regulations may result in punitive measures, including the interruption of operations, lower the Company's credibility, or cause the occurrence of other circumstances that could adversely affect the Group's business results and financial condition.

### **Significant Litigation**

In the course of business activities in Japan and overseas, Marubeni and its consolidated subsidiaries may be a party to litigation, disputes, and other legal proceedings. When party to such litigation, predicting the outcome is impossible given the inherent uncertainty of these matters. The Company cannot guarantee that such litigation will not adversely affect the Group's business results and financial condition.

### **Environmental Risk**

Marubeni and its consolidated subsidiaries conduct business activities globally across a broad range of industries, and environmental pollution as a result of these activities could result in business stoppage, pollution

remediation expenses, and legal fees in response to litigation by local residents. In addition, the Group's social reputation could be damaged. In the year ended March 31, 2000, an environmental management system was introduced to cope with such environmental risks, under which various initiatives have been implemented to assess the potential environmental burden and reduce environmental risk, including environmental impact evaluations for each new financing and development project. In the event, however, that some form of environmental impact occurs, it could adversely affect the Group's business results and financial condition.

### **Natural Disaster Risk**

Earthquakes and other natural disasters could cause damage and loss to the Group's offices and facilities and inhibit the normal business activities of Marubeni and its consolidated subsidiaries. While every effort has been made to implement appropriate countermeasures, such as the formulation of business continuity plans, earthquake countermeasures, and fire prevention drills, the potential for damage from natural disasters cannot be completely mitigated. Consequently, there is no guarantee that such disasters will not adversely affect the Group's business results and financial condition.

### **Risk Relating to Terrorists and Violent Groups**

Marubeni and its consolidated subsidiaries conduct business operations globally, and these operations are therefore exposed to risk from unexpected situations relating to terrorists and violent groups, as well as trends in politics and social factors. The materialization of such risks could adversely affect the Group's business results and financial condition.

### **Other Risks Inherent and Related to Overall Marubeni Operations**

Negligence on the part of employees charged with executing business operations and malfunctions pertaining to information leakages from computer systems supporting business activities are among other risks, the materialization of which could adversely affect the Group's business results and financial condition.

## Consolidated Financial Statements

### Consolidated Statement of Financial Position

Marubeni Corporation  
As of March 31, 2018 and 2019

	Millions of yen	Thousands of U.S. dollars
	March 31, 2018	March 31, 2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	¥ 625,834	\$ 4,588,180
Time deposits	1,046	250
Investment securities	0	151
Notes, trade accounts and loans receivable	1,315,336	1,289,196
Other current financial assets	213,941	182,208
Inventories	835,021	900,472
Assets classified as held for sale	61,452	35,438
Other current assets	226,141	241,546
Total current assets	3,278,771	3,158,549
<b>Non-current assets:</b>		
Investments in associates and joint ventures	1,764,169	15,610,018
Other investments	322,628	2,637,406
Notes, trade accounts and loans receivable	138,715	1,192,144
Other non-current financial assets	72,492	716,315
Property, plant and equipment	905,479	8,343,171
Intangible assets	293,583	3,422,892
Deferred tax assets	45,233	412,667
Other non-current assets	56,047	553,027
Total non-current assets	3,598,346	32,887,640
Total assets	¥ 6,877,117	\$ 61,343,036



See "Consolidated Financial Statements with Independent Auditors' Report for Fiscal Year Ended March 31, 2019" on our website "To Investors, IR Library" for more details on the consolidated financial statements.

[https://www.marubeni.com/en/ir/reports/security\\_reports/](https://www.marubeni.com/en/ir/reports/security_reports/)

	Millions of yen		Thousands of U.S. dollars
	March 31, 2018	March 31, 2019	March 31, 2019
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Bonds and borrowings	¥ 611,756	¥ 478,387	\$ 4,309,793
Notes and trade accounts payable	1,374,022	1,273,196	11,470,234
Other current financial liabilities	370,103	275,217	2,479,433
Income tax payable	17,858	17,778	160,162
Liabilities directly associated with assets held for sale	—	359	3,234
Other current liabilities	387,975	421,489	3,797,198
Total current liabilities	2,761,714	2,466,426	22,220,054
<b>Non-current liabilities:</b>			
Bonds and borrowings	1,930,948	1,889,990	17,026,937
Notes and trade accounts payable	16,713	11,566	104,198
Other non-current financial liabilities	66,316	74,404	670,306
Accrued pension and retirement benefits	79,099	89,764	808,685
Deferred tax liabilities	95,944	107,783	971,018
Other non-current liabilities	90,746	97,418	877,640
Total non-current liabilities	2,279,766	2,270,925	20,458,784
Total liabilities	5,041,480	4,737,351	42,678,838
<b>Equity:</b>			
Issued capital	262,686	262,686	2,366,541
Capital surplus	135,295	139,898	1,260,342
Other equity instruments	243,589	243,589	2,194,495
Treasury stock	(1,379)	(1,384)	(12,469)
Retained earnings	1,014,709	1,163,472	10,481,730
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	82,596	71,912	647,856
Foreign currency translation adjustments	76,253	131,178	1,181,784
Gains (losses) on cash flow hedges	(42,274)	(33,610)	(302,793)
Equity attributable to owners of the parent	1,771,475	1,977,741	17,817,486
Non-controlling interests	64,162	93,985	846,712
Total equity	1,835,637	2,071,726	18,664,198
Total liabilities and equity	¥ 6,877,117	¥ 6,809,077	\$ 61,343,036

## Consolidated Statement of Comprehensive Income

Marubeni Corporation

Fiscal years ended March 31, 2018 and 2019

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Thousands of U.S. dollars
	Millions of yen		
<b>Revenue:</b>			
Sales of goods	¥ 7,361,808	¥ 7,197,705	\$64,844,189
Commissions on services and trading margins	178,529	203,551	1,833,793
Total revenue	7,540,337	7,401,256	66,677,982
Cost of goods sold	(6,863,100)	(6,671,581)	(60,104,333)
Gross trading profit	677,237	729,675	6,573,649
<b>Other income (expenses):</b>			
Selling, general and administrative expenses	(559,183)	(556,666)	(5,015,009)
Gains (losses) on property, plant and equipment:			
Impairment losses	(5,197)	(17,803)	(160,387)
Gains (losses) on sales of property, plant and equipment	3,728	2,597	23,396
Other-net	(35,063)	10,742	96,775
Total other income (expenses)	(595,715)	(561,130)	(5,055,225)
<b>Finance income (expenses):</b>			
Interest income	13,526	15,950	143,694
Interest expenses	(34,948)	(46,807)	(421,685)
Dividend income	21,254	37,336	336,360
Gains (losses) on investment securities	25,147	28,517	256,910
Total finance income (expenses)	24,979	34,996	315,279
Share of profits of associates and joint ventures	148,503	85,278	768,270
Profit before tax	255,004	288,819	2,601,973
Income taxes	(38,429)	(49,535)	(446,261)
Profit for the year	¥ 216,575	¥ 239,284	\$ 2,155,712
<b>Profit for the year attributable to:</b>			
Owners of the parent	¥ 211,259	¥ 230,891	\$ 2,080,099
Non-controlling interests	5,316	8,393	75,613

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Thousands of U.S. dollars
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	¥ 18,191	¥ (12,485)	\$ (112,477)
Remeasurements of defined benefit plan	3,916	(7,301)	(65,775)
Changes in other comprehensive income of associates and joint ventures	2,070	(5,659)	(50,982)
Items that will be reclassified to profit or loss:			
Foreign currency translation adjustments	(86,554)	47,308	426,198
Gains (losses) on cash flow hedges	(2,779)	4,777	43,036
Changes in other comprehensive income of associates and joint ventures	(413)	13,639	122,874
Other comprehensive income, net of tax	(65,569)	40,279	362,874
Total comprehensive income for the year	¥ 151,006	¥ 279,563	\$ 2,518,586
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent	¥ 145,671	¥ 270,904	\$ 2,440,577
Non-controlling interests	5,335	8,659	78,009

	Yen	U.S. dollars
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Basic earnings per share attributable to shareholders of the parent	¥ 119.43	¥ 130.74
Diluted earnings per share attributable to shareholders of the parent	¥ 119.37	¥ 130.62

## Consolidated Statement of Changes in Equity

Marubeni Corporation

Fiscal years ended March 31, 2018 and 2019

Fiscal year ended March 31, 2018

	Millions of yen						
	Equity attributable to owners of the parent					Other components of equity	
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
Balance at April 1, 2017	¥ 262,686	¥ 142,881	¥ 243,589	¥ (1,374)	¥ 856,647	¥ 54,606	¥ 165,310
Profit for the year					211,259		
Other comprehensive income						20,397	(89,057)
Purchases and sales of treasury stock		1			(5)		
Dividends						(45,124)	
Equity transactions with non-controlling interests and others			(7,587)				
Distribution to owners of other equity financial instruments						(4,010)	
Transfer from other components of equity to retained earnings					(4,063)		7,593
Transfer to non-financial assets or non-financial liabilities							
Balance at March 31, 2018	¥ 262,686	¥ 135,295	¥ 243,589	¥ (1,379)	¥ 1,014,709	¥ 82,596	¥ 76,253

	Millions of yen					
	Equity attributable to owners of the parent			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Other components of equity		Other components of equity			
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity			
Balance at April 1, 2017	¥ (40,622)	¥ —	¥ 179,294	¥ 1,683,723	¥ 59,035	¥ 1,742,758
Profit for the year				211,259	5,316	216,575
Other comprehensive income	(458)	3,530	(65,588)	(65,588)	19	(65,569)
Purchases and sales of treasury stock				(4)		(4)
Dividends				(45,124)	(5,802)	(50,926)
Equity transactions with non-controlling interests and others				(7,587)	5,594	(1,993)
Distribution to owners of other equity financial instruments				(4,010)		(4,010)
Transfer from other components of equity to retained earnings		(3,530)	4,063	—		—
Transfer to non-financial assets or non-financial liabilities	(1,194)		(1,194)	(1,194)		(1,194)
Balance at March 31, 2018	¥ (42,274)	¥ —	¥ 116,575	¥ 1,771,475	¥ 64,162	¥ 1,835,637

Fiscal year ended March 31, 2019

	Equity attributable to owners of the parent						Other components of equity	
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings		Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
<b>Balance at April 1, 2018</b>	<b>¥ 262,686</b>	<b>¥ 135,295</b>	<b>¥ 243,589</b>	<b>¥ (1,379)</b>	<b>¥ 1,014,709</b>		<b>¥ 82,596</b>	<b>¥ 76,253</b>
Cumulative effect of applying new accounting standards and interpretations						(1,117)		
Profit for the year						230,891		
Other comprehensive income							(17,594)	54,925
Purchases and sales of treasury stock		0			(5)			
Dividends						(61,611)		
Equity transactions with non-controlling interests and others		4,603				(748)		
Distribution to owners of other equity financial instruments						(4,035)		
Transfer from other components of equity to retained earnings						(14,617)	6,910	
Transfer to non-financial assets or non-financial liabilities								
<b>Balance at March 31, 2019</b>	<b>¥ 262,686</b>	<b>¥ 139,898</b>	<b>¥ 243,589</b>	<b>¥ (1,384)</b>	<b>¥ 1,163,472</b>		<b>¥ 71,912</b>	<b>¥ 131,178</b>

	Equity attributable to owners of the parent						Total equity	
	Other components of equity			Total equity attributable to owners of the parent	Non-controlling interests	Total equity		
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity					
<b>Balance at April 1, 2018</b>	<b>¥ (42,274)</b>	<b>¥ —</b>	<b>¥ 116,575</b>	<b>¥ 1,771,475</b>	<b>¥ 64,162</b>	<b>¥ 1,835,637</b>		
Cumulative effect of applying new accounting standards and interpretations				(1,117)		(1,117)		
Profit for the year				230,891	8,393	239,284		
Other comprehensive income	10,389	(7,707)	40,013	40,013	266	40,279		
Purchases and sales of treasury stock				(5)		(5)		
Dividends				(61,611)	(7,350)	(68,961)		
Equity transactions with non-controlling interests and others				3,855	28,514	32,369		
Distribution to owners of other equity financial instruments				(4,035)		(4,035)		
Transfer from other components of equity to retained earnings		7,707	14,617	—		—		
Transfer to non-financial assets or non-financial liabilities	(1,725)		(1,725)	(1,725)		(1,725)		
<b>Balance at March 31, 2019</b>	<b>¥ (33,610)</b>	<b>¥ —</b>	<b>¥ 169,480</b>	<b>¥ 1,977,741</b>	<b>¥ 93,985</b>	<b>¥ 2,071,726</b>		

Fiscal year ended March 31, 2019

	Thousands of U.S. dollars						
	Equity attributable to owners of the parent					Other components of equity	
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
<b>Balance at April 1, 2018</b>	<b>\$ 2,366,541</b>	<b>\$ 1,218,874</b>	<b>\$ 2,194,495</b>	<b>\$ (12,423)</b>	<b>\$ 9,141,523</b>	<b>\$ 744,108</b>	<b>\$ 686,964</b>
Cumulative effect of applying new accounting standards and interpretations					(10,063)		
Profit for the year					2,080,099		
Other comprehensive income						(158,505)	494,820
Purchases and sales of treasury stock		0			(46)		
Dividends						(555,054)	
Equity transactions with non-controlling interests and others		41,468				(6,739)	
Distribution to owners of other equity financial instruments						(36,351)	
Transfer from other components of equity to retained earnings					(131,685)	62,253	
Transfer to non-financial assets or non-financial liabilities							
<b>Balance at March 31, 2019</b>	<b>\$ 2,366,541</b>	<b>\$ 1,260,342</b>	<b>\$ 2,194,495</b>	<b>\$ (12,469)</b>	<b>\$ 10,481,730</b>	<b>\$ 647,856</b>	<b>\$ 1,181,784</b>

	Thousands of U.S. dollars					
	Equity attributable to owners of the parent			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Other components of equity					
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity			
<b>Balance at April 1, 2018</b>	<b>\$ (380,847)</b>	<b>\$ —</b>	<b>\$ 1,050,225</b>	<b>\$ 15,959,235</b>	<b>\$ 578,036</b>	<b>\$ 16,537,271</b>
Cumulative effect of applying new accounting standards and interpretations				(10,063)		(10,063)
Profit for the year				2,080,099	75,613	2,155,712
Other comprehensive income	93,595	(69,432)	360,478	360,478	2,396	362,874
Purchases and sales of treasury stock				(46)		(46)
Dividends				(555,054)	(66,216)	(621,270)
Equity transactions with non-controlling interests and others				34,729	256,883	291,612
Distribution to owners of other equity financial instruments				(36,351)		(36,351)
Transfer from other components of equity to retained earnings		69,432	131,685	—	—	—
Transfer to non-financial assets or non-financial liabilities	(15,541)		(15,541)	(15,541)		(15,541)
<b>Balance at March 31, 2019</b>	<b>\$ (302,793)</b>	<b>\$ —</b>	<b>\$ 1,526,847</b>	<b>\$ 17,817,486</b>	<b>\$ 846,712</b>	<b>\$ 18,664,198</b>

## Consolidated Statement of Cash Flows

Marubeni Corporation

Fiscal years ended March 31, 2018 and 2019

Fiscal years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2019	
<b>Operating activities:</b>			
Profit for the year	¥ 216,575	¥ 239,284	\$ 2,155,712
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortization	120,331	113,541	1,022,892
(Gains) losses on property, plant and equipment	1,469	15,206	136,991
Finance (income) expenses	(24,979)	(34,996)	(315,279)
Share of profits of associates and joint ventures	(148,503)	(85,278)	(768,270)
Income taxes	38,429	49,535	446,261
Changes in notes and accounts receivable	(135,801)	65,190	587,297
Changes in inventories	(102,626)	(42,777)	(385,378)
Changes in notes and trade accounts payable	158,159	(127,896)	(1,152,216)
Other-net	56,719	14,096	126,990
Interest received	9,607	11,414	102,829
Interest paid	(35,069)	(44,202)	(398,216)
Dividends received	126,086	152,765	1,376,261
Income taxes paid	(26,974)	(40,987)	(369,252)
Net cash provided by (used in) operating activities	253,423	284,895	2,566,622
<b>Investing activities:</b>			
Net (increase) decrease in time deposits	171	803	7,234
Proceeds from sale of property, plant and equipment	15,647	5,968	53,766
Proceeds from sale of investment property	246	544	4,901
Collection of loans receivable	31,658	33,061	297,847
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	51,722	12,022	108,306
Proceeds from sale of investments in associates and joint ventures, and other investments	63,366	123,279	1,110,622
Purchase of property, plant and equipment	(103,176)	(93,221)	(839,829)
Purchase of investment property	(406)	(69)	(622)
Loans provided to customers	(11,488)	(14,872)	(133,982)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(22,990)	7,172	64,613
Purchase of investments in associates and joint ventures, and other investments	(74,492)	(52,159)	(469,901)
Net cash provided by (used in) investing activities	(49,742)	22,528	202,955
<b>Financing activities:</b>			
Net increase (decrease) in short-term borrowings	41,733	(163,088)	(1,469,261)
Proceeds from long-term bonds and borrowings	229,867	254,166	2,289,784
Repayments of long-term bonds and borrowings	(487,202)	(436,146)	(3,929,243)
Dividends paid to shareholders of the parent	(45,124)	(61,611)	(555,054)
Net cash outflows on purchases and sales of treasury stock	(15)	(9)	(81)
Capital contribution from non-controlling interests	2,420	79	712
Acquisition of additional interests in subsidiaries from non-controlling interests	(1,375)	(9,425)	(84,910)
Distribution to owners of other equity instruments	(4,010)	(4,035)	(36,351)
Other	(5,801)	(7,351)	(66,227)
Net cash provided by (used in) financing activities	(269,507)	(427,420)	(3,850,631)
Effect of exchange rate changes on cash and cash equivalents	(13,312)	3,451	31,090
Net increase (decrease) in cash and cash equivalents	(79,138)	(116,546)	(1,049,964)
Cash and cash equivalents at beginning of year	704,972	625,834	5,638,144
Cash and cash equivalents at end of year	¥ 625,834	¥ 509,288	\$ 4,588,180

## Global Network

(As of April 1, 2019)



### Locations of Branches and Offices

Middle East & Africa		Europe & CIS		Southwest Asia		Japan	
Abidjan	Dubai	Almaty	Moscow	Chennai	Karachi	Sapporo	Osaka
Abu Dhabi	Istanbul	Athens	Nur-Sultan (Astana)	Chittagong	Kolkata	Sendai	Fukuyama
Accra	Johannesburg	Bucharest	Paris	Dhaka	Lahore	Tokyo	Hiroshima
Addis Ababa	Kuwait City	Budapest	Prague	Goa	Mumbai	Shizuoka	Imabari
Algiers	Lagos	Düsseldorf	Risley	Islamabad	New Delhi	Hamamatsu	Fukuoka
Amman	Luanda	Hamburg	Tallinn			Nagoya	Naha
Ankara	Maputo	Khabarovsk	Tashkent				
Baghdad	Muscat	Kiev	Vladivostok				
Cairo	Nairobi	Lisbon	Warsaw				
Casablanca	Riyadh	London	Yuzhno-Sakhalinsk				
Doha	Tehran	Milan					

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ASEAN	China / East Asia		Oceania	North & Central America	South America
Bangkok	Nay Pyi Taw	Beijing	Seoul	Auckland	Bogota
Hanoi	Phnom Penh	Changchun	Shanghai	Melbourne	Buenos Aires
Ho Chi Minh City	Quang Ngai	Chengdu	Shenzhen	Perth	Caracas
Jakarta	Singapore	Dalian	Taipei	Port Moresby	Lima
Kuala Lumpur	Vientiane	Guangzhou	Tianjin	Sydney	Rio de Janeiro
Kuching	Yangon	Hefei	Ulan Bator		Salvador
Manila		Hong Kong	Wuhan	New York	Santiago
		Kunming	Xiamen	Omaha	S��o Paulo
		Nanjing		Queretaro	
		Qingdao		Silicon Valley	
				Toronto	
				Vancouver	
				Washington, D.C.	

## Major Subsidiaries and Associates

The scope of consolidation of Marubeni Group comprises a total of 431 companies: 282 consolidated subsidiaries and 149 associates accounted for by the equity method as of March 31, 2019. The list is based on data current as of March 31, 2019, with recent data reflected.

		Company Name	Business	Country/Area	Voting Rights
<b>Lifestyle Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Intex	Sale of industrial materials, lifestyle material-related textile goods and products	Japan	100.00%
		Marubeni Fashion Link	Planning, production and sale of textile products	Japan	100.00%
<b>Associates</b>	Overseas	Marubeni Textile Asia Pacific	Purchase agent of textile products for Japan and other countries	China	100.00%
	Domestic	LACOSTE JAPAN	Manufacturing and sale of Lacoste-brand apparel and other related products	Japan	33.36%
	Overseas	Saide Tekstil Sanayi ve Ticaret	Planning, manufacturing and sale of apparel and goods	Turkey	45.49%
<b>ICT &amp; Real Estate Business Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	ARTERIA Networks	Provision of various network services for businesses and condominiums	Japan	50.00%
		Japan REIT Advisors	Utilization of investee assets	Japan	100.00%
		Marubeni Information Systems	IT solution provider for full range of IT lifecycle in every industry	Japan	100.00%
		Marubeni Safenet	Insurance agency and lending business	Japan	100.00%
		Marubeni Real Estate Development	Real estate sales	Japan	100.00%
		Marubeni Real Estate Management	Leasing and subleasing of real estate, management of office buildings and complex facilities	Japan	100.00%
		Marubeni Logistics	International combined transport operation (NVOCC), 3PL (Third-party Logistics), ocean & air freight forwarding, consultancy relating to logistics	Japan	100.00%
		MX Mobiling	Sales, repair and maintenance of mobile handsets and related equipment	Japan	100.00%
	Overseas	Shanghai House Property Development	Housing development in Shanghai, China	China	60.00%
<b>Associates</b>	Domestic	Koshigaya Community Plaza	Commercial facility rental	Japan	42.86%
	Overseas	Shanghai Jiaoyun Rihong International Logistics	Freight transport	China	34.00%
<b>Forest Products Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Koa Kogyo	Manufacture and sales of corrugating medium and linerboard printing paper	Japan	79.95%
		Fukuyama Paper	Manufacture and sales of corrugating medium and core board	Japan	55.00%
		Marubeni Pulp & Paper	Sale of paper products	Japan	100.00%
	Overseas	Tanjungenim Lestari Pulp and Paper	Manufacturer/Distributor of broad-leaved tree-based bleached hardwood kraft pulp	Indonesia	100.00%
<b>Associates</b>	Domestic	Marusumi Paper	Manufacture and sale of paper	Japan	32.16%
		SMB Kenzai	Sales of housing/construction materials	Japan	27.50%

		Company Name	Business	Country/Area	Voting Rights
<b>Food Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Wellfam Foods	Marketing of livestock, meats and processed products	Japan	100.00%
		Marubeni Nissin Feed	Manufacture and sales of livestock feed	Japan	60.00%
		Pacific Grain Terminal	Warehousing, stevedoring and transportation operations	Japan	78.40%
		Benirei	Wholesale of seafood products and warehousing	Japan	98.76%
		Yamaboshiya	Wholesale of confectionery products to mass-retail and convenience stores	Japan	75.62%
	Overseas	Creekstone Holding	Holding company of Creekstone Farms Premium Beef LLC, which conducts production, processing and sales of beef, etc.	U.S.	100.00%
		Harrison Grain Investment	Investment company specializing in grain businesses	U.S.	100.00%
		Iguacu de Café Solúvel	Manufacturing and sale of instant coffee	Brazil	100.00%
		MBC EUROPE	Holding company of Iguacu de Café Solúvel	U.K.	100.00%
<b>Associates</b>	Domestic	Aeon Market Investment	Holding company for United Super Markets Holdings Inc., a holding company for supermarket operators in the Tokyo metropolitan area	Japan	28.18%
		SFoods	Meat-related production, wholesale, retail, and restaurant businesses	Japan	15.29%
		Kokubu Shutoken	Wholesale of foods, alcohol, and other products primarily to mass-retail and convenience stores	Japan	20.00%
		Toyo Sugar Refining	Manufacturing and sale of sugar and functional food materials	Japan	39.30%
		Nacx	Wholesale of frozen foods primarily to mass-retail and convenience stores	Japan	44.25%
		The Nissin OilliO Group	Processing and sale of edible oil business	Japan	15.20%
	Overseas	Acecook Vietnam	Manufacturing and sale of instant noodles and other products	Vietnam	18.30%

		Company Name	Business	Country/Area	Voting Rights
<b>Agri Business Division</b>					
<b>Consolidated Subsidiaries</b>	Overseas	Columbia Grain International	Collection, storage, exporting and domestic sale of grain produced in North America	U.S.	100.00%
		Gavilon Agriculture Investment	Parent company of Gavilon Group (collection/sales of grain, fertilizer, etc.)	U.S.	100.00%
		Helena Agri-Enterprises	Sales of agri-input products and related services	U.S.	100.00%
<b>Associates</b>	Domestic	Katakura & Co-op Agri	Manufacture and sale of fertilizer; sale of livestock feed and materials	Japan	20.84%
		Sun Agro	Manufacture and sale of fertilizer and other products; sale of agrochemicals; golf-related business	Japan	22.78%

		Company Name	Business	Country/Area	Voting Rights
<b>Chemicals Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Chemix	Sales and foreign trade of organic chemicals and fine chemicals	Japan	100.00%
		Marubeni Plax	Sales and foreign trade of plastic products and resins	Japan	100.00%
<b>Associates</b>	Overseas	CMK Electronics (Wuxi)	Development, manufacture, and sale of printed circuit boards (PCBs)	China	20.00%
		Dampier Salt	Production and sale of salt and gypsum	Australia	21.51%
		Shen Hua Chemical Industrial	Production and sale of synthetic rubber (SBR)	China	22.56%

		Company Name	Business	Country/Area	Voting Rights
<b>Power Business Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Japan Offshore Wind Power	Holding company for Seajacks International Ltd. in Japan	Japan	100.00%
		Marubeni Power Retail	Power Retail Business in Japan	Japan	100.00%
		Marubeni Power Development	Development and operation of overseas IPP projects	Japan	100.00%
		Marubeni Power Systems	EPC Services for power projects overseas	Japan	100.00%
<b>Associates</b>	Overseas	Axia Power Holdings	Holding company of overseas power assets	Netherlands	100.00%
		SmartestEnergy	Electricity aggregation and retail business in the U.K.	U.K.	100.00%
<b>Associates</b>	Overseas	Lion Power (2008)	Holding company for Senoko Energy Pte. Ltd.	Singapore	42.86%
		Mesaieed Power	IPP in Mesaieed, Qatar	Qatar	30.00%
		PPN Power Generating	IPP in Tamil Nadu in India	India	26.00%
		TeaM Energy	Holding company for the Iligan, Pagbilao, and Sual power plants in the Philippines	Philippines	50.00%
		TrustEnergy	Holding company for the power generation asset portfolio in Portugal	Netherlands	50.00%
<b>Energy Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Energy	Sale of petroleum products, management and leasing of oil terminals and service stations	Japan	66.60%
	Overseas	Marubeni International Petroleum (Singapore)	Sales of crude oil and all types of petroleum products	Singapore	100.00%
		Marubeni LNG Development	Investment company for participation in LNG project in Peru	Netherlands	100.00%
		Marubeni North Sea	Exploration, development, production, and sale of oil and gas in the North Sea	U.K.	100.00%
		Marubeni Oil & Gas (USA)	Exploration, development, production, and sale of oil and gas in the U.S. Gulf of Mexico	U.S.	100.00%
		Marubeni Petroleum	Sales of crude oil and petroleum products	Bermuda	100.00%
		Marubeni Shale Investment	Investment in onshore shale oil and gas development projects in the United States	U.S.	100.00%
		MIECO	Sale of all types of petroleum products and natural gas	U.S.	100.00%
<b>Associates</b>	Domestic	ENEOS GLOBE	Import and sale of LPG, and sale of new energy-related equipment	Japan	20.00%
	Overseas	Merlin Petroleum	Exploration, development, production, and sale of oil and natural gas	U.S.	20.37%

		Company Name	Business	Country/Area	Voting Rights
<b>Metals &amp; Mineral Resources Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Tetsugen	Sale of raw materials for steelmaking	Japan	100.00%
		Marubeni Metals	Sales of non-ferrous and light metals	Japan	100.00%
<b>Overseas</b>	Marubeni Aluminium Australia	Refining and sales of aluminum ingots	Australia	100.00%	
	Marubeni Coal	Investment in coal mines in Australia	Australia	100.00%	
	Marubeni Iron Ore Australia	Investment in iron ore mining operations in Australia	Australia	100.00%	
	Marubeni LP Holding	Investment in copper mines in Chile	Netherlands	100.00%	
	Marubeni Metals & Minerals (Canada)	Refining and sales of aluminum ingots	Canada	100.00%	
<b>Associates</b>	Domestic	Marubeni-Itochu Steel	Sales and business management of steel products	Japan	50.00%
		Marubeni Construction Material Lease	Leasing, sale, repair, and processing of steelmaking materials	Japan	35.21%

		Company Name	Business	Country/Area	Voting Rights
<b>Plant Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Protechs	Sale of steelmaking and industrial devices, environment-related business and sale of related devices, and logistics for factory construction and machinery installation overseas	Japan	100.00%
	Overseas	Aguas Décima	Water/wastewater utility	Chile	100.00%
<b>Associates</b>	Overseas	Eastern Sea Laem Chabang Terminal	Container terminal operation	Thailand	25.00%
		Southern Cone Water	Holding company of Aguas Nuevas S.A., which provides full water supply and wastewater services in Chile	U.K.	50.00%

		Company Name	Business	Country/Area	Voting Rights
<b>Aerospace &amp; Ship Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Scarlet LNG Transport	Investment, finance, and consulting services for shipping-related businesses	Japan	100.00%
		Marubeni Aerospace	Import and sale of aircraft and related components	Japan	100.00%
<b>Overseas</b>	MMSL Japan	Ship management	Japan	100.00%	
	Royal Maritime	Ship chartering and trade	Liberia	100.00%	

		Company Name	Business	Country/Area	Voting Rights
<b>Finance &amp; Leasing Business Division</b>					
<b>Consolidated Subsidiaries</b>	Overseas	MAC Trailer Leasing	Leasing and rental of refrigerated trailers	U.S.	100.00%
		MAI Holding	Investment in automobile retail finance businesses	U.S.	100.00%
		Marubeni Aviation Holding	Investment in Aircastle, an aircraft operating lease business	Netherlands	100.00%
<b>Associates</b>	Domestic	MG Leasing	General leasing	Japan	50.00%
	Overseas	Marubeni SuMiT Rail Transport	Investment in railcar leasing business	U.S.	50.00%
<b>Construction, Auto &amp; Industrial Machinery Division</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Techno-Systems	Sale, export and import of industrial machinery	Japan	100.00%
	Overseas	Marubeni Auto & Construction Machinery America	Investment in retail sales business of automobiles	U.S.	100.00%
		Marubeni Auto Investment (U.K.)	Investment in retail sales business of automobiles in the U.K.	U.K.	100.00%
		Marubeni-Komatsu	Sales distributor for Komatsu construction equipment	U.K.	100.00%
<b>Associates</b>	Overseas	Hitachi Construction Machinery (Australia)	Sales distributor for Hitachi Construction Machinery Co., Ltd.	Australia	20.00%
		Temsa İş Makinaları İmalat Pazarlama Ve Satış	Sales distributor for Komatsu construction equipment	Turkey	49.00%
		Unipres Mexicana	Manufacturer/distributor of pressed auto body parts	Mexico	25.00%
		Unipres U.S.A.	Manufacturer/distributor of pressed auto body parts	U.S.	25.00%
<b>Others</b>					
<b>Consolidated Subsidiaries</b>	Domestic	Marubeni Financial Service	Loan and zero-balance transactions; provision of finance-related support and consulting for the Marubeni Group	Japan	100.00%
	Overseas	Marubeni Finance America	Group finance	U.S.	100.00%
		Marubeni Finance Europe	Group finance	U.K.	100.00%

# Corporate Data

## Company Profile

(As of March 31, 2019)

**Company Name**

Marubeni Corporation

**Securities Code**

8002

**Head Office**

7-1, Nihombashi 2-chome, Chuo-ku,

Tokyo 103-6060, Japan

Tel: 81-3-3282-2111

E-mail: [tokb138@marubeni.com](mailto:tokb138@marubeni.com)

**Number of Branches and Offices (Including Tokyo Head Office) (As of April 1, 2019)**

136 locations in 67 countries/regions

Consisting of 12 domestic branches and offices, 57 overseas branches and offices and 29 overseas corporate subsidiaries with 67 offices

**Founded**

May 1858

**Incorporated**

December 1, 1949

**Paid-in Capital**

¥262,686 million

**Number of Employees**

4,418

(Including 617 employees seconded to companies in Japan and 894 employees assigned to overseas sites, employees seconded to overseas companies and overseas trainees. Excluding 432 local employees of overseas branches and offices and 1,468 local employees of overseas corporate subsidiaries)

**Corporate Website**

<https://www.marubeni.com/en/>

IR page

<https://www.marubeni.com/en/ir/>

Sustainability page

<https://www.marubeni.com/en/sustainability/>

**Business Year**

April 1 to March 31 of the following year

**Regular General Meeting of Shareholders**

June of each year

## Stock Information

(As of March 31, 2019)

<b>Number of Shares Authorized</b>	<b>Share Unit</b>
4,300,000,000	100 shares
<b>Number of Shares Issued and Outstanding</b>	<b>Record Date for Year-End Dividend</b>
1,737,940,900	March 31 of each year
<b>Stock Listings</b>	<b>Record Date for Interim Dividend</b>
Tokyo, Nagoya	September 30 of each year
<b>Number of Shareholders</b>	<b>Transfer Agent of Common Stock</b>
171,841	Mizuho Trust & Banking Co., Ltd.

### Long-Term Credit Rating (As of June 30, 2019)

Credit Rating Agency	Long Term (Outlook)
Japan Credit Rating Agency (JCR)	A+ (Stable)
Rating and Investment Information (R&I)	A (Stable)
S&P Global Ratings	BBB (Positive)
Moody's	Baa2 (Stable)

### Major Shareholders

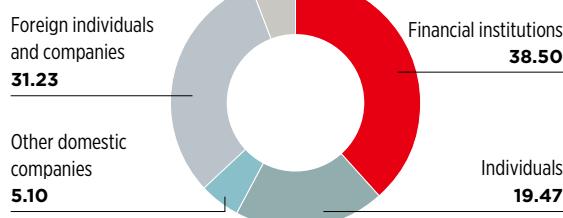
Name of Shareholder	Stake in the Corporation	
	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	117,801	6.79
Japan Trustee Services Bank, Ltd. (Trust account)	97,397	5.61
Meiji Yasuda Life Insurance Company	41,818	2.41
Japan Trustee Services Bank, Ltd. (Trust account 5)	38,109	2.20
Japan Trustee Services Bank, Ltd. (Trust account 9)	32,940	1.90
Mizuho Bank, Ltd.	30,000	1.73
Sompo Japan Nipponkoa Insurance Inc.	30,000	1.73
Japan Trustee Services Bank, Ltd. (Trust account 7)	26,476	1.53
State Street Bank West Client - Treaty 505234	26,174	1.51
Japan Trustee Services Bank, Ltd. (Trust account 1)	25,412	1.46

Note: The number of shares owned is rounded down to the nearest thousand.

The shareholding ratios are calculated after deducting the treasury stock from the number of shares issued and outstanding. The percentages are rounded to the nearest two decimal points.

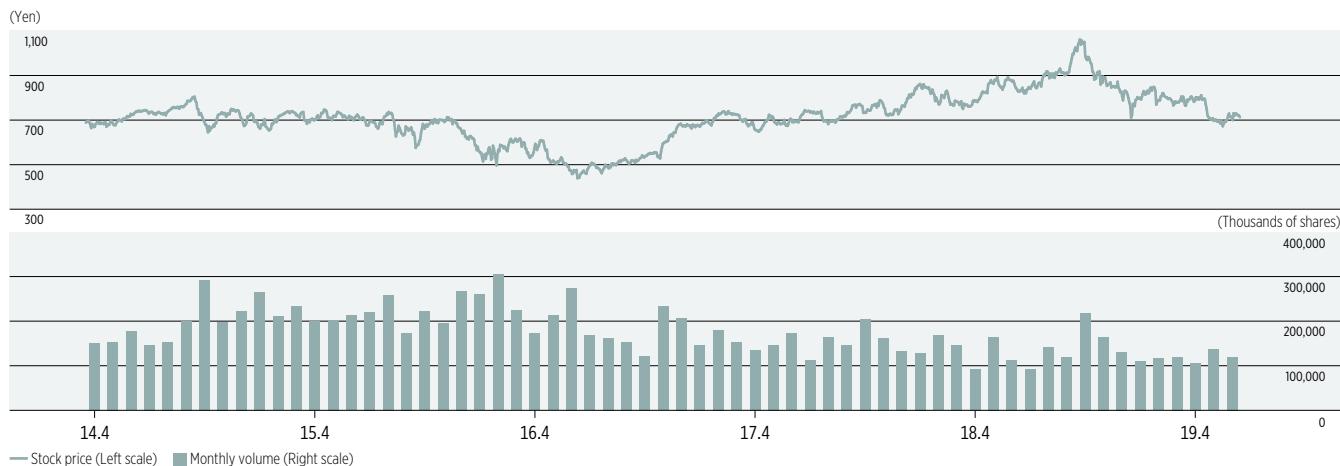
### Distribution of Shares by Type of Shareholder (%)

Others 5.71



Note: The sum of each ratio may not be 100%, because each ratio has been rounded.

### Stock Price/Monthly Volume



## Independent Assurance of Environmental and Social Data

Marubeni obtains independent assurance of its environmental and social data to enhance the data's reliability. For the fiscal year ended March 31, 2019, KPMG AZSA Sustainability Co., Ltd. provided assurance\* on the following data posted in the Sustainability section of Marubeni's website.

\* The indicators to Third-Party Assurance are assured by KPMG AZSA Sustainability Co., Ltd., through an independent assurance engagement in accordance with ISAE 3000 and 3410.

\* KPMG AZSA Sustainability's Independent Assurance Report is available in the Sustainability section of Marubeni's website.  
 Environmental Data [https://www.marubeni.com/en/sustainability/environment/env\\_data/](https://www.marubeni.com/en/sustainability/environment/env_data/)  
 Employee Data [https://www.marubeni.com/en/sustainability/human\\_resources/employee/](https://www.marubeni.com/en/sustainability/human_resources/employee/)

### Independent Assurance Process

#### 1 Planning

- Ascertain assurance engagement's scope, indicators subject to independent assurance and the criteria to be applied in the preparation of the indicators
- Determine assurance procedures and schedule

#### 2 Execution

- Conduct interviews and analytical procedures, ask questions based on analytical results and examine evidence (done mainly on site)
- Review content of disclosure media subject to third-party assurance

#### 3 Submission of Assurance Report

- Confirm completion of all required revisions
- Conduct internal review (assessment of assurance work's adequacy by personnel not on the team that performed the work)
- Submit assurance report

### Indicators Subject to Independent Assurance

**Marubeni Group:** Energy consumption, Greenhouse gas (CO<sub>2</sub>) emissions (energy-related), Waste generated, Water withdrawal, No. of employees (Consolidated)

**Marubeni Corporation:** Amount transported (Unit: Thousand ton-km), CO<sub>2</sub> emissions during transport, Intensity (kl crude oil eq per thousand ton-km), No. of employees (of which, Domestic and Overseas), Percentages of male and female, Average age, Average service years, No. of managerial employees (of which, general managers or above), Ratio of female in managerial positions, Ratio of female in career-track positions, Turnover rate, Average total actual working hours per year, Average overtime hours per month, Average use of vacation time per year, Usage of annual paid leave, No. of employees who took maternity leave, No. of employees who took childcare leave (of which, male), Return rate (after childcare leave), No. of employees who took nursing care leave, No. of employees who took volunteer leave, Lost-time injuries frequency rate, Occupational illness frequency rate, No. of occupational accidents or incidents leading to injuries or fatalities, No. of fatal occupational accidents

**Marubeni Corporation and certified special-purpose subsidiary Marubeni Office Support Corporation:**

Employment rate of persons with disabilities

# **Marubeni**

<https://www.marubeni.com/en/>



Printed in Japan