

[Translation]

\*This document is an English translation of materials originally prepared in Japanese.  
The Japanese original shall be considered the primary version.

## Corporate Governance Report

Last Update: June 24, 2022

Marubeni Corporation

President and CEO Masumi Kakinoki

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Securities Code: 8002

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

The corporate governance of Marubeni Corporation (the “Corporation”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

The officers and employees of the Marubeni Group shall comply with laws, regulations and internal rules in accordance with the spirit grounded in the Corporation’s Company Creed “Fairness, Innovation, and Harmony” as well as the Marubeni Corporate Principles and engage in corporate activities conforming to business ethics and the Marubeni Management Philosophy and endeavor to enhance corporate governance. Further, the Corporation’s Board of Directors resolved on the Basic Internal Control Policy regarding the system, etc. for ensuring that the execution of duty by the Directors to comply with laws, regulations and the articles of incorporation. Its overview is described in IV.1 Basic Views on Internal Control System and the Progress of System Development in this report.

##### 1- Company Creed and Marubeni Management Philosophy

Company Creed: Fairness (To be fair and bright)

Innovation (To be active and innovative)

Harmony (To respect each other and cooperate)

Marubeni 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.”

##### 2- Marubeni Corporate Principles

The Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and lawful competition. As a company, the Corporation 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, the Corporation is committed to the following six basic principles of business:

(a) Conduct Fair and Open Business Activities

Comply with laws and promote fair transactions.

Maintain sound relationship with the politics and administration in Japan and abroad and ensure sales activities in free competition.

Take a firm stand against antisocial activities and forces.

(b) Develop a Globally Connected Company

Respect the culture of all countries and regions and contribute to the prosperity of local economies through business activities.

Aim for development that is in harmony with the local communities through a management system that is accepted globally.

(c) Create New Value Through Business Vision

In addition to responding to changes in markets and industries, create changes ourselves and offer new products and services to markets and customers.

Always take on new challenges without being constrained by existing practices or frameworks.

(d) Respect and Encourage Individuality and Originality

Foster a free and vibrant corporate culture that respects the individuality of each person and allows them to fully demonstrate their originality.

Act proactively, under self-management, to achieve goals.

(e) Promote Good Corporate Governance

Proactively disclose information to the shareholders and society and improve the transparency of management.

Respect proposals related to improvement, etc. of management and aim for a management that is open to the shareholders and society.

(f) Safeguard Ecological and Cultural Diversity

Recognize the responsibility as a corporate citizen in international society and engage positively in social contribution activities.

Pay attention to environmental problems to pass on a sound global environment to the future generations.

### 3- Stakeholders

The Marubeni Group conducts business with the support of various stakeholders throughout the world. The Marubeni Group recognizes the importance of diligently listening to the opinions of stakeholders, and working together to move forward, based on an understanding of stakeholder interests and concerns, as well as the impact of the Marubeni Group's activities on society and the environment. The Marubeni Group's concept of each stakeholder is as follows:

(a) Customers and business partners

The Marubeni Group aims to become a company that can be trusted and relied upon by its customers and business

partners. The Marubeni Group will develop and offer socially useful products and services, by giving full consideration to safety and striving at all times to improve the satisfaction and earn the trust of its customers and business partners through conducting sincere and honorable business practices.

(b) Shareholders and Investors

The Marubeni Group is dedicated to meeting shareholders' expectations. The Marubeni Group strives thus to enhance its corporate value by responding to changes in the business environment and maintaining stable profitability. In addition, the Marubeni Group works to boost corporate value from social and environmental perspectives, and also disclose pertinent information in a fair and timely manner.

(c) Local Community

The Marubeni Group aims to become a valued member of the local communities where it do business, and to contribute to the creation of robust local districts through improvement of living standards, creation of job opportunities for the local community, including youths, and offering employment with diversity and inclusion, being aware of gender and disabilities.

Overseas, the Marubeni Group respects local laws, cultures and customs, and strives to operate its businesses in a way that contributes to local development. Furthermore, the Marubeni Group is firmly opposed to antisocial forces and groups that threaten the order and safety of society.

(d) Employees

The Marubeni Group shall respect the individual values and life goals of each and every employee. The Marubeni Group also works to eliminate all forms of discrimination and foster an atmosphere that is pleasant for all.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Corporation is implementing all the principles of the Corporate Governance Code dated June 11, 2021, including principles for the Prime Market, based on the above-mentioned basic concepts.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

Please refer to the Corporation's status of initiatives and policies related to all the 83 principles that are consist of Basic Principles, Principles, and Supplementary Principles and include disclosure items based on the principles of the Corporate Governance Code dated June 11, 2021, including principles for the Prime Market. This information is attached to this report and is posted on the Corporation's webpage.

(<https://www.marubeni.com/en/company/governance/>)

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	304,293,400	17.67
Custody Bank of Japan, Ltd. (Trust account)	115,917,900	6.73
EUROCLEAR BANK S. A. /N. V.	94,315,857	5.48
Meiji Yasuda Life Insurance Company	37,636,918	2.19
Mizuho Bank, Ltd.	30,000,000	1.74
Sompo Japan Insurance Inc.	30,000,000	1.74
STATE STREET BANK WEST CLIENT - TREATY 505234	28,130,203	1.63
Nippon Life Insurance Company	23,400,585	1.36
JP MORGAN CHASE BANK 385781	20,065,697	1.17
BNYM AS AGT/CLTS NON TREATY JASDEC	18,571,709	1.08

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

### Supplementary Explanation

Nothing particular to be mentioned.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Prime
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## **5. Other Special Circumstances which may have Material Impact on Corporate Governance**

The Corporation has many group companies that span a wide variety of businesses all across the globe. As such, the Corporation respects the autonomy of these group companies, while also remaining responsible for the business management and monitoring of them as shareholder and business owner, and striving for the improvement and optimization of corporate value for the entire Marubeni Group. Furthermore, the group companies are also responsible for executing management, based on the policies, strategies and goals of the Marubeni Group, that will contribute to improving and optimizing corporate value. The Corporation (i) shares and disseminates Marubeni Group management policy, (ii) builds and strengthens group governance through the clarification of the abovementioned responsibilities, and (iii) maintains and plans the codification of necessary systems, policies and rules. As such, the Corporation established and adopted the “Marubeni Group Governance Policy” in April, 2017 for group companies, and is advancing the dissemination and credentials of group governance.

Arteria Networks Corporation, a listed subsidiary of the Corporation, uses its own high-capacity optical fiber networks to provide cutting edge services to domestic corporations and condominiums in Japan. Arteria Networks Corporation, as a listed company, maintains a strong and transparent governance system. Meanwhile, the Corporation guarantees Arteria Networks Corporation’s ability to execute flexible decision making, and also believes that synergy creation between access to the Corporation’s customers and partners and the Arteria Networks Corporation’s network assets and cutting-edge services, and collaboration across a diversity of industries, including those in which the Corporation’s subsidiaries operate, are all connected to raising and optimizing corporate value for the entire Marubeni Group.

As consideration is given to Arteria Networks Corporation’s independence as a listed subsidiary, the “Marubeni Group Governance Policy” does not apply to them. However, avoiding a conflict of interest with Arteria Networks Corporation’s general stockholders, the Corporation gives appropriate guidance and advice as the parent company, propagates the appropriate level of governance as the Marubeni Group, and plans for the improvement and optimization of corporate value for the entire Marubeni Group.

Furthermore, in order to ensure effective governance policy building and execution, a written agreement was concluded between the Corporation and Arteria Networks Corporation. By virtue of this agreement, important information for internal controls is reported by Arteria Networks Corporation to the Corporation, and Arteria Networks Corporation receives opinions on these items from the Corporation in advance of decision making. Additionally, the Corporation provides Arteria Networks Corporation with support and guidance necessary for Arteria Networks Corporation’s internal controls system maintenance. It should be noted that advice and opinions by the Corporation to Arteria Networks Corporation as per the aforementioned agreement is not meant to be restrictive, but to be used as reference in Arteria Networks Corporation’s own final decision-making process, thereby guaranteeing autonomy. Arteria Networks Corporation maintains a governance policy that protects the interests of minority shareholders from unfair treatment through such measures as appointing independent outside directors and voluntarily establishing a Nomination and Remuneration Committee of which the majority of members are independent outside directors.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with auditors
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No upper limit has been set forth.
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairperson (except when also serving as President)
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kyohei Takahashi	From another company									△			
Yuri Okina	From another company												
Takashi Hatchoji	From another company									△			
Masato Kitera	Other												
Shigeki Ishizuka	From another company									○			
Hisayoshi Ando	Other												

\* Categories for "Relationship with the company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the company or its subsidiaries

b. Non-executive director or executive of a parent company of the company

c. Executive of a fellow subsidiary company of the company

d. A party whose major client or supplier is the company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the company besides compensation as a director/Audit & Supervisory Board Members

g. Major shareholder of the company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the company outside directors/ Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from the company (the director himself/herself only)  
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kyohei Takahashi	Yes	<p>Mr. Takahashi was an executive of Showa Denko K.K. There is a continuous transaction relationship between Showa Denko and the Corporation, in which the Corporation sells raw materials to Showa Denko and the Corporation purchases Showa Denko's products and so on. Net sales of the Corporation to Showa Denko for the three business years from FY 2018 to FY 2020 account for 0.02% of the consolidated revenue of the Corporation during said three-year period, whereas net sales of Showa Denko to the Corporation account for 0.09% of the consolidated revenue of the Corporation during said three-year period; both of these percentages are insignificant.</p>	<p>Mr. Takahashi has profound insight cultivated through involvement in corporate management at an international company. He vigorously stated opinions at meetings of the Board of Directors from a practical viewpoint. As an Outside Director of the Corporation, he has been providing advice to management and appropriately supervising business execution. He is also well-versed in corporate governance. As the chairperson of the Governance and Remuneration Committee, he demonstrated strong leadership in discussion on establishment of a governance structure etc. in order to enhance soundness, transparency, and efficiency of the Corporation's management.</p> <p>Because he is expected to continue to fulfill the role stated above and in view of the report by the Nomination Committee, the Board of Directors decided to reappoint him as a candidate for Outside Director, and then he was appointed as an Outside Director by resolution of the General Meeting of Shareholders.</p> <p>No personal, capital or transaction relationships between Mr. Takahashi and the Corporation result in conflicts of interest that could harm the interests of the general shareholders, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has</p>

			appointed him as an Independent Director stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.
Yuri Okina	Yes	Not applicable	<p>Ms. Okina has profound insight about economic and financial matters cultivated through her many years of research at a research institute. She also has experience as an outside officer at various companies, and experience based on extensive activities as a member of government committees, such as the Industrial Structure Council, the Financial System Council and the Tax Commission. She vigorously stated opinions at meetings of the Board of Directors from a specialist and multifaceted viewpoint. As an Outside Director of the Corporation, she has been providing advice to management and appropriately supervising business execution. Additionally, as the chair of the Nomination Committee since fiscal year 2021, she led discussion in order to enhance soundness, transparency, and efficiency of the Corporation's management.</p> <p>Because she is expected to continue to fulfill the role stated above and in view of the report by the Nomination Committee, the Board of Directors decided to reappoint her as a candidate for Outside Director, and then she was appointed as an Outside Director by resolution of the General Meeting of Shareholders.</p> <p>No personal, capital or transaction relationships between Ms. Okina and the Corporation existed in the past or exist currently, and she satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has appointed her as an Independent Director stipulated by the financial instruments exchanges and notified</p>



			the financial instruments exchanges of such appointment.
Takashi Hatchoji	Yes	<p>Mr. Hatchoji was an executive of Hitachi, Ltd. There is a continuous transaction relationship between Hitachi Ltd. and the Corporation in diverse areas, such as sales and purchases of products and construction contracts. Net sales of the Corporation to Hitachi, Ltd. for the three business years from FY 2018 to FY 2020 account for 0.01% of the consolidated revenue of the Corporation during said three-year period, whereas net sales of Hitachi, Ltd. to the Corporation account for 0.02% of the consolidated revenue of the Corporation during said three-year period; both of these percentages are insignificant.</p>	<p>Mr. Hatchoji has profound insight cultivated through his involvement in corporate management at an international company and has a wealth of experience in providing advice for and supervising business execution, serving as an outside officer of other companies. He was an Outside Audit &amp; Supervisory Board Member of the Corporation from June 2017 to June 2020 and has a good knowledge of the Corporation's business. He vigorously stated opinions at meetings of the Board of Directors from objective and specialist perspectives with an emphasis on practicality. As an Outside Director of the Corporation, he has been providing advice to management and appropriately supervising business execution. Additionally, he has been proactively expressing his opinions as a Nomination Committee member in order to enhance soundness, transparency, and efficiency of the Corporation's management and as an advisor to the Sustainability Management Committee to reinforce the sustainability promotion structure.</p> <p>Because he is expected to continue to fulfill the role stated above and in view of the report by the Nomination Committee, the Board of Directors decided to reappoint him as a candidate for Outside Director, and then he was appointed as an Outside Director by resolution of the General Meeting of Shareholders.</p> <p>No personal, capital or transaction relationships between Mr. Hatchoji and the Corporation result in conflicts of interest that could harm the interests of the general shareholders, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has</p>

			appointed him as an Independent Director stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.
Masato Kitera	Yes	Not applicable	<p>Mr. Kitera served in key positions in the government, mainly in the Ministry of Foreign Affairs. He has a wealth of international experience and profound insight concerning international affairs cultivated through his involvement in diplomacy. He also has in-depth understanding and experience related to diversity, which is indispensable in management of the Corporation. He vigorously stated opinions at meetings of the Board of Directors from objective and specialist perspectives in light of the rapidly changing world situation. As an Outside Director of the Corporation, he has been providing advice to management and appropriately supervising business execution. Additionally, he has been proactively expressing his opinions as a Governance and Remuneration Committee member in order to enhance soundness, transparency, and efficiency of the Corporation's management. Because he is expected to continue to fulfill the role stated above and in view of the report by the Nomination Committee, the Board of Directors decided to reappoint him as a candidate for Outside Director, and then he was appointed as an Outside Director by resolution of the General Meeting of Shareholders. No personal, capital or transaction relationships between Mr. Kitera and the Corporation existed in the past or exist currently, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has appointed him as an Independent Director stipulated by the financial instruments exchanges and notified</p>

			the financial instruments exchanges of such appointment.
Shigeki Ishizuka	Yes	Mr. Ishizuka is an executive of Sony Group Corporation (former Sony Corporation). There were no transactions between former Sony Corporation and the Corporation during the three business years from FY 2018 to FY 2020. He was also an executive of former Sony Imaging Products & Solutions Inc. and former Sony Electronics Corporation (both companies were integrated with current Sony Corporation). There were no transactions between these two companies and the Corporation during the three business years from FY 2018 to FY 2020.	Mr. Ishizuka has profound insight cultivated through his involvement in corporate management at an international company. As he has a background as a technology and development engineer, he has in-depth understanding and experience in the digital and IT fields, which are indispensable in management of the Corporation. He vigorously stated opinions at meetings of the Board of Directors from objective and specialist perspectives in light of the rapidly changing world situation. As an Outside Director of the Corporation, he has been providing advice to management and appropriately supervising business execution in order to enhance soundness, transparency, and efficiency of the Corporation's management. Because he is expected to continue to fulfill the role stated above and in view of the report by the Nomination Committee, the Board of Directors decided to reappoint him as a candidate for Outside Director. No personal, capital or transaction relationships between Mr. Ishizuka and the Corporation result in conflicts of interest that could harm the interests of the general shareholders, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit & Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has appointed him as an Independent Director stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.
Hisayoshi Ando	Yes	Not applicable	Mr. Ando served in key positions in the government and has profound insight about economic, industrial, and political trends in Japan and overseas. The Corporation expects him to provide advice to management and appropriately supervise business execution from objective and specialist perspectives

			<p>in light of the rapidly changing world situation in order to enhance soundness, transparency, and efficiency of the Corporation's management. In view of the above and the report by the Nomination Committee, the Board of Directors decided to appoint him as a new candidate for Outside Director, and then he was appointed as an Outside Director by resolution of the General Meeting of Shareholders. No personal, capital or transaction relationships between Mr. Ando and the Corporation existed in the past or exist currently, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth on II.3). Hence, the Corporation has appointed him as an Independent Director stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Governance and Remuneration Committee
All Committee Members	4	6
Full-time Members	1	2
Internal Directors	1	2
Outside Directors	3	2
Outside Experts	0	0
Other	0	2
Chairperson	Outside Director	Outside Director

Supplementary Explanation

- A voluntary committee equivalent to the Nomination Committee

- Nomination Committee (to be convened as necessary): The memberships of the committee are composed so as to ensure independence, as Independent Outside Directors/Audit & Supervisory Board Members constitutes the majority of the members and the committee is chaired by an Independent Outside Director as well. The Nomination Committee mainly deliberates on proposals regarding the selection of candidates of Director and Audit & Supervisory Board Member, proposals regarding the selection of the President for the next term, and successor plans formulated and operated by the President (including plans related to necessary qualities and requirements, successor candidate groups, and training), and reports to the Board of Directors. In FY 2021, two Committee meetings were held for deliberations regarding candidates of Director and Audit & Supervisory Board Member and successor plans, and all the Committee members attended all the meetings.

- Composition of Committee

Chairperson	Yuri Okina	Outside Director
Members	Masumi Kakinoki	President and CEO, Member of the Board
	Takashi Hatchoji	Outside Director
	Shigeki Ishizuka	Outside Director

- A voluntary committee equivalent to the Remuneration Committee

- Governance and Remuneration Committee (to be held as necessary): The memberships of the committee are composed so as to ensure independence, as Independent Outside Directors/Audit & Supervisory Board Members constitutes the majority of the members and the committee is chaired by an Independent Outside Director as well. The Governance and Remuneration Committee deliberates on the policy for determining remuneration for Directors and Executive Officers as well as appropriateness of the level of remuneration, and reports to the Board of Directors. In FY2021, five Committee meetings were held for deliberations regarding remuneration for Directors and Executive Officers, review of stock-based compensation plans, evaluation of the effectiveness of the Board of Directors, and disclosure of information on Directors/Audit & Supervisory Board Members. All Committee members attended all of the meetings.

- Composition of Committee

Chairperson	Kyohei Takahashi	Outside Director
Members	Masumi Kakinoki	President and CEO, Member of the Board
	Akira Terakawa	Senior Executive Vice President, Member of the Board
	Masato Kitera	Outside Director
	Tsuyoshi Yoneda	Outside Audit & Supervisory Board Member
	Yoichi Kikuchi	Outside Audit & Supervisory Board Member

- Committee members falling under “Other” in the committee composition are Outside Audit & Supervisory Board Members.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
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Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit has been set forth.
Number of Audit & Supervisory Board Members	5

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board Members and the Accounting Auditor are striving to grasp the audit status of each other through measures such as exchanging information at monthly meetings. The Corporation's Accounting Auditor for the FY through March 31, 2022 is Ernst & Young ShinNihon LLC. The Audit & Supervisory Board and the Audit Department, a department which performs internal audits, exchange opinions at monthly meetings and implement audit operations through close cooperation. In the FY ended March 31, 2022, the Audit & Supervisory Board met 16 times, and all Audit & Supervisory Board Members were present at all meetings of the Audit & Supervisory Board during their terms of office, excluding Mr. Kida, who was absent for 1 meeting.

Appointment of Outside Members of Audit & Supervisory Board	Appointed
Number of Outside Members of Audit & Supervisory Board	3
Number of Outside Members of Audit & Supervisory Board who are designated as an Independent Audit & Supervisory Board Members	3

#### Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsuyoshi Yoneda	Other													
Yoichi Kikuchi	Lawyer													
Shigeru Nishiyama	Professor													

\* Categories for "Relationship with the company"

- \* "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the company or its subsidiaries
- b. Non-executive director or accounting advisor of the company or its subsidiaries
- c. Non-executive director or executive of a parent company of the company
- d. Audit & Supervisory Board Members of a parent company of the company
- e. Executive of a fellow subsidiary company of the company
- f. A party whose major client or supplier is the company or an executive thereof
- g. Major client or supplier of the listed company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the company besides compensation as a director/Audit & Supervisory Board Members

- i. Major shareholder of the company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the company (which does not correspond to any of f, g or h) (the director himself/herself only)
- k. Executive of a company, between which and the company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- l. Executive of a company or organization that receives a donation from the company (the director himself/herself only)
- m. Others

Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tsuyoshi Yoneda	Yes	Not applicable	<p>Mr. Yoneda has a wealth of experience serving in key positions in the government from which he gained profound insight. He also has experience of serving as an outside officer of another company. As an Outside Audit &amp; Supervisory Board Member of the Corporation, he has been appropriately supervising management from objective and specialist perspectives in light of the rapidly changing world situation in order to enhance soundness, transparency, and efficiency of the Corporation's management. Additionally, he vigorously stated opinions as a Governance and Remuneration Committee member.</p> <p>In view of the above and the report by the Nomination Committee, the Board of Directors decided to reappoint him as a candidate for Outside Audit &amp; Supervisory Board Member, and then he was appointed as an Outside Director by resolution of the General Meeting of Shareholders.</p> <p>Further, no personal, capital or transaction-related relationships existed between Mr. Yoneda and the Corporation in the past or exist currently, he satisfies the requirements in the "Standards and Policies for the Independence of Outside</p>

			<p>Directors/ Audit &amp; Supervisory Board Members of the Corporation” (as set forth on II.3). Hence, the Corporation appointed him as an Independent Auditor stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.</p>
<p>Yoichi Kikuchi</p>	<p>Yes</p>	<p>Not applicable</p>	<p>Mr. Kikuchi has a wealth of experience in legal circles and excellent expertise and profound insight cultivated through his experience. The Corporation believes that he will appropriately fulfill duties as an Outside Audit &amp; Supervisory Board Member from a specialist, objective and neutral viewpoint in order to enhance soundness, transparency and efficiency in the Corporation’s management, by monitoring and supervising management, contributing to improvement of corporate governance and the enrichment of audits by the Audit &amp; Supervisory Board. In view of the above and the report by the Nomination Committee, the Board of Directors decided to appoint Mr. Kikuchi as a candidate for Outside Audit &amp; Supervisory Board Member, and then he was appointed as an Outside Audit &amp; Supervisory Board Member by resolution of the General Meeting of Shareholders. No personal, capital or transaction relationships between Mr. Kikuchi and the Corporation existed in the past or exist currently, and he satisfies the requirements in the “Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation” (as set forth on II.3). Hence, the Corporation appointed him as an Independent Auditor stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.</p>



Shigeru Nishiyama	Yes	Not applicable	<p>Mr. Nishiyama has a high degree of expertise and a wealth of experience in accounting and finance and profound insight cultivated through such experience, as well as abundant experience as outside director/auditor of various companies. The Corporation believes that he will appropriately fulfill duties as an Outside Audit &amp; Supervisory Board Member from a specialist, objective and neutral viewpoint in order to enhance soundness, transparency and efficiency in the Corporation's management in monitoring and supervision of management and contribute to improvement of corporate governance of the Corporation and enrichment of audits by the Audit &amp; Supervisory Board.</p> <p>In view of the above and the report by the Nomination Committee, the Board of Directors decided to appoint Mr. Nishiyama as a candidate for Outside Audit &amp; Supervisory Board Member, and then he was appointed as an Outside Audit &amp; Supervisory Board Member by resolution of the General Meeting of Shareholders. Further, no personal, capital or transaction-related relationships existed between Mr. Nishiyama and the Corporation in the past or exist currently, and he satisfies the requirements in the "Standards and Policies for the Independence of Outside Directors/ Audit &amp; Supervisory Board Members of the Corporation" (as set forth onII.3). Hence, the Corporation has appointed him as an Independent Director stipulated by the financial instruments exchanges and notified the financial instruments exchanges of such appointment.</p>
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**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	9
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Matters relating to Independent Directors/Audit & Supervisory Board Members
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The Corporation appoints all Outside Directors/Audit & Supervisory Board Members who satisfy the requirements for Independent Directors/Audit & Supervisory Board Members as Independent Directors/Audit & Supervisory Board Members.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration / Other
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Supplementary Explanation
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As described in “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” the remuneration of Directors other than Outside Directors (“Eligible Directors”) consists of basic remuneration, which is a fixed amount that is in accordance with the roles of the Eligible Directors, performance-linked remuneration, which is linked to consolidated business results in the previous fiscal year, additional pay and personal evaluation pay, and shares with restriction on transfer subject to market-capitalization-based exercisability conditions (“Performance Share Units”). Form of payment consists of cash, shares with restriction on transfer (“Restricted Stock”) and Performance Share Units.

Performance based compensation:

If the “sum of 50% of consolidated net income (profit attributable to the owners of the parent) and 50% of core operating cash flow in the previous business year” is below 100 billion yen, performance-linked remuneration is made 0, and if it is 100 billion yen or more, it is made an amount calculated by multiplying the amount of base annual compensation by a multiplication factor that proportionally increases (an increase of approximately 2% per increase of 5 billion yen). In order to achieve a balanced format for compensation that is linked with the Corporation’s performance, up to FY2018, only consolidated net income (profit attributable to owners of the parent) for the previous business year was used as an indicator. From FY2019 the “sum of 50% of consolidated net income (profit attributable to owners of the parent) and 50% of core operating cash flow in the previous business year” is used an indicator, and the aim of this is to further strengthen alignment between the compensation system and the management targets of the previous Medium-Term Management Strategy “GC2021.” As for consolidated net income (profit attributable to owners of the parent) and core operating cash flow in FY2021, which were used for the calculation of performance-linked remuneration in FY2022, the target value of each at the beginning of the year (announced on May 6, 2021) was 230 billion yen and 350 billion yen. The actual value was 424.3 billion yen and 570.5 billion yen.

Stock-Based Compensation:

Beginning in FY2021, the Corporation has introduced Restricted Stock and Performance Share Units (the “Plan”) to Eligible Directors. The purpose of the Plan is to give the Eligible Directors an incentive to work to sustainably enhance the corporate value of the Corporation in the medium to long term, thereby enhancing future market value, and promoting greater value sharing with shareholders.

1. Restricted Stock

20% of the base annual remuneration and performance-based compensation is granted as Restricted Stock to the Eligible Directors with a certain no transfer period. An Eligible Director may not transfer, create security interest over, or otherwise dispose of the Corporation’s common shares which were allotted to them under the Allotment

Agreement during the period from the day the shares were allotted to them under the Allotment Agreement until immediately after the time the Eligible Director resigns or retires from their position as Director, Executive Officer, or other officer or employee of the Corporation or the Corporation's subsidiary that the Corporation's Board of Directors designates. The purpose of the no transfer period is to promote greater value sharing with shareholders in the medium to long term.

## 2. Performance Share Units

Up to 1.5 times an amount equivalent to 10% of base annual compensation is allotted as Performance Share Units on top of the base compensation. Performance Share Units refers to the Corporation's common shares that the Corporation will issue to Eligible Directors (or dispose of) in accordance with the achievement of targets linked to market value growth rate and other performance indicators predetermined by the Corporation's Board of Directors.

Recipients of Stock Options	—
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Supplementary Explanation
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## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation
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(a) The total of remuneration and other payments for Directors and Audit & Supervisory Board Members in the FY ended March 31, 2021 are as follows:

Category	Number of recipients	Amount of payment (Millions of yen)	Breakdown (Millions of yen)				
			Basic compensation*	Performance-based compensation*	Shares with restriction on transfer	Shares with restriction on transfer subject to market-capitalization-based exercisability conditions	
Directors	Internal Directors	7	892	390	296	158	48
	Outside Directors	6	101	101	—	—	—
	Total	13	993	491	296	158	48
Audit & Supervisory Board Members	Internal Audit & Supervisory Board Members	3	80	80	—	—	—
	Outside Audit & Supervisory Board Members	3	51	51	—	—	—
	Total	6	131	131	0	0	0

\*The amounts presented for "basic compensation" and "performance-based compensation" are the total amounts of cash compensation and do not include "shares with restriction on transfer."

Note 1. The amounts less than 1 million yen are rounded off.

Note 2. By resolution of the General Meeting of Shareholders, the maximum annual amount of remuneration for Directors has been set at “1,100 million yen (including 120 million yen for Outside Directors)” (by resolution of the 96th Ordinary General Meeting of Shareholders held on June 19, 2020, with 11 Directors related to the decision [including five Outside Directors]), the maximum monthly remuneration for Audit & Supervisory Board Members has been set at “12 million yen” (by resolution of the 88th Ordinary General Meeting of Shareholders held on June 22, 2012, with 5 Directors related to the decision).

Note 3. The Corporation introduced the Restricted Stock and Performance Share Unites in FY2021. The total amount of remuneration and other payments used for Restricted Stock and Performance Share Units will be within the above amount specified for remuneration and other payments for Directors, with the amount for Restricted Stock capped at a maximum of 180 million yen per year, and Performance Share Units capped at a maximum of 120 million yen per year.

Note 4. The Corporation abolished the retirement remuneration plan at the close of the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007, and resolved on making a final payment of retirement remuneration accompanying the abolishment of the retirement remuneration plan. In accordance with the resolution, the Corporation decided to pay retirement remuneration to each Director who is eligible to receive the final payment either at the time of retirement as Director or at the time of retirement as Executive Officer, whichever is later, and to each Audit & Supervisory Board Member who is eligible to receive the final payment at the time of retirement as Audit & Supervisory Board Member. In the FY ended March 31, 2020, retirement remuneration which paid to Directors/Audit & Supervisory Board Members who are eligible to receive a final payment in relation to the abolition of the Retirement Remuneration plan was 0.

(b) Individuals to whom the total amount of compensation paid exceeded 100 million yen in the FY ended March 31, 2022 are as follows:

Name	Category of position	Category of company	Amount of payment	Basic compensation	Performance-based compensation	(Millions of yen)	
						Shares with restriction on transfer	Shares with restriction on transfer subject to market-capitalization-based exercisability conditions
Fumiya Kokubu	Director	Submitting company	172	72	59	32	10
Ichiro Takahara	Director	Submitting company	120	51	41	22	7
Masumi Kakinoki	Director	Submitting company	205	87	70	37	11

Akira Terakawa	Director	Submitting company	100	47	32	16	5
Mutsumi Ishizuki	Director	Submitting company	108	48	35	19	6

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The maximum total remuneration shall be determined for all Directors by resolution at a General Meeting of Shareholders. The Governance and Remuneration Committee chaired by an Outside Director/Audit & Supervisory Board Member, with the majority of its members consisting of Outside Directors/Audit & Supervisory Board Members, deliberates on the policies for compensation decisions and the appropriateness of the compensation levels, and provides reports to the Board of Directors. The remuneration amount is determined by resolution of the Board of Directors. The remuneration of Directors other than Outside Directors consists of basic remuneration, which is a fixed amount that is in accordance with the roles of the Directors, performance-linked remuneration, which is linked to consolidated business results in the previous fiscal year, additional pay, and personal evaluation pay, Performance Share Units. Additional Pay consists of director bonuses and representative director bonuses, and personal evaluation pay consists of an organization performance evaluation and a qualitative evaluation. For the organization performance evaluation, the evaluation item is whether the consolidated net income target is achieved or not. The amount in which the organization performance evaluation is reflected is calculated by multiplying base annual compensation by the ratio determined by the Board of Directors corresponding to the achievement/non achievement of the target. Qualitative evaluation takes into consideration business results in the fiscal year, medium- to long-term contributions (such as efforts and initiatives for new value creation toward the future) and other such measures. The amount in which qualitative evaluation is reflected is calculated by multiplying base annual compensation by a ratio which has been determined by the Board of Directors to reflect the qualitative evaluation. Concerning the individuals' evaluation-based compensation, the President who is the chief executive officer is judged to be most suitable for conducting qualitative evaluation and the Board of Directors has given President & CEO Masumi Kakinoki the authority for the said evaluation (hereinafter referred to as the "qualitative evaluation by the President"). In order to ensure appropriate exercise of this authority, the ratio to reflect the qualitative evaluation by the President is within the range determined by the Board of Directors.

The performance-based compensation is described in the above Incentive Policies for Directors, all of whom are independent from business execution, consists entirely of base annual compensation, and does not include performance-linked remuneration.

#### [Supporting System for Outside Directors and/or Independent Audit & Supervisory Board Members]

System for supporting Outside Directors: The General Managers of Corporate Planning & Strategy Department and Legal Department explain all the agenda items for the Board of Directors Meeting in advance, and secretaries are assigned to support in daily communication, etc. with Outside Directors as in the case with other Directors.

System for supporting Outside Audit & Supervisory Board Members: The General Managers of Corporate Planning & Strategy Department and Legal Department explain all the agenda items for the Board of Directors Meeting in advance, and the Audit & Supervisory Board Member's Office supports in daily communication, etc. with the Outside Audit & Supervisory Board Members as in the case with other Audit & Supervisory Board Members.

**[Status of Those Who Retired as President and CEO, etc.]**

Name, etc. of Advisors, Counselors, etc. Who Are Former President and CEO, etc.					
Name	Title	Duties	Working form, conditions (Full-time, part-time, compensation, etc.)	Date of retirement as President, etc.	Term
Toru Tsuji	Honorable Corporate Advisor	None	Part-time, no compensation	March 2008 (Retirement as Chairman of the Board)	Not set
Nobuo Katsumata	Honorable Corporate Advisor	None	Part-time, no compensation	March 2013 (Retirement as Chairman of the Board)	Not set
Teruo Asada	Honorable Corporate Advisor	External activities	Part-time, compensation	March 2019 (Retirement as Chairman of the Board)	March 2023

Number of Advisors, Counselors, etc. Who Are Former Presidents and CEOs, etc.	3
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Matters relating to Former Presidents and CEOs, etc.

- The Corporation abolished the advisor system on April 1, 2019. (It has been decided by the meeting of Board of Directors on June 22, 2018.)
- The Corporation may appoint a Corporate Advisor, who would not engage in business execution but will engage in activities in the business community and activities with high social significance.
- The President appoints those who retired as officers of the Corporation as Corporate Advisors. When those who have retired from the posts of Chairman or President of the Corporation are appointed to the post of Corporate Advisor, they are called Honorable Corporate Advisors.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration**

The details of the organizations of the Corporation are as follows:

### **(a) Board of Directors**

The Board of Directors comprises 10 Directors (including six Outside Directors; 9 males and one female), and makes decisions regarding management policy and other important matters and supervises the execution of duties by Directors. To clearly segregate management and execution, in principle, the Chairman of the Board, who does not have representative rights or the authority for business execution, serves as the chair of Board of Directors Meetings.

### **(b) Audit & Supervisory Board**

The Audit & Supervisory Board comprises five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members). The Corporation adopts a corporate audit governance system and each of Audit & Supervisory Board Members is responsible for overseeing Directors in the execution of their duties by attending important meetings, such as the Board of Directors Meetings, and by monitoring business activities and financial conditions in accordance with the auditing policies and plans set by the Audit & Supervisory Board.

### **(c) Corporate Management Committee**

The Corporate Management Committee has been established as an advisory committee for the President, and consists of three Representative Directors including the President, two Senior Managing Executive Officer, three Managing Executive Officers, and one Executive Officer. It deliberates management-related policies and company-wide important matters.

### **(d) Committee of Chief Operating Officers**

The members of the Committee of Chief Operating Officers are the President, the Representative Directors, Chief Operating Officers, and Regional CEOs and COOs appointed by the President. They discuss matters pertaining to budgeting, account settlement and financial planning as well as other issues related to the execution of business.

### **(e) Committee of Executive Officers**

The Committee of Executive Officers consists of 39 Executive Officers (three of whom also serve as Director), and it communicates management policies issued by the President and other information, and gives reports on matters that affect business execution such as financial performance and the results of internal audits.

Further, the Corporation has established various committees as an organization directly under the President for dealing with important matters related to business execution and internal control, etc.. Main committees and their roles are as follows:

- Investment and Credit Committee (once a week as a rule, 22 times in FY 2021)

The committee discusses projects subject to the internal approval (“Ringi”). Chairman of Investment and Credit Committee makes decisions on proposals to be submitted to the Corporate Management Committee through discussions in Investment and Credit Committee.

- Compliance Committee (four times a year, as a rule, and whenever necessary, 4 times in FY 2021)

The committee provides enlightenment activities such as training as well as establishment, maintenance and management of the compliance system of the Marubeni Group.

- Sustainability Management Committee (once a year, as a rule, and whenever necessary, 4 times in FY 2021)

The committee deals with the identification and periodic review of “Materiality” which takes into account the ESG (environmental value, social value and governance) point of view as it pertains to business fields as a whole and also deliberates matters related to sustainability, including ESG support and report it to the Board of Directors.

- Internal Control Committee (held as necessary, 3 times in FY 2021)

The committee confirms and reviews status of formulation and operation of basic internal control policy in accordance with the Companies Act, drafts their revision proposals, develops and operates system and evaluates effectiveness regarding financial reporting in accordance with the Financial Instruments and Exchange Act and prepares internal control report drafts.

- Disclosure Committee (held as necessary, 13 times in FY 2021)

The committee formulates principles and basic policy drafts regarding disclosure, establishes and improves the internal system regarding statutory disclosure and timely disclosure and judges the significance and appropriateness regarding statutory disclosure and timely disclosure.

Moreover, the status of holding the Corporation’s organization and committee meetings in the FY ended March 31, 2022 is as follows: in the said FY, the Board of Directors met 17 times to make decisions regarding execution of duties by the Corporation and all members of the Board of Directors were present at all meetings during their terms of office. At the same time, the Board of Directors received reports regularly from Directors to supervise their execution of duties. In FY2021, the Board of Directors mainly deliberated as below:

- The Medium-Term Management Strategy “GC2024” (Business Environment, Green Strategy, Improving Profitability, Marubeni Group HR Strategy, Capital Allocation Policy, Shareholder Returns Policy, etc.)
- Investment and financing projects (share transfer of subsidiary, which owns oil and gas fields in the UK North Sea; development of a floating offshore wind farm in Scotland; and the reorganization of Gavilon and transfer of Gavilon's shares)
- Financial results and other finance related matters (share repurchases, etc.), remuneration for Directors/Audit & Supervisory Board Members
- Evaluation of the effectiveness of the Board of Directors, internal control related matters, and how to enhance the corporate governance system (to respond to revisions to Japan's Corporate Governance Code, etc.).

The Audit & Supervisory Board met 16 times to formulate audit policy and plan and report audit results. In accordance with the auditing policies and plans, each Audit & Supervisory Board member audited Directors’ execution of duties by attending the Board of Directors Meetings and other important meetings and investigating the status of operation and assets. The Corporate Management Committee met 35 times and discussed and made decisions regarding management-related policies and company-wide important matters. In addition, the Committee of Chief Operating Officers met 3 times, and the Committee of Executive Officers met 2 times.

The status of measures related to enhancement of the functions of the Audit & Supervisory Board Members

- (1) Human resources and system supporting the Audit & Supervisory Board Members



The Corporation has in place the Audit & Supervisory Board Member's Office (4 dedicated staff members as of April 1<sup>st</sup>, 2022) to support the Audit & Supervisory Board Members, which work together with the Audit Department (87 people as of April 1<sup>st</sup>, 2022) directly under the President and the Accounting Auditor, ensuring the human resources and systems for supporting the audits by the Audit & Supervisory Board Members.

(2) Knowledge regarding finance and accounting

The following Audit & Supervisory Board Members are judged to have considerable knowledge regarding finance and accounting as described below:

(Audit & Supervisory Board Member Mr. Hikaru Minami)

Mr. Minami served as Managing Executive Officer, Member of the Board; CAO; Senior Operating Officer, Audit Dept. Hence, he has considerable knowledge about finance and accounting.

(Audit & Supervisory Board Member Mr. Shigeru Nishiyama)

Mr. Nishiyama is a certified public accountant and a professor of Waseda Business School (Graduate School of Business and Finance). Hence, he has considerable knowledge about finance and accounting.

In order to enable each of the Outside Directors, namely Messrs. Kyohei Takahashi, Ms. Yuri Okina, Messrs. Takashi Hatchoji, Masato Kitera, Shigeki Ishizuka, Hisayoshi Ando and each of Outside Audit & Supervisory Board Members, who are Messrs. Tsuyoshi Yoneda, Yoichi Kikuchi and Shigeru Nishiyama to fully perform his or her duty as Outside Director or Outside Audit & Supervisory Board Member, the Corporation has entered into an agreement with each of them in which the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act is limited to the sum of the amounts specified in each item of Article 425, Paragraph 1 of the Companies Act, if he or she has acted in good faith and without gross negligence in performing his or her duties.

### **3. Reasons for Adoption of Current Corporate Governance System**

The Corporation conducts a diverse range of business globally. Accordingly, the Corporation has established a corporate governance model of a company with auditors in which the Board of Directors consisting of Internal Directors and Outside Directors in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management. The Corporation has determined that this governance model is functioning effectively as set forth in items (a) and (b) below. Therefore, the Corporation will retain the current governance structure.

(a) Rapid and efficient decision-making

The Corporation ensures rapid and efficient decision-making by appointing Directors who serve concurrently as Executive Officers and are well-versed in the Corporation's diverse business activities.

(b) Appropriate supervisory functions

The Corporation ensures appropriate supervisory functions by implementing various measures. These include appointing Outside Directors that account for the majority of candidates for the Board of Directors; establishing the Audit & Supervisory Board Member's Office; fostering collaboration among the Audit & Supervisory Board Members, the Audit Department, and the Accounting Auditor; and carrying out advance briefings, on the same occasion, on matters referred to the Board of Directors for both Outside Directors and Outside Audit & Supervisory Board Members.

The Corporation sets forth the roles and functions of Outside Directors and Outside Audit & Supervisory Board Members as follows:

(a) Introduction of diverse outside perspectives

Vitalize the Board of Directors and Audit & Supervisory Board by receiving advices and recommendations based on profound insight and expertise cultivated in his or her professional field, and useful opinions from a perspective independent of the corporate culture and custom of the Corporation.

(b) Enhancement of check and supervisory functions

Enhance the function of check and supervision over Representative Directors through discussions and decision-making that are based on fair and clear logics and standards convincing to those Outside Directors and Outside Audit & Supervisory Board Members.

(c) Check of conflict of interest

In a situation where conflict of interests exists between the management and stakeholders including shareholders, check whether the management is executing their duties fairly by fully taking into consideration the interest of the stakeholders.

The Corporation appoints Outside Directors and Outside Audit & Supervisory Board Members based on the Standards and Policies for the Independence of Outside Directors/Audit & Supervisory Board Members of the Corporation so as to facilitate Outside Directors and Outside Audit & Supervisory Board Members to appropriately exercise the above roles and functions.

<Standards and Policies for the Independence of Outside Directors/Audit & Supervisory Board Members of the Corporation>

The Corporation shall determine that a person who is an Outside Director or Audit & Supervisory Board Member is not independent if he or she currently falls, or in the past three business years has fallen, under any of the following times 1 to 7, as well as any provision of the standards for independence set forth by the Tokyo Stock Exchange, on which the Corporation's stock is listed.

1. A major shareholder of the Corporation (who directly or indirectly holds 10% or more of the voting rights in the Corporation) or an executive person thereof\*.
2. An executing person of a lender, from which the borrowed amount exceeds 2% of the Corporation's consolidated total assets.
3. An executing person of a business partner with which the transaction amount exceeds 2% of the Corporation's consolidated revenue.
4. A representative partner or a partner of the auditing firm that is the Accounting Auditor of the Corporation.
5. A person who receives money from the Corporation of which the value exceeds 10 million yen per business year, which derives from a business consultancy and/or an advisory agreement.
6. A person who belongs to an organization that has received a donation from the Corporation of which the amount exceeds 10 million yen per business year.

7. A Director/Executive Officer/Audit & Supervisory Board Member among the executing persons of the Corporation and its subsidiaries, as well as a coresident or relative within the second degree of kinship of such Director/Executive Officer/Audit & Supervisory Board Member.

Even if a person falls under any of the items 1 to 7 above, if the Corporation judges that said person substantially maintains his or her independence, the Corporation shall explain and disclose the reason for his or her election as a candidate for Outside Director/Audit & Supervisory Board Member.

\*An “executing person” refers to an Executive Director, an Executive Officer, an employee or any other personnel.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Will have been sent about three weeks ahead of a General Shareholder Meeting.
Scheduling AGMs Avoiding the Peak Day	Held by avoiding the peak day.
Allowing Electronic Exercise of Voting Rights	The Corporation utilizes a system operated by the administrator of shareholders' register.
Participation in Electronic Voting Platform	The Corporation uses the voting platform for institutional investors by ICJ.
Providing Convocation Notice in English	English translations of the convocation notice, business report, financial statements, and so on are posted on the Corporation's website on or before the date of sending out the convocation notice.
Other	<p>The Corporation is also implementing the following measures to vitalize General Shareholders Meetings and ensure smooth exercising of voting rights.</p> <ul style="list-style-type: none"> <li>• Post the convocation notice, business report and financial statements on the Corporation's website ahead of sending them to the shareholders</li> <li>• Live distribution of the General Shareholder Meetings on the Internet</li> <li>• On-demand distribution of the reporting items on the day of the General Shareholders Meeting on the Internet</li> </ul>

#### 2. IR Activities

	Supplementary Explanations	Explanation by the representative
Preparation and Publication of Disclosure Policy	The basic policies regarding information disclosure and policies regarding IR activities are posted on the Corporation's website. It also stipulates the Disclosure Committee Regulations to inculcate its thorough awareness in the Corporation.	
Regular Investor Briefings for Individual Investors	About twice briefings a year held for individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	In addition to quarterly earnings briefings (including conference calls), the management holds regular meetings for securities analysts and institutional investors. (The President or Director in charge of IR explains at these meetings.)	Yes
Regular Investor Briefings for Overseas Investors	English translations of materials used in quarterly earnings briefings (including conference calls) are posted on the Corporation's website. Management holds regular meetings for overseas investors. (The President or Director in charge of IR explains overview of business results and business outlook at these meetings.)	Yes
Posting of IR Materials on Website	Business results information, integrated reports, shareholder reports, quarterly reports, annual securities reports, earnings result briefing materials, the convocation notice of General Shareholders	

	Meetings, and business operation materials are posted on the Corporation's website.	
Establishment of Department and/or Manager in Charge of IR	The Corporation appoints a Director in charge of IR and has in place the IR Section, Finance Department as a division in charge of IR.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Described in 1. of I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.
Implementation of Environmental Activities, CSR Activities etc.	<p>In each field of CSR including environment, the Corporation is engaged in a wide range of activities.</p> <p>&lt;Creation of environmental and social values through business activities&gt;  In FY2018, the Corporation established the Sustainability Management Committee. Outside Directors and Outside Audit &amp; Supervisory Board Members are appointed as advisors, providing the system an external point of view. In April 2019, as part of system strengthening, the Chair of the Sustainability Management Committee was made the Chief Sustainable Development Officer, and the Sustainability Management Department was newly established. Furthermore, Sustainability Leaders and Sustainability Managers overseeing sustainability management were appointed at each organization, and thus the entire group is working together to push forward initiatives regarding sustainability. The details of such activities are introduced in the Integrated Report issued every year.</p> <p>&lt;Social contribution activities, etc.&gt;  The Corporation has been actively promoting social contribution activities by supporting the activities of the social welfare corporation, Marubeni Foundation, established in 1974 with donations from the Corporation. For details of the activities, please see the following URL on the Corporation's website.  <a href="https://www.marubeni.com/en/sustainability/contribution/">https://www.marubeni.com/en/sustainability/contribution/</a></p>
Development of Policies on Information Provision to Stakeholders	The Marubeni Corporate Principles and the Compliance Manual stipulate proactive, timely and appropriate information disclosure to the society in general including stakeholders and they are disclosed.
Other	<p>In its Medium-Term Management Strategy "GC2024", the Corporation has set diversity as an element of the Group HR Strategy, where promoting the growth and success of the Marubeni Group's human capital is the source of our corporate value. The Corporation will further promote the development of a corporate culture and workplace that encourages the active participation of diverse human capital.</p> <p>The Corporation also is promoting work-life management as an infrastructure for employees with various backgrounds to produce results. Aiming to achieve "sustainable career development" and "sustained performance" regardless of life stage or attribute, the Corporation is developing measures so that employees can use necessary systems when they are needed. To view the status of these various systems, please refer to the following (in Japanese only):  <a href="https://www.marubeni.com/jp/sustainability/social/diversity/pdf/seido_riyou.pdf">https://www.marubeni.com/jp/sustainability/social/diversity/pdf/seido_riyou.pdf</a></p> <p>&lt;Striving to Understand and Promote Diversity&gt;</p>

During FY2021, “Marubeni Diversity Days” were held over five days under the themes of the importance of diversity, unconscious bias, people with disabilities, multicultural co-creation, and LGBTQ, providing an opportunity for all employees to consider diversity from various aspects. In addition to these events, the Corporation will continue its efforts to understand and promote diversity in the future.

#### <Appointing Women to Managerial Positions>

In the second phase of its five-year action plan (phase 2) enacted on April 1, 2021, the Corporation set four quantitative targets, including increasing the ratio of women in all career-track positions to at least 15% (11.9% as of October 1, 2021) and the ratio of women in all management positions to at least 10% (7.5% as of October 1, 2021), by the end of March 2026. The Corporation is focusing on “strengthening the comprehensive HR pipeline from the hiring of women to female employee career development,” “continuing to strengthen health management and workstyle reforms that contribute to improved productivity,” and “building a corporate culture and workplace that leverages the strengths of diverse individuals.”

Action Plan for Empowering Female Employees (in Japanese only):

[https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202103251414514613827\\_1.pdf](https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202103251414514613827_1.pdf)

In addition, in conjunction with International Women’s Day, the Corporation is making group-wide efforts to foster a corporate culture that supports the activities of women by holding Marubeni International Women’s Day since 2017 and doing initiatives such as providing a message from the CEO at this event. For details of each measure, please refer to the following website:

<https://www.marubeni.com/en/sustainability/social/diversity/>

#### <Appointing Foreign Nationals to Management Positions>

As of March 2022, the Corporation has approximately 60 non-Japanese employees, of which 30 are in managerial positions. Going forward, the Corporation will ensure diversity in managerial and core positions in accordance with the Marubeni Group HR Strategy. Having a large number of group companies in various countries and regions, the Marubeni Group has an array of human capital, diverse in terms of nationality and other aspects of identity, who play an active role in their respective workplaces and contribute to the enhancement of the Group's corporate value.

#### <Appointing Mid-Career Hires to Management Positions>

The Corporation is diversifying its human capital hiring processes and implementing career vision hiring, which is a job-based hiring system targeting newly graduated and early-career applicants, in addition to conventional mid-career hiring.

Mid-career recruits accounted for 22.5% of its total hires for the fiscal year ended March 31, 2022, and as of October 2021, mid-career hires accounted for 17.7% of management positions. The Corporation’s mid-career hiring is based on the needs of the workforce, and although the Corporation does not have a numerical target, it will continue to promote diversity in management and core human capital in accordance with the Marubeni Group HR Strategy.

#### <Other Initiatives>

In order to further promote the activities of its senior human capital, the Corporation introduced a continued employment scheme and established the Career Counselling Section within the Human Resources Department. Additionally, the Corporation has enhanced measures to support senior careers in the personnel management reform for the fiscal year ended March

31, 2021. For another initiative, the Corporation disclosed in “GC2021 >> DX,” its DX strategy released in February 2021, a series of programs designed to develop and enhance our digital human resources infrastructure.

•Health and productivity management and workstyle reforms

The Corporation has positioned maintaining and promoting employee health as a top management priority. The Corporation continuously rolls out various initiatives such as improving health literacy, strengthening countermeasures against cancer and lifestyle diseases, and strengthening mental health measures.

Furthermore, to promote and support autonomous work styles that will allow the Corporation’s diverse human capital to create new value, the Corporation utilizes the “Work Anywhere” system, which allows employees to do remote work from places other than the main office. The aim of this is to help prevent the spread of COVID-19 and to raise the performance of the entire organization by pursuing best mix of working at the office and “Work Anywhere”.

## **IV. Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and the Progress of System Development**

In accordance with the Companies Act and the Regulation for Enforcement of the Companies Act, the Corporation has established a basic policy for systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of company's operations (hereinafter referred to as the "Basic Internal Control Policy") as described below.

#### <Basic Internal Control Policy>

The Corporation seeks to steadily increase and maximize corporate value through business activities that are in accordance with its Company Creed and Management Philosophy\*, and to build a stable and sustainable group business foundation. To this end, the Corporation, in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act, establishes the policy described below (hereinafter referred to as the "basic internal control policy") to ensure that all business activities of Corporation and the business group (hereinafter referred to as the "Marubeni Group") made up of Corporation and all Marubeni Group companies (Corporation's consolidated subsidiaries and companies deemed as equivalent to subsidiaries; the same shall apply hereinafter) are conducted appropriately. The Corporation regularly reviews the basic internal control policy in response to changes in social conditions so as to realize a system that is more appropriate and efficient.

\*Company Creed: Fairness (To be fair and bright)

Innovation (To be active and innovative)

Harmony (To respect each other and cooperate)

Marubeni 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."

1. System necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

(1) Corporate governance

1- Directors and Board of Directors

The Board of Directors, in accordance with laws and regulations and the Articles of Incorporation, sets the important matters related to management and supervises the execution of duties by Directors. To clearly segregate execution and supervision, the Chairman of the Board without representative rights and the authority for business execution, as a rule, chairs the Board of Directors Meetings. Executive Directors execute business operations decided by the Board of Directors, in accordance with the laws, regulations and Articles of Incorporation and report the situation of their



duty execution to the Board of Directors once every three months or more often. The term of office of Directors is one year to clarify management responsibility and flexibly build optimum management structure in response to changing management environment. The Corporation appoints Outside Directors to ensure effectiveness of corporate governance. The Corporation adopts the executive officer system to improve efficiency of business execution, and it takes a system where its Group CEOs and its CDIO participate in the company's overall management and instruct, supervise, support, and manage the overall operation of the respective business divisions in charge by complying with the company's management policy.

## 2- Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members audit execution of duties by the Directors in accordance with the Rules of the Audit & Supervisory Board and the Standards for Audit by the Audit & Supervisory Board Members by exercising their statutory authority in collaboration with the Audit Department and Accounting Auditor.

## (2) Compliance

### 1- Compliance system

The Corporation sets forth code of conduct common for the Marubeni Group such as Marubeni Corporate Principles and Compliance Manual for its Directors and Executive Officers (hereinafter referred to as the "officers") and employees to practice corporate activities in accordance with compliance. To achieve the goal, it establishes various committees including Compliance Committee and takes various measures.

### 2- Internal whistle-blowing system

To provide for a situation in which a person learns of a questionable act from the perspective of compliance and the organizational reporting line does not function for some reason, the Corporation establishes the following compliance reporting and consulting points for the entire Marubeni Group.

#### (a) Marubeni Hotline (Compliance Committee line and external legal counsel line)

The Compliance Access Point for general compliance matters for the Marubeni Group.

#### (b) Marubeni Anti-Corruption Hotline

The Compliance Access Point for concerns relating to bribery and other serious crimes involving the Marubeni Group and its business partners.

### 3- Blocking relationship with anti-social forces

The Corporation will stand firm against anti-social activities and forces to social order and public security, and will never form or foster relationships with any organization that poses such threats.

## (3) Internal audit

The Corporation establishes the Audit Department as an organization directly under the President to study the appropriateness of duty execution by executing persons and compliance status, and implements internal audits through the Audit Department and company-wide self-inspections with support, cooperation, and advisement from the Audit Department. The result of internal audit is reported to the Board of Directors on a regular basis.

#### (4) Disciplinary actions

When the execution of duty by an officer or employee results in violation of law or regulation, the Corporation shall seek judgement of the Governance and Remuneration Committee, an advisory committee to the Board of Directors with the majority of members being Outside Directors/Audit & Supervisory Board Members, in the case of an officer, and the Award and Disciplinary Committee in the case of an employee and take strict actions in accordance with relevant regulations.

### 2. Systems to preserve and manage information related to the execution of duties by Directors

#### (1) Preservation and management of information and prevention of information leakage

Based on the Regulation for Management of Information Assets, the Corporation sets forth the assets subject to storage, storage period and employees in charge of managing the information regarding information related to execution of duties by officers and employees to develop a system to store and manage information and prevent information leakage.

#### (2) Browsing information

The officers and Audit & Supervisory Board Members may browse such information assets at all time.

### 3. Internal regulations for the risk management of losses and other related systems

#### (1) Principle of authority and duties

Officers and employees with titles are given necessary authority for executing their duties based on the resolution by the Board of Directors and the Regulation of Authority and Duties and manage risks associated with execution of duties within the given scope and take responsibility for the result.

#### (2) Approval system

Individual projects such as important investment are deliberated by the Investment and Credit Committee, submitted to the Corporate Management Committee and approved by the President based on the Regulations of Job Authority and Ringi Approval Procedure Regulations. However, in the case of any special provisions set forth in these regulations applying, such special provisions shall take precedence in application. They become subject of approval by the Board of Directors depending on laws and regulations, Articles of Incorporation and the importance of the project. The progress of important projects such as a new business is required to be reported on a regular basis to the Corporate Management Committee to strengthen individual risk management.

#### (3) Risk evaluation

Risk management such as credit risk, country risk, market risk, foreign exchange and interest rate risk, investment risk, etc. shall be conducted under the management policy and rules for each risk. In addition, the Corporation continues to implement integrated risk management in order to grasp the amount of risk to which the Marubeni Group

is exposed. The Corporation implements management of qualitative risks including reputation risks and information security risks, which are difficult to quantify, through enhancement of compliance structure.

#### (4) Emergency management

In preparation for occurrence of a serious issues such as a natural disaster, epidemics of infectious diseases and situations in which the Tokyo Head Office loses its ability to function, the Corporation formulates a business continuity plan. When a serious situation actually occurs, the Corporation establishes an emergency task force with the President as the head based on the said plan and makes decisions on and implement concrete measures to limit the damage and loss to the minimum.

### 4. Systems necessary to ensure the efficient execution of duties by Directors

#### (1) Management policy, management strategy and management plan

To ensure efficient execution of duties by Directors, the Corporation sets forth goals shared by all officers and employees at the Marubeni Group such as management policy, management strategy and management plan and instill them, while establishing concrete targets which individual officers and employees should implement for achieving the goals.

#### (2) Corporate Management Committee

To ensure efficient execution of duties, the Corporation establishes the Corporate Management Committee and deliberates on the highest-order policy regarding management and important company-wide matters.

#### (3) Business Group and Corporate Staff Group

The Corporation delegates authority to Group CEOs, the CDIO, and Division COOs to create a system that enables swift decision-making regarding jurisdictional products in Japan and abroad. Further, the Corporate Staff Group manages, checks and supports the Business Group in each specialized fields to enable efficient execution of duties.

#### (4) Clarification of authorities, duties and responsibilities

The Board of Directors decide Directors in charge and clearly stipulates of each officer's and each employee's roles, authorities, responsibilities and rules for decision making in various regulations.

### 5. Systems necessary to ensure the appropriateness of operations by the Group

#### (1) Marubeni Group operation structure

The Corporation shall stipulate necessary systems including a system for appropriate reporting to the Corporation regarding managers in charge of grasping business status of Marubeni Group companies, giving instructions and supervising, guidelines regarding the management system of Marubeni Group companies and execution of duties by Directors etc. of each Marubeni Group company, a system regarding appropriate management of risk of losses at Marubeni Group companies, a system for ensuring efficient execution of duties by Directors, etc. of Marubeni Group

companies and a system for ensuring Marubeni Group companies' compliance with laws and regulations in order to enhance internal control of the entire Marubeni Group, improve business performance and progress management. Marubeni Group companies shall ask for advice from the Corporation regarding important management-related matters and report to the Corporation.

#### (2) Compliance

The Compliance Committee and other committees shall support and give guidance regarding compliance activities by Marubeni Group companies. Marubeni Hotline and Marubeni Anti-Corruption Hotline shall be available for officers and employees of all Marubeni Group companies.

#### (3) Development of system for ensuring appropriateness of financial reporting and safeguarding of assets

Marubeni Group shall develop, through activities, etc. of the Internal Control Committee, necessary systems for ensuring reliability and continuous monitoring of financial reporting such as consolidated financial statements as well as a system for ensuring appropriate acquisition, storage and disposal of assets held by Marubeni Group companies. It shall also establish the Disclosure Committee and develop a necessary system for information disclosure in an appropriate and timely manner.

#### (4) Audit

The Audit Department carries out visiting audit at Marubeni Group companies and reports the result to the Board of Directors. The Audit & Supervisory Board Members and Accounting Auditor independently carry out audit or accounting audit at Marubeni Group companies.

6. Matters concerning employees assisting the duties of Audit & Supervisory Board Members, and matters concerning the independence of these employees from Directors

##### (1) Establishment of Audit & Supervisory Board Member's Office

The Corporation establishes the Audit & Supervisory Board Member's Office and appoints dedicated staff members to assist in the duties of the Audit & Supervisory Board Members.

##### (2) Personnel affairs of the Audit & Supervisory Board Member's Office staff

The Officer in charge of personnel affairs shall implement personnel affairs of the Audit & Supervisory Board Member's Office (personnel changes, evaluation, disciplinary actions, etc.) by hearing the opinions of the Audit & Supervisory Board Members in advance and upon receiving their consent.

7. Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems for reports to Audit & Supervisory Board Members

##### (1) The Audit & Supervisory Board Members attending important meetings

The Audit & Supervisory Board Members shall attend the Board of Directors Meetings and receive reports from Directors on execution of duties and other important matters and also attend the Corporate Management Committee and other important meetings.

(2) Reporting by officers and employees to the Audit & Supervisory Board Members

The President holds meetings with the Audit & Supervisory Board Members on a regular basis, reports on execution of duties and exchange opinions. Other Directors, Group CEOs, the CDIO, Division COOs and Corporate Staff Group General Managers report their duty execution status to the Audit & Supervisory Board Members every year. Officers immediately report to the Audit & Supervisory Board Members when they discover that there is a concern that the Corporation will suffer significant damage. The Corporation develops a system for Directors, Audit & Supervisory Board Members and employees of Marubeni Group companies, or those who received a report from them, to report directly or indirectly to the Audit & Supervisory Board Members. Notwithstanding the above, the Audit & Supervisory Board Members may seek report from officers and employees whenever necessary. The Corporation has in place a system to ensure that the person who made a report to the Audit & Supervisory Board Members would not be treated unfairly at the Corporation or Marubeni Group companies because of the concerned report.

8. Other systems necessary to ensure effective audits by Audit & Supervisory Board Members

(1) Collaboration with the Audit Department, Accounting Auditor and Audit & Supervisory Board Members of Marubeni Group companies

The Audit & Supervisory Board Members receive respective audit plans in advance from the Audit Department and Accounting Auditor, hold regular meetings to exchange opinions regarding audit policy and audit result reports. The Audit & Supervisory Board Members collaborate with Audit & Supervisory Board Members of Marubeni Group companies through Group Auditor Liaison Meeting and exchange information regarding the development of internal control at each company and their operations.

(2) Appointment of external experts

The Audit & Supervisory Board Members can appoint lawyers, certified public accountants, and other external advisors when they deem it necessary.

(3) Audit-related expenses

The Corporation shall pay expenses arising from the execution of duties by the Audit & Supervisory Board Members, including the cost of having external experts described above in response to request by the Audit & Supervisory Board Members, through a prescribed procedure and allocate for it in budget.

## **2. Basic Views on Eliminating Anti-Social Forces**

The Corporation's basic policies for eliminating anti-social forces and the status of their improvement are as follows:

<The Basic policy for eliminating anti-social forces>

The Corporation's basic policy towards eliminating anti-social forces is to stand firm against anti-social activities and forces threats to the social order and public security and will never form or foster relationships with any organization that poses such threats.

<Status of development towards elimination of anti-social forces>

The Corporation clearly states its basic policy towards elimination of anti-social forces (an official term used by the Japanese government to refer to organized crime) in the Basic Internal Control Policy and has been implementing measures to block relationship with anti-social forces based on the Marubeni Corporate Principles and the Compliance Manual. The Corporation encourages the introduction of a contract clause for the purpose of eliminating anti-social forces (in other words, an organized crime elimination clause) and is working with external advisors on improving its systems for taking quick action against unexpected events, including creating a policy for eliminating anti-social forces and responding to wrongful demands.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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Nothing particular to be mentioned.

### 2. Other Matters Concerning to Corporate Governance System

Corporate Governance System:

The Corporation aims to realize more appropriate and efficient system by constantly reviewing its corporate governance system in response to changes in the society. Please refer to Figure 1 for Corporate Governance System of the Corporation.

Specialty and experience of Members of the Board and Audit & Supervisory Board Members:

Please refer to Figure 2 for Specialty and experience of Members of the Board and Audit & Supervisory Board Members (skill matrix).

Overview of Timely Disclosure:

#### 1. Purpose

The Corporation has a basic policy on information disclosure to all our stakeholders, including investors, regarding the appropriate disclosure of information concerning the Marubeni Group. Please refer to Figure 3 for information on the disclosure system.

#### 2. Basic Policy of Disclosure

The following is the Corporation's basic policy when it discloses information.

##### (1) Complying with Relevant Laws and Regulations

Comply with relevant laws such as Financial Instruments and Exchange Act and Companies Act and regulations of stock exchanges.

##### (2) Timeliness

Disclose in a timely manner without delay any facts which should be disclosed are found.

##### (3) Transparency

Always disclose factual information regardless of its content.

##### (4) Accuracy

Disclose necessary and sufficient information without creating misunderstanding.

##### (5) Integrity • Fairness

Consistently disclose information by a method which is equally accessible to stakeholders, while giving full consideration to prevent any selective disclosure.

##### (6) Continuity

Maintain continuity of content of disclosed information.

## **(7) Confidentiality**

No information is to be leaked to a third party before an official disclosure is made.

### 3. Information Subject to Disclosure

This basic policy applies to the following information disclosure.

#### **(1) Statutory Disclosure**

i Disclosure in accordance with Financial Instruments and Exchange Act

- Disclosure of corporate information (securities reports, quarterly reports, internal control reports and extraordinary reports, etc.)
- Disclosure of tender offer (tender offer notification and position statements, etc.)
- Disclosures related to ownership of a large volume of shares (large shareholding reports and holdings change reports, etc.)
- Disclosures based on Fair Disclosure Rule

ii Disclosure in accordance with Companies Act (notices of ordinary general meeting of shareholders, financial statements, consolidated financial statements, business reports and supplementary schedules, etc.)

#### **(2) Timely Disclosure**

Disclosures in accordance with regulations of stock exchanges

- Decision Information (issuance of stock, acquisition of own stock, dividends, mergers, demergers, stock swap, business transfer, acquisitions, business alliances and takeover bids, etc.)
- Occurrence Information (loss or damage caused by disaster, filing of lawsuits or court decisions, bad debts, suspension of trade with business partners, etc.)
- Earnings Information (content of financial results, revision of earnings and dividends forecasts, etc.)
- Information on Subsidiaries
- Information on Corporate Governance

#### **(3) Voluntary Disclosure**

Integrated Reports/Annual Reports, Shareholders' Reports, Medium-Term Management Strategy, etc.

### 4. Disclosure Committee

The Corporation's Disclosure Committee has been set up in order to construct, maintain and manage a proper information disclosure system. The committee is chaired by a representative Director nominated by the President, and operates under the direct control of the President. The committee formulates general rules and basic policies for disclosure, constructs and adjusts the company structure concerning statutory disclosure and timely disclosure, and also assesses the significance and validity of statutory disclosure and timely disclosure.

### 5. Other

#### **(1) Dealing with Rumors in the Market**



As a general rule, the Corporation does not comment on inquiries regarding rumors in the market. However, if it is determined that there may be a significant impact on the Corporation caused by ignoring a specific rumor, appropriate action will be taken, such as issuing voluntary news releases.

**(2) Handling of Information Related to Forecasts and Future Projections**

In order to enable investors to make appropriate assessments of the Corporation’s business and future performance, information related to business result forecasts and other future projections will be accompanied by a forward-looking statements disclaimer to clearly indicate that the actual future results may differ.

Figure 1: Corporate Governance System

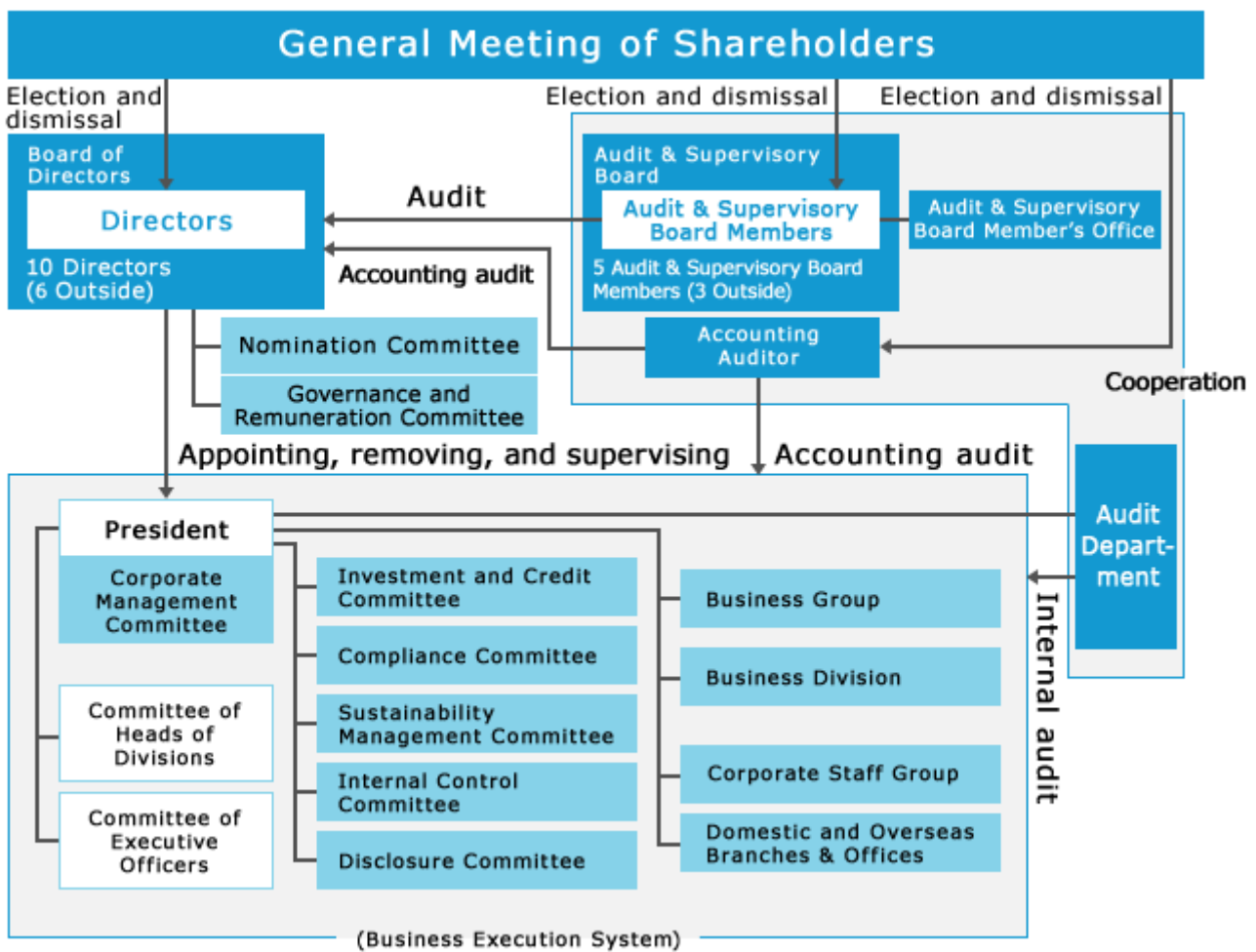


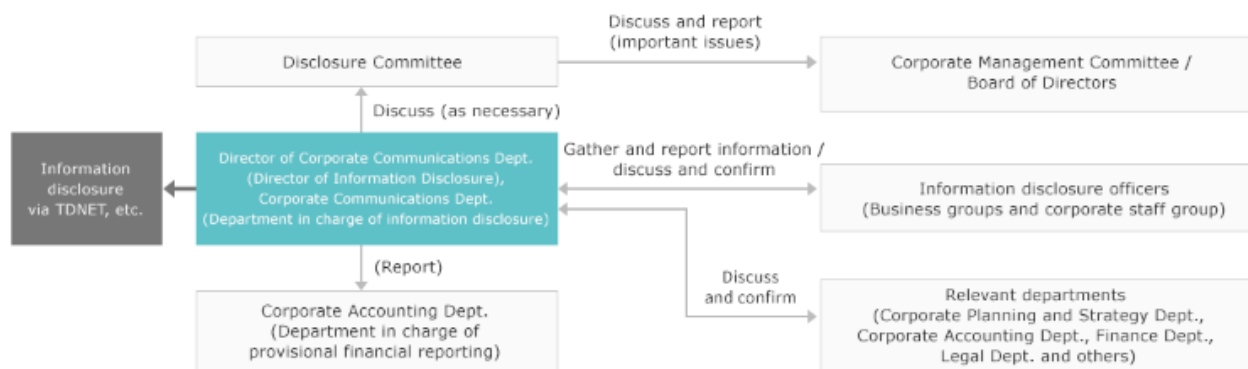
Figure 2: Specialty and experience of Members of the Board and Audit & Supervisory Board Members

Name	Position	No. of years in office (cumulative No. of years in office)	Corporate management	Finance and accounting	Legal, compliance and risk management	Digital/IT	International experience	Public institutions
Fumiya Kokubu	Chairman of the Board	10 years (11 years and 9 months)	○				○	
Masumi Kakinoki	President and CEO, Member of the Board	4 years (4 years and 9 months)	○				○	
Akira Terakawa	Senior Executive Vice President, Member of the Board	1 year (3 years)	○				○	
Takayuki Furuya	Managing Executive Officer, Member of the Board	2 years	○	○			○	
Kyohei Takahashi	Outside Director	6 years 2 years as Outside Audit & Supervisory Board Member*1	○				○	
Yuri Okina	Outside Director	5 years		○		○	○	○
Takashi Hatchoji	Outside Director	2 years 3 years as Outside Audit & Supervisory Board Member*1	○			○	○	
Masato Kitera	Outside Director	2 years					○	○
Shigeki Ishizuka	Outside Director	1 year	○			○	○	
Hisayoshi Ando	Outside Director	—					○	○
Hikaru Minami	Full-time Audit & Supervisory Board Member	3 years 3 years as Member of the Board*2	○	○	○		○	
Toshiaki Kida	Full-time Audit & Supervisory Board Member	1 year			○		○	
Tsuyoshi Yoneda	Outside Audit & Supervisory Board Member	5 years			○	○		○
Yoichi Kikuchi	Outside Audit & Supervisory Board Member	2 years			○		○	○
Shigeru Nishiyama	Outside Audit & Supervisory Board Member	2 years		○			○	

\*1 Number of years served as Outside Audit & Supervisory Board Member of the Corporation before assuming office as Member of the Board

\*2 Number of years served as Member of the Board of the Corporation before assuming office as Audit & Supervisory Board Member

Figure 3: Information Disclosure System



### (1) Information Gathering Process

Officers responsible for information disclosure will make efforts to gather information. If any information requiring timely disclosure is grasped, the officer will report it to the Corporate Communications Department (department in charge of information disclosure).

The Corporate Communications Department reports all information requiring timely disclosure to the Corporate Accounting Department who is in charge of provisional financial reporting.

### (2) Analysis and Decision Process

The necessity to disclose information is discussed and confirmed with the relevant divisions and departments.

If necessary, the matter is discussed by the Disclosure Committee.

Important matters are discussed by the Corporate Management Committee and/or Board of Directors.

### (3) Disclosure Process

After obtaining approval by director of the Corporate Communications Department (and after being resolved by the Corporate Management Committee and/or the Board of Directors on important matters), timely disclosure information is submitted to securities exchanges via TDNET. Statutory disclosures excluding disclosures based on Fair Disclosure Rules are provided via EDINET. The information that is disclosed in accordance with Fair Disclosure Rules is posted on the Corporation website.

## **Section 1: Securing the Rights and Equal Treatment of Shareholders**

### **General Principle 1**

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

The Corporation promptly discloses information in order to secure the effective equal treatment of all shareholders and to contribute to the securing of shareholder rights and the appropriate exercise of rights, and endeavors to develop an environment for exercising their rights. For details, please refer to the respective principles and supplementary principles in Principles 1.1 through 1.7.

### **Principle 1.1 Securing the Rights of Shareholders**

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

The Corporation provides information necessary to fully secure shareholder rights including the smooth exercise of voting rights through prompt and timely disclosure of information using its website, etc. For the development of an environment for the exercise of voting rights, please refer to Supplementary Principles 1.2.4.

#### **Supplementary Principles 1.1.1**

When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

The Corporation analyzes the reasons and considers the need for a response when a considerable number of votes have been cast against a proposal by the Corporation, with the aim of grasping the intentions of shareholders at General Meetings of Shareholders and reflecting such intentions in its management and in dialogue with shareholders.

#### **Supplementary Principles 1.1.2**

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

The Corporation delegates certain matters requiring resolution of General Meeting of Shareholders to the Board of Directors, including the acquisition of treasury shares and dividends of surplus, based on a

resolution of the General Meeting of Shareholders and the provisions in the Corporation's Articles of Incorporation. The Corporation has passed a resolution at meetings of the Board of Directors on the Basic Internal Control Policy regarding a system for ensuring that the execution of duties by Directors conforms to laws and regulations and the Articles of Incorporation. The Corporation has appointed five Independent Outside Directors, and has developed a system in which corporate governance functions adequately. Dividends of surplus are determined by the Board of Directors in May, and the Corporation gives consideration to the agile payment of dividends prior to the General Meeting of Shareholders and to promptly providing dividends to shareholders.

### **Supplementary Principles 1.1.3**

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

The Corporation gives adequate consideration to rights granted to shareholders, including the preparation of manuals for administrative procedures so that the Corporation can respond appropriately and smoothly to requests from shareholders to inspect or copy statutory held documents, and the Corporation has developed a system to ensure that shareholders are not impeded from exercising such rights.

### **Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings**

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

The Corporation recognizes that General Meetings of Shareholders are an opportunity for constructive dialogue with shareholders, and makes efforts to develop an appropriate environment for exercising such rights, giving adequate consideration to the shareholders' perspective. For details, please refer to Supplementary Principles 1.2.1 through 1.2.5.

### **Supplementary Principles 1.2.1**

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

The Corporation appropriately discloses information in reference materials for General Meetings of Shareholders, timely disclosures and news releases on its website. Important matters are discussed in the Disclosure Committee before disclosure. For disclosures of English translations, please refer to Supplementary Principles 1.2.4.

### **Supplementary Principles 1.2.2**

While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet\*1 or on the company's website.

The Corporation sends convocation notice approximately one week prior to the statutory deadlines

(approximately three weeks prior to the date of a General Meeting of Shareholders) and discloses such notice on its website and on the Tokyo Stock Exchange website approximately ten days prior to sending the notice.

\*1 TDnet: The Tokyo Stock Exchange operates a real-time internet service (Timely Disclosure network) which distributes the information provided by listed companies on a timely basis in accordance with its listing rules.

### **Supplementary Principles 1.2.3**

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Corporation convenes a General Meeting of Shareholders avoiding the peak day on which many companies hold shareholders meeting. Furthermore, the Corporation gives adequate consideration to the capacity of the venue so that the Corporation can accommodate a large number of shareholders.

### **Supplementary Principles 1.2.4**

Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

The Corporation uses an electronic voting platform, translates convocation notice into English, and publishes such notice on its website. In addition, the Corporation has also developed an environment that allows voting rights to be exercised by a variety of means, including exercising voting rights by attending a general shareholder meeting, in writing or via the Internet.

### **Supplementary Principles 1.2.5**

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

Shareholders with voting rights recorded in the list of shareholders on the record date are shareholders entitled to exercise voting rights, and at present, the Corporation does not allow beneficial shareholders to attend General Meeting of Shareholders as there is no way to confirm their authenticity. However, the Corporation is in consultation with trust banks, etc. that it approves attendance and exercising of voting rights by beneficial shareholders, if the Corporation receives a request to attend a General Meeting of Shareholders in advance of a meeting, and if the Corporation is able to confirm that the party making the request is making it based on proper grounds as a beneficial shareholder.

### **Principle 1.3 Basic Strategy for Capital Policy**

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

The Corporation announces its quantitative targets including its Net D/E ratio and ROE and its dividend policy in Medium-Term Management Strategy “GC2024,” following a resolution of the Board of Directors.

## **Principle 1.4 Cross-Shareholdings**

When companies hold shares of other listed companies as cross-shareholdings\*2, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

<Policy on the Holding and Reduction of Cross-Shareholdings (Listed General Investment Shares\*3)>

The Corporation conducts diversified business activities in a wide range of fields through its networks both in Japan and abroad and believes that the cooperative partnerships with various companies are indispensable. The Corporation reviews the significance of the individual cross-shareholdings every year based on a comprehensive examination of quantitative aspects (ratio of investment gains and losses to the acquisition cost compared and evaluated against the Corporation's weighted average cost of capital) and qualitative aspects (maintenance and strengthening of relationships with investee companies by retaining cross-shareholdings), which is then investigated by the Board of Directors. If the significance of the cross-shareholding is not established as a result of the review, the Corporation, in principle, sells the shares, and reports on such sale to the Board of Directors.

In FY 2021, the Corporation's shareholdings other than non-listed shares decreased by 9 issues, resulting in the number of issues held as of the end of March 2022 totaling 58 (133,436 million yen in sum total reported in the balance sheet). For details, please refer to the shareholding status information in the Corporation's Annual Securities Report for the fiscal year ended March 31, 2022 (page 90).

<Standard on Exercising Voting Rights for Cross-Shareholdings (Listed General Investment Shares)>

The Corporation makes comprehensive judgements based on, for example, the investee company's mid-to long-term corporate value improvements when exercising voting rights of listed shares held as cross-shareholdings.

\*2 Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

\*3 General investment shares refer to investment shares held for a purpose other than net investment.

### **Supplementary Principle 1.4.1**

When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

The Corporation does not hinder the sale of shares by implying that it will reduce existing business transactions when a cross-shareholders indicate their intention to sell their shares.

### **Supplementary Principle 1.4.2**

Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

The Corporation does not engage in transactions with cross-shareholders which may harm its interests or the common interests of the corporation's shareholders such as continuing transactions without carefully examining the underlying economic rationale.

### **Principle 1.5 Anti-Takeover Measures**

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku*<sup>3</sup> should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Corporation has no plans to introduce anti-takeover measures.

#### **Supplementary Principle 1.5.1**

In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

If a tender offer is made for the Corporation's shares, the Corporation will promptly disclose the position of the Board of Directors to shareholders. The Corporation does not take measures to unreasonably prevent shareholders from responding to the tender offer that contribute to maximizing the corporate value of the Corporation and common interests of shareholders.

### **Principle 1.6 Capital Policy that May Harm Shareholder Interests**

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku*<sup>\*4</sup> should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

If the Corporation engages in a capital policy that results in the change of control or significant dilution (including share offerings and management buyouts), the Corporation promptly discloses the necessity and rationale, provides sufficient explanations to shareholders as necessary, and ensures that appropriate procedures are taken.

<sup>\*4</sup> *Kansayaku*: A Company with *Kansayaku* Board is a system unique to Japan in which certain governance functions are assumed by the board, *kansayaku* and the *kansayaku* board. Under this system, *kansayaku* audit the performance of duties by directors and the management and have investigation power by law.

### **Principle 1.7 Related Party Transactions**

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.



The Corporation receives prior approval from the Board of Directors for competing transactions by a Director, self-dealing transactions and conflict-of-interest transactions between the Corporation and a Director, and the Corporation informs the Board of Directors if the said transaction is implemented. The Corporation's policy is to implement transactions with a major shareholder (a shareholder who holds 10% or more shares in the Corporation) following a resolution of the Board of Directors, having excluded Directors with an interest in the transaction from the resolution and deliberations.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### General Principle 2

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

The Corporation recognizes the importance of cooperating with all stakeholders, including shareholders, for the Corporation's sustainable growth and improvements in mid- to long-term corporate value. The Board of Directors and management are working to appropriately cooperate with all stakeholders based on the Corporation's Management Philosophy. The Corporation is also taking enterprising and proactive measures to address sustainability issues. For its Management Philosophy and initiatives in the area of sustainability, please refer to Supplementary Principle 2.3.1.

### Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid-to Long-Term

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid-to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

The Corporation discloses its Management Philosophy in annual securities reports, corporate governance reports, integrated reports, and on its website, etc.

“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.”

### Principle 2.2 Code of Conduct

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

The Corporation informs all its stakeholders and discloses the Company Creed, Management Philosophy and the Marubeni Corporate Principles (which consist of six items set as basic rules of conduct for employees) in annual securities reports, corporate governance reports, integrated reports, and on the Corporation's website, etc.

### Supplementary Principle 2.2.1

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

The Corporation obtains an oath from all executives and employees each year regarding adherence to the Marubeni Corporate Principles and Compliance Manual. The status of compliance activities is timely reported by Directors in charge to the Board of Directors and reviewed by the Board of Directors.

### **Principle 2.3 Sustainability Issues, Including Social and Environmental Matters**

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

The Corporation takes appropriate measures to address sustainability issues, including social and environmental matters. For initiatives in the area of sustainability, please refer to Supplementary Principle 2.3.1.

#### **Supplementary Principle 2.3.1**

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid- to long-term.

The Marubeni Group operates in consonance with its Management Philosophy: being a corporate group proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities, in accordance with the spirit grounded in the Company Creed of “Fairness, Innovation and Harmony.” The Marubeni Group's Management Philosophy is a clear presentation of its approach to sustainability - for the Marubeni Group, sustainability is none other than about putting the Management Philosophy in practice by preemptively addressing challenges to the environment and society and providing solutions.

The Corporation believes that climate change, deforestation, human rights issues, etc. loom as significant challenges threatening the sustainability of the Earth's environment and of societies and that an act of clarifying, and carrying out, mid- to long-term corporate policies for addressing those challenges will create not only economic value but also environmental and social value and will thereby lead directly to a higher corporate value at large.

It was in such conviction that the Marubeni Group established a Sustainability Management Committee and identified three categories of Fundamental Materiality and four categories of Environmental and Social Materiality in April 2018 with the aim of enhancing its efforts to achieve sustainable improvement of its corporate value.

A representative Director of the Corporation heads the Sustainability Management Committee and Outside Directors/ Audit & Supervisory Board Members are appointed as advisors, providing the system an external point of view. 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 its ESG risk management and compatibility with society. In April 2019, as part of system strengthening, the Chair of the Sustainability Management Committee was made the Chief Sustainable Development Officer, and the Sustainability Management Department was newly established. Furthermore, Sustainability Leaders and Sustainability Managers overseeing sustainability management were appointed at each organization, and thus the entire group is working together to push forward initiatives regarding sustainability. For information on the creation of environmental and social values through business activities, please see the following URL on the Corporation's website.

[https://www.marubeni.com/en/ir/reports/integrated\\_report/](https://www.marubeni.com/en/ir/reports/integrated_report/)

Aware of the importance of disclosing climate-related financial information, the Marubeni Group also expressed an endorsement of the TCFD Recommendations in February 2019 and is working to comprehend “opportunities” and “risks” brought by climate change and enhance its information disclosures. On March 9, 2021, the Corporation made public its action plan toward 2030 in the “Marubeni Long-Term Vision on Climate Change” with the aim of making the Group's GHG emissions net zero by 2050. For details, please refer to Supplementary Principle 3.1.3.

Furthermore, the Corporation announced “GC2024” in February 2022 and has set “Green Strategy” as one of its basic policies. Through sustainability-related initiatives such as decarbonization, transitioning to a circular economy, safeguarding water resources and bio-diversity, and respecting human rights, the Corporation aims to solve social issues and sustainably enhance its corporate value.

## **Principle 2.4 Ensuring Diversity, Including Active Participation of Women**

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

In the “Marubeni Group HR Strategy” of the Medium-Term Management Strategy “GC2024,” the Corporation aims to progress the “Marubeni HR Ecosystem” based on the concepts of “Human Capital with High Social Value,” “Diversity & Inclusion,” and a “Culture of Individual Development and Productivity” in order to realize the “Global crossvalue platform.” With a focus on “the active contribution and development of diverse human capital,” the Corporation is working on driving diversity management, including promoting the participation of women. For details, please refer to Supplementary Principle 2.4.1.

### **Supplementary Principle 2.4.1**

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

In its Medium-Term Management Strategy “GC2024,” the Corporation has set diversity as an element of the Group HR Strategy. The Corporation will further promote the development of a corporate culture and workplace that encourages diverse human capital to contribute.

The Corporation also is promoting work life management as an infrastructure for employees with various backgrounds to produce results. Aiming to achieve “sustainable career development” and “sustained performance” regardless of life stage or attribute, the Corporation is developing measures so that employees can use necessary systems when they are needed.

To view the status of these various systems, please refer to the following (in Japanese only):  
[https://www.marubeni.com/jp/sustainability/social/diversity/pdf/seido\\_riyou.pdf](https://www.marubeni.com/jp/sustainability/social/diversity/pdf/seido_riyou.pdf)

#### <Striving to Understand and Promote Diversity>

During FY2021, “Marubeni Diversity Days” were held over five days under the themes of the importance of diversity, unconscious bias, people with disabilities, multicultural co-creation, and LGBTQ, providing an opportunity for all employees to consider diversity from various aspects. In addition to these events, the Corporation will continue its efforts to understand and promote diversity going forward.

#### <Appointing Women to Managerial Positions>

In the second phase of its five-year action plan (phase 2) enacted on April 1, 2021, the Corporation set four quantitative targets, including increasing the ratio of women in all career-track positions to at least 15% (11.9% as of October 1, 2021) and the ratio of women in all management positions to at least 10%

(7.5% as of October 1, 2021), by the end of March 2026. The Corporation is focusing on “strengthening the comprehensive HR pipeline from the hiring of women to female employee career development,” “continuing to strengthen health management and workstyle reforms that contribute to improved productivity,” and “building a corporate culture and workplace that leverages the strengths of diverse individuals.”

Action Plan for Empowering Female Employees (in Japanese only):

[https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202103251414514613827\\_1.pdf](https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202103251414514613827_1.pdf)

In addition, in conjunction with International Women’s Day, the Corporation is making group-wide efforts to foster a corporate culture that supports the activities of women by holding Marubeni International Women’s Day since FY2017 and doing initiatives such as providing a message from the CEO at this event. For details of each measure, please refer to the following website:

<https://www.marubeni.com/en/sustainability/social/diversity/>

#### <Appointing Foreign Nationals to Management Positions>

As of March 2022, the Corporation has approximately 60 non-Japanese employees, of which 30 are in managerial positions. Going forward, the Corporation will ensure diversity in managerial and core positions in accordance with the Marubeni Group HR Strategy. Having a large number of group companies in various countries and regions, the Marubeni Group has an array of human capital, diverse in terms of nationality and other aspects of identity, who play an active role in their respective workplaces and contribute to the enhancement of the Group’s corporate value.

#### <Appointing Mid-Career Hires to Management Positions>

The Corporation is implementing career vision hiring, which is a job-based hiring system targeting newly graduated and early-career applicants, in addition to conventional mid-career hiring.

Mid-career recruits accounted for 22.5% of its total hires for the fiscal year ended March 31, 2022, and as of October 2021, mid-career hires accounted for 17.7% of management positions. The Corporation’s mid-career hiring is based on the needs of the workforce, and although the Corporation does not have a numerical target, it will continue to promote diversity in management and core human capital in accordance with the Marubeni Group HR Strategy.

#### <Other Initiatives>

In order to further promote the activities of its senior human capital, the Corporation introduced a continued employment scheme and established the Career Counselling Section within the Human Resources Department. Additionally, the Corporation has enhanced measures to support senior careers in the personnel management reform for the fiscal year ended March 31, 2021. For another initiative, the Corporation disclosed in “GC2021 >> DX,” its DX strategy released in February 2021, a series of programs designed to develop and enhance our digital human resources infrastructure.

### **Principle 2.5 Whistleblowing**

Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

The Corporation has established a whistleblowing system consisting of a “Marubeni Hotline” (as a compliance consultation point for the group) and a “Marubeni Anti-Corruption Hotline” (specialized consultation point for serious crimes such as bribery). The number of consultations is reported to the Board of Directors, and the system is set up so that it can be monitored by the Board of Directors.

### **Supplementary Principle 2.5.1**

As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors\*1 and outside *kansayaku*\*2). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

In addition to the internal whistleblowing system, as part of the whistleblowing system, the Corporation has established an independent external legal counsel hotline at an attorney's office. Through internal regulations the Corporation has established a framework to prevent whistleblowers being subject to disadvantageous treatment.

\*1 Outside director: A director who satisfies certain requirements such as not holding specific positions, including the position of executive director, in the company or its subsidiaries (Article 2, Paragraph 15 of the Companies Act). Furthermore, matters such as not holding a specific position in the parent company or other subsidiaries and not having specific kinship ties with controlling shareholders will be also required for outside directors after the 2014 amendments to the Companies Act.

\*2 Outside *kansayaku*: A *kansayaku* who satisfies certain requirements such as not holding specific positions, including the position of director, in the company or its subsidiaries (Article 2, Paragraph 16 of the Companies Act). Furthermore, matters such as not holding a specific position in the parent company or other subsidiaries and not having specific kinship ties with controlling shareholders will be also required for outside *kansayaku* after the 2014 amendments to the Companies Act.

### **Principle 2.6 Roles of Corporate Pension Funds as Asset Owners**

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

The Corporation consigns the management of corporate pension to the Marubeni Corporate Pension Fund. The Marubeni Corporate Pension Fund organization consists of a Board of Trustees as the decision-making body, an Executive Board as the executive body, Auditors as the internal audit organization, and a Secretariat. A Pension Asset Management Committee has been established as an advisory body to the Marubeni Corporate Pension Fund. The fund is being operated in line with a Basic Management Policy and a Policy Asset Composition Ratio that have been formulated for the management of the Marubeni Corporate Pension Fund. Each organization is outlined below:

(Board of Trustees)

The Board of Trustees consists of an even number of trustees, half of whom are elected trustees selected by the Corporation and half of whom are mutually elected trustees elected mutually from among the parties insured under the Marubeni Corporate Pension Fund. A resolution by the Board of Trustees is necessary to change the Marubeni Corporate Pension Fund byelaws or policies.

(Executive Board)

The Executive Board consists of an even number of executives, half of whom are elected executives and half of whom are mutually elected executives mutually elected from among the elected trustees and the mutually elected trustees. Furthermore, the Executive Board mutually elects a chairperson from among the elected executives who represents the fund and governs the fund operations. The Executive Board executes its work based on resolutions by the Board of Trustees.

(Auditors)

There are two auditors, one elected auditor and one mutually elected auditor who are mutually elected from among the elected trustees and mutually elected trustees.

(Secretariat)

The Fund's secretariat consists of a managing director, an operating executive director, an administrative director, and general staff. The managing director is nominated by the chairperson of the Executive Board, and he or she carries out daily work together with the administrative director and general staff. Furthermore, the operating executive director is a member of staff who executes work relating to the management and operation of the pension asset who is nominated by the chairperson from among the executives with the consent of the Executive Board. At present, the managing director of the Marubeni Corporate Pension Fund also serves as the operating executive director.

(Pension Asset Management Committee)

The Pension Asset Management Committee comprised of the Directors responsible for both the Finance and Human Resources Departments, members selected from both the Finance and Human Resources Departments, the Corporate Accounting Department, and some members of the Business Department, and the managing director of Marubeni Corporate Pension Fund. The criteria for selecting members includes being responsible for pension work, and having a deep understanding of asset management, and so on. The Pension Asset Management Committee prepares quarterly management reports for the Marubeni Corporate Pension Fund and discusses fund management policies.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### General Principle 3

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

The Corporation is aware that information disclosure is an important management issue and is aware that the proper disclosure of information is important for obtaining understanding from stakeholders such as shareholders. Given this awareness the Corporation endeavors to actively disclose non-financial information, such as information relating to business strategies, business issues, risks, and governance. For details, please refer to Principle 3.1 and Supplementary Principles 3.1.1 through 3.1.3.

### Principle 3.1 Full Disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- i) Company objectives (e.g., business principles), business strategies and business plans;
- ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;
- iii) Board policies and procedures in determining the remuneration of the senior management and directors;
- iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and
- v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

i) <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.

<Management strategy and plan>

Please refer to the Medium-Term Management Strategy “GC2024” formulated based on the above spirit on the Corporation’s website.

Medium-Term Management Strategy GC2024

[https://www.marubeni.com/en/company/plan/pdf/gc2024\\_en.pdf](https://www.marubeni.com/en/company/plan/pdf/gc2024_en.pdf)

ii) <Basic views and guidelines on corporate governance>

The Corporation believes in responding to the expectations of its stakeholders – shareholders, customers, local community and employees, etc. – by increasing its corporate value to become a proud corporate group committed to social and economic development and safeguarding the global environment in accordance with the spirit of the Company Creed of “Fairness, Innovation, and Harmony.” To realize this, the Corporation has been making efforts to enhance corporate governance as the platform for



ensuring soundness, transparency and efficiency of management. Specifically, in accordance with the “1. Basic Views” of “I. the Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” in the corporate governance report, the Corporation formulates criteria for judgment of independence of Outside Directors/Audit & Supervisory Board Members and improves the management surveillance function by Independent Outside Directors/Audit & Supervisory Board Members. The Corporation also believes that it is important to have constructive dialogues with shareholders and investors for medium- to long-term improvement of corporate value and endeavors to gain understanding for its management policy, etc. through dialogue, understand the position of shareholders and investors and respond appropriately.

iii) <Policies and procedure in determining the remuneration of the directors and senior management>

The Corporation has established a Governance and Remuneration Committee (comprised of six members: the President, one internal Director, and four Outside Directors/Audit & Supervisory Board Members, and an Outside Director/Audit & Supervisory Board Member chairs the Committee), an advisory body to the Board of Directors, the majority of whose members are Outside Directors/Audit & Supervisory Board Members. The Committee deliberates on the policies in determining the remuneration of the Directors and Executive Officers and adequacy of remuneration levels and reports to the Board of Directors. Remuneration for Directors is determined by a resolution by the Board of Directors within the scope that has been authorized at the General Meeting of Shareholders based on such report. Remuneration for executive officers is determined by a resolution by the Board of Directors based on such report.

iv) <Appointment of Directors and Audit & Supervisory Board Members candidates, policies and procedure for appointment and dismissal of the senior management>

The Nomination Committee (comprised of four members: the President and three Outside Directors/Audit & Supervisory Board Members, and an Outside Director/Audit & Supervisory Board Member chairs the Committee), an advisory body to the Board of Directors, the majority of whose members are Outside Directors/Audit & Supervisory Board Members, deliberates on proposals for appointing Director and Audit & Supervisory Board Members candidates and reports to the Board of Directors. The Corporation has prior consent of the Audit & Supervisory Board regarding candidates for Members of Audit & Supervisory Board. The appointment criteria for the Corporation’s Directors and Audit & Supervisory Board Members candidates are as follows:

(Appointment criteria for Directors candidates)

For Directors, the Corporation appoints internal and external human resources having considerable insight and expertise fostered through ample experience in the Corporation’s diversified business activities or in the respective industries to ensure swift and efficient decision-making and appropriate supervisory function in its management.

(Appointment criteria for Audit & Supervisory Board Members candidates)

For Audit & Supervisory Board Members, the Corporation appoints internal and external human resources having insight of the Corporation’s management and considerable expertise and ample experience in financial affairs, accounting, law and risk management fields to ensure appropriate supervisory function.

The proposal of candidates for Directors and Members of the Audit & Supervisory Board finalized through the resolution by the Board of Directors is submitted to the General Meeting of Shareholders.

(Appointment criteria for Group CEOs, the CDIO, the CAO, the CFO, and the CSO)

The Corporation appoints Group CEOs, the CDIO, the CAO, the CFO, and the CSO from a pool of individuals both internally and externally. Those appointed are recognized as having outstanding expert knowledge, abundant business experience, and insight into the general management of trading companies and global business. And also individuals in roles responsible for making decisions on important matters for the Corporation, roles for supervising business execution, and other such leadership positions.

(Appointment criteria for Executive Officers)

The appointment of Executive Officers is decided through a resolution by the Board of Directors.

The Corporation appoints Executive Officers from human resources responsible primarily for roles that maximize the mid- to long-term value of the Marubeni Group. The appointment of Executive Officers is decided through a resolution by the Board of Directors.

(Dismissal criteria)

Decisions on the dismissal of the President or other Executive Officers and the removal from office of the representative Director shall be made by the Board of Directors in case any of them violates laws or regulations, or cases it is clearly acknowledged that their functions are not being manifested.

v) <Reasons for the appointment of Directors and Audit & Supervisory Board Members candidates>

In addition to the reasons for the appointment of candidates for Outside Directors and Outside Audit & Supervisory Board Members, the Corporation also discloses the reasons for appointing individual candidates for Internal Directors and Internal Audit & Supervisory Board Members in the reference materials for the General Meeting of Shareholders. Please refer to pages 9 to 18 of the Notice of the 98th Ordinary General Meeting of Shareholders available on the Corporation's website for more details. ([https://www.marubeni.com/en/ir/stock/meeting/pdf/fye2203\\_98th\\_br\\_all\\_en.pdf](https://www.marubeni.com/en/ir/stock/meeting/pdf/fye2203_98th_br_all_en.pdf))

### **Supplementary Principles 3.1.1**

These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

The Corporation is aware that information disclosure is an important management issue, and is aware that the proper disclosure of information is important for obtaining understanding from stakeholders such as shareholders. Based on this awareness, when disclosing information, the Corporation strives to ensure that it makes value-added disclosure by providing plain and detailed information and actively disclosing non-financial information.

### **Supplementary Principles 3.1.2**

Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

In view of the percentage made up of foreign shareholders, the Corporation has an English language website, and is working to disclose and provide information in English to overseas investors, including convocation notices of General Meetings of Shareholders, financial statement explanations, and integrated reports. For the percentage of foreign shareholders, please refer to "2. Capital Structure" in "I. the Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in the Corporation's corporate governance reports.

### **Supplementary Principles 3.1.3**

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable - 15 - and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

The Corporation points to its "Green Strategy" in the Medium-Term Management Strategy "GC2024"

and also discloses and describes its efforts in the area of sustainability in its disclosure documents, such as securities reports and integrated reports, as well as sustainability briefings and other relevant occasions.

Aware of the importance of disclosing climate-related financial information, the Marubeni Group also expressed an endorsement of the TCFD Recommendations in February 2019 and is working to comprehend “opportunities” and “risks” brought by climate change and enhance its information disclosures. In July 2020, the Corporation released “Disclosure in line with the recommendations of the TCFD” and then, on March 9, 2021, made public its action plan toward 2030 in the “Marubeni Long-Term Vision on Climate Change” with the aim of making the Marubeni Group’s GHG emissions net zero by 2050. The Corporation then proceeded to add further to the TCFD disclosure in September 2021 to show the robustness of its strategy related to climate change by thus disclosing its action policy and strategy founded on the results of its scenario-based analysis done on its individual businesses. In annual securities reports, the Corporation has recognized climate change risks, environmental risks, as well as risks of natural disasters and other such occurrences, as risks to business operations, etc. and has accordingly set action plans and policies designed to address them.

<Disclosure in line with the Recommendations of the TCFD>

[https://marubeni.disclosure.site/en/themes/15/?id=anc\\_02](https://marubeni.disclosure.site/en/themes/15/?id=anc_02)

<Annual Securities Report for the fiscal year ended March 31, 2022> (page 25: Japanese only)

[https://www.marubeni.com/jp/ir/reports/security\\_reports/](https://www.marubeni.com/jp/ir/reports/security_reports/)

<Integrated Report> (after page 56)

[https://www.marubeni.com/en/ir/reports/integrated\\_report/pdf/2021\\_en\\_all.pdf](https://www.marubeni.com/en/ir/reports/integrated_report/pdf/2021_en_all.pdf)

Furthermore, the Corporation will promote the further development of the Marubeni HR Ecosystem, an element of the Group HR Strategy articulated in the Medium-Term Management Strategy “GC2024,” which envisions a future where human capital, with high social value and valued by both society and clients, grows, thrives, and is organically connected to create new value.

The Corporation will develop and motivate our human capital by further promoting and improving the mission-oriented HR system, a system that was introduced in FY2020 to ensure the right person is in the right place based on their skills and capabilities. Also, the Corporation will promote the growth and success of our human capital by encouraging even more challenging missions.

Diversity and inclusion are essential elements to create new value. To ensure all of our diverse human capital can maximize their potential, we will optimize the workplace environment and strengthen their development. Empowering our female employees is one key component, but this will apply to all employees.

The Talent Management Committee, a committee that engages in HR strategy and whose main members include the CEO, CAO, and CSO, will lead changes by discussing the company’s HR system and measures that include optimal human capital allocation, personnel structures, and human capital development programs.

[https://www.marubeni.com/en/ir/reports/dx/pdf/dx2021\\_en.pdf](https://www.marubeni.com/en/ir/reports/dx/pdf/dx2021_en.pdf)

In February 2021, the Corporation released its DX strategy entitled “GC 2021 >> DX,” in which the Corporation designated DX in its corporate group as “making the value creation cycle on its ‘Global crossvalue platform’ more in-depth and speedier through utilization of digital technology and thereby achieving increases in its long-term corporate value toward 2030.” The Corporation harnesses digital technology needed to build and enhance the all-company human capitals infrastructure and IT infrastructure and to implement growth strategies of the respective business areas. For DX strategy, please refer to the following information:

[https://www.marubeni.com/en/ir/reports/dx/pdf/dx2021\\_en.pdf](https://www.marubeni.com/en/ir/reports/dx/pdf/dx2021_en.pdf)

### **Principle 3.2 External Auditors**

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

The Corporation collaborates with the Audit & Supervisory Board and related departments such as the Corporate Accounting Department, and endeavors to ensure a proper audit schedule and audit structure and to ensure proper auditing by accounting auditors.

#### **Supplementary Principles 3.2.1**

The *kansayaku* board should, at minimum, ensure the following:

- i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and
- ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

i) The Audit & Supervisory Board establishes standards to evaluate the non-reappointment of the accounting auditor and procedures for appointment, etc., and when reappointing the accounting auditor each year, the Audit & Supervisory Board evaluates the work of the accounting auditor based on such standards, makes a decision on reappointment and reports to the Board of Directors.

ii) The Audit & Supervisory Board checks the accounting auditor's independence and expertise by receiving explanations concerning the accounting auditor's quality control system (including checking the independence of the accounting auditor) and the annual audit plan and service structure at regular monthly meetings with accounting auditor.

i) Audit schedules are formulated following prior consultation with the Corporate Accounting Department

#### **Supplementary Principles 3.2.2**

The board and the *kansayaku* board should, at minimum, ensure the following:

- i) Give adequate time to ensure high quality audits;
- ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;
- iii) Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and
- iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

and the accounting auditor and adequate time is set aside to conduct audits. The Audit & Supervisory Board checks audits plans (details and timings) and checks that sufficient time has been secured for auditing.

ii) The accounting auditor interviews the President and CFO.

iii) The accounting auditor and Audit & Supervisory Board Members shall ensure collaboration by having a monthly meeting as an alternative to the accounting auditor's attending meetings of the Audit & Supervisory Board. The Internal Audit Department works with the accounting auditor to address internal control reporting requirements associated with financial reports and provides necessary information including internal audit reports. Reports on accounting audits conducted by the accounting auditor are made to the Board of Directors, including outside directors, and information is shared with outside

directors.

iv) When issues are pointed out by the accounting auditor, the executing side responds individually, and reports are made on the office organization line.

## Section 4: Responsibilities of the Board

### General Principle 4

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

- (1) Setting the broad direction of corporate strategy;
- (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
- (3) Carrying out effective oversight of directors and the management (including *shikkoyaku*\*2 and so-called *shikkoyakuin*\*2) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization – i.e., Company with *Kansayaku* Board (where a part of these roles and responsibilities are performed by *kansayaku* and the *kansayaku* board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

The Corporation sets the broad direction of corporate strategy at meetings of the Board of Directors, including formulating medium-term management strategies (medium-term management plans). The Corporation endeavors to establish management and executive structures in order to secure prompt and efficient decision-making, and appropriate supervisory functions. For management and executive structures, please refer to the respective principles and supplementary principles under Principles 4.1 through 4.14.

Arteria Networks Corporation, a listed corporation, is a subsidiary of the Corporation. As consideration is given to Arteria Networks Corporation's independence as a listed subsidiary, avoiding a conflict of interest with Arteria Networks Corporation's general stockholders, the Corporation gives appropriate guidance and advice as the parent company, propagates the appropriate level of governance as the Marubeni Group, and plans for the improvement and optimization of corporate value for the entire Marubeni Group.

Furthermore, in order to ensure effective governance policy building and execution, a written agreement was concluded between the Corporation and Arteria Networks Corporation. By virtue of this agreement, important information for internal controls is reported by Arteria Networks Corporation to the Corporation, and Arteria Networks Corporation receives opinions on these items from the Corporation in advance of decision making. Additionally, the Corporation provides Arteria Networks Corporation with support and guidance necessary for Arteria Networks Corporation's internal controls system maintenance. It should be noted that advice and opinions received from the Corporation as per the aforementioned agreement is not meant to be restrictive, but to be used as reference in Arteria Networks Corporation's own final decision-making process, thereby guaranteeing autonomy. Arteria Networks Corporation maintains a governance policy that protects the interests of minority shareholders from unfair treatment through such measures as appointing independent outside directors and voluntarily establishing a Nomination and Remuneration Committee of which the majority of members are independent outside directors.

\*1 *Shikkoyaku*: According to the Companies Act, Companies with Three Committees (Nomination, Audit and Remuneration) must appoint one or more *shikkoyaku* from directors or non-directors by a resolution of the board and delegate business administration to *shikkoyaku*. Also, authority to make certain kinds of business decisions may be delegated to *shikkoyaku*.

\*2 *Shikkoyakuin*: There are cases where a Company with *Kansayaku* Board or a Company with Supervisory Committee creates positions with the title of "*shikkoyakuin*" for persons who are delegated by the board a certain range of discretion regarding business administration. Unlike *shikkoyaku* in Companies with Three Committees (Nomination, Audit and Remuneration), *shikkoyakuin* is not a statutory position.

### **Principle 4.1 Roles and Responsibilities of the Board (1)**

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

The Corporation's medium-term management strategies (medium-term management plans) are formulated based on its Management Philosophy and the details in the plans are discussed thoroughly by the Board of Directors. Subsequent policies, including investment, management resource allocation, and human resource policies, are decided taking the medium-term management strategy (medium-term management plan) as a guideline.

#### **Supplementary Principles 4.1.1**

The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

In the Corporation's Corporate Management Committee Rules, it is stipulated that matters set forth in laws and ordinances and the Corporation's Articles of Incorporation and other important matters related to management shall be discussed at meetings of the Board of Directors, and agenda standards in this regard are clarified in the List of Matters to be Submitted to the Board of Directors. In particular, standards for monetary amounts are set forth with regard to starting, joining, abolishing, and withdrawing from business, acquiring and disposing of fixed asset, and loaning and guaranteeing, etc., and cases in which such standards for monetary amounts will be exceeded are deliberated and decided by the Board of Directors. Based on the above-mentioned list, decision-making and execution of matters other than those that should be decided by the Board of Directors, are delegated to the Representative Director and Executive Officer. Decision-making and execution regarding matters delegated to the Representative Director and Executive Officer, are reported by the supervising Directors at meetings of the Board of Directors. Through these reports, etc. the Board of Directors monitors decision-making and business execution by the Representative Director and Executive Officer.

#### **Supplementary Principles 4.1.2**

Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

The Corporation announces its medium-term management strategy (medium-term management plan), checks the status of progress in a sequential manner, and then discloses this.

When medium-term management strategy (medium-term management plan) is finished, it is reviewed and its content is thoroughly analyzed. The findings are reflected in the next term's business strategy, and then the next term's business strategy is announced.

### **Supplementary Principles 4.1.3**

Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

The Nomination Committee, which is an advisory body of the Board of Directors, receives sufficient information from the President regarding successor plans and the development of successor candidates, engages in the exchanging of opinions, and then examines successor plans based on evaluations of specific candidates.

In the case of selecting the next term's President, the Nomination Committee deliberates on candidate selection proposals prepared by the President and reports the outcomes of its deliberations to the Board of Directors, and then the final decision is made by the Board of Directors.

### **Principle 4.2 Roles and Responsibilities of the Board (2)**

The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

With the aim of clarifying the separation between execution and monitoring, the Corporation has introduced an Executive Officer System, and it makes an effort to develop environments that support appropriate risk taking. Individual important matters are discussed at meetings of the Board of Directors in accordance with the Matters to be Submitted to the Board of Directors, and the discussions take place from a multilateral perspective in line with the roles of each Directors. If there are collateral conditions, etc. regarding approval by the Board of Directors, instructions are promptly given and follow-ups are carried out.

The Corporation grants shares with restriction on transfer ("Restricted Stock") and shares with restriction on transfer subject to market-capitalization-based exercisability conditions ("Performance Share Units") to Directors (excluding Outside Directors) and Executive Officers in order to share the benefits and risks of stock price fluctuations with shareholders and further enhance their motivation to contribute to increasing the stock price and boosting corporate value.

### **Supplementary Principle 4.2.1**

The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

The maximum total remuneration for all Directors shall be determined by resolution at a General Meeting of Shareholders. The Governance and Remuneration Committee, chaired by an Outside Director and the majority of its members consisting of Outside Directors deliberates on the policies for compensation decisions and the appropriateness of the compensation levels, and provides reports to the



Board of Directors. The remuneration amount for each Director is determined by resolution of the Board of Directors. The remuneration of Directors other than Outside Directors consists of basic remuneration, which is a fixed amount that is in accordance with the roles of the Directors, performance-linked remuneration, which is linked to consolidated business results in the previous fiscal year, additional pay, personal evaluation pay, and Performance Share Units.

Remuneration for Outside Directors and Audit & Supervisory Board Members, all of whom are independent from business operation, consists entirely of basic remuneration, and does not include performance-linked remuneration.

If the “sum of 50% of consolidated net income and 50% of core operating cash flow in the previous business year” is below 100 billion yen, performance-linked remuneration is made 0, and if it is 100 billion yen or more, it is made an amount calculated by multiplying the amount of basic remuneration by a multiplication factor that increases proportionally (an increase of approximately 2% per increase of 5 billion yen).

In order to achieve a balanced format for compensation that is linked with the Corporation’s performance, up to FY2018, consolidated net income (profit attributable to owners of the parent) for the previous business year was used as an indicator. From FY2019 the “sum of 50% of consolidated net income (profit attributable to owners of the parent) and 50% of core operating cash flow in the previous business year” is used an indicator, and the aim of this will be to further strengthen alignment between the compensation system and the management targets of the previous Medium-Term Management Strategy “GC2021.”

For this, an amount corresponding to 80% of the aggregation of basic remuneration and performance-linked remuneration is granted in cash, and an amount corresponding to 20% of that amount is granted as Restricted Stock. Restricted Stock have been introduced with the aim of sharing the benefits and risks of stock price fluctuations with shareholders and further boosting motivation to improve the Corporation’s stock price and corporate value.

Also, based on 10% of basic remuneration, a maximum of a 1.5-fold amount is granted as Performance Share Units in addition to the current amount of compensation, and this is with the aim of boosting the incentive to improve future market value.

#### **Supplementary Principle 4.2.2**

The board should develop a basic policy for the company's sustainability - 20 - initiatives from the perspective of increasing corporate value over the mid- to long- term.

In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

The Corporation has its approach to sustainability and associated action policies, etc. formulated by the Board of Directors, and the status of its sustainability actions is discussed by the Board of Directors on a regular basis. Long-term corporate value improvement through “Green Strategy” is also an item covered in the Medium-Term Management Strategy “GC2024.”

Corporate resources allocation is discussed and overseen by the Board of Directors on relevant occasions, including medium-term management strategy development and revision, quarterly financial reporting and Directors’ business execution report presentations.

For business portfolio, please refer to Supplementary Principle 5.2.1.

### **Principle 4.3 Roles and Responsibilities of the Board (3)**

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

The Corporation has set up the Nomination Committee, an advisory body of the Board of Directors, the majority of whose members are Outside Directors/ Audit & Supervisory Board Members, and whose chairperson is an Outside Director. The Committee deliberates on the appropriateness of executive appointment procedures, etc., and reports to the Board of Directors. The appointment and dismissal of Executive Officers is as stated in Principle 3.1(iv) above.

The appropriate development of internal control and risk management systems is as stated in Supplementary Principle 4.3.4 below.

Management systems regarding conflicts of interest that arise between affiliated parties such as management teams and controlling shareholders, and the Corporation are as stated in Principle 1.7 above.

#### **Supplementary Principle 4.3.1**

The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.

In regard to the appointment and dismissal of Directors and Executive Officers, monitoring functions are secured by the Board of Directors based on a system that is as stated in Principle 3.1(iv) above.

#### **Supplementary Principle 4.3.2**

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

This is as stated in Supplementary Principle 4.1.3 above.

#### **Supplementary Principle 4.3.3**

The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

This is as stated in Principle 3.1(iv) above.

#### **Supplementary Principle 4.3.4**

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

In regard to compliance, the Compliance Committee has been set up to develop systems, and the status of its activities is reported to the Board of Directors in business execution reports. Marubeni Group companies have developed a compliance structure suited to their respective business characteristics, as is also the case with its overseas establishments, which have developed a compliance structure suited to laws and regulations, business customs, etc. of the respective countries. The Corporation has regular audits and monitoring practices in place, including those for bribery prevention management and security export control purposes, to check whether there are any inadequacies in the compliance structures in the Marubeni Group.

As for internal control, the Internal Control Committee has been set up to develop systems, and it confirms that internal controls are effective by submitting an internal control report to the Board of Directors in accordance with the Financial Instruments and Exchange Act. The Board of Directors evaluates the operational status of internal control systems and reviews the Basic Internal Control Policy at a meeting of the Board of Directors once a year.

On the subject of risk management structures, the Board of Directors discusses risk scenarios and steps to address them, while quantifiable risks are also subjected to integrated risk management procedures and qualitative risks are managed through a stricter compliance structure, etc.

On the basis of audit results, the Internal Audit Department submits an audit report to the President and have its copy circulated among personnel concerned, including the organization being audited, the Chairman of the Board, Directors and Audit & Supervisory Board Members, and also gives reports to the Board of Directors, the Corporate Management Committee and the Executive Committee in a timely fashion. Audit reports contain, among other things, a statement of issues to be improved by the organization being audited, which the Internal Audit Department, as well as the section responsible for individual internal control actions, will subsequently follow up on to monitor the state of improvement and of other steps, etc. taken. In addition to internal audits, the Internal Audit Department also conducts an assessment of the internal control effectiveness in connection with financial reporting.

#### **Principle 4.4 Roles and Responsibilities of *Kansayaku* and the *Kansayaku* Board**

*Kansayaku* and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of *kansayaku* and external auditors and the determination of auditor remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

The Audit & Supervisory Board is made up of five Audit & Supervisory Board Members (three of which are Outside Audit & Supervisory Board Members). Based on audit policies and audit plans formulated by the Audit & Supervisory Board, the Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, and audit the execution of duties by Directors through operational and financial status surveys.

#### **Supplementary Principle 4.4.1**

Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter.

In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

Three out of the Corporation's five Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members. The Audit & Supervisory Board judges audit on the execution of duties by Directors, the dismissal and appointment of External Accounting Auditor, and Audit & Supervisory Board Member's remuneration from an independent and objective standpoint.

In order to ensure collaboration with Outside Directors, Outside Directors are invited to voluntarily attend business execution status interviews that Audit & Supervisory Board Members conduct with Directors, Group CEOs, etc.

#### **Principle 4.5 Fiduciary Responsibilities of Directors and *Kansayaku***

With due attention to their fiduciary responsibilities to shareholders, the directors, *kansayaku* and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

The President and CEO, CFO, General Manager of the Finance Department, and others regularly attend meetings with domestic and overseas investors, and the CFO, who is a Representative Director, serves as the Director in charge of IR and accordingly reports on the particulars of such meetings to Directors, Audit & Supervisory Board Members, etc. Thus, a system is in place for reflecting the opinions of shareholders and other stakeholders in management.

#### **Principle 4.6 Business Execution and Oversight of the Management**

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

The Corporation secures highly effective systems for monitoring management by appointing six Independent Outside Directors and having them state opinions from an independent and objective standpoint at meetings of the Board of Directors, etc. Furthermore, the Chairman of the Board, who chairs the Board of Directors are non-executive Directors.

#### **Principle 4.7 Roles and Responsibilities of Independent Directors**

Companies should make effective use of independent directors\*3, taking into consideration the expectations listed below with respect to their roles and responsibilities:

- i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
- ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
- iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
- iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

The Corporation sets forth independence judgment criteria (see Principle 4.9 below) referring to the guidelines of proxy advisory firms, and appoints Independent Directors who meet such criteria, and can carry out supervision of the conflict of interest, management supervision, and fiduciary responsibilities.

Outside Directors/ Audit & Supervisory Board Members, including such Independent Outside Directors, give useful advice aimed at boosting mid to long-term corporate value based on their own expert knowledge and abundant experience; make up the majority of the members of the Nomination Committee, which is an advisory body of the Board of Directors; deliberate on appropriateness of appointment procedures of the Executive Officers, etc.; and appropriately demonstrate supervision functions.

\*3 Independent director: The listing rules of securities exchanges provide that the outside directors, as defined in the Companies Act, are independent directors where they satisfy independence criteria of securities exchanges and the company determines that they do not have the possibility of conflicts of interest with its shareholders.

#### **Principle 4.8 Effective Use of Independent Directors**

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

Out of the Corporation's 10 Directors, six are Outside Directors, and all of them meet the independence judgment criteria set forth by the Corporation and the independence criteria set forth by the Tokyo Stock Exchange, Inc.

Both internally and externally, the Corporation appoints personnel with broad experience either in its multifaceted business activities, or in their respective fields of specialty, who also have high insight and expertise cultivated through such experience, which the Corporation does in broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, and with the aim of ensuring quick and efficient decision-making and proper oversight functions. In its opinion, the number of Independent Outside Directors as it currently stands is appropriate, while the Corporation stands committed to appointing an appropriate number of candidates

for Independent Outside Directors.

#### **Supplementary Principles 4.8.1**

In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

Meetings in which Independent Outside Directors/Audit & Supervisory Board Members and the President are members (in which Independent Outside Directors/Audit & Supervisory Board Members are not the only members) are held on a regular basis, with the aims of exchanging information and sharing awareness. (These were held four times in FY 2021.)

#### **Supplementary Principles 4.8.2**

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

With the aim of further strengthening collaboration between Internal Directors and Audit & Supervisory Board Members and Outside Directors, a Chief Independent Outside Director is appointed.

#### **Supplementary Principles 4.8.3**

Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

As of the date of submission of this report, the Corporation has no controlling shareholder.

#### **Principle 4.9 Independence Standards and Qualification for Independent Directors**

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

The Corporation appoints Outside Directors/ Audit & Supervisory Board Members based on the following “Standards and policies for the independence of Outside Directors/Audit & Supervisory Board Members of the Corporation” so that Outside Directors can appropriately exercise their expected roles and functions.

<Standards and policies for the independence of Outside Directors/Audit & Supervisory Board Members of the Corporation>

The Corporation shall determine that a person who is an Outside Director is not independent if he or she currently corresponds to, or in the past three business years has corresponded to, any of the following items 1 to 7, or fails to meet the standards for independence set forth by the Tokyo Stock Exchange, Inc.

1. A major shareholder of the Corporation (who directly or indirectly holds 10% or more of the voting rights in the Corporation) or an executing person thereof\*4

2. An executing person of a lender, from which the borrowed amount exceeds 2% of the Corporation's consolidated total assets
3. An executing person of a business partner with which the transaction amount exceeds 2% of the Corporation's consolidated revenue
4. A representative partner or a partner of the auditing firm that is the accounting auditor of the Corporation
5. A person who receives money from the Corporation of which the value exceeds 10 million yen per business year, which derives from a business consultancy and/or an advisory agreement
6. A person who belongs to an organization that has received a donation from the Corporation of which the amount exceeds 10 million yen per business year
7. A Director/Executive Officer/Audit & Supervisory Board Member among the executing persons of the Corporation and its subsidiaries, as well as a co-resident or relative within the second degree of kinship of such Director/Executive Officer/Audit & Supervisory Board Member

Even if a person falls under any of the items 1 to 7 above, if the Corporation judges that said person substantially maintains his or her independence, the Corporation shall explain and disclose the reason for his or her election as a candidate for Outside Director.

\*4 An "executing person" refers to an Executive Director, an Executive Officer, an employee or any other personnel.

#### **Principle 4.10 Use of Optional Approach**

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

The Corporation conducts a diverse range of business globally. Accordingly, the Corporation has established a corporate governance model of a company with auditors in which the Board of Directors consisting of Internal Directors and Outside Directors in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management.

#### **Supplementary Principle 4.10.1**

If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

The "Governance and Remuneration Committee" and the "Nomination Committee" are set up as advisory bodies of the Board of Directors, and these strengthen management supervision functions. The memberships of both committees are composed so as to ensure independence, as Independent Outside Directors/Audit & Supervisory Board Members make up a majority of the members and both committees are each chaired by an Independent Outside Director or Audit & Supervisory Board Member as well.

The Governance and Remuneration Committee deliberates on policies for determining remuneration of Directors and Executive Officers and on the appropriateness of remuneration levels and then provides recommendations to the Board of Directors, and also conducts assessments and reviews of the Board of Directors as a whole, including the structure, operation, etc. of the Board of Directors, and reports thereon to the Board of Directors.

The Nomination Committee deliberates on proposals for Director and Audit & Supervisory Board member candidate appointments and for president-designate appointment, as well as on successor plans developed and managed by the President (with necessary qualifications and requirements, successor candidate list and training plans included) and then provides recommendations to the Board of Directors.

#### **Principle 4.11 Preconditions for Board and *Kansayaku* Board Effectiveness**

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

The Corporation conducts business activities in a wide range of fields in a multifaceted manner through domestic and overseas networks, and the Board of Directors needs to deliberate on the appropriateness of management strategies, etc. and risks and so on associated with implementation, in an objective and multifaceted manner, and to appropriately supervise the status of execution. As such, with the aim of boosting the effectiveness of the Board of Directors, the Corporation appoints personnel who have diverse experience, knowledge, expertise, and insight, etc. and are well-versed in business activities, as Directors. Furthermore, by appointing non-executive Directors and multiple Independent Outside Directors/Audit & Supervisory Board Members, the Corporation introduces perspectives that are not influenced by in-house practices, strengthens governance and supervision functions, and checks conflicts of interest.

As of the date of submission of this report, the Board of Directors is composed of 10 members, with six Outside Directors among them (9 males and one female). Five Audit & Supervisory Board Members have appropriate experience and competencies, including financial, accounting or legal knowledge, two of which have particularly high expertise in financial and accounting matters. The reasons for the selection of Directors and Audit & Supervisory Board Members are disclosed and can be viewed in Principle 3.1(v) above and in [Director related] and [Auditor related] under “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of the Corporate Governance Report.

For evaluations of the effectiveness of the Board of Directors, please refer to Supplementary Principle 4.11.3.

\*5 If a company is either a Company with *Kansayaku* Board or Company with Supervisory Committee, the company is not required to establish a nomination committee or a remuneration committee by the Companies Act. However, the company may establish such committees on its own initiative.



### **Supplementary Principles 4.11.1**

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

Please refer to Principles 3.1(iv) and 4.1.1 for the criteria for Directors. As for Outside Directors, keeping in mind the Director selection standards stated in Principle 3.1(iv) above, and taking into account an optimal combination of skills and experience that the Board of Directors members should have, the Corporation appoints personnel who work hard to understand the Corporation's business when making decisions on important matters for the Corporation, and can actively participate in management. Three out of six Outside Directors have corporate management experience in other companies.

The Corporation makes public the expertise and experience of all Directors and Audit & Supervisory Board Members in the form of a skill matrix.

<Skill Matrix> (page 19)

[https://www.marubeni.com/en/ir/stock/meeting/pdf/fye2203\\_98th\\_br\\_all\\_en.pdf](https://www.marubeni.com/en/ir/stock/meeting/pdf/fye2203_98th_br_all_en.pdf)

### **Supplementary Principles 4.11.2**

Outside directors, outside *kansayaku*, and other directors and *kansayaku* should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and *kansayaku* also serve as directors, *kansayaku* or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

The status of the important concurrent positions of Directors, Audit & Supervisory Board Members, and candidates of such are disclosed in the General Meeting of Shareholders Convocation Notice and annual securities report each year.

### **Supplementary Principles 4.11.3**

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

As for effectiveness evaluations regarding the Board of Directors, the Governance and Remuneration Committee, the majority of whose members are Independent Outside Directors/Audit & Supervisory Board Members, assesses and reviews the Board of Directors as a whole, including its composition and operation, etc., and then reports to the Board of Directors. Then, based on deliberations in meeting of the Board of Directors, an overview of the evaluation results is disclosed, and this is utilized to make improvements regarding the operation, etc. of the Board of Directors.

As for the effectiveness evaluation regarding the Board of Directors in FY 2021, the Corporation held an interview with all Directors and Audit & Supervisory Board Members in addition to conducting the questionnaire that was conducted until last year. The questionnaire was revised under the intention to focus on key management issues while continuing to adhere to the revised corporate governance code.

#### **I. Evaluation framework and techniques**

##### **1. Target persons**

All Directors (13 people) and Audit & Supervisory Board Members (5 people)  
Current posts as of December 2021

## 2. Implementation method

Questionnaire and interview (responded to anonymously)  
Utilization of outside specialized organization for implementation

## 3. Evaluation items

- (1) Growth strategy and mid-term management plan
- (2) Group governance
- (3) Increasing corporate value through divestment of non-profitable businesses
- (4) Risk management
- (5) Allocation of management resources
- (6) Utilization of discretionary committees
- (7) Diversity, skills, and attributes of the Board of Directors
- (8) Training the Board members and Audit & Supervisory Board members
- (9) HR strategy (diversity of core human capital)
- (10) Responding to sustainability issues
- (11) Policies regarding communication with shareholders
- (12) Understanding expectations from shareholders
- (13) Operation of Board of Directors meetings (selection of topics, providing information, following up on issues pointed out by Board members, etc.)
- (14) Utilization of Outside Directors

## 4. Evaluation process

With the content of the questionnaire responses and interviews as a basis, the Board of Directors carried out deliberations based on assessments and reviews by the Governance and Remuneration Committee regarding the Board of Directors as a whole including its composition and operation, etc.

# II. Overview of evaluations results

## 1. Overview

Based on assessments and reviews by the Governance and Remuneration Committee, the Board of Directors has deliberated, and it has been confirmed that an effective Board of Directors is being operated.

In particular, the activeness of discussions among the directors, including the Outside Directors, and the Corporation's provision of sufficient education opportunities and information to Outside Directors/Audit & Supervisory Board Members was seen as highly valuable. Also highly valued was the deliberation of issues such as sustainability and the mid-term management plan, which took place with sufficient content and frequency to the Board of Directors.

## 2. Handling issues in effectiveness evaluations pertaining to the Board of Directors in FY2020

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

Members of the Board of Directors discussed issues such as the mid-term management strategy "GC2024", responses to the revised corporate governance code, and shareholder returns through board meetings and free discussion meetings separate from the board meetings. Taking into account the results of questionnaires and interviews, evaluation scores regarding the quality of the discussions have improved compared to evaluation results in FY2020.

### (2) Discussions regarding expectations from stakeholders (promotion of sustainability, expectations from shareholders and investors)

The Board of Directors discussed the corporation's "Green Strategy" as one of the key components of mid-term management strategy "GC2024", based on the recognition of the global trend emphasizing the importance of sustainability and ESG issues. Expectations from shareholders were also discussed as one of the key issues during the Board of Directors meetings. Taking into account the results of questionnaire and interview, evaluation of these items has significantly improved compared to evaluation results in FY2020.

(3) Discussions regarding the diversity of Board members

The Board of Directors has discussed issues such as the function of the Board and the composition of the group, as the Corporation has publicly revealed the skill matrix regarding each Board member's expertise and experience. Taking the results of the questionnaire and interview into account, evaluation of these items has improved compared to evaluation results in FY2020. Aiming to materialize the Corporation's aspirations and growth strategy, the Corporation will be exploring ways to improve the functions of the Board of Directors through the pursuit of the ideal composition of skills and experience in the group with regards to changes in the external environment surrounding the Corporation.

3. Handling issues in effectiveness evaluations pertaining to the Board of Directors in FY2021

(1) Enhancement of discussions in the Board of Directors meetings regarding key material management issues, changes in external environment, and risks

The Board of Directors has positively evaluated the discussions regarding the Corporation's mid-term management policies and the monitoring of the actions taken based on these policies. Notably, issues related to the influence of COVID-19 to the Corporation's operations and countermeasures to the situation have been discussed on various occasions, and the result of the discussions were reflected in the Corporation's operations. The Board of Directors will enhance discussion of material management issues through conducting discussions regarding the changes in the external environment and risk related to the key management issues.

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

The Board of Directors discussed the Corporation's HR strategy and the appropriate allocation of management resources to human capital as one of the key components of mid-term management strategy "GC2024". The Board of Directors will continue to deliberate and monitor the progress of the Corporation's HR strategy and the allocation of management resources to human capital.

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

The Corporation has generally received high evaluations from Outside Directors for its support, such as the sharing of information. As the Corporation plans to make Outside Directors the majority of the Board of Directors subject to approval in the ordinary general meeting of shareholders for FY2022, the Corporation will further enhance support for Outside Directors in order to assist them in fulfilling their duties through the facilitation of meetings outside of ordinary Board of Directors meetings and further provision of information.

Referring to the results of effectiveness evaluations regarding the Board of Directors in FY2021, the Corporation will continue to work on maintaining and improving the effectiveness of the Board of Directors going forward, and to pursue improvements in long term corporate value.

**Principle 4.12 Active Board Deliberations**

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

At meetings of the Board of Directors, free, vigorous, and constructive discussions take place, and opinions are exchanged in a lively manner, without any distinction between Internal and Outside Directors.

### **Supplementary Principles 4.12.1**

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

- i) Materials for board meetings are distributed sufficiently in advance of the meeting date;
- ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);
- iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;
- iv) The number of agenda items and the frequency of board meetings are set appropriately; and
- v) Sufficient time for deliberations.

- i) Materials of the Board of Directors meeting are in principle distributed at least seven days before the meetings.
- ii) Outside Directors have a briefing in advance regarding management issues, execution status, agenda, and so on.
- iii) Notification regarding the annual schedule for the meetings is in principle given at least approximately three months before the new fiscal year, and notification regarding the matters for deliberation is in principle given at least 10 days before each meeting.
- iv) In FY 2021, a total of 17 meetings of the Board of Directors were held, and in FY 2020, a total of 1 were held. As for Matters to be Submitted to the Board of Directors, changes are considered as needed based on the status of the Corporation.
- v) The envisioned deliberation times are stated in the notifications of meetings of the Board of Directors, and the extending of deliberation times is flexibly handled based on the agenda.

### **Principle 4.13 Information Gathering and Support Structure**

In order to fulfill their roles and responsibilities, directors and *kansayaku* should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and *kansayaku*, including providing sufficient staff.

The board and the *kansayaku* board should verify whether information requested by directors and *kansayaku* is provided smoothly.

For active information gathering by Directors, the Executive Department and Corporate Planning & Strategy Department provide support, and for active information gathering by Audit & Supervisory Board Members, the Audit & Supervisory Board Member's Office, etc. provides support.

Whether the information and materials that each Director seeks are provided smoothly is assessed and reviewed in the overall evaluations on the effectiveness of the Board of Directors that are carried out by the Governance and Remuneration Committee.

In order to secure opportunities for the provision of the information that Audit & Supervisory Board Members seek, the Audit & Supervisory Board formulates an annual audit plan at the beginning of the fiscal year, and then reviews the status of audit implementation at the end of such fiscal year before issuing audit reports.

#### **Supplementary Principles 4.13.1**

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, *kansayaku*, including outside *kansayaku*, should collect information appropriately, including the use of their statutory investigation power.

As stated in Principle 4.13 above, Directors make additional information provision requests to the Executive Department and Corporate Planning & Strategy Department as needed. Aside from receiving support from the Audit & Supervisory Board Member's Office, etc., Audit & Supervisory Board Members attend meetings of the Board of Directors, Corporate Management Committee, and Committee of Executive Officers, and Internal Audit & Supervisory Board Members are given important internal documents such as decision requests without delay. In addition, Audit & Supervisory Board Members carry out interviews with Directors and management executives regarding the status of business execution, have regular meetings with audit corporations and Corporate Staff Group departments, carry out visiting audit at Marubeni Group companies, and request the submission of additional documents, explanations, and so on as necessary.

#### **Supplementary Principles 4.13.2**

Directors and *kansayaku* should consider consulting with external specialists at company expense, where they deem it necessary.

The Audit & Supervisory Board concludes contracts with legal advisors, and the Corporation covers the expenses for this. In addition, when the Directors and Audit & Supervisory Board Members think it necessary to hire outside experts, the Corporation's policy is to cover the expenses for such.

#### **Supplementary Principles 4.13.3**

Companies should ensure coordination between the internal audit department, directors and *kansayaku* by establishing a system in which the internal audit department appropriately reports directly to the board and the *kansayaku* board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside *kansayaku*. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside *kansayaku* are appropriately processed.

Coordination with Directors and Audit & Supervisory Board Members is ensured through the Internal Audit Department's practices of giving reports directly in a timely and appropriate fashion, including giving an annual internal audit report to the Board of Directors and reporting to the Audit & Supervisory Board on issue-specific internal audit findings on a quarterly basis. As for the various communication and coordination operations aimed at enabling Outside Directors and Outside Audit & Supervisory Board Members to acquire accurate company information, such roles are undertaken by the Executive Department, Corporate Planning & Strategy Department, Audit & Supervisory Board Member's Office, and so on, as stated in Principle 4.13 and Supplementary Principle 4.13(1) above.

#### **Principle 4.14 Director and *Kansayaku* Training**

New and incumbent directors and *kansayaku* should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and *kansayaku* along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

The Corporation provides sufficient information to all Directors and Audit & Supervisory Board Members so that they acquire sufficient knowledge and devote themselves to studying in order to fulfill their expected roles and responsibilities. The Corporation provides Directors and Audit & Supervisory Board Members with opportunities for training, and it also covers the required expenses for such.

#### **Supplementary Principles 4.14.1**

Directors and *kansayaku*, including outside directors and outside *kansayaku*, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

Directors and Audit & Supervisory Board Members are provided with the information they need to perform their duties in an appropriate and timely manner, by the Corporate Planning & Strategy Department, Executive Department, Audit & Supervisory Board Member's Office, and so on, playing central roles in this regard. Also, Directors and Audit & Supervisory Board Members are able to participate in meetings and seminars as necessary, at the Corporation's cost. In addition, in advance of meetings of the Board of Directors, Outside Directors/ Audit & Supervisory Board Members are given briefings regarding management issues, execution status, agenda, and so on.

Furthermore, at Committee of Executive Officers and so on, reports on the economic situation are given on a regular basis by Economic Research Institutes, and an effort is made to share information. Outside Directors/ Audit & Supervisory Board Members also given opportunities to receive explanations regarding distributions of operations, issues, and project implementation status at each business group and corporate staff department..

<FY2021 Key Achievements>

[Training and provision of information to deepen understanding of the external environment]

- Lecture from outside lawyer to Outside Directors/Audit & Supervisory Board Members about, "The progression of governance reforms and the response for directors" (June 2021)
- Provision of information to Directors and Audit & Supervisory Board Members about the economic environment from the Economic Research Institute (at least weekly, more frequently if necessary)

Themes: The COVID-19 pandemic and world economy, the situation in Ukraine, the current state of U.S.-China relations, the outlook for the world economy in 2022, etc.

[Training and provision of information to deepen understanding of the Corporation]

- Explanation from each business group and each corporate staff department to new Outside Directors of distributions of operations, issues, and project implementation status at each division (May-June 2021)
- Status updates on the Corporation and promotion of mutual understanding through Audit & Supervisory Board Members' regular meetings with the Chairman of the Board, the President, CSO/CDIO, CFO, and CAO respectively (held 9 times in total)

Themes: Corporate governance of the Corporation and the Marubeni Group, issues regarding internal control and compliance in the Marubeni Group

- Free discussion among Outside Directors, the Chairperson of the Board, and the President (held 2 times in total)

Themes: Key management issues, threats and opportunities around the Corporation

- Explanation of agendas in advance of Board of Directors meetings to Outside Directors/ Audit & Supervisory Board Members from the Corporate Planning & Strategy Department and Legal Department (as necessary)
- Sharing of interview details from Internal Audit & Supervisory Board Members to Outside Audit & Supervisory Board Members (as necessary)

\*Site visits were not held in FY2020 due to the COVID-19 pandemic. However, they will be resumed starting in FY2022 either online, offline, or a combination of both, taking the COVID-19 pandemic situation into account the situation.

#### **Supplementary Principles 4.14.2**

Companies should disclose their training policy for directors and *kansayaku*.

With the aim of deepening knowledge regarding the Marubeni Group's Management Philosophy, corporate management, business activities, organization, and so on, Outside Directors and Outside Audit & Supervisory Board Members are provided with the information they need to perform their duties in an appropriate and timely manner. The Corporation also provides opportunities to Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, to participate in seminars and so on as needed so that they can fulfill their roles and duties, and covers the expenses for such, etc.

## Section 5: Dialogue with Shareholders

### General Principle 5

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.

During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

The Corporation recognizes that in order to realize sustained growth and the improvement of mid to long-term corporate value, constructive dialogues with shareholders are important. As such, the Corporation has prepared an IR system centering on a Director in charge of IR, and establishes opportunities for dialogues to be held with shareholders on a regular basis. For details, please refer to Principle 5.1 and Supplementary Principles 5.1.1 through 5.1.3.

### Principle 5.1 Policy for Constructive Dialogue with Shareholders

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

<Policy for constructive dialogues with shareholders>

(Basic philosophy)

The Corporation believes that in order to boost mid to long-term corporate value, constructive dialogues with shareholders and investors are important. Based on dialogues, the Corporation obtains understanding from shareholders and investors of its management policies, etc., understands the standpoints of shareholders and investors, and efforts to respond appropriately.

(Supervisory manager)

In order to realize constructive dialogues with shareholders and investors, the CFO is appointed as the Director in charge of IR.

(Initiative system)

An IR specialization department is set up, and the relevant departments carry out information exchanges and other in-house collaboration centering on this department.

(Means for dialogues)

In addition to individual interviews, the Corporation uses efforts to provide ample means for dialogues, including General Meetings of Shareholders, financial results briefings and group meetings for institutional investors, briefings for individual investors, and so on.

(Feedback policy)

The IR specialization department creates a summary regarding the opinions, requests, and so on recognized through dialogues, and then provides appropriate feedback to the President, CFO, and Outside Directors, etc.

(Policy regarding control of insider information)

During dialogues, insider information is appropriately controlled in accordance with in-house rules



called “Regulation for Prevention of Insider Trading.”

#### **Supplementary Principles 5.1.1**

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and *kansayaku*, should have a basic position to engage in dialogue (management meetings) with shareholders.

On the occasion of scheduling a meeting with shareholders, a decision as to who are to actually attend such dialogue (management meeting) will be made within a reasonable scope, with requests from the shareholders and the principal issue of interest being considered as well.

#### **Supplementary Principles 5.1.2**

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

- i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
  - ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
  - iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
  - iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and
  - v) Measures to control insider information when engaging in dialogue.
- i) The CFO, who is the Representative Director, is appointed as the Director in charge of IR.
  - ii) Centering on the Investor Relations Section, Finance Department, operation in charge is assigned to each of the Corporate Planning & Strategy Department, General Affairs Department, Corporate Accounting Department, and Legal Department, and these Departments collaborate each other by maintaining mutual communication.
  - iii) The Investor Relations Section of Finance Department holds financial result briefings, business briefings, briefings for individual investors, and group meetings with institutional investors, etc. on a regular basis.
  - iv) Investor Relations Section of Finance Department creates a summary of the questions and opinions of shareholders that have been recognized at briefings, interviews, and so on, and gives a report through an official line to the CFO, who is the Representative Director and Director in charge of IR.
  - v) “Regulation for Prevention of Insider Trading” have been established, and an appropriate information control system has been built in accordance with these regulations.

#### **Supplementary Principles 5.1.3**

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

The Corporation identifies to the composition of the shareholders on the list of shareholders, based on the list of shareholders at the end of March and end of September, and makes an effort to identify the structure of shareholders by implementing surveys on beneficial shareholders based on the list of shareholders as of the end of March.

## Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

The Corporation formulated the three-year Medium-Term Management Strategy “GC2024,” launched in FY2022. In GC2024, the Corporation maintains its current long-term direction, keeping the focus on our corporate value, and sets “Green Business and Greening” as a basic policy. The Review of “GC2021” and the Basic Policy of “GC2024” are as follows.

< Review of “GC2021”>

“3 Years of Transformation”

- Rebuilt and Strengthened Our Financial Foundation
- Completed Asset Write-downs, Solidified Earnings Base

Three-year cumulative achievements compared to Target in GC2021 is as below.

		Target	GC2021 Three-year Results (FYE 3/2020-3/2022)
<b>Consolidated net profit (FYE 3/2022)</b>		<b>¥300.0bn</b>	<b>¥424.3bn</b>
<b>CF</b>	<b>Core operating CF (Three-year cumulative)</b>	<b>¥1,200.0bn</b>	<b>¥1,303.9bn</b>
	<b>FCF after shareholder distributions (Three-year cumulative)</b>	<b>¥+100.0bn or more</b>	<b>¥+419.2bn</b>
<b>Net DE ratio</b>		<b>Around 0.7 times</b> <small>*Revised to around 1.0 in the “GC2021 Revision”</small>	<b>0.80 times</b>
<b>New investments including CAPEX (Three-year cumulative)</b>		<b>Approx. ¥900.0bn</b> Horizon 1 ¥200.0bn Horizon 2 ¥500.0bn Horizon 3 ¥200.0bn	<b>Approx. ¥740.0bn</b> Horizon 1 approx.¥300.0bn Horizon 2 approx.¥390.0bn Horizon 3 approx.¥50.0bn
<b>ROE</b>		<b>10% or more</b>	<b>23.0%</b>

< Outline of “GC2024”>

“Basic Policy”

- Develop and establish a stable earnings base by strengthening current business domains and exploring new business models
- Lead the transition to a Green economy by expanding “Green business” and “Greening” in all business domains

“Green business\*1”

- Expanding Green Business based on the current business base, which is already strong and profitable
- Creating new Green Business through cross-sectional approaches and utilization of business connections

\*1 Sustainable businesses which have positive effects on the environment, such as decarbonization and the circular economy, and adjacent businesses which supply those businesses with non-substitutable materials, etc. Also see supplement 1 for detailed descriptions.

#### “Greening”

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

#### “Business Policies ‘SPP’”

The Corporation continues to work on maximizing the value of the group-wide business portfolio through a rigorous selection of new investments on the basis of SPP, as well as by enhancing existing businesses and accelerating divestment and asset recycling.

#### Strategy:

- “Strategy-Focused”, closing the gap between our future vision and the present
- Exploiting dynamic value creation via digital transformation (“DX”)

#### Prime:

- Taking the initiative to execute the strategy
- Pursuing business through majority investment or mutually complementing partnerships, and proactively contributing to enhancing business value

#### Platform:

- Value creation by utilizing and expanding Marubeni’s platform, combining a wide variety of internal and external expertise
- Pursue platform-type businesses that provide synergies and long-term growth

#### “Improving Profitability”

Through implementing ROIC\*2/CROIC\*3/RORA\*4 to monitor capital efficiency and risk/return ratio, the Corporation improves in ROE through better asset quality.

\*2 Return on Invested Capital

\*3 Cash Return on Invested Capital

\*4 Return on Risk Asset

#### “Marubeni Group HR Strategy”

Promoting the growth and success of the Marubeni Group’s human capital, the critical source of our corporate value.

- Mission-oriented HR System: Merit-based and encourages a challenge mindset
- Developing and Empowering Diversified Human Capital: Optimization of the working environment and strengthening HR development

- Talent Management Committee: Promotion of HR strategy lead by core members of the executive team (CEO, CAO, CSO)

For more on human capital investment, please also refer to Supplementary Principle 3.1.3.

### “Financial Targets”

Financial Target in GC2024 is as below and pursuing long-term growth of corporate value.

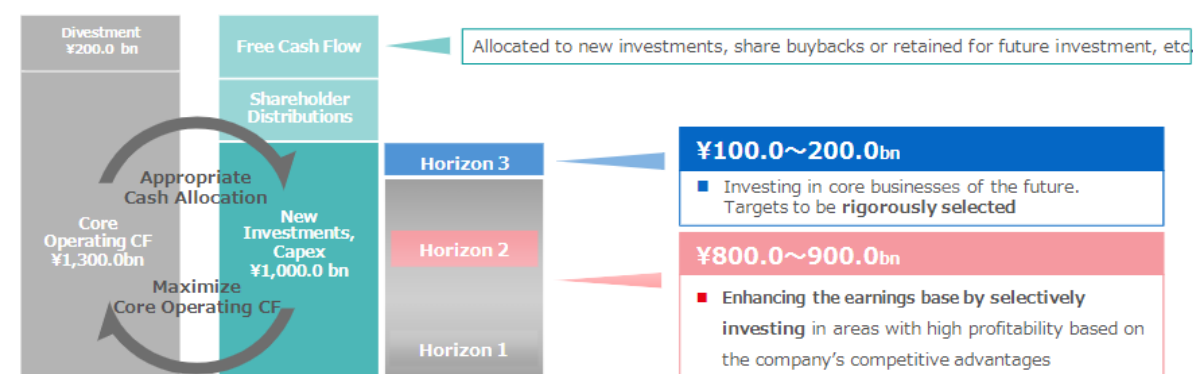
- Consolidated net profit (FYE 3/2025): JPY400.0bn
- Core operating CF (Three-year cumulative): JPY 1,300.0bn
- ROE: 15% (Net DE ratio of around 0.7-0.8 times)

### “Capital Allocation Policy”

While working to strengthen and enhance our financial foundation, the focus will be on Growth and Shareholder Returns.

- Maximizing Core operating CF
- Maintaining positive FCF after shareholder distributions (Three-year cumulative FCF, excluding effects from changes in working capital)

Capital Allocation for each Horizon (Horizon 1: Improvement of existing businesses, Horizon 2: Pursuit of strategies in existing business domains, Horizon 3: New business models and unapproached business domains) is as below.



### “Shareholder Returns Policy”

Set a dividend payment floor over the next three years and flexible share buybacks to be carried out

#### “Dividends”

- Aim to increase dividends through profit growth, while maintaining a consolidated dividend payout ratio of 25% or more of consolidated net profit
- Setting the annual dividend announced at the beginning of FYE 3/2023 as the minimum through the GC2024 period\*5

\*5 The minimum annual dividend for FYE 3/2023 and through the GC2024 period is ¥60 per share, which was published at IR Meeting on Financial Results held on May 6th, 2022.

#### “Share Buyback”

- Targeting improved capital efficiency and performance per share, etc.
- The timing and amount of buybacks to be determined considering the overall business

environment

### **Supplementary Principles 5.2.1**

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

In the Medium-Term Management Strategy “GC2024,” the Corporation sets the basic policy of “strengthening current business domains and exploring new business models” and “expanding “Green business” and “Greening” in all business domains”, with these multi-layered approaches leading to “Growth” to enhance corporate value.

As a basic approach that applies commonly across all business models of the Marubeni Group, the Group will proceed to work on maximizing the value of the group-wide business portfolio through a rigorous selection of new investments on the basis of SPP, which was newly developed in GC2021, as well as by enhancing existing businesses and accelerating divestment and asset recycling.

In its decision-making process regarding new investments, which should naturally be in line with its approach pursuant to Business Policies SPP, the Corporation will make a final decision only after it reach a deeper level of understanding of the business model of the prospective deal and ample time is spent to engage in discussions as to: how and by what strategy the Corporation should go about improving the business's value, taking advantage of its strengths; what action should be taken to address external circumstances and industry prospects as are comprehended by conducting an analysis and; how to step up governance over the business administration after the investment is done.

With respect to asset recycling, the Corporation takes the same approach and will perform asset replacement accordingly, as part of its efforts aimed at enhancement and betterment of its existing businesses at large. As processes to follow after the investment are significant for the purpose of achieving strategic growth, the Corporation checks the capital efficiency and risk/return ratio by means of regular monitoring by implementing ROIC/CROIC/RORA, and improves in ROE through better asset quality. Each time there is a change to any condition assumed when the investment was made, the Corporation reshapes the strategy. Any project that is in good shape for the time being but is deemed to have already passed its peak, or is found to lack in significance for strategic purposes, will be subjected to asset recycling.

END