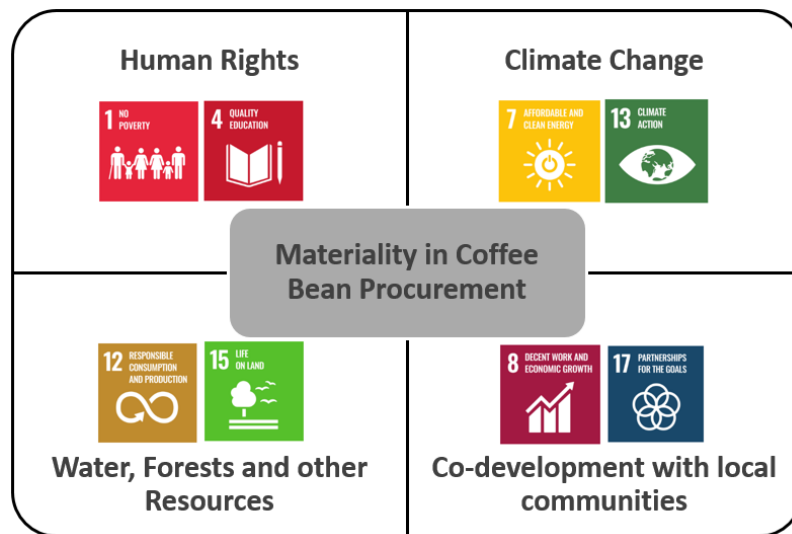


# Commodity Procurement Policy (Coffee Beans)

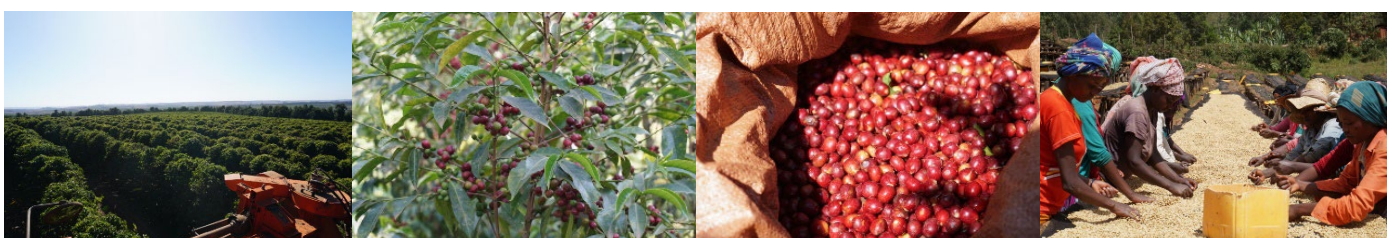
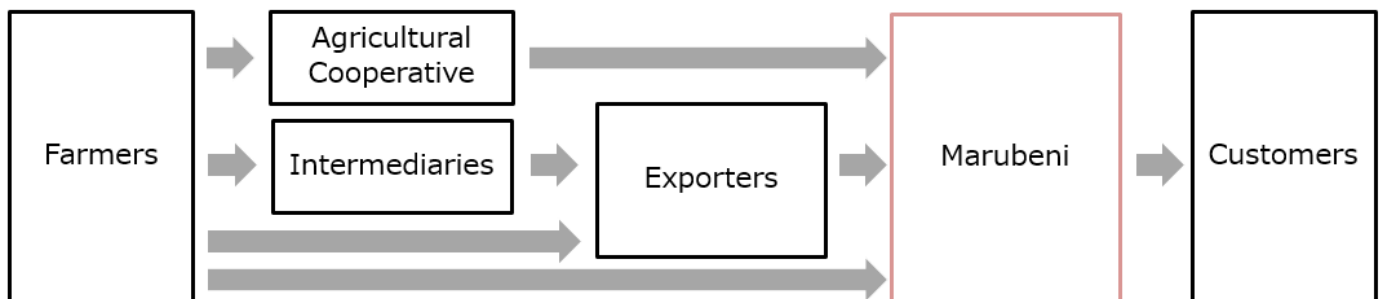
## Current Situation and Materiality

The demand for coffee is growing year by year, making it one of the most popular beverages in the world. On the other hand, from a sustainability perspective, coffee bean production has a significant impact on the environment, society, and local economies. Production is mainly by small-scale farms, usually in developing countries, where issues such as forced labor, child labor, deforestation, and impacts on water and the environment may occur. In addition, due to exposure to international market prices, the income of the smallholders who run the farms is unstable. Furthermore, research has shown that by 2050 Arabica production areas will decline in size by half due to factors such as climate change, brought about by global warming, so it is important to build a portfolio based on climate change strategy and climate scenarios.



As a general trading company engaged in a wide range of businesses, from coffee processing and manufacturing to trading, and as a major supplier with a 30% share of the domestic coffee import market, the Marubeni Group believes that it has a mission to make the entire coffee production supply chain more sustainable.

## <Coffee Bean Trading Supply Chain>



Based on the above, the Marubeni Group will establish a sustainable coffee procurement policy, in line with the Basic Policy on Sustainability in the Supply Chain, to achieve sustainable coffee bean procurement. In addition, in line with the Marubeni Group's Long-Term Vision for Climate Change, we will visualize and reduce environmental impacts in our supply chain, and analyze and respond to opportunities and risks related to climate change based on TCFD recommendations.

**【Procurement Policy】**

The Marubeni Group's policy on coffee bean procurement is as follows:

**● Basic Policy**

The Marubeni Group's Basic Policy is to procure coffee beans from suppliers who comply with the following "Seven Principles"\*, and to obtain written confirmation before conducting transactions. In addition, confirmation regarding the status of compliance is conducted on a regular basis.

(\*) "Seven Principles"

- ① Compliance with laws and regulations: Compliance with the relevant laws and regulations of the country of production and of the countries involved in the transaction.
- ② Respect for human rights: Prohibit child and forced labor, discrimination, and inhumane treatment, and provide appropriate working conditions for employees.
- ③ Environmental protection: protection of the natural environment, prevention of environmental pollution, and preservation of biodiversity.
- ④ Quality control: Understanding the required quality and striving for quality improvement.
- ⑤ Safety and Security: Operation of appropriate pesticide residue standards and appropriate production controls at factories.
- ⑥ Fair trade: Ensure transparency of pricing and purchases, and prohibit bribery.
- ⑦ Social Contribution: Maintaining sustainable production activities (productivity improvement, job creation, livelihood support) .

<b>Basic Policy</b>	
<b>7 Principles</b>	<b>Obtain written confirmation of compliance from 100% of suppliers</b>

## ● Sustainable Coffee Procurement Policy

The Marubeni Group aims to build a sustainable supply chain by expanding the procurement of "sustainable coffee" that complies with the above Basic Policy and either 1. or 2. below.

### <Marubeni Group's Concept of Sustainable Coffee>

<b>1. Support for production areas and farms</b>
<ul style="list-style-type: none"><li>Coffee beans are grown mainly in developing countries, usually by small-scale farmers. Due to exposure to international market prices, their income is unstable, which may be a factor that leads to forced labor and child labor occurring on the farms. In addition, the cost and time required to obtain international certification is a bottleneck for many small farms.</li><li>In the spirit of the SDGs, "leave no one behind", the Marubeni Group recognizes the importance of integrating smallholder farms into its supply chain. Therefore, the Marubeni Group, in cooperation with its customers, suppliers, group companies, and other stakeholders in the supply chain, provides guidance on quality and production, farming support, and community support to smallholder farms and other production areas, and purchases the beans produced at reasonable prices, thereby contributing to improving the income and livelihoods of the people working in the coffee-producing areas and ensuring the stable procurement of high-quality beans, and building a sustainable supply chain. In addition, we will proactively provide support according to the social issues of each coffee-producing areas.</li></ul>
<b>2. Increasing volumes of certified coffee</b>
<ul style="list-style-type: none"><li>We will support environmental protection in coffee-producing areas by increasing the volume of products we handle which have international certifications such as RFA and 4C.</li></ul>

### **【Targets】**

- To establish a purchasing scheme that provides support to coffee producers, especially small-scale farms, so that coffee beans traded by the Marubeni Group will be shifted to the sustainable coffee.
- In the instant coffee manufacturing business, we will increase the ratio of renewable energy use to more than 50% by the fiscal year ending March 31, 2025. In addition, we aim to achieve net zero GHG emissions by 2050 in accordance with the Group's Long-Term Vision for Climate Change.

<b>【Reference】</b>	FY2021	FY2024
Instant Coffee Manufacturing Capacity (tonnes)	23,000	39,000

**The end**