

Marubeni

**Marubeni Corporation
Green Bond Framework**

September 2021

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J.P. Morgan is the Green Structuring Agent for this framework

1. Introduction

The history of Marubeni Corporation (“Marubeni”) dates back to 1858 when the Company’s founder Chubei Itoh began business trips to deal in linen cloth. The Marubeni Group conducts business from over 100 locations across over 60 countries and regions as a leading trading company. We conduct importing and exporting, as well as domestic business, encompassing a diverse range of business activities across wide-ranging fields including lifestyle, ICT & real estate business, forest products, food, agri business, chemicals, energy, metals & mineral resources, power business, infrastructure project, aerospace & ship, finance & leasing business, construction, industrial machinery & mobility, and next generation business development. Additionally, the Marubeni Group offers a variety of services, makes internal and external investments, and is involved in resource development throughout all of the above industries.

We started to experience a major sense of crisis in response to society’s changing values, the digital revolution and drastic changes in the structure of industry and competitive landscape. Discontinuous changes and disruptions to the status quo are taking place all around us. Marubeni’s management, however, which embodies our company creed of “Fairness, Innovation and Harmony” (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.), is perfectly suited to this era of uncertainty. In June 2018, the Marubeni Group adopted the “Global crossvalue platform” as Marubeni’s long-term vision. As we forge ahead into the yet unknown and the uncertain future, we will use this platform to continue to proactively engage in salient social issues, and through vertical evolution and horizontal expansion, we will break down the barriers between industries, hurdle obstacles between internal and external, and transcend international borders. In doing so, we will create and provide solutions for the people of the world. We will take on the dual challenge of further strengthening our existing businesses, while also exploring new business, simultaneously pursuing sustainable and explosive growth as we strive to improve the Marubeni Group’s long-term corporate value.

2. Approach to SDGs

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 by conducting fair and upright corporate activities. Therefore, sustainability for the Marubeni Group is to practice our Management Philosophy.

The Marubeni Group identifies three categories of Fundamental Materiality, i.e. Human Capital with High Social Value, Robust Management Foundation, and Governance for Coexistence with Society, as the most important factor to practice sustainability. The Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 are goals for achieving sustainability and leaving the world a better place for future generations shared by governments, the private sector and civil society. In recognition of this, the Marubeni Group identifies the following categories of Environmental and Social Materiality in which it can truly make a valuable contribution.

(1) Climate Change

Marubeni has business operations throughout the world, and views climate change as a risk. However, we also believe that it presents significant growth opportunities and contribution to measures addressing climate change through business leads to sustainable growth of Marubeni. We regard “GHG emissions-reduction business creation” as one aim of our growth strategy, and continuously work on “flexibility to revise business portfolio”, and establish “a highly diversified business portfolio” with high resilience. In addition, Marubeni has

formulated “Long-Term Vision on Climate Change” for the purpose of medium- and long-term contributions to measures addressing climate change.
(URL: <https://www.marubeni.com/en/news/2021/release/00022.html>)

(2) Sustainable Forestry

To build a better tomorrow, we have adopted a Forest Management Policy and a Procurement Policy (for Wood-derived Products) to conserve and sustainably use valuable forest resources. By operating our businesses in accordance with these policies, we will promote sustainable forest management and contribute to forest conservation. We strive to contribute to the establishment of a circular economy by fostering innovation in the utilization of forest resources while working to cater to the increasing diverse environmental needs of society.

(3) Human Rights & Co-development with Communities

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.”

(4) Sustainable & Resilient Value Chains

We believe that we make important contributions to sustainability through environmental conservation and sustainable social development initiatives throughout our supply chain. 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. 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.

Our categories of Environmental and Social Materiality are based on the 17 goals and 169 targets of the SDGs, and consider stakeholders’ expectations and interests along with the environmental and social impact of our business. By working on Environmental and Social Materiality by utilizing our Fundamental Materiality, we will contribute to achieving the SDGs and work toward building a better tomorrow.

3. Alignment with the Green Bond Principles 2021

Marubeni has established the Green Bond Framework in alignment with the Green Bond Principles 2021 as administered by the International Capital Market Association (ICMA). Marubeni’s Green Bond will be issued based on the Framework.

3.1 Use of Proceeds

Marubeni will allocate an amount equal to the net proceeds from the issuance of Green Bond to new or existing projects that meet at least one of the Eligibility Criteria set forth below (Eligible Projects).

Eligibility Criteria

1. Renewable Energy

GBP Eligible Category	Eligibility Criteria	Environmental Objective	SDGs Alignment
Renewable Energy	<p>Renewable energy</p> <ul style="list-style-type: none"> • Investment in or expenditures related to development, construction, management, and/or operation & maintenance from renewable energy with direct emissions of less than 100g-CO₂ / kWh including: <ul style="list-style-type: none"> ○ Solar energy ○ Wind energy ○ Geothermal energy ○ Biomass energy (runs exclusively on wood pellets produced from externally certified wood and chip) ○ Small scale hydro energy (Maximum of 25 MW in installed capacity) 	Climate change mitigation (Reduction of greenhouse gas emissions)	7. Affordable and clean energy 9. Industry, Innovation and Infrastructure 11. Sustainable cities and communities 12. Responsible consumption and production 13. Climate action

2. Environmentally Sustainable Management of Natural Resources and Land Use

GBP Eligible Category	Eligibility Criteria	Environmental Objective	SDGs Alignment
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Externally certified afforestation</p> <ul style="list-style-type: none"> • Investment in or expenditures related to tree planting, management, operation & maintenance, research & development from FSC/PEFC certified afforestation 	Natural resource conservation Climate change mitigation	12. Responsible consumption and production 13. Climate action 15. Life on land

3. Sustainable Water and Wastewater Management

GBP Eligible Category	Eligibility Criteria	Environmental Objective	SDGs Alignment
Sustainable Water and Wastewater Management	Water supply and sewage <ul style="list-style-type: none"> • Investment in or expenditures related to development, construction, management, and/or operation & maintenance from water supply and sewage business including: <ul style="list-style-type: none"> ○ Water Supply-Related Facilities ○ Sewerage Management-Related Facilities ○ Facility/Equipment ○ Pipes 	Pollution prevention and control	6. Clean water and sanitation
		Natural resource conservation	9. Industry, Innovation and Infrastructure
			11. Sustainable cities and communities
			12. Responsible consumption and production

4. Circular Economy Adapted Products (Metal resource recycling)

GBP Eligible Category	Eligibility Criteria	Environmental Objective	SDGs Alignment
Pollution prevention and control	Magnesium refining <ul style="list-style-type: none"> • Investment to or expenditures related to research & development and capital investment from magnesium refining business 	Climate change mitigation (Reduction of greenhouse gas emissions)	11. Sustainable cities and communities
		Natural resource conservation	12. Responsible consumption and production
			13. Climate action
			15. Life on land

3.2 Process for Project Evaluation and Selection

The following departments will cooperate and decide on the following items for the projects which the proceeds from the issuance of Green Bond will be allocated.

Relevant departments (the following relevant departments will cooperate and decide)

- Finance Department
- Sustainability Management Department

Decision items

- Evaluating the compliance of proposed assets with the eligibility criteria (with the policy of making only projects with positive long-term effects on the environment/society eligible)
- Ensuring that the portfolio of Eligible Assets is aligned with the categories and criteria as specified in the “Use of Proceeds” section
- Replacing investments that no longer meet the eligibility criteria
- Confirming the content of the Framework, and reflecting/updating the relevant changes in Marubeni’s business strategy, technology and market developments

Responding to environmental and social risks

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.

3.3 Management of the Proceeds

Marubeni’s Finance Department will allocate and manage the proceeds from the issuance of Green Bond to Eligible Projects. The Finance Department will also monitor and track an amount equal to the net proceeds from the issuance of Green Bond based on the Framework to applicable Eligible Projects and periodically adjusted to match allocations to eligible projects/categories. Any pending allocation will be invested temporarily in cash and cash equivalents. In case a project is cancelled or postponed, proceeds will be reallocated to projects that are compliant with the Framework.

3.4 Reporting

Marubeni will report on our website annually until all of the funds raised for Green Bond issued under this Framework are fully allocated to eligible projects. In addition, we will report any significant changes in the appropriation business as appropriate.

Allocation Reporting

Marubeni will report to the extent feasible, including the following components:

- Allocated amount in the following business categories
 1. Renewable energy
 2. Environmentally sustainable management of natural resources and land use
 3. Sustainable water and wastewater management
 4. Circular economy adapted products (Metal resource recycling)
- The balance of any unallocated proceeds and information on how unallocated proceeds, if any, have been held in line with the guideline set in the “Management of the Proceeds”

Impact Reporting

Marubeni will strive to report on the environmental impact of Eligible Projects financed by the issuance of Green Bond based on the Framework when feasible and subject to data availability:

Eligible Projects	Expected KPIs
1. Renewable energy	
Renewable energy	<ul style="list-style-type: none">• Power generation capacity (MW)• Environmental impact such as the achieved reduction in CO2 emissions (t-CO2)
2. Environmentally sustainable management of living natural resources and land use	
Externally certified afforestation	<ul style="list-style-type: none">• Planting area (ha)
3. Sustainable water and wastewater management	
Water supply and sewage	<ul style="list-style-type: none">• Water management capacity
4. Circular economy adapted products (Metal resource recycling)	
Magnesium refining	<ul style="list-style-type: none">• Magnesium smelting capacity (t)

4. External Review

4.1 Second Party Opinion

Marubeni has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental benefits of the Framework, as well as the alignment to the Green Bond Principles. The SPO is available on our website.

4.2 Compliance Review

Until the amount equal to the net proceeds of the issuance of the Green Bond has been fully allocated, Marubeni will have Sustainalytics conduct a compliance review on an annual basis to provide assurance as to the amount of net proceeds that has been allocated in compliance with the eligibility criteria set forth in the Framework.

Disclaimer

The information and opinions contained in this Marubeni Corporation Green Bond Framework (the Framework) are provided as at the date of the Framework and are subject to change without notice. None of Marubeni Corporation or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. The Framework represents current Marubeni Corporation policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. The Framework is intended to provide non-exhaustive, general information. The Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Marubeni Corporation and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Marubeni Corporation as to the fairness, accuracy, reasonableness or completeness of such information. The Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Green Bond to fulfil environmental criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in the Framework or the relevant bond documentation for such Green Bond regarding the use of proceeds and its purchase of Green Bond should be based upon such investigation as it deems necessary. Marubeni Corporation has set out its intended policy and actions in the Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with Green Bond. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such Green Bond if Marubeni Corporation fails to adhere to the Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in the Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by the Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in the Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Project may not deliver the environmental benefits anticipated, and may result in adverse impacts.