

18 May, 2017

Marubeni Corporation

We, Marubeni Corporation, have engaged in four dialogues with Friends of the Earth Japan (FoE Japan), Japan Tropical Forest Action Network (JATAN) and other NGOs, who sent us an open letter dated 30 September, 2016. During those dialogues, we provided explanations about significant factual errors. The summary is as follows:

- Our wholly-owned subsidiary PT Musi Hutan Persada (MHP) was forced to take actions in July 2015 and March 2016 because a group of people encroached on the concession area and remained there despite a warning from MHP that they were in the concession area and that any possession or structural object would be removed by local authorities. This response was previously agreed upon and undertaken as instructed by the Indonesian Government (Ministry of Environment and Forestry).
- The Community in the area mentioned by the NGOs were not officially certificated.
- MHP acknowledged the existence of people living in difficult conditions following the above actions and provided humanitarian aid to them on a timely basis in conjunction with multiple problem-solving efforts made under the supervision of the Indonesian Government which owns the concession land and granted the forestation license.
- As a result of these efforts, as of 2017 the plans for each solution were announced by the Indonesian Government, and we are currently confirming their instructions in order to act accordingly.

The NGOs assert that Marubeni and MHP are reluctant to solve the problem because it is taking time to execute the solution plans led by the Indonesian Government. However, we expect all parties to fully and accurately understand the situation, and that MHP, as a forestation business operator licensed by the Indonesian Government on state-owned land, must respect the Indonesian Government's intentions to maintain sustainable forestation activities. Our subsidiary MHP will continue to take the initiative to solve any problems and share information and knowledge with Marubeni.

Our Basic Stance

We take the claims of NGO/NPOs seriously and aim to include them within our reviews. We also have a sustainability team which specializes in ESG matters and



provides centralized responses.

The Marubeni Group pays attention to human rights in all its business activities according to the human rights section within the “Marubeni Group Compliance Manual”. This year we will conduct our annual revision of the manual to further strengthen its contents.

http://www.marubeni.com/company/governance/measure/compliance/manual/data/ComplianceManual2016June_EN.pdf

Additional Information

Local communities are situated inside and outside of the concession area, and incidences such as local people cutting down trees illegally to grow crops have been observed. The suspension of FSCTM CW certification was triggered by our handling of those illegal activities. However, certification was maintained with the understanding of the Forest Stewardship Council.

<http://info.fsc.org/details.php?id=a0240000005sSAnAAM&type=certificate>

MHP continues to exist in harmony with local communities based on the collaboration programme to hold the boundary line as an obligation of the licensee. We will maintain the preservation of the Highly Conservation Value Forest (HCVF) with reference to the Marubeni Group Environmental Policy and in line with MHP’s Environmental Policy.

Marubeni Group Environmental Policy

<http://www.marubeni.com/csr/environment/management/>

MHP Environmental Policy

<http://www.mhp.co.id/iso.html>