

# Marui Group Co., Ltd. (2022 Social Bonds)

**Type of Engagement:** Annual Review

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## Introduction

Marui Group Co., Ltd. ("Marui Group") issued social bonds in March 2022 (JPY 1,300 million 3-Year straight Social Bond, hereinafter the "straight Social Bond 2022"), June 2022 (JPY 121 million 1-Year digital Social Bond, hereinafter the "1<sup>st</sup> digital Social Bond 2022") and October 2022 (JPY 119 million 1-Year digital Social Bond, hereinafter the "2<sup>nd</sup> digital Social Bond 2022"), which were aimed at financing projects related to Access to Essential Services (financing and financial services) and Socioeconomic Advancement and Empowerment (equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality). As of 31 March 2023, the proceeds were allocated to microfinance projects. In June 2023, Marui Group engaged Sustainalytics to review the projects funded through the straight Social Bond 2022, the 1<sup>st</sup> digital Social Bond 2022 and the 2<sup>nd</sup> digital Social Bond 2022 and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Marui Group Social Bond Framework (the "Framework").<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from March 2022 to March 2023 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators**

Use of Proceeds	Eligibility Criteria	Impact indicators
<b>Access to Essential Services</b> (financing and financial services)	Loans to companies which operate microfinance business. Specifically, costs of loans to emerging countries through Gojo & Company, Inc. and CROWD CREDIT, Inc.	<b>【Output】</b> <ul style="list-style-type: none"> <li>◆ Overview of loans to Gojo &amp; Company</li> <li>◆ Overview of loans to funds through Crowd Credit</li> </ul> <b>【Outcome】</b> <ul style="list-style-type: none"> <li>◆ The number of final beneficiaries through Gojo &amp; Company and eligible funds of Crowd Credit</li> <li>◆ Total loans to final beneficiaries</li> </ul> <p>*The Group will also report other activities by Gojo &amp; Company and funds through Crowd Credit to the extent practicable based on disclosed materials. Efforts to improve financial literacy and their effects will be also reported.</p>
<b>Socioeconomic Advancement and Empowerment</b> (equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)		

<sup>1</sup> Marui Group Social Bond Framework (Japanese only) is available at: [https://www.0101maruigroup.co.jp/pdf/settlement/22\\_0308/22\\_0308\\_3.pdf](https://www.0101maruigroup.co.jp/pdf/settlement/22_0308/22_0308_3.pdf)

## Issuing Entity's Responsibility

Marui Group is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Marui Group's straight Social Bond 2022, 1<sup>st</sup> digital Social Bond 2022 and 2<sup>nd</sup> digital Social Bond 2022 Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Marui Group employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Marui Group with respect to the projects in the eligible categories. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Marui Group.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Marui Group Co., Ltd.'s straight Social Bond 2022, 1<sup>st</sup> digital Social Bond 2022 and 2<sup>nd</sup> digital Social Bond 2022, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Marui Group Social Bond Framework. Marui Group has disclosed to Sustainalytics that the proceeds of the straight Social Bond 2022, the 1<sup>st</sup> digital Social Bond 2022 and the 2<sup>nd</sup> digital Social Bond 2022 were fully allocated as at 31 March 2023.

## Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the straight Social Bond 2022, the 1 <sup>st</sup> digital Social Bond 2022 and the 2 <sup>nd</sup> digital Social Bond 2022 from March 2022 to March 2023 to determine if the projects were aligned with the Use of Proceeds Criteria outlined in the Marui Group Social Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the straight Social Bond 2022, the 1 <sup>st</sup> digital Social Bond 2022 and the 2 <sup>nd</sup> digital Social Bond 2022 from March 2022 to March 2023 to determine if the impact of the projects was reported in line with the impact indicators outlined in the Marui Group Social Bond Framework and above in Table 1.	All projects reviewed reported on impact indicators per Use of Proceeds criteria.	None

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

### Appendix 1: Allocation of Social Bond Proceeds<sup>3</sup>

Use of Proceeds Category	Bonds	Net Bond Proceeds Allocation (million JPY)
<b>Access to Essential Services</b> (financing and financial services)	Straight Social Bond 2022 <sup>4</sup>	1,285
<b>Socioeconomic Advancement and Empowerment</b> (equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)	1 <sup>st</sup> digital Social Bond 2022 <sup>5</sup>	96
	2 <sup>nd</sup> digital Social Bond 2022 <sup>6</sup>	88
<b>Total Net Bond Proceeds Allocated:</b>		1,471
<b>Total Net Bond Proceeds from Social Bond Issuance:</b>		1,471
<b>Total Net Bond Proceeds Unallocated:</b>		0

### Appendix 2: List of impact indicators<sup>7</sup>

Use of Proceeds Category	Impact Indicators
<b>Access to Essential Services</b> (financing and financial services)	
<b>Socioeconomic Advancement and Empowerment</b> (equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)	<b>【Outcome】</b> <ul style="list-style-type: none"> <li>◆ The number of final beneficiaries through Gojo &amp; Company and eligible funds of Crowd Credit: approximately 33,000 people</li> <li>◆ Total loans to final beneficiaries: 1,500 million JPY</li> </ul>

<sup>3</sup> The amount is rounded down to million JPY.

<sup>4</sup> Social bond issuance amount of 1,300 million JPY less issuance expenses

<sup>5</sup> Social bond issuance amount of 121 million JPY less issuance expenses

<sup>6</sup> Social bond issuance amount of 119 million JPY less issuance expenses

<sup>7</sup> Impact Reporting by Marui Group is available at (Japanese only): [https://www.0101maruigroup.co.jp/ir/pdf/impactbook/2023/impactbook\\_all.pdf](https://www.0101maruigroup.co.jp/ir/pdf/impactbook/2023/impactbook_all.pdf)

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