[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

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Marubeni Corporation
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The corporate governance of Marubeni Corporation (the "Company") 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 Marubeni'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 Company'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 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

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

Marubeni is committed to the following six basic principles of business:

(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’s corporate activities are supported by various stakeholders from the aspects of economy, environment and society. The group aims to build a stable and sustainable group foundation by giving importance to CSR and through the pursuit of benefits for and satisfaction of the respective stakeholders and gaining their trust. The Marubeni Group’s stakeholders are as follows:

(a) Customers and business partners

Marubeni Group aims to become a company that can be trusted and relied upon by its customers and business partners, and shall endeavor to offer products and services with high satisfaction, promote fair transaction and enhance service functions. The Company will develop and offer socially useful products, reflecting the requirements of its customers and business partners, by giving full consideration to safety and striving at all times to improve

their satisfaction and win their trust through sincere measures.

(b) Shareholders

Marubeni Group shall work to ensure management transparency, enhance disclosure system and strengthen group governance. Further, we aim to improve our corporate value by responding to the changes in business environment and striving to ensure stable earnings while giving importance to environmental and social aspects.

(c) Society and environment

Marubeni Group shall exist in harmony with the local community as one of its members and strive to contribute to the creation of an affluent local community. Overseas, we will respect the local culture and customs and strengthen the management to contribute to local development. Moreover, the Company will firmly take on antisocial forces and organizations that threaten the order and safety of the civil society. We recognize that initiatives to address environmental issues are an essential requirement for the existence and activities of a company, and will act proactively and voluntarily. Further, the Company shall undertake the task of reducing environmental burden and contribute to the conservation of the global environment through the promotion of environment-related businesses.

(d) Employees

Marubeni Group shall respect individual values and life plan of the group employees and strive to improve the work environment and offer appropriate treatments. We shall eliminate all sorts of discriminations and create a work environment in which everyone can work comfortably.

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

Marubeni Group is implementing all the principles of the Corporate Governance Code based on the above-mentioned basic concepts.

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

Please refer to the Company's status of initiatives and policies regarding initiatives, which are related to all the 78 principles that are consist of Basic Principles, Principles, and Supplementary Principles and include disclosure items based on the principles of the Corporate Governance Code. This information is attached to this report and is posted on the Company's webpage.

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

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	88,763,100	5.10
Japan Trustee Services Bank, Ltd. (Trust account)	76,370,300	4.39
Meiji Yasuda Life Insurance Company	41,818,718	2.40
Sompo Japan Nipponkoa Insurance Inc.	40,000,000	2.30
Japan Trustee Services Bank, Ltd. (Trust account 9)	35,426,700	2.03

STATE STREET BANK WEST CLIENT - TREATY 505234	31,657,661	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	30,930,600	1.77
Mizuho Bank, Ltd.	30,000,000	1.72
Tokio Marine & Nichido Fire Insurance Co., Ltd.	24,930,110	1.43
The Dai-ichi Life Insurance Company, Limited	24,859,500	1.43

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 Stock Exchange First Section, Nagoya Stock Exchange First Section
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	From 100 to less 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

Nothing applicable.

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

[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	Chairman (except when also serving as President)
Number of Directors	10
Appointment of External Directors	Appointed
Number of External Directors	4
Number of Independent Directors	4

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takao Kitabata	Other											
Kyohei Takahashi	From another company								△			
Susumu Fukuda	Other											
Yuri Okina	From another company											

* 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 external 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

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takao Kitabata	Yes	Not applicable	Mr. Kitabata served in key positions in the government and has profound insight about economic trends in Japan and overseas. He vigorously stated opinions at meetings of the Board of Directors from an objective, specialist viewpoint. As the Chief External 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 chairman of the Nomination Committee, he vigorously stated opinions 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, Mr. Kitabata has been appointed as an External Director.
Kyohei Takahashi	Yes	Mr. Takahashi was an executive of Showa Denko K.K. There is a continuous transaction relationship between Marubeni and Showa Denko K.K., in which the Company sells raw materials, etc. to Showa Denko K.K. and the Company purchases products manufactured by Showa Denko K.K. and so on. Net sales of Marubeni to Showa Denko K.K. for the three business years from FY2014 to FY2016 account for 0.02% of the consolidated revenue of the Company, whereas net sales of Showa Denko K.K. to Marubeni in the said three-year period account for 0.1% of the	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 External 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 chairman of the Governance and Remuneration Committee and a member of the Nomination Committee, he vigorously stated his opinions 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, Mr. Takahashi has been appointed as an External Director.

		consolidated revenue of Showa Denko K.K.; and both of these percentages are insignificant.	
Susumu Fukuda	Yes	Not applicable	Mr. Fukuda served in key positions in the government and has profound insight about finance and tax affairs and a wealth of experience serving as an external officer at various companies. He vigorously stated opinions at meetings of the Board of Directors from an objective, specialist viewpoint in order to enhance soundness, transparency, and efficiency of the Corporation's management. As an External 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 a member of the Governance and Remuneration Committee, he vigorously stated opinions 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, Mr. Fukuda has been appointed as an External Director.
Yuri Okina	Yes	Not applicable	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 external 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 in order to enhance soundness, transparency, and efficiency of the Corporation's management. As an External Director of the Corporation, she has been providing advice to management and appropriately supervising business execution. In view of the above and the report of the

			Nomination Committee, Ms. Okina has been appointed as an External Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

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
External Directors	2	2
External Experts	0	0
Other	1	2
Chairperson	External Director	External Director

Supplementary Explanation

- A voluntary committee equivalent to the Nomination Committee
  - Nomination Committee (to be convened as necessary): The Nomination Committee is an advisory body to the Board of Directors and the majority of its members are External Directors/Audit & Supervisory Board Members. The Nomination Committee deliberates on proposals regarding the selection of Director and candidates of 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.
- A voluntary committee equivalent to the Remuneration Committee
  - Governance and Remuneration Committee (to be held as necessary): The Governance and Remuneration Committee is an advisory body to the Board of Directors and the majority of its members are External Directors/Audit & Supervisory Board Members. 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. The committee also conducts evaluation and review concerning the overall Board of Directors, including its composition and operation, and reports to the Board of Directors.
  - Committee members falling under "Other" in the committee composition are External Audit & Supervisory Board Members.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
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 Company's Accounting Auditor for the fiscal year through March 31, 2018 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.

Appointment of External Members of Audit & Supervisory Board	Appointed
Number of External Members of Audit & Supervisory Board	3
Number of External 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
Shuichi Yoshikai	Other													
Takashi Hatchoji	From another company										△			
Tsuyoshi Yoneda	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 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 external 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
Shuichi Yoshikai	Yes	Not applicable	Mr. Yoshikai has abundant experience in legal services and profound knowledge accumulated through that experience, which the Company believes would strengthen audit by the Audit & Supervisory Board. In view of the above, he has been appointed as an External Audit & Supervisory Board Member. Further, no personal, capital or transaction-related relationships existed between him and the Company in the past or exist currently, he satisfies the requirements in the standards and policies for the independence of External Directors/Audit & Supervisory Board Members of the Company described in II.3 of this report. Hence the Company appointed him as an Independent Auditor.
Takashi Hatchoji	Yes	Mr. Hatchoji was an executive of Hitachi, Ltd. There is a continuous transaction relationship between Hitachi, Ltd and Marubeni in diverse areas, such as sales and purchases and construction contracts. Net sales of	Mr. Hatchoji has profound insight cultivated through his involvement in corporate management at an international company and has experience of serving as an external officer of another company. Therefore, the Company believes that he will appropriately fulfill duties as an External Audit & Supervisory Board Member of the Company from a neutral and objective stance with a practical viewpoint and contribute

		Marubeni to Hitachi, Ltd for the three business years from fiscal year 2014 to fiscal year 2016 account for 0.08% of the consolidated revenue of the Company during the said three-year period, whereas net sales of Hitachi, Ltd to Marubeni account for 0.01% of the consolidated revenue of Hitachi, Ltd during the said period; both of these percentages are insignificant.	to improvement of corporate governance and enforcement of audits by the Audit & Supervisory Board. In view of the above and the report by the Nomination Committee, he has been appointed as an External Audit & Supervisory Board Member by resolution of the General Meeting of Shareholders. No personal, capital or transaction-related relationships existed between Mr. Hatchoji and the Company 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 External Directors/Audit & Supervisory Board Members of the Company described in II.3 of this report. Hence the Company appointed him as an Independent Auditor.
Tsuyoshi Yoneda	Yes	Not applicable	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 external officer of another company. Therefore, the Company believes that he will appropriately fulfill duties as an External Audit & Supervisory Board Member of the Company from a neutral and objective stance with a practical viewpoint and contribute to improvement of corporate governance and enforcement of audits by the Audit & Supervisory Board. In view of the above and the report by the Nomination Committee, he has been appointed as an External Audit& Supervisory Board Member by resolution of the General Meeting of Shareholders. Further, no personal, capital or transaction-related relationships existed between him and the Company in the past or exist currently, he satisfies the requirements in the standards and policies for the independence of

			External Directors/Audit & Supervisory Board Members of the Company described in II.3 of this report. Hence the Company appointed him as an Independent Auditor.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	7

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company designates all External 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 / Stock Options

Supplementary Explanation

Remuneration for Directors other than External Directors consists of basic compensation, which is a fixed amount corresponding to each Director's position, and variable compensation, which is linked to business performance in the previous business year. The amount of basic compensation is determined as follows: the variable compensation is zero, if the consolidated net income (profit attributable to owners of the parent) for the previous business year is below 100 billion, and it is an amount of the base amount multiplied by a factor that proportionally increases corresponding to the consolidated net income if the consolidated net income for the previous business year is 100 billion yen or more. Instead of cash, 20% of the aggregation of basic compensation and variable compensation is granted as stock compensation-type stock options, in order to share the benefits and risks of stock price fluctuations with shareholders and further boost motivation to improve the Company's stock price and corporate value. The basic compensation is as described later in Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods.

Recipients of Stock Options	Internal Directors / Other

Supplementary Explanation

As described above, instead of cash, 20% of the aggregation of basic compensation and variable compensation for Directors other than External Directors and Executive Officers is granted as stock compensation-type stock options, in order to share the benefits and risks of stock price fluctuations with its shareholders and further boost motivation for contributions to improve the Company's stock price and corporate value. The stock options are stock compensation-type stock options in which the exercise price paid per share for the shares that may be issued by exercising the stock acquisition rights is one (1) yen.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

(a) The total of remuneration and other payments for Directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2018 are as follows:

・Directors (other than External Directors) -- six people: the total of remuneration, etc. -- 512 million yen

・Audit & Supervisory Board Members (other than External Audit & Supervisory Board Members) -- three people: the total of remuneration, etc. -- 76 million yen

・External Directors/Audit & Supervisory Board Members -- ten people: the total of remuneration, etc. -- 84 million yen

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

Note 2. The maximum annual amount of remuneration for Directors was set at 1,100 million yen (including 60 million yen for External Directors; by a resolution of the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016), the maximum monthly remuneration for Audit & Supervisory Board Members was set at 12 million yen (by a resolution of the 88th Ordinary General Meeting of Shareholders held on June 22, 2012) and the maximum annual amount of compensation concerning stock compensation-type stock options for Directors (excluding External Directors) is 220 million yen (by a resolution of the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016).

Note 3. The Company abolished the retirement remuneration plan at the close of the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007, which also resolved on making a final payment of retirement remuneration. In accordance with the resolution, the Company 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 fiscal year ended March 31, 2018, retirement remuneration was not 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.

(b) Individuals to whom the total amount of compensation paid exceeded 100 million yen in the fiscal year ended March 31, 2018:

・Teruo Asada (Director): The total of remuneration and other payments – 104 million yen (cash compensation of 83 million yen and stock compensation-type stock options worth 21 million yen).

・Fumiya Kokubu (Director): The total of remuneration and other payments – 128 million yen (cash compensation of 103 million yen and stock compensation-type stock options worth 25 million yen).

Policy on Determining Remuneration Amounts and Calculation Methods	Established

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 with the majority of its members consisting of External 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.

Remuneration for Directors other than External Directors consists of basic compensation, which is a fixed amount corresponding to each Director's position, and variable compensation, which is linked to business performance in the previous fiscal year. The amount of basic compensation is determined by reflecting the quantitative and qualitative evaluation of each Director. The performance-based compensation described in the above Supplementary Explanation. Remuneration for External Directors and Audit & Supervisory Board Members, all of whom are independent from business execution, consists entirely of basic compensation.

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

System for supporting External 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 External Directors as in the case with other Directors.
System for supporting External 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 External 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 31, 2008	Not set
Nobuo Katsumata	Honorable Corporate Advisor	None	Part-time, no compensation	March 31, 2013	Not set

Number of Advisors, Counselors, etc. Who Are Former Presidents and CEOs, etc.	2

Matters relating to Former Presidents and CEOs, etc.

・While the Company originally has in place an advisor system, it currently does not have advisors. If it appoints an advisor, the advisor would not be involved in business execution of the Company and instead engage in activities in the business community and activities with high social significance. The Company plans to abolish the advisor system as of April 1, 2019. (It has been decided by the meeting of Board of Directors on June 22, 2018.)
・The Company may appoint a Corporate Advisor, who would engage in business community activities and activities with high social significance, roles used to be played by advisors.
・The President appoints those who retired as officers of the Company as Corporate Advisors. When those who have retired from the posts of Chairman or President of the Company 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 Company are as follows:
(a) Board of Directors
The Board of Directors comprises 10 Directors (including four External Directors; nine 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, the Chairman of the Board without representative rights and the authority for business execution, in principle, chairs the Board of Directors Meetings.

(b) Audit & Supervisory Board

The Audit & Supervisory Board comprises five Audit & Supervisory Board Members (including three External Audit & Supervisory Board Members). The Company 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 is an advisory committee for the President and consists of five Representative Directors including the President, two Senior Managing Executive Officers and three Managing Executive Officers. It deliberates important matters related to management.

(d) Committee of Heads of Divisions

The members of the Committee of Heads of Divisions are the President, the representative directors, Chief Executive Officers (Group CEOs), the Division COOs 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 34 Executive Officers (five of whom also serve as Director) to communicate management policies issued by the President and other information and discuss matters that affect business execution such as financial performance and results of internal audits.

Further, the Company has established various committees for strengthening of corporate governance. Main committees and their roles are as follows:

・ Investment and Credit Committee (three times a month as a rule)

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

・ Compliance Committee (four times a year, as a rule, and whenever necessary)

The committee provides support and guidance with regard to practicing compliance 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)

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 operates in areas related to sustainability, including ESG support

・Internal Control Committee (held as necessary)

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)

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 Company's organ and committee meetings in the fiscal year ended March 31, 2018 is as follows: in the said fiscal year, the Board of Directors met 18 times to make decisions regarding execution of duties by the Company. At the same time, the Board of Directors receive reports regularly from Directors to supervise their execution of duties. The Audit & Supervisory Board met 10 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 30 times and discussed and made decisions regarding management-related policies and company-wide important matters. In addition, the Committee of Heads of Divisions met three times, the Committee of Executive Officers four times, and the Investment and Credit Committee 24 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 Company has in place the Audit & Supervisory Board Member's Office (three dedicated staff members) to support the Audit & Supervisory Board Members, which work together with the Audit Department (63 people) 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 financial and accounting

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

(Audit & Supervisory Board Member Kaoru Kuzume)

Mr. Kuzume successively held posts of the General Manager Forest Products & General Merchandise Administration Department, and General Manager, Audit Department, and has grasp of the Marubeni Group's overall activities and considerable knowledge of finance and accounting.

(Audit & Supervisory Board Member Kazuro Gunji)

Mr. Gunji successively held posts of the CFO of Marubeni Europe plc and the General Manager of Corporate Accounting Department and has considerable knowledge of finance and accounting.

In order to enable each of the External Directors, namely Messrs. Takao Kitabata, Kyohei Takahashi, Susumu Fukuda

and Ms. Yuri Okina, and External Audit & Supervisory Board Members, who are Messrs. Shuichi Yoshikai, Takashi Hatchoji and Tsuyoshi Yoneda, to fully perform his or her duty as External Director or External Audit & Supervisory board Member, the Company 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 Company conducts a diverse range of business globally. Accordingly, the Company has established a corporate audit governance model of a Company with auditors in which the Board of Directors consisting of Internal Directors and External Directors has been established (to appoint External Directors and liaise with the Audit & Supervisory Board) in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management. The Company has determined that this governance model is functioning effectively as set forth in items (a) and (b) below. Therefore, the Company will retain the current governance structure.

(a) Ensuring rapid and efficient decision-making

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

(b) Ensuring appropriate supervisory functions

The Company ensures appropriate supervisory functions by implementing various measures, including appointing External Directors that account for a third or more of the members of 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 External Directors and External Audit & Supervisory Board Members.

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

(a) Introduction of diverse external 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 offer useful opinions from a perspective independent of the corporate culture and custom of the Company.

(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 external the Company.

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

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

The Company shall determine that a person who is an External 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 financial instruments exchanges, such as the Tokyo Stock Exchange, on which the Company's stock is listed.

1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the voting rights in the Company) or an executive person thereof*.
2. An executing person of a lender, from which the borrowed amount exceeds 2% of the Company's consolidated total assets.
3. An executing person of a business partner with which the transaction amount exceeds 2% of the Company'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 Company 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 Company 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 Company 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 Company judges that said person substantially maintains his or her independence, the Company shall explain and disclose the reason for his or her election as a candidate for External 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 Company utilizes a system operated by the administrator of shareholders' register.
Participation in Electronic Voting Platform	The Company uses the voting platform for institutional investors by ICJ.
Providing Convocation Notice in English	English translation of the convocation notice, business report and financial statements are posted on the Company's website on the date of mailing of the convocation notice.
Other	The Company is also implementing the following measures to vitalize General Shareholders Meetings and ensure smooth exercising of voting rights. ・Post the convocation notice, business report and financial statements on the Company's website ahead of sending them to the shareholders ・Visualize reporting items on the day of the General Shareholders Meeting ・Appoint a narrator for part of the reporting items on the day of the General Shareholders Meeting. ・On-demand distribution of the reporting items on the day of the General Shareholders Meeting on the Internet

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 Company's website. It also stipulates the Disclosure Committee Regulations to inculcate its thorough awareness in the Company.	
Regular Investor Briefings for Individual Investors	About three briefings a year held for individual investors and officials from retail sales departments of securities companies.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	In addition to quarterly earnings briefings (two of which are conference calls), the management holds regular meetings for securities analysts and institutional investors about three times a year. (The President or Director in charge of IR explains at these meetings.)	Yes
Regular Investor Briefings for Overseas Investors	About five of individual visits to overseas investors is held a year an d the President, Director in charge of IR, etc. explain overview of business results and business outlook.	Yes
Posting of IR Materials on Website	Business result information, integrated reports, shareholder reports, quarterly reports, annual securities reports, earnings result briefing materials and the convocation notice of General Shareholders Meeting are posted on the Company's website.	

Establishment of Department and/or Manager in Charge of IR	The Company appoints a Director in charge of IR and has in place the IR Section, Finance Department as a division in charge of IR. It also appoints the General Manager of Media Relations Section, Corporate Communications Department as a person in charge of IR-related liaison.	

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.	In each field of CSR including environment, the Company is engaged in a wide range of activities. The details of such activities are introduced in the Integrated Report issued every year. <Sustainability implementation system> In fiscal year 2018, the Company reorganized and strengthened the CSR & Environment Committee and established the Sustainability Management Committee. External directors and external Audit & Supervisory Board members are appointed as advisors, providing the system an external point of view. <Social contribution activities, etc.> The Company 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 Company. For details of the activities, please refer to the Integrated Report. <Creation of environmental and social values through business activities> See the following URL on the Company's website regarding Sustainability Action Plan & Targets. https://www.marubeni.com/en/csr/group/action_plan/
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	In the mid-term management plan Global Challenge 2018, the Company calls for recruiting and developing human resources that can succeed on a global scale, and for further promoting diversity within the Group when recruiting and deploying human resources. It also promotes a Group human resources strategy with the aim of becoming a corporate group where individual employees can take pride in their work and find their work rewarding. As for the Company's policies and measures for promoting opportunities for female employees, it started to strengthen the hiring of female employees for managerial staff positions in FY2006 and has been implementing the BENInovation Program, which is aimed at the conscious nurturing of female employees in managerial staff positions, since FY2014. These initiatives have been highly acclaimed and the Company was designated as Nadeshiko Brand for companies excelling in promoting opportunities for female employees by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc. in 2015 and 2017. In addition, in connection with the enforcement of the Act on Promotion of Women's Participation and Advancement in the Workplace (hereinafter referred to as the "Act on

	Promotion of Women's Participation"), the Company announced its Phase I Action Plan in March 2016. More specifically, it aims for constructing female HR development pipelines by strengthening hiring, overseas dispatch, and other development programs with the goal of increasing the ratio of female career-track employees to 10% or above and raising the ratio of female managers to 7% or above by the end of FY2020. The Company is pursuing the steady appointment of female employees to managerial positions through strengthening the hiring of women for career-track, actively assigning female employees to overseas dispatch, and enhancing education. In 2017, the Company received "Eruboshi" certification from the Minister of Health, Labour and Welfare. This system gives certification to companies that have submitted a report in accordance with the "Act on Promotion of Women's Participation," have met certain standards, and are excelling with regard to the implementation of measures related to promoting opportunities for women. The certification has three levels, and the Company acquired level two.

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 Ordinance for Enforcement of the Companies Act, the Company 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 Marubeni's operations (hereinafter referred to as the "Basic Internal Control Policy") as described below.

<Basic Internal Control Policy>

Marubeni Corporation (hereinafter referred to as "Marubeni") seeks to steadily increase and maximize corporate value through business activities that are in accordance with its Company Creed and Management Philosophy*, and to build a stable and sustainable group business foundation. To this end, the Company, in accordance with the Companies Act and its implementation guidelines, establishes the policy described below (hereinafter referred to as the "basic internal control policy") to ensure that all business activities of Marubeni and the business group (hereinafter referred to as the "Marubeni Group") made up of Marubeni and all Marubeni Group companies (Marubeni's consolidated subsidiaries and companies deemed as equivalent to subsidiaries; the same shall apply hereinafter) are conducted appropriately. Marubeni 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."

Marubeni Group: Marubeni's consolidated subsidiaries and companies deemed as equivalent to subsidiaries"

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. Directors execute business operations and report the situation of their duty execution to the Board of Directors once every three months or more often based on operations in charge decided by the Board of Directors in accordance with the laws, regulations and Articles of Incorporation. 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. Marubeni appoints External Directors to ensure effectiveness of corporate governance. Marubeni adopts the executive officer system to improve efficiency of business execution, and it takes a system where its Group CEOs participates in the company's overall management and supervise overall operation of the respective business groups 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

Marubeni 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, Marubeni 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

Marubeni 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

Marubeni establishes the Audit Department directly under the President to study the appropriateness of duty execution by executing person and compliance status and implements internal audit by the Audit Department and self-inspection of company-wide Marubeni under instructions by 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, Marubeni shall seek judgement of the Governance and Remuneration Committee, an advisory committee to the Board of Directors with

the majority of members being External 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, Marubeni 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 Ringi Approval Procedure Regulations. 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

From the perspective of dispersing company-wide risks, Marubeni implements integrated risk management to grasp risks that can be quantified such as credit and investment risks regarding countries and regions, industries, markets and customers. Marubeni 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, Marubeni formulates a business continuity plan. When a serious situation actually occurs, Marubeni 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, Marubeni sets forth goals shared by all Directors and employees at the Marubeni Group such as management policy, management strategy and management plan and instill them, while establishing concrete targets for individual officers and employees should implement for achieving the goals.

(2) Corporate Management Committee

To ensure efficient execution of duties, Marubeni 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

Marubeni introduces the Business Group system and delegates authority to Group CEOs to enable a structure that facilitates swift decision-making regarding products in charge 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

Marubeni shall stipulate necessary systems including a system for appropriate reporting to Marubeni 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 Marubeni regarding important management-related matters and report to Marubeni.

(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
Marubeni 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 Director 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 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, COOs and Corporate Staff Group General Managers report their duty execution status to the Audit & Supervisory Board Members every year. Marubeni 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. Marubeni 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 Marubeni 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 independently has a contract with a corporate lawyer, and if the Audit & Supervisory Board Members approve its necessity, they can appoint external advisors such as certified public accountants.

(3) Audit-related expenses

Marubeni 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 Company'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 Company'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 Company clearly states its basic policy towards elimination of anti-social forces 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. As part of these initiatives, the Company prepared a sample of a

contract clause for eliminating anti-social forces (a so-called organized crime elimination clause) and inculcates its thorough awareness in the Company. The Company's system towards elimination of anti-social forces is as described below:

1- Division in charge

The General Affairs Department is the division supervising the response if wrongful demand, etc. is made.

2- Development of database

Information regarding anti-social organizations is gathered at the General Affairs Department, which is building database of related information.

3- Use of information

The General Affairs Department confirms about doubtful organizations and individuals using the above database.

V. Other

1. Adoption of Anti-Takeover Measures

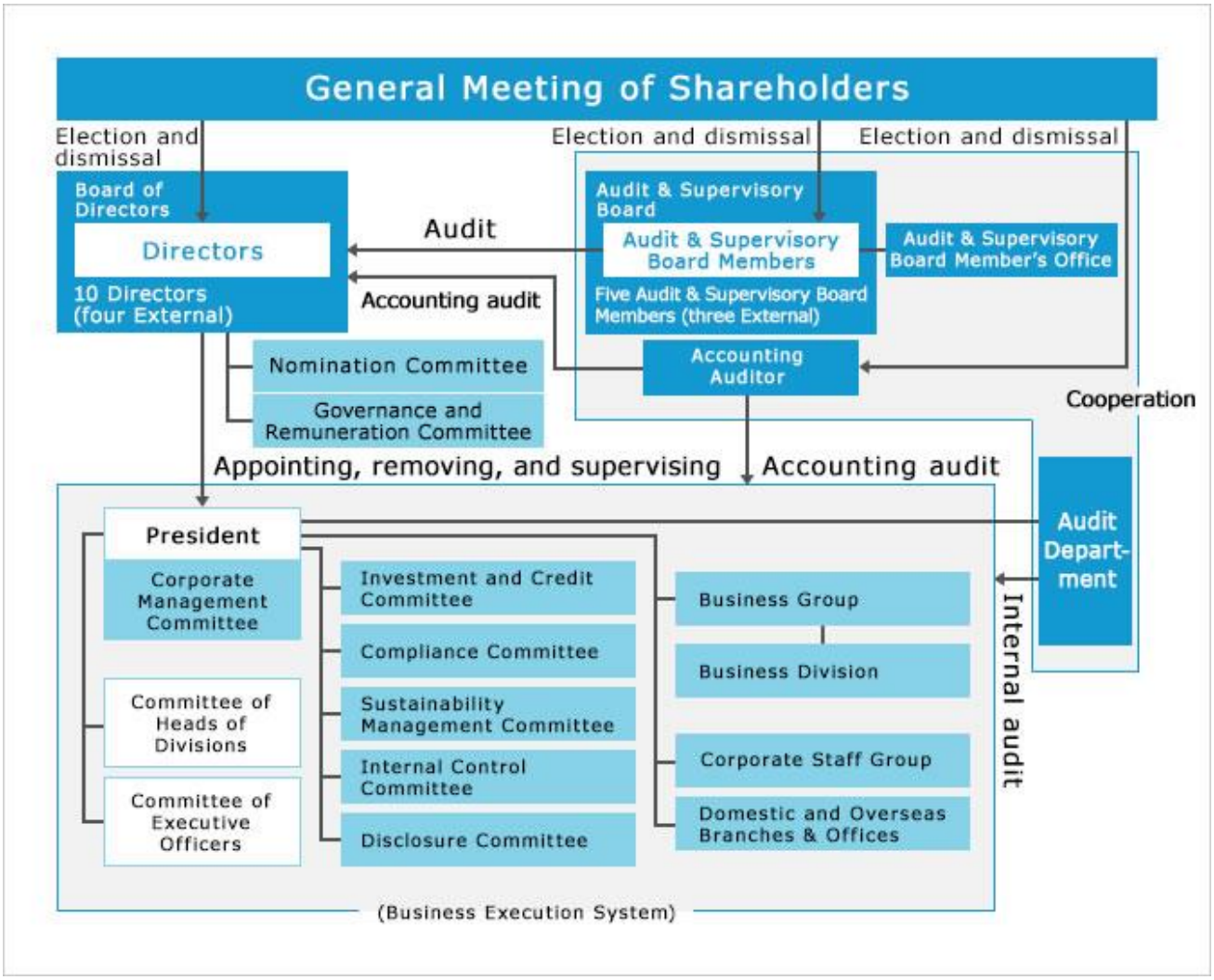
Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

Nothing particular to be mentioned.

2. Other Matters Concerning to Corporate Governance System

The Company aims to realize more appropriate and efficient system by constantly reviewing its corporate governance system in response to changes in the society.



Marubeni's Corporate Governance Code Initiatives

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 Company 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 exercising of rights, and endeavors to develop an environment for exercising their rights (details below).

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 Company provides information necessary to fully secure shareholder rights including the smooth exercising of voting rights by prompt and timely disclosure of information using our website, etc.

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 Company grasps the intentions of shareholders at General Meetings of Shareholders, and analyzes the reasons and considers the need for a response when a considerable number of votes have been cast against a proposal by the Company, with the aim of reflecting such intentions in our 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 Company delegates certain matters for resolution by a 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 Company's Articles of Incorporation. The Company 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 Company has appointed four Independent 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 we give 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 Company gives adequate consideration to rights granted to shareholders, including the preparation of manuals for administrative procedures so that we can respond appropriately and smoothly to requests from shareholders to inspect or copy statutory held documents, and we have developed a system to ensure 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 Company recognizes that General Meetings of Shareholders are an opportunity for constructive dialogue with shareholders, and makes efforts to develop an appropriate environment in which to exercise such rights, giving adequate consideration to the shareholders' perspective.

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 Company appropriately discloses information in reference materials for General Meetings of Shareholders, timely disclosures and news releases on our website. Important matters are discussed and disclosed by the Disclosure Committee.

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 Company sends convocation notices approximately one week prior to the statutory deadlines (approximately three weeks prior to the date of a General Meeting of Shareholders) and discloses the notice on our website and on the Tokyo Stock Exchange website approximately 10 days prior to sending the notice.

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 Company convenes a General Meeting of Shareholders avoiding the peak day on which many companies hold shareholders meeting. Furthermore, we give adequate consideration to the capacity of the venue so that we 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.

The Company uses an electronic voting platform, translates convening notices into English, and publishes notices on our website.

[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 1.2.5

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 Company does not allow beneficial shareholders to attend General Meeting of Shareholders as there is no way to confirm their authenticity. However, if we receive a request to attend a General Meeting of Shareholders in advance of a meeting, and if we are able to confirm that the party making the request is making it based on proper grounds as a beneficial shareholder, we will consider whether to approve their attendance and exercising of voting rights and so on in consultation with trust banks, etc.

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 Company announces our quantitative targets including its D/E ratio and ROE and our dividend policy in our Mid-term Management Plan, Global Challenge 2018, 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.

[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.

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

The Company conducts diversified business activities in a wide range of fields through our networks both in Japan and abroad and believes that our partnerships with various companies are indispensable. The Company 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 Company's weighted average cost of capital) and qualitative aspects (maintain and strengthen relationships with investee companies by retaining cross-shareholdings), and the details reviewed are investigated by the Board of Directors. If the significance of the cross-shareholding is not established as a result of the review, the Company, in principle, sells the shares, and reports on such sale to the Board of Directors in the following fiscal year.

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

The Company 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.

*** 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 Company does not hinder the sale of shares by implying that existing business transactions will be reduced when a cross-shareholders indicates 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 Company does not engage in transactions with cross-shareholders which may harm the interests of the company or the common interests of our 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*[3] 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 Company 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 Company's shares, the Company will promptly disclose the position of the Board of Directors to shareholders. We do not take measures to unreasonably prevent shareholders from responding to the tender offer that contribute to maximizing the corporate value of the Company 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* 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 Company engages in a capital policy that results in the change of control or significant dilution (including share offerings and management buyouts), we promptly disclose the necessity and rationale, provide sufficient explanations to shareholders, and ensure appropriate procedures are taken as necessary.

[3] *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 Company receives prior approval from the Board of Directors for competing transactions by a Director, self-dealing transactions between the Company and a Director, and conflict-of-interest transactions, and the Company informs the Board of Directors if the said transaction is implemented. Our policy is to implement transactions with a major shareholder (a shareholder who holds 10% or more shares in the Company) 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 Company recognizes the importance of cooperating with all stakeholders, including shareholders, for our 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 our management philosophy (details below).

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 Company discloses our management philosophy in securities reports, corporate governance reports, integrated reports, and on our 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 Company informs all our stakeholders and discloses our creed, management philosophy and the Marubeni Corporate Principles in annual securities reports, corporate governance reports, integrated reports, and on our 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 Company obtains an oath from all executives and employees each year regarding adherence to the Marubeni Corporate Principles and Compliance Manual. Regarding the status of compliance activities, the Company provides timely reports on the execution of duties by Directors to the Board of Directors and reviews are conducted 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 Company takes appropriate measures to address sustainability issues, including social and environmental matters.

Supplementary Principle 2.3.1

With the recognition that dealing with sustainability issues is an important element of risk management, the board should take appropriate actions to this end. Given the increasing demand and interest with respect to sustainability issues in recent years, the board should consider addressing these matters positively and proactively.

In fiscal year 2018 the Company reorganized and strengthened the CSR & Environment Committee to form a Sustainability Management Committee. External directors and External Audit & Supervisory Board Members act as advisors to the Committee and provide an external point of view. Please refer to our Sustainability Action Plan & Targets published on our website at the following URL regarding the creation of environmental and social value through business activities.

(https://www.marubeni.com/en/sustainability/group/action_plan/)

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.

1. Diversity Management Promotion Policy

The Company cites "recruiting and developing human resources that can succeed on a global scale" and

“continuing to promote diversity within the Group, and recruiting and positioning diverse human resources” in our Global Challenge 2018 mid-term management plan. We promote group-wide human resources strategy, aiming to be an organization where all personnel can take pride in their work and find their work rewarding.

2. Female Employee Empowerment

Since fiscal year 2006 the Company has been working hard to recruit more women to managerial staff positions. In fiscal year 2014 we started a training program, “BENInovation Program,” which aims to consciously train female staff in managerial positions.

Such initiatives have been well received and in 2015 and 2017 we were chosen as a “Nadeshiko Brand.” Under the Nadeshiko Brand Initiative, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange jointly select enterprises that encourage women’s success in the workplace. In addition to the above, following the promulgation of the Act on Promotion of Women’s Participation and Advancement in the Workplace (hereinafter referred to as the “Act on Promotion of Women’s Participation”), the Company announced our first action plan in March 2016. Specifically, the plan aims to “Construct HR development pipelines by strengthening hiring, overseas dispatch, and other development programs with the goals of increasing the ratio of female managerial staff to more than 10% and raising the ratio of female managers to above 7% by March 31, 2021”, and aims to steadily promote female employees to managerial position by hiring more female staff to managerial positions, actively dispatching female staff overseas, and enhancing training programs. In 2017 we were awarded “Eruboshi” certification by the Minister of Health, Labour and Welfare. Under this system, companies registered pursuant to the Act on Promotion of Women’s Participation fulfill certain standards, and are recognized as being companies leading in areas such as the implementation of initiatives to promote women’s activities. There are three classes of Eruboshi certification, and we have been awarded class 2.

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 Company 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[4] and outside *kansayaku*[5]). 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 Company has established an independent external legal counsel hotline at an attorney's office. Through internal regulations the Company has established a framework to prevent whistleblowers being subject to disadvantageous treatment.

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 Company 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:

[4] 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.

[5] 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.

(Board of Trustees)
The Board of Trustees consists of an even number of trustees, half of whom are elected trustees selected by the Company 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 is also 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 fund's managing director. The criteria for selecting members includes being responsible for pension work, and having a deep understanding of asset management, and so on. The 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 Company is aware that disclosing information 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 we endeavor to actively disclose non-financial information, such as information relating to business strategies, business issues, risks, and governance (details below).

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 Mid-term Management Plan formulated based on the above thinking on the Company's website.
(https://www.marubeni.com/en/company/plan)

ii) <Basic views and guidelines on corporate governance>

The Company 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, we have 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" in the Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information in the report I on corporate governance, the Company formulates criteria for judgment of independence of External Directors/Audit & Supervisory Board Members and improves the management surveillance function by Independent External Directors/Audit & Supervisory Board Members. The Company 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 Company has established a Governance and Remuneration Committee (comprised of six members: the president, one internal director, and four External Directors/Audit & Supervisory Board Members, and an External Director/Audit & Supervisory Board Member chairs the Committee), an advisory body to the Board of Directors, the majority of whose members are External 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 the findings 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 two or more External Directors/Audit & Supervisory Board Members and the president, and an External Director/Audit & Supervisory Board Member chairs the Committee), an advisory body to the Board of Directors, the majority of whose members are External Directors/Audit & Supervisory Board Members, deliberates on proposals for appointing Director and Audit & Supervisory Board Member candidates and reports the findings to the Board of Directors. The Company has prior consent of the Audit & Supervisory Board regarding candidates for Members of Audit & Supervisory Board. The appointment criteria for the Company's Directors and Audit & Supervisory Board Members are as follows:

(Appointment criteria for Directors)

For Directors, the Company appoints internal and external human resources having considerable insight and expertise fostered through ample experience in the Company'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)

For Audit & Supervisory Board Members, the Company appoints internal and external human resources having insight of the Company'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.

The Company 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.

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 cases in which laws and regulations are violated, or cases in which it is clearly acknowledged that their functions are not being manifested.

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

In addition to the reasons for the appointment of candidates for External Directors and External Audit & Supervisory Board Members, the Company 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 6 to 13 of the Notice of the 94th Ordinary General Meeting of Shareholders available on the Company's website for more details. (https://www.marubeni.com/en/ir/stock/meeting/pdf/fye1803_94th_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 Company is aware that disclosing information 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, we strive to ensure we make value-added comments 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.

The Company 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.

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 Company 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 Company evaluates the work of the accounting auditor based on such standards, makes a decision on reappointment and notifies the Board of Directors.

ii) The Audit & Supervisory Board holds regular monthly meetings with the accounting auditor. The 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) at the March and May meetings, and the annual audit plan and service structure at the August meeting.

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.

i) Audit schedules are formulated following prior consultation with the Corporate Accounting Department 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 meeting monthly as an alternative to the accounting auditor attending meetings of the Audit & Supervisory Board. The Internal Audit Department works with the accounting auditor to respond to J-SOX, etc., 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 external directors, and information is shared with external 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*[6] and so-called *shikkoyakuin*[7]) 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 Company sets the broad direction of corporate strategy at meetings of the Board of Directors, including formulating mid-term management plans. The Company endeavors to establish management and executive structures in order to secure prompt, efficient, and appropriate oversight functions when making decisions on management matters (details below).

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 Company's mid-term management plans are formulated based on our 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 mid-term management plan as a guideline.

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[6] *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*.

[7] *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.

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 Company's Corporate Management Committee Rules, it is stipulated that matters set forth in laws and ordinances and the Company'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, in the case of matters other than those that should be decided by the Board of Directors, decision-making and execution are delegated to the Representative Director and Executive Officer. In the case of decision-making and execution regarding matters delegated to the Representative Director and Executive Officer, business execution reports on the status of such are given 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 Company announces its mid-term business plans, checks the status of progress of such in a sequential manner, and then discloses this. When mid-term business plans are finished, they are reviewed and their content is thoroughly analyzed. The findings are reflected in the next term's business plan, and then the next term's business plan 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 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 Company 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 the 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 Company shares the benefits and risks of stock price fluctuations with shareholders, and grants stock options to Directors (excluding External Directors) and Executive Officers in order to 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.

As for the remuneration of Directors, the limit for the total amount of remuneration for all Directors is decided based on a resolution at the General Meeting of Shareholders. The Governance and Remuneration Committee, the majority of whose members are External Officers, deliberates the validity of remuneration decision policies and remuneration levels, and then reports to the Board of Directors. The remuneration amounts of individual Directors are decided through resolution by the Board of Directors. The remuneration of Directors other than External Directors consists of basic remuneration, which is a fixed amount that is in accordance with the roles of the Directors, and performance-linked remuneration, which is linked to consolidated business results in the previous fiscal year. This remuneration is decided after reflecting a quantitative and qualitative evaluation of the individual in the basic remuneration portion.

The remuneration of Executive Officers is decided through resolutions by the Board of Directors based on the reports from the Governance and Remuneration Committee.

Performance-linked remuneration is made zero if the consolidated net profit (profit attributable to owner of the parent) in the previous fiscal year is below 100 billion yen. If the consolidated net profit in the previous fiscal year is 100 billion yen or above, the performance-linked remuneration is made an amount calculated by multiplying a base amount by a factor that proportionally increases corresponding to the consolidated net profit.

The Company shares the benefits and risks of stock price fluctuations with shareholders, and grants an amount equivalent to 20% of the total of the basic remuneration and performance-linked remuneration, through stock acquisition rights as stock options rather than cash, to Directors (excluding External Directors) and Executive Officers in order to further enhance their motivation to contribute to increasing the stock price and boosting corporate value. These stock options are "stock compensation-type stock options" in which granting can be received through the exercising of stock acquisition rights, and the amount paid per share is 1 yen.

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 Company has set up the Nomination Committee, an advisory body of the Board of Directors, the majority of whose members are External Officers, and whose chairman is an External Officer. The Committee deliberates the validity 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 Company 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 risk management systems for compliance and financial reporting has the potential of supporting sound risk-taking. The board should place priority on the appropriate establishment of such systems and the oversight of whether they effectively operate, and should not limit itself to the examination of compliance with respect to specific business operations.

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

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 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 External 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 Company's five Audit & Supervisory Board Members are Independent External Audit & Supervisory Board Members, and as part of the Audit & Supervisory Board, they judge audits on the execution of duties by Directors, the dismissal and appointment of External Audit & Supervisory Board Members, and Audit & Supervisory Board Member remuneration from an independent and objective standpoint.

In order to ensure collaboration with External Directors, External Directors are invited to voluntarily attend business execution status interviews that Audit & Supervisory Board Members conduct with Directors, Group CEOs, Chief Operating Officer, of Business Group, and General Manager of the Corporate Staff Group Department; regular meetings are held between Audit & Supervisory Board Members and External Directors; and External Directors join site visits to business firms, 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.

At the Company, the President, CFO, General Manager of the Finance Department, and others regularly attend meetings with domestic and overseas investors, and the CFO, who is the Representative Director, serves as the IR supervision executive. 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 Company secures highly effective systems for monitoring management by appointing four Independent External 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, is made a non-executive Director.

Principle 4.7 Roles and Responsibilities of Independent Directors

Companies should make effective use of independent directors[8], 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 Company 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 conflict of interest supervision, management supervision, and fiduciary responsibilities.

External Officers, including such Independent External 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 the validity of executive appointment procedures, etc.; and appropriately demonstrate supervision functions.

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[8] 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 should therefore appoint at least two independent directors that sufficiently have such qualities.

Irrespective of the above, if a company believes it needs to appoint at least one-third of directors 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 Company's 10 Directors, four are External Directors, and all of them meet the independence judgment criteria set forth by the Company and the independence criteria set forth by the financial instruments exchanges on which the Company is listed, such as the Tokyo Stock Exchange, Inc.

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 External Officers and the President are members (in which Independent External Officers 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 fiscal year 2017.)

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 External Directors, a Chief Independent External Director is appointed.

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 Company appoints External Officers based on the following "Standards and policies for the independence of External Directors/Audit & Supervisory Board Members of the Company" so that External Directors can appropriately exercise their expected roles and functions.

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

The Company shall determine that a person who is an External 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 financial instruments exchanges on which the Company is listed, such as the Tokyo Stock Exchange, Inc.

1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the voting rights in the Company) or an executing person thereof*[1]
2. An executing person of a lender, from which the borrowed amount exceeds 2% of the Company's consolidated total assets
3. An executing person of a business partner with which the transaction amount exceeds 2% of the Company'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 Company 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 Company 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 Company 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 Company judges that said person substantially maintains his or her independence, the Company shall explain and disclose the reason for his or her election as a candidate for External Director.

*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 Company deploys a wide-range of businesses globally, and in order to ensure "quick and efficient decision-making" and "proper supervision functions" in management, it makes these companies that establish its current governance systems and an Audit & Supervisory Board, and have a Board of Directors made up of Internal Directors and External Directors.

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 and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from independent directors in the examination of such important matters as nominations and remuneration by establishing independent advisory committees under the board, such as an optional[9] nomination committee and an optional remuneration committee, to which independent directors make significant contributions.

The "Governance and Remuneration Committee" and the "Nomination Committee" are set up as advisory bodies of the Board of Directors, with the majority of their members Independent Officers, and with their chairman an Independent Officer, and these strengthen management supervision functions.

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 and international experience, 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.

<Composition, diversity, and size of the Board of Directors>

The Company deploys 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 the validity 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 Company appoints personnel who have diverse experience, knowledge, expertise, and insight, etc. and are well-versed in business activities, as Directors. Furthermore, by appointing non-executive Directors and multiple Independent Officers, the Company introduces perspectives that are not influenced by in-house practices, strengthens governance and supervision functions, and carries out checks regarding conflicts of interest. 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.

[9] 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 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 its view.

The Company deploys 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 the validity 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 Company appoints personnel who have diverse experience, knowledge, expertise, and insight, etc. and are well-versed in business activities, as Directors. Furthermore, by appointing non-executive Directors and multiple Independent Officers, the Company ensures that it simultaneously introduces perspectives that are not influenced by in-house practices, strengthens governance and supervision functions, and carries out checks regarding conflicts of interest.

As for External Directors, keeping in mind the Director selection standards stated in Principle 3.1(iv) above, the Company appoints personnel who work hard to understand the Company's business when making decisions on important matters for the Company, and can actively participate in management.

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 shouldbe disclosed.

As for effectiveness evaluations regarding the Board of Directors, the Governance and Remuneration Committee, the majority of whose members are Independent Officers, carries out assessments and reviews regarding the composition and operation, etc. of the Board of Directors and the Board of Directors overall, and then issues reports to the Board of Directors. Then, based on deliberations in meetings 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.

The effectiveness evaluation regarding the Board of Directors in fiscal year 2017 was implemented as follows.

I. Evaluation framework and techniques

1. Target persons

All Directors (10 people) and Audit & Supervisory Board Members (5 people)
Current posts as of December 2017

2. Implementation method

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

3. Evaluation items

(1) Roles and responsibilities of the Board of Directors
(2) Relationship between Board of Directors and management team executives
(3) Organizational design and composition of the Board of Directors, etc.
(4) Qualities and knowledge of Directors (meetings)
(5) Deliberations at meetings of the Board of Directors
(6) Relationship and dialogues with shareholders
(7) Handling of stakeholders other than shareholders

4. Evaluation process

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

II. Overview of evaluations results

Based on assessments and reviews by the Governance and Remuneration Committee, the Board of Directors has carried deliberations, and it has been confirmed that overall an effective Board of Directors is being operated. Referring to the assessments and reviews on this occasion, the Company will work on maintaining and improving the effectiveness of the Board of Directors going forward.

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 External 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) Board of Directors meeting materials are in principle distributed at least seven days before the meetings.
ii) External Directors engage in a briefing in advance regarding management issues, execution status, discussion content, and so on.
iii) Notification regarding the annual schedule for the holding of meetings is given at least approximately three months before the new fiscal year, and notification regarding the matters for deliberation is given at least 10 days before each meeting.
iv) In fiscal year2017, a total of 18 meetings of the Board of Directors were held, and in fiscal year2016, a total of 19 were held. As for Matters to be Submitted to the Board of Directors, changes are considered as needed based on the status of the Company.
v) The envisioned deliberation times are stated in the notifications regarding the holding 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.

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

Whether the information and materials that Directors seek 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 term, and then reviews the status of audit implementation at the end of the term 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 CS departments, carry out business firm site visits, 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 Company covers the expenses for this. In addition, when the hiring of outside experts is needed, the Company's policy is to cover the expenses for such, if this is what the Directors and Audit & Supervisory Board Members have decided.

Supplementary Principles 4.13.3

Companies should ensure coordination between the internal audit department, directors and *kansayaku*. 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.

At Committee of Executive Officers, which are attended by Directors and Audit & Supervisory Board

Members, information is shared through Internal Audit Result Reports, and regular meetings are held with Auditors and the Internal Audit Department so collaboration with the Internal Audit Department is carried out appropriately. As for the various communication and coordination operations aimed at enabling External Directors and External 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.

At the Company, all Directors and Audit & Supervisory Board Members acquire sufficient knowledge and devote themselves to studying in order to fulfill their expected roles and responsibilities, and they are sufficiently provided with information. The Company provides Directors and Audit & Supervisory Board Members with opportunities for training and serves as an intermediary regarding such, 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, with 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, with the Company covering the expenses for such. In addition, in advance of meetings of the Board of Directors, External Officers are given briefings regarding management issues, execution status, discussion content, 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. External Officers also given opportunities to receive explanations from division chiefs regarding distributions of operations, issues, and project implementation status at divisions.

Supplementary Principles 4.14.2

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

With the aim of deepening knowledge regarding the Group's management philosophy, corporate management, business activities, organization, and so on, External Directors and External Audit & Supervisory Board Members are provided with the information they need to perform their duties in an appropriate and timely manner. The Company also provides opportunities to Directors and Audit & Supervisory Board Members, including External Directors and External 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 Company 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 Company 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 (see below for details).

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 Company believes that in order to boost mid to long-term corporate value, constructive dialogues with shareholders and investors are important. Based on dialogues, understanding is gained regarding management policies, etc., the standpoints of shareholders and investors are understood, and efforts are made 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, General Meetings of Shareholders, financial results briefings and group meetings for institutional investors, briefings for individual investors, and so on are held, and an effort is made to provide ample means for dialogues.

(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 External 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 and directors, including outside directors, should have a basic position to engage in dialogue (management meetings) with shareholders.

The President, CFO, General Manager of the Finance Department, and so on attend financial result briefings, business briefings, interviews with domestic and overseas investors, and so on as much as reasonably possible.

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 Finance Department Investor Relations Section, supervisors are set for the Corporate Planning & Strategy Department, General Affairs Department, Corporate Accounting Department, and Legal Department, and collaboration and responses are carried out while maintaining mutual communication.

iii) The Finance Department Investor Relations Section holds financial result briefings, business briefings, briefings for individual investors, and group meetings with institutional investors, etc. on a regular basis.

iv) Finance Department Investor Relations Section 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 Company 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 resources, and specific measures that will be taken in order to achieve their plans and targets.

In the "Global Challenge 2018" Mid-term Business Plan, the Company has set forth the following quantitative targets, and has indicated basic policies regarding earnings plans, capital policies, and business portfolios.

Consolidated net profit	2018 (FYE 3/2019) ¥200.0 billion (Non-natural resources: ¥180.0 billion or more)
Free cash flow (after dividend)	Cumulative total for 2016-2018 (FYE 3/2017-FYE 3/2019) Free cash flow (after dividends) of ¥400-500 billion (Approximately a net D/E ratio of 1.0 times as of March 31, 2019)
ROE	10% or more
New investments	2016-2018 (FYE 3/2017-FYE 3/2019) ¥400-500 billion Strictly evaluate new investments in strong strategic terms mainly in non-natural resources
Consolidated dividend payout ratio	25% or more of consolidated net profit

In addition, in order to implement management with sufficient awareness regarding cost of capital, the Company has set cost of capital at 10% in its independent management indicator PATRAC, and implements reviews of individual cases.

END