Building a Better Tomorrow
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Editorial Policy
The Sustainable Development Report is meant to serve as a tool for communicating with stakeholders and gaining the trust of greater society. This report summarizes information pertaining to each ESG item that we disclose in the Integrated Report and on our website. Our views on sustainability and related policies and activities that appear in this report were first considered and discussed by the Sustainability Management Committee and have been reported to and adopted with the approval of the Board of Directors. To provide a systematic explanation of the Marubeni Group’s corporate value, the Integrated Report is compiled in an integrated form that describes our quest to create both corporate and social value.

Reporting Period
The information covered in this report is primarily from FYE 3/2018 (April 1, 2017 to March 31, 2018). Parts of the report also cover policies and activities from before April 1, 2017 or after April 1, 2018.

Reporting Scope
The scope of this report covers Marubeni Corporation and Marubeni Group companies (consolidated subsidiaries).

Guidelines Referenced
• United Nations Global Compact
• GRI Sustainability Reporting Standards (GRI Standards)
• ISO 26000:2010, International Organization for Standardization
• Environmental Accounting Guidelines 2005, Ministry of the Environment
• Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Communication Framework

Stakeholder Engagement
• One-on-one meetings (for analysts, institutional investors)
• Earnings briefings (for analysts, institutional investors)
• Business briefings and tours (for analysts, institutional investors)
• Briefings for individual investors
• Several meeting of stakeholders

Reports
• Financial Results
• Integrated Report
• Consolidated Financial Statements with Independent Auditors’ Report
• Sustainability Development Report
• Corporate Governance Report

Non-Financial Information
• Lectures by experts
• Public meetings
• Stakeholder dialogue

Online Resources

• Investor Relations
• Sustainability
  • Our Way to Sustainability
  • Integrated Reporting: Global Compact
  • Respect for Human Rights
  • Supplier Development
  • Social Contribution
  • Human Resource Development & Utilization
  • Sustainability Initiatives through Our Business
  • Social Contribution Subsites
Proactively Engaging in Environmental & Social Issues and Challenges

Grand crossvalue platform
Marubeni

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

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

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

Until now, to increase corporate value, each of our businesses has generally created its own innovative business model in anticipation of the challenges facing society. From now on, however, we will further fortify our traditionally strong businesses (vertical evolution) and also leverage internal and external expertise in order to generate better results than would otherwise be possible (horizontal expansion). This is the concept of our “Global crossvalue platform;” it will provide solutions for social and environmental problems and guide us in working toward a better tomorrow by providing a framework for promoting social and economic development and conserving the global environment.

Environmental & Social Materiality

Human Capital with High Social Value
Robust Management Foundation
Governance for Coexistence with Society

Climate Change
Sustainable & Resilient Value Chains
Sustainable Forestry
Human Rights & Co-development with Communities

Building a Better Tomorrow

Company Creed
Fairness: Act with fairness and integrity at all times.
Innovation: Pursue creativity with enterprise and initiative.
Harmony: Give and earn the respect of others through cooperation.

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

1. **Human Capital with High Social Value**

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

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

2. **Robust Management Foundation**

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

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

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

3. **Governance for Coexistence with Society**

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

   Within that framework, and given social expectations and demands, we believe that strengthening our corporate governance system for improved coexistence with society is important to all of our stakeholders. We will deepen our engagement with diverse stakeholders, enhance the effectiveness of the Board of Directors’ oversight function, and bring greater transparency to our management in order to build a governance framework that allows for improved coexistence with society and works toward achieving sustainability.
Climate change, which is responsible for phenomena such as global warming, changes in the natural environment and more frequent natural disasters, is a global issue with a broad impact on social and environmental sustainability.

Marubeni has business operations throughout the world, and views climate change as a serious risk. However, we also believe that it presents business opportunities. We see contribution to climate change mitigation and adaptation as a category of Environmental and Social Materiality. We contribute to climate change countermeasures mainly through the following policies:

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

The Marubeni Group has 12GW net power generation capacity (as of December 31, 2018) and is a leading independent electric power operator. We announced our “Policy on Coal-Fired Power Generation and Renewable Energy Generation Businesses” on September 18, 2018 as part of our proactive climate change countermeasures.

We view climate change-related transfer risk as a business opportunity, and we aim to increase our “Green Revenue” of 700 billion yen in FY2017 to 1.3 trillion yen by 2023.

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

- Sales of products certified as contributing to sustainable forestry, fisheries, etc.
- Sales from businesses (real estate, etc.) contributing to lessening environmental impact
- Sales from businesses dealing in power generation from renewable energy sources
- Sales from businesses contributing to propagating EV (electric vehicles)
- Sales from businesses (recycling-related, etc.) contributing to waste reduction
- Sales from businesses (water business, etc.) contributing to efficient use of resources

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

* TCDF (Task Force on Climate-related Financial Disclosures): Established by the Financial Stability Board (FSB).
Marubeni Corporation (hereinafter, “Marubeni”) recognizes that climate change is a major issue shared by all of humanity. It is a problem that threatens the co-existence of the global environment and society, a problem that has an enormous effect on Marubeni’s business and its shareholders, and a problem that Marubeni believes must be dealt with swiftly. Therefore, as part of Marubeni’s promotion of sustainable management, and in order to contribute to the solution of global climate change, Marubeni has established new business policies (hereinafter, “Policies”) regarding its coal-fired power generation business and its renewable energy generation business.

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

2. The Policy on New Coal-Fired Power Generation Business
As a general principle, Marubeni will no longer enter into any new coal-fired power generation business. However, Marubeni might consider pursuing projects that adopt Ultra-supercritical steam generating technology (USC: “Ultra-supercritical steam generating technology”) which at present is BAT (“Best Available Technology”, which at present is USC) in countries in which the project area is 320,000 hectares or more. These forests are run according to management methods for sustainable forestry. Marubeni Corporation (hereinafter, “Marubeni”) recognizes that climate change is a major issue shared by all of humanity. It is a problem that threatens the co-existence of the

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

Moving forward, Marubeni Group will refer to the various international guidelines, beginning with the OECD Export Credits Arrangement, diligently monitor measures taken by different countries in terms of coal-fired and renewable energy generation business, as well as the international state of affairs, and use this information to periodically review and rework its own policies from the standpoint of climate change countermeasures.

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

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

2 Sustainable Forestry

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

Forest Management Policy

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

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

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

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

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

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

- Only handling wood resources managed in a sustainable and appropriate way;
- No conversion of natural forests in forest plantation developments;
- Proactively addressing protection of HCV forests in our forest management from the viewpoint of biodiversity conservation;
- No forest plantation operations in HCV forests or on peatland;
- Committing to a “No Burn Policy” that restricts the use of fire in forest plantation operations that can potentially cause forest fires in tropical forest areas;
- Minimizing the impact of logging and related logging access roads construction on ecosystems;
- Proactively addressing the protection of species at risk of extinction included in IUCNs (International Union for Conservation of Nature and Natural Resources) Red List of Threatened Species;
- Restricting the usage of alien species only to cases where impact is manageable;
- Following international best practices for soil management;
- Not using any pesticides classified as Class 1A/1B in the classification scheme of the WHD (World Health Organ­ization), or any substances regulated by the Rotterdam Convention and the Stockholm Convention as pesticides;
- Not using genetic modification technology in forest management;
- Effective utilization of trees damaged by natural disasters such as burned trees, fallen trees, drift wood etc.
2) Social Capital
We commit to the social and economic development of the areas where we operate and seek to identify opportunities to create shared values with local communities. We recognize the importance of land use rights for local communities and indigenous people and their right to enjoy a fair share of the benefits obtainable from the commercial use of forest resources. Marubeni Group follows the principles regarding human rights described in the Basic Policy on Human Rights, and conducts the following activities as a responsible party:

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

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

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

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

4) Environmental and Social Risk Assessment
We conduct the necessary environmental and social risk assessment prior to the completion of land acquisitions or land developments for new operations.

4. Governance
1) Implementation
The Policy is approved by Marubeni’s Board of Directors. Oversight of the Policy is by the Chairperson of Sustainability Management Committee with implementation by the Business Group.

2) Links to Other Policies
The Policy complements other sustainability related policies of the Company including the Basic Policy on Human Rights and Basic Supply Chain Sustainability Policy.

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

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

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

Note: HCV forests are forests that have a High Conservation Value in social, cultural and or environmental terms.
3. Human Rights & Co-development with Communities

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

The Marubeni Group does business in 131 locations in 66 countries and regions and employs 40,000 people of many different nationalities and ethnicities. We are active in a wide range of businesses and conduct global, multi-faceted activities.

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

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

- **Policy Regarding the Rights of Children:** In addition to supporting the Children’s Rights and Business Principles*, which are intended to protect children’s rights in the course of our business activities, we will undertake social contribution activities to strengthen children’s rights and by so doing will contribute to improving children’s rights.

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

### Basic Policy on Human Rights

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

#### Our Basic Stance on Human Rights

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

#### Scope of Application

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

#### Responsibility for Human Rights

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

- **Human Rights Due Diligence:** We will create and continue using a system for carrying out human rights due diligence.

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

- **Dialogue and Discussion:** We will engage in sincere dialogue and discussion with relevant stakeholders in order to promote initiatives in line with this Policy.

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

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*Guiding Principles on Business and Human Rights*<ref>1. As of April 1, 2018
2. As of March 31, 2018

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### Information Disclosure

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

### Related Policies

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

*Guiding Principles on Business and Human Rights*<ref>3. Children’s Rights and Business Principles: A comprehensive set of principles formulated by UNICEF, the UN Global Compact and Save the Children covering various actions that enterprises can take in the workplace, the marketplace and the community in order to promote respect for children’s rights.
4 Sustainable & Resilient Value Chains

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

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

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

1. The Marubeni Group, not being satisfied with simply strengthening its own sustainability initiatives, supports strengthening sustainability throughout its supply chain with the objective of building an environmentally friendly, healthy and sustainable society.

2. Having set out the Supply Chain Sustainability Guidelines below, the Marubeni Group asks for the understanding and cooperation of its business partners in observing the Guidelines, to promote, together with its business partners, highly effective sustainability initiatives. Further, when calling on its business partners, the Marubeni Group will communicate the Guidelines so that they are fully aware of the Guidelines and will assist business partners’ capacity building by making recommendations, requests or providing guidance as necessary and by sharing examples of good practices.

3. Supply Chain Sustainability Guidelines

   (1) Observance of Laws:
   • Observe the laws of the countries where business is conducted and laws relating to business transactions.

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

   (3) Conservation of the Environment:
   • Recognize that climate change issues are important and respond appropriately.
   • Protect the natural environment.
   • Reduce environmental negative impact, prevent pollution.

   (4) Fair Transactions:
   • Conduct fair transactions and do not inhibit free competition.
   • Prevent corruption; offer no bribes or illegal contributions.

   (5) Safety and Health:
   • Ensure safe and healthy workplaces and maintain a good working environment.

   (6) Quality Control:
   • Maintain the quality and safety of products and services.

   (7) Information Disclosure:
   • Timely and appropriate disclosure of information.

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

   (i) When it comes to light that a vendor has failed to meet labor standards relating to (1) Observance of Laws, (2) Respect for Human Rights or (5) Safety and Health, we will as necessary, ask the vendor to:
   • Ascertain the facts, and
   • If the facts are true, prepare a report on the background of the issue and improvement measures. Depending on circumstances, we may also inspect the vendor.

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

   (iii) If, despite implementing steps (i) and (ii) above, the situation does not improve, we will examine whether to continue our relationship with the vendor.
As part of its organization to promote sustainability initiatives, the Marubeni Group has a Sustainability Management Committee under the supervision of the President. The Committee discusses policies and measures concerning our sustainability initiatives and ESG risk management and reports to the Board of Directors at least once a year. To incorporate the views of external parties, the Committee also includes External Directors and External Audit & Supervisory Board Members in an advisory role. A Director heads the Sustainability Management Committee, and the Board of Directors, by receiving periodic reports on important issues pertaining to the sustainability initiatives discussed by the Committee, oversees sustainability-related issues evaluated from the viewpoints of the appropriateness of our ESG risk management and compatibility with society.

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

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

Sustainability Management Organization
ENVIRONMENTAL

1. CLIMATE CHANGE

Policy
The Marubeni Group has identified climate change as one of its four categories of Environmental and Social Materiality, and will proactively contribute to climate change countermeasures through its businesses.

Implementation System
The Sustainability Management Committee plays the main role in our approach related to climate change by making action plans and promoting various measures. The Committee is chaired by the Chief Financial Officer (currently Senior Managing Executive Officer, Member of the Board). Committee members consist of advisors including External Directors and External Audit & Supervisory Board Members, in addition to representatives from the Corporate Staff Group and Business Divisions.

Committee meetings include extensive discussion of our company-wide commitment, outcomes, and how we approach businesses contributing to climate change countermeasures and activities contributing to local communities and residents through our businesses.

Climate Change, see page 8.

Action Plans and Targets
Energy Conservation, Natural Resource Conservation, and Waste Reduction Activities
In accordance with the policies of the Commitment to a Low Carbon Society proposed by the Japan Business Federation (“Keidanren”), Marubeni is taking action on climate change and has set targets for reducing energy usage (electricity and gas) at the Tokyo Head Office and the Osaka Branch in FYE 3/2021 by 10.5% compared to FYE 3/2010, and is moving forward with the introduction of energy-efficient equipment.

Numerical targets and results for energy conservation, natural resource conservation and waste reduction efforts for FYE 3/2018 are shown below.

<table>
<thead>
<tr>
<th>Action Plans and Targets</th>
<th>Numerical Targets for FYE 3/2021</th>
<th>Results in FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy Consumption at Tokyo Head Office and Osaka Branch</td>
<td>Reduce energy usage (electricity and gas) by 10.5% compared to FYE 3/2010</td>
<td>72.5% decrease from FYE 3/2010</td>
</tr>
<tr>
<td>2. Waste Generation at Tokyo Head Office</td>
<td>Reduce waste generation by 10% compared to FYE 3/2011</td>
<td>98.5% decrease from FYE 3/2011</td>
</tr>
<tr>
<td>3. Waste Recycling Rate at Tokyo Head Office</td>
<td>Achieve a waste recycling rate of 90% or more</td>
<td>22.1%</td>
</tr>
<tr>
<td>4. Water Consumption at Tokyo Head Office</td>
<td>Reduce water consumption by 3% compared to FYE 3/2011</td>
<td>95.4% decrease from FYE 3/2011</td>
</tr>
</tbody>
</table>

Note: After setting target values, the Osaka Branch moved in July 2015, and the Tokyo Head Office moved to a temporary location in September 2016 (due to the reconstruction of the permanent headquarters). At the Tokyo Head Office (for FYE 3/2018 until reconstruction is completed in 2020), goals commensurate with management methods at its temporary location have been set for waste generation, recycling rate and energy consumption, and efforts are being made to reduce energy usage, recycle more, and waste less.

Cooperation with External Organizations
Cooperation and Collaboration with Various Organizations
Marubeni is committed to proactively and appropriately engaging in diverse climate change countermeasures through cooperation and collaboration with various stakeholders, regardless of the level of influence of the stakeholder or affiliated industry group.

Industry Groups
As a member of the Japan Foreign Trade Council (JFTC), Marubeni supports the Commitment to a Low-Carbon Society proposed by Keidanren, and takes part in the working groups and public meetings on climate change held by Keidanren and JFTC.

Governments and Government Offices
Marubeni actively participates in subcommittees and workshops on climate change held by the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment. In FYE 3/2019, we became a working-group member of the METI Study Group on Implementing TCFD Recommendations, and have discussions with other group-member companies on the best approach to disclosure of the financial impact of climate change.

Framework
Implementation System
The Sustainability Management Committee plays the main role in our approach related to climate change by making action plans and promoting various measures. The Committee is chaired by the Chief Financial Officer (currently Senior Managing Executive Officer, Member of the Board). Committee members consist of advisors including External Directors and External Audit & Supervisory Board Members, in addition to representatives from the Corporate Staff Group and Business Divisions.

Committee meetings include extensive discussion of our company-wide commitment, outcomes, and how we approach businesses contributing to climate change countermeasures and activities contributing to local communities and residents through our businesses.

These initiatives are reported to the Board of Directors on a regular basis, and are ultimately managed under the supervision of the Board of Directors.

Cooperation with External Organizations
For further information on cooperation and collaboration with various organizations, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/approach/

Other
The Marubeni Group supports the activities of the international environmental protection group, World Wide Fund for Nature. Marubeni participates in certification systems in areas such as wood products, seafood, and vegetable oil. Additionally, Marubeni subsidiary Mibugawa Electric Power Co., Ltd. takes part in the Japan Climate Initiative and promotes renewable energy projects with the aim of creating a society that leaves a minimal carbon footprint.

For further information on cooperation and collaboration with various organizations, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/approach/

For further information on energy conservation, natural resource conservation and waste reduction activities, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/
Related Data

The charts below show the results of our efforts over the past five years for energy conservation, natural resource conservation, and waste reduction.

The environmental data marked with * are assured by KPMG AZSA Sustainability Co., Ltd., through an independent assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (revised December 2013), and ISAE 3400, "Assurance Engagements on Greenhouse Gas Statements" (June 2012).


<table>
<thead>
<tr>
<th>Greenhouse Gases (CO2) Emissions (Energy-related)</th>
<th>Energy and Electricity Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>Value (t-CO2)</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices: Scope 1</td>
<td>3/2014: 9.554</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices: Scope 2</td>
<td>3/2015: 9.473</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices + consolidated subsidiaries: Scope 1</td>
<td>3/2016: 9.182</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices + consolidated subsidiaries: Scope 2</td>
<td>3/2017: 9.228</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices + consolidated subsidiaries: Energy consumption (MWh)</td>
<td>3/2018: 5,021</td>
</tr>
</tbody>
</table>

Activities for Tracking and Managing the Supply Chain

In recent years, companies have been required to further disclose information related to climate change and resource issues, in the interest of building a sustainable society. In calculating greenhouse gas (GHG) emissions that have significant effects on climate change, in addition to Scope 1 (direct emissions) and Scope 2 (indirect emissions from the use of purchased energy), more and more companies are taking account of and reporting GHG emissions for their overall corporate activities (Scope 3) such as resource procurement, production, logistics, sales, and disposal, as well as capital goods, business travel, and commuting. The Marubeni Group is voluntarily disclosing a part of the data by categorizing its supply chain activities and calculating the GHG emissions in each category in line with the GHG Protocol guidelines, which are the international standards.

The Scope 3 data is also submitted in the Carbon Disclosure Project (CDP) climate change questionnaire.


Initiatives Related to TCFD Recommendations

Recognizing the importance of climate-related financial disclosure, the Marubeni Group has affirmed its commitment to the TCFD recommendations, and is working to understand and enhance disclosures of the financial impact of the risks and opportunities arising from climate change.

In addition, the Marubeni Group is conducting scenario analysis to analyze the impact that climate change is likely to have on its businesses and finances. The Marubeni Group will analyze the risks, opportunities and impacts on its businesses from climate change based on a Current Policies Scenario and the 2°C Scenario, and will use the results in considering business plans and strategies.

Initiatives

- In feed ingredients procurement in the Food Group, taking into account the possibility of increases in product prices and transportation costs due to a decrease in production volume in the agriculture and livestock industries resulting from climate change, the Marubeni Group is actively responding to the risks that accompany climate change by viewing them as opportunities. This response includes geographic diversification of suppliers and customers, cultivation of new production regions, research and development of alternative and new products, and acquisition of new partners.

- In the power generation business of the Power Business & Plant Group, in September 2018 Marubeni released the Notification Regarding Business Policies pertaining to Sustainability (In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business) to promote reduction of GHG emissions from its power generation portfolio, based on transition risks such as changes in the energy mix of each country under the 2°C Scenario, tightening of regulations, changes in systems, and changes in stakeholder awareness. On the other hand, the increase in renewable energy projects, upgrades and efficiency improvements of existing power plants, the increase in energy storage and power system stabilization projects, and the increase in distributed power sources will present business opportunities, and we will therefore take a more active approach in the area of clean energy generation. Furthermore, Marubeni recognizes the financial impact from changes such as insurance premium increases as a transition risk based on the Current Policies Scenario, and will use it for reference when formulating medium- and long-term strategies.

Environmental Protection at the Tokyo Head Office and Tama Center

Marubeni is taking steps to address the Carbon Reduction Reporting Program based on the Tokyo Metropolitan Ordinance on Environmental Preservation.

Tokyo Head Office

Marubeni submits plans to the Tokyo Metropolitan Government describing its measures to reduce the CO2 emissions volume of the Tokyo Head Office by approximately 17% from the reference value (average emissions from April 2005 to March 2008) during the five years from April 2015 to March 2020. The emissions volume in FYE 3/2016 was 4,422 t-CO2, a decrease of approximately 36% compared to the reference value.

Tama Center

Marubeni submits plans to the Tokyo Metropolitan Government describing its measures to reduce the CO2 emissions volume of the Tama Center, a training center managed by the Tokyo Head Office, by approximately 15% from the reference volume (average emissions from April 2005 to March 2008) during the five years from April 2015 to March 2020. The emissions volume in FYE 3/2016 was 6,818 t-CO2, a decrease of approximately 47% compared to the reference value.
2. ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

Policy
The Marubeni Group Environmental Policy, which was established in 1998, was updated in January 2019 under the leadership of the Environment Committee to strengthen environmental considerations in the Marubeni Group’s business operations.

Basic Principles
As a global corporate entity that engages in diverse business activities across a broad range of sectors, the Marubeni Group will apply the Environmental Management System to all the activities, services and products of the Marubeni Group, and observe the following principles it has established for environmental conservation.

1. All business activities will be conducted in consideration of their possible impact on the environment. We will contribute in cooperation with stakeholders to the preservation of the environment and the reduction of potential environmental impacts, including efficient use of resources, prevention of pollution and taking appropriate steps to address climate change and protect biodiversity, focusing on the five themes below.
   (1) Compliance with international and local applicable environmental guidelines, laws and regulations, and agreed requirements;
   (2) Taking measures as necessary to reduce environmental impacts and prevent pollution, particularly in launching new projects and altering existing projects;
   (3) Facilitating resource and energy conservation (mineral resources, food and water, etc.), waste reduction, green procurement, and increases in operational efficiency.

2. In keeping with this Environmental Policy, the Marubeni Group’s Environmental Management System will be regularly reviewed to improve our environmental performance, fully conscious of the importance to comply with its requirements.

3. This Environmental Policy will be shared with all Marubeni Group officers and employees, employees of the Group’s business partners, and the public.

(4) Promoting business projects, offering products and services, technical development and building social systems that help protect and improve the environment;

(5) Addressing climate change, striving to minimize greenhouse gas emissions.

Marubeni Group Environmental Policy
Updated in January 2019

Environmental Assessment of Development Projects and Financing/Investment
Before launching a development project or financing or investing in a business, Marubeni assesses the project’s conformity with environmental laws and regulations and the levels of possible adverse impact on the environment in the event of an accident or other emergency using the Environmental Evaluation Sheet. The complete evaluation sheet is used in making the final decision on whether the project should proceed. Follow-up evaluation is also conducted for projects considered to have potential environmental risks as a result of the initial assessment. Follow-up is continued until all concerns have been dispelled. In FYE 3/2018, we assessed 45 projects with environmental risks, including projects for natural resources and energy development, real estate development and others.

We also conduct assessments such as regular survey visits that take into account business details, location, and the status of facilities, not only for potential new operations or projects, but also for our existing operations and projects. We try to grasp the environmental impact, and share information for improvement.

Numerical targets and results for energy conservation, natural resource conservation and waste reduction efforts for FYE 3/2018 are shown below.

Energy Conservation, Natural Resource Conservation and Waste Reduction Activities
In accordance with the policies of the Commitment to a Low Carbon Society proposed by Keidanren, Marubeni is taking action on climate change and has set targets for reducing energy usage (electricity and gas) at the Tokyo Head Office and the Osaka Branch in FYE 3/2021 by 10.5% compared to FYE 3/2010, and is moving forward with the introduction of energy-efficient equipment.

For further information on energy conservation, natural resource conservation and waste reduction activities, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/
Establishment of Environmental Goals
At the beginning of each fiscal year, Marubeni identifies issues specific to each group regarding environmental risk management. Marubeni Group companies, including administration, environmental business promotion, energy conservation, resource conservation, and other related matters, are using the Environmental Plan/Check Sheet. Marubeni then establishes environmental goals for each group and conducts related activities to achieve them.

Assessment of Environmental Performance
Inspection
Each group at Marubeni formulates environmental action plans at the beginning of each fiscal year and self-checks its progress against the plan in September and February using the Environmental Plan/Check Sheet.

Auditing
Internal auditors perform annual environmental audits on Marubeni Corporation and subsidiaries with multi-site certification. In addition, our environmental performance is subject to audits twice a year by Lloyd’s Register Quality Assurance Ltd. (LRQA), an ISO 14001 certification and registration organization.

In FYE 3/2018, the LRQA assessment found no significant issues in our EMS.

Compliance with Environmental Laws and Regulations
Each department at Marubeni and subsidiaries list applicable environmental laws, regulations, standards, and rules, and perform periodic reviews to ensure compliance with the regulatory requirements.

During FYE 3/2018, Marubeni conducted an assessment to determine whether its 102 departments and 106 Marubeni Group companies were in compliance with Japan’s Waste Management and Public Cleansing Act. In total, 579 Marubeni Group companies in Japan that are engaged in activities that have a potential environmental impact based on operational details and the condition of facilities, Marubeni determines which companies to inspect and how often. For these inspections, Marubeni personnel visit the plants and offices of the target companies to inspect the sites, check systems designed to ensure compliance with environmental requirements, and confirm the companies’ environmental risk control status. During FYE 3/2018, 25 sites at 21 domestic and overseas companies were inspected. The on-site inspections identified no significant issues at any of the companies. Going forward, Marubeni will continue working to enhance its environmental management system across the Marubeni Group.

As a result of these and other initiatives, there were no serious violations of environmental laws or regulations by the Marubeni Group in FYE 3/2018.

Promoting Environmental Consideration at Marubeni Group Companies
In an effort to reduce the environmental impact of our overall business operations, Marubeni Group companies are encouraged to support and join environmental conservation activities, which are conceived in accordance with the Marubeni Group Environmental Policy. We also monitor ISO 14001 certification status, emergency response measures, and environmental management systems of Marubeni Group companies.

In addition, Marubeni Group companies are asked to ensure compliance with environmental laws and regulatory requirements and develop contingency plans for emergencies.

Operating Companies’ Environmental Performance Review
Aiming to reduce the environmental impact of its operations across the Group, the Marubeni Group conducts a survey-based annual review of Marubeni Group companies’ environmental performance. This detailed assessment includes identification and status confirmation of elements within our operations that impact the environment, applicable environmental laws and regulations, emergency response measures, and environmental problems.

Site Inspection at Marubeni Group Companies Yet to Acquire ISO 14001 Certification
Marubeni conducts on-site inspections of Marubeni Group companies in Japan that are engaged in activities that have a relatively high risk of significant environmental impact. By classifying Marubeni Group companies according to their potential environmental impact based on operational details and the condition of facilities, Marubeni determines which companies to inspect and how often. For these inspections, Marubeni personnel visit the plants and offices of the target companies to inspect the sites, check systems designed to ensure compliance with environmental requirements, and confirm the companies’ environmental risk control status. During FYE 3/2018, 25 sites at 21 domestic and overseas companies were inspected. The on-site inspections identified no significant issues at any of the companies. Going forward, Marubeni will continue working to enhance its environmental management system across the Marubeni Group.

Specially Controlled Industrial Waste Output
Marubeni Corporation monitors and reports its output of specially controlled industrial waste defined in the Waste Management and Public Cleansing Act. This includes polychlorinated biphenyl (PCB) waste, etc., such as PCB contaminated items, and processed PCB, which we dispose of in accordance with the legal disposal period.

| Specially Controlled Industrial Waste Output (Tons) |
|-----------------|--------|
| FYE 3/2016      | 0      |
| FYE 3/2017      | 4.6    |
| FYE 3/2018      | 0      |

Each of our domestic subsidiaries appropriately monitors and reports amounts of specially controlled industrial waste in accordance with the Waste Management and Public Cleansing Act.

Environmental Management System
Marubeni has introduced an environmental management system (EMS) based on ISO 14001 as a tool to assist all employees in addressing environmental issues based on a common understanding. Marubeni obtained ISO 14001 certification in 1998. Since then, one overseas subsidiary and other Marubeni Group companies have obtained certification as needed. As of March 31, 2018, 52 Marubeni Group companies (about 12%) have been certified. The EMS utilizes a PDCA cycle to ensure ongoing improvement. The cycle includes planning, implementation, and operation, inspection, management, and review of environmental measures.

For further information on the environmental management system, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/management/

Note: We shall publish the list of Marubeni Group Subsidiaries with Multi-site Certification together with the Marubeni Group Environmental Policy at all times.

Marubeni Group Subsidiaries with Multi-site Certification
• Marubeni Corporation
• Yamaboshiya Co., Ltd.
• Marubeni Information Systems Co., Ltd.
• Marubeni Chersix Corporation
• Marubeni Plix Corporation
• Marubeni Paper Recycle Co., Ltd.
• Marubeni Pulp & Paper Co., Ltd.
• Marubeni Power Systems Corporation
• Marubeni Service Corporation

For the list of Marubeni Group Subsidiaries with Multi-site Certification, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/management/
Greenhouse Gas (CO2) Emissions (Energy-related)
- Marubeni Corporation’s six principal offices: Scope 1
- Marubeni Corporation’s six principal offices: Scope 2
- Marubeni Corporation’s other offices + consolidated subsidiaries: Scope 1 (t-CO2)
- Marubeni Corporation’s other offices + consolidated subsidiaries: Scope 2 (t-CO2)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marubeni Corporation’s six principal offices: Scope 1</td>
<td>137</td>
<td>9,554</td>
<td>9,473</td>
<td>9,187</td>
</tr>
<tr>
<td>Marubeni Corporation’s six principal offices: Scope 2</td>
<td>135</td>
<td>12,645</td>
<td>12,740</td>
<td>11,532</td>
</tr>
<tr>
<td>Marubeni Corporation’s other offices + consolidated subsidiaries: Scope 1</td>
<td>136</td>
<td>6,452</td>
<td>6,052</td>
<td>5,126</td>
</tr>
<tr>
<td>Marubeni Corporation’s other offices + consolidated subsidiaries: Scope 2</td>
<td>134</td>
<td>11,532</td>
<td>11,532</td>
<td>11,532</td>
</tr>
</tbody>
</table>

For further information on greenhouse gas (CO2) emissions (energy-related), please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/env_data/

Energy and Electricity Consumption
- Electricity consumption of Marubeni Corporation’s six principal offices
- Energy consumption of Marubeni Corporation’s other offices + consolidated subsidiaries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption (MWh)</td>
<td>9,554</td>
<td>12,645</td>
<td>12,740</td>
<td>11,532</td>
</tr>
<tr>
<td>Energy consumption (TJ)</td>
<td>9,473</td>
<td>11,532</td>
<td>11,532</td>
<td>11,532</td>
</tr>
</tbody>
</table>

For further information on energy consumption, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/env_data/

Water Consumption
- Water consumption of Marubeni Corporation’s six principal offices
- Water consumption of Marubeni Corporation’s other offices + consolidated subsidiaries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption (Thousand m3)</td>
<td>96</td>
<td>97</td>
<td>97</td>
<td>97</td>
</tr>
</tbody>
</table>

For further information on water consumption, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/env_data/

Waste Generated
- Waste generated by Marubeni Corporation’s six principal offices
- Waste generated by Marubeni Corporation’s other offices + consolidated subsidiaries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste generated (Tons)</td>
<td>580</td>
<td>531</td>
<td>791</td>
<td>108,539</td>
</tr>
</tbody>
</table>

For further information on waste generated, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/env_data/
Environmental Management System: Number of Reported Cases/Corrective Actions

We have established a system to report/correct cases related to administrative guidance and non-compliance with laws/ordinances in the operation of the Environment Management System. These cases are shared across the company, and measures are taken to prevent recurrence.

<table>
<thead>
<tr>
<th>Number of Reported Cases/Corrective Actions</th>
<th>FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reported cases</td>
<td>1</td>
</tr>
<tr>
<td>Number of corrective actions</td>
<td>1 (of which 1 include fines/benefits)</td>
</tr>
<tr>
<td>Total fines</td>
<td>¥3 million</td>
</tr>
</tbody>
</table>

* Converted to yen at the market rate for March 31, 2018

For further information on the number of reported cases/corrective actions, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/

Environmental Education and Training

Marubeni provides environmental education to its employees to help raise their awareness of relevant issues. In FYE 3/2018, the CSR/Global Environment e-learning Training Program was conducted for all executives and employees, including temporary employees. Approximately 3,000 executives and employees participated in the training program. Marubeni organizes a variety of programs, including environmental training designed for new employees. Other specific programs include the Environmental Officers e-learning Training Program and the ISO 14001 Internal Environmental Auditors Training Program.

<table>
<thead>
<tr>
<th>Training Program and Seminars in FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Program/Seminar</td>
</tr>
<tr>
<td>ISO 14001 Internal Environmental Auditors Training Program (Tokyo, Osaka)</td>
</tr>
<tr>
<td>Seminar on the Waste Management and Public Cleansing Act (Tokyo, Osaka, Nagoya, Hokkaido, Kyushu)</td>
</tr>
<tr>
<td>CSR/Global Environment Training Program (e-learning)</td>
</tr>
<tr>
<td>Training on the Waste Management and Public Cleansing Act (e-learning)</td>
</tr>
<tr>
<td>Group-Specific Training on the Waste Management and Public Cleansing Act</td>
</tr>
</tbody>
</table>

Environmental Accounting for FYE 3/2018*

(Thousands of yen)

<table>
<thead>
<tr>
<th>Category</th>
<th>Business area cost</th>
<th>Upstream/Downstream cost</th>
<th>Administration cost</th>
<th>R&amp;D cost</th>
<th>Social activity cost</th>
<th>Environmental remediation cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9,500</td>
<td>14,415</td>
<td>965,841</td>
<td>0</td>
<td>14,558</td>
<td>14,413</td>
</tr>
<tr>
<td>Total</td>
<td>234,411</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For further information on environmental protection costs, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/

Environmental Protection Costs

Environmental protection costs for Marubeni’s six principal offices (Tokyo Head Office and Hokkaido, Chubu, Osaka, Kyushu and Shizuoka branches) for FYE 3/2018 are shown below.

<table>
<thead>
<tr>
<th>Environmental Accounting for FYE 3/2018*</th>
<th>(Thousands of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business area cost</td>
<td>9,500</td>
</tr>
<tr>
<td>Upstream/Downstream cost</td>
<td>14,415</td>
</tr>
<tr>
<td>Administration cost</td>
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<tr>
<td>R&amp;D cost</td>
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<td>Social activity cost</td>
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<tr>
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</tr>
<tr>
<td>Total</td>
<td>234,411</td>
</tr>
</tbody>
</table>

* Converted to yen at the market rate for March 31, 2018

For further information on environmental protection costs, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/

Environmental Management System

The Marubeni Group considers micro-scale hydro-power generation as important business area and has been conducting operations in this area through Group company Mibugawa Electric Power Co., Ltd. since 2006. As this business utilizes natural energy sources, consideration for the environment is essential, and we are also actively working on reduction of waste materials, maintenance of water quality, conservation of energy and resources, and other environmental activities.

<table>
<thead>
<tr>
<th>Initiatives (Examples)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy Generation</td>
</tr>
<tr>
<td>Biodiversity-friendly Micro-scale Hydro-power Projects</td>
</tr>
</tbody>
</table>

“Micro-scale hydro-power” is a term used to refer to small-scale hydro-power generation operations with output of less than 1,000 kW. These operations do not require the use of dams or other facilities that entail large-scale construction projects, but rather generate power by utilizing streams or agricultural irrigation canals, thus minimizing the development footprint. The environmental impact on water quality and the water habitat is exceptionally low, and there is no impact on land features or scenic beauty. Once up and running, these operations emit almost no CO2, thereby offering benefits in terms of minimal impact on biodiversity and environmental preservation. Moreover, micro-scale hydro-power generation can help regions develop more independently as these technologies enable them to generate their own power using their own water resources.

In addition to the Mibugawa Power Station, the Marubeni Group currently operates the following micro-scale hydro-power facilities.
Environmental > 3. Biodiversity

Mibugawa Power Station has obtained Eco Action 21st certifica-
tion, the first hydro-power facility to do so. Given that the
intake of Power Station No. 2, which is located at the highest
elevation, is next to a quasi-national park, and the facilities of
the Mibugawa Power Station are in a region with high biodi-
versity value, we strive not only to avoid destruction of nature,
but also to protect it. As part of that effort, in addition to
conducting river cleanup activities and facility maintenance
and emergency response training to be prepared for possible
oil spills, Mibugawa Power Station takes measures for pro-
tection of biodiversity by conducting water quality inspections
twice a year, not only to determine whether pollutants are
present, but also to check whether the water has the oxygen
content required by living organisms. The facility also wel-
lcomes local elementary and middle school students and over
100 residents each year for tours of the power station, and
presents exhibits of hybrid power generation systems (wind,
solar and hydropower). These and other activities help edu-
cate people about renewable energy while making appropriate adjustments to the volume of water used to ensure adequate supplies of irrigation water for farm-
land and water for household use.

At the micro-scale hydro-power power station in Shioishi
City, Miyagi Prefecture, the elevation difference in water pipes
of water supply facilities is used to generate electricity with
minimal impact on the surrounding environment.

In addition, in selling power through Marubeni Power Retail
Corporation, we are helping to improve biodiversity by allo-
cating a portion of the electricity fees to forest maintenance
and management.

The Marubeni Group aims to develop about 30 micro-scale
hydro-power facilities in Japan by 2020. Across Japan, we are
actively working on generation of renewable energy that
contributes to preservation of the local environment and
biodiversity.

Micro-scale Hydro-power Project Facilities (As of October 2018)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Location</th>
<th>Approved Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mibugawa Power Station No. 1</td>
<td>Ina City, Nagano Prefecture</td>
<td>23,000 kW</td>
</tr>
<tr>
<td>Mibugawa Power Station No. 2</td>
<td>Ina City, Nagano Prefecture</td>
<td>10,800 kW</td>
</tr>
<tr>
<td>Mibugawa Power Station No. 3</td>
<td>Ina City, Nagano Prefecture</td>
<td>260 kW</td>
</tr>
<tr>
<td>Mibugawa Power Station No. 4</td>
<td>Ina City, Nagano Prefecture</td>
<td>100 kW</td>
</tr>
<tr>
<td>Takashima Power Station</td>
<td>Chino City, Nagano Prefecture</td>
<td>120 kW</td>
</tr>
<tr>
<td>Takashima Power Station No. 2</td>
<td>Chino City, Nagano Prefecture</td>
<td>140 kW</td>
</tr>
<tr>
<td>Takashima Power Station No. 4</td>
<td>Chino City, Nagano Prefecture</td>
<td>95 kW</td>
</tr>
<tr>
<td>Takashima Power Station No. 4</td>
<td>Chino City, Nagano Prefecture</td>
<td>145 kW</td>
</tr>
<tr>
<td>Sekiho Power Station</td>
<td>Kitakamimura, Aichi Prefecture</td>
<td>220 kW</td>
</tr>
<tr>
<td>Sekiho City Murayamarokkamuraseki Hydropower Station</td>
<td>Kitakamimura, Aichi Prefecture</td>
<td>320 kW</td>
</tr>
<tr>
<td>Sekiho Nagasho Power Station</td>
<td>Ina City, Nagano Prefecture</td>
<td>250 kW</td>
</tr>
<tr>
<td>Sekiho Kurahara Power Station</td>
<td>Sekiho City, Miyagi Prefecture</td>
<td>200 kW</td>
</tr>
<tr>
<td>Hamamatsu Power Station</td>
<td>Shimosu, Fukuoka Prefecture</td>
<td>175 kW</td>
</tr>
<tr>
<td>Sumiyasu Power Station</td>
<td>Shimosu, Fukuoka Prefecture</td>
<td>150 kW</td>
</tr>
<tr>
<td>Inamurahama Power Station</td>
<td>Inamurahama, Fukuoka Prefecture</td>
<td>103 kW</td>
</tr>
<tr>
<td>Inatsumiwa Power Station</td>
<td>Inatsumiwa, Fukuoka Prefecture</td>
<td>183 kW</td>
</tr>
<tr>
<td>Itoigawa Power Station</td>
<td>Togashigawa, Hyogo Prefecture</td>
<td>108 kW</td>
</tr>
<tr>
<td>Itoigawa Power Station</td>
<td>Togashigawa, Hyogo Prefecture</td>
<td>12 kW</td>
</tr>
</tbody>
</table>

Main Renewable Energy Projects in Japan (As of October 2018)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Location</th>
<th>Power Output (Marubeni’s Share)</th>
<th>Type of Power Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miiaski Wind Power</td>
<td>Iida Town, Ehime Prefecture</td>
<td>20 MW (49%)</td>
<td>Onshore wind power</td>
</tr>
<tr>
<td>Takachi-Shimizu Power Plant</td>
<td>Shimizu Town, Hokkaido Prefecture</td>
<td>4 MW</td>
<td></td>
</tr>
<tr>
<td>Tomikawa Mega Solar</td>
<td>Tomikawa City, Hokkaido Prefecture</td>
<td>7 MW</td>
<td></td>
</tr>
<tr>
<td>Isahiyama-Rikuzu Mega Solar</td>
<td>Isahiyama City, Miyagi Prefecture</td>
<td>26 MW</td>
<td></td>
</tr>
<tr>
<td>Sekiwa Village Mega Solar</td>
<td>Sekiwa Village, Miyagi Prefecture</td>
<td>2 MW (30%)</td>
<td></td>
</tr>
<tr>
<td>Itsuki Mega Solar</td>
<td>Itsuki City, Fukuoka Prefecture</td>
<td>2 MW (30%)</td>
<td></td>
</tr>
<tr>
<td>Tsukilake Mega Solar</td>
<td>Ina City, Nagano Prefecture</td>
<td>10 MW</td>
<td></td>
</tr>
<tr>
<td>Itsuki Solar Power</td>
<td>Ina City, Nagano Prefecture</td>
<td>1 MW</td>
<td></td>
</tr>
<tr>
<td>Ito Solar Power Station</td>
<td>Ito City, Ibaraki Prefecture</td>
<td>2 MW (30%)</td>
<td></td>
</tr>
<tr>
<td>Oyama Solar Power Station</td>
<td>Oyama Town, Shizuoka Prefecture</td>
<td>2 MW (30%)</td>
<td></td>
</tr>
<tr>
<td>Kinsaki Mega Solar</td>
<td>Kinsaki Town, Kusuda City, Fukuoka Prefecture</td>
<td>49 MW</td>
<td></td>
</tr>
</tbody>
</table>

initiatives in Solar and Wind Power Generation

Throughout Japan, in addition to the development of micro-
scale hydro-power projects, the Marubeni Group is actively
working on generation of renewable energy that contributes
to preservation of the global environment and biodiversity.

Sustainable Forest Management

Forest area throughout the world began to decline rapidly in
the 20th century. Forests fulfill a variety of environmental func-
tions, including biodiversity conservation, erosion control,
and watershed conservation. The wood resources we obtain
from forests also play important roles in our daily lives.

Marubeni recognizes that sustainable forest management is
of the utmost importance because of the social and economic
value that forests provide.

The Marubeni Group currently holds 140,000 hectares of
tree plantations in Australia and Indonesia (total gross area is
320,000 hectares). Focusing on eucalyptus, a fast-growing hardwood tree that matures in six to ten years, and
through a controlled cycle of planting, cultivation, man-
agement and harvesting, we provide a stable and sustainable
supply of wood resources used for pulp and paper. Because
we plant on sites that do not threaten the lives and livelihood
of local inhabitants and do not harvest natural forests, our
forest plantation business is sustainable and demonstrates
consideration for the environment and regional communities.

The Marubeni Group's forest plantation business is conducted by two consolidated subsidiaries: WAP Plantation Resources Pty. Ltd. (WAPRES) in Australia and PT Musi Holan Perada (PT-MHP) in Indonesia.

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The Marubeni Group will continue to manage the supply
chain for manufacturing pulp and paper in a sustainable
manner.

1. A system based on guidelines for environmental management systems and environmental reporting set by the Ministry of the Environment.

2. The four micro-scale hydro-power facilities at Murayamarokkamuraseki Hydropower Station, Sekiho Nagasho Power Station and Sekiho Kurahara Power Station.

3. The Marubeni Group’s forest plantation business is conducted by two consolidated subsidiaries: WAP Plantation Resources Pty. Ltd. (WAPRES) in Australia and PT Musi Holan Perada (PT-MHP) in Indonesia.

4. Forest Management certification/Sustainable Forest Management certification: Certification that a forest owner or management organization conducts sustainable forest management based on certain criteria established by an independent third party.

5. Chain of Custody certification: A certification of manufacturers, processors and distributors that manages wood and wood products from certi-
fied forests, separately from other materials based on certain criteria established by an independent third party.

6. Forest Stewardship Council: An international organization that provides systems of forest certification.

7. Responsible Wood Certification: A forest certification system in Australia endorsed and mutually recognized under the Programme for the Endorsement of Forest Certification (PEFC), an international forest certification system for the endorsement and mutual recognition of forest certification systems of various countries.

8. Indonesian Forestry Certification Corporation: A forest certification system in Indonesia endorsed and mutually recognized under the PEFC.

9. The Marubeni Group has businesses that span the pulp and paper supply chain, with a pulp mill at PT Tanjungenim Lestari Pulp and Paper, a consolidated subsidiary in Indonesia, the two paper mills of consolidated subsidiaries Kao Kogyo Co., Ltd. and Fukuyama Paper Co., Ltd., and a paper recycling business at Marubeni Paper Recycle Co., Ltd.
Commencement of RSPO SCCS Certified Fatty Acids Inventory Business
Marubeni will begin an inventory business selling RSPO-certified SCCS (Supply Chain Certificate System) certified (MB11) palm oil-based fatty acids (hereinafter, “RSPO certified fatty acids”) in Japan, and build a stable supply chain capable of meeting demand for small amounts. Environmental and social concerns have been raised over palm oil, a raw material for fatty acids. These concerns include environmental degradation and biodiversity loss caused in the process of cultivation, as well as human rights violations of plantation workers and other adverse impacts on communities. Consequently, requests for the use of fatty acids produced from RSPO-certified palm oil that is produced with due consideration for the environment are increasing worldwide, including Japan. Marubeni, which has been selling RSPO-certified fatty acids directly to certain customers, will begin, for the first time in Japan, to maintain stocks of RSPO-certified fatty acids to meet latent customer needs.

Marubeni launched its Sustainability Management Committee in April 2018 under the supervision of the president and CEO with the aim of strengthening the company’s ESG initiatives. Through the promotion of RSPO-certified products, we will contribute to a sustainable society.

Preservation of Biodiversity and Habitats
Asian Waterbird Census
TeaM Energy Foundation, Inc. (TEFI) was established to handle the CSR activities of TeaM Energy Corporation (TeaM Energy), an independent power producer in the Philippines in which Marubeni owns a 50% stake. In cooperation with the Wild Bird Club of the Philippines and the Department of Environment and Natural Resources, TEFI has participated in the Asian Waterbird Census, an Asian aquatic bird population survey conducted by the international NGO Wetlands International every year since 2010, and collects data on waterbirds within a 10-kilometer radius of the Pagbilao and Sual power plants, which are owned and operated by TeaM Energy. The survey has confirmed that the environmental impact on the neighborhoods around the power plants is low, and a healthy environment is being maintained.

The areas around the Pagbilao and Sual power plants are sanctuaries of the Philippine duck (Anas luzonica), an endemic species of the Philippines that is designated as “vulnerable” in the IUCN Red List of Threatened Species 2014 issued by the International Union for Conservation of Nature. The sites of the power plants are resting spots for many other birds, including migratory birds.

TEFI takes steps to safeguard the habitat of these birds through noise reduction measures, limitations on development, and habitat relocation in the event of development. In the 2017 survey, a total of 460 Philippine ducks and five brahminy kites were confirmed at the power plant sites and within a 10-kilometer radius.

Afforestation Program
TEFI is carrying out projects to plant acacia, eucalyptus, and other tree varieties at its Pagbilao and Sual power plants in partnership with neighboring communities as well as NGOs such as Siosio East Environment. The average survival rate of the saplings planted is 95%. To date, approximately 100 hectares at Sual and 150 hectares at Pagbilao have been planted and are being maintained.

Engagement to Reduce Loss of Biodiversity
Forest Preservation Activities and Providing Livelihoods to Indigenous People
Since 2010, TEFI has been implementing a Community Carbon Pool Program (C2P2) in the municipality of General Nakar in the province of Quezon, in cooperation with the Philippine Department of Environment and Natural Resources, local residents, and international and local NGOs. TEFI conducts training and provides funding to a honey manufacturing facility powered by solar energy in addition to honey, the communities of General Nakar produce resin, food and other non-timber products and also engage in textile dyeing and tea harvesting.

Collaboration with External Organizations
Results in FYE 3/2018
We promoted environment-friendly products by selling MSC/ASC certified products. (Certified products accounted for 22.5% of total marine products handled in FYE 3/2018.)

For further information on MSC/ASC certified products, please refer to Marubeni’s website:

Contribution to Sustainable Fisheries
The Pacific bluefin tuna, which plays a key role as one of the top predators in the Pacific Ocean marine ecosystem, is an important fishery resource for Japan and other Pacific coastal countries. However, as a result of overfishing, Pacific bluefin tuna stocks have dropped to record-low levels, and the sustainability of the stocks is a concern.

These activities provide livelihoods and improve living standards for 40 communities and over 2,000 local residents, and help to preserve the 144,000 hectares of forest and prevent deforestation. They also contribute to the reduction of GHG emissions caused by deforestation, the long-term conservation of forests, and the promotion of carbon storage with forests.
4. POLLUTION AND RESOURCES

Policy

Policy on Mine Closures
The Marubeni Group understands the importance of reducing the impact on the environment and surrounding communities when closing down mines. We use a local business entity to communicate with local communities and other stakeholders from the project planning stage, formulate a mine closure plan, conduct an environmental impact assessment, obtain environment-related authorizations from regulatory agencies, carry out various types of monitoring necessary for maintaining those authorizations, and strive to minimize the social and environmental impact when the mine is decommissioned. We also start the necessary rehabilitation before mine closure to lessen the environmental impact after the mine closes.

Action Plans and Targets


Initiatives (Examples)

Initiatives for Reducing Environmental Impact (Koa Kogyo)
As a resource conservation measure, Marubeni’s consolidated subsidiary Koa Kogyo Co., Ltd. is working to reduce the amount of water resources it uses in the production process. Since large quantities of water are needed in papermaking operations, Koa Kogyo secures the necessary water from both industrial and well water sources and recycles water in the manufacturing process. In discharged water, strict water quality standards are met by using activated sludge tanks to reduce chemical oxygen demand (COD) and biochemical oxygen demand (BOD) and by purifying water.

In addition, Koa Kogyo collects waste paper and office waste to be recycled and reused as paperboard. By doing so, the company has established a closed recycling system with customers and is reducing the burden on the environment.

For further information on waste generated, please refer to Marubeni’s website:

For further information on paper consumption, please refer to Marubeni’s website:

Life Cycle Assessment
Within the Marubeni Group, life cycle assessment (LCA) is utilized in the cattle fattening business of Rangers Valley Cattle Station Pty. Ltd. (Rangers Valley), a consolidated subsidiary in Australia, to quantitatively analyze and assess social and environmental impact. Rangers Valley is pursuing efficient operations through research of the optimal feed and feeding and fattening methods, and is working to reduce social and environmental impact in this business by reflecting LCA analysis results in its business plans.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste generated by Marubeni Corporation’s six principal offices</td>
<td>580</td>
<td>531</td>
<td>791</td>
<td>108,539</td>
</tr>
<tr>
<td>Waste generated by Marubeni Corporation’s other offices + consolidated subsidiaries</td>
<td>59</td>
<td>52</td>
<td>67</td>
<td>99,531</td>
</tr>
<tr>
<td>Total</td>
<td>639</td>
<td>583</td>
<td>858</td>
<td>108,539</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste generated by Marubeni Corporation’s six principal offices</td>
<td>42,599</td>
<td>42,659</td>
<td>39,288</td>
<td>27,896</td>
</tr>
<tr>
<td>total</td>
<td>32,841</td>
<td>30,841</td>
<td>27,896</td>
<td>31,841</td>
</tr>
</tbody>
</table>

For further information on paper consumption, please refer to Marubeni’s website:
5. SUPPLY CHAIN: ENVIRONMENT

Policy
To build a better tomorrow, the Marubeni Group has identified Sustainable and Resilient Value Chains as an essential category of Environmental and Social Materiality, and formulated a Basic Supply Chain Sustainability Policy. In addition to managing the supply chain, we will also involve buyers of our products and enhance the strength and competitiveness of our entire supply chain, including our business partners.

ESG Risk Assessment/Analysis
In FYE 3/2018, as part of efforts to strengthen ESG risk management, the Marubeni Group conducted an assessment and analysis of all products and projects handled by the company to identify potential ESG risks. This assessment and analysis incorporated objective perspectives and methods in collaboration with an external consultant with specialized expertise. For the risk analysis, we referred to the ESG risk-related data and information published by international organizations, government organizations, research institutions, NGOs and other organizations, then narrowed the focus to approximately 30 products and projects likely to have ESG risks, and applied detailed risk analysis to them.

Supply Chain Risk Assessment
The Marubeni Group shares its Basic Supply Chain Sustainability Policy (the “Basic Policy”) with suppliers, and requests that they thoroughly understand, cooperate, and comply with it. We conduct due diligence and risk assessment through communication, questionnaires, and on-site inspections for new and existing suppliers alike, and provide guidance and review the business relationship if any violations are confirmed. By ensuring that the Basic Policy is applied throughout our operations, the Marubeni Group reduces social and environmental risks.

Initiatives (Examples)

Environmental Risk Management
- Basic Supply Chain Sustainability Policy, see page 16.
- Forest Management Policy, see page 10.
- Product Procurement Policy (Forest-derived Products), see page 12.

ESG Risk Assessment/Analysis
- Multifaceted surveys designed to fit the supplier’s business situation and regional characteristics are conducted on-site, covering areas such as respect for human rights, legal and regulatory compliance, environmental preservation, fair trade, safety and health, quality control, and disclosure of information. Issues targeted by the survey and the survey methods are constantly reviewed, including through third-party opinions, in an effort to keep the survey relevant to the current circumstances. Survey results are reported back to the inspected sites, and information relevant to improvement of the relevant issues is shared. In addition, if there are cases of non-compliance or if not meeting the Marubeni Group’s regulations, or cases that are likely to have a negative impact, we encourage proactive reports and initiatives for impact mitigation from the supplier. By doing so, we are working to reduce environmental and social impacts throughout the supply chain.

Supply Chain Sustainability Survey and On-site Inspections
For compliance matters in the Basic Policy, a representative from the Marubeni Group conducts on-site inspections of suppliers who are based in countries that carry a high risk of

For further information on the supply chain sustainability survey, please refer to Marubeni’s website:
Japan REIT Advisors Co., Ltd. Becomes a Signatory of the Principles for Responsible Investment

Japan REIT Advisors Co., Ltd. (JRA), a Marubeni Group company in the real estate asset management business, conducts asset management for United Urban Investment Corporation (UUR), a J-REIT (Japanese Real Estate Investment Trust) listed on the Tokyo Stock Exchange. In November 2018, JRA became a signatory to the Principles for Responsible Investment (PRI).

For UUR, one of the largest diversified J-REITs, JRA aims to reduce various risks and secure mid-to-long-term stable earnings by making real estate investments in varied types of use and geographical locations. JRA is also working to improve sustainability by considering ESG factors for sound management to coexist with society and the environment. When considering real estate investments, JRA carefully examines the impact on the environment (asbestos, soil contamination/pollution, etc.), tenants (anti-social forces, work environment, etc.), and neighborhood (relationship with community, traffic congestion, etc.), in addition to the profitability of the relevant property.

Due to JRA’s efforts to find environmental issues before acquisition and to improve environmental performance after acquisition, UUR has earned comprehensive environmental performance evaluations for its properties such as CASBEE (Comprehensive Assessment System for Built Environment Efficiency). Additionally, as of 2018, UUR has earned the Green Star for four consecutive years in the survey for the Global Real Estate Sustainability Benchmark (GRESB), the annual benchmark that assesses sustainability practices in the real estate sector.

For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.


Cooperation with External Organizations

Support for WWF Japan

Sustainable Production and Consumption

Taking into account the impact of the Marubeni Group’s business activities on the natural environment, we cooperate with various stakeholders throughout the supply chain in efforts to preserve biodiversity and maintain sustainable production and consumption.

One such example is our support for WWF Japan, an international environmental organization. Furthermore, Marubeni participates in certification systems for forest products, marine products, vegetable oil, and other categories, and handles certified biodiversity-friendly products.

Participation in Supply Chain Initiatives

The Marubeni Group is participating in Sedex through Group companies with the aim of strengthening risk management in the supply chain and building sustainable supply chains.

Sedex is a collaborative information-sharing platform run by Sedex Information Exchange Ltd., an NPO based in London. Sedex enables the carrying out of internationally recognized supplier questionnaires on environmental, social and human rights issues. Responses and audit results are then shared among members via an online system, reducing the burden on both suppliers and prime contractors. Sedex enables ethical and responsible business practices in the supply chain on a global scale, and is one of the world’s largest supply chain management systems for issues in the supply chain, encompassing processes from reporting issues to administration.

The Marubeni Group uses this management system to monitor supply chain issues, thereby expanding ethical business practices.

For further information on participation in supply chain initiatives, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/

Supplier Capacity Building

The Marubeni Group offers regular training to suppliers to ensure that they correctly understand our Basic Policy on Supply Chain Sustainability and to deepen their understanding of environmental and social problems. We provide broad guidance to suppliers and facilitate the expansion of supplier capacity through a number of initiatives. These initiatives include sharing of best practices from the Marubeni Group and suppliers, including initiatives that address environmental and social issues, and secondment of employees from suppliers to Marubeni Group companies.

For further information on supplier capacity building, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/

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6. WATER

Policy

Water Resources Policy

Based on the Marubeni Group Environmental Policy, the Marubeni Group recognizes that energy and resources, including water, are finite, and takes measures to ensure their effective and efficient use. In the Marubeni Group Environmental Policy, we clearly state our commitment to using energy and resources, including water, efficiently. By reducing water usage through promotion of efficient use and recycling of water, and by providing stable supplies of water resources through effective water and sewerage operation and power and desalination projects, we will continue to contribute to the environment and communities and to resolving water-related social issues.

Risk Management System

Water Resources

In dealing with water problems in regions suffering from water shortages, the Marubeni Group conducts risk analysis and implements business risk assessments for new investments and existing businesses. We make decisions on whether to go ahead with projects after comprehensively analyzing and assessing not only local laws and regulations, but also the impact on the local environment and communities.

Water Consumption at Tokyo Head Office

<table>
<thead>
<tr>
<th>Water Consumption at Tokyo Head Office</th>
<th>Numerical Target for FYE 3/2021</th>
<th>Results in FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce water consumption by 3% compared to FYE 3/2011</td>
<td>95.4% decrease from FYE 3/2011</td>
<td></td>
</tr>
</tbody>
</table>

For further information on water consumption at the Tokyo Head Office, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/

Initiatives (Examples)

Formulation of the Marubeni Group’s Water Management Plan

As of March 31, 2018, 22 (5.1%) of the 430 Marubeni Group companies had established water management plans. These companies monitor and manage the amount of water intake, waste water, and recycled water, as well as quality and temperature of discharged water, and take measures to use water resources effectively and reduce their environmental burden. Koa Kogyo Co., Ltd., for example, uses water efficiently in production processes, and sets and manages standards for the amount of fresh water used in each department, as part of its efforts to conserve resources.

Since large quantities of water are needed in papermaking operations, Koa Kogyo secures the necessary water from both industrial and well water sources and recycles water in the manufacturing process. In discharged water, strict water quality standards are met by using activated sludge tanks to reduce chemical oxygen demand (COD) and biochemical oxygen demand (BOD) and by purifying water.

Another example, The Nisshin OIIO Group, Ltd. has set the target of reducing water consumption (tap water and industrial water) intensity at its four production bases in Japan in FYE 3/2021 by 8% compared to FYE 3/2013, and is implementing reduction measures and progress management to meet that goal.

Koa Kogyo’s initiatives: http://www.koa-kogyo.co.jp/ (Japanese only)


Initiatives in Water-Stressed Regions

The Marubeni Group owns and operates four IWPP projects in the arid region in the United Arab Emirates. In total, 440 million imperial gallons of desalinated water per day are produced by those desalination plants, helping to reduce stress on the region’s water resources.

For example, the Taweelah B power and desalination complex, located 80 kilometers northeast of Abu Dhabi, which we built and operate, has generation capacity of 2,000 megawatts of electricity and 160 million imperial gallons of water per day. To meet increased water demand resulting from economic development and population growth, the Marubeni Group is selling electricity and water for 20-25 years to the Emirates Water & Electricity Company, a state-owned utility under the Abu Dhabi Department of Energy. Water from the plant is used for tap water (household and commercial), agriculture, industry and other applications, and helps to relieve stress on water resources. (To prevent exacerbation of the region’s water stress, machinery cooling water and other water used in the Marubeni Group’s business operations is produced at the desalination plant.)

Koweith B Power & Desalination Complex

IWPP Projects in the United Arab Emirates

<table>
<thead>
<tr>
<th>Project</th>
<th>Gross Desalination Capacity (90% imperial gallons per day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taweelah A2</td>
<td>50</td>
</tr>
<tr>
<td>Taweelah B</td>
<td>160</td>
</tr>
<tr>
<td>Fujairah F2</td>
<td>150</td>
</tr>
<tr>
<td>Shuweihat S2</td>
<td>100</td>
</tr>
</tbody>
</table>

We are involved in a variety of projects in arid regions and regions with scarce water sources around the world. They include water and wastewater concessions to build-own-op erate (BOO) projects, engineering, procurement and construction (EPC) projects, and operation, maintenance, and management for water treatment facilities.

Specifically, the concession businesses and BOO project we operate in Chile, Brazil, the Philippines, Portugal and Peru, and our operation, maintenance and management of a wastewater treatment plant in Qatar, have a total water purification capacity of 3.5 million cubic meters per day and wastewater treatment capacity of 2.29 million cubic meters, and cover a service population totaling approximately 16 million people.

One example of the Marubeni Group’s concession businesses is our investment in and personnel dispatch to Maynilad Water Services, Inc. (Maynilad), a water and sewerage company operating in the West Zone of Metro Manila in the Philippines, which has a population of 9.5 million people.

Maynilad is expanding its water distribution network to increase the coverage of water supply services. In addition, it continues to provide a stable water supply to some 1.4 million households in the concession area by promoting more efficient use of water resources with measures to prevent water pipeline leakage and improve water pressure. At the same time, as a medium-to-long-term goal, it is working to raise the currently low percentage of the population connected to the sewage system, to improve the sanitary environment both in normal times and during flooding, and to improve the water quality of the region’s water system and Manila Bay, through development of sewage treatment facilities and the sewerage network in its concession area.

Maynilad’s initiatives: http://www.mayniladwater.com.ph/


Outline of Maynilad’s Business

<table>
<thead>
<tr>
<th>Treatment Facilities</th>
<th>Treatment Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water treatment plant</td>
<td>2,300,000 m³/day</td>
</tr>
<tr>
<td>Wastewater treatment plant</td>
<td>271,925 m³/day</td>
</tr>
<tr>
<td>Sludge treatment plant</td>
<td>450 t/day</td>
</tr>
</tbody>
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 INITIATIVES IN WATER-STRESSED REGIONS

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<td>Reduce water consumption by 3% compared to FYE 3/2011</td>
<td>95.4% decrease from FYE 3/2011</td>
<td></td>
</tr>
</tbody>
</table>

For further information on water consumption at the Tokyo Head Office, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/eco/
Cooperation with External Organizations

Participation in CDP’s Water Security Program
The Marubeni Group shares information about its ESG initiatives with its stakeholders around the world. As part of that effort, the Marubeni Group has participated in the disclosure program of CDP, an international NGO, since 2007. CDP is a project that calls on companies in various countries to disclose environmental information, including climate change measures. CDP analyzes and assesses the collected information, and makes it available to investors. CDP’s database of environmental information, including climate change measures, is one of the largest in the world.

The Marubeni Group has answered CDP’s Water Security Program questionnaires, which evaluate corporate water management, since FYE 3/2014. This information is provided to stakeholders and is being used to improve the Marubeni Group’s water management.

Note: Data on water management is collected from Marubeni Corporation and its domestic and international consolidated subsidiaries.

Cases of Legal or Regulatory Violations
Number of Legal or Regulatory Violations Related to Water Intake and Discharge
In FYE 3/2018, the Marubeni Group was found to have one violation related to the amount of wastewater in Queensland, Australia, and was fined 12,190 Australian dollars by the Department of Environment and Heritage Protection. This infraction occurred when water in excess of the permissible amount was released into an adjacent river from a water storage dam on a site related to the Marubeni Group because of record downpours associated with a cyclone.

In addition to constructing a run-off channel and expanding the capacity of the dam, our response included completing changes to environmental approvals and permits related to increasing the amount of wastewater with the department. The results of a water quality test showed that there was no harm to the environment.

Water Risk Mitigation Measures and Investment Expenses Related to Water Risk Mitigation Measures
Marubeni spent a total of 128 million yen in FYE 3/2018 on water risk mitigation measures through its Group companies. These measures included maintenance and repair of water intake and drainage systems and recycling treatment facilities, installation of water-saving equipment, purchase of wastewater treatment chemicals, emergency response training for scenarios assuming the outflow of hazardous substances, and implementation of cleanup activities in the areas surrounding water sources.

We also spent 29 million yen in FYE 3/2018 to R&D expenses for maintaining water quality and securing water supplies in our business operations.

Recycling Rate
Water Recycling Rate
The total water consumption of the Marubeni Group’s 297 locations in FYE 3/2018 was approximately 50,529 thousand cubic meters, of which the amount recycled as non-potable was 16,120 thousand cubic meters, for a recycling rate of about 32%.

For further information on the water recycling rate, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/water/

Water Consumption Intensity in Food & Cement Production

<table>
<thead>
<tr>
<th>Water Consumption Intensity in Food Production (m³/ton)</th>
<th>FYE 3/2016</th>
<th>FYE 3/2017</th>
<th>FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Cement Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Consumption Intensity</td>
<td>241</td>
<td>24.5</td>
<td>28</td>
</tr>
</tbody>
</table>

For further information on expenses related to water risk mitigation measures, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/water/

Water Consumption Intensity in Cement Production (m³/ton)

<table>
<thead>
<tr>
<th>Water Consumption Intensity in Cement Production (m³/ton)</th>
<th>FYE 3/2016</th>
<th>FYE 3/2017</th>
<th>FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Consumption Intensity</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

For further information on water consumption, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/water/

Related Data

Water Intake by Water Source

<table>
<thead>
<tr>
<th>Water Intake by Source</th>
<th>Rivers, lakes and other surface water</th>
<th>Wells (groundwater)</th>
<th>Water pumped from quarries</th>
<th>Municipal water (tap water)</th>
<th>External drainage</th>
<th>Collected rainwater</th>
<th>Seawater and water extracted from the ocean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 3/2016</td>
<td>46,797</td>
<td>3,984</td>
<td>0</td>
<td>1224</td>
<td>10,969</td>
<td>1</td>
<td>0</td>
<td>52,375</td>
</tr>
<tr>
<td>FYE 3/2017</td>
<td>35,206</td>
<td>3,527</td>
<td>0</td>
<td>805</td>
<td>8,721</td>
<td>1</td>
<td>167</td>
<td>51,025</td>
</tr>
<tr>
<td>FYE 3/2018</td>
<td>34,216</td>
<td>7,706</td>
<td>0</td>
<td>1,118</td>
<td>7,418</td>
<td>2</td>
<td>73</td>
<td>50,529</td>
</tr>
</tbody>
</table>

Amount of Wastewater by Destination

<table>
<thead>
<tr>
<th>Amount of Wastewater by Destination (Thousand m³)</th>
<th>Ocean</th>
<th>Surface water</th>
<th>Underground/ wells</th>
<th>Off-site water treatment</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 3/2016</td>
<td>12,091</td>
<td>32,919</td>
<td>3</td>
<td>854</td>
<td>0</td>
<td>44,499</td>
</tr>
<tr>
<td>FYE 3/2017</td>
<td>10,628</td>
<td>32,949</td>
<td>3</td>
<td>835</td>
<td>0</td>
<td>44,414</td>
</tr>
<tr>
<td>FYE 3/2018</td>
<td>10,983</td>
<td>33,070</td>
<td>3</td>
<td>864</td>
<td>0</td>
<td>44,940</td>
</tr>
</tbody>
</table>

Note: Water quality upon discharge is appropriately managed based on the laws and regulations of each country and region.

For further information on water intake by water source, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/environment/water/

For further information on environmental information, including climate change measures, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/
1. SUPPLY CHAIN: SOCIETY

Policy
To build a better tomorrow, the Marubeni Group has identified Sustainable and Resilient Value Chains as an essential category of Environmental and Social Materiality, and formulated a Basic Supply Chain Sustainability Policy. In addition to managing the supply chain, we will also involve buyers of our products and enhance the strength and competitiveness of our entire supply chain, including our business partners.

Social data is updated periodically on our website.

Initiatives (Examples)

ESG Risk Assessment/Analysis
In FYE 3/2018, as part of efforts to strengthen ESG risk management, the Marubeni Group conducted an assessment and analysis of all products and projects handled by the company to identify potential ESG risks. This assessment and analysis incorporated objective perspectives and methods in collaboration with an external consultant with specialized expertise. For the risk analysis, we referred to the ESG risk-related data and information published by international organizations, government organizations, research institutions, NGOs and other organizations, then narrowed the focus to approximately 30 products and projects likely to have ESG risks, and applied detailed risk analysis to them.

Supply Chain Risk Assessment
The Marubeni Group shares its Basic Supply Chain Sustainability Policy (the “Basic Policy”) with suppliers, and requests that they thoroughly understand, cooperate and comply with it. We conduct due diligence and risk assessment through communication, questionnaires and on-site inspections for new and existing suppliers alike, and provide guidance and review the business relationship if any violations are confirmed. By ensuring that the Basic Policy is applied throughout our operations, the Marubeni Group reduces social and environmental risks.

Supply Chain Sustainability Survey and On-site Inspections
For compliance matters in the Basic Policy, a representative from the Marubeni Group conducts on-site inspections of suppliers who are based in countries that carry a high risk of non-compliance, and who trade in sectors such as apparel and agriculture. A representative from the Marubeni Group directly visits the manufacturing or production sites of the suppliers to conduct such inspections. The inspections survey the supplier’s efforts regarding the Marubeni Group’s Basic Supply Chain Sustainability Policy.

Multifaceted surveys designed to fit the supplier’s business situation and regional characteristics are conducted on-site, covering areas such as respect for human rights, legal and regulatory compliance, environmental preservation, fair trade, safety and health, quality control, and disclosure of information. Issues targeted by the survey and the survey methods are constantly reviewed, including through third-party opinions, in an effort to keep the survey relevant to the current circumstances. Survey results are reported back to the inspected sites, and information relevant to improvement of the relevant issues is shared. In addition, if there are cases of violation or of not meeting the Marubeni Group’s regulations, or cases that are likely to have a negative impact, we encourage proactive reports and initiatives for impact mitigation from the supplier. By doing so, we are working to reduce environmental and social impacts throughout the supply chain.

If violations are found, we take steps to help suppliers improve. For example, we conduct training and awareness activities, provide support and make recommendations for improvement, and promote environmental and social response measures. If no improvement is seen even after these steps are implemented, we will give notice that we are reviewing our business with the supplier.

For further information on the supply chain sustainability survey, please refer to Marubeni’s website:

Japan REIT Advisors Co., Ltd. Becomes a Signatory of the Principles for Responsible Investment
Japan REIT Advisors Co., Ltd. (JRA), a Marubeni Group company in the real estate asset management business, conducts asset management for United Urban Investment Corporation (UUR), a J-REIT (Japanese Real Estate Investment Trust) listed on the Tokyo Stock Exchange. In November 2018, JRA became a signatory to the Principles for Responsible Investment (PRI).

For UUR, one of the largest diversified J-REITs, JRA aims to reduce various risks and secure mid-to-long-term stable earnings by making real estate investments in varied types of use and geographical locations. JRA is also working to improve sustainability by considering ESG factors for sound management to coexist with society and the environment. When considering real estate investments, JRA carefully examines the impact on the environment (asbestos, soil contamination/pollution, etc.), tenants (anti-social forces, work environment, etc.), and neighborhood (relationship with community, traffic congestion, etc.), in addition to the profitability of the relevant property.

Due to JRA’s efforts to find environmental issues before acquisition and to improve environmental performance after acquisition, UUR has earned comprehensive environmental performance evaluations for its properties such as CASBEE (Comprehensive Assessment System for Built Environment Efficiency). Additionally, as of 2018, UUR has earned the Green Star for four consecutive years in the survey for the Global Real Estate Sustainability Benchmark (GRESB), the annual benchmark that assesses sustainability practices in the real estate sector.

For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.

For further information on the PRI, please refer to the PRI’s website:
https://www.un PRI.org/Our work/Initiatives/Initiatives for External ESG Recognition

For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.
Our Goal: A Strong Marubeni Group in Which Diverse Individuals Play Active Roles

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

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

We have identified Robust Management Foundation as the second category of Fundamental Materiality, as we believe it is necessary both for maximizing the potential of our human capital and for maximizing corporate value. We must build a foundation that facilitates the activities of our human capital and establish a truly Robust Management Foundation. If we cannot accomplish this, our human capital will not be able to continue innovating and providing solutions. Enabling our human capital to use our management foundation to the fullest will ultimately lead to maximizing corporate value.

With the goal of being “a strong Marubeni Group in which diverse individuals play active roles,” the Marubeni Group is further promoting diversity within the Group with a view to creating a corporate culture and workplaces where employees with various characteristics, experience, capabilities, and values can leverage their “diverse individual strengths.” Moreover, we promote work-life management as the infrastructure that will enable employees with various backgrounds to succeed.

### 2. LABOR PRACTICES

#### 2-1. Work Environment for Diverse Individuals — Promotion of Diversity Management

**Policy**

With the goal of being “a strong Marubeni Group in which diverse individuals play active roles,” the Marubeni Group is further promoting diversity within the Group with a view to creating a corporate culture and workplaces where employees

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**Support for WWF Japan**

**Sustainable Production and Consumption**

Taking into account the impact of the Marubeni Group’s business activities on the natural environment, we cooperate with various stakeholders throughout the supply chain in efforts to preserve biodiversity and maintain sustainable production and consumption.

One such example is our support for WWF Japan, an international environmental organization. Furthermore, Marubeni participates in certification systems for forest products, marine products, vegetable oil, and other categories, and handles certified biodiversity-friendly products.

**Supplier Capacity Building**

The Marubeni Group offers regular training to suppliers to ensure that they correctly understand our Basic Policy on Supply Chain Sustainability and to deepen their understanding of environmental and social problems. We provide broad guidance to suppliers and facilitate the expansion of supplier capacity through a number of initiatives. These initiatives include sharing of best practices from the Marubeni Group and suppliers, including initiatives that address environmental and social issues, and secondment of employees from suppliers to Marubeni Group companies.

For further information on supplier capacity building, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/
In celebration of International Women’s Day, Marubeni International Women’s Day FYE 3/2018 was held on March 8 and 9, 2018. In order to create business that is not merely an extension of the past, people with diverse views, values, and ideas are required. The event was held to share this perspective not only within the Head Office but across the whole Marubeni Group, and to further promote diversity within the Group.

Female Group executives and employees from more than 10 countries gathered and attended various programs including keynote speeches, panel discussions, and group discussions.

The keynote speeches and panel discussions were open to all Group employees regardless of gender, and many people including male employees attended. President Fumio Yokokubō offered encouragement in his opening video message, stating “We aim to be a Group where strong individuals with diverse views, values, and ideas can work together. We want to cultivate a culture of thinking, and experiences of sharing workplaces with different backgrounds. In our perspective, people with diverse views, values, and ideas are required. If there is any problem related to being in the minority, I hope that people will actively speak out.” In the keynote speech, External Director Ms. Okina spoke about how the balance between work and private life is required. She mentioned that Marubeni has a strong focus on recruiting more women for management class. As of October 1, 2018, there are 323 women in management class (9.6% of all management class) playing an active role in operations in Japan and other countries around the world. Many of these women are in the early to mid-stage of their careers and are viewed as potential candidates for executive positions in the future. As such they are expected to play an even greater role in the years to come. Furthermore, in FYE 3/2015, Marubeni started new programs designed to increase opportunities for women in management class. The BENInovation Program is one example. It focuses on opportunities for female employees and their immediate managers. In conjunction with other human capital policies for junior employees that emphasize the acquisition of overseas and frontline experience, such programs are contributing to the steady cultivation of female talent and the career progress of women in management class. Moreover, we have established an action plan in response to the promulgation of the Act on Promoting Women’s Empowerment in the Workplace. Under this plan, we are continuing efforts to increase the ratio of women in management class to more than 10% and raise the ratio of women in managemental positions to above 7% by March 31, 2021. The plan also defines the period leading up to March 31, 2021, as a time for creating foundations for incorporating diversity into decision-making. Looking toward the future, Marubeni will enhance hiring, overseas dispatch, and education activities based on this plan.

BENInovation Program

The BENInovation Program is an initiative to further promote the activity and success of women in management class by focusing on those in the early to mid-stage of their careers and their immediate managers. In FYE 3/2018, the scope of the program was expanded to include new junior managers.

Promoting Opportunities for Women

Since FYE 3/2007, Marubeni has had a strong focus on recruiting more women for management class. As of October 1, 2018, there are 323 women in management class (9.6% of all management class) playing an active role in operations in Japan and other countries around the world. Many of these women are in the early to mid-stage of their careers and are viewed as potential candidates for executive positions in the future. As such they are expected to play an even greater role in the years to come. Furthermore, in FYE 3/2015, Marubeni started new programs designed to increase opportunities for women in management class. The BENInovation Program is one example. It focuses on opportunities for female employees and their immediate managers. In conjunction with other human capital policies for junior employees that emphasize the acquisition of overseas and frontline experience, such programs are contributing to the steady cultivation of female talent and the career progress of women in management class. Moreover, we have established an action plan in response to the promulgation of the Act on Promoting Women’s Empowerment in the Workplace. Under this plan, we are continuing efforts to increase the ratio of women in management class to more than 10% and raise the ratio of women in managemental positions to above 7% by March 31, 2021. The plan also defines the period leading up to March 31, 2021, as a time for creating foundations for incorporating diversity into decision-making. Looking toward the future, Marubeni will enhance hiring, overseas dispatch, and education activities based on this plan.

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Promotion of Work-Life Management

Since 2005, Marubeni has gradually expanded support measures for maternity, childcare, and for nursing care, going beyond simply what is required by law. In January 2017, we shifted from a “support for balance” phase to “support for success,” moving the focus from “work-life balance” to “work-life management” with the goal of being a company where it is fulfilling to work. With this shift in focus, we aim to achieve “continuous career development” and “continuous performance” for employees at any stage of life. We also carry out various follow-up measures that enable employees to utilize the programs they need, when they need them.

Marubeni Work-Life Management

Continuous career development at any stage of life for high-performing strong individuals and organizations

Promotion of work-life reforms

Line management that maximizes the power of all members

Programs supporting career continuation and flexible working styles

Maternity and childcare support measures

Main Measures Related to Work-Life Management

Maternity and Childcare Support Measures

In addition to self-management by program users, we promote cooperative frameworks that build understanding of the available programs among supervisors and other employees and that encourage mutual respect, enabling workers to make effective use of these programs regardless of gender.

Improving Awareness of Programs

We provide information to broaden understanding of support programs. In addition to distributing a Pregnancy and Childcare Support Handbook, we held three-way interviews between the employee going on maternity leave, their immediate manager, and a human resources representative (if the spouse of the employee is also a Marubeni employee, then the spouse and spouse’s immediate manager are also included). Furthermore, we held an interview three months prior to return to work, and provide a checklist to the immediate manager of the relevant department that covers items relating to before and after the employee’s return.

Securing Places at Childcare Facilities

A current social issue in Japan is the increasing number of children on waiting lists for places at day-care centers. In FYE 3/2017, Marubeni introduced a childcare support allowance for returning employees, which covers part of the cost of childcare services so that employees can return to work when they want to. In FYE 3/2019, we began a trial of securing permanent places at a day-care center near our Tokyo Head Office.

Marubeni Family Day

Since FYE 3/2011, we have held Marubeni Kids’ Project – Visiting Mom and Dad at Work as an annual event mainly for children of elementary school age. In FYE 3/2019, we expanded this event at the Tokyo Head Office into Marubeni Family Day, featuring additional events for employees and their spouses and for junior high and high school students. Moreover, several of our overseas subsidiaries held similar events. These events are an opportunity for deepening understanding of the companies and work that employees are involved with, thereby cultivating Marubeni Group supporters, and for companies, employees, and their families to consider the balance between work and private life.
Nursing Care Support Programs

We live in a world characterized by declining birthrates, an aging population, fewer siblings, more people remaining single, and more working couples. This means that nursing care, which was traditionally taken care of mostly by stay-at-home family members, is now an issue that working family members must take the initiative in addressing. Marubeni has established support programs so that employees can balance work and care of relatives, while playing an active work role in the medium and long term.

Improving Awareness of Programs

Marubeni has created and distributes a Family Care Handbook and has also been holding nursing care seminars on various topics since FYE 3/2011, with a cumulative total of 1,200 participants. The handbook and seminars not only explain our programs, but also strongly encourage employees to seek external professional help rather than trying to take on nursing care themselves, so that they can better manage their situation and balance work with nursing care.

Provision of External Services Including Personal Consultations and Remote Nursing Care

We provide free consultation by telephone, email, or in person in collaboration with the NPO Umi wo Koeru Care no Te. We have also conclude contracts with various companies to make senior monitoring services available to employees. As part of such services, online security systems are installed at the homes of parents who live far away or are alone during the day, thereby enabling 24-hour monitoring and emergency call-outs.

Other Life Event Support Programs

Leave and Reemployment System for Employees Accompanying a Spouse on Overseas Posting

Marubeni has introduced a spouse relocation leave system that allows employees to take a leave of absence from their jobs when accompanying a spouse on an overseas posting. In April 2018, we also introduced a system for reemploying people under certain conditions after accompanying their spouses, in response to requests from those wishing to continue working during their stay overseas.

Maternity/Parenting

<table>
<thead>
<tr>
<th>Programs</th>
<th>Childcare leave</th>
<th>Balancing work and childcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pregnancy/Maternity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternity leave (early stages of pregnancy)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternity time (during pregnancy)</td>
<td></td>
<td></td>
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<tr>
<td>Maternity select time (during pregnancy)</td>
<td></td>
<td></td>
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<tr>
<td>Maternity leave</td>
<td></td>
<td></td>
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<tr>
<td>Family support leave (to attend birth of a child)</td>
<td></td>
<td></td>
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<tr>
<td>Special leave for fertility treatment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Parent leave

<table>
<thead>
<tr>
<th>Programs</th>
<th>Childcare support allowance for returning workers</th>
<th>Childcare work hours (shorter work hours) for childcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare leave for first 8 weeks after birth (maternity leave)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-development/welfare program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare flex-care leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exemption from overtime/holiday/late night work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limitations on overtime</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family support leave</td>
<td></td>
<td></td>
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<tr>
<td>Special medical leave (children/nursing)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Family Care

<table>
<thead>
<tr>
<th>Programs</th>
<th>Preparation</th>
<th>Start of care</th>
<th>Balance between work and care</th>
<th>Family care leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family care leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select-time work (staggered hours)</td>
<td></td>
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<tr>
<td>Nursery care flex-time</td>
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<tr>
<td>Exemption from overtime/holiday/late night work</td>
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<tr>
<td>Limitations on overtime</td>
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<tr>
<td>Family care leave</td>
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<tr>
<td>Family support leave</td>
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<tr>
<td>Special medical leave (for family care)</td>
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</tbody>
</table>

Family Care Support Handbook

<table>
<thead>
<tr>
<th>Programs</th>
<th>Family care seminars</th>
<th>Individual interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support supervisor of returning worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular business contact from supervisor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information from HR department</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Benefit Station (services related to childcare)

<table>
<thead>
<tr>
<th>Programs</th>
<th>Return to work “Concierge”</th>
<th>Securing childcare facilities and support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Station (services related to family care/nursing care)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Assistance Program: Consulting by phone/mail/interview (mental health)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPO home care consultation (phone/mail/interview): Support program (individual support, fee-based)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECOM Co.: Protective monitoring service (fee-based)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other

<table>
<thead>
<tr>
<th>Programs</th>
<th>Special leave for relocation of a spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before employees who temporarily left company in order to relocate with spouse</td>
<td></td>
</tr>
</tbody>
</table>

Social > 2. Labor Practices

MARUBENI CORPORATION SUSTAINABLE DEVELOPMENT REPORT 2019

MARUBENI CORPORATION SUSTAINABLE DEVELOPMENT REPORT 2019

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SUSTAINABLE DEVELOPMENT REPORT 2019

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Fair Recruiting and Hiring
Marubeni’s basic hiring policy is to select applicants solely according to their capability and competence based on a fair recruitment process in which no form of discrimination is tolerated.

For example, we use an “open entry” system that offers employment opportunities to applicants regardless of national- ity, place of birth, gender, disability, or alma mater. Moreover, the job application form does not ask for details such as place of birth, religion, family circumstances, or any other information not required for us to determine an applicant’s capability and competence. During interviews, we respect each applicant’s basic human rights by avoiding inappropriate questions and select employees based only on capability and competence.

To ensure that fair recruiting activities are conducted across the entire Marubeni Group, we have prepared the Marubeni Recruiting Manual, and strive to ensure that our policies are thoroughly understood across Marubeni Group companies.

Expanding Employment That Accommodates the Needs of Persons with Disabilities
Marubeni Office Support Corporation

Marubeni Office Support Corporation was established in 2008 as a special-purpose subsidiary of Marubeni designed to provide workplaces that accommodate the needs of persons with disabilities. Today, the company has a combined staff of 53 persons with disabilities and 5 persons without disabilities in Tokyo and Osaka. They aim to create a company that grows through mutual assistance.

Employees with physical, mental, or intellectual disabilities engage in various office services, such as pay calculation, business card production, internal mail, and cleaning. In March 2016, Marubeni Office Support Corporation was certified by the Ministry of Health, Labour and Welfare as a Superior Company for employing persons with disabilities. This certification is granted to superior companies that actively employ individuals who have mental or other disabilities.

As of October 2018, the employment rate for persons with disabilities stood at 262% (up from 247% as of April 2018), higher than the legal minimum rate. Marubeni will continue striving to create workplaces where all people can work, regardless of disabilities.

Promoting Active Roles for People of All Nationalities
Under the Marubeni Global Mobility Program launched in April 2017, overseas Group employees who are management candidates are posted for a period to Group companies in other countries, including the Head Office. By providing opportunities to work in a broader range of roles at Head Office or Group companies in Japan or other countries, we enable diverse human capital within the Group to play an active role in different countries.

Marubeni Selected as a Nadeshiko Brand
The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly selected Marubeni as a Nadeshiko Brand in 2015 and 2017. Marubeni was one of 47 companies selected in 2017. The Nadeshiko Brand began in FYE 3/2013, with METI and TSE jointly selecting and announcing listed companies that showed excellence in promoting women’s empowerment in the workplace. Evaluations are made based on the two criteria of “promoting women’s career development” and “support in balancing work and family life,” and companies are selected after additional consideration of financial performance. The selected companies have “management capabilities for utilizing diversified human capital” and “the ability to adapt to environmental changes,” and therefore can be considered to be “companies with strong growth potential.”

Marubeni Certified as an “Eruboshi” Company
Marubeni has been certified as an “Eruboshi” company by the Ministry of Health, Labour and Welfare for its efforts in promoting women’s participation in the workplace. The “Eruboshi” certification is granted to companies that apply for it based on the Act on Promoting Women’s Empowerment in the Workplace, which entered into force on April 1, 2016. Marubeni received the second highest rank out of the three ranks.

With the Act having entered into force, Marubeni has stipulated action plans for promoting women’s participation, and is working to strengthen the recruitment and human capital development of female employees.
Marubeni Receives “Platinum Kurumin” Certification
Marubeni has received “Platinum Kurumin” certification from the Minister of Health, Labour and Welfare as an exemplary company that offers a higher standard of support for childrearing. Through our efforts to promote “work-life management,” we will help individual employees at all life stages to grow through continuous career development, and provide an even better environment for continuing to perform at a high level.

Received Award for Excellence at the HR Award 2018 Held by Nihon no Jinjibu
Marubeni’s strategy for “Going beyond the boundaries of ‘Human Capital,’ ‘Mechanisms,’ and ‘Time’” received the Award for Excellence in the Corporate HR Category at the HR Award 2018 held by the HR portal website, Nihon no Jinjibu, which has 120,000 registered members.

2-2. Communication with Employees

Policy

Communication between Management and Employees, and Among Employees
With the aim of creating a greater sense of unity, we provide regular opportunities for direct dialogue between management and employees as well as interaction between employees. This dialogue energizes and deepens communication within the Company.

Relationship with Labor Union
The Company and the Marubeni Employees’ Union share common goals, namely to improve the prosperity of the Company and the socioeconomic status of employees. Both parties are committed to respecting each other’s positions and engaging in sincere dialogue to build orderly labor-management relations.

Employee Awareness Survey
Marubeni conducts employee awareness surveys to promote improvements in the organization, and to formulate and improve human resources systems and initiatives. Survey results are used to score employee engagement, defined as “a relationship in which individuals and the organization come together to contribute to each other’s growth,” and to identify issues to be addressed.

Engagement Survey
Marubeni conducts an engagement survey to gather feedback from employees and identify management issues at each organization, with a view to making improvements. Survey results are used to score engagement, defined as “a relationship in which individuals and the organization come together to contribute to each other’s growth.” Having identified issues for improvement, we organize lectures by external experts for line managers and intensive programs to transform the management of each organization. Based on the survey results, we implement measures that will improve the abilities of management, energize organizations, and promote performance enhancement.

The results of the survey are referenced in the formulation and improvement of human resources systems and initiatives. The most recent survey was conducted in July 2018.

About the Marubeni Employees’ Union
Established: 1949
Membership*: 2,645 members (60% of the organization)

*As of March 31, 2018

Related Data

- Social > 2. Labor Practices
3. HUMAN RIGHTS AND LOCAL COMMUNITIES

Policy

Policy Regarding Human Rights
To build a better tomorrow, the Marubeni Group has identified Human Rights & Co-development with Communities as an essential category of Environmental and Social Materiality. In our Basic Policy on Human Rights, we have included the three basic principles of the UN’s Guiding Principles on Business and Human Rights: 1) respect for human rights, 2) due diligence on human rights, and 3) redress. For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.

Initiatives

Participation and Cooperation in Human Rights Initiatives
The Marubeni Group has declared its support for the UN Global Compact, the principles of which include support and respect for human rights. We also participate in the annual UN Forum on Business and Human Rights, and strive to share our experience and grasp the latest trends for promoting respect for human rights among corporations, based on the UN’s Guiding Principles on Business and Human Rights.

Dialogue with External Stakeholders regarding Human Rights Risk and Impact
The Marubeni Group conducts dialogues with external stakeholders about the risks and impacts of human rights violations in the Group's business through organizations such as the NGO Business & Human Rights Resource Centre. The results of these dialogues are reflected in the spirit of the Marubeni Group's Basic Policy on Human Rights.

Risks to Human Rights in the Supply Chain
Marubeni has established a Basic Supply Chain Sustainability Policy, which includes respect for human rights in its guidelines, and continues to work diligently to obtain the understanding and cooperation of business partners. In line with the provisions of the Modern Slavery Act in the U.K., that entered into force in October 2015, Marubeni Europe plc, some Group companies in England, and the Marubeni Head Office, which has a certain level of control over the business of these companies, had each issued a statement by the end of September 2018.


For UUR, one of the largest diversified J-REITs, JRA aims to reduce various risks and secure mid-to-long-term stable earnings by making real estate investments in varied types of use and geographical locations. JRA is also working to improve sustainability by considering ESG factors for sound management to coexist with society and the environment. When considering real estate investments, JRA carefully examines the impact on the environment (asbestos, soil contamination, pollution, etc.), tenants (anti-social forces, violent crime, etc.), and neighborhood (relationship with community, traffic congestion, etc.), in addition to the profitability of the relevant property.

For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.

For society, in every aspect of design, construction, and property management, we build relationships with tenants, the region, and communities, working together with them to tackle social issues. In urban redevelopment projects, we cooperate with stakeholders to create neighborhoods that contribute to the local community as a whole, thereby contributing to sustainable regional development.

Japan REIT Advisors Co., Ltd. Becomes a Signatory of the Principles for Responsible Investment
Japan REIT Advisors Co., Ltd. (JRA), a Marubeni Group company operating in the real estate asset management business, conducts asset management for United Urban Investment Corporation (UUR), a J-REIT (Japanese Real Estate Investment Trust) asset management for United Urban Investment Corporation (UUR), a Marubeni Group company.

Basic Policy on Contribution to Local Communities
The Marubeni Group recognizes that contribution to local communities is vital for conducting and growing business. Our sales activities contribute to the establishment and expansion of economic and social infrastructure in each country and region, and social investment via business activities and various regional support activities contribute to the development of local communities. Specifically, we help to address wealth inequality and regional unemployment by creating employment in the areas where we do business. We also help to stimulate local economies by procuring goods and services within the region as far as possible. Furthermore, we engage proactively with the community to promote regional development as we conduct business activities that promote mutual growth of the Marubeni Group and the region.

Policy on Environmental and Social Initiatives in the Real Estate Business
The Marubeni Group’s business activities contribute to solving environmental and social issues with the aim of providing people with comfortable places to live.

For the environment, in design, construction and property management, we not only apply existing environmental measures but also take steps to improve energy efficiency and energy-saving performance in materials procurement as well as our various facilities and systems. In this way, we are helping to realize a low-carbon society and curb global warming.

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Due to JRA's efforts to find environmental issues before acquisition and to improve environmental performance after acquisition, UUR has earned comprehensive environmental performance evaluations for its properties such as CASBEE (Comprehensive Assessment System for Built Environment Efficiency). Additionally, as of 2018, UUR has earned the Green Star for four consecutive years in the survey for the Global Real Estate Sustainability Benchmark (GRESB), the annual benchmark that assesses sustainability practices in the real estate sector.

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For UUR, JRA will continue to keep eyes on ESG issues and make further efforts to conduct sustainable asset management.
Marubeni Hotline (formerly, “Door of Courage”) To facilitate counseling and reporting outside the regular channels, the Marubeni Group has established the Marubeni Hotline. Respect for Employees’ Right to Unionize and Bargain Collectively Marubeni has declared its commitment to the 10 principles of the UN Global Compact, which calls for the support and practice of universal principles concerning human rights, labor, and other areas. Accordingly, Marubeni respects the right of employees to unionize and bargain collectively in conducting negotiations between labor and management on working conditions, wage levels, and other matters.

4. HEALTH AND SAFETY

Policy

Marubeni Group Basic Policy on Occupational Health and Safety

The Marubeni Group recognizes that ensuring healthy, safe working environments for all Group employees and executives, as well as contractors working at labor sites, business partners, and other related parties, is fundamental to the viability of our business. We conduct our business based on this policy, aiming to realize zero occupational accidents and illnesses. Furthermore, in cases directly connected to Marubeni Group business activities where our affiliated business partners, or other related parties are not taking steps to ensure occupational health and safety, we ask them to take appropriate measures in line with this policy.

1. Continuous Improvement of Occupational Health and Safety Management System

We build and continuously improve our occupational health and safety management system under the leadership of top management.

2. Compliance with Applicable Laws and Regulations

We comply with laws and regulations, rules, and agreements related to occupational health and safety in each country and region where we conduct business activities. We also develop relevant internal regulations in accordance with the level of risk.

3. Fostering Safety Awareness through Training

We foster safety awareness by continuously providing appropriate training necessary for ensuring health and safety.

4. Risk Reduction and Continuous Improvement of Work Environment

We identify and specify hazards and sources of harm related to our business activities, and eliminate or reduce them. We also maintain and continuously improve the workplace environment by ensuring smooth communication within our organization.

5. Support for Maintaining and Promoting Health

We continuously support the maintenance and promotion of health for all Group employees and executives.

6. Information Disclosure

The Marubeni Group discloses accurate and highly transparent information regarding this policy and related initiatives through the Group’s official website and other avenues.

Contributions to Local Communities

Initiatives for Global Health Issues At our operating company in the Philippines, Maynilad Water Services, Inc. (Maynilad), we run programs related to health issues and prevention of infectious diseases for our employees and distributed mosquito trap kits to residents of our service area, which covers the cities of Quezon, Parañaque, and Muntinlupa, and we are looking into continuing this initiative. Maynilad aims to reduce dengue fever infection rates in its concession service area by raising disease awareness and implementing anti-mosquito measures.

Elsewhere, from December 2018, at Myanmar Japan Thilawa Development Ltd., which has been developing an industrial park project in Myanmar, we began providing tuberculosis testing for every employee at tenant companies (2,463 people as of December 2018). We will continue to conduct testing at the start of each month and take measures to prevent the spread of tuberculosis.

The Marubeni Group will continue taking measures to address health issues among employees and local residents, and to prevent infectious diseases.

Information about our initiatives to contribute to local communities is updated periodically on our website.

Human Rights and Discrimination Issues Committee

This committee (established in 1988) is chaired by the CAO, and its members comprise the senior managers of the Corporate Staff Group and Business Division planning and strategy departments, as well as the general managers and deputy general managers of branches.

Selection of Officers for the Promotion of Fair Recruitment and Human Rights Awareness

Officers for the Promotion of Fair Recruitment and Human Rights Awareness are appointed at the Tokyo Head Office and three branches. This process contributes to the Company’s fair recruitment system.

Awareness Raising and Training on Human Rights

Marubeni conducts in-house training that includes “Training for new executive officers,” “Training for new GM for Dept.,” “Training for new GM for Sec.,” “Corporate examination (Promotion to ‘M’ grade),” “Basic business knowledge,” “Package program for new employees,” and “Training for Administrative Class.”

Marubeni also works continuously to raise awareness of human rights issues by updating the Company intranet with training materials and information that includes the Company’s Basic Policy on Human Rights, and by holding regular awareness campaigns, for example by soliciting human rights slogans from employees and publicizing them.

In addition to site visits and audits, we strive to inculcate a culture of prioritizing safety throughout the Group. These efforts include holding forums for sharing safety initiatives, distributing safety-related study materials about accidents to relevant personnel at operating companies, and presenting safety awards to projects that implement outstanding safety measures.

The Power Business Division will continue striving to achieve zero accidents by steadily implementing and continuously improving its management systems based on the standard code of conducts on health, safety, environment, and quality. Through these efforts we will meet the expectations and demands of customers and society, and contribute to the economic growth of countries throughout the world, as well as development of local communities.

### Marubeni Group Health Declaration

The Marubeni Group has established the Marubeni Group Health Declaration based on the Marubeni Group Basic Policy on Occupational Health and Safety, as follows:

#### Marubeni Group Health Declaration

Employees are a vital asset for the Marubeni Group, and their health is of paramount importance. The Group has therefore positioned maintaining and promoting employee health as a top management priority.

The Marubeni Group supports employees’ success by working to create an environment where each individual can autonomously and proactively take steps to maintain and promote his or her health. These efforts will lead to the growth of the Marubeni Group.

### Framework

#### Marubeni Health Promotion Structure

Marubeni has established the Marubeni Health Promotion Structure, under the responsibility of the director in charge of the Human Resources Department. The system promotes health and productivity management through the coordination of four groups: occupational physicians (Internal Medical Clinics), the Health Insurance Association, the Human Resources Department, and health and productivity management promotion officers selected from among the Company’s employees. Representatives of these groups meet at a Health Management Promotion Meeting to review health management measures and discuss future initiatives.

The Health Management Promotion Committee, which is made up of representatives from the Internal Medical Clinics (occupational physicians), the Health Insurance Association, and the Human Resources Department, meets twice a year to discuss health projects of the Health Insurance Association and various health management initiatives, and other matters relating to occupational health and safety.

In addition, a legally mandated Health Committee is chaired by the Chief Health and Safety Supervisor (General Manager of the Human Resources Department) and comprises members including health and productivity management promotion officers in each Business Division and the Corporate Staff Group. The Internal Medical Clinics (occupational physicians); and representatives of the labor union and the Health Insurance Association. The committee meets once a month to discuss various issues including health management and health and productivity management initiatives, improving the working environment, measures to tackle long working hours, and countermeasures for occupational accidents.

### Initiatives

#### Marubeni Health Project

Under the Marubeni Health Project, we will continuously roll out various initiatives based on four key themes: 1) Improving health literacy, 2) Strengthening countermeasures against cancer and lifestyle diseases, 3) Strengthening mental health measures, and 4) Strengthening initiatives for maintaining and promoting women’s health.

### Measures

**1) Improving health literacy**

In cooperation with the Health Insurance Association and occupational physicians, Marubeni conducts initiatives to improve employees’ health literacy.

<table>
<thead>
<tr>
<th>Measures (fiscal year)</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test and announced focus health indicators as Company KPI. Used indicators for discussing integrated measures based on regular reviews.</td>
<td></td>
</tr>
<tr>
<td>Introduction of health management app and distribution of app-linked body composition monitor on voluntary basis (FY 2020/3)</td>
<td></td>
</tr>
<tr>
<td>Distributed health management app and app-linked body composition monitor to improve health literacy of employees and their families.</td>
<td></td>
</tr>
<tr>
<td>History of 1/3/2019</td>
<td>Held walking events in cooperation with health management app held annual event presentation award.</td>
</tr>
</tbody>
</table>

**2) Strengthening countermeasures against cancer and lifestyle diseases**

Among our measures to maintain and promote health, we focus intensively on countermeasures against cancer and lifestyle diseases, which include the following.

#### Measures (fiscal year)

<table>
<thead>
<tr>
<th>Measures (fiscal year)</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in trial program using IoT in trial type 2 diabetes (Ministry of Economy, Trade and Industry; FBE1H5)</td>
<td>Provided information to target individuals about participation in a clinical study using IoT on preventing the exacerbation of diabetes.</td>
</tr>
<tr>
<td>Universal screening examination program at Internal Medical Clinics (FY 3/2019)</td>
<td>Provided basic screening examination and health examination to employees.</td>
</tr>
<tr>
<td>Screening program aimed at improving lifestyle and exercise habits. The three-month intensive program involves eight lectures and workshops, and aims to eliminate metabolic syndrome through guidance on daily meals and exercise.</td>
<td></td>
</tr>
<tr>
<td>Introduced fully subsidized brief checkups (FY 2016) and full-panel medical checkups (FY 2018/3)</td>
<td>Fully subsidized full-panel medical checkups for employees in the fiscal year in which they reach ages 25, 30, 35; as well as brief checkups for employees in the fiscal year in which they reach ages 45, 50, and 55. (Implemented ongoing partial subsidy for full-panel medical checkups for employees aged 35 and over. Other than at the ages specified above.)</td>
</tr>
<tr>
<td>Enhanced health guidance from public health nurses (FY 3/2009)</td>
<td>Established a system for registered dietitians and health consultants, etc., at our Internal Medical Clinics.</td>
</tr>
<tr>
<td>Established a system for registered dietitians to provide specialist diet management and guidance, etc., at our Internal Medical Clinics.</td>
<td></td>
</tr>
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</tr>
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<td></td>
</tr>
<tr>
<td>Implemented full-panel medical checkups at Tokyo Head Office and Osaka branch, and introduced designated smoking areas at other branch offices.</td>
<td></td>
</tr>
<tr>
<td>Implemented smoking bans designated smoking areas at overseas offices, in accordance with local laws and regulations.</td>
<td></td>
</tr>
</tbody>
</table>
3) Strengthening mental health measures

Marubeni has recognized mental health as an important issue for improving occupational health and safety, and is taking the following initiatives to maintain and promote women's health.

Establishment of Internal Medical Clinics

The Internal Medical Clinics at the Tokyo Head Office and Osaka Branch play an important role in promoting health management. At the Tokyo Head Office Internal Medical Clinic, specialistic services, including obesity, neuropsychiatric, and dental services are available for employees to consult at any time. Regular annual and specified health examinations are conducted. In addition, based on the results of employee health examinations, employees can receive follow-up examinations, including re-testing and other treatment for lifestyle diseases, as well as health guidance from an occupational physician and a public health nurse or registered dietician. The company places particular emphasis on health examinations during which employees receive first-hand experience of what it means to be examined for serious conditions.

Initiatives on Global Health Issues

Marubeni is expanding its business globally, with business sites in 66 countries/regions around the world. Highly contagious infectious diseases such as measles, rubella, and malaria are serious issues in some of these countries/regions.

Marubeni adopts a proactive approach to those issues and other global health issues. We have developed and timely measures for infectious diseases such as HIV/AIDS, tuberculosis, and malaria, overseas and in Japan. Over the years, we have developed strategies to control and prevent diseases with a high risk of infection; they are given appropriate cautionary advice and returns are restricted if necessary.

Marubeni is also offering employee vaccinations at overseas locations as a high priority to the Marubeni Group. For example, if employees are posted to a particular country or region where there is a high risk of infection, they are given appropriate vaccinations, such as measles, rubella, and mumps. Furthermore, the Health Insurance Association subsidizes employee vaccinations at external medical institutions.

Initiatives on Crisis Management

We recognize that people at every business site of the Marubeni Group in Japan and overseas are exposed to various risks, including acts of terrorism, natural disasters, civil unrest, robbery, traffic accidents, aviation accidents, injury, and disease. In particular, we have prepared crisis management strategies at overseas locations as a highly important Company measure. When an incident occurs, we take appropriate actions and convey the safety of employees to our families and the Company.

As such, we strive to protect every day awareness of the crisis and to have established a permanent Crisis Management Headquarters that is able to respond immediately and efficiently.

Specifically, the Overseas Crisis Management Headquarters has developed a crisis management planning framework to conduct crisis management training for employees who are assigned overseas and their accompanying family members. We have a system in place for gathering and analyzing the latest public security information from areas around the world and share it with the relevant people. When an incident occurs, the Headquarters promptly controls relevant information about the incident, coordinating with overseas offices to make and implement appropriate judgments and countermeasures.

The project designates times for which overtime is prohibited and promotes a shift toward morning-oriented working times. Work after 8 p.m. is not permitted in principle, and prohibited after 10 p.m. Measures to reduce working times also include providing breakfast at Company cafeterias, and paying overtime rates for early morning work at the same rate as late-night overtime.

4) Strengthening initiatives for maintaining and promoting women's health

Marubeni recognizes maintaining and promoting women’s health as an issue to be addressed, and will strengthen the following initiatives going forward.

Support for Overseas Assignees and Their Families

Currently, there are approximately 900 Marubeni employee families overseas. Ensuring the health of employees and their families is essential for enabling overseas assignees to perform at their best.

Before and during overseas assignments, we conduct health examinations and training for employees and their families to gain an accurate appraisal of their health status and raise their awareness about disease prevention and health maintenance. We place particular emphasis on health examinations in order to achieve prevention and early treatment of diseases, and in addition to the legally mandated examination for employees assigned overseas, we require each employee to undertake annual health examinations during their assignments. We aim to achieve 100% participation by following up on employees who have not had their examinations. We also offer annual health examinations and examinations after repatriation to accompany family members. If health examination services are not available at the assignment location, our system for subsidizing travel to a nearby area with advanced medical facilities or Japan in the case of serious issues.

We have systems in place to transport people to a nearby area with advanced medical facilities or Japan in the case of an accident. We provide counseling sessions on a trial basis to all new employees and newly appointed junior managers in order to raise awareness of EAP services and strengthen self-care for care. Also, provided self-check and mental health study programs and articles on the Internet to promote accurate knowledge and awareness regarding mental health care and to assist employees in monitoring their own mental health care.

Marubeni is expanding its business globally, with business sites in 66 countries/regions around the world.

We offer support for the return to work of people who have had mental health issues through counseling before and after returning. Provided support for the return to work of people who have had mental health issues through counseling and other return-to-work support. In addition, we are strengthening the overseas EAP service by providing assistance to employees and their families, including re-testing and other treatment for lifestyle diseases, examinations during their assignments. We aim to achieve 100% participation in health examinations by employees assigned overseas.

Marubeni has recognized mental health as an important issue for improving occupational health and safety, and is taking the following initiatives to maintain and promote women’s health as an issue to be addressed, and will strengthen the following initiatives going forward.

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Related Data

Occupational Health and Safety Data

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<thead>
<tr>
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<tbody>
<tr>
<td>Lost-time injuries frequency rate*1</td>
<td>5.36</td>
<td>7.1</td>
<td>0</td>
</tr>
<tr>
<td>Occupational illness frequency rate*2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No. of occupational accidents or incidents leading to injuries or fatalities*2</td>
<td>5</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>No. of fatal occupational accidents**</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*1 The indicators for FYE 3/2018 are assured by an external assurance provider based on the international standard ISAE 3000.
*2 Figures for Marubeni Corporation. The lost-time injuries frequency rate is the frequency rate of occupational injury cases that result in one or more days of employee absence. Lost-time injuries frequency rate = Lost-time injuries / Total working hours × 1 million. As for occupational injuries, there were no cases that required revisions in the labor safety and health system or improvement in the work environment. There were other cases of falling accidents in stairways or corridors, but none which required corporate measures.
** Figures for Marubeni Corporation. Occupational illness frequency rate = No. of occupational illnesses / Total working hours × 1 million.

Usage of Internal Medical Clinics

<table>
<thead>
<tr>
<th></th>
<th>FYE 3/2018 (cumulative users)</th>
</tr>
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<tbody>
<tr>
<td>Number of users</td>
<td>For the year: Approx. 26,000</td>
</tr>
<tr>
<td></td>
<td>(Medical examination: 3,700; General treatment: 18,000; Specific health guidance: 700; Consultation and other: 3,600)</td>
</tr>
</tbody>
</table>

Stress Checks

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<tr>
<th></th>
<th>FYE 3/2018</th>
<th>FYE 3/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of subjects</td>
<td>4,389</td>
<td>4,497</td>
</tr>
<tr>
<td>Number of respondents (response rate)</td>
<td>3,916 (89.4%)</td>
<td>4,027 (91.5%)</td>
</tr>
</tbody>
</table>

Regular Health Examinations

<table>
<thead>
<tr>
<th></th>
<th>FYE 3/2018</th>
<th>FYE 3/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in health examinations in Japan (legally mandated)</td>
<td>91.5%</td>
<td>91.5%</td>
</tr>
<tr>
<td>Participation in health examinations overseas</td>
<td>95.3%</td>
<td>74.3%</td>
</tr>
</tbody>
</table>

Legally Defined Overtime and Use of Paid Vacation Time (Company-wide Average)

<table>
<thead>
<tr>
<th></th>
<th>FYE 3/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hours legally defined overtime (monthly)</td>
<td>192 hours/month</td>
</tr>
<tr>
<td>Days of paid vacation time used (annual)</td>
<td>12.5 days</td>
</tr>
</tbody>
</table>

Training and Education

<table>
<thead>
<tr>
<th>Program</th>
<th>Outline</th>
<th>Target</th>
<th>Number of participants (FYE 3/2018)</th>
<th>Number of participants (FYE 3/2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package program for new graduates</td>
<td>Lecture by head of the medical clinic on “safety and health management”</td>
<td>New graduates</td>
<td>135</td>
<td>164</td>
</tr>
<tr>
<td>Mental health</td>
<td>Lecture by head of the medical clinic on “working hour management, health management, and mental health care”</td>
<td>Employees prior to becoming GM for Sec.</td>
<td>229</td>
<td>102</td>
</tr>
<tr>
<td>Training for new GM for Dep.</td>
<td>Lecture on “working hour management, health management, and mental health care”</td>
<td>New GM for Dep.</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Promoted training for Administrative Class (upper tier)</td>
<td>Lecture on “working hour management, health management, and mental health care”</td>
<td>Employees promoted in Administrative Class (upper tier)</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Promoted training for Junior Professional Grade</td>
<td>Lecture on “working hour management, health management, and mental health care”</td>
<td>Junior Professional Grade in their fourth year</td>
<td>104</td>
<td>117</td>
</tr>
<tr>
<td>4th-year training for Administrative Class</td>
<td>Lecture on “working hour management, health management, and mental health care”</td>
<td>Administrative Class in their fourth year</td>
<td>34</td>
<td>46</td>
</tr>
<tr>
<td>Career development</td>
<td>Lecture on “health management”</td>
<td>Employees aged 49-55</td>
<td>115</td>
<td>128</td>
</tr>
</tbody>
</table>

External Evaluation

Inclusion in Health & Productivity Stock Selection

In 2015, Marubeni was selected in the Health & Productivity Stock Selection Program by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE). Launched in FYE 3/2015, this program recognizes TSE-listed companies that exhibit excellence in strategically practicing “health and productivity management,” thereby making employee health a management issue. Marubeni has been developing more sophisticated healthcare management systems in order to help employees improve their health, while also supporting employees so that they can have more fulfilling social and private lives. Going forward, we will continue to invest in employee health to further boost our global competitiveness.

Marubeni Certified as a Health and Productivity Management Organization (White 500)

As an organization with an excellent track record of health and productivity management, Marubeni was certified as a Health and Productivity Management Organization (White 500) for 2019, by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The Certified Health and Productivity Management Organization Recognition Program highlights outstanding enterprises engaged in efforts to advance health and productivity management based on initiatives that align with regional health issues and health promotion endeavors supported by the Nippon Kenko Kaigi. Marubeni has been selected for a second consecutive year.

The Marubeni Group has formulated the Marubeni Group Health Declaration, and Marubeni has established the Marubeni Health Promotion Structure. Under the Marubeni Health Project, we are working to improve employees’ health literacy, strengthen countermeasures against cancer and lifestyle diseases, strengthen mental health measures, and strengthen initiatives for maintaining and promoting women’s health. The Marubeni Group supports employees’ success by working to create an environment where each individual can autonomously and proactively take steps to maintain and promote his or her health. These efforts will lead to the growth of the Marubeni Group.
5. RESPONSIBILITY TO CUSTOMERS

Policy

Policy on Initiatives for Food Safety and Reliability

In the Food Business, the Marubeni Group supplies a wide range of products to meet the increasingly diverse needs of the times. In a number of our businesses, through our ownership of manufacturing and processing facilities, we have built an extensive value chain stretching from raw material procurement to delivery of products and services to consumers. In this way, we are contributing to food safety and reliability, while addressing nutrition issues by providing food products with outstanding functionality. As an example of our initiatives on food safety and reliability, at Group company Toyo Sugar Refining Co., Ltd. we produce and sell various types of sugar, as well as functional ingredients such as Rutin and Hesperidin that can be used in food products, beverages, supplements, and cosmetics. We will proceed to develop new products, making full use of our proprietary enzyme processing technologies and accumulated expertise, while addressing nutrition issues through the sale of these functional ingredients.

Overview of Rutin
http://www.toyosugar.co.jp/en/item/agrutin.html

Overview of Hesperidin
http://www.toyosugar.co.jp/en/item/hesperidin.html

Initiatives

Compliance System for Ensuring Safety and Reliability of Processed Food Products and Beverages

Marubeni strives to keep up with industry trends, including through membership of the Association for the Safety of Imported Food, Japan and the Japan Food Hygiene Association. At the same time, to improve our technology, we have been working in partnership with an external specialist organization since 2004, accumulating expertise on food safety and hygiene management. In particular, to ensure the safety of imported agricultural, livestock, and marine produce, as well as processed food products, we gather information and check safety ourselves. Furthermore, depending on product characteristics and risks, we may have external specialists perform plant inspections of local suppliers.

We ensure that employees receive appropriate training and that relevant information is shared. We hold internal Group training for all newly assigned employees twice annually, and quarterly Group compliance liaison meetings with Group companies. Twice annually we hold seminars on selected topics and issues related to food safety, such as ensuring safety of food product imports. In FYE 3/2019, we invited an external expert to hold a seminar on the revised Food Sanitation Act in Japan. Group companies and suppliers were invited to participate in the seminar as part of our efforts to raise awareness of food safety.

Participation in Food Safety Initiatives and Associations, etc.

Marubeni aims to provide safe, reliable food products and ingredients, and to maintain and improve quality management functions. To achieve this, Marubeni Group companies participate in the activities of the following external organizations with the goals of gathering information and exchanging opinions.

Japan Food Additives Association
The Japan Food Additives Association (JFAA) is comprised of companies and organizations that are involved in the production, import, sale and use of food additives in Japan. The association is a successor to the Federation of Japan Food Additives Groups, established as a nationwide organization in October 1982 with the addition of new members. JFAA works under the guidance of the Ministry of Health, Labour and Welfare and other related government agencies with the objectives of providing members with accurate knowledge pertaining to the production, sale, and use of food additives, and promoting consumer understanding of safety and utility. In addition, JFAA seeks to contribute to the sound development of food-related industries, and to better consumer dietary habits and public hygiene.

The Marubeni Group gathers information about the safety and functionality of food additives from JFAA, and conducts its businesses appropriately, receiving advice on matters such as labeling for food additives and interpretations of the relevant laws.

Overview of JFAA
https://www.jfaa.or.jp/13English

All Japan Coffee Fair Trade Conference
The All Japan Coffee Fair Trade Conference formulated the Fair Competition Code for Labeling of Regular Coffee and Instant Coffee Products, designed to aid consumers in the purchase of regular coffee and instant coffee products. The code was recognized by the Japan Fair Trade Commission on November 13, 1991, and a notification was published in the Kösho (the official gazette of the Japanese Government) on November 27, with full enforcement starting from May 28, 1993.

On November 29, 1991, the conference was inaugurated as a discretionary body with membership consisting of coffee-related business operators who agree with the objectives of the conference. It is dedicated to ensuring the fair labeling of coffee products.

The Marubeni Group receives advice regarding coffee labeling and related matters from the All Japan Coffee Fair Trade Conference.

Overview of AJCFT
http://www.ajcft.org/ (Japanese only)

Japan Soft Drink Association
The Japan Soft Drink Association is an industry organization that prioritizes shared benefit and public good. The association aims to ensure rigorous compliance with laws and regulations among soft drink manufacturers, sellers, and related businesses, and facilitates smooth coordination of activities between association members and the government. It also promotes, supports, and provides guidance on corporate social responsibility, encourages healthy consumption of soft drinks, and spreads awareness and knowledge relating to soft drinks.

Through the Japan Soft Drink Association, the Marubeni Group receives advice on matters such as beverage labeling and quality management.

Overview of JSFDA
http://jsda.or.jp/about-JSFDA/english.php

Society of Soft Drink Technologists, Japan
The Society of Soft Drink Technologists, Japan was launched in 1992 with the objective of providing a forum for soft drink technologists and researchers to meet and exchange information, while furthering technological innovation and skill development. The society works to provide technical support so that the soft drink industry can continue to develop in harmony with the public interest.

Through the Society of Soft Drink Technologists, the Marubeni Group receives advice on matters such as beverage labeling and quality management.

Overview of SSTJ
http://www.sst-j.or.jp/en
GOVERNANCE

To build a better tomorrow, the Marubeni Group has identified Governance for Coexistence with Society as an essential category of Fundamental Materiality. We will deepen our engagement with diverse stakeholders, enhance the effectiveness of the Board of Directors’ oversight function, and bring greater transparency to our management in order to build a governance framework that allows for improved coexistence with society and works toward achieving sustainability.

1. CORPORATE GOVERNANCE

1-1. Corporate Governance

Basic Policy on Corporate Governance

The Company believes in responding to the expectations of its stakeholders—shareholders, customers, local community and employees—by increasing its corporate value to become a proud corporate group committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities 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. To coexist with society based on social expectations and demands, we will deepen our engagement with stakeholders, enhance the effectiveness of the Board of Directors’ oversight function, and bring greater transparency to management in order to strengthen our governance system— in other words, to practice Governance for Coexistence with Society.

Framework

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 (i) 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.

Board of Directors

The Board of Directors comprises 10 Directors (including four External Directors; nine males and one female. The percentage of female directors on the Board is 10.0%), 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.

The term of Board of Directors is one year to clarify management responsibility and flexibly build optimum management structure in response to changing management environment.

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 Audit & Supervisory Board Member 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.

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 FYE 3/2019 is Ernst & Young Shinninsho LLC. The Audit & Supervisory Board Members and the Audit Department, the department that performs internal audits, exchange opinions at monthly meetings and implement audit operations through close cooperation.

The President holds meetings with the Audit & Supervisory Board Members on a regular basis, reports on execution of duties and exchanges 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.
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.

Committee of Heads of Divisions
The members of the Committee of Heads of Divisions are the President, the representative directors, the Division CODs and Regional CEOs and CODs 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.

Committee of Executive Officers
The Committee of Executive Officers consists of 34 Executive Officers (five of whom also serve as Director) and its purpose is 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.

Nomination Committee
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 nomination of candidates for the positions of Director, Audit & Supervisory Board Member and President, as well as succession plans formulated and implemented by the President (including necessary qualifications and conditions, successor candidate pool and career development plans), and reports to the Board of Directors.

Committee Members:
- One Internal Director, two External Directors, one External Audit & Supervisory Board Member
- Chairperson: External Director

Governance and Remuneration Committee
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:
- Two Internal Directors, two External Directors, two External Audit & Supervisory Board Members
- Chairperson: External Director

Overview of Corporate Governance Systems

<table>
<thead>
<tr>
<th>Organization Form</th>
<th>Company with auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td></td>
</tr>
<tr>
<td>Number of Directors</td>
<td>10 (including 4 External Directors)</td>
</tr>
<tr>
<td>Number of Audit &amp; Supervisory Board Members</td>
<td>5 (including 3 External Members)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committee Role</th>
<th>Chairman</th>
<th>Meeting Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Management Committee</td>
<td>Yukihiko Matsumura</td>
<td>Held four times a year and whenever necessary</td>
</tr>
<tr>
<td>Committee of Executive Officers</td>
<td>Nobuhiro Yabe, Masashi Matsumoto</td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Corporate Management Committee</td>
<td>Nobuhiro Yabe, Masashi Matsumoto</td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Board of Directors</td>
<td></td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td></td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Corporate Management Committee</td>
<td></td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Committee of Heads of Divisions</td>
<td></td>
<td>Held four times a month in principle</td>
</tr>
<tr>
<td>Committee of Executive Officers</td>
<td></td>
<td>Held four times a month in principle</td>
</tr>
</tbody>
</table>

Committees
The Company has established various committees for strengthening corporate governance. Main committees and their roles are as follows:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Role</th>
<th>Chairman</th>
<th>Meeting Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment and Credit Committee</td>
<td>Projects, pending approval, such as investments, are discussed and approved by the Investment and Credit Committee prior to appearing on the Corporate Management Committee’s agenda.</td>
<td>Managing Executive Officer, Member of the Board (Marubeni Value)</td>
<td>Held three times a month in principle</td>
</tr>
<tr>
<td>Compliance Committee</td>
<td>The Compliance Committee provides support and guidance with regard to drafting internal control reports.</td>
<td>Senior Executive Vice President, Member of the Board (Marubeni Value)</td>
<td>Held four times a year and whenever necessary</td>
</tr>
<tr>
<td>Sustainability Management Committee</td>
<td>The Sustainability Management Committee delimits business strategy and long-term vision, and supervises and evaluates the effectiveness of sustainability related matters.</td>
<td>Managing Executive Officer, Member of the Board (Marubeni Value)</td>
<td>Held once a year in principle and whenever necessary</td>
</tr>
<tr>
<td>Internal Control Committee</td>
<td>The Internal Control Committee is responsible for preparing and reviewing internal control policies based on the Companies Act as well as drafting internal control reports.</td>
<td>Senior Executive Vice President, Member of the Board (Marubeni Value)</td>
<td>Held whenever necessary</td>
</tr>
<tr>
<td>Disclosure Committee</td>
<td>The Disclosure Committee examines disclosure policies, ensures that internal systems concerning legally mandated and timely disclosure are in place, and decides the importance and appropriateness of the information targeted for legally mandated or timely disclosure.</td>
<td>Managing Executive Officer, Member of the Board (Marubeni Value)</td>
<td>Held whenever necessary</td>
</tr>
</tbody>
</table>

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

Roles and Functions of External Directors
External Directors offer opinions on business management drawn from their broad experience and high-level perspective and give advice to better implement corporate governance. External Directors attend the meetings of the Board of Directors and the Committee of Executive Officers, making active contributions from the perspective of internal control. Prior to meetings, External Directors are provided with agendas and fully briefed on management issues and project execution status. Two of the External Directors are members of the Governance and Remuneration Committee (one is the chairman) and two are members of the Nomination Committee (one is the chairman).

Executive Compensation
For reasons of appointment, please refer to Marubeni’s website: https://www.marubeni.com/en/company/governance/data/20181211迦_en.pdf#page=10

Roles and Functions of External Audit & Supervisory Board Members
External Audit & Supervisory Board Members monitor the Directors’ execution of duties and draw upon their wealth of professional expertise to offer various recommendations and advice to enhance the Audit & Supervisory Board.
Members determined by the General Meeting of Shareholders. Compensation for Directors is decided through a process involving discussion and formulation of proposals by the Governance and Remuneration Committee, a body whose membership consists of a majority of External Directors and Audit & Supervisory Board Members, with the proposals then being approved by the Board of Directors. Compensation for individual Audit & Supervisory Board Members is decided through deliberation by the Audit & Supervisory Board Members.

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. Instead of cash, 20% of the aggregation of basic compensation and variable compensation is granted as compensatory 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. Compensation for Audit & Supervisory Board Members, all of whom are completely independent from business execution, consists entirely of basic compensation.

Total remuneration and other payments for Directors and Audit & Supervisory Board Members in FYE 3/2018

- Directors (other than External Directors): six; Total remuneration, etc.: ¥312 million
- Audit & Supervisory Board Members (other than External Audit & Supervisory Board Members): three; Total remuneration, etc.: ¥76 million
- External Directors/Audit & Supervisory Board Members; ten; Total remuneration, etc.: ¥84 million

Individuals to whom the total amount of compensation paid exceeded ¥100 million in FYE 3/2018

- Tetsu Asada (Director): ¥104 million (cash compensation of ¥93 million and compensatory stock options worth ¥11 million)
- Fumiya Kokubu (Director): ¥128 million (cash compensation of ¥103 million and compensatory stock options worth ¥25 million)

Notes:
1) The amounts less than 1 million yen are rounded off.
2) The maximum annual amount of remuneration for Directors was set at ¥1,600 million (including ¥400 million for External Directors, by a resolution of the 92nd Ordinary General Meeting of Shareholders held on June 24, 2018), the maximum monthly remuneration for Audit & Supervisory Board Members was set at ¥12 million (by a resolution of the 88th Ordinary General Meeting of Shareholders held on June 22, 2015), and the maximum annual amount of compensatory stock options for Directors (excluding External Directors) is ¥220 million (by a resolution of the 92nd Ordinary General Meeting of Shareholders held on June 24, 2018).
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 no more payments 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 whenever it 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 FYE 3/2018, 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.

1-2. Internal Controls

Basic Internal Control Policy

Marubeni seeks to steadily increase and maximize corporate value through business activities that are in accordance with its Corporate Creed*1 and Management Philosophy,**2 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.

*1. Corporate Creed

“Fairness—Act with fairness and integrity at all times. Innovation—Pursue creativity with enterprise and initiative. Harmony—Give and earn the respect of others through cooperation.**2. Marubeni Management Philosophy

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

1-2-1. System for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

(1) Corporate Governance

I. 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 or 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 business environment.

Marubeni appoints External Directors to ensure the effectiveness of corporate governance. Marubeni adopts the executive officer system to improve efficiency of business execution, and a system where its Group CEOs participate 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.

II. Audit & Supervisory Board Members and the Audit and 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

i. Compliance system
Marubeni sets forth a code of conduct common for the Marubeni Group such as the 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 the Compliance Committee and takes various measures.

ii. Internal whistleblowing 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 has established 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.

1-2-2. 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 any time.

1-2-3. 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 resolutions of the Board of Directors and the Regulations of Authority and Duties and manage risks associated with execution of duties within the given scope and take responsibility for the results.

(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 Executive Officers depending on 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.

(4) Compliance
Marubeni implements management of qualitative risks including reputation risks and information security risks, which are difficult to quantify, through enhancement of compliance structure.

1-2-4. 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 officers and employees at the Marubeni Group, such as management policy, management strategy and management plan and instill them, while establishing concrete targets that 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.

1-2-5. 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 Group manages, checks and supports the Business Groups in each specialized field to enable efficient execution of duties.

(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) Establishment 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 the necessary system for information disclosure in an appropriate and timely manner.

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

(5) Business Groups and Corporate Staff Group
Marubeni has introduced the Business Group system and delegates authority to Group CEOs to enable a structure that facilitates swift decision-making regarding products they are in charge of in Japan and abroad. Further, the Corporate Staff Group manages, checks and supports the Business Groups in each specialized field to enable efficient execution of duties.

(4) Clarification of authority, duties and responsibilities
The Board of Directors decides Directors in charge and clearly stipulates each officer’s and employee’s roles, authority, responsibilities and rules for decision making in various regulations.

(5) Emergency management
In preparation for occurrence of serious issues such as a natural disaster, Marubeni formulates Business Continuity Plans. 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 implements concrete measures to limit the damage and loss to a minimum.

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

(3) Internal audit
Marubeni has established the Audit Department directly under the President to study the appropriateness of duty execution by executing persons and compliance status and implements internal audits by the Audit Department and self-inspection of Marubeni company-wide under instructions from the Audit Department. The results of internal audits are reported to the Board of Directors on a regular basis.

(4) Disciplinary actions
When the execution of duties by an officer or employee results in violation of law or regulation, Marubeni shall seek judgment 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.

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1-2-6. Matters concerning employees assisting the duties of Audit & Supervisory Board Members, and matters concerning the independence of these employees from Directors

(1) The Audit & Supervisory Board Members attending important meetings
Marubeni establishes the Audit & Supervisory Board Members’ 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 Members’ Office staff
The Director in charge of human resources shall implement personnel affairs of the Audit & Supervisory Board Members’ Office (personal changes, evaluation, disciplinary actions, etc.) by hearing the opinions of the Audit & Supervisory Board Members in advance and upon receiving their consent.

1-2-7. 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 Board of Directors meetings and receive reports from Directors on execution of duties and other important matters. They shall 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 exchanges 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 reports from officers and employees whenever necessary.

Marubeni has in place a system to ensure that the person who makes a report to the Audit & Supervisory Board Members would not be treated unfairly at Marubeni or Marubeni Group companies because of the concerned report.

1-2-8. 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, and hold regular meetings to exchange opinions regarding audit policy and audit result reports. The Audit & Supervisory Board Members cooperate with Audit & Supervisory Board Members of Marubeni Group companies through the Group Auditor Liaison Meeting and exchange information regarding the development of internal controls at each company and their operation.

(2) Appointment of external experts
The Audit & Supervisory Board independently has a contract with a corporate lawyer, and if the Audit & Supervisory Board Members deem it necessary, they can appoint external advisors such as lawyers and certified public accountants.

(3) Audit-related expenses
Marubeni shall allocate a budget and pay expenses arising from the execution of duties by the Audit & Supervisory Board Members, including the cost of appointing external experts described above in response to requests from the Audit & Supervisory Board Members, through a prescribed procedure.

2. COMPLIANCE

Policy
As it advances its global operations, Marubeni acts in accordance with the belief that compliance goes beyond merely following the letter of the law. In its trust sense, compliance means corporations—as good members of society—practicing high levels of ethics, living up to the expectations of stakeholders, and fulfilling their social responsibilities.

To achieve this type of compliance, Marubeni is reinforcing and regularly improving its compliance systems under the guidance of the Compliance Committee, which is overseen by the President and CEO. The Compliance Committee oversees the Marubeni Group Compliance Manual and regularly reviews its effectiveness and validity in light of changes in laws, regulations, and society.

Framework
Each company within the Marubeni Group has been developing its own compliance system customized to its own business activities. Overseas offices and subsidiaries have also been creating compliance systems customized to suit the laws, regulations, and business practices of their respective countries. Overseas offices and subsidiaries formulate their compliance action plans and review their plans.

Organizational Diagram for the Marubeni Group Compliance System
Overview of the Marubeni Group’s Measures

Anti-Corruption Measures

Overview of the Marubeni Group’s Measures
We believe that transactions that involve unlawful conduct are not only unnecessary, but also harmful to the Marubeni Group’s interests. In recent years, an increasing number of companies in both developed countries and emerging countries are refusing to tolerate bribery. Marubeni Group, as a global enterprise, also has a strong interest in actively working towards the prevention of bribery.

As a part of this effort, we have the “Anti-Corruption Handbook.” This handbook requires all executives and employees of the Marubeni Group worldwide to adopt and follow robust anti-bribery practices.

In addition, Marubeni has established a strict anti-bribery system. This includes setting rules for managing the appointment of agents, consultants, subcontractors, and joint venture partners (hereinafter, “business partners”), and rules for managing entertainment of and gifts to public officials, and requirements for managing the appointment of the Marubeni Group worldwide to adopt and follow robust anti-bribery practices.

Accordingly, Marubeni has set the following rules to prevent bribery not only by officers and employees, but also by business partners. These rules mandate that we appoint only business partners who agree with the Marubeni Group’s anti-bribery initiatives. Appointments are made only after having obtained the consent of the Group Compliance Officer and the general manager of the Compliance Control Department.

When appointing a business partner, carry out prior due diligence to ascertain that the business partner has a compliance system in place, or plans to introduce such a system in the future, to ensure compliance with anti-bribery laws, and that Marubeni will not be exposed to bribery and corruption risks by the business partner.

Exchange contracts that include the anti-bribery provisions necessary to reduce or eliminate the risk of improper payments being made between Marubeni and business partners.

Internal Whistleblowing System

Marubeni operates the Marubeni Hotline (formerly the “Door of Courage”) for general compliance matters. In addition to officers and employees of Marubeni Corporation, the hotline is available to officers and employees of Marubeni Group companies, who may consult with or make reports either to Marubeni’s Compliance Committee or to an external lawyer.

The name changed in FYE 3/2018 to Marubeni Hotline (the name written in Japanese is a play on words that also carries the meaning of “feeling relieved” or “at ease”) to make it feel more familiar to users and provide reassurance to those who are hesitant to use it.

In addition to the Marubeni Hotline, Marubeni has also set up a compliance hotline called the Marubeni Anti-Corruption Hotline for reporting serious crimes such as bribery, money laundering, illegal accounting practices, or violations of the Anti-Monopoly Act (competition law). This is available to the Marubeni Group’s business partners as well as to the Group’s officers and employees.

If consultations or reports are made to these hotlines, we undertake investigations and preventive measures as necessary, and provide feedback to the person who made the report. In responding to reports, we maintain strict confidentiality, and guarantee that those making the report or consultation will not be treated unfavorably.

In FYE 3/2018, there were 25 matters reported at Marubeni. None of these were compliance violations that would have a serious impact on the operations of Marubeni or its consolidated subsidiaries.

Initiatives for Managing Appointment of Business Partners

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Response When a Problem Occurs
When compliance problems arise, the following procedure shall be followed.

1. When a Group or Branch Office Compliance Officer identifies a problem, he/she shall report it immediately to the Compliance Committee.
2. Upon receipt of a report, the Compliance Committee shall instruct the relevant department(s) to investigate the problem and determine an appropriate remedy.
3. If the Chairman of the Committee considers the problem to be serious, he/she shall report the problem promptly to the President and Audit & Supervisory Board Members.
4. When the problem affects the whole company, the Compliance Committee shall investigate the problem by forming an investigation Sub-committee and shall propose appropriate remedies including measures to prevent recurrence.

Compliance Education and Training

The Marubeni Group conducts education and training programs throughout its organization in accordance with the Marubeni Group Compliance Manual. Specifically, we conduct e-Learning programs and group training sessions featuring roleplay and case studies to teach employees about general compliance topics, anti-bribery precautions, and cartel countermeasures. In addition, the Chairman of the Compliance Committee and representatives from the Compliance Control Department make periodic visits to Group companies and overseas offices to provide training and raise awareness of compliance. As a company that conducts business globally, Marubeni shares information on current trends in laws and regulations with the relevant officers and employees in order to comply with the anti-corruption and bribery laws and competition laws of each country, particularly in cross-border transactions.

Cartel Prevention

Marubeni treats the fact that Marubeni and its subsidiaries have been involved in a number of cartel-related cases as a very serious problem, and is taking steps to prevent recurrence.

Specifically, we conducted internal investigations in cooperation with an external law firm, revised our internal regulations, and are educating employees with in-house training and e-Learning, and strengthening our competition law (including the Japanese Anti-monopoly Act) compliance system by preparing and distributing an in-house manual.

Management Regulations Related to Competition Law

Marubeni has established Management Regulations Related to Competition Law in order to prevent acts that violate competition law (including the Japanese Antimonopoly Act), such as acts that constitute or give the appearance of cartels or bid-rigging. These regulations include items such as those listed below:

• Prohibition of exchanging sensitive information with competitors, such as pricing, transaction terms, strategies, and sales volume related to specific products or services, except in certain cases such as when acting as transaction partners with competitors.
• Prohibition of involvement in competition law violations by customers or other transaction partners.
• System for notification and reporting in the event of contact with competitors.
• Reporting obligations on member organizations.
• Reporting obligations and response if a violation is suspected.
• Measures to be taken in the event of a violation.

Adequacy and Transparency of Tax Payments

Policy

In addition to maintaining a system for proper filing of tax returns, as an enterprise that does business globally, Marubeni will maintain and strengthen its internal organization to enable it to respond appropriately as circumstances change and update their legal systems to reflect the content of the Base Erosion and Profit Shifting (BEPS) Action Plan.

Status of Initiatives

“Proper filing of tax returns” is included in the matters to be observed in the Marubeni Group Compliance Manual. In practice, we also use external experts when conducting business transactions and filing of tax returns, which helps to ensure proper filing. Additionally, since the announcement of the BEPS Action Plan, various countries are enacting related legislation. We are responding in ways such as systematizing country-by-country reporting and cooperating with local subsidiaries and operating companies in submission of country-by-country reports and master files, and in contemporaneous transfer pricing documentation.
3. RISK MANAGEMENT

Structure

In the course of its diversified business activities, Marubeni conducts risk management activities which address risk from a variety of perspectives: macro and micro, as well as qualitative and quantitative. Increased volatility in exchange rates, natural resource prices, and other parameters has continued unabated. Under these conditions, the Company is promoting integrated risk management, measuring the maximum level of risk on a consolidated basis and limiting it to within the scope of total equity. By conducting thorough screening and follow-up for individual projects and further enhancing internal control systems, the Company has established a structure that minimizes losses due to unforeseen events.

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. They become subject to approval by the Board of Directors depending on the importance of the project. Following implementation, each business department manages its own risk exposure and for important cases, periodic status reports are made to the Investment and Credit Committee, Corporate Management Committee, and the Board of Directors.

In addition, a corporate planning and strategy department was placed under direct control of the Group CEO, the highest authority with regard to all business groups, thereby establishing a risk management system that has been optimized to the business models of each business group.

Marubeni’s Risk Management Approach

Integrated Risk Management

Marubeni operates in a diverse range of industries and regions. Therefore, the Company has established an integrated risk management system that not only focuses on individual risk factors at a micro level, but also takes a macro view of the various factors that affect the entire Marubeni Group. Integrated risk management takes a broad overview of the assets for the entire Group, gauging risk based on the exposure of these assets to each specific risk factor—country risk, industry risk, credit risk for each client, and so on. These risks form the basis for calculating Value at Risk (VaR), which takes into account dispersion effects and correlations to calculate maximum risk. VaR is used as a primary benchmark for our portfolio management.

Integrated risk management looks at various risk factors in a comprehensive way to enable managers to understand risk as a single monetary value. By using computer simulations that reflect the latest information, Marubeni has made it possible to grasp the degree of risk. We calculate PATRAC* based on risk assets—a value based on the maximum decline in the value of Group assets as a whole estimated by the Company. PATRAC indicates profit after tax following adjustment for risk.

Marubeni has adopted PATRAC as an important management indicator, using it as a method of screening proposals requiring approval. Each Portfolio Unit™ constantly takes steps to adjust its portfolio in a flexible manner, seeking to improve PATRAC in order to achieve maximum returns for a given level of risk, enabling the Marubeni Group to achieve steady and balanced earnings growth.

1. PATRAC (Profit After Tax less Risk Asset Cost): Marubeni’s proprietary risk management index for measuring the degree to which the return on a risk exceeds a minimum target
2. Portfolio Unit: Unit of business management linking business departments and Group companies by business domain

Business Continuity Plans (for business continuity in the event of a major disaster)

Marubeni has formulated Business Continuity Plans (BCPs) to prepare for natural disasters, including large-scale earthquakes and flooding, epidemics of new strains of infectious diseases, and situations in which the Tokyo Head Office loses its ability to function. In addition to BCPs for the Tokyo Head Office, Marubeni has also prepared individual BCPs for offices both in and outside Japan that are essential to the continuation of corporate activities. These plans are updated regularly. For earthquakes in particular, the whole company is working to enhance resilience through regular evacuation drills and enhancement of BCPs based on simulations of earthquake scale and the extent of damage.

When a massive earthquake hit Japan in March 2011, an emergency headquarters under the direction of the President was established in accordance with the initial response guidelines stipulated in the BCP. Information on the safety of employees, the status of our infrastructure, and damage to facilities was quickly collected and necessary measures were taken in a timely manner.

Information and Data Security

To protect information assets and ensure the safe conduct of business activities, Marubeni has established IT security regulations and other internal rules for information security management that all officers and employees are expected to comply with. These regulations are emphasized throughout the company so that all employees are well informed.

In addition to rules, we also implement system measures to increase the confidentiality, integrity and availability of information security based on our recognition of risks such as unauthorized access to and loss, falsification and leakage of information.

In April 2017, we reorganized our Document Management Regulations into Information Asset Management Regulations, and created an environment in which information assets can be stored and used safely according to their degree of confidentiality. The reason for these changes was to enhance business efficiency by incorporating new rules for handling and management of information, including production, storage, preservation and disposal of information assets.

For further information on our climate change scenario analysis, please refer to Marubeni’s website:

Protection of Water Resources

In dealing with water problems in regions suffering from water shortages, the Marubeni Group conducts risk analysis and implements business risk assessments for new investments and existing businesses. We make decisions on whether to go ahead with projects after comprehensively analyzing and assessing not only local laws and regulations, but also the impact on the local environment and communities.

For further information on water management, please refer to Marubeni’s website:

Risk Assessments of Human Rights Issues, Labor Problems and Corrupt Practices

The Marubeni Group conducts risk assessments on social issues such as human rights issues, labor problems (including child labor, forced labor and illegal employment) and corrupt practices. We make business decisions after conducting risk analysis and assessments for new loans and investments as well as existing businesses.

For further information on ESG risk surveys and analyses, please refer to Marubeni’s website:
SUSTAINABILITY CASE STUDIES

Uranium Mining Project in Kazakhstan

The Marubeni Group has an indirect ownership interest as a minority shareholder in three companies operating a uranium mining project: Kyzylkum LLP, Khorasan-U LLP, and Baiken-U LLP. However, none of the three companies are consolidated subsidiaries or affiliates of Marubeni.

Revenues by Operating Segment in FYE 3/2018

Revenues by operating segment in FYE 3/2018 were as follows.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenues (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consolidated</td>
</tr>
<tr>
<td>Total revenue</td>
<td>3,983,575</td>
</tr>
<tr>
<td>Sales of goods</td>
<td>3,778,323</td>
</tr>
<tr>
<td>Commissions on services</td>
<td>20,241</td>
</tr>
<tr>
<td>Total revenue</td>
<td>3,983,575</td>
</tr>
</tbody>
</table>

Notes:
1. In conjunction with the organizational changes in April 2018, operating segment information for FYE 3/2018 has been reclassified.
2. These figures have not been audited by a certified public accountant or audit firm.

In accordance with the policies of the Commitment to a Low-Carbon Society proposed by Keidanren, Marubeni is taking action on climate change and has set targets for reducing energy usage (electricity and gas) at the Tokyo Head Office and the Osaka Branch in FYE 3/2021 by 10.5% compared to FYE 3/2010, and is moving forward with the introduction of energy-efficient equipment. (Marubeni implements appropriate climate change measures regardless of the level of influence of the affiliated industry group.)

Governments and Government Offices

Marubeni actively participates in subcommittees and workshops on climate change held by the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment. In FYE 3/2019, we became a working-group member of the METI Study Group on Implementing TCFD Recommendations, and we have discussions with other group-member companies on the best approach to disclosure of the financial impact of climate change.

Other

Marubeni also cooperates with sustainability initiatives. We participate as an advisory member in a World Economic Forum project team that is bringing together suggestions for promoting communication between investors and financial institutions and companies regarding ESG, and we support the activities of the international environmental protection group, World Wide Fund for Nature. In our businesses, we participate in certification systems in areas such as wood products, marine produce, and vegetable oil. Additionally, Marubeni subsidiary Mibugawa Electric Power Co., Ltd. takes part in the Japan Climate Initiative and promotes renewable energy projects with the aim of creating a society that leaves a minimal carbon footprint.

COOPERATION WITH EXTERNAL INITIATIVES

Industry Groups

As a member of the Japan Foreign Trade Council (JFTC), Marubeni supports the Commitment to a Low-Carbon Society proposed by Keidanren, and takes part in the working groups and public meetings on climate change held by Keidanren and JFTC.

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Japan REIT Advisors Co., Ltd. Becomes a Signatory of the Principles of Responsible Investment

Japan REIT Advisors Co., Ltd. (JRA), a Marubeni Group company in the real estate asset management business, conducts asset management for United Urban Investment Corporation (UUR), a J-REIT (Japanese Real Estate Investment Trust) listed on the Tokyo Stock Exchange. In November 2018, JRA became a signatory to the Principles for Responsible Investment (PRI).

For further information on cooperation and collaboration with various organizations, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/group/action_plan/

United Urban Investment Corporation
http://www.united-reit.co.jp/en/

United Urban Investment Corporation
Initiatives for External ESG Recognition

Japan REIT Advisors Co., Ltd.
http://www.j-reitad.co.jp/en/

Handling of MSC/ASC Certified Products

Results in FYE 3/2018

We promoted environment-friendly products by selling MSC/ASC certified products. (Certified products accounted for 22.5% of total marine products handled in FYE 3/2018.)

For further information on MSC/ASC certified products, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/

Participation in Food Safety Initiatives and Associations, etc.

Marubeni aims to provide safe, reliable food products and ingredients, and to maintain and improve quality management functions. To achieve this, Marubeni Group companies participate in the activities of the following external organizations with the goals of gathering information and exchanging opinions.

Japan Food Additives Association

The Japan Food Additives Association (JAFYA) is comprised of companies and organizations that are involved in the production, import, sale and use of food additives in Japan. The association is a successor to the Federation of Japan Food Additives Groups, established as a nationwide organization in October 1982 with the addition of new members.

JAFYA works under the guidance of the Ministry of Health, Labour and Welfare and other related government agencies with the objectives of providing members with accurate knowledge pertaining to the production, sale, and use of food additives, and promoting consumer understanding of safety and utility. In addition, JAFYA seeks to contribute to the sound development of food-related industries, and to better consumer dietary habits and public hygiene.

The Marubeni Group gathers information about the safety and functionality of food additives from JAFYA, and conducts its businesses appropriately, receiving advice on matters such as labeling for food additives and interpretations of the relevant laws.

For further information on JAFYA, please refer to: https://www.jafaa.or.jp/13English

All Japan Coffee Fair Trade Conference

The All Japan Coffee Fair Trade Conference formulated the Fair Competition Code for Labeling of Regular Coffee and Instant Coffee products, designed to aid consumers in the purchase of regular coffee and instant coffee products. The code was recognized by the Japan Fair Trade Commission on November 13, 1991, and a notification was published in the Kanpo (the official gazette of the Japanese Government) on November 27, with full enforcement starting from May 28, 1993.

On November 29, 1991, the conference was inaugurated as a discretionary body with membership consisting of coffee-related business operators who agree with the objectives of the conference. It is dedicated to ensuring the fair labeling of coffee products.

The Marubeni Group receives advice regarding coffee labeling and related matters from the All Japan Coffee Fair Trade Conference.

For further information on the All Japan Coffee Fair Trade Conference, please refer to: http://www.cfcj.or.jp/ (Japanese only)

Japan Soft Drink Association

The Japan Soft Drink Association is an industry organization that prioritizes shared benefit and public good. The association aims to ensure rigorous compliance with laws and regulations among soft drink manufacturers, sellers, and related businesses, and facilitates smooth coordination of activities between association members and the government. It also promotes, supports, and provides guidance on corporate social responsibility, encourages healthy consumption of soft drinks, and spreads awareness and knowledge relating to soft drinks.

Through the Japan Soft Drink Association, the Marubeni Group receives advice on matters such as beverage labeling and quality management.

For further information on the Japan Soft Drink Association, please refer to: http://www.jsda.or.jp/about-jdsa/english.php

Society of Soft Drink Technologists, Japan

The Society of Soft Drink Technologists, Japan was launched in 1992 with the objective of providing a forum for soft drink technologists and researchers to meet and exchange information, while furthering technological innovation and skill development. The society works to provide technical support so that the soft drink industry can continue to develop in harmony with the public interest.

Through the Society of Soft Drink Technologists, the Marubeni Group receives advice on matters such as beverage labeling and quality management.

For further information on the Society of Soft Drink Technologists, please refer to: http://www.jsdta.or.jp/about-jdsa/english.php

Participation in Supply Chain Initiatives

The Marubeni Group is participating in Sedex through Group companies for the aim of strengthened governance in the supply chain and building sustainable supply chains. Sedex is a collaborative information-sharing platform run by Sedex Information Exchange Ltd., an NPO based in London. Sedex enables the carrying out of internationally recognized supplier questionnaires on environmental, social and human rights issues. Responses and audit results are then shared among members via an online system, reducing the burden on both suppliers and prime contractors. Sedex enables ethical and responsible business practices in the supply chain on a global scale, and is one of the world’s largest supply chain management systems for issues in the supply chain, encompassing processes from reporting issues to administration.

The Marubeni Group uses this management system to monitor supply chain issues, thereby expanding ethical business practices.

For further information on our contribution to sustainable fisheries, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/

Supplier Capacity Building

The Marubeni Group offers regular training to suppliers to ensure that they correctly understand our Basic Policy on Supply Chain Sustainability and to deepen their understanding of environmental and social problems. We provide broad guidance to suppliers and facilitate the expansion of supplier capacity through a number of initiatives. These initiatives include sharing of best practices from the Marubeni Group and suppliers, including initiatives that address environmental and social issues, and secondment of employees from suppliers to Marubeni Group companies.

For further information on supplier capacity building, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supplier_chain/

Contribution to Sustainable Fisheries

The Pacific bluefin tuna, which plays a key role as one of the top predators in the Pacific Ocean marine ecosystem, is an important fishery resource for Japan and other Pacific coastal countries. However, as a result of overfishing, Pacific bluefin tuna stocks have dropped to record-low levels, and the sustainability of the stocks is a concern.

Responding to this situation, the Marubeni Group, along with five Japanese companies involved in the distribution of marine products, released a joint statement in November 2016 pledging to support the conservation and sustainable use of Pacific bluefin tuna. This pledge was declared on a voluntary basis by the companies that make up the marine product supply chain under the leadership of WWF Japan.

The Marubeni Group has sought to contribute to sustainable fishing in ways such as promoting sales of products from certified fisheries, starting with MSC certified products. In honoring this pledge, the Marubeni Group will maintain its commitment to managing fish stocks in a sustainable manner.

For further information on our contribution to sustainable fisheries, please refer to Marubeni’s website: https://www.marubeni.com/en/sustainability/supply_chain/social/

Participation in CDP

The Marubeni Group shares information about its ESG initiatives with its stakeholders around the world. As part of that effort, Marubeni has participated in the initiatives of CDP, an NGO since 2007. CDP is a project that calls on companies in various countries to disclose environmental information, including climate change measures. CDP analyzes and assesses the collected information, and makes it available to investors. Its database of environmental information on corporate climate change measures is one of the largest in the world.

Marubeni Selected as a Nadeshiko Brand

The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly selected Marubeni as a Nadeshiko Brand in 2015 and 2017. Marubeni was one of 47 companies selected in 2017. The Nadeshiko Brand began in FYE 3/2013, with METI and TSE jointly selecting and announcing listed companies that showed excellence in promoting women’s empowerment in the workplace. Evaluations are made based on the two criteria of “promoting women’s career development” and “support in balancing work and family life,” and companies are selected after additional consideration of financial performance. The selected companies have “management capabilities for utilizing diversified human resources” and “the ability to adapt to environmental changes,” and therefore can be considered to be “companies with strong growth potential.”

Marubeni Certified as an “Eruboshi” Company

Marubeni has been certified as an “Eruboshi” company by the Ministry of Health, Labour and Welfare for its efforts in promoting women’s participation in the workplace. The “Eruboshi” certification is granted to companies that apply for it based on the Act on Promoting Women’s Empowerment in the Workplace, which entered into force on April 1, 2016. Marubeni received the second highest rank out of the three ranks.

With the Act having entered into force, Marubeni has stipulated action plans for promoting women’s participation, and is working to strengthen the recruitment and human resource development of female employees.
Risks to Human Rights in the Supply Chain
Marubeni has established a Basic Supply Chain Sustainability Policy, which includes respect for human rights in its guidelines, and continues to work diligently to obtain the understanding and cooperation of business partners. In line with the provisions of the Modern Slavery Act in the U.K., that entered into force in October 2015, Marubeni Europe plc, some Group companies in England, and the Marubeni Head Office, which has a certain level of control over the business of these companies, had each issued a statement by the end of September 2018.


The U.K. Modern Slavery Act applies to companies that operate within the U.K. with annual worldwide turnover of £36 million GBP or more. Companies are required to implement step-by-step measures, and to issue a statement by the following fiscal year, in order to confirm that there are no abuses of human rights, such as instances of slavery or human trafficking, within the companies themselves or their supply chain.

In addition, the Marubeni Group uses supply chain sustainability surveys to investigate the status of supplier efforts related to risks to human rights, such as forced labor and child labor. We are taking measures to prevent the manifestation and impact of risks, including identifying risks involving human rights. Since February 2011, supply chain sustainability surveys also cover the status of human rights risks at our suppliers based on the results of questionnaires and on-site assessment. No cases of violation of human rights or labor standards have been found in these surveys.

Marubeni Receives “Platinum Kurumin” Certification
Marubeni has received “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare as an exemplary company that offers a higher standard of support for childrearing. Through our efforts to promote “work-life management,” we will help individual employees at all life stages to grow through continuous career development, and provide an even better environment for continuing to perform at a high level.

Received Award for Excellence at the HR Award 2018 Held by Nihon no Jinjibu
Marubeni’s strategy for a “Human Capital x Mechanisms” x “time” worldview surpassing traditional frameworks received the Award for Excellence in the Corporate HR Category at the HR Award 2018 held by the HR portal website, Nihon no Jinjibu, which has 120,000 registered members.

Participation and Cooperation in Human Rights Initiatives
The Marubeni Group has declared its support for the UN Global Compact, the principles of which include support and respect for human rights.

We also participate in the annual UN Forum on Business and Human Rights, and strive to share our experience and grasp the latest trends for promoting respect for human rights among corporations, based on the UN’s Guiding Principles on Business and Human Rights. Furthermore, we participate in the theme-based working groups of the Global Compact Network Japan. Through the Human Rights Due Dili- gence Working Group, we study due diligence best practices for preventing human rights violations and apply these in initiatives for ensuring respect for human rights within the Company and throughout our supply chain.

Dialogue with External Stakeholders regarding Human Rights Risk and Impact
The Marubeni Group conducts dialogues with external stake- holders about the risks and impacts of human rights violations in the Group’s business through organizations such as the NGO Business & Human Rights Resource Centre. The results of these dialogues are reflected in the spirit of the Marubeni Group’s Basic Policy on Human Rights.