


Society



Labor Practices: Employment and Benefits

Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> Decline in labor productivity, loss of excellent human resources, missed business opportunities, increase in health-related expenses, and other events that would result from failure to take appropriate measures. 	<ul style="list-style-type: none"> Improvement of labor productivity, health and motivation, securing of excellent human resources, enhanced capability of responding to changes and business opportunities, and other events that will result from providing a motivating workplace environment.

Division Company	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters		Improving operating efficiency through work style reform	Human resources affairs	We will aim to improve labor productivity and employee engagement by promoting varied work styles.	ITOCHU Corporation <ul style="list-style-type: none"> Promote appropriate working hour management and a morning focused working system. Conduct regular monitoring of employees' work situations. Promote work automation with IT tools, including robotic process automation (RPA), as well as mobile work. Promote projects for improving the operating efficiency at each organization. ITOCHU Group <ul style="list-style-type: none"> Efficient way of working, appropriate working hours management, and education and awareness-raising activities at the ITOCHU Group. 	<ul style="list-style-type: none"> Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher. FYE 2024: Paid leave acquisition rate at 70% or higher. 	ITOCHU Corporation <ul style="list-style-type: none"> We have reduced annual average overtime hours by 11% compared to before the introduction of the morning-focused working system (achieved in FYE 2018). We have 5% of employees leaving the building after 8 p.m. (achieved in FYE 2018). We have 67% of employees acquiring paid leave (FYE 2019). We are operating 222 scenarios with RPA (as of February 2021). We have also introduced a data analysis tool (HANABI). We have built a portal-based application platform. We have made approximately 500 types of application form throughout the company paperless. The positive answer rate to the "employee engagement" item in the FYE 2019 engagement survey was 76%. *We did not conduct a survey in FYE 2021. The latest data is for FYE 2019.

Policy and Basic Concept

In running a global business in a wide range of domains, consolidated group companies join together to operate as the ITOCHU Group. ITOCHU has more than 120,000 consolidated employees as of the end of FYE 2021. ITOCHU is implementing various initiatives that aim to optimize labor standards and create a working environment where our diverse body of employees can reach their full potential. Some of our notable initiatives include: the introduction of a "work style reform" such as through morning shift systems and "Dress-down Days," the establishment of various systems to support employees with caring duties, and the promotion of social activities among employees at our recreational facilities.

Structures and Systems

ITOCHU provides support to ITOCHU Group companies regardless of their area or field of operation to ensure that a management system is set in place to provide an optimal working environment for employees, at minimum complying with local laws and regulations. ITOCHU Group companies have reporting lines aligning to each division company at ITOCHU in accordance with their business areas, and each division company is responsible for following up on necessary measures to support its subsidiaries.

Risk Assessment for Labor Practices in Business Investments and Financing Projects

When assessing potential investment and financing projects, in addition to economic aspects, ITOCHU uses an ESG checklist to identify and assess key ESG (environmental, social, governance) concerns relevant to the project, which includes topics related to labor practices – e.g. working conditions, occupational health and safety and stakeholder dialogue. We also monitor the progress and performance of our existing investment and financing projects and take necessary measures to make improvements.

For further details, please refer to the ESG Risk Assessment for New Business Investment Projects. (P138)

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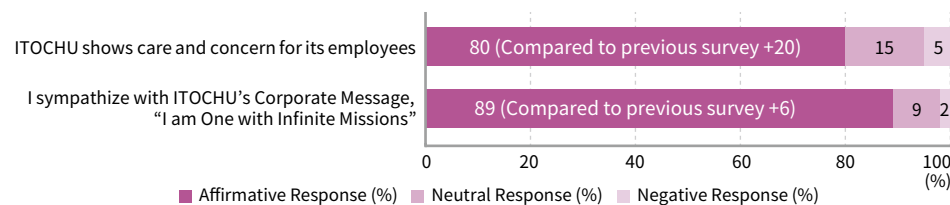
Ensuring Compliance to Labor Standards

At ITOCHU, it is mandatory for employees upon recruitment to complete training on working conditions, which includes issues related to salary, working hours and holidays, occupational safety and health, benefits, and service regulations. We are working to ensure all employees comply with the labor standards of ITOCHU by making them available at all times on the Intranet. Additionally, we are taking necessary measures to align the labor standards of our group subsidiaries to that of ITOCHU – these measures aim to elevate the baseline labor standards of our subsidiaries. We also provide our subsidiaries with support regarding the enhancement and optimization of working environments. Our labor standard expectations are published on the intranet in Japanese and English, which are the common working languages of the ITOCHU Group, with aim to facilitate their implementation.

Employee Engagement

ITOCHU Corporation believes that raising the level of motivation, satisfaction and engagement (the degree to which employees with a strong desire to contribute to ITOCHU can capitalize on their own abilities optimally at their own initiative) of employees will improve the corporate value.

In the survey conducted in FYE 2019, the results exceeded those of the previous survey (conducted in FYE 2015) especially for the question “ITOCHU shows care and concern for its employees”. The positive answers were 10 points higher than the average of Japanese companies that conducted the survey (over 60 large companies). Above all, the level of engagement remained high, which has allowed us to conclude that many employees are proud of working for ITOCHU Corporation and engage in work with strong motivation to contribute to the company and with the aim of achieving better-than-expected results on a voluntary basis. We plan to conduct the next survey in FYE 2022.



Promotion of Working-Style Reforms

ITOCHU Corporation believes that employees are its greatest asset, and that the full exertion of each individual employee's capabilities will lead to an improvement in corporate value. Based on this belief, ITOCHU has pursued a range of initiatives to develop environments where all employees can utilize their respective characteristics and concentrate on work at ease. The morning-focused working style, which we introduced in October 2013 as a measure for working-style reforms, has greatly influenced the government and many companies. More than seven years after its introduction, it continues to give the results steadily as the core element of the company's working-style reforms. In June 2017 we implemented a "Dress-down Days" initiative to as a new approach to our work style reform to establish a non-confining work environment where each and every employee is encouraged to demonstrate their individual strengths. In August 2017, we introduced initiatives to support balancing cancer care and work to create a workplace in which all employees, regardless of whether they suffer from cancer or long-term illness, can continue to work without concern toward their fullest potential all the while maintaining motivation and finding meaning in their work. As the leading company in "working-style reforms", ITOCHU will continue to implement a range of initiatives in a pioneering manner to establish an environment where employees find it worthwhile to work for the company.

Working Hours Management / Morning-Focused Work

Not only do we comply with legislation like the 36 Agreement, but we are focusing on work-style reform aimed at reducing total number of hours worked.

ITOCHU has long sought to reduce overtime work from a perspective of managing employee health and promoting effective operations. To achieve a more effective working style, we reconsidered the way of thinking that assumes employee will work overtime and determined that a shift in employee awareness was needed. So in October 2013 we introduced a morning-focused work system intended to help shift work habits from night-focused to morning-focused. This progressive approach has impacted not just the industrial world, but the political and business establishment as well. It has grown into a large movement that is changing the way Japanese people work. More than seven years after its introduction, the approach continues to produce steady results and is the core element in our work-style reforms. We have been recommending to avoid commuter congestion by arriving at work early and then leaving early with morning-focused work as a response to COVID-19. This has produced a certain effect even during the COVID-19 pandemic.

ITOCHU believes its initiatives as a pioneer in work-style reform will both empower individual employees to change their approach to work, and promote balanced operational reforms. In this way, the Company is striving to achieve a work environment that enhances operational effectiveness, helps maintain and improve employee health, support the activities of employees who face time constraints from raising children or caring for family members in poor health and allows a more diverse set of employees to make full use of their capabilities.

Labor Practices: Employment and Benefits

Outline of Initiatives

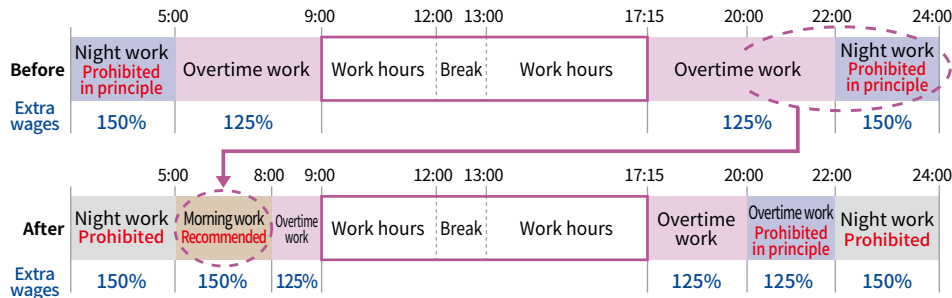
- Night work (10 p.m. - 5 a.m.) is prohibited. Working between 8 p.m. and 10 p.m. is prohibited in principle. However, work after 8 p.m. may be allowed in special circumstances after prior approval if it is unavoidable.
- We pay increased wages at the same rate as for night work to encourage employees to work earlier in the morning (5 a.m. - 8 a.m.) (employees subject to time management: 150%; employees not subject to time management: 25%).
- We also provide light meals to employees who begin work before 8 a.m. to aid in managing their health.



Providing light meals to employees

■ Morning-Focused Work System Diagram

Time Schedule: Employees subject to time management



Dress-down Days

On the specific days of the week are designated "Dress-down Days," and employees are allowed to dress down even more than they could during the previous Casual Fridays. In lieu of business suits, they can wear what they like as long as it can be considered "work clothes" suitable for business settings. Employees may even wear jeans and sneakers, and are encouraged to wear outfits that express the freedom characteristic of ITOCHU. This program aims to have employees consider how best to dress down with consideration for their relationships with customers and the people around them. This will develop their ability to think flexibly and foster a workplace environment that facilitates the creation of new ideas. The following key measures were implemented in FYE 2018 to increase employee awareness of the program and encourage its spread. We have implemented the following as representative measures since its introduction in FYE 2018 to educate and enlighten employees.

- A program in which personal stylists give employees a complete makeover and get them to try new styles. The program is conducted in cooperation with the Isetan Shinjuku Store of Isetan Mitsukoshi Ltd.
- Internal company events that invite employees to wear a specific item ("Jeans Day" and "Sneakers Day," etc.) and which involve related events on the same day. These could be sales, lectures by stylists on dressing well, etc. in cooperation with ITOCHU Group/associated companies.
- A permanent concept space called the "D+ Lounge" on the second floor of the Tokyo Headquarters. This space offers events relating to personal appearance every month to refine the power of expression of our employees. These events include personal color diagnoses, stylist consultations, shoe shining, first-class shaving experiences and make-up lectures for working women.
- Various events in the D+Lounge such as posture correction events with stretching and sales events for employees with the cooperation with ITOCHU Group/associated companies.

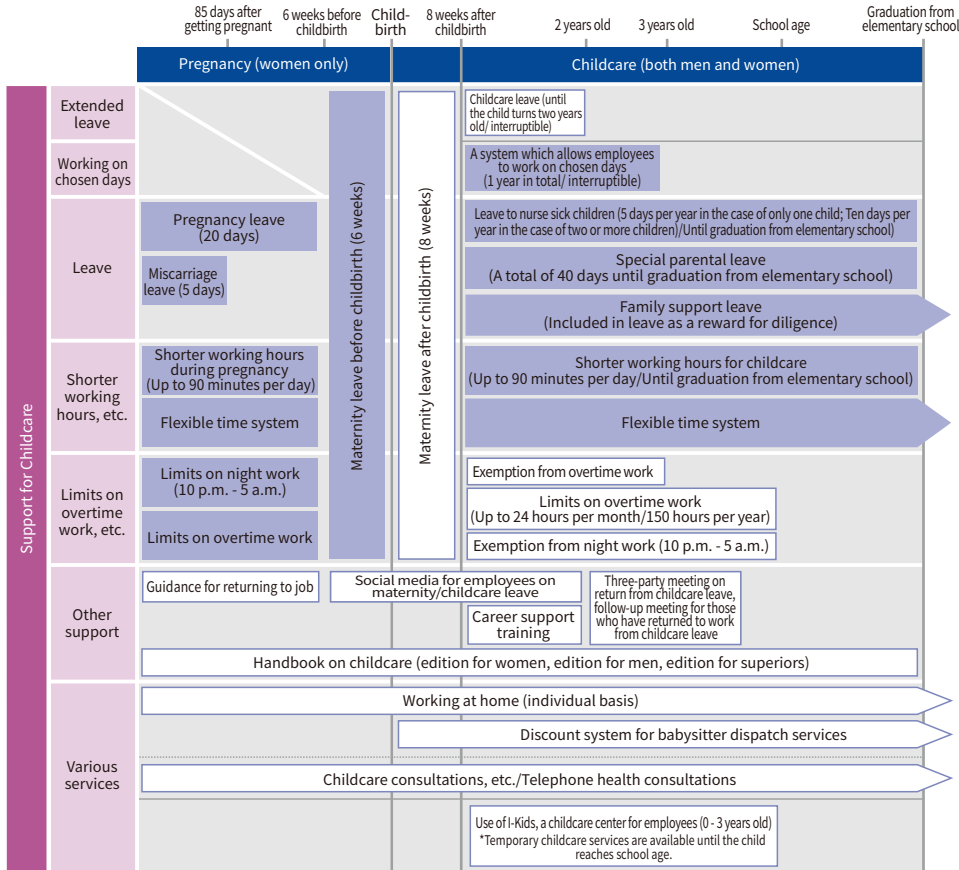
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Balancing Work with Childcare and Nursing Care

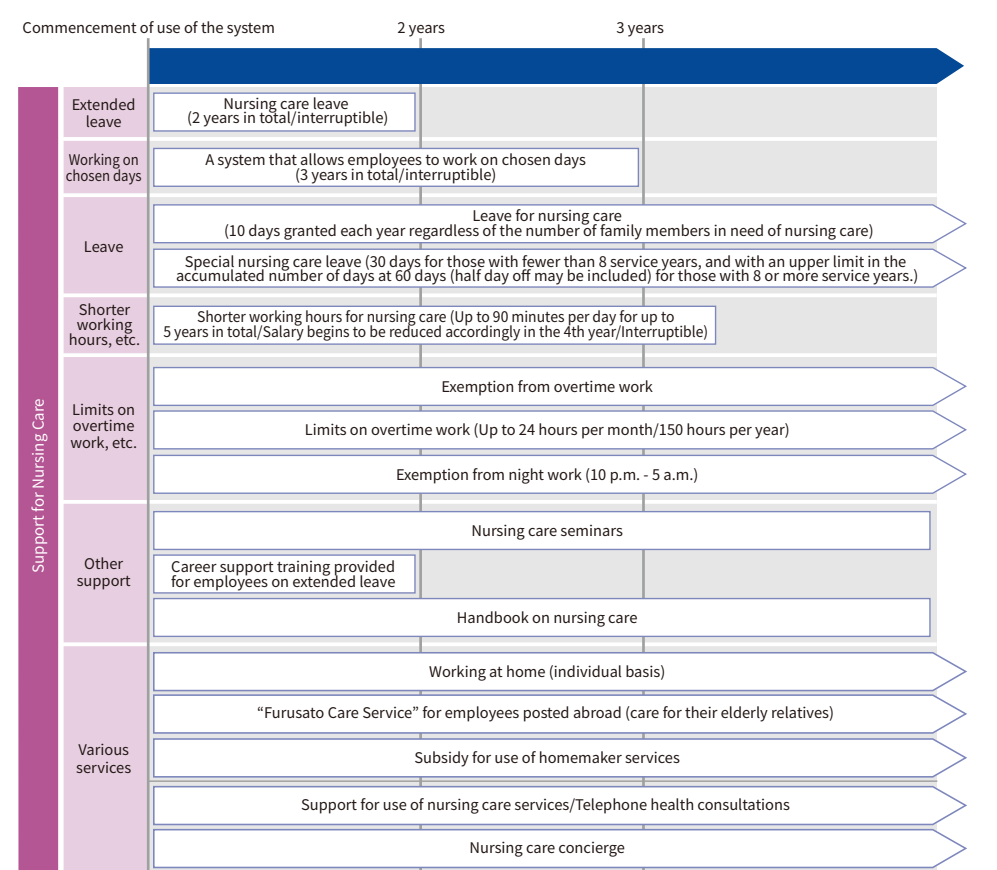
ITOCHE Corporation goes above and beyond the requirements of the law to arrange programs regardless of gender that help employees balance work with their childcare and nursing care obligations. This allows them to continue making full use of their skills during their careers at the company, while resting assured they can handle stages of life where they must take care of children or elderly family members at home. Around 50 male employees take childcare leave a year, so the use of this system has become established. Meanwhile, in FYE 2017 we introduced a telecommuting program which employees who meet certain conditions can take advantage of. Eligible employees include those with time constraints due to childcare or nursing care obligations, as well as those who face difficulty making the commute to work due to pregnancy, illness or other such reasons. We also started telecommuting with employees who have special circumstances (e.g., pregnancy, childcare and nursing care) at an early stage in February 2020 when COVID-19 started spreading. In addition, we continue to hold nursing care seminars every year in light of the fact the importance of preparing for nursing care has also become a social problem. At the same time, we introduced a service to provide nursing care information online in FYE 2018. We then introduced a one-stop nursing care assistance service to meet the needs of those seeking advice in April 2019.

Support Programs for Balancing Work with Childcare & Nursing Care

■ Support for Childcare



■ Support for Nursing Care



Labor Practices: Employment and Benefits

Use of Childcare & Nursing Care Programs

■ Use of Childcare & Nursing Care Programs★

(Unit: people)

		FYE 2019			FYE 2020			FYE 2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Childcare	Childcare leave	52	100	152	59	109	168	35	104	139
	Leave to nurse sick children	66	124	190	74	139	213	49	105	154
	Shorter working hours for childcare	1	84	85	0	97	97	0	96	96
	Special parental leave	14	42	56	6	47	53	8	28	36
	Percentage of employees returning to work*	97%			98%			97%		
Nursing Care	Nursing care leave	1	0	1	1	0	1	1	0	1
	Special nursing care leave	0	8	8	3	10	13	0	8	8
	Leave for nursing care	16	44	60	29	42	71	23	46	69
	Shorter working hours for nursing care	0	4	4	0	2	2	0	5	5
Family Support Leave		130	95	225	96	96	192	79	63	142

* The percentage of employees (including those seconded to other companies) returning to work after childcare leave is calculated according to the following formula: the number of employees returning to work after childcare leave during the current or the following fiscal year/the number of employees who finished taking childcare leave during the current fiscal year.

★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. (P183)

Reemployment System

If an employee forced to leave the company despite his or her desire to keep working and abilities due to his or her spouse relocating for work wishes, he or she can register with our reemployment system for three years (five years in the event an extension is permitted). During the registration period, we devise ways in which to keep that employee in contact with our company. For example, we provide opportunities for self-improvement, send bulletins, and inform him or her of the system status and updates.

ITOCHU Kids Day for Visiting Mom & Dad at Work

Since 2014, we have regularly invited employees' elementary-age children to ITOCHU Kids Day for Visiting Mom & Dad at Work. The children get business cards made especially for the event, which they exchange with employees at their parents' workplaces. They also attend a mock meeting in the executive meeting room and eat lunch in the employee cafeteria. These activities provide the children with a deeper understanding of the company where their parents work. The response from employees has been very positive for instilling an interest in what the children's parents do at their job and for sparking a desire to work at ITOCHU in the future. As we consider this an incredibly meaningful event for building family bonds and teaching children about ITOCHU, we plan to continue holding it.

* We canceled this event to prevent the spread of COVID-19 in FYE 2021.

Employee Benefits

ITOCHU Corporation employs a variety of welfare facilities and schemes to stimulate communication between employees and provide opportunities for exchange. Stimulating communication helps foster a sense of belonging and job satisfaction in individual employees. It also helps to invigorate the organization as a whole.

Employee Cafeteria

The employee cafeteria at the Tokyo Headquarters underwent large-scale renovations in May 2013 that transformed it into a brighter and a more comfortable meeting place. Since then we have taken further steps to make the cafeteria a more attractive space for employees. These include introducing a Wellness Cafeteria menu created under the supervision of Kagawa Nutrition University* which aims to help employees improve their health. We have also revised our menus and altered the layout of the room based on employee feedback. Nearly 1,600 people use the employee cafeteria every day.

* Kagawa Nutrition University is a pioneering force in nutrition education. The menu it helped create focuses on daily specials with healthy dishes that fulfill different nutritional requirements. These include an energy value of around 600 kcal, salt content of 3 g or less, and vegetable servings of 140 g or more.

* Can be used by both full-time and part-time employees

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Cooldown Rooms

In June 2012, ITOCHU Corporation introduced Cooledown Rooms on the first floor and first basement floor of its Tokyo Headquarters. These rooms seek to help beat the summer heat by keeping visitors comfortable inside the building and giving employees a comfortable place to work. To help fight global warming and save electricity in summer when demand for power is high, ITOCHU stipulates that air conditioners in the building not be set lower than 28 degrees Celsius. However, the Cooledown Rooms have lower ceilings than other rooms and can be cooled more efficiently. Cool air is supplied at 15 degrees Celsius to keep room temperature below 20 degrees. This makes them great spaces for visitors to the building and employees returning from sales activities to cool down on hot summer days. We also established a permanent history exhibition corner called “ITOCHU History” so that many people can learn about the founding principles of our company while effectively utilizing the Cooledown Rooms.

* Can be used by both full-time and part-time employees

Shower Lounge and Shower Room

In the summer of 2016, ITOCHU installed a shower lounge on the third floor of our Tokyo Headquarters, and a shower room on the second basement floor. Their goal is to help create a workplace environment that encourages job satisfaction. The seeds of this idea were accounts from employees who often found airport shower rooms crowded when returning from business trips on early morning flights. Many reported using external facilities (such as gyms and saunas) on their way to work. In response to this feedback, ITOCHU established shower facilities at Headquarters so that employees returning from business trips can be more comfortable as they begin work. The facilities are equipped with overhead shower heads, which warm the body quickly in winter, and amenities like towels, hair driers, shampoo, and conditioner. The facilities have been well received, with employees reporting they are able to work in comfort. In response to employee requests, the facilities now stay open longer and can also be used by employees who exercise to improve their health. They are also open to employees of affiliate companies.

* Can be used by both full-time and part-time employees



The Hiyoshi Dormitory

In March 2018, ITOCHU Corporation opened the Hiyoshi Dormitory in the Kohoku ward of Yokohama, Kanagawa prefecture. The dormitory has approx. 360 units to house unmarried employees. It brings together unmarried male employees who had been scattered across four locations in the Tokyo Metropolitan area. The design concept for the dormitory is “under the same roof,” as opposed to positioning it as a mere welfare facility. Accordingly, it is equipped with a variety of common areas designed to bring residents together and deepen communication across boundaries like age and department. These include a dining room with shared kitchen, a multi-purpose meeting room, a large bathroom with a sauna, and communication spaces on each floor (including study areas and an open terrace).

The dormitory is aiming to create an environment in which employees voluntarily reform their work styles and improve their health based on the corporate policies such as health management. For example, it serves nutritionally balanced breakfasts and dinners in the cafeteria, it provides exercise opportunities in partnership with a nearby fitness club, and it prohibits smoking throughout the building, including private rooms, except in designated smoking areas. The number of employees staying in the dormitory has been increasing due to telecommuting during the COVID-19 pandemic. Against this background, we have taken thorough measures to prevent infections and maintained an environment in which it is possible to live with peace of mind. For instance, we periodically disinfect and clean the shared areas, we have installed infection prevention panels in the cafeteria, we measure body temperature daily and we restrict the use of shared spaces.

This dormitory is designed to function as a secondary office for the Tokyo Headquarters and is vital to our business continuity plan (BCP) for disasters. It uses the same Internet environment as our offices and we have installed emergency generator equipment. We have also stocked the dormitory with food, water, emergency supplies and other items.

* Intended only for full-time employees

“SOGO-KAI” Associations

“SOGO-KAI” associations are groups where fellow employees can assemble to enjoy the same sports or cultural activities. Spreading out from Tokyo and Osaka, there are more than thirty such associations active within the company nationwide. They boast a combined membership of more than 1,200 employees. The associations are not limited to current ITOCHU Corporation employees. Many former employees and Group company employees also take part. These associations use sports and cultural activities to promote exchange and communication across different generations and organizations.

* Both full-time and part-time employees can join

Labor Practices: Employment and Benefits

Employment and Benefits Data

Employee Status★(as of March 31 for each respective year)

	Non-Consolidated					Consolidated	
	Employees	Men	Women	Avg. Age	Avg. Annual Salary (Yen)	Employees	Temporary Staff
2021	4,215	3,227	988	42	16,278,110	125,944	45,885
2020	4,261	3,267	994	42	15,657,603	128,146	46,567
2019	4,285	3,283	1,002	42	15,207,832	119,796	38,721

* The number of temporary employees has been assured since 2020.

* The number of temporary employees is the average number of employees for each fiscal year.

Employees by Operating Segment★(as of March 31, 2021)

(Unit: people)

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others	Total
Non-Consolidated	366	414	180	349	417	260	197	42	982	3,207
Consolidated	7,143	13,560	523	12,481	38,342	17,108	20,819	13,198	2,770	125,944

Overseas Bloc Employees by Region★(as of March 31, 2021)

(Unit: people)

	North America	Latin America	Europe	Africa	Middle East	East Asia	Asia & Oceania	CIS
National Staff	131	121	231	60	114	604	608	72
Rotational Staff	53	25	49	14	21	79	107	13
Overseas Trainees	13	3	10	1	4	11	19	1
TOTAL								2,364

* Employees assigned to overseas subsidiaries and overseas branches/offices

* Regarding range of tallied data, figures not labeled as Consolidated are placed under Non-Consolidated.

* Overseas bloc employees by region counts employees who are assigned to overseas subsidiaries or overseas branches/offices.

Turnover — Non-Consolidated Employees★★

	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Voluntary Resignation Rate	1.6%	1.7%	1.6%	1.5%
Avg. Years Employed	17.3	17.5	17.8	17.9

* Positions: career-track, clerical, special
Turnover rate is calculated according to the following formula.
voluntary resignations ÷ employees at end of fiscal year

ITOCHU Corporation has a long average number of years employed of 18 years and only around 1.5% of employees voluntarily resign. It is a company where many employees choose to stay for the long-term.

● ★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. (P183)

Labor Practices: Labor Union

Policy and Basic Concept

ITOCHU Corporation hopes to achieve an environment in which employees can leverage their individual talents and concentrate on their work without worry. To this end, we maintain a system of rich employee benefits and employee welfare facilities. Our original employee welfare measures include a morning-focused work style, health management, support for living with cancer and dress-down day. These have met with praise both inside and outside the company, and have contributed to increased employee motivation.

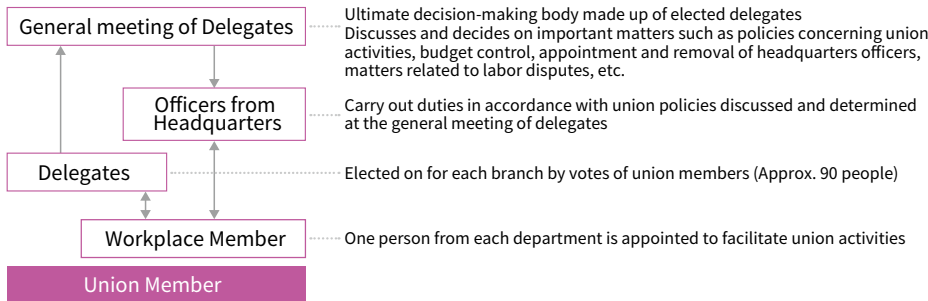
ITOCHU has established a labor union with which we hold constructive discussions to improve the working conditions as well as economic status of its constituents.

Structures and Systems

ITOCHU Corporation has had a labor union since its founding. The objective of the Labor Union is to improve labor conditions and other economic concerns of its members. The Labor Union carries out all required operations to fulfill this objective.

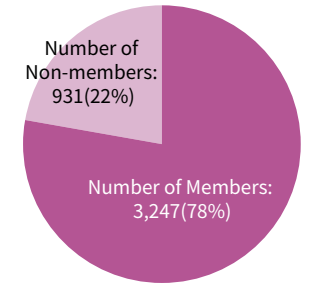
(Article 3, Rules of the ITOCHU Labor Union)

- Headquarters: General meeting of delegates and officers at headquarters
- Branch: Four branches (Tokyo, Osaka, Nagoya, Tohoku)



The company is prohibited from taking any of the following actions:

1. Providing disadvantageous treatment to a worker because the worker is a union member, or on similar grounds
Example: Discharging or transferring a worker because the worker has gone on strike as a union member, or on similar grounds
2. Refusing to bargain collectively without justifiable cause
Example: Refusing to come to the bargaining table or sending someone without authority as a representative to attend a collective bargaining session as a representative
3. Interfering with or providing financial assistance for the organization or operation of a labor union
Example: Interfering with or interrupting the union's events or providing financial support for union operational expenses
4. Providing disadvantageous treatment, such as dismissal, to a worker in response to an allegation made by the worker to the Labor Relations Commission
Example: Providing treatment, such as dismissal or wage reduction, to a worker in response to an allegation made by the worker to the Labor Relations Commission, or to a similar action by the worker



Ratio of ITOCHU Labor Union members as of April 1, 2021

Initiatives Together With ITOCHU Labor Union in FYE 2021

April 2020 to March 2021 (Monthly)	Health Committee
June 2020	Account settlement meeting
September 2020, March 2021	Labor-management committee
November 2020	Management meeting with the President and COO
January 2021	Management meeting with the Division Company Presidents

Activities by the Headquarters of the Labor Union in FYE 2021

April 2020 to March 2021 (Twice a Week)	General Meeting of Officers
April, June and November 2020	General Meeting of Delegates
December 2020	Meeting attended by three top-ranking officers from each branch
January to March 2021	Sent Japanese ingredient sets to members working overseas
August 2020 to March 2021	Activities by the Headquarters Advisory Committee (side work and clerical work)

Labor Practices: Labor Union

Comments from the ITOCHU Labor Union President



Masato Ikehata
President,
ITOCHU Labor Union

My name is Masato Ikehata. I joined ITOCHU in 2003 and I will continue to serve as the ITOCHU Labor Union President in FYE 2022 following on from last year. The global economy stagnated due to the spread of COVID-19 around the world in FYE 2021. There has also been a huge impact on the trading company industry.

Daily lives have been changing in a major way (e.g., self-restraint on going out and telecommuting). Inevitably, changes in work styles are required. Under such circumstances, I imagine the responsibilities and roles that should be performed by the ITOCHU Labor Union will also change. I, together with all the officers at the headquarters, will perform my duties with a sense of crisis.

The missions, action guidelines and vision of the labor union is as below.

- **Missions of the Union (= the Meaning of the Existence of the Union and the Values at the Basis of Our Activities):** “To protect our members” and “To build a good company”

- **Action Guidelines (= the Key Phrases We Value in Our Daily Work):**

Stay Ahead: Proactively adopt advanced concepts and work styles to ensure the organization constantly strengthens

Engage in Dialog: Conduct proposal-based and joint development-based activities while emphasizing dialogue with union members and management

Be Reliable: Build a relationship of trust with union members and use that as the basis to perform activities with a sense of unity

- **Vision (= Ideal Future State):**

We are aiming to achieve a virtuous cycle of corporate management by improving the labor environment and the economic status of our members.

- (1) An improvement in the labor environment thanks to the activities of the union accelerates the virtuous cycle of
- (2) active participation by union members, (3) improved company performance, (4) improved employee treatment, (5) improved morale and then back to (2) again)

We will aim to formulate a mid-term activity plan for 2030 based on the challenges faced by the ITOCHU Labor Union in FYE 2022. We will rebrand the union and strengthen our organizational structure and financial constitution through dialog with union members and delegates representing workplaces.



Dialogs with the Labor Union

ITOCHU Corporation discusses a wide range of issues with the ITOCHU Labor Union in order to achieve our corporate mission “*Sampo-yoshi*.” We held a total of six sessions of management meetings with the President and COO, account settlement meetings with the CFO, management meetings with the Division Company President, and other labor-management committee meetings in FYE 2021. Recurrent, active discussion between labor and management makes both cognizant of the challenges facing the company and keeps them on the same page. This builds a healthy relationship that enables them to consider and implement measures for improvement.

Dialogs with the President


ITOCHU proactively establishes opportunities for the President and employees to engage in direct two-way dialogue. It was difficult to bring people together like in a normal year due to COVID-19 in FYE 2021. Therefore, the President utilized a web conferencing system to proactively engage in dialog with Japanese and overseas branches, local subsidiaries and group companies where opportunities for dialogue with the President are usually limited. The President personally conveyed the management policy and his passion toward the realization of that directly to employees in these dialogue meetings. At the same time, the employees were also able to directly express their own opinions and ask questions to the President. Therefore, these were valuable opportunities to deepen two-way communication. The content of these meetings is wide-ranging - even including private matters in addition to the management policy. Accordingly, these are always extremely lively meetings.

Dialogs with the Division Company President

ITOCHU proactively establishes opportunities for the company president and corporate officers to engage in dialogue with employees. Normally, all the employees under the control of an organization are gathered together once every half a year. The top management of that organization then speaks in their own words about the company-wide management policy, organization targets and strategies toward target achievement. It is possible for employees to give their opinions and ask questions at these dialogue meetings. These are valuable opportunities for all employees, including the top management, to think about what we should personally do to further grow the organizations to which we belong.

Labor Practices: Diversity

Action Plan

Division Company	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters		Creating an environment that allows diverse human resources to exercise their potential	Human resources affairs	We will prohibit all types of discrimination, including those based on age, gender and nationality, and respect human rights. We will create an environment that will permit the active participation of employees whose work hours are limited due to childcare, nursing care, diseases or similar circumstances.	<ul style="list-style-type: none"> Continue fair and equitable recruitment and promotion. Create a work environment in which employees mutually accept and respect diverse values. Enhance support for balancing childcare, nursing care and similar circumstances with work (including utilization of telecommuting). Support the active participation of senior human resources over the age of 60 in the workforce. Expand individual support according to the life stage and career of employees. Promote understanding and acceptance of LGBT and other sexual minority employees (e.g., employee education). Give reasonable consideration to the work environment of employees with disabilities. 	<ul style="list-style-type: none"> FYE 2024: Achieve the following general employer action plan. <ol style="list-style-type: none"> Percentage of women hired among new graduates: 25%. Percentage of female employees over the whole company: 25%. Percentage of females in leadership positions: 9%. Percentage of men who take childcare leave: Over 50%. 	<ul style="list-style-type: none"> The percentage of female career-track employees among all career-track employees is 10.1% (as of February 2021). The percentage of female career-track employees those in leadership positions is 8.0% (as of February 2021). We have been applying IHGS as a special subsidiary in our group since February 2020. The three companies of ITOCHU, Uneedus and IHGS have achieved a 2.3% rate of the employment of those with disabilities in FYE 2021. We will continue to promote the employment of those with disabilities over our entire group.

Policy and Basic Concept

Amid intensifying global competition, we will accurately meet the diverse needs of the market and continuously create new business and added value. ITOCHU believes that organizational diversity is essential for companies to grow sustainably.

ITOCHU Corporation respects human rights and prohibits all forms of discrimination, including that based on race, religion, age, gender and nationality. We use a diversity week organized by the Human Resources & General Affairs Division and organization manager training to raise awareness about the importance of diversity and publicization of the system. We do this so that employees do not fall victim to power harassment or sexual harassment (including unfairly disadvantaging, engaging in hateful speech against or otherwise harassing employees who are sexual minorities). Another reason is so that pregnant employees and those who are doing their best to balance work while raising children or providing nursing care at home can feel their contributions to the workplace are worthwhile.

With regard to employees facing the constraints imposed by child-rearing or caring for a family member at home, superiors encourage them to make good use of the tools provided by the company to strike an appropriate work-life balance, while the company makes it known that it is also important to review the work duties, responsibilities and work arrangements for the workplace as a whole. Additionally, the company makes thorough initiatives to provide a workplace environment where discriminatory remarks about sexual orientation/gender identity and comments premised on subconscious gender stereotypes are not tolerated. Employees also have access to consultation services.

Targets

ITOCHU Corporation is working on the following targets that were set in line with our diversity policy.

Issues to Address

Provide an environment where diverse talent can thrive.

Commitment

Respect human rights and prohibit discrimination of any type, including age, gender, nationality and disability. Provide an environment where employees can thrive even if their working hours are limited for reasons such as child-rearing, nursing care or illness.

Specific Approaches

- Continue fair hiring and promotion practices.
- Create a work environment that mutually accepts and respects diverse values.
- Expand support for balancing work with childcare and nursing care (including the utilization of telecommuting).
- Support the active participation in the workplace of employees over the age of 60.
- Expand individual support for the life stages and careers of employees.
- Promote understanding and acceptance of LGBT and other sexual minority employees (e.g., employee education).
- Rational consideration toward the working environment for disabled persons.

Labor Practices: Diversity

Success Indicators

1. Achieve the following by the end of FYE 2024 based on the General Employers Action Plan. Ratio of women among new graduate hires: 25%
2. Ratio of female employees in the entire company: 25%
3. Ratio of women in leadership positions: 9%
4. Ratio of men who take childcare leave: 50% or more

Women in Career-Track & Managerial Positions (as of March 31 for each Respective Year)

Year	2019	2020	2021
% of Women Managers	7.6%	8.1%	8.0%
Women/All Managers	195/2,555	209/2,566	206/2,565
% of Career-Track Women	9.4%	9.7%	10.1%
Career-Track Women/Total	327/3,463	335/3,462	346/3,435

Support for Diverse Talent

ITOCHU recognizes that organizational diversity is essential for the sustainable development of companies at an early stage. Under this recognition, we have furthered the diversification of our talent, entrenched that diversification and helped these employees succeed ahead of other companies. We will continue to support the autonomous career formation of each individual employee in the future. We will promote the building of a strict but rewarding corporate culture in which diverse values are respected by all employees and in which it is possible to demonstrate abilities to the maximum.

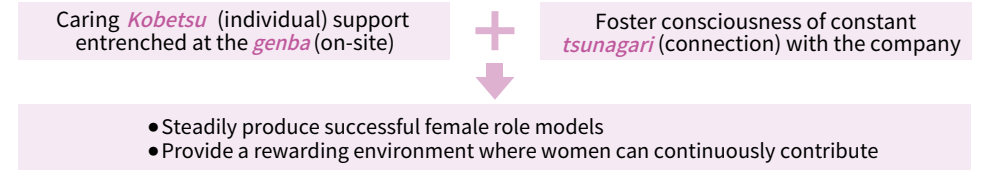
Support for Female Employees

By implementing the Plan for Promotion of Human Resource Diversification, ITOCHU Corporation has hired more women to meet our target, while we also provide programs to support work-life balance beyond the level required by law. Currently, we are providing meticulous individual support according to each employee's life stage and career while utilizing these systems as a safety net. At the same time, the generation for which we increased the number of female hires is reaching the appropriate age for higher positions. Accordingly, we are offering thorough support according to individual circumstances so that those employees can compete to be the head of organizations regardless of their gender. In addition, we are looking to contribute to the SDGs (e.g., gender equality) not only for our company but for Japan. We are doing this by fostering an internal culture in which diverse employees can be a success and by declaring our endorsement of measures to promote the success of women in the workplace by government agencies and economic bodies.

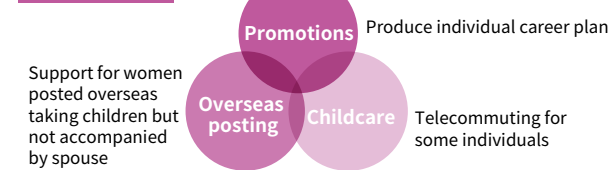
See below for our action plan stipulating specific targets and initiatives moving forward.

- Action Plan Based on the “Act of Promotion of Women’s Participation and Advancement in the Workplace” and the “Act on Advancement of Measures to Support Raising Next-Generation Children” (https://www.itochu.co.jp/en/csr/pdf/action_plan.pdf)

Gen Ko Tsu Reform



Areas of focus



(A symposium on gender equality hosted by the Cabinet Office)

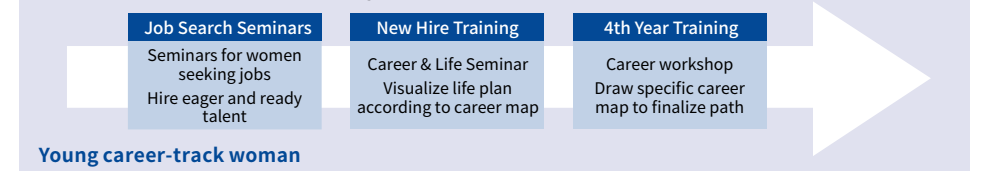
Fostering Career Awareness Among Career-Track Women

The environment we aspire to: Measures to aid the rise to the level of female manager/young career-track woman/organization manager help career-track women lift themselves up as the next generation of role models, and organization managers proactively provide support.



Routinely Fostering Career Awareness Among Young Career-Track Women (Since 2012)

- Give career training to young career-track employees in their 20s and 30s
- Emphasize the importance of a career options at a trading house, including overseas postings, raise awareness to independently shape careers with strong intent



Labor Practices: Diversity

Measures to Support Career-Track Women

Stage	Environment & Issue Recognition	Specific Action
Initial Hiring (1989-2003) Legally required	<ul style="list-style-type: none"> Hiring of women required by equal opportunity law for men and women enacted in 1986 	<ul style="list-style-type: none"> Continuous hiring of career-track women (several every year) Transfers from clerical positions Introduce child-rearing support program
More Female Employees & Programs (2004-2011) Welcoming company for career-track women	<ul style="list-style-type: none"> Formulation of Plan for Promotion of Human Resource Diversification (Dec 2003) Hiring more women and providing duties throughout the company is essential to proactively promoting women to leadership ranks To entrench women in the company, provide an environment where they can balance work with child-rearing/nursing care 	<ul style="list-style-type: none"> Set numerical targets Introduce of mentoring program Expand child-rearing support program Introduce leave for employees whose spouses are transferred overseas Set up company daycare Hold various forums
Individual Support (2012-) Rewarding company for career-track women to work at	<ul style="list-style-type: none"> Programs provided beyond legally required level Bulk of career-track women enter their 30s, with major life events to follow Via the Gen Ko Tsu Reform, individual support to hard-working women independently shaping their careers 	<ul style="list-style-type: none"> Switch from job transfer/leave to rehiring program Support overseas postings (for employees transferring overseas with children but without spouse) Identify and develop candidates for promotion Subcommittee gathers opinions from women in the workplace Foster career awareness (forums, etc.) Guidance before maternity leave, three-party meetings before returning from childcare leave Interviews before and after overseas postings Introduce work-from-home program Greater use of transfer program (earlier year of eligibility, transferee follow-ups) Career-track women sent to outside managerial training

Share of Women in Career-Track/Managerial/Executive Positions★(as of March 31 for each Respective Year)

(Unit: people)

	Career-Track			Managerial			Executives & Directors		
	Total	Women	Share	Total	Women	Share	Total	Women	Share
2021	3,435	346	10.1%	2,565	206	8.0%	46	4	8.7%
2020	3,462	335	9.7%	2,566	209	8.1%	45	4	8.9%
2019	3,463	327	9.4%	2,555	195	7.6%	44	2	4.5%

★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. (P183)

Clerical Career Support

ITOCHU Corporation has been running the Career Workshop for Clerical Staff for top-grade clerical employees since FYE 2016. We expect participants to foster a mindset as a model for core employees responsible for clerical work company-wide and to demonstrate leadership in the workplace. At the same time, the aim of the workshop is to broaden the horizons of clerical employees themselves and to give them motivation. In addition, we hold career meetings by organization as an opportunity to autonomously think about careers. Attendees share their career path and goals as clerical employees. Moreover, we provide opportunities for overseas posting and secondments. This is to enable clerical employees with abilities, motivation and determination to take on the challenge of a transfer in their duties.

Support for LGBT and Other Sexual Minorities

We installed a multipurpose restroom on the internal meeting room floor in 2018. This can be used by everyone who visits our building as well as our employees. We also established a consulting desk exclusively for inquiries relating to LGBT and other sexual minorities in addition to our existing employee consulting desks in FYE 2021. This means we have set up a structure that allows employees to consult with experts anonymously about how to interact with colleagues and business partners in addition to handling inquiries from LGBT and other sexual minority employees.

Labor Practices: Diversity

Support for Diversity

We are aiming to deepen understanding of diversity & inclusion and to build a strict but rewarding workplace environment with peace of mind for all our employees. Under this aim, we have set the first and second weeks of December as Diversity Week since FYE 2019. We hold various publicity events, training sessions and workshops for all employees.

Fiscal Year	Theme
FYE 2021 (Online)	<ol style="list-style-type: none"> To balance work and nursing care: Keys to nursing care in the COVID-19 era Elderly monitoring service individual consultation meetings Male childcare leave course (a version for those taking childcare leave and a version for the superiors/coworkers of those taking childcare leave) Basic LGBT course Women's careers and health: Life stage with health Gynecological cancer (uterine cancer and breast cancer)
FYE 2020	<ol style="list-style-type: none"> Nursing care concierge introduction How to choose a nursing care facility Nursing care money Women's careers and health VR training and workshop (dementia and LGBT)
FYE 2019	<ol style="list-style-type: none"> Balancing childcare and work Understanding LGBT Considering nursing care as your own issue

Social Inclusion Support for Disabled Persons

To provide the handicapped possessing physical, mental or other disabilities with a workplace that is motivating and rewarding, we established ITOCHU Uneedus Co., Ltd., our first special subsidiary, in Yokohama, Kanagawa Prefecture in 1987. The disabled person employment rate in ITOCHU is 2.21% as of March 2020. We are promoting an expansion in the range of work and recruitment of disabled persons in anticipation of an increase in the statutory employment rate in the future.

Initiatives by ITOCHU Uneedus Co., Ltd.

ITOCHU Uneedus Co., Ltd. provides services including dry cleaning, photo and document printing, mail delivery, laundry and cleaning. The company's motto is about stringent quality control and friendly service. All dry-cleaning processes are performed by mixed teams of disabled and non-disabled persons. To expand business as well as to create a more welcoming workplace environment for staff dealing with an array of disabilities, in November 2015 the company relocated to new offices in Yokohama's Tsuzuki Ward with 140% more floor space and the latest equipment. Since marking our 30th year in business in 2017, we have continued striving to proactively support social inclusion for disabled persons and help create a society where they can experience the joy of making a contribution through work.



New offices of ITOCHU Uneedus Co., Ltd. (Tsuzuki Ward, Yokohama)



Work in the cleaning department

☞ <http://www.uneedus.co.jp/> (Japanese only)

Employment of Disabled Persons

■ Employment of Disabled Persons★(as of March 1 for each Respective Year)

	Percentage of Disabled Employees (%)
2021	2.32
2020	2.21
2019	2.17

* The figures of employment ratio of people with disabilities in 2019 are the combined total of ITOCHU Corporation and the certified special-purpose subsidiary, ITOCHU Uneedus Co., Ltd. The employment rate was calculated with ITOCHU Human Resources & General Affairs Services Inc. also added to group applicability (special case of an affiliated company) for 2020 and 2021.

☞ ★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. (P183)

Labor Practices: Diversity

Support for Middle-aged and Older Employees' Success

ITOCHU proactively promotes the success of middle-aged and older employees. We employ all those who so desire under the Employment Extension System after they reach retirement age at 60 years old from the perspective of the decreasing birthrate and aging population in Japan and activity support for diverse personnel. This means we are developing an environment in which middle-aged and older employees can continue to work utilizing the wealth of knowledge and experience they possess even after they have reached the retirement age. We also hold training such as life planning seminars for employees at the age of 58 years old and future course selection briefings for employees at the age of 59 years old. Therefore, we are supporting work styles and money plans after the extension of the employment of employees. We even have some employees who continue working with us after they reach the age of 65 years old. We will do yet more to create an environment where middle-aged and older employees can continue performing motivating and rewarding work.

Initiatives Conducted Overseas

In South Africa, where the ITOCHU Group's Integrated Auto Service (IAS) is located, the "Broad-Based Black Economic Empowerment" (B-BBEE) program has been introduced to improve the status of people who have unjustly suffered discriminated and other disadvantages during the apartheid era. The "B-BBEE" program assesses a company's contribution to resolving these issues based on a scorecard with evaluation criteria set by the South African Government, which include elements such as ownership, management control, employment equality, skills development, priority procurement, business development, and socio-economic development. The IAS has received a Level 4 certification issued by Metanoia Ratings in 2019, with a score of 80.01 out of 100.*

* Due to the impact of COVID-19, it was not possible to renew the score in FYE 2021, however, the renewal procedures are underway in FYE 2022.

Accolades for ITOCHU Corporation

ITOCHU Corporation's initiatives in "Creating Environments that Bring Out the Best in Employees" have won much praise.

We won the Ministerial Award for Women Empowering Companies in FYE 2021. The award was established by the Cabinet Office for promoting a work environment where women can actively participate and is given to companies that have made distinguished achievements in terms of policy, initiatives and performance related to the promotion of women to executives and managerial positions, and the disclosure of information about them.

ITOCHU got high marks primarily for the following initiatives: (i) support of the career of each woman (ii) support for early return to work from childcare leave, (iii) promotion of a corporate-wide change of the way of working, and (iv) support for each employee working overseas accompanied with only children.



Platinum Kurumin Authorization

Companies making excellent initiatives to provide employees with support at work as well as with childcare receive approval to display the Platinum Kurumin Authorization mark. (Received in 2016 / Ministry of Health, Labour and Welfare)



New Diversity Management Selection 100

A project for selecting excellent companies that provide diverse human resources with opportunities and an environment for exercising their potential. (Selected in March 2016 / Ministry of Economy, Trade and Industry)



〇ファミリー・フレンドリー企業部門
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2017 Award for Excellence from the Minister of Health, Labour and Welfare for "Excellent Equal Opportunity/Work and Family-Life Balance Companies" ("Family-friendly Companies" Category)

A program recognizing companies that promote exemplary programs with an equal emphasis on work and childcare/nursing care. (Selected in November 2017 / Ministry of Health, Labour and Welfare)



Eruboshi Certification (Stage 2)

This is a system to certify companies with an excellent record of promoting the success of women in the workplace (Acquired in 2016 / Ministry of Health, Labour and Welfare)



Ministerial Award for Women Empowering Companies 2020

The award promotes a work environment where women can actively participate and is given to companies that have made distinguished achievements in terms of policy, initiatives and performance related to the promotion of women to executives and managerial positions, and the disclosure of information about them. (Received in 2020 / Cabinet Office)

* Related data: Employee Status (P96)
Share of Women in Career-Track/Managerial/Executive Positions (P101)
Number of Hires by Gender (P121)

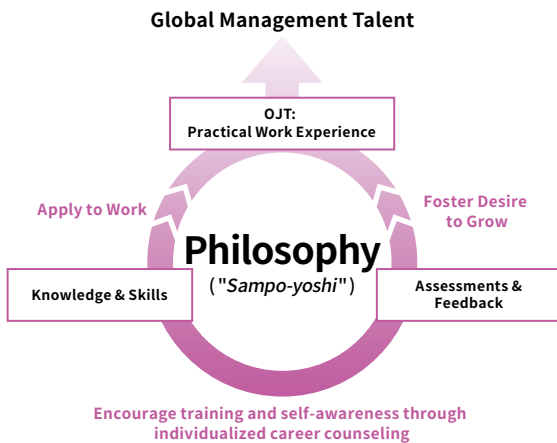
Employee Training

Action Plan

Division Company	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters		Sustainable development of employees' capabilities	Human resources affairs	We will develop training programs on a global basis that respond to the changing times and business needs. We will also utilize training programs to continuously produce excellent human resources.	<ul style="list-style-type: none"> Continue to develop and provide training programs at all jobs levels. Continue and enhance overseas deployment of interns and language trainees. Offer diverse career path options and experience in diverse work through regular rotation. Foster career awareness among employees by enhancing personnel assessments, career vision training, career counselling systems and other programs/systems. 	<ul style="list-style-type: none"> FYE 2024: Annual training-related expenses exceeding one billion yen. FYE 2024: Percentage of career-track employees who acquire business-level English skills in their first eight years at the company at 100%. FYE 2024: Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher. 	<ul style="list-style-type: none"> The positive answer rate to the "education and training" item from the FYE 2019 engagement survey was 71%. *We did not conduct a survey in FYE 2021. The latest data is for FYE 2019. We have been continually reviewing and developing training programs (e.g., the trial introduction of next-generation related training). We are running a trial to provide video content as part of career vision training with an eye on a learning environment that meets the diverse needs of our employees. <p>Below is the outlook current as of the end of February in FYE 2021</p> <ul style="list-style-type: none"> Annual training-related expenses forecast: Over approximately 1.1 billion yen. Acquisition rate of business level English skills for career-track employees in up to their eighth year since joining the company: 100%. Overseas dispatch rate for career-track employees in up to their eighth year since joining the company: 80%.

Policy and Basic Concept

ITOCHU Corporation's employee training is focused on providing practical work experience through on-the-job (OJT) training. This is supplemented by initiatives to foster a desire to grow through appraisals, assessments and feedback, as well as employees' acquisition of knowledge and skills through the training. We also provide growth opportunities tailored to employees' individual situations and careers. After becoming industry professionals who can thrive in any field, we train them into Global Management Talent who will lead our worldwide business in the future.



Human resource development is based on this philosophy. We will accomplish infinite missions by inheriting the intentions contained in the spirit of "Sampo-yoshi" (In Japanese, "yoshi" means "good", and "sampo" means three sides, and these three sides consist of (1) the seller ("urite"), (2) the buyer ("kaite") and (3) society ("seken"). "Sampo-yoshi" is therefore: good for the seller, good for the buyer and good for society).

Targets

Based on our employee training policy, ITOCHU Corporation works to achieve the following goals.

Issues to Address

Sustained employee skill development

Commitment

We develop training programs on a global basis. We do this with a market-orientated way of thinking toward the development of marketing professionals who are able to continually transform business in line with needs while inheriting our corporate mission. We then utilize these training programs to continually produce talented people.

Specific Approaches

- Continuously develop and implement training programs at all levels
- Continue and augment overseas practical training assignments and language immersion assignments
- Provide various career paths and work experience through regular rotations
- Foster career awareness in individual employee through personnel assessments, career vision training and an enhanced career counseling program

Employee Training

Success Indicators

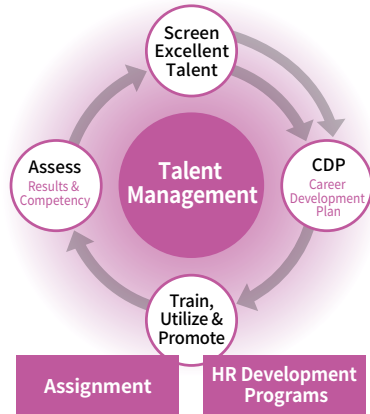
- FYE 2021: Annual E&D spending (training and other personnel development expenses) over 1 billion yen
- Positive response rate of 60% or higher to “education & training” items on the engagement survey
- FYE 2021: 100% of career-track employees gain business level English skills after 8 years with the company
- FYE 2021: At least 80% of career-track employees take overseas assignments by eighth year with the company

Structures and Systems

ITOCHU Corporation has been implementing a globally-minded personnel strategy since FYE 2008 with the goal of maximizing the value of our worldwide work force and optimizing this group of employees as a whole. Specifically, in FYE 2011 we established leadership standards, we created a database of organizational leaders worldwide,* and we constructed the Talent Management Process to hire, develop, utilize and promote excellent talent who will expand overseas revenues worldwide by coordinating with division companies and overseas blocs.

We also reflect the philosophy and values we have inherited over the 160 years since the foundation of our company in our recruitment standards and evaluation and training systems. With this, we are recruiting and training people who match the values of ITOCHU on a global basis.

Talent Management Process



Assignment
Promotions, project assignments, NSHQ UTR system,* transfer within / between blocs

HR Development Programs
Bloc personnel development program, outside MBA programs, global training, excellent talent development program

* Program to accept overseas bloc employees at Tokyo Headquarters

Training System

The ITOCHU Corporation training system consists of company-wide training, along with line training for specific companies and administrative divisions that is tailored to the nature of their industry, specialties and so on. There is a wide range of training opportunities at various levels, not only for Headquarters employees, but also for those at certain overseas bloc companies and Group companies.

Overseas blocs arrange their own training systems to teach the skills and expertise required for their business and markets. In combination with the ITOCHU Corporation training system, they develop management talent capable of global success.

Classification	Head Office Employees			Group Company Employees	Local Hires
	Essential	Elective	Selected		
Officers	Training for Newly Appointed Officers			Training for Newly Appointed Officers	
General Managers	Training for Newly Appointed General Managers Training for Newly Appointed Administrative Officers of Group Companies	Post Multifaceted Observation Coaching		Strategic Management Decision Training	
Section Managers	Training for Newly Appointed Section Managers Training for Pre-Managers		Short-Term Business School	Revitalizing People and Organizations Training Basic Management Training	P3 Training GLP Training
Mid-level Employees		GLP Training GNP Training (Advance)		Mentor Training Global Mind Seminar	GNP Training (Advance)
Junior Employees	4th Year employees Training Basic Courses	Short-Term Overseas Business School GNP Training(Basic) Quick Mastery Course for Business Management Overseas Training for Junior Employees Intensive English Course	Career Vision Support Training Language Lessons (English, Chinese, etc.)	Next Generation Business Leaders Training Step-up Training for Junior Employees New Employees Training	GNP Training (Basic) NS UTR Training
New Employees	New Employees Training			Powering-Up Administrative Staff and Specialists Training	
Clerical Staff	Newly Appointed GRADE B2 staff Training 6th Year staff Training New Employees Training	Career Workshop for Clerical Staff Overseas Training for Clerical Staff			
Prospective Employees	Training for Prospective Employees				

Training Available to Employees of Group Company

* We created the ITOCHU Global Classification (IGC), global standards based on positions and duties for positions at all levels worldwide, in FYE 2010, which we use to place, promote and train personnel regardless of nationality.

* Relevant data: Overseas Bloc Employees by Region (P96)

Employee Training

Training Results

Time/Cost Allotted for Employee Skills Development Training

	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Total annual training time (hours)	217,734	160,510	168,425	92,431
Average training/development hours per regular employee (hours)*	50.81	37.46	39.53 ^{*1}	21.93
Average training/development cost per regular employee (thousand yen)	485 ^{*2}	444 ^{*2}	407 ^{*2}	260

* Calculation method: total annual training hours / employees at end of fiscal year

* The reduction is due to the impact of COVID-19

* Data for ^{*1} and ^{*2} are revised because some of the aggregate data has been revised.

Attendance in Major Training

Training	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Administrative Intern System	121	96	110	152
Global Development Program	134	141	154	0(Cancel)
Organization Manager Workshop	403	405	337	341
Short-Term Business School Dispatch	39	31	37	8
Junior Chinese/Special Language Dispatch	61	39	10	0(Cancel)
Chinese Lessons	614	237	158	205
Career Vision Support Training (total)	2,075	1,885	1,940	2,067

Key Points for Better Training

First, in FYE 2014 we created a training scheme for talent capable of shouldering administrative responsibilities at Group companies. Specifically, in FYE 2015, we started a training program to learn about accounting work efficiently in a short period of time through practice to strengthen the acquisition of basic knowledge on business management and risk management techniques. This is mandatory training for young employees. Additionally, we have a replete lineup of Group company employee trainings so that domestic Group company employees can upgrade their skills and expand their networks within the Group.

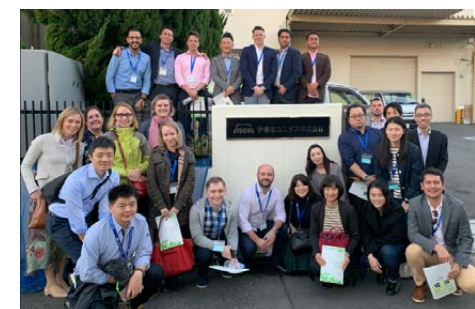
Furthermore, we conduct trainings in the Global Development Program and the Short-Term Business School Dispatch to develop global management talents with an overseas perspective. Meanwhile, we were among the first to offer a short-term overseas dispatch system in 1999. This program is designed to improve the English language skills of young employees at the headquarters and foster a global mindset. Chinese and other special language programs dispatch employees to emerging markets such as China and etc.. These are the core programs for our initiatives to foster specialists in each market.

For our training with an emphasis on practical on-the-job skills, we conduct Career Vision Support Training to develop industry professionals with diverse values, along with independent training programs that are based on each company or Headquarters administrative division's talent strategy and tailored for various objectives.

Most recently, we have also been promoting the development of people capable of driving business into the next generation. We do this by providing our employees with opportunities for training and lectures aimed at studying cutting edge business model cases and acquiring IT expertise according to our Mid-term Management Plan.

Number of Overseas Local Employee Management Personnel (March 31, 2021)

North America	85
Latin America	37
Europe	69
Africa	9
Near and Middle East	27
East Asia	290
Asia/Oceania	164
CIS	25



Training in the Global Development Program

* Equivalent to headquarters management positions

Employee Training

Talent Synergy with CP & CITIC

In January 2015, ITOCHU Corporation formed a strategic business and capital tie-up with Charoen Pokphand Group Company Limited (CPG) and CITIC Limited (CITIC), which are some of the leading conglomerates in Asia and China, respectively. Thereafter, in January 2016, the three-company group signed a memorandum to strengthen talent synergies as the foundation for producing medium- to long-term business synergies and raising enterprise value. According to the memorandum, the goal for the future is to build a robust network of talent between the three companies and construct a foundation that will support their strategic partnership. This will be accomplished by dispatching and exchanging talent between the three companies from the short-term to the long-term, dispatching trainees to join training programs at other companies, and conducting new joint training.

In FYE 2017, the three companies held their first joint training in Tokyo. We held this combined training seminar for the second time in Beijing, where CITIC is based, in FYE 2018 and for the third time in Thailand (Khao Yai and Bangkok), where CPG is based, in FYE 2019. In FYE 2020, we held this training for the fourth time in Tokyo. We select employees who match the business themes established in advance from the three companies. The participants come to fully understand each other's management policies, values, history and main business. They then thoroughly discuss the creation of business synergy. With this, the aim is to build a solid personnel network as partners.

The three firms are also steadily accepting trainees into their existing programs through short- to long-term talent dispatch and exchange arrangements.

In addition, the strategic business and capital tie-up was accompanied by the FYE 2016 startup of a project to develop 1,000 Chinese-speaking employees, who account for one-third of all career-track employees. The project has made progress in laying a solid linguistic foundation. By the end of FYE 2018, we reached our goal of 1,000 people. We continue developing those employees even after that. The total number of trainees as of the end of FYE 2021 was 1,231. We will continue to build the foundations to further promote the expansion of business in China and the rest of Asia in the future.



The 4th Three Companies' Combined Training Program (Tokyo) (July 2019)

ITOCHU Morning Activity Seminar

In September 2016, we began conducting early-morning training sessions and presentations as one measure to encourage shifts beginning in the early morning. The themes of these seminars are focused on the next generation of business and health. We held these seminars a total of 4 times with the participation of 1,153 people in FYE 2021. We received comments from the participants like the following: "I was able to hear stimulating stories before work, so I felt very positive." We plan to hold these seminars on a periodic basis in the future.

■ Morning Activity Seminar Results

Date	Theme	Speaker
February 2021	Innovation Strategies Utilizing Dejima	Gen Isayama General Partner & CEO of WiL, LLC
February 2021	Power of Dreams: Creating Motivation	Koji Karaike Representative Director and Chairman & Executive Officer of JR Kyushu Railway Company
November 2020	America and the World after the Presidential Election	Tsuneo Watanabe Senior Fellow at the Sasakawa Peace Foundation
July 2020	Power to Think Thoroughly in the Age in Which People Live to 100 Years Old: What Do You Think about in the COVID-19 Era?	Haruaki Deguchi President of Ritsumeikan Asia Pacific University



An ITOCHU Morning Activity Seminar

Employee Training

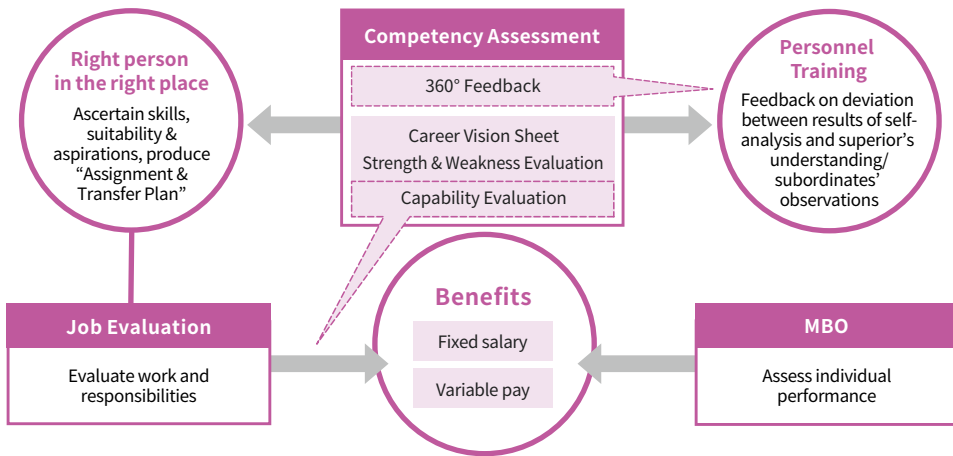
HR Appraisal & Assessment System

The HR Appraisal & Assessment System is a core part of the human resources organization that helps employees fully demonstrate their capabilities in a motivated and rewarding manner. It covers all ITOCHU Corporation employees. One part of the system is Management By Objectives (MBO), by which we assign individual employees with targets that match up with the management plan, then confirm execution. This approach helps us carry out business strategies. We have also created the Competency Assessment. This provides a comprehensive view of an individual employee's competencies, expertise, past career, aspirations and suitability, which we then use to plan assignments and transfers.

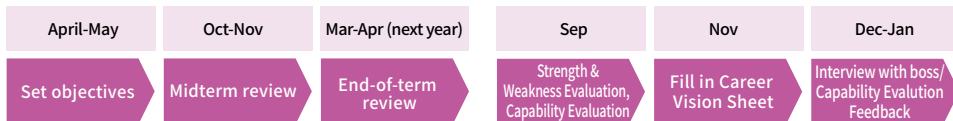
In order for these components of the HR Appraisal & Assessment System to function, we believe it critically important that superiors conduct fair and impartial evaluations and meet with their subordinates to provide feedback. 360° feedback* and assessor training enlighten superiors so that they will encourage employees to develop and grow.

* Multifaceted observation: A system by which feedback from observations by the organization managers themselves and subordinates are used to review everyday personnel management that the organization manager typically does not notice, followed, if necessary, by initiatives to make improvements or upgrade capabilities. We make sure to apply this approach every year.

Overall Picture of the Personnel Evaluation Systems



Management By Objectives (MBO) Flow



Competency Assessment Flow



Career Support

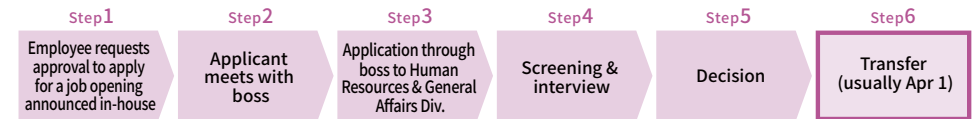
Career Counseling

The Career Counseling Center provides wide-ranging counseling and support services for the diverse careers of all employees, from new hires all the way up to organization managers. All the center's counselors are nationally certified career consultants. They discuss a broad array of topics with visitors to address their individual circumstances, including relationships with superiors, subordinates and other colleagues, how to go about one's work, one's future and so on. In addition, as a part of our employee training, we arrange for all young employees to undergo career counseling when they reach certain milestones in their ITOCHU careers. The center meanwhile serves experienced hires and middle-aged and older employees seeking to work beyond retirement age. There are over 500 consultation visits to the center each year. Here, visitors are provided complete confidentiality so they can feel at ease conversing with a counselor. The center's aim is for employees to develop an awareness about how to shape their career.

Formal Introduction of the Challenge Career System

We have introduced the Challenge Career System as a measure to increase the mobility of personnel for career-track employees working in Japan (excluding organization managers). With the system, employees can check a list of job openings announced on the company intranet, then inform their superior of their desire for a transfer. With the superior's approval, the system will try to match the employee with the desired division and, if successful, may make a transfer between Division Companies or Headquarters administrative divisions. The aim of this system is to strengthen organizational capabilities by motivating employees and fostering their career awareness with the provision of career selection opportunities. Thirteen people transferred in FYE 2021 following on from six people in FYE 2019 and five people in FYE 2020.

Challenge Career System Process



Employee Training

Promotion of Rotation

We have formulated rotation guidelines for young career-track employees. The aim of this is to stimulate the personnel in the next generation who will support management in the future. We have determined the training and transfer policy for each organization under the premise that young career-track employees will have finished their basic education by their second year in the company and will have experience of an overseas deployment within eight years of joining the company as a general rule. In addition, organization managers explain this training policy to young career-track employees and then hold career meetings to exchange opinions with them. With this, we have developed an environment in which it is possible for young employees to tackle the work in front of them with a view to the future. We have also created a mechanism for other organization members and employees in clerical positions so that they can achieve diverse careers by reviewing their transfer requests and rotation results every year.

ITOCHU Internship

ITOCHU provides an internship to students which allows them to tackle various challenging issues based on past business cases. We do this so that they can think about their careers in terms of working in a general trading company.

ITOCHU Website for students (<https://career.itochu.co.jp/student/information/seminar.html>)
(Japanese only)

Occupational Safety and Health Management

Action Plan

Division Company	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters	 	Improving the health of employees	Human resources affairs	We will improve the health of employees to create an environment that will enable individual employees to better demonstrate their capabilities. We will build a system that helps employees with cancer or long-term illness to create a balance between treatment and work, thereby fostering a culture of mutual support.	<ul style="list-style-type: none"> Keep the percentage of employees who receive regular medical checkups in Japan at 100%. Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care. Promote measures for helping employees create a balance between cancer treatment and work. Offer healthy dishes in the employee cafeteria. Promote the program for supporting smoking cessation treatment expenses. Utilize health management sites for employees (e.g., HSS and ITOCHU Health Navi) and continue to provide special programs for employees at a high risk for lifestyle-related diseases. 	<ul style="list-style-type: none"> Percentage of employees who receive regular medical checkups in Japan: 100%. FYE 2024: Percentage of employees who use health management sites (ITOCHU Health Navi and HSS) in Japan: 100%. FYE 2024: Percentage of employees who receive specific health guidance: 55%. FYE 2024: Rate of employees found to have a high level of stress in the stress check at 5% or lower. 	<ul style="list-style-type: none"> Regular medical checkup rate: 100% in FYE 2021. Rate of improvement in the health index (e.g., BMI) compared to FYE 2011: -1% in FYE 2020. Support for working while receiving cancer care: Job turnover due to cancer and long-term illnesses continues to be 0%. Rate of those found to have a high level of stress in the stress check: 2.5% in FYE 2021. Health management site utilization: introduced the new ITOCHU Health Navi and HSS systems company-wide. Measures for those with a high risk of lifestyle diseases: 2.1-fold increase in the percentage of employees receiving specific health guidance compared to the previous year (21% → 45%).
Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Metals & Minerals Company							
Ensure Stable Procurement and Supply	 	Sustainable mine development that pays continuous careful attention to the risks in occupational safety and health and environmental risks, and that contributes to local communities' well-being	Mining business	<ul style="list-style-type: none"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. <ul style="list-style-type: none"> EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and new mining business: 100%. Donations to medical care and education, and building infrastructure in local communities. <ul style="list-style-type: none"> Carry out CSR activities in all projects in which we participate (100%). 	<ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in.

Policy and Basic Concept

Occupational Safety and Health Management for our Employees

ITOCHU Corporation considers people to be its greatest asset. Ensuring that every employee can reach their full potential leads to increased corporate value. Based on this way of thought, we promote various policies aimed at realizing an environment in which all employees can leverage their unique talents and have the peace of mind to focus on their work.

The cornerstone for achieving our Guideline of Conduct, "I am One with Infinite Missions," is reinforcing employee health while developing employee ability. Based on this idea, we have codified our company policy towards health management in the ITOCHU Health Charter (enacted June 2016). We hope this will help every employee reach their maximum potential. ITOCHU Corporation recognizes the diversity of its employees with regard to gender, age, nationality, race, religion and existence of handicaps. We have defined our health charter as follows in order to achieve our vision as One with Infinite Missions, and perpetually improve corporate value.

- 1. Taking Responsibility for Employee Health** ITOCHU will take responsibility for the good health of each employee by actively supporting initiatives they take to maintain or improve their health.
- 2. Contributing to Society by Maintaining Good Health** ITOCHU will develop soundly over the long term based on an understanding that the good health of its employees is the foundation of the happiness of the employees themselves as well as their families, customers and wider society.
- 3. A Legacy for Future Generations** ITOCHU will carry out its infinite variety of missions as a company in which healthy employees who are fulfilled both spiritually and physically unleash their individual strengths.

Going forward we will pioneer various initiatives that lead the way toward work-style reform and health management. And we will build an environment that allows employees to find meaning in their work.

Occupational Safety and Health Management

Occupational Safety and Health Management along the Supply Chain

Beyond our employees, ITOCHU Corporation also implements comprehensive measures to ensure the occupational safety and health of the stakeholders within our supply chain, including the companies we invest in and contractors. In 2013, we established ITOCHU Corporation's Sustainability Action Guidelines for Supply Chains to communicate our expectations for partners along the supply chain. The Guidelines covers key safety and health related issues such as "Management of working hours", "Management of health and safety", and "Management of employee health".

We believe it is important to gain the understanding and cooperation of all of our suppliers and contractors regarding our procurement-related policies. In keeping with this belief, in FYE 2014 we followed up on the Guidelines with approximately 4,000 suppliers with whom we have continuing relationships, in order to raise awareness and understanding of our expectations. In January 2015, we have made it a mandatory procedure to inform all new suppliers and contractors of the Guidelines. We anticipate that these activities will lead to an enhanced understanding among our business partners regarding our approach to sustainability.

Safety and Health Related Risk Assessments for Investment Projects

ITOCHU Corporation considers ESG (Environmental, Social, and Governance related) aspects to be crucial in assessing potential risks for investment projects. In addition to financial risks and opportunities, our due diligence and risk assessment process for prospective investments therefore includes the use of a comprehensive ESG Checklist, which covers seven core subjects aligned with the ISO26000, as well as 33 sub-issues. One of the core subjects concerns Labor Practices, which includes sub-topics covering safety and health-related issues, such as labor standards, occupational safety and health, and stakeholder engagement to enhance health and safety practices. Our assessment of safety and health related risks for investment projects does not simply end at the initial investment. We conduct continuous management assessments and ensure that we monitor companies in our portfolio, ultimately to contribute to as much enhancement of business practices among investees as possible.

For more information, please see ESG Risk Assessment for New Business Investment Projects. (P138)

Combating Global Health Issues

ITOCHU Corporation has operations worldwide, with about 800 employees stationed overseas. As such, global health issues including HIV/AIDS, tuberculosis, and malaria, which are widely recognized as three of the deadliest infectious diseases today, are a major concern to our business, and we have implemented various initiatives in response.

With regards to our employees and their families, we conduct detailed preparatory seminars regarding safety and medical practices prior to overseas dispatch, including information on said global health issues. We also provide employees stationed abroad and their families with mandatory vaccinations aligned to the recommendations published by local governments. Vaccinations are administered by our Health Administration Center or a nearby travel clinic. Once dispatched, our employees and their families have access to specialized health care service companies that we partner with, which can provide information on local hospitals, details on how to avoid infection, and emergency treatment of illnesses.

In terms of community involvement, we have strived to enhance partnerships that can maximize our contribution to combatting global health issues. Since 2017, we are supporting Friends of the Global Fund, Japan (FGFJ) (<http://fgfj.jcie.or.jp/en/>) through our membership in the Japan Center for International Exchange (JCIE), which is responsible for the operation of FGFJ. We also work with Dole Philippines, one of our subsidiaries, to combat global health issues including HIV/AIDS, tuberculosis, and malaria, in the local communities. We will continue to expand initiatives in this area to fulfill our social responsibility as a global company.

Targets

Based on our policies regarding the management of occupational safety and health, ITOCHU Corporation aims to achieve zero workplace accidents and death incidents involving employees and contract employees* in FYE 2022 as well, and will work toward the following underlying targets.

* Contract employees are those who work in offices managed by ITOCHU

Issues to Address

Strengthening employee health (Please refer to "Initiatives for Health Management." (P114))

Commitment

We will promote the health of each employee and establish an environment in which they can more fully display their individual abilities. We will foment a climate of mutual support by establishing a support system that helps employees with cancer and long-term illnesses balance work and treatment.

Specific Approaches

- Continue 100% participation in medical checkups
- Maintain complete in-house infirmaries and a support structure for dedicated medical care for each employee
- Promote support measures for those living with cancer
- Offer a healthy menu in the employee cafeteria
- Promote programs to help people stop smoking
- Utilize health management web tools for employees and continue to provide special programs for employees at a high risk for lifestyle-related diseases

Success Indicators

- 100% participation in medical checkups in Japan
- FYE 2024: Rate of using health management sites (ITOCHU Health Navi and HSS) in Japan of 100%.
- FYE 2024: Specific health guidance consultation rate of 55%.
- FYE 2024: Rate of employees found to have a high level of stress in the stress check at 5% or lower.

Occupational Safety and Health Management

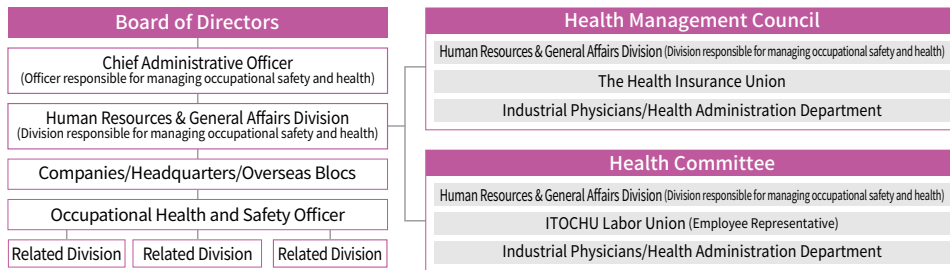
Structures and Systems

ITOCHU Corporation considers employees to be assets. One of the company’s vital responsibilities is to ensure health and safety in the workplace so that employees can reach their full potential. We have built a robust system led by the President & Chief Operating Officer, not just for incidents, accidents, disasters and other emergencies, but also health management. This ensures that both ITOCHU Corporation employees working around the world and their families stay healthy and safe.

To implement our corporate mission of being “*Sampo-yoshi*,” ITOCHU Corporation also discusses the content of efforts and the implementation situation of occupational health and safety with the ITOCHU Labor Union, which counts approximately 80% of employees as members. (see “Labor Union” (P97)). The Labor Union also collects opinions and identifications relating to health and safety in the workplace from employees. Including the content of those, recurrent, active discussion between labor and management makes both cognizant of the challenges facing the company and keeps them on the same page. This builds a healthy relationship that enables them to consider and implement measures for improvement.

Please refer to P114 for the number employees who have undergone training on health and safety standards.

■ Overview of Itochu Corporation’s Occupational Health and Safety Management Organization



We have a standard management and escalation procedure for all matters regarding occupational safety and health, both domestic and abroad. For each of our Companies, Headquarters, and Overseas Blocs, we have appointed an Occupational Health and Safety Officer, who is responsible for overseeing the execution of relevant initiatives. These Officers also serve as contact points to which workplace incidents and death incidents are reported to within their related divisions.

Officers are also expected to relay and escalate these reports to the head office’s Human Resources and General Affairs Division. This division identifies dangers in those reports and conducts surveys relating to accidents. It determines and executes corrective measures if necessary.

The Human Resources and General Affairs Division meets with industrial physicians about important matters relating to health (e.g., the infectious disease situation and preventative measures) and risks in working hours and working environments. The Health Committee then meets once a month to share information between labor and management.

With regards to Health Management related initiatives and concerns, we hold a monthly Health Management Council to share progress and any concerns or risks regarding occupational health and safety.

Any critical issues identified in the Health Committee or the Health Management Council are escalated via the Human Resources and General Affairs Division to the Chief Administrative Officer (CAO), who holds

the highest level of responsibility regarding health and safety. The CAO is responsible for reporting highly important issues to the Board of Directors and the Chairman & CEO. Matters that are not urgent are reported to the Board of Directors once a year, through the same reporting process.

In addition, we submit reports relating on health management and labor health and safety to the Board of Directors every year. We improve our initiatives relating to occupational health and safety based on instructions with respect to health management and occupational health and safety reports from the Board of Directors and operational issues identified by the Health Committee.

Operation of Occupational Safety and Health Management based on the EHS Guidelines

The Metals & Minerals Company has established and is operating Environment, Health and Occupational Safety (EHS) Guidelines for its metal and mineral, coal and uranium mining businesses. EHS guidelines supports us to work on sustainable mining development leading to the stable supply of resources.

It is our obligation to avoid and reduce the EHS risks such as environmental pollution, health hazards of workers and operational accidents caused by our business activities (e.g., exploration, development and production). To that end, we have prepared EHS guidelines as technical reference documents summarizing the EHS issues and recommendations for risk management. For throughout implementation of the guidelines, we also utilize checklists available in Japanese and English.

EHS Guidelines apply to new investments, as well as projects in which we are already participating. We communicate intensively with our partners for consultation and improvement on resource development with greater consideration for the environment and safety. In FYE 2021, we performed checks on one new project, five existing projects and one other resource-related project. We then set items requiring follow-up.

We have prepared guidelines in line with global standards such as the International Finance Corporation (IFC) and standardized processes with checklists. Meanwhile, we continuously review the processes so that we can operate the guidelines flexibly to suit the individual risks of each project.

First of all, it is important that organization members have an awareness of EHS compliance. Accordingly, we aim to thoroughly spread information by conducting awareness activities using concrete examples every year. We held internal training courses for supervisors and company employees belonging to sections engaged in resource development in FYE 2021. The attendance rate of those subject to this training was 100%.

Health Administration Center

The Health Administration Center serves as the clinic for our headquarters in Tokyo and employs a total of 20 medical specialists, as well as x-ray technicians and pharmacists. For more than 30 years public health nurses have acted as “border-less medical concierges” who provide individual health guidance customized to the situation of every employee, both in Japan and overseas. This is based on close cooperation with medical specialists for various lifestyle-related diseases. In this way, the center supports ITOCHU Corporation health management through individual health management for each employee.

Specifically, in addition to the specialized disease management mentioned above, the office provides general practice medicine (internal medicine, orthopedic surgery, psychiatry and dentistry), checkups (regular medical checkups, half-day complete checkups, and medical checkups for employees traveling overseas or returning from abroad on a temporary or permanent basis), various vaccinations, and examinations. It also offers medical counseling and provides information. In recent years, almost 100% of our workers in Japan receive regular medical checkups every year.

Occupational Safety and Health Management

Mental Health

Concerning mental health, we have set up a stress management room in the company and offer counseling by a clinical psychologist. Employees can also seek counseling from a company physician or see a psychiatrist in-house. Our Health Insurance Union has set up a health consultation website called “Health & Mind Online” that enables employees to seek consultations by phone or over the net. On December 1, 2015, the Industrial Safety and Health Act was revised to require businesses to conduct employee stress checks once per year. ITOCHU Corporation’s Health Administration Center took the lead in trialing stress checks a year early in October 2015. These were then introduced on a full-scale basis in FYE 2017.

Safety Measures for Employees on Travel or Stationed Overseas

ITOCHU Corporation operates worldwide with roughly 800 employees stationed overseas. Prior to the global spread of COVID-19, we also sent as many as ten thousand people a year on overseas business travel and worked to offer health management to overseas staff. Since close communication between overseas locations and Japan is vital to overseas security management, we have stationed overseas safety specialists at our headquarters. They regularly exchange information about politics, economics, public safety and other factors with personnel and general affairs representatives assigned to each of the eight blocs worldwide. They then disseminate appropriate measures internally and to group companies. We have also been taking measures to ensure the safety of employees through a meticulous response since the spread of COVID-19. For example, we have been obtaining information on the local medical environment – especially the local infection situation and the number of hospital beds – and also the operating status of international flights. We have also established a system to cover regions where information is more difficult to obtain through contracts with international security consultant firms.

Measures to Address Medical Issues and Prevent Infectious Diseases

Prior to being dispatched, all employees stationed abroad are required to undergo mandatory vaccination in line with governmental recommendations for each international region/country. ITOCHU’s Health Administration Center provides employees with vaccination services – in case specific vaccinations are not available, we direct our employees to nearby clinics that specialize in vaccinations. All vaccination costs are also covered by the company. Moreover, we provide both the employees and their families with thorough preparatory seminars on health and safety matters regarding the countries they are assigned to. Global health issues such as HIV/AIDS, tuberculosis, and malaria are especially crucial for certain countries. Therefore, we ensure that the preparatory seminars cover these issues, and also provide follow-up seminars following their return to Japan.

Once our employees and their families arrive in their assigned countries, we provide medical support in various ways, such as partnering with a specialized health care service company (International SOS (<https://www.internationalsos.com/>), Emergency Assistance Japan (<https://emergency.co.jp/english/>)), to provide information on any potential issues that may occur, information on how to address and manage health emergencies, and support during emergencies, such as those that require emergency transportation.

Basic Health Management Support

- **Concierge Without Borders:** This is a service that we provide to employees and their families to support them in addressing chronic conditions. Employees and their families can reach out via e-mail or phone call to occupational health nurses supported by specialized physicians, and receive advice on health-related issues as necessary.
- **Introduction of Local Medical Facilities:** We are able to introduce reliable local medical facilities in the countries we operate in, where employees can receive necessary medical services.
- **Routine Health Checkups:** In addition to pre-dispatch comprehensive medical examinations, we provide employees and their families with annual health checkups. These checkups can either be conducted upon short-term return to Japan, or in the countries where they are stationed in – including surrounding countries.
- **SECOM Furusato Care Service:** We provide support for our employees’ elderly family members living in Japan. Our support covers a medical care system run by SECOM, which can be accessed year-round, at any time of day. The service allows for elderly family members to receive phone-based health support from a specialized nurse center.
- **Provision of a Fitness App:** We provide an app for smartphones and tablets to allow employees and their family members stationed overseas all around the world to enjoy exercising while listing to audio guides and popular music. Many cities have implemented restrictions on going out due to the spread of COVID-19. Against this background, the provision of this app has led to solving the issues of a lack of exercise and stress for those stationed overseas.

Health-Related Emergency Support

- **International SOS, Emergency Assistance Japan:** This is a service that we provide employees and their families to support them in addressing acute medical conditions. The service provides access to a multi-language call-center where users can inquire about any local issues regarding safety, including terrorism, social disturbances, and medical concerns. Additionally, if our employees or their family members encounter any emergency such as injuries or acute medical conditions, they can access International SOS to request relevant support, which includes arrangements for appropriate transportation, accompanying doctors and nurses, as well as access to medical institutions that are equipped to address the emergency.

Addressing Health and Disease Related Issues in Local Communities

ITOCHU Corporation engages in community investment in the Philippines to address global health concerns. This is conducted mainly through the Mahintana Foundation Inc. (MFI), an NGO that was developed by the Dolefil* SR Division of Dole Philippines, one of ITOCHU’s subsidiaries. Along with MFI and local municipalities, ITOCHU has engaged in comprehensive development initiatives for over 40 years, including the creation of industries and labor markets, environmental conservation and reforestation, education, provision for basic needs, enhancement of employee benefits, and health and safety. Specifically regarding health and safety, global health concerns such as HIV/AIDS, tuberculosis, and malaria are particularly crucial, and we have implemented the initiatives listed below to prevent outbreaks of infectious diseases among employees and the local community:

* Dole Philippines’s Pineapple Division

Social Issues	Initiatives
Infectious Diseases	Vaccinations, education and training for dengue fever prevention, disseminating insecticide-treated nets (ITNs), extermination of insects, and promotion of vitamin A consumption
Healthcare	Promotion of vitamin A consumption, provision for pregnancy support, dental services, and education and training on adolescent health issues

Regarding malaria, the positive impacts of these prevention initiatives are continuing to spread, with an increasing number of surrounding regions reporting to be free of malaria infections.

Occupational Safety and Health Management

Occupational Health and Safety Data

Safety initiatives in Japan incorporate countermeasures against large-scale disasters like earthquakes. These include creating a business continuity plan, preparing disaster supplies such as drinking water, food, and toilets, conducting emergency drills, and training employees to use our safety confirmation service. We encourage employees to prepare for large-scale disasters by making sure they have a way to contact their families in the event of an emergency, keeping a pair of comfortable walking shoes at work, and being sure they know their way home on foot.

Occupational Health and Safety Data (Non-Consolidated Employees *1) ★ (Unit: People)

	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	Full-time Employees	Part-time Employees	Full-time Employees	Part-time Employees	Full-time Employees	Part-time Employees	Full-time Employees	Part-time Employees
Number who Suffered from Occupational Accidents (Number which Occurred During Commute)*2	7(5)	1(1)	4(2)	0(0)	9(8)	0(0)	4(3)	1(1)
Number of Fatalities	0	0	0	0	0	0	0	0
OIFR (Occupational Illness Frequency Rate)*3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number who Suffered Lost Time Incidents (LTI)*4	0	0	0	0	0	0	1	0
LTIFR (Lost Time Injury Frequency Rate)*5	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.00

*1 Employees targeted: Full-time employees — career-track employees, clerical employees, those in special positions and employees temporarily assigned to us Part-time employee — contract employees

*2 Number who suffered from occupational accidents: The total number of those who suffered from of occupational accidents or non-LTI due to their work and those injured during their commute.

*3 OIFR: The rate of incidence of lost-time accidents corresponding to disease per million hours (calculated as the number of people suffering from LTI due to illness divided by the total number of working hours times 1 million)

*4 Lost time incidents (LTI) are situations in which a work-related injury or illness causes the victim to be absent from work on the following day. (occupational accidents)

*5 LTIFR: The rate of occurrence of incidents that caused employees to miss work per million working hours (calculated as the number of sufferers of LTI divided by the total number of working hours times 1 million)

Performance Benchmarking Against Industry Average (Wholesalers and Retailers with Over 100 Employees)

	2017	2018	2019	2020
Lost-time Incident Rate	1.94	2.08	2.09	2.27

* The data above references the Ministry of Health, Labor and Welfare's 2020 Research on Work-related Accident Trends

Total Number of Participants in Training Related to Health and Safety Standards (Non-Consolidated Employees)★

	FYE 2018	FYE 2019	FYE 2020	FYE 2021
General Training Covering Health and Safety Standards *1	3,410	3,543	3,629	1,447
Human Resources-led Training Covering Health and Safety Standards *2	61	48	453	74

*1 Training new recruits (career-track employees and clerical employees), managerial workshops, training for newly appointed section managers, evacuation drills at the Tokyo headquarters, and hands-on training for overseas safety measures.

*2 Career vision training (including mindfulness classes and mental health management).

FYE 2021 Number of Employees that Received Our Main Health and Safety-related Trainings (Unit: People)

Type of Training	Training Details	Number of Employee Attendees
Training New Recruits	Employees newly joining ITOCHU are informed on the importance of health for their personal life and their career. The training includes information on mental health and lifestyle-related diseases. Employees are also educated on the company's health and safety management by our occupational physician and our clinical psychologist.	120
Managerial Workshop on Building a Healthy Workplace	This workshop is for all employees in management positions to educate and train them on building a healthy work environment. Training topics include how to manage the mental wellbeing of employees, and how to prevent and address cases of harassment.	341
New Manager Training on Health Management	For newly promoted junior managers, industrial physicians and clinical psychologists provide training on how to guide and manage the health and safety of subordinates through case-studies. The training also provides guidance on how to maintain one's own health once promoted to their new positions.	65
Training in Preparation for Overseas Assignments or Junior Overseas Training	The training is mainly conducted by our occupational physician, and covers health issues that are likely to occur in relevant countries, as well as crucial differences in medical environments and lifestyles between Japan and assigned countries. The training also covers necessary preparations that are recommended prior to dispatch, and information on how to receive health checkups during their assignment. We also provide the same training for the family members of our employees, and provide information on key contact points and resources in case of emergencies.	213

★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. (P183)

Initiatives for Health Management

The relevant laws and ordinances (e.g., the Industrial Safety and Health Act and Health Promotion Act) form the basic premise of all our initiatives. We comply with laws and ordinances – from the implementation of regular medical checkups and stress checks to the protection of personal information. In FYE 2017, we began to work on health management in earnest. This entailed promoting a range of measures to improve employee health, based on the ITOCHU Health Charter (established in June 2016). These include the introduction of ITOCHU Health Navi (Health Management System), which allows all employees to manage their health status, individual programs for employees with a high risk of lifestyle-related disease (offering expert advice on health and diet), and better support for those trying to quit smoking (reimbursing medical costs involved in quitting). And in April 2018, we opened a health-focused integrated dormitory for unmarried employees. We are aiming to raise the health awareness of each employee with the ITOCHU Health Navi (Health Management System) we introduced in February 2021. This system allows all employees to view medical checkup results via a PC or smartphone and permits centralized management of lifestyle data, such as the number of steps walked that day, weight, blood pressure and medical checkup results. We also launched a personal guidance program for young employees with a high potential risk of lifestyle-related diseases. Participants receive wearable devices which collect data on exercise and sleep, and manage data on diet as well. This enables them to receive daily diet and exercise instructions online from a health coach and national registered dietitian. Up until FYE 2020, more than 450 people have taken advantage of the opportunity and made progress under the program.

Our Health Insurance Union operates two recreation centers in Japan, and implements initiatives which include cooperating with the Health Administration Center to fully cover the cost of treatment that helps employees stop smoking.

Moreover, in August 2017 we began to lead the way in Japan with company initiatives to support balancing cancer care and work from the three perspectives of prevention, treatment, and coexistence. We are striving to create a workplace in which all employees, regardless of whether they suffer from cancer or long-term illness, can continue to work without concern toward their fullest potential, all the while maintaining motivation and finding meaning in their work.

Occupational Safety and Health Management

Policies for Living with Cancer

In August 2017, we began to implement measures to support balancing cancer treatment and work in accordance with the ideas behind the ITOCHU Health Charter enacted in June 2016.

It is said that, today, one in two Japanese will develop cancer at some time in their life. Every year, 1,000,000 individuals are diagnosed with cancer, with working-age adults accounting for 30%. Cancer typically requires a certain period of intensive treatment, followed by careful, long-term follow-up care. At ITOCHU, some employees continue to work while fighting cancer, and some have succumbed to the struggle. We believe that providing a work environment where employees may continue to work without fear, and without giving in to cancer, leads to positive work on the part of the employees and energizes the organization. So we have decided to keep the following three perspectives in mind as we implement this measure.

- Establish an environment in which employees can seek counsel and share information without concern
- Strengthen the system that the entire organization uses to support prevention, early detection, and treatment of cancer
- Establish internal systems and programs which permit employees to continue to work and play active roles while they receive treatment

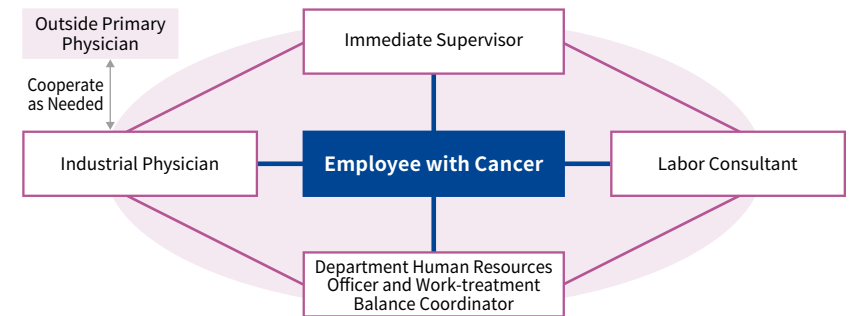
We are newly promoting the following policies as support to balance cancer care and work from the three perspectives of prevention, treatment and coexistence. This is in addition to developing a support structure for long-term illnesses that includes the health management structure we have enhanced up to now, high-cost medical expense subsidies, and a flexible work and holiday system.

- Cooperate with National Cancer Center
 - Prevention: To improve the rate of early detection, we have added special cancer examinations under the supervision of cancer specialists to our regular medical checkup.
 - Treatment: If an exam comes back positive, we refer the employee to the National Cancer Center for detailed examination. If cancer is detected, we immediately coordinate with specialists from the National Cancer Center to arranged state-of-the-art treatment.
- Establish a system that offers support for balancing work with cancer treatment (See the figure below.)
 - Assign a coordinator who supports balancing work with cancer treatment, and foster a system and climate in which other employees, including the head of the organization, can help the employee with cancer to balance treatment and work. After receiving the initial report, formulate a plan to support balancing treatment and work which follows a prescribed flow that is dictated by the individual patient's condition.
 - Create a handbook explaining how to support balancing treatment and work, and establish a leave system that allows such support to be provided.
 - We assess the content of work-life balance support plans as individual performance goals (management by objectives) under the purpose of assisting the implementation of these plans.
- Enhance financial support for advanced cancer treatment
 - The company purchases a blanket policy to provide financial support to employees who receive advanced medical treatment not covered by insurance.

- Expanded scholarships and job search support for the bereaved family
 - Increase the amount of scholarship money paid to bereaved children through graduate school by roughly two to three times what it had been previously.
 - If a bereaved child or spouse desires to work for the ITOCHU Group, every initiative will be made to find a place for them within the Group.

By promoting these measures, we hope to create a workplace in which all employees, regardless of whether they suffer from disease, can continue to work as much as they like without concern, and reach their fullest potential. We aim to build a working environment where employees are able to maintain their motivation while finding a sense of worth in their work.

■ ITOCHU Corporation Support System for Balancing Work and Cancer Treatment



Application to Group Companies

Due to our consolidated management, our initiatives with regards to occupational health and safety, and safety management, cover not only our employees (including contract employees) but also those of our group companies.

Specifically, Group companies also conduct things like stress checks, safety initiatives in Japan, information on safety measures overseas, collaboration with overseas security and medical service companies, and seminars prior to overseas assignments. Group companies are increasingly adopting a morning-focused work style, and the group overall is striving to reduce the total number of working hours and promote employee health. In addition, we are working to strengthen the labor management of the overall ITOCHU Group by regularly conducting workshops that hone the knowledge and expertise of our personnel, and assessments of labor and human resources.

Occupational Safety and Health Management

Details of Personnel and Labor Support Provided to Group Companies in FYE 2021

1. Labor management case study workshops

These workshops focus on case studies that highlight possible labor management cases including mental health problems and working hours management. Participants gain specialized knowledge and learn how to handle these types of problems. FYE 2021, 30 participants from 29 companies (November to February).

2. ITOCHU Group Human Resources and General Affairs Liaison Council

This council aims to allow those in charge of human resources and general affairs from our Group companies to exchange information and strengthen relationships. Activities include discussing the latest trends in human resources and general affairs, sharing information about ITOCHU Corporation measures and support situation, and updating one another about the content of revisions to laws. FYE 2021, conducted on 176 companies - a record high - with video streaming.

3. Human resources and labor management assessments

These are health assessments aimed at checking whether rules, systems, and management related to overall personnel and labor affairs are operated in an appropriate manner. These include labor contracts, internal rules, occupational health and safety, and time management. We conducted assessment of 5 companies in FYE 2021.

4. ITOCHU Group Human Resources and Labor Management Portal Site

We provide a portal site to share the regulations and expertise of ITOCHU with group companies. The aim of this site is to strengthen the human resources and labor management in group companies. We updated the site in FYE 2021 with 181 companies registered to it.

External Appraisal/Assessment

In FYE 2016 ITOCHU Corporation obtained the highest rank in the Development Bank of Japan (DBJ) Health Management Rating System for the first time as a general trading company. We were also selected as a Health and Productivity Stock for two years in a row in 2016 and 2017 in the health and productivity management program jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

We succeeded in these areas thanks to positioning work-style reforms and Health and Productivity Management as important management strategies. We introduced a morning-focused working system ahead of other companies, and cooperated with industrial physicians and the Health Insurance Union to promoted aggressive measures for improving health throughout company.

In FYE 2018 ITOCHU received the Minister of Health, Labour and Welfare Prize during the 2017 Award for Companies Promoting Cancer Control in the Action Plan for Promotion of Cancer Control, which is sponsored by the Ministry of Health, Labour and Welfare. The award was granted in recognition of our Support Measures for Balancing Cancer Care and Work, which began in FYE 2018. We also won an award of excellence, during the Tokyo Metropolitan Government awards commending companies that implement excellent initiatives to help cancer patients balance cancer treatment and work.

Our Balancing Cancer Care and Work Support System was acknowledged in FYE 2019. We received the Award of Excellence in the Corporate Human Resources category at the Nihon no Jinjibu HR Awards 2018. The Nihon no Jinjibu HR Awards are awards that honor innovators in fields such as human resources, personnel development and labor management. We also received the Gold Award at the 1st gan-ally-bu Awards. The gan-ally-bu Awards are awards aiming for workplaces and a society where it is possible to work actively while receiving cancer care.



Health and Productivity Stock 2016-2017
Selects companies engaged in strategically carrying out initiatives with regard to employee health from a management perspective (Selected February 2017 / Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE))

* First general trading company to be selected two years in a row



Award for Companies Promoting Cancer Control in the Action Plan for Promotion of Cancer Control, sponsored by the Ministry of Health, Labour and Welfare

This program recognizes companies that are proactive in taking cancer control measures and which are engaged in comprehensive, advanced cancer control measures. (Selected in February 2018 / Ministry of Health, Labour and Welfare)



Tokyo Metropolitan Government award commending companies which implement superior initiatives to help cancer patients balance cancer treatment and work

This program recognizes companies that implement superior initiative to help employees with cancer balance treatment with work. (Selected in February 2018 / Tokyo Metropolitan Government)

The Best Practice Enterprise

These awards are held once a year to select just one company in each prefecture as The Best Practice Enterprise that is working proactively to reduce long working hours as a part of the overwork elimination campaign. (November 2017 / Tokyo Labor Bureau)



Nihon no Jinjibu HR Awards 2018

Award of Excellence in the Corporate Human Resources Category
This is an award system that honors innovators in fields such as human resources, personnel development and labor management. (November 2018)










1st gan-ally-bu Awards

These awards were established to realize workplaces and a society where it is possible for cancer patients to work actively while receiving care. They were established by the gan-ally-bu private sector project working on the problem of cancer and employment in which employees work while receiving cancer care. (October 2018)

Respect and Consideration for Human Rights

Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> Business delay or business continuity risk resulting from the occurrence of a human rights problem in business activities that expands (geographically). Decline in credibility that may result from defects in the social infrastructure services we provide. 	<ul style="list-style-type: none"> Stabilization of business or securing of excellent human resources resulting from harmonious coexistence with local communities. Establishment of safe, stable supply system for product enabled by the consideration of human rights and improvement of work environment in the supply chain.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company							
Respect Human Rights	 	Establishing a supply chain reflecting consideration for human rights and the environment	Textile products in general	We will promote dealings with companies which respect human rights and which engage in environmental management throughout their entire supply chains.	Strive to understand at an early stage the human rights, social and environmental risks in supply chains by continually conducting surveys on major suppliers.	Conduct on-site visit surveys and questionnaires at more than 50 major suppliers a year on an ongoing basis.	We conducted surveys and questionnaires on a total of 57 companies mainly in regions where the risk of COVID-19 had been lowered at an early stage (e.g., China and Vietnam) in light of the global pandemic in FYE 2021.
Machinery Company							
Respect Human Rights		Establishing a supply chain reflecting consideration for human rights and the environment	Overall electric power and plant projects	We will contribute to improving the quality of life of all stakeholders in the supply chain and business investment destinations.	Set rules on due diligence related to social and business environmental safety for suppliers and business investment destinations based on the distinctive characteristics of each business, implement due diligence, and strengthen monitoring continuously.	FYE 2020: Aim to implement the due diligence described on the left in all new development projects.	We continue operations to check the core subjects in the guidelines on social responsibility using the company-wide ESG checklist in all development projects where we are investing for the first time. We conduct due diligence on individual development projects to check their social and environmental safety based on the unique characteristics of each business prior to investment.
Metals & Minerals Company							
Respect Human Rights	 	Sustainable mine development that pays continuous careful attention to the risks in occupational safety and health and environmental risks, and that contributes to local communities' well-being	Mining business	<ul style="list-style-type: none"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. <ul style="list-style-type: none"> EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and new mining business: 100%. Donations to medical care and education, and building infrastructure in local communities. <ul style="list-style-type: none"> Carry out CSR activities in all projects in which we participate (100%). 	<ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in.
Food Company							
Respect Human Rights	 	Establishing a supply chain reflecting consideration for human rights and the environment	Provisions field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	<ul style="list-style-type: none"> We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries. We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy. Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy. Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information. <p>2030</p> <ul style="list-style-type: none"> Coffee beans: Aim for a 50% switch to sustainable coffee beans. Cacao beans: Aim for a 100% switch to sustainable coffee beans. Aim for a 100% switch to sustainable palm oil. 	<ul style="list-style-type: none"> We have decided coffee bean and cacao bean procurement policies. Under these policies, we are promoting efforts to increase sustainability in producing areas. We are purchasing palm oil based on our procurement policy for it. We announce our progress on the rate of certified oil we handle in our palm oil procurement. We perform human rights due diligence on our coffee bean and palm oil supply chains. We announce the results on our website.
			Fresh food field	We will contribute to increased employment and an improved living environment by fostering local industries.	We will diversify producing areas to disperse weather risks in our Dole business. In addition, we will develop new producing areas to expand employment and improve the living environment through the growth of local industries.	<ul style="list-style-type: none"> Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines. Start the commercial production and export of pineapple processed foods in Sierra Leone. 	<ul style="list-style-type: none"> We are promoting an expansion in the planted area of pineapple plantations and the construction of processing factories. We are employing workers locally to operate our pineapple plantations.

Respect and Consideration for Human Rights

Policy and Basic Concept

The ITOCHU Group Human Rights Policy

The ITOCHU Group has adopted the “ITOCHU Group Human Rights Policy” (hereinafter “the Policy”), drafted based on our Corporate Mission, Guideline of Conduct, Code of Ethical Conduct, and The ITOCHU Group Sustainability Policy. This Policy iterates our commitment to respect the human rights of our stakeholders and address negative impacts that may arise from our business activities.

1. Policy Scope and Our Expectations Toward Business Partners

This Policy applies to all worldwide executives and employees of the ITOCHU Group, including contractors and temporary employees. The ITOCHU Group also expects business partners and other relevant stakeholders to comply with this Policy.

2. Endorsement of International Agreement

The ITOCHU Group supports international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which we have been a signatory to since 2009. We will also implement measures aligning to the United Nations Guiding Principles on Business and Human Rights.

3. Legal Compliance and Respect for Internationally Recognized Human Rights

The ITOCHU Group will comply with the laws and regulations in the respective countries and regions where we perform our business activities in addition to Japan. If there is a contradiction between internationally recognized human rights and the laws and ordinances of a country or region, we will pursue a method to maximize respect for international human rights principles.

4. Management Approach

The ITOCHU Group will build structures to realize this Policy. The Sustainability Officer will bear the responsibility to oversee the compliance and implementation situation of this Policy.

5. Human Rights Due Diligence

Based on the United Nations Guiding Principles on Business and Human Rights, the ITOCHU Group will implement human rights due diligence in order to identify, prevent and mitigate negative impacts on human rights and fulfill our commitment to accountability.

6. Remedy and Rectification

If the business activities of the ITOCHU Group induce a negative impact on human rights or if involvement in such becomes clear, we will strive to remedy and rectify that through appropriate procedures and dialogue.

7. Dialogue and Consultations

The ITOCHU Group will leverage external human rights expertise in its implementation of human rights due diligence and will engage in dialogues and consultations with our stakeholders – especially those potentially subject to adverse impacts from our business activities.

8. Education and Awareness

The ITOCHU Group will provide appropriate education to all executives and employees (including contractors and temporary employees) and strive to raise human rights awareness in order to incorporate and implement this Policy in our business activities.

9. Communication on this Policy and Our Relevant Initiatives

This Policy will be approved by senior executive in charge of sustainability and be reported to our Board of Directors and we will widely publish it to the public. We will also report on our human rights initiatives based on this Policy on the ITOCHU website and in our ESG Report.

April 2020

Fumihiko Kobayashi

Member of the Board

Executive Vice President

Chief Administrative Officer

Respect and Consideration for Human Rights

Individual Policy

Respect and consideration for human rights is an important issue for ITOCHU as we deploy our business activities in various regions around the world. ITOCHU also asks all our stakeholders to approve, understand and put into practice the human rights policy of ITOCHU in addition to education for employees to respond to this important issue.

Response to Modern Slavery and Human Trafficking

ITOCHU is committed to initiatives to ensure that there is no modern slavery or human trafficking in our supply chain and business activities. We are participating in the United Nations Global Compact. Together with this, we are reflecting the concept of the United Nations Guiding Principles on Business and Human Rights in our business activities. The existing principles of ITOCHU contain initiatives to ensure that modern slavery and human trafficking do not occur in our sales activities and supply chain across the world.

* Reference: Status of Initiatives at ITOCHU Europe PLC. (Slavery and Human Trafficking Statement) (<https://www.itochu.com/uk/en/sustainability/society/#ModernSlavery>)

Consideration for Foreigners

If foreign workers, interns and trainees are accepted in our supply chain, we pay full attention so that we comply with the labor related laws and ordinances in the country concerned and so that we do not commit acts contrary to the purpose of that acceptance system. We do this from the point of view of respect for human rights and relief because such people are liable to become the target of illegal acts due to their low social and economic status.

Respect for the Rights of Children

ITOCHU supports the United Nations Convention on the Rights of the Child and Children's Rights and Business Principles. We respect the four pillars of the United Nations Convention on the Rights of the Child - a child's right to life, development, protection and participation.

ITOCHU has adopted the development of the future generation as one part of our Basic Activity Guidelines on Social Contribution. We perform activities to support the healthy development of the young people who will be responsible for the future generation.

© Growth of Future Generations (<https://www.itochu.co.jp/en/csr/social/future/index.html>)

Security Company Appointment Concept

The United Nations adopted the Code of Conduct for Law Enforcement Officials in December 1979. This aims to ensure that member states thoroughly implement and promote the appropriate roles of law enforcement officials (e.g., the police and military authorities) and respect and protect the dignity of humans while carrying out their duties. ITOCHU supports the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials in which the United Nations has established the principles on the use of firearms by law enforcement officials under the above code of conduct. We select security companies according to the content of that.

Respect for the Rights of Indigenous People

We recognize that indigenous people have their own culture and history when we conduct business activities in regions where indigenous people live as part of our commitment to respect human rights. We respect and take into consideration the rights of indigenous people established in the laws of the countries and regions where we perform our business activities and international agreements (e.g., the Declaration on the Rights of Indigenous Peoples and the International Labour Organization (ILO) Convention 169). When examining new business investment projects, we also strictly enforce prior checks concerning the impact on the rights of indigenous people by that business.

Structures and Systems

ITOCHU promotes the formulation and implementation of action plans with respect and consideration for human rights serving as one of our key issues. Under the sustainability promotion structure, the person responsible for this issue is the Sustainability Officer while the Sustainability Management Division serves as the secretariat. The secretariat performs a review every year together with the persons responsible for ESG in each division. This content is deliberated on and reported to the Sustainability Committee. Important matters are also discussed and reported to the Board of Directors.

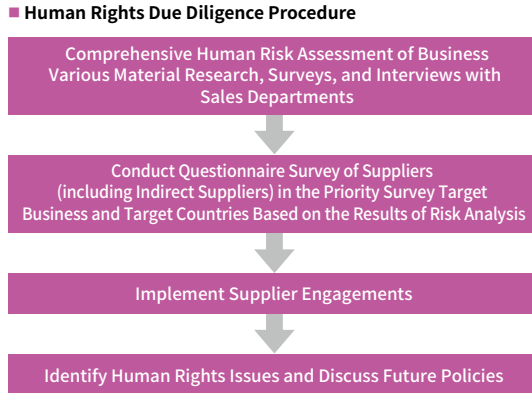
* Reference: Sustainability Promotion Structure Chart (P12)

Respect and Consideration for Human Rights

Human Rights Due Diligence

Initiatives

The ITOCHU Group is fulfilling our responsibility to respect human rights based on The ITOCHU Group Human Rights Policy we formulated in April 2019. Specifically, we identify and evaluate the negative impact from the corporate activities of the ITOCHU Group on human rights that may affect society. We then work to prevent and mitigate that through appropriate means. In addition, we disclose information on the progress and results of our action.



In FYE 2021, we started building human rights due diligence process in our Food Company that greatly contributes to maintaining a safe and stable lifeline for consumers. We plan to conduct human rights due diligence in all business areas in the coming years.

- Progress of Human Rights Due Diligence 2020 (https://www.itochu.co.jp/en/csr/pdf/human_rights_due_diligence_en_2020.pdf)

Meanwhile, in order to mitigate human rights and labor risks in the supply chain, we continuously conduct supply chain sustainability surveys to major business partners in all business areas every year. Please refer to P135 for our supply chain and sustainability survey.

New Business Investment Projects

For more details, please refer to “ESG Risk Assessment for New Business Investment Projects” (P138).

Existing Business

When entering into business with new suppliers, ITOCHU informs all applicable suppliers in advance of the Sustainability Action Guidelines for Supply Chains. If a matter in violation of the purpose of this policy is confirmed, we seek corrective measures from that supplier. At the same time, if it is judged that correction is difficult even though we have made continuous requests for correction, we deal with this under a stance of reviewing our business with that supplier.

We also perform due diligence with the seven core subjects of ISO26000 serving as the mandatory survey items (including modern slavery and human trafficking) when making new investments with major suppliers. We conduct additional due diligence with external specialist organizations for investment projects requiring a professional point of view.

Supply Chain Management

For more information see Sustainability in the Value Chain (P135).

Risk Assessments

We conduct risk assessment on human rights including modern slavery and human trafficking. We do this through group company fact-finding surveys in which we visit sites together with external experts as appropriate. This is in addition to our supplier surveys in due diligence. We have also established policies and responses for procurement by product in regards to products with a significant impact on society and the global environment. This is an attempt to reduce the risks in our supply chain.

* Reference: Human Rights Audits in the Poultry Industry in Thailand (P137)

Consultation Desk

Employee Consultation Desk

We have established an employee consultation desk called 7830 (Nayami Zero) to respond to worries and consultations from each individual employee. We have also posted the HR Help Guide Book on the Intranet and have widely informed employees about the consultation desk. This means we have established a structure in which it is possible for employees to consult with us.

「所属部署では相談しづらいこと」
相談窓口 03-XXXX-7830

私たちにご相談・お問い合わせ下さい！
身近な総合相談・所属の人総担当

HR Help Guide Book on the Intranet

Career Counseling Center

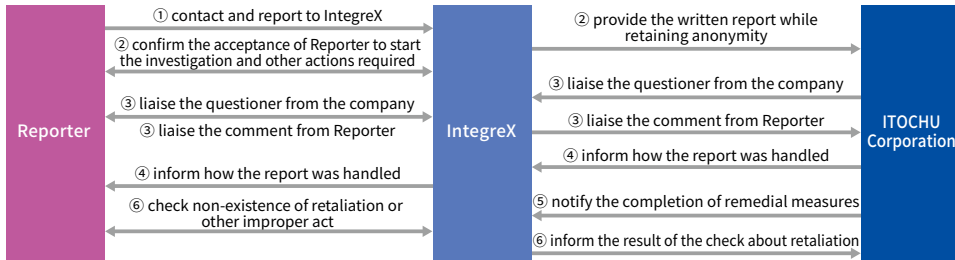
ITOCHU established our Career Counseling Center ahead of other companies. This office accepts workplace culture, human relations, treatment and harassment related consultations in addition to consultations on the careers of individuals by telephone, fax, e-mail and the post. Full-time career counselors deal with these consultations.

Respect and Consideration for Human Rights

Hotline

In addition to a direct hotline to those responsible for compliance in each division, we have also established multiple whistleblowing contacts both in Japan and overseas (including external whistleblowing contacts that utilize specialized company and external lawyers). We accept reports from employees who have an employment relationship with ITOCHU, those who have been dispatched to ITOCHU under a worker dispatch contract from a company that has entered into that contract with ITOCHU (temporary employees), and employees of group companies. It prohibits the unfavorable treatment (e.g., retaliation) of whistleblowers and allows whistleblowers to provide information anonymously.

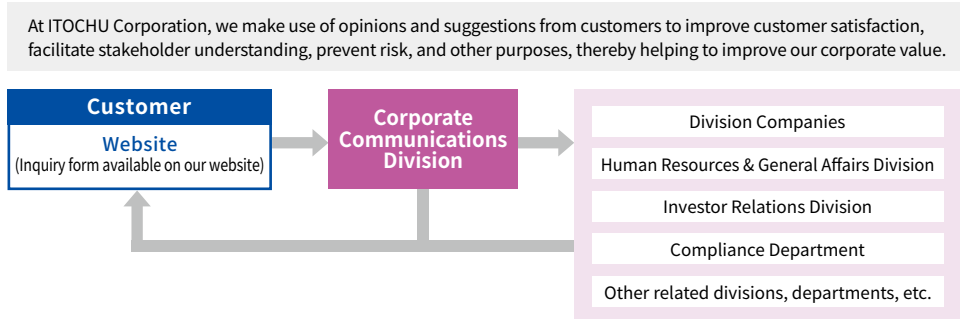
Flow When Received a Report by the Japanese External Report Reception Desk (IntegreX Inc.)



ITOCHU Corporation applied for recognition under the Whistleblowing Compliance Management System (Phase 1: self-declaration of conformity), which was newly introduced by the Consumer Affairs Agency of Japan. Our conformity with certification standards was confirmed and our registration was accepted as of April 10, 2019 (first to be registered in this system in Japan).

Consultation Desk for the General Public (including Stakeholders)

ITOCHU Corporation has established a system to accept opinions, proposals, and grievances and to accept inquiries from the general public and all our stakeholders, as described below.



• Inquiries (<https://www.itochu.co.jp/en/inquiry/index.html>)

Initiatives

Implementation of Fair Recruitment

Human resources are the greatest management resources for ITOCHU – a company deploying a variety of businesses globally. ITOCHU conducts activities to recruit those newly graduating from universities and graduate schools every year. The table below gives our recruitment record over the last three years. (Data of New-Graduates is for the last four years.)

Number of Hires by Gender and Adoption Rate for Mid-Career★

	Number of Hires by Gender (Unit:persons)							Adoption Rate for Mid-Career (Unit:%)
	New-Graduates			Mid-Career			Total	
	Male	Female	Total	Male	Female	Total		
FYE 2022*	80	36	116	—	—	—	116	—
FYE 2021	84	36	120	6	2	8	128	6
FYE 2020	98	31	129	4	6	10	139	7
FYE 2019	103	35	138	11	4	15	153	10

* The figures as of April 1st, 2021

We also offer internships (work experience workshop) every year separate to our recruitment activities. The aim of these internships is to provide support to university and graduate school students in forming their careers. We provide opportunities to deepen knowledge about the business of trading companies and about working in a trading company.

ITOCHU recruits employees chiefly on the basis of their personal character. We recruit employees fairly and impartially without concern for their age, gender, nationality or otherwise. We have provided human rights education with lecturers from the Tokyo Metropolitan Human Rights Promotion Center and have also reflected that content in our interviewer education. We have also established a watchdog system in which employees are selected and notified to serve as watchdogs to establish a fair recruitment screening system.

Respect and Consideration for Human Rights

Training Programs

We raise awareness about the relationship between our corporate activities and human rights in our various internal training programs. We develop the mind to respect human rights that should be possessed as an ITOCHU person in our new employee training. For example, we hold training to acquire consideration for nationality, age and gender (including sexual minorities such as LGBTs) from the basic concept of human rights and points of concern. We raise the problem of sexual harassment (including discriminatory behavior and harassment toward sexual orientation and gender identity) and abuse of authority in internal training aimed at organizational heads. We provide education and instruction for measures when harassment has actually occurred and when we have received reports of such. We strive to create an environment that does not allow harassment on a daily basis. Through these initiatives, we are aiming for a thorough understanding toward human rights. We are also striving to raise awareness in various regions by looking at consideration for human rights in our supply chain in pre-overseas assignment training. There were 1,027 participants in our human rights training in FYE 2021.

■ FYE 2021 Human Rights Training Record

(Unit:People)

	Number of Participants
Group ESG Managers Conference	70
New Employee Training	120
Organization Manager Workshop	341
Training for Newly Appointed Section Managers	65
Pre-overseas Appointment Training	213
Training for New Officers of Group Companies	93
Sustainability Survey Workshop	121

In addition to the above training, we provided opportunities to learn about business and human rights in the theme of “Are the SDGs Profitable?” with sustainability e-learning in FYE 2021. Please see the Sustainability Awareness Activities at ITOCHU page (P27) for more details.

Sustainability Seminars

We have continued to hold internal seminars since FYE 2008 on human rights issues. The aim of this is to adopt insight and opinions from those outside the company. We made business and human rights (in the supply chain) a theme in FYE 2019. We then looked at the fact consideration for human rights is becoming even more important as a trend in society surrounding sustainability in FYE 2020 and FYE 2021.

We are continuing to conduct awareness activities for business and human rights. The purpose of these is to learn about the latest trends concerning corporate activities and human rights problems and to make use of that in our business as a general trading company which deploys various businesses across the world and which plays an important role in the supply chain.

Seminar Details (P27).

Various Publications

We are endeavoring to raise awareness of human rights. The aim of this is to ensure that human rights violations do not occur in the workplace. We are doing this through various publications that we distribute to all our employees.

- We convey our basic concept on respect for human rights through The ITOCHU Group Code of Ethical Conduct and The ITOCHU Group Human Rights Policy to all our employees.
- We call on our employees not to induce human rights violations in business in our compliance handbook. We do this by establishing pages on respect for human rights and harassment with concrete examples.
- We have described checkpoints in a handbook on communication with our suppliers. This is so that those in charge of surveys can understand the actual state of the management of human rights and labor practices in suppliers even more clearly and so that they can then offer advice on making improvements. This ensures that the supply chain sustainability survey mechanism functions. At the same time, we utilize this in keeping our employees informed.

Respect and Consideration for Human Rights

Countermeasures Against Harassment

ITOCHU is raising awareness on the importance of making systems well-known and engaging in communication through organizational head training. We are doing this so that pregnant employees and employees persevering with their work while being engaged in childcare and nursing care can also contribute to their workplaces with a sense of their work being worthwhile. This is without employees in the workplace being subjected to abuse of authority or sexual harassment (including disadvantaging and harassing employees who are applicable to sexual minorities). Superiors encourage employees with restrictions due to balancing their work with childcare or nursing care to make use of the related systems appropriately. In addition to this, we are also ensuring employees are fully informed about the importance of reviewing work content, work division and work styles over the entire workplace. Furthermore, we have thoroughly established a workplace environment which does not allow discriminatory remarks relating to sexual orientation or gender identification and remarks made under unconscious assumptions of gender segregation. We have also established a desk to receive consultations from employees.

The following are clearly defined as prohibited acts in human rights violations under the work regulations: discrimination relating to work by race, gender, religion, creed, nationality, body, illness, age or any other irrational reason; sexual harassment (including discriminatory behavior and harassment relating to sexual orientation and gender identity); and workplace bullying. The regulations stipulate disciplinary action to be taken against such behavior.

Foreign Technical Intern Trainee Survey on Working Environment

ITOCHU Modopal, a subsidiary to ITOCHU under the Textile Company, conducted a survey on its domestic production contractors, which constitutes of 211 sewing factories. The survey inquired whether or not the contractors were employing foreign technical intern trainees, and if the contractor answered affirmatively, continued to ask how it manages legal compliance to labor standards and health and safety standards specifically regarding the foreign trainees. The latest survey results showed that there are no cases of non-compliance to relevant laws and regulations.

In order to facilitate the survey and enhance its results, ITOCHU's head office Sustainability Management Division held a seminar for sales representatives and production managers prior to sending out the questionnaire. The seminar, entitled "Sustainability Promotion and Foreign Technical Intern Trainees", aimed to enhance participants' understandings of human rights risks and how to mitigate them.

ITOCHU will continue to make Group-wide initiatives in identifying risks along the value chain that can potentially lead to human rights violations, and strive to uphold its commitment to respecting human rights.



Seminar on "Sustainability Promotion and Foreign Technical Intern Trainees"

Cooperation with Stakeholders

Participation in Workshops on Human Rights Issues

- Business and Human Rights Training: Effective Stakeholder Engagement
- Supply Chain Labor and Human Rights Audit (Practical) Training (Lloyds's Register Japan)
- Caux Round Table
- Human Rights Education Subcommittee (GCNJ)

Responsibilities to Customers

Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> Decline in credibility that would result from the occurrence of consumers and service users' safety or health issues. 	<ul style="list-style-type: none"> Increase in demand for food safety and security and health improvement.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company							
Contribute to Healthier and More Enriched Lifestyles		Promoting good health among people	Sales of Cutting-Edge medical devices and provision of medical services	We aim to improve quality of life by providing cutting-edge medical devices and advanced medical services in the field of medical care, where technologies are innovated rapidly.	Promote sales of advanced medical devices, such as MRI-guided radiation therapy systems, and the business of supporting the operation of designated regional cancer care hospitals.	Increase the penetration of advanced medical devices in Japan, such as MRI-guided radiation therapy systems.	<ul style="list-style-type: none"> The radiation therapy devices we have delivered to the National Cancer Center and Edogawa Hospital have already been used by those facilities to treat a cumulative total of 350 intractable cancer and other cancer patients. We have also completed the upgrade to new MRI-equipped radiation therapy equipment in Edogawa Hospital. The hospital has been operating it since January 2021. We are currently undertaking joint research with the National Cancer Center to establish a Japanese-standard treatment to improve the survival rate from pancreatic cancer and other cancers by utilizing the feature that the radiation therapy machines have of being able to safely emit radiation.
Energy & Chemicals Company							
Contribute to Healthier and More Enriched Lifestyles		Promoting good health among people	Pharmaceutical products	We will contribute to improve people's health and working environment through accelerating the development of pharmaceuticals and other products in fields with significant needs including cancer-related fields.	Actively promoting to support the development and marketing of new pharmaceutical and other products.	Aim to accelerate the deployment of pharmaceuticals on the market, obtain early approvals for new pharmaceutical and other products of which we are engaged in supporting the development and place them on the market.	<ul style="list-style-type: none"> We have expanded the sales areas of a non-absorptive liquid to protect against oral mucositis (a liquid that controls and relieves the pain of oral mucositis caused by chemotherapy or radiotherapy when treating diseases such as cancer) (since May 2018 in Japan, since July 2019 in China and since September 2020 in Korea). We have continued to sell a percutaneous absorption 5-HT3 receptor antagonist (therapeutic medication for nausea and vomiting during cancer treatment) in China (since March 2019). We have continued to sell a pain reliever in North America through group companies (since March 2018).
Food Company							
Contribute to Healthier and More Enriched Lifestyles		Supplying safe, secure food	Overall food-related businesses	We will select and concentrate on suppliers to stably procure safe, secure food.	We will aim to strengthen the food safety management structures in our suppliers. We will do this by persons with certifications/ qualifications related to the Food Safety Management System (FSMS) taking the central role in enhancing supplier audits and making requests for improvements.	Stably supply safe and secure food by enhancing the audits and guidance for suppliers mainly by the persons with certifications/ qualifications related to the Food Safety Management System (FSMS).	We are continuing to stably supply safe and secure food. We are achieving this by continuing to enhance the audits and guidance for suppliers mainly by the persons with certifications/ qualifications related to the Food Safety Management System (FSMS).
ICT & Financial Business Company							
Contribute to Healthier and More Enriched Lifestyles		Promoting good health among people	<ul style="list-style-type: none"> Support pharmaceutical development projects Preventative healthcare-related business 	We will provide value-added services for pharmaceuticals and medical sites, and will contribute to the improvement of people's quality of life (QOL) by utilizing cutting-edge ICT tools.	We will optimize healthcare utilizing medical data.	<ul style="list-style-type: none"> Realization of new services and business development relating to medical data. Expansion of existing business. Data volume of the number of people subject to health checkup, to reach 1.2 million by the end of FYE 2022. 	<ul style="list-style-type: none"> With the gaining interest to maintain and promote health among company employees, the number of people subject to health checkup data management has been steadily increasing (currently over 1 million). We have conducted investments in the following areas : SaaS for dispensing pharmacies, dentistry-related data, genomic data and pharmaceutical data. We will contribute to improve the quality of life with highly efficient operations by utilizing the aforementioned data.

Responsibilities to Customers

Policy and Basic Concept

ITOCHU, which engages in multifaceted corporate activities in a wide range of fields in various regions around the world, believes that meeting the expectations of society through our business activities will maintain sustainability and lead to further growth.

ITOCHU has limited direct access to consumers in much of our business due to our characteristics as a trading company. Nevertheless, we recognize the importance of quality and safety management. We fulfill our responsibilities to customers by promoting initiatives to ensure this concept penetrates into the value chain.

Product Safety

ITOCHU complies with our obligations as stipulated in safety related laws and ordinances for the products we handle. We are striving to ensure safety by formulating product safety manuals for each company based on our policy of providing even safer products with greater peace of mind to our customers. We will continue to work on providing safe products with peace of mind in the future. We will do this while promoting internal education, setting up departments responsible for product safety, establishing information transmission routes and reviewing our response in the event a product accident does occur. For related initiatives, please refer to “Sustainable Procurement: Policies and Initiatives by Product Type (P139)”.

Responsible Marketing

We engage in responsible advertising and marketing that fully takes into account our social responsibility. We do this under our Corporate Mission “*Sampo-yoshi*”, the ITOCHU Group Corporate Guideline of Conduct, “I am One with Infinite Missions,” and our Code of Ethic Conduct. We accept expectations and requests from society through two-way dialogue with stakeholders. We then put them into practice.

Advertising

We have unified the visual image of ITOCHU to improve and ensure the penetration of our brand image to customers. Internal regulations have been developed to advertise and perform publicity with the appropriate expressions, content and media. We also give due consideration to slander, discriminatory expressions, exaggerations and false representations, religious and political beliefs, the environment, third party privacy, personal information and intellectual property rights. This is done in accordance with our sustainability policy. We promote appropriate advertising and publicity initiatives by sharing knowledge on advertising and publicity activities through regular meeting for our group companies.

Marketing

We are thoroughly committed to creating content and expressions that do not cause misunderstanding and which do not infringe upon the rights, credibility and honor of others. This is done under relevant laws and ordinances, our internal regulations, various internal training programs and our company-wide compliance structure. We carry out responsible marketing activities by emphasizing dialogue with the various stakeholders around us in the diverse business activities we deploy on a global scale.

Individual Policy

Safety of Food Products

The Food Company is engaging in food safety management based on the following mission and activity guidelines.

Philosophy

FOR THE NEXT GENERATION

Mission

1. To contribute to the sound development of society while gaining strong trust from consumers
2. To provide health and happiness to people by realizing rich food lifestyles through the stable supply of safe food
3. To contribute to the interests of consumers, business partners, shareholders and employees through fair corporate activities

Activity Guidelines

The following serve as the concrete activity guidelines to achieve our basic philosophy and mission. We comply with laws and ordinances and the ITOCHU Group corporate mission and code of ethical conduct. We then thoroughly inform all relevant employees in the Food Company about these. Upon doing that, we engage in food safety management and fair business which form the basis of trust from consumers.

The Food Safety and Compliance Management Office gives instructions and guidance on the above in the Food Company Group.

Responsibilities to Customers

Responsible Food Business: Commitments and Policies

The ITOCHU Group aims to support people’s lives by providing various products and services. In doing so, we aim to ensure the best quality in our offerings by comprehensively managing the entire supply chain of our products and services, from the procurement of raw materials to the retailing of finished products. In keeping with this business approach, our Food Company consists of three divisions: the Provisions Division, the Fresh Food Division, and the Food Products Marketing & Distribution Division. The three divisions are designed to allow us to develop a value chain that caters to consumer needs, is ensured to add top-quality value, and seamlessly connects various processes, from the development of food resources, the supply of raw resources, production and processing, midstream distribution, and retail. Our Food Company synergizes these business aspects throughout the Japanese, Chinese, and greater Asian markets. At the same time, by continuously improving and refining our management and controls around food safety, we aim to become a leading company in the global food industry.

ITOCHU Group takes a market-oriented approach, incorporating the needs and expectations of the market and consumers as an integral part of our business model. Our food retailing business, which includes FamilyMart, is no exception. We first and foremost consider the needs of our customers, and based on key insights we draw from market and consumer trends, we build our strategy and approach. This allows us to build a value chain that adds value from the procurement and production of raw materials, to the development and manufacturing of products.

As for our food business, we identify the issues noted in the table below as material topics that especially require our careful management to provide safe and reliable food products. It is subsequently our policy to commit to addressing each of these issues.

Material Issue	Description	Management Approach
Reducing Negative Product Impact of Food Products on Customers	Ensuring the safety of imported food products, processed foods, and fresh food produces (E.G., pollution, abnormal prions, BSE, food additives, management of genetic modification issues)	<ul style="list-style-type: none"> Self-management system for food safety Assessments for supplier’s management systems in place to ensure food safety (factory inspections and audits)
Responsible Advertising, Marketing, and Promotion of Food Products	Provision of information regarding food allergies and additives.	<ul style="list-style-type: none"> Management rules for the registration of food labels Improvement initiatives regarding checks and verifications of food labels Training certified personnel regarding food labeling
Responsible Advertising, Marketing, and Promotion of Alcoholic Beverages	Provision of information regarding the prevention of drinking among minors and pregnant women	Internal education programs on the liquor tax law
Access to Better Nutrition	Providing nutritiously balanced solutions to the elderly	Cooperation with regional hospitals and nutritionist organizations

Improving Access to Better Nutrition

As part of its commitment to realize a high-value-adding business, one of our major concerns in the food business area is access to nutrition.

In developed countries, aging society is a pervasive issue. Elderly populations with unbalanced nutrition or lack of nutrition are increasing, straining medical budgets as well as caregivers. Furthermore, for conditions such as acute forms of diabetes and liver disease that require home care, there is a widespread need to secure nutrition balances that are healthy, nutritious, and prevent obesity.

At one of our subsidiaries, FamilyMart, we sell Medical Foods to home care patients that require dietary limitations due to conditions such as acute diabetes and liver diseases. Through our Medical Foods service, customers including those elderly can gain access to lunch deliveries that aim at the improvement of their nutrition. Furthermore, based on thorough consultation with certified nutritionists, we provide heal support products such as nutritious products that limit calorie and salt intake, health enhancement products that supplement the body with lactic acid bacteria and dietary fibers, and health enhancement products that limit the body’s intake of excessive sugar or salt.

Furthermore, we recognize that in developing countries, hunger and malnutrition are socially important issues caused by various elements including poverty. At ITOCHU Group, in order to take action in solving these issues we have implemented various initiatives. For example, we provide financial support to the World Food Programme (WFP) and working with Table for Two (TFT), which aims to alleviate the dietary inequality between developed and developing nations. In this way, we aim to provide high quality, nutritious food solutions to the children of developing countries.

Throughout the initiatives introduced above, we provide products and services and engage in community investment activities to support the nutrition and health of people in and out of Japan. We will commit to continuing these initiatives to enhance self-care, reduce medical expenditure, and provide healthy food options to children living in poverty, to contribute to solving issues of access to better nutrition among underprivileged groups.

Safety of Pharmaceuticals and Responsible Marketing

Pharmaceutical Quality and Safety

We contribute to the fulfillment of medical needs by delivering a stable supply of pharmaceutical raw materials and products at the level of quality required of pharmaceuticals. Additionally, we will satisfy latent medical needs by working on clinical development in new drug development to enable treatment of heretofore difficult-to-treat diseases. Our main market is Asia, including Japan, but we will also work on procurement and sales in Europe and the United States. We ensure safety in product supply and clinical development in accordance with Pharmaceuticals and Medical Devices Act.

Pharmaceutical Ads and Labels

Final pharmaceutical products are sold only to licensed companies. We do not engage in advertising. We are taking necessary measures to ensure appropriate product labeling throughout the manufacturing and deployment process in legal compliance with the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices.

Responsibilities to Customers

Structures and Systems

Quality Management

With the diversification of dietary habits, the globalization of food distribution, and a growing awareness regarding health issues, consumers are increasingly paying attention to the safety and security of their food. At the same time, there have been cases of incidents and problems threatening food safety, such as those regarding Bovine Spongiform Encephalopathy (BSE), residual pesticides, and the distribution of foods using unauthorized additives. Our Food Company addresses these concerns and ensures measures are taken to prevent issues by establishing a quality control system overseen by its Food Safety and Compliance Management Office. The Food Quality and Compliance Management Team is responsible for addressing the following issues:

1. Facilitation of the Food Company and their respective domestic and overseas subsidiaries in their initiatives to design a food safety self-management system.
2. Management of the labeling, safety, and trade-related issues of our food products.
3. Provision of education and training to employees regarding food safety.
4. Provision of training to members of our food safety management team in China.
5. Enhancement of the food safety management audits and subsequent corrective guidance for subsidiaries and supplier factories.

In addition to the above, the Team is responsible for the management of compliance, trade and logistics, and environmental activities.

Supplier Management Audits for our Food Business

Due Diligence for New Suppliers

When the Food Company conducts business with a new business partner, the Company is required to assess the potential supplier's management level of the manufacturing process, and whether it has received certification from well-recognized institutions such as the ISO22000. In doing so, we use an internal assessment criteria that is designed to evaluate practices around food safety management.

Securing the Safety of Food through Regular Audits of Overseas Suppliers

ITOCHU established the Food Safety Management Office (now: Food Safety and Compliance Management Office) in the Food Company in FYE 2003. We are taking wide-ranging measures to ensure safety in the food business. As part of this, we have been conducting regular visits and audits of the food processing factories of overseas suppliers for imported food since FYE 2012.

The sales department is responsible for appointing an employee, local staff, or group subsidiary employee to perform site visits and audit the safety management system at least once a year. The frequency and timing as well as the specific sites subject to audits are agreed upon with the local factory, with consideration given to specific circumstances as the supplier's local laws, management capability, product, and hygiene-related risks associated to the manufacturing process.

Auditors are required to reference a Plant Audit Check Sheet that we have originally devised, which incorporates elements of well-known international food safety standards such as Codex HACCP, ISO22000,

and FSSC22000. Any points of improvement identified through the checklist are appropriately addressed, and necessary corrective measures are ensured to be communicated. In addition to the above, we set up a new China Food Safety Management Team in Beijing in January 2015. The aim of this is to strengthen the safety management of food imported from China in particular. We have been dispatching a member of our Japanese staff with a wealth of practical experience in factory audits (IRCA* ISO22000 lead auditor) as a trainer. Through this, we have been building a management structure at a comparable level to that required in Japan. In addition to regular audits by Chinese supervisors, we are increasing opportunities for mutual confirmation through follow-up audits to ensure continuous improvement.

The systematic implementation of hygiene management according to HACCP is scheduled to begin with the recent revision to the Food Sanitation Act in Japan. We are considering expanding the sites we will visit and audit along the food chain in accordance with the sites subject to management in this system.



Food Audit

*International Register of Certificated Auditors

For overseas suppliers, our factory audit procedure and results are as follows:

Factory Audit Procedure

Process	Description
Target and Frequency Settings	The responsible sales department and the Food Safety and Compliance Management Office determines the frequency of audits for each factory identified as a manufacturing plant for imported food, in accordance with laws and regulations of the relevant country. The decision of the audit frequency considers specific circumstances such as the supplier's local laws, management capability, product, and hygiene-related risks associated to the manufacturing process.
Conducting the Factory Audits	The sales department is responsible for appointing an employee, local staff, or group subsidiary employee to perform site visits and audit the safety management system at least once a year based on the frequency setting – over 150 plants are currently subject to these site visits.
Issuing a Findings Report and Requesting Corrective Measures (as Per Necessary)	The final report must be created in line with the GFSI/Global Market Program factory audit framework (GMP + HACCP + MS + food defense).

Regular Audits to Ensure Food Safety

	FYE 2019	FYE 2020	FYE 2021
Regular Audits (Number of Factories)	196	197	238
Regular Audits and Follow-up Audits in China (Included in the Above Number of Audits)	57	45	49

Responsibilities to Customers

Subsidiaries that have ISO22000 or FSSC22000 Certifications

Furthermore, we also ensure food-related safety among our direct subsidiaries by implementing a management system that aligns to well-known international frameworks on food safety, such as Codex HACCP, ISO22000, and FSSC22000.

- Japan Nutrition Co., Ltd.
- Fuji Oil Holdings Inc.
- DOLE ASIA HOLDINGS PTE. LTD.
- Provence Huiles S.A.S.
- Mirai Shiryō Co., Ltd.
- Sho-wa Co., Ltd.
- PT. ANEKA TUNA INDONESIA
- Prima Meat Packers, Ltd.
- ITOCHU Sugar Co., Ltd.
- PT. ANEKA COFFEE INDUSTRY

Staff Education and Training to Ensure Compliance to Responsible Advertising, Marketing, and Promotion Standards and Food Safety Standards

We provide e-learning as an education and training program to ensure responsible advertising, marketing, and promotion of food products, and compliance to food safety standards. We are looking to raise awareness and improve knowledge about responsible marketing, food safety, and compliance with relevant laws and regulations among employees. Furthermore, given the expansion of our food business and the subsequent increase in our auditing scope, we are also invested in training personnel capable of site audits.

Main Content	<ul style="list-style-type: none"> • Food safety and responsible advertising, marketing, and promotion • Compliance • Internal regulations and manuals • ESG
Target Persons	<ul style="list-style-type: none"> • All employees in the Food Company (including part-time workers, temporary workers, employees seconded from the company and employees seconded to the company) • All employees in the Food Management Support Corporation (subsidiary to complement the functions of the Food Company)

Attendance Record

	FYE 2019	FYE 2020	FYE 2021
Number of Trainees	754	771	755
Attendance Rate	100%	100%	100%

We will continue to provide this education and training with the aim of ensuring that knowledge becomes reliably entrenched.

Participation in Food Safety-Related Initiatives and Organizations

At ITOCHU Group, we aim to maintain and enhance our quality management to ensure that we supply safe and reliable processed foods. In doing so, we make sure to cooperate with external parties and are members to industry groups in order to engage in knowledge sharing and collaboratively work toward enhanced solutions.

Association for the Safety of Imported Food, Japan (ASIF) (<http://www.asif.or.jp/>) (Japanese only)

A group of concerned companies involved with importing, manufacturing, distribution, and sales formed ASIF in November 1988, beginning to work towards solving imported food safety issues. These activities led to the ASIF receiving permission from the Ministry of Health, Labour and Welfare in September 1992 to become an incorporated association. ASIF received authorization to become a public interest corporation on April 1st, 2011. ASIF is involved in a wide variety of activities to support food vendors in fulfilling the social responsibility of “delivering safe and secure imported foods.”

In order to promote food safety, the ITOCHU Group collects information on the safety of processed food and perishable food regarding imported food product – e.g. imports, contamination, pesticides, abnormal prions, additives, and genetic modification – from the Association for the Safety of Imported Food of Japan. This information is reflected in our voluntary food safety management system as well as our supplier food safety management system (which includes factory inspections and audit).

Japan Food Hygiene Association (<http://www.n-shokuei.jp/>) (Japanese only)

This association was established on November 1st, 1948 as a collaborative initiative between private companies in the food sector and administrative organizations regarding the food hygiene law in order to enhance self-regulation in the market. The establishment of the organization shortly followed the enactment of the food hygiene law in 1947, which was created to prevent any accidents or issues regarding eating and drinking, as well as improve public hygiene in Japan.

Ever since its establishment, the association has continued its initiatives to cooperate with organizations throughout Japan, and contribute to the enhancement of food safety and hygiene among private companies. The association participates in a wide range of purpose-led initiatives for public interest, and provides training regarding the self-regulation of food safety management, provides assessments and verifications of certain food products, promotes food sales legal liability insurance, holds seminars and events, issues and promotes food hygiene related books and reports, provides informative guidance to consumers, participated in international cooperation regarding food hygiene, and promotion of relevant research.

Based on advice received from the Japan Food Hygiene Association, the ITOCHU Group is taking necessary measures to continuously improve its food safety management system by identifying ways to improve food hygiene and our self-management system.

Japan Food Additives Association (<https://www.jafaa.or.jp/>) (Japanese only)

The Japan Food Additives Association (JAFA) was established in October 1982 with the Nippon Food Additives Group Leagues serving as the parent body to disseminate correct knowledge about food additives. It then transitioned to being a general incorporated association in April 2014. The association is engaged in various activities under the guidance of the Ministry of Health, Labour and Welfare’s Pharmaceutical Safety and Environmental Health Bureau. The aim of these activities is to seek a correct understanding from members about the manufacture, sale and use of food additives and from regular consumers about the safety and usefulness of food additives.

The ITOCHU Group collects information about food allergies and food additives through the JAFA. This information is useful in checking food labeling registration management rules and labels, improving the level of inspection management, and training personnel with qualifications in food labeling.

Responsibilities to Customers

Quality Management in our Pharmaceutical Business

Pharmaceutical undertakings require sector-specific expertise and is therefore primarily handled by designated group companies. We implement quality control to ensure quality in accordance with the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices. This includes, for example, assessing and confirming the quality of imported materials at our lab before it is sold.

Assessing Management Capabilities at our Pharmaceuticals-related Suppliers and Contributing to Improved QOL

Regular Site Visits for Foreign Suppliers

Not only do we implement quality control at our lab but we also visit our overseas suppliers regularly and perform inspections to make sure that the manufacturing process conforms to the Pharmaceuticals and Medical Devices Act.

Contribution to Improving QOL in the Pharmaceutical Field

We contribute to controlling the rise of medical costs by providing a stable supply of raw materials for generic drugs. We will also invest in companies that develop regenerative medicines and new drugs to alleviate the side-effects of cancer and work to raise the level of future treatments and improve patient quality of life.

Initiatives

Initiatives to Support Socially Vulnerable Groups

FamilyMart

At one of our subsidiaries, FamilyMart, we engage in food retailing that first and foremost values the local community's needs. This means that we highly value the contributions we can make to socially vulnerable groups, and implement measures to address this issue throughout the FamilyMart business such as in the following ways.

[Responsible Advertising, Marketing, and Promotion of Alcohol]

At FamilyMart, we are promoting initiatives to prevent sales of alcohol and tobacco products to minors. In July 2017, we upgraded our register system to trigger audio guidance after scanning alcoholic and tobacco-related products, which requires both the store staff and the customer to recognize a mandatory warning. This has allowed us to improve upon maintaining and increasing awareness of the issue among our store staff, as well as facilitating the communication between store staff and customers to identify ages.

It is also mandatory at FamilyMart to train new staff members on age identification prior to selling any products in the store. Additionally, we conduct biennial training for all staff throughout all FamilyMart stores on the selling of alcohol and tobacco-related products.

Furthermore, in order to ensure that our employees comply with these standards, in addition to tracking training records on a staff-by-staff basis, we also require store managers and supervisors to conduct checks on critical elements such as the installation of appropriate labels and signs above what is legally required, the appropriate division of products, and posters that we require to be put up to clearly communicate that we conduct age identification and strictly prohibit sales of alcohol and tobacco-related products to minors.

[Reducing Negative Impact of Food Products]

In an increasingly aging society, the demand for medical budgets and caregivers is rapidly increasing, becoming pervasive social issue in Japan. In light of this social issue, FamilyMart proactively sells products and services aimed at supporting the health of its customers and has combined part of its business with drugstores. These initiatives aim to support the enhancement of healthy diets among customers, increase a self-care mindset among community members, and reduce medical expenditures.

Examples of Health-supporting Products and Services

- Rice products containing super barley – cumulative sales exceeding 164 million products: We were early in incorporating super barley into rice balls as a major convenience store in August 2017. Since then, we have expanded our lineup of products made with super barley focused on rice products (rice balls, boxed lunches, and sushi) developed under the concept of convenience to be able to continue eating them regularly. Cumulative sales exceed 164 million products (as of the end of February 2021).
- First convenience store to sell products certified by the Smart Meal Certification*: Aburiyaki Shake Makunouchi Bento (a boxed lunch containing grilled salmon) sold on a reservation basis received Smart Meal Certification – a first for a convenience store – as a nutritionally balanced meal in August 2018. Furthermore, Ajiwai Gozen (a boxed lunch) released in February 2019 has also been praised for its great balance of nine side dishes that take into consideration carbohydrates, fat, and protein. This has led to it being our second product to receive Smart Meal Certification.
- Received the Gold Award for the second consecutive year at the JSH Reduced-Salt Food Awards: FamilyMart Collection Okina Kaki no Tane (spicy rice crackers) received the gold award at the 6th JSH Reduced-Salt Food Awards (sponsored by the Salt Reduction Committee of the Japanese Society of Hypertension). This product contains 10 billion K-2 plant-derived lactic-acid bacilli. That is in addition to containing 40% less salt than the conventional product. We won this award for the second consecutive year following Genen Wafu Dressing (low-salt salad dressing) last year.
- A sales strategy that balanced an “on-and-off concept”: We sell a variety of food products that as a collective, aim to increase intake of nutrition, such as products that focus on vegetable, lactic acid bacteria, and dietary fibers, and at the same time decrease intake of salt and sugar without compromising on flavor from a health-conscious perspective.

* This certification scheme is managed by the Healthy Food and Food Environment Consortium, which is composed of 13 academic organizations that specialize in health-related issues such as nutrition, high blood pressure, and diabetes.

Responsibilities to Customers

- Release of products made with soy meat: We released a total of nine products made with soy meat in FamilyMart across Japan in January 2021. Soy meat has been attracting increasing interest in recent years as next-generation meat. FamilyMart has been releasing products made with soy meat regularly since April 2017. These have received a great deal of support mainly from health-conscious customers. Daily eating habits are changing. This is because of the spread of new lifestyles due to the impact of COVID-19 and changes in awareness of environmental issues accompanying an increasing spotlight on the SDGs. Furthermore, interest in health-conscious and ethical consumption-conscious products is rising. Above all, soybean meat, a processed soybean food, is attracting attention as an ingredient that takes into consideration the environment, health, and various food cultures. In addition, soybean is an ingredient rich in nutrients such as vegetable proteins; it is even called “the meat of the fields.” Demand for vegetable protein is increasing year by year because it has a less environmental impact. For example, it requires less water and energy for growth than livestock meat.



Products Using Soy Meat

[Food Safety and Reliability]

At FamilyMart, we aim to provide ready-to-eat products such as rice balls, sushi, boxed lunches, delicatessen dishes, salad, and sandwiches that ensure safety and reliability for our customers. To achieve this, we have voluntarily enhanced our safety and quality requirements to build upon what is legally required. Throughout every each process of production, from procurement of raw materials and manufacturing to the logistics and sales of products, we make it mandatory to follow these strict requirements and have implemented support systems to ensure that this can be sustained. We also especially value the continuous improvement of hygiene management among contracted manufacturing factories for our ready-to-eat products and are implemented measures accordingly. Moreover, we are also invested in reducing additives in our food products and aim to ensure that the safety and reliability of our products are at a high level.

Process	Initiative
Ingredient Management	<ul style="list-style-type: none"> • Factory inspection certification confirmation • Advance factory inspections • Ingredient reviews based on quality and hygiene management standards
Manufacturing and Quality Control	<ul style="list-style-type: none"> • Bacterial tests (monthly) • Factory inspections on all ready-to-eat products manufacturing sites (monthly and bimonthly) • Quality product assurance meetings (weekly) • Quality control supervisor meetings (quarterly)
Distribution Management	<ul style="list-style-type: none"> • Distribution center facility management • Storage and transportation by temperature zone – frozen, chilled, and fixed temperature
Store Management	<ul style="list-style-type: none"> • Distribution of educational tools relating to hygiene management in stores • Promotion of the response to HACCP becoming mandatory

[Community Engagement for a Brighter Future]

As a member of the Japan Franchise Association, FamilyMart has been promoting the Safety Station Activities, an activity to help protect the safety of local communities, since 2000. This activity was launched by the National Police Agency, where initiatives, such as anti-crime measures, disaster prevention, safety measures, a thorough prohibition against the sale of cigarettes and alcohol to people underage to urge those people to go home at late night, are actively promoted in collaboration with the government, municipalities, and community people. As part of our Safety Station activities, we also provide protection to vulnerable groups such as children, women, and the elderly in case of emergencies, and provide guidance and support for youths to build an inclusive community.

Furthermore, at our stores, we also set up donation boxes as part of an initiative to contribute to the protection and development of future generations, as well as preserving the natural environment for these future generations.

ITOCHU Sugar (<https://www.itochu-sugar.com/>) (Japanese only)

At ITOCHU Sugar, an ITOCHU group subsidiary, we produce and sell a trademark oligosaccharide product made from domestically procured sugar beets, which contain only about half the amount of calories in normal sugar. This product is effective in maintaining a healthy intestinal environment by enhancing the performance of Bifidobacteria. The health and nutrition benefits of this product have been widely recognized, with the Ministry of Health, Labour and Welfare certifying it as a Food for Specified Health Uses (FOSHU). FOSHU is a certification system that recognizes foods containing ingredient with functions for health and officially approved to claim its physiological effects on the human body.

* Reference: FOSHU (Food for Specified Health Uses) (<https://www.mhlw.go.jp/english/topics/foodsafety/fhc/02.html>)

Responsibilities to Customers

Initiatives to Ensure Responsible Labeling

The Food Company operates a food label registration management guideline, which provides a detailed framework for us to responsibly label our food products. To ensure compliance to the guidelines, we also provide training to staff that belong to relevant sales divisions and the Food Safety and Compliance Team. The training aims to enhance our staff's understanding of the food label registration management guidelines and their capability to conduct inspections and checks on appropriate food labeling. Given increasing importance for this issue and the increasing size of our food business, we are also aiming to leverage this training to increase the number of food labeling practitioners certified by the Food Labeling Certification Association, a Japanese industry organization. In this way, we maintain the necessary internal capacity to cooperate with specialized third party organizations to ensure compliance to our guidelines as well as legal requirements.

At FamilyMart, the responsible labeling of processed foods is especially important as our customers widely vary. For example, we recognize that we must ensure the safety of anyone with food allergies, and prevent the excessive intake of certain substances that can have heavy health consequences. In addition to the information we are required by law to give on the labels of products we sell in FamilyMart, we list a total of 28 items on the allergy labeling: the seven items mandated to be labeled by law plus 21 items recommended for labeling. We do this so that customers can purchase products with peace of mind. Furthermore, we also provide information that we believe our customers would like to know when choosing products (e.g., ingredients, nutritional ingredients, and preservation methods).

With regard to processed food and alcohol, we especially make sure that responsible labeling is thoroughly addressed. For example, we have implemented measures to simplify and clarify the warnings related to alcohol poisoning, alcoholism, and underage drinking.

Involvement in Industry Initiatives to Ensure the Safety of Alcohol Consumption

It is important to our business that we thoroughly address issues regarding the potential negative impacts of alcoholic products such as alcoholism, alcohol poisoning, and underage drinking. We also recognize that these negative impacts are also especially important with regard to vulnerable groups. Therefore, our subsidiaries that sell alcoholic products are members to industry organizations introduced below, in order to participate in knowledge sharing and be in tune with the latest market trends and best practices.

Gyoshuren Cooperative (<http://gyoshuren.com/about/>) (Japanese only)

The Gyoshuren Cooperative is an organization composed of trading companies that represent regions throughout Japan, which engage in alcoholic wholesale. Currently the cooperative consists of about 200 major wholesalers from throughout Japan.

ITOCHU SHOKUHIN CO., Ltd., an ITOCHU subsidiary, is a member to this cooperative.

Tokyo Alcohol Retail Cooperative (<http://tosyukyo.or.jp/>) (Japanese only)

Tokyo Alcohol Retail Cooperative is an organization with corporate members that participate in the alcohol business, aims to elevate the level of social responsibility associated to acquiring an alcohol permit. For example, the organization promotes legal compliance, engages in awareness raising of the negative social impacts that must be managed across various product types, leads initiatives to maintain cultural traditions around alcohol, leads initiatives to enhance the current culture around appropriate amounts of alcohol consumption, and supports companies in achieving sustainable business models. Throughout these activities, the Tokyo Alcohol Retail Cooperative contributes to the health and wellbeing of the Japanese population, and promotes market competition that is fair and complies with high standards. The Cooperative highly values harmonious cooperation among member companies, and has supported the sustained management of businesses throughout the industry and has subsequently led the development of the industry in general.

Nippon Access, Inc., an ITOCHU subsidiary, is a member to this cooperative.

Responsibilities to Customers

Contributive Initiatives to Alleviate Hunger and Poverty in Developing Countries

World Food Programme (WFP)



We have become a supporter contributor of the Japan Association for the World Food Programme. This is an official support organization of the World Food Programme (WFP) – a United Nations organization to provide food support. The aim of our participation is to eliminate world hunger and poverty problems as much as possible. We support various activities through this scheme.

In May 2019, we supported WFP’s child hunger eradication campaign called “Walk the World”. The annual global walk aims to raise awareness and funds, as well as encourage action to end child hunger. This campaign was held in Yokohama and Osaka, and 476 and 61 employees from ITOCHU Group as well as ITOCHU subsidiaries volunteered in each location respectively.



ITOCHU Employees Participating in the Walk the World Event

ITOCHU Holds Ryo Honda’s Humorous SDGs Illustration Exhibition: Enjoy Understanding the 17 Goals for Saving the World at ITOCHU AOYAMA ART SQUARE



We held Ryo Honda’s Humorous SDGs Illustration Exhibition sponsored by the Japan Association for the World Food Programme in ITOCHU AOYAMA ART SQUARE, a base of community contribution activities, to align with World Food Day (October 16). The WFP Walk the World campaign to end child hunger in developing countries was canceled in 2020. This is an event that is normally participated in by many of our employees. Nevertheless, we decided to hold this exhibition to contribute to society during the COVID-19 crisis as something we could do together with the Japan Association for the World Food Programme.

We are now less than 10 years from the deadline to achieve the SDGs. Against this background, Ryo Honda, active as a planner and environmental cartoonist, expressed the 17 SDGs and their challenges, starting with the second goal of “zero hunger,” to deepen understanding of the content of the SDGs in this exhibition. This was very well received.

Eliminating the Food Imbalance between Developing Countries and Advanced Countries: Table for Two

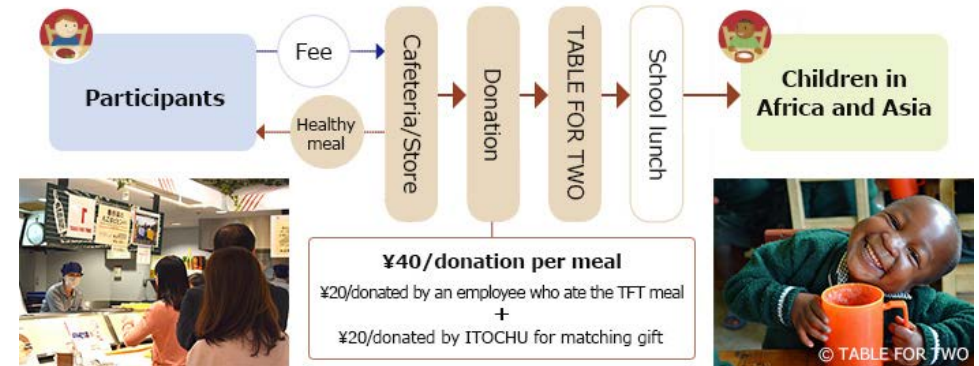


Table for Two is an international NPO that was founded by an affiliate of the World Economic Forum’s Young Global Leaders. The organization aims to right the imbalance between the 1 billion people in the world who suffer from undernutrition, and the 1 billion people in the world who suffer from obesity. The organization does so by implementing a “calorie transfer” program, where the organization partners with companies, universities, restaurants, and organizations throughout the world to provide more nutritious school meals to the former, and healthier meals to the latter.

Table for Two was founded in Japan in October 2007. Owing to ITOCHU’s long-standing commitment to social contribution, we were one of the first companies in Japan to partner with Table for Two and implement the calorie transfer program in our employee cafeteria at the Tokyo, Osaka, and Nagoya offices the following April.

More specifically, whenever one of our employees chooses a healthier TFT meal from our cafeteria menu, 20JPY is donated per meal. In addition, through a matching gift scheme, the company also donates the same amount of money as the employee, making the total donation 40JPY per meal. The donation contributes to providing nutritious school meals to children in developing countries.

Currently, our Tokyo Headquarters provides TFT meals.



Sustainability in the Value Chain: Action Plan

Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> Decline in credibility that would result from the occurrence of consumers and service users' safety or health issues. 	<ul style="list-style-type: none"> Increase in demand for food safety and security and health improvement. Establishment of safe, stable supply system for product enabled by the consideration of human rights and improvement of work environment in the supply chain. Winning customer trust or creating new businesses with a stable supply of environmentally friendly resources and materials.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company							
Ensure Stable Procurement and Supply		Reducing our environmental burden in manufacturing processes	Textile products in general	We will promote the building of value chains starting from raw materials focused on sustainable materials.	Promote the RENU project aiming to realize a circular economy in textile industry. Aim to further enhance and expand the handling of sustainable materials.	Contribute to fostering of environmental awareness and reducing our environmental burden by promoting the RENU project and further enhancing and expanding the handling of sustainable materials.	Several well-known brands have adopted the recycled materials of the RENU project we started in FYE 2020. Various media organizations also featured the project. We have contributed to fostering environmental awareness through this.
<ul style="list-style-type: none"> Respect Human Rights Ensure Stable Procurement and Supply 	 	Establishing a supply chain reflecting consideration for human rights and the environment	Textile products in general	We will promote dealings with companies which respect human rights and which engage in environmental management throughout their entire supply chains.	Strive to understand at an early stage the human rights, social and environmental risks in supply chains by continually conducting surveys on major suppliers.	Conduct on-site visit surveys and questionnaires at more than 50 major suppliers a year on an ongoing basis.	We conducted surveys and questionnaires on a total of 57 companies mainly in regions where the risk of COVID-19 had been lowered at an early stage (e.g., China and Vietnam) in light of the global pandemic in FYE 2021.
Food Company							
Contribute to Healthier and More Enriched Lifestyles		Supplying safe, secure food	Overall food-related businesses	We will select and concentrate on suppliers to stably procure safe, secure food.	We will aim to strengthen the food safety management structures in our suppliers. We will do this by persons with certifications/qualifications related to the Food Safety Management System (FSMS) taking the central role in enhancing supplier audits and making requests for improvements.	Stably supply safe and secure food by enhancing the audits and guidance for suppliers mainly by the persons with certifications/qualifications related to the Food Safety Management System (FSMS).	We are continuing to stably supply safe and secure food. We are achieving this by continuing to enhance the audits and guidance for suppliers mainly by the persons with certifications/qualifications related to the Food Safety Management System (FSMS).
<ul style="list-style-type: none"> Respect Human Rights Ensure Stable Procurement and Supply 	 	Establishing a supply chain reflecting consideration for human rights and the environment	Provisions field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	<ul style="list-style-type: none"> We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries. We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy. Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy. Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information. <p>2030</p> <ul style="list-style-type: none"> Coffee beans: Aim for a 50% switch to sustainable coffee beans. Cacao beans: Aim for a 100% switch to sustainable coffee beans. Aim for a 100% switch to sustainable palm oil. 	<ul style="list-style-type: none"> We have decided coffee bean and cacao bean procurement policies. Under these policies, we are promoting efforts to increase sustainability in producing areas. We are purchasing palm oil based on our procurement policy for it. We announce our progress on the rate of certified oil we handle in our palm oil procurement. We perform human rights due diligence on our coffee bean and palm oil supply chains. We announce the results on our website.
General Products & Realty Company							
Ensure Stable Procurement and Supply		Using sustainable forest resources	<ul style="list-style-type: none"> Pulp Woodchips Wood products & materials 	We deal in sustainable forest resources to reduce the impact on the environment and prevent the increase of greenhouse gases.	We handle certified or high-level management confirmed materials.	Ensure a 100% handling ratio of certified or high-level management confirmed materials.	We achieved, ahead of schedule, a 100% handling ratio of certified or high-level management confirmed materials that we targeted for 2025.
	 	Realization of sustainable supply of natural rubber	Natural Rubber	We shall use our best efforts to establish measures to identify any suppliers developing on High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland, in order to avoid procuring rubber from them.	We will establish a traceability system to make uncertain raw material procurement supply chain transparent.	We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business.	We have developed a traceability system using blockchains. We have been operating this system since the second quarter of FYE 2021.

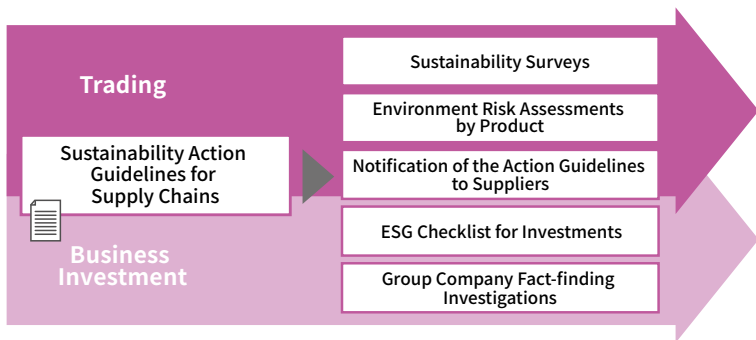
Sustainability in the Value Chain: Policy and Basic Concept

Supply Chains

ITOCHU also gives consideration to human rights, labor and the environment in our supply chain and business investments. We do this through sustainability management tailored to each business activity. Through this, we have built a sustainable value chain. This is leading to an improvement in the competitiveness and corporate value of the ITOCHU Group.

Notifying Suppliers of the Sustainability Action Guidelines for Supply Chains

We believe it is important to acquire understanding and cooperation from our suppliers for our procurement policies. Accordingly, we once again notified approximately 4,000 suppliers engaged in ongoing business of the ITOCHU Sustainability Action Guidelines for Supply Chains in FYE 2014. We also stipulated that new suppliers must be notified of these guidelines in advance when engaging in business with us from January 2015. We are promoting our sustainability policy in this way.



Sustainability Action Guidelines for Supply Chains

ITOCHU adopted the “Sustainability Action Guidelines for Supply Chains” to clarify and communicate the sustainability concerns we expect our suppliers to address. We will take necessary measures to communicate and cooperate with our suppliers to ensure responsible management of the following items:

1. Suppliers shall respect the human rights of all of its employees and shall not engage in inhumane treatments, including discrimination, harassment, abuse and corporal punishment.
2. Suppliers shall not engage in forced labor or child labor and must prohibit the employment of children under the minimum working age.
3. Suppliers shall not engage in employment discrimination based on characteristics including but not limited to gender, race, and religion.
4. Suppliers shall comply with statutory minimum wages and aim to exceed living wages. Also, suppliers shall not conduct unjust wage reductions.
5. Suppliers shall respect the freedom of association and right to collective bargaining of its employees and ensure that labor-management discussions on working conditions and environment are held, as appropriate.
6. Suppliers shall comply with statutory working hour restrictions. Suppliers shall also appropriately manage its employees’ working hours and provide holidays and paid leaves as necessary. Finally, suppliers shall strictly prohibit excessive overtime work.
7. Suppliers shall take necessary measures to provide a safe, hygienic and healthy working environment to its employees.
8. With regards to its business activities, suppliers shall consider potential and existing impacts on local communities and the environment – such as impacts on nearby biodiverse habitats or pollution of the local ecosystem. Suppliers shall also take necessary measures to reduce its consumption of energy, water and other natural resources, as well as its emissions of greenhouse gases and waste.
9. Suppliers shall comply with all applicable local and international laws and regulations. Suppliers shall also ensure its compliance to fair business practices and anti-corruption.
10. Suppliers shall disclose information on all items listed above in a timely and appropriate manner.

Sustainability in the Value Chain: Structures and Systems

Supply Chain

Against a backdrop of an expansion in our business areas, ITOCHU’s supply chain has become wider and more complex. There is now a further need for risk management concerning human rights, labor and the environment in the procurement of raw materials, producing areas, intermediate distribution and regions of consumption in addition to in the processes directly managed by us. We pay particular attention to the on-site management of suppliers who account for a relatively high share of our purchases. We view our consideration and sense of responsibility for these areas as matters of great importance to be addressed with high priority.

ITOCHU has established the Sustainability Action Guidelines for Supply Chains. We strive to prevent the occurrence of problems by conducting investigations and reviews as below. If we discover a problem, we aim for improvement through dialogue with the concerned supplier.

■ Figure of Supply Chain Management Promotion



Sustainability Surveys

Since FYE 2009, we have set the seven core subjects of ISO26000 as essential survey items to realize a sustainable procurement and understand the actual conditions of suppliers. Following on from that, each company and applicable group company selects important suppliers based on certain guidelines (e.g., high risk countries, products handled and monetary value handled). The sales representatives of those companies and representatives from overseas subsidiaries and operating companies then visit those suppliers to conduct interviews. They also conduct sustainability surveys in a questionnaire format (sustainability checklist).

We conduct supply chain sustainability survey information seminar for employees who procure various products in a variety of countries ahead of the sustainability survey. We also provide training (buyer training) using the handbook to understand the Sustainability Action Guidelines for Supply Chains and ESG perspective that must be kept in mind in dealings with supply chains.

Sustainability Checklist

The Sustainability Checklist is used to conduct supplier surveys on their management of relevant sustainability risks. The Checklist is based on the seven ISO26000 core topics (organizational governance, human rights, labor practices, environment, fair business practices, consumer issues, community involvement and development) and is supplemented by department and product specific issues that we identified as relevant to our business and by extension our suppliers (see table below for our list of supplementary topics). Furthermore, based on opinions provided by external subject matter experts, we have constructed the survey questionnaire to consist of 19 core items centered around human rights and labor and environmental topics particularly associated to high sustainability risks – these items are our priority in supplier engagements.



Supply Chain Communication Handbook

■ Outline of Sustainability Survey

Applicable Survey Criteria	<ul style="list-style-type: none"> • High risk countries • Over a certain amount of money • Handling of certain product groups
Main Questions Common to All Companies	<ol style="list-style-type: none"> 1. Organizational governance: Establishment of a responsibility-taking structure and internal report system 2. Human rights: Risk assessments of human rights violations in business, abolition of child labor, forced labor, harassment and discrimination, and payment of appropriate wages 3. Labor practices: Working hour management, health and safety management, and worker health 4. Environment: Waste and drainage treatment, handling of hazardous substances, and climate change and biodiversity initiatives 5. Fair operating practices: Prevention of corruption, information management, prevention of intellectual property right infringements and a sustainable procurement policy 6. Consumer issues: Quality control and traceability 7. Community involvement and development: Dialogue with consumers and neighboring residents

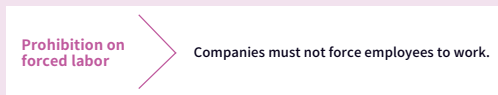
■ Department and Product Specific Supplementary Sustainability Items

Procured Resource Type	Additional Survey Items
Paper, Wood-chips, Timber, Timber Products	<ul style="list-style-type: none"> • Implementation of forest conservation measures • Third-party certification
Livestock Products (Meat)	<ul style="list-style-type: none"> • Implementation of food safety measures • Management of traceability
Textile (Including Raw Materials)	<ul style="list-style-type: none"> • Management chemical substance
Agricultural Products (Including Palm Oil)	<ul style="list-style-type: none"> • Management of traceability • Management of chemical fertilizers and pesticides
Seafood	<ul style="list-style-type: none"> • Management of traceability • Management of fisheries

Sustainability in the Value Chain: Structures and Systems

We have also prepared a handbook on communication with suppliers. We are using this to inform our employees of how to communicate with suppliers. At the same time, we have set up a check system that enables those in charge to understand concretely the management situation in terms of the environment, human rights, labor practices and corruption prevention in important suppliers to give advice on making improvements. We will continue to conduct surveys and communicate with suppliers in the future to improve the awareness of our employees and to seek understanding and implementation from our suppliers.

Example Excerpt from the Handbook



Forced labor means all labor forced on a person against his or her will. Examples include restrictions on an employee's freedom to leave his or her job until he or she repays a debt to the company or restricting an employee's freedom to leave his or her worksite under contract. Forced labor may be identified by asking employees what their work shifts are like, whether they have break times and whether they are able to eat meals. It may also be ascertained by observing their facial expressions. In a worst-case scenario, people are deprived of the freedom to live their lives; they have to live in a dormitory on the premises of the company's factory and are not allowed to go outside those premises. It is also effective to check whether there are employees who have come to work from areas far away or other countries in a company. Employers must be prohibited from taking the originals of passports, IDs and work permits because this can lead to force labor.

Reference

It is necessary to check for forced labor in factories in Japan as well as in emerging nations. In recent years, Japan's Technical Intern Training Program (TITP) has been criticized by some from overseas. Accordingly, please also check whether suppliers in Japan employ anyone from overseas and whether there are problems in terms of working hours and wages.

FYE 2021 Sustainability Surveys

We conducted surveys on a total of 310 companies, including 83 suppliers of overseas offices and group companies, in FYE 2021. We did not discover any serious problems requiring an immediate response from those results. We have also checked the prompt improvement measures and countermeasures taken by our business partners on problems raised as concerns at the time of the survey. We will continue to seek understanding for the concept of ITOCHU from our business partners and to communicate with them in the future.

Number of Suppliers Surveyed

	All (Non-tier 1 Suppliers)	Textile Company	Machinery Company	Metals & Minerals Company	Energy & Chemicals Company	Food Company	General Products & Realty Company	ICT & Financial Business Company
FYE 2021	310 (83)	57	9	21	29	104	87	3
FYE 2020	316 (72)	50	15	20	39	102	85	5
FYE 2019	343 (101)	49	13	19	39	110	108	5
FYE 2018	333 (98)	46	9	20	45	103	105	5

In addition to the supplier survey based on our Sustainability Checklist as introduced above, our Textile Company conducted a domestic supplier survey in FYE 2020 on their management of technical intern trainees. For more information, please refer to Foreign Technical Intern Trainee Survey on Working Environment (P123).

The Sustainability Management Division also visits and surveys important suppliers together with external experts as necessary.

Results of Survey for Department and Product Specific Supplementary Sustainability Items (Number of Suppliers Surveyed)

Procured Resource Type	FYE 2020	FYE 2021
Paper, Wood-chips, Timber, Timber Products	64	66
Livestock Products (Meat)	19	11
Textile (Including Raw Materials)	6	5
Agricultural Products (Including Palm Oil)	4	60
Seafood	22	33

Sustainability in the Value Chain: Structures and Systems

Human Rights Audits in the Poultry Industry in Thailand

Inspection of the CPF Saraburi Factory

We conducted a human rights audit targeting foreign workers in the Saraburi Factory (a chicken meat processed product factory) of Charoen Pokphand Foods Public Company Limited (CPF) — one of the main suppliers of the Food Company — accompanied by external auditors.

Recent years have seen an increase in cases where Japanese companies with Thai firms in their supply chain have been warned by NGO groups about human rights violations of foreign workers in the livestock and fishing industries in Thailand. We checked the factory for human rights risks in our supply chain through this audit.

This factory (slaughterhouse and food processing site) employs 3,400 Cambodians — equivalent to approximately 50% of its workers. That makes them an important part of the factory's labor force. We checked a number of items in this audit. These included the extent of signage in Cambodian in facilities in the factory, a check of the evacuation routes, the attendance management situation, and the personal storage situation of passports and work permits. In addition, we also randomly chose some Cambodian employees actually working there and interviewed them about their actual working conditions.

This audit did not find any violations of the human rights of foreign workers, and reaffirmed there is sufficient consideration for human rights and the proactive approach CPF takes toward sustainability.

CPF has developed a safe working environment for its foreign workers.



CPF Saraburi Factory



Those from CPF Who Cooperated with the Audit



Interview with a Cambodian Worker on His Actual Working Conditions



All Signs in Cambodian on Fire Prevention Facilities



Advice Not to Over-stack Auxiliary Feedstock

Regular Visits and Surveys of Food Processing Factories

The Food Company has been regularly visiting and surveying the food processing factories of its overseas suppliers since FYE 2012 in regards to imported foods under the initiative of the Food Safety and Compliance Management Office. In FYE 2021, we surveyed 238 overseas suppliers and deployed preventive measures to ensure safety in food transactions. We established a China Food Safety Management Team in Beijing in January 2015. With this, we have set up a structure to be able to audit our Chinese suppliers. We conducted regular audits and follow-up audits on 49 companies in FYE 2021. Please refer to Responsibilities to Customers (P127) to learn about our initiatives in detail

Response to Suppliers in Violation of This Policy

When we have confirmed a case in which there has been a violation of the intent of this policy, we request corrective action from the applicable supplier. Together with this, we conduct an on-site investigation to give guidance and improvement support as necessary. We made 10 requests for correction to suppliers with an inadequate response to human rights in our surveys in FYE 2021. We are continuing to make requests in this way to non-compliant suppliers. If it is judged that correction is difficult even though we have made continuous requests for correction, we deal with this under a stance of reviewing our business with that supplier.

* Supplier CSR Audit Report: CP Foods, Saraburi (https://www.itochu.co.jp/en/csr/pdf/supplier_csr_audit_report_e.pdf)

Sustainability in the Value Chain: Structures and Systems

Business Investment Management

The business activities of companies in which we invest must recognize and deal with their possible impact on the environment and society. To that end, we strive to understand ESG risks and work on preventative activities. We perform risk assessments on ESG in general through the utilization of a checklist and visits and surveys to formulate the necessary measures. These are continuously reviewed and improved in the framework of our environmental management system.

ESG Risk Assessment for New Business Investment Projects

It is compulsory in new business investment projects for the division making the application to use the ESG Checklist for Investments to evaluate the project in advance (perform due diligence). The division making the application looks at whether policies and structures have been established from a perspective of ESG. It also looks for the risk of a significant adverse effect on the environment, violation of laws and ordinances, and complaints from stakeholders. This checklist consists of 33 check items. These include elements of the seven core subjects* in ISO26000 — the CSR international guidelines.

The division making the application also then refers to review opinions based on risk analysis from relevant functional divisions (management divisions). If there are any concerns, it requests additional due diligence from external specialist organizations for matters requiring a professional point of view. The project is then only undertaken upon confirming that there are no problems in those results.

* Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development

Group Company Fact-finding Investigations

We have continued to conduct on-site visits and surveys in group companies since 2001 to prevent environmental pollution. We have completed investigations into a total of 285 offices in the world as of the end of March 2021.

These investigations inspect the factory and warehouse facilities, the situation of drainage to rivers, the environmental law and regulation compliance situation, labor safety and human rights, and communication with the local community in addition to holding a question and answer session with management. We identify problems or demonstrate preventative measures. We then check to see whether the situation has been corrected.

Visit and Survey Report: DOLE PHILIPPINES Fact-finding Investigation

We visited and surveyed DOLE PHILIPPINES, a company which produces banana, pineapple and other fresh fruits and manufactures fruit cans in the Philippines, on January 20 to 23, 2020. We performed a detailed check concerning the environment and labor safety related risk management and legal compliance situation (e.g., soil pollution, waste, chemical substance management and safety measures) based on the findings of external experts well-versed in the local laws and regulations. We confirmed that these matters are being appropriately managed. In addition, we confirmed that the company is proactively working on activities that contribute to society and the environment (e.g., biomass power generation on its premises and donations to local schools).



Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Resource Sourcing that Requires Forest Conservation Initiatives

ITOCHU handles each of the following commodities, which require careful consideration of forest conservation initiatives. In addition to the Sustainability Action Guidelines for Supply Chains, the following Procurement Policy establishes our approach to protecting and preserving natural forests, and our commitment to the sustainable use of natural resources. The Policy is subject to an annual review at minimum, with revisions made as necessary.

Commodities Relevant to Forest Conservation

- Timber, timber products, raw materials for papermaking and paper products
- Natural rubber
- Palm oil

Policy and Management Approach to the Preservation of Natural Forests and the Sustainable Sourcing of Forest Resources

Sustainable Procurement Policy on Natural Forests and Forest Resources

[Organizational Scope]

ITOCHU Corporation and its group subsidiaries

[Sustainable Procurement Policy on Natural Forests and Forest Resources]

1. We shall aim to make improvements in the transparency and traceability of our supply chain in order to ensure that we can take necessary measures to prevent sourcing activities that can contribute to deforestation.
2. We support the conservation and preservation of High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas, and peat areas. Additionally, we are committed to respecting the Community and Social Considerations (free, prior and informed consent – FPIC), and will continually strive to reduce our impact on the environment.
3. We will not procure from suppliers involved in major environmental and social issues, such as deforestation of areas with high conservation value.
4. We support the standardization of a reliable forest certification systems and will proactively seek opportunities to prioritize certified products when procuring timber, timber products, raw materials for papermaking, and paper products.
5. Regarding natural rubber, raw materials for papermaking, and paper products, which requires extensive water use, we commit to complying with all applicable wastewater laws and regulations at minimum. We will also commit to properly treating wastewater to exceed legal requirements where possible and strive to reduce total water consumption by recycling water resources where possible.
6. In carrying out palm oil-related projects, we will strive to procure from suppliers taking necessary measures to minimize and eliminate chemical substance use, especially those related to paraquat, 1A/1B class insecticides as defined by the World Health Organization (WHO), and chemicals listed in the Stockholm Convention and the Rotterdam Convention.

Items related to forest conservation and the corresponding “Sustainable procurement policy on natural forests and forest resources” are as follows.

Items Under the Policy	Items Related to Forest Conservation			
	Timber, Timber Products	Raw Materials for Papermaking and Paper Products	Natural Rubber	Palm Oil
1. Zero Deforestation and Traceability	○	○	○	○
2. Protection and Preservation of Production Areas and Consideration for Local Residents	○	○	○	○
3. Elimination of Suppliers Involved in Major Environmental and Social Issues	○	○	○	○
4. Standardization of Forest Certification Systems	○	○		
5. Consideration for Wastewater and Water Resources		○	○	
6. Minimization or Non-use of Chemical Substances				○

In cooperation with our Group companies and suppliers, we will engage in sustainable procurement of forestry resources based on the Sustainability Action Guidelines for Supply Chains and this Policy, especially by taking necessary measures to ensure the traceability of procured items.

In order to promote this Policy, each company and corresponding Group companies are required to conduct a sustainability survey on critical suppliers. If any non-compliance with this Policy is identified, we will conduct supplier engagements to resolve the issue and request measures for improvement. If timely improvements are not made by suppliers, we will re-consider any business agreements with them.

As for the survey results obtained through the supplier survey, we will regularly disclose information to our stakeholders. We will also promote sustainable use of forest resources to the wider society through appropriate communication with stakeholders, particularly our suppliers and customers.

Management Approach

Every year, we report and receive approval on our targets and progress made to senior management. We also share suggestions from stakeholders including NGOs, and if any issue is identified, we review our measures and this Policy, as necessary.

Regarding palm oil, procurement based on this Policy is carried out by the Oil, Fats & Cacao Department of the Food Division within the Food Company – this department is therefore also responsible for the compliant procurement of palm oil.

Regarding timber, timber products, raw materials for papermaking and paper products, our Group ESG Manager provides training to members who handle these products at least once a year. The training aims to educate them on both domestic and international trends and issues related to forest resource development and sustainable forest resource utilization.

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Wood, Wood Products, Papermaking Raw Material, and Paper Products

ITOCHU is engaged in the procurement, manufacturing, and distribution of materials for pulp and paper products, wood and wood products and woodchips. In order to ensure the protection of natural forests and sustainable use of forest resources, we aim for 100% use of certified material or material for which advanced management can be verified.



Metsä Fibre (Certification by FSC® and PEFC)

ITOCHU has a stake in Metsä Fibre, a world-class softwood pulp manufacturer based out of Finland. Metsä Fibre boasts an annual pulp production capacity of around 3.2 million tons. They have tapped ITOCHU as the exclusive distributor for their softwood pulp destined for Asian markets. The company manufactures pulp from 100% traceable forest resources of which 90% have received two certifications, namely the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification Schemes (PEFC).



New Äänekoski Plant commissioned in 2017

In Finland, pulpwood growth exceeds consumption, which allows for a long-term, stable supply of pulpwood. Through initiatives carried out with excellent partners such as this, we will promote the use of sustainable forest resources and continue to promote further strengthening of our business.

Certification of Traceability for Chinese Timber

Since 2013, ITOCHU KENZAI has been working to create a system for certifying the traceability of plywood manufactured in China. We asked the Japan Gas Appliances Inspection Association (JIA), a certification body, to evaluate the effectiveness of this system in 2020. It said we have ensured traceability appropriately in our main supply chain and are in compliance with the Law Concerning the Act on Promoting Green Procurement and the Clean Wood Act. This effort ensures traceability and that timber is managed throughout all processes within the supply chain, from the logging areas to the veneer and plywood factories, by obtaining logging permits and other evidence, auditing factories, observing the logging areas, and other means. With this, ITOCHU KENZAI was able to reliably ensure that no timber from illegal logging is used in around 40% of the plywood manufactured in China for which forest certification has not been obtained.

Sustainability Survey and Supplier Engagement

Every year, we conduct a survey of our suppliers and those of our main business companies in relation to our products. In the survey, we include suppliers that have been deemed low risk according to the guidelines so that we can engage in continuous dialog with a broader scope of suppliers.

In addition to the sustainability survey, we work to ascertain the situation through on-site inspections and due diligence at those suppliers that have received suggestions from non-governmental organizations and actively urge them to obtain forest certification or certification by a third party agency.

[Sarawak, Malaysia]

A non-governmental organization has pointed out problems with illegal logging and human rights in Sarawak, Malaysia. On a regular basis, we work to ascertain the situation through interview surveys of our supplier, the local government, the timber association, human rights lawyers, the human rights committee, local residents, local non-governmental organizations, forest consultants, and others.

We have not found the problems pointed out by the non-governmental organization through these surveys, but to eliminate concern, we have repeatedly requested that the supplier engage in specific initiatives. As a result, in recent years, the supplier has actively worked to obtain forest certification, and the number of certified forest areas has increased. Changes have also occurred in the local government in Sarawak, including reinforcement of regulations to eliminate illegal logging and announcement of measures to promote forest certification.



Interview with Indigenous Community in Anap Muput Forest Management

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Performance Regarding Forest Certification and Legal Compliance

[Performance of Timber and Timber Products]

ITOCHU evaluates its performance by classifying its timber and timber products into the following four categories based on forest certification and legal compliance. Category (A) signifies the highest level of sustainable procurement compliance, requiring FSC® certification and/or PEFC certification – more specifically, it is defined as “(A) Timber handled by a certified forest supplier or timber approved by a certification body”.

Classification Based on Legality		Item	FYE 2019	FYE 2020	FYE 2021
Certified Materials or Advanced Management can be Confirmed	Forest Certification System	(A) Timber handled by a certified forest supplier or timber approved as a management material by a certification body (acquired FSC or PEFC certification)	36%	64%	63%
		(B) Timber harvested in countries or regions assessed as “Low Risk” based on the forest certification system	44%	25%	22%
	Certification of Legality in the Clean Wood Act	(C) Timber whose legality has been confirmed by documents proving that it was cut in compliance with the laws of the place of origin*1	17%	10%	15%
N/A		(D) Materials whose legality has been confirmed by “additional measures”*2	3%	0%	0%

*1 Specifically, materials confirmed by an export license, certificate of origin, etc.

*2 Specifically, timber that was confirmed to be in compliance with laws by asking suppliers to provide a distribution channel

Sustainable Procurement Performance of Raw Materials for Papermaking

All raw materials for papermaking such as chips and pulp handled by ITOCHU have acquired FSC or PEFC certification as “materials handled by certified forest suppliers or materials approved as management materials by a certification body”.

Classification Based on Legality		Item	FYE 2019	FYE 2020	FYE 2021	
Certified Materials or Advanced Management can be Confirmed	Forest Certification System	Timber handled by a certified forest supplier or timber approved as a management material by a certification body (acquired FSC or PEFC certification)	Chips	100%	100%	100%
			Pulp	100%	100%	100%

* License No. FSC® C009841

Natural Rubber

ITOCHU is engaged in the business of processing and trading natural rubber. Natural rubber is mainly produced in Southeast Asian countries such as Thailand and Indonesia, and about 70% of it is used for making tires. While the demand for natural rubber is projected to continue growing, internationally concerns are being raised on deforestation and the human rights violations of indigenous people with regard to procurement activities. In its distribution from raw materials procurers to tire manufacturers, natural rubber passes through the hands of many intermediary businesses (such as collectors and transporters), making environmental and social impacts difficult to manage. This is why increasing the traceability and transparency of natural rubber procurement is an increasingly important issue for ITOCHU.

In response, ITOCHU has joined as a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR), which was established in October 2018. We agree on the 12 principles stipulated by GPSNR and cooperate in the development and operation of the Platform’s standards.

- Natural Rubber Procurement Policy (https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf)

Participation in the GPSNR

In October 2018, ITOCHU joined the new Global Platform for Sustainable Natural Rubber as the only Japanese trading company founding member. This organization was established by car manufacturers, tire manufacturers and natural rubber processing companies involved in the natural rubber industry. Its members work together throughout their supply chain to establish traceability and achieve higher levels of sustainability.

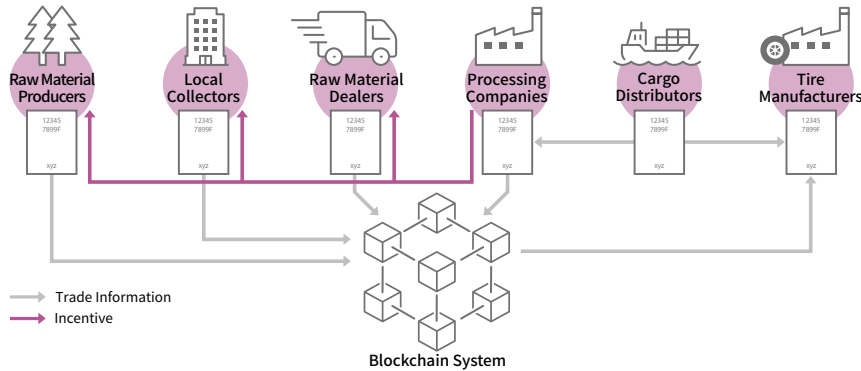
Initiatives for Demonstration of Traceability Using Blockchain

The traceability system we have developed allows us to track the procurement process of natural rubber. This has enabled the differentiation of natural rubber kind to society and the environment. PT. Aneka Bumi Pratama, a natural rubber processing subsidiary of ITOCHU, has started manufacturing traceable natural rubber using this system. It plans to sell this as high value-added products compatible with the SDGs. The company will return part of the revenue it obtains from the sales of those products to producers and eliminate raw materials produced by illegal logging. This will allow us to contribute to the production and spread of sustainable natural rubber.

* Release: ITOCHU Announces a Blockchain PoC for Traceability (<https://www.itochu.co.jp/en/news/press/2019/190201.html>)

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

■ Conceptual Diagram of the Natural Rubber Supply Chain and Trial Test



Palm Oil

Palm oil has been widely associated to environmental destruction and human rights violations in relation to the development and production of plantations. ITOCHU is extensively engaged in the trade and distribution of palm oil but is not involved in the palm plantation business. Therefore, though we recognize the gravity of social and environmental implication of palm oil, we are engaging in the issue from our position as a distribution player. For example, we are a member of the Roundtable on Palm Oil (RSPO) and are working to fulfill our corporate social responsibility by taking responsibility and standing as a bridge between producers and consumers. We are also cooperating in the spread of certified oil other than RSPO, such as MSPO*¹ and ISPO*², in cooperation with industry groups.

In addition to having formulated the Sustainable Procurement Policy for Palm Oil, we aim to preserve natural forests and ensure sustainable consumption of forest resources by promoting transparency in the supply chain and strengthening the sustainable palm oil procurement system.

*1 Malaysian Sustainable Palm Oil *2 Indonesian Sustainable Palm Oil

- Sustainable Procurement Policy for Palm Oil (https://www.itochu.co.jp/en/csr/pdf/sustainable_palm_oil_procurement_policy.pdf)

Establishing Traceability

ITOCHU will inspect its supply chain as a way to fulfil our corporate social responsibility. In doing so, we will identify issues and strive to solve them with the aim to achieve sustainable procurement and supply of palm oil. Our goal is to achieve 100% traceability at the mill level by 2021 and to switch all palm oil procured by the Company to sustainable palm oil*¹ by 2030. In particular, we aim to base our procurement on the NDPE principle (No Deforestation, No Peat, No Exploitation)*².

*1 Sustainable palm oil: palm oil supplied from supply chains in compliance with the NDPE Policy according to the RSPO, MSPO and ISPO or standards equivalent to them

*2 No Deforestation, No Peat, No Exploitation (NDPE): zero deforestation, zero peatland development, zero exploitation

Membership to the Roundtable on Sustainable Palm Oil (RSPO)

We joined the Roundtable on Sustainable Palm Oil (RSPO) in 2006, and respect the principles and standards set by the RSPO (such as the Principles and Criteria for the Production of Palm Oil) to promote transparency in the supply chain. We are working to strengthen the sustainable palm oil procurement system by expanding transactions with suppliers of raw material that have improved their traceability.

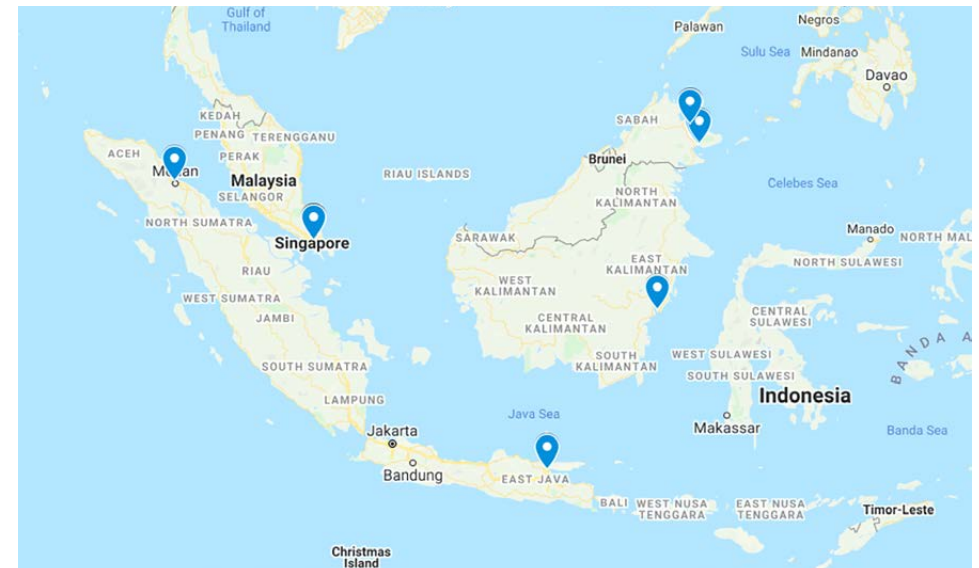
We confirm priority items and utilize them in procurement through sustainable procurement surveys, including on-site examinations, and direct engagement with suppliers.

In the course of our operations, we regularly review our procurement policy in cooperation with stakeholders such as business partners and experts. Information regarding this matter will be disclosed through the ESG Report, the Sustainability Action Plan, and the Annual Communication of Progress (ACOP).

- RSPO Supply Chain Certificate (https://www.itochu.co.jp/en/csr/pdf/rspo_scc_certification_2021.pdf)
- Sustainability Action Plans (P16)
- The Annual Communication of Progress (ACOP) (<https://www.rspo.org/members/63/itochu-corporation>)

Please also refer to the disclosed information below regarding ITOCHU's initiatives.

- Initiatives for sustainable procurement of palm oil (as of the end of 2020) (https://www.itochu.co.jp/en/csr/pdf/fact_sheet_2021.pdf)
- Refinery list (as of the end of 2020) (https://www.itochu.co.jp/en/csr/pdf/refinery_list_2021.pdf)
- Mill list (as of the end of 2020) (https://www.itochu.co.jp/en/csr/pdf/mill_list_2021.pdf)



Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Performance Data Regarding Sustainable Palm Oil Procurement

Our goal is to achieve 100% traceability at the mill level by 2021 and to transition all procured palm oil to sustainable palm oil by 2030. The following table shows the current progress information, actual results and target information.

Category	Performance			Target	
	2018 (Jan-Dec)	2019 (Jan-Dec)	2020 (Jan-Dec)	2021	2030
Volume of Handled Palm Oil	277,000mt	308,000mt	340,000mt		
<Main Supplier>	Malaysia	Malaysia	Malaysia	Malaysia	Malaysia
	Indonesia	Indonesia	Indonesia	Indonesia	Indonesia
RSPO Members	9/9 (100%)	10/10 (100%)	10/10 (100%)	100%	100%
Suppliers Under NDPE Policy	9/9 (100%)	10/10 (100%)	10/10 (100%)	100%	100%
<Certified Sustainable Palm Oil>					
RSPO Certified Sustainable Palm Oil	1.10%	9.87%	12.89%		
<Traceability>					
Traceable to the Mills	99.80%	99.90%	99.90%	100%	100%

Food

Cocoa Beans and Coffee Beans

ITOCHU handles cocoa beans and coffee beans as the raw ingredients of chocolate and coffee products. We operate processing/exporting business for coffee beans with UNEX (Guatemala), S.A. serving as our subsidiary. The suitable areas to growing cocoa beans and coffee beans are concentrated near the equator. The impact on human rights and the natural environment by plantation development and production has been identified. Accordingly, we have established procurement policies to fulfill our corporate social responsibility. Under these policies, we are promoting sustainable procurement in consideration of the environment and human rights.

- Cocoa Bean Procurement Policy (https://www.itochu.co.jp/en/csr/pdf/cocoa_beans_procurement_policy.pdf)
- Coffee Bean Procurement Policy (https://www.itochu.co.jp/en/csr/pdf/coffee_beans_procurement_policy.pdf)

Cocoa Bean and Coffee Bean Trading Supply Chain

Cocoa Beans



Coffee Beans



Overview of Cocoa Bean and Coffee Bean Dealings

Contents	Cocoa Beans	Coffee Beans
Overview of Dealings	Trading	Trading and processing/exporting
Scope	ITOCHU Corporation and subsidiaries	ITOCHU Corporation and subsidiaries (Including UNEX (Guatemala), S.A)
Main Suppliers	Ghana and Latin America	Brazil, Vietnam and Guatemala, etc.
Main Sales Destinations	Japan and the U.S.	Japan, Europe, North America and Asia
Examples of Activities	Sustainable cocoa bean sourcing program (P144)	Sustainable coffee bean sourcing (P144) Activities with UNEX (Guatemala), S.A (P144) Project with Farmer Connect SA (P144)

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Sustainable Cocoa Bean Sourcing Program

ITOCHU started handling sustainable cocoa beans in 2007. We will continue to further enhance the traceability of cocoa beans and work on strengthening our handling of cocoa beans to help with consideration for human rights and the environment, the eradication of poverty among farmers, and an improvement in living standards.

Sustainable Coffee Bean Sourcing Program

ITOCHU has handled sustainable coffee beans over more than 15 years. In particular, we are working to strengthen our handling of sustainable certified coffee beans authenticated by organizations (e.g., UTZ, RFA and 4C) and defined by customers.

Activities of UNEX (Guatemala), S.A in Coffee Producing Area

ITOCHU is working on the following activities through UNEX (Guatemala), S.A – a subsidiary which collects coffee cargo in Guatemala.

Item	Content
Technical Support for Small Farmers	Providing agricultural technology (e.g., methods of utilizing shaded trees and soil management) to improve the productivity of small farmers
Support for Mobile Hospitals	Providing medical care to coffee producers and their families living in mountainous areas where there are no hospital nearby
Support for Childcare Facility Management	Providing education, food and drink to the children of workers engaged in harvesting to prevent child labor

Project with Farmer Connect SA

ITOCHU started project with Farmer Connect SA, a company aiming to build an IT platform to be able to browse coffee traceability information, in September 2019. We invested in this company in March 2021. This is allowing us to contribute to the growth of the coffee industry together with many companies responsible for coffee production, distribution and sales, and consumers.

Item	Content
Strengthening Supply Chain Traceability	We record and store traceability information – from coffee bean cultivation, producing area, collecting point, blending and roasting to customers – with blockchain technology.
Creating a System for Consumers and Companies to Support Producers Directly	Consumers and companies pay tips directly to coffee producers through the Thank My Farmer app on the Web. This enables them to support for sustainable coffee production projects.

Dairy Products

ITOCHU stably procures and imports milk ingredients, cheeses and other dairy products from overseas dairy product suppliers with a production and quality control structure. The dairy product production and supply structure in Japan has been built centered on Hokkaido as part of agricultural policy. However, in response to the increase in consumption of dairy products in Japan in recent years, import opportunities have been steadily increasing under trade liberalization agreements (e.g., the TPP and EPA).

Producers' organizations and companies in major dairy product producing countries (New Zealand, Australia, Europe, North America and South America) have gradually started initiatives to build a production structure enabling sustainable growth. We will strive to understand the initiatives of major production areas and suppliers through regular visits and surveys by sales representatives and work to further build relationships. This is so that we can continue to deliver safe and secure dairy products in the future.

Ensuring the Safety of Raw Milk

Ensuring the safety of raw milk in dairy product supply chains is paramount. We have a structure in which raw milk milked and collected by dairy farmers and then brought to dairy product factories is subject to antibiotic contamination tests at the acceptance stage. This means we only use raw milk confirmed to be safe.

In addition, manufactured cheese, butter and skim milk powder (excluding powdered milk) are individually packed in manufacturing factories mainly in 10 kg or 20 kg cardboard boxes for cheese and butter, and 25 kg paper bags for skim milk powder. The manufacturing date is then printed on these. Accordingly, it is possible to trace products up to the date of their production date in the manufacturing factory.

The standards for hormones and antibiotics used to breed beef and dairy cattle are established by the relevant organizations in each country. Each dairy product manufacturer then sets its own self-management regulations based on those standards.

Initiatives for the Sustainability of Ranches

An example of these initiatives is that basically dairy cows are raised by grazing in New Zealand – an important supply base for ITOCHU. The cows are bred while changing their grazing land regularly so that ranches do not fall into ruin. We are promoting such initiatives to help improve productivity.

Moreover, we have started the product development and distribution of grass-fed butter produced from beef and dairy cows raised eating only grass in New Zealand. Regular butter is made with the milk of cows raised mainly on grains. In contrast to this, grass-fed butter is made with the milk of cows raised eating only grass or grass of at least a certain ratio. This has the advantage of reducing the financial burden on dairy farmers.

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Meat

The Meat Products Department in the ITOCHU Food Company imports and procures raw meat ingredients (beef, pork and chicken) from various countries around the world. It handles pork in the greatest quantities with raw ingredients primarily being procured from North America and Europe. Meanwhile, it imports beef from Australia and the U.S. We have jointly invested in Teys Australia Condamine Pty Ltd. in the cattle fattening business in Australia together with an Australian beef supplier called Teys and Prima Meat Packers.

The following is our basic policy for performing inter-company initiatives when procuring raw meat ingredients from overseas: Production suppliers who do business with ITOCHU should be aware of environmental aspects at the production stage. They should take into consideration the workers involved in production. Finally, above all, they should construct production operations including traceability that can guarantee safety and peace of mind.

ITOCHU regularly visits factories that are our supply sources. We do this under a commitment to responsible meat procurement. We establish good relationships through close communication with overseas suppliers.

Ensuring Traceability at HyLife Group Holdings

HyLife is capable of supply chain management and coordination in-house because it performs integrated production that includes pig farms, mixed feed factories and pork processing. The company has utilized this production structure to realize a stable supply of safe, high-quality and traceable products with peace of mind. In addition, it is possible to feedback the individual needs of customers to pig farms through such integrated production. The firm has established a specialty program customized for Japan – a program that has received a high appraisal in the market. Currently, it is the number one company in Canada in terms of refrigerated pork exports to Japan.



Teys Australia Condamine's Cattle Fattening Farm



Pork Processing Process

Teys Australia Condamine's Global Warming Countermeasures

Teys Australia Condamine introduced 1,034 solar panels in 2015. This has made it possible to generate approximately 506,000 kWh of power annually. Accordingly, approximately 50% of the power used in this facility comes from renewable energy. The introduction of solar power generation has reduced CO₂ emissions by approximately 395 tons. Consequently, a reduction in CO₂ emissions of approximately 49% has been realized compared with before the introduction of solar power generation.

We also procure beef to be slaughtered and processed from Teys – our joint investment partner in Australia. This firm has formed sustainable operations. It extracts methane gas generated in the slaughter process and reuses it as heat for its factory.



Installed Solar Panels

Initiative Participation

Companies in wide-ranging lines of businesses – from producers to retailers – are participating in an initiative called the Global Round Table for Sustainable Beef (GRSB) with the aim of sustainable beef production. ITOCHU has built business relationships with multiple companies participating in the GRSB. We are exchanging information with them on the latest trends.

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Performance Data of Traceability

The major premise for ITOCHU is to be able to thoroughly trace the products we deliver to our customers back to their producers above all else while considering the safety and peace of mind of food as our number one priority.

We have a 100% “traceback” system for all meat (beef, pork, chicken) suppliers (mainly overseas) allowing us to trace back products up to their production stage.

Content	Performance		
	2018	2019	2020
Volume of Handled Meat	About 150,000 tons	About 130,000 tons	About 150,000 tons

Animal Welfare

The ITOCHU Group raises livestock in a comfortable environment to reduce livestock stress and disease. The following measures have been taken to handle livestock humanely, based on the belief that it will increase productivity and produce safe livestock products.

Teys Australia is committed to ensuring that all cattle are treated humanely. As part of our commitment to animal welfare, all Teys Australia processing facilities operate under the Australian Livestock Processing Industry Animal Welfare Certification System (AAWCS). An independently certified animal welfare program that ensures that livestock under our control (from receipt to humane processing) are managed in accordance with best practice animal welfare standards.

Teys Australia operates its feedlots in strict compliance with the independently audited National Feedlot Accreditation Scheme.

Respecting Animals is a HyLife Core Value and the obligation and responsibility of all employees.

HyLife provides optimal environmental conditions for the animals in our care providing climate controlled housing, nutritionally balanced diets and veterinary animal health oversight.

All employees receive comprehensive training in the proper care and handling of animals and farms are operated in accordance with the Canadian Code of Practice for the Care & Handling of Pigs and are certified under the Canadian Quality Assurance Program.

Marine Products

We mainly handle skipjack and yellowfin as marine products. In Indonesia, we operate the PT. Aneka Tuna Indonesia (ATI) canned tuna factory in a joint venture with partners. We have established voluntary management regulations for tuna. We thoroughly stick to our policy of only procuring skipjack and yellowfin that has been appropriately managed by fishing organizations.

Targets

The acquisition of MSC^{*1} certification is limited among fishermen for the highly migratory fish of skipjack and yellowfin at present. Under these circumstances, we handle 4,500 tons of MSC raw ingredients per year at present in the trade of skipjack and yellowfin for canned raw material. We are also aiming to encourage fishermen to acquire MSC so that we handle 10,000 tons per year within five years.

The rate of pole and line fished^{*2} products in our canned tuna handling was 7% in FYE 2014. However, this increased to 33% in FYE 2021. We would like to continue initiatives to achieve results that exceed our target (20%).

The usage rate and quantity of pole and line fished raw material in ATI more than doubled from 20% at 8,000 tons in 2013 to 40% at 20,000 tons in 2018. It has become one of the few canned tuna factories in the world that uses pole and line fished raw material. The quantity of raw ingredients we handled temporarily dropped in response to changes in the market environment in FYE 2021. Nevertheless, we are continuing to work to secure, maintain and increase pole and line fished raw ingredients.

*1 The Marine Stewardship Council (MSC) is an international NPO established in 1997 to work on spreading sustainable fishing. Its headquarters are located in London, England.

*2 Pole and line fishing is a method of fishing by catching one fish at a time. It is a sustainable fishing method that does not involve the catch of large quantities of fish at one time. It is said that it is an environmentally friendly fishing method because it is also possible to avoid the bycatch of non-targeted fish.

Sustainability Surveys for Marine Resource Suppliers to Ensure Responsible Procurement Practices

We regularly visit and survey our suppliers. This is so that we responsibly procure marine resources for all the marine products we handle. We also promote cooperation with various fishing organizations. Every year, those in charge of sales visit and survey 45 suppliers applicable to our internal selection criteria in cooperation with our Food Safety and Compliance Management Office. This is for the regular visits and surveys on our suppliers to responsibly procure marine resources. We also engage in business after confirming that suppliers are appropriate from a viewpoint of ESG.

Regarding bonito tuna, which we handle in vast quantities, in September 2017 we established a voluntary management rule called “Tuna Handling Management Rules”, which prohibits procurement from IUU fishing (concerning illegal fishing: “Illegal, Unreported and Unregulated”). We only procure and purchase marine products whose origin is clearly traceable to fisheries that are properly managed by the Western & Central Pacific Fisheries Commission (WCPFC).

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Certifications and External Stakeholder and Initiative Participation

We acquired distributor certification and chain of custody certificate (CoC)*1 certification from the Marine Stewardship Council (MSC) in March 2018.

We joined the Organization for the Promotion of Responsible Tuna Fisheries (OPRT) in 2012 in the tuna business. This is an organization that was established for the sustainable use of tuna resources. We are now promoting initiatives that comply with our aforementioned voluntary management regulations.

ATI is strengthening its handling of pole and line fished raw material— considered to be the most environmentally friendly skipjack and yellowfin fishing method. The need for products made with pole and line fished raw material is growing every year in markets with a high interest in sustainability (e.g., the U.K. and Australia) for the canned tuna market as well. It is our policy to strengthen our handling of pole and line fished products manufactured by ATI.

ATI joined the Indonesian Association of Pole & Line and Hand Line in 2014. It is offering its cooperation such as by providing data. This data is used in the Fishery Improvement Program (FIP)*2. ATI is also cooperating for the acquisition of MSC in Indonesia. Moreover, it joined an international organization called the International Seafood Sustainability Foundation (ISSF)*3 in 2016. The firm is offering its cooperation such as by providing information in the same way as it does with the Indonesian Association of Pole & Line and Hand Line.



Pole and Line Fishing

*1 Chain of custody certificate (CoC) is certification for processors and distributors. This is to ensure the traceability of MSC certified marine products and other products in the management of processing and distribution processes specified by MSC.

*2 The Fishery Improvement Program (FIP) is a project in which small fishermen finding it difficult to acquire MSC certification and market stakeholders cooperate and work together aiming for sustainable fishing under the goal of future MSC acquisition with MSC compliant fishing methods.

*3 The International Seafood Sustainability Foundation (ISSF) is an organization running under the aim of sustainable skipjack and yellowfin fishing. It was launched in response to an appeal by major canned tuna operators in 2009.

Performance Data Related to Certification

Item		FYE 2014 Results	FYE 2020 Results	FYE 2021 Results	Target (Next 5 Years)	
Bonito Tuna for Canned Tuna	Obtained MSC and/or COC certification	MSC, COC Quantity	N/A	7,300 tons	2,600 tons	10,000 tons
		MSC, COC%	0%	4%	1.4%	5%
	ATI Fishing Line	ATI Single Fishing Raw Material Quantity	8,000 tons	25,000 tons	18,802 tons	25,000 tons
		Single Fishing Tuna Product Ratio	7%	17%	33%	20%

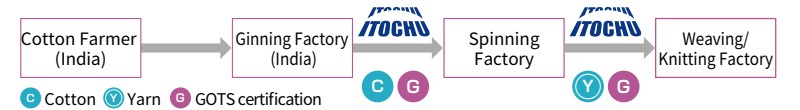
Textile Raw Materials

In recent years, the trend for sustainability has been gradually penetrating the fashion market. For example, global fashion brands have declared that they will switch to using environmentally friendly materials (e.g., organic cotton, recycled polyester etc.) for the materials they procure as an initiative to develop the labor environment in the supply chain and to deal with the disposal of clothing and other problems. This issue is particularly important to us given that ITOCHU was founded as a textile raw materials trading business, which remains a cornerstone of our company to this day as a part of the Fashion Apparel Division. Therefore, in our textile business we have made it our policy to shift our raw materials portfolio to environmentally friendly resources and build traceability capacity from raw materials procurement to distribution to manufacturers. Our target for this policy will be to make 50% of the textile raw materials, handled by the section in charge*, traceable and environmentally friendly by 2025. At the same time, we are aiming to switch 80% of polyester to recycled polyester.

* The textile raw material section

Organic Cotton Procurement in India

Traceability in Organic Cotton Procurement in India



When we procure organic cotton in India, we first purchase raw organic cotton that comes with a certificate from a ginning (work to separate the seeds and fibers after harvesting raw cotton) factory in India that has acquired GOTS certification. We deliver that raw organic cotton to spinning factories that have acquired GOTS certification in India or Asia. Finally, we purchase the yarn spun in those spinning factories and sell it to weaving/knitting factories in Japan and overseas. Furthermore, with regards to the traceability of organic cotton, we have implemented measures to leveraging our vast network and experiences to facilitate our cotton farmers in India to shift toward organic farming methods and to support certification acquirements (such as the GOTS certification*) at our cotton mills and ginning factories. Given these initiatives, we have achieved 100% traceability in the organic cotton that we handle among the cotton we have procured during the 3 year transition period.

Leveraging this experience, the “RENU” project started full-scale operation in 2019 and has quickly acquired GRS (Global Recycle Standard) certification for recycled polyester yarn.

* GOTS certification: a set of comprehensive standards that certifies products made from organic textile. The standards cover the following items: use of certified raw materials and their traceability, control systems to limit or prohibit designated chemical inputs (dyes and auxiliaries) and accessories, separation and identification systems, environmental management, contamination and residue testing, and social criteria (possible sources of information: interview with management, confidential interviews with workers, personnel documents, physical on-site inspection, unions/stakeholders).

Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Expansion of Environmentally Friendly Materials

Our Apparel Division has been working on branding, commercializing and proposing natural materials for several years. In response to the recent momentum for conversion to sustainable materials in the global apparel market, we are also working to expand our use of environmentally-friendly materials.

We launched the RENU Project with the aim of realizing a recycling-oriented society in 2019. The first product in that project came from us developing recycled polyester.

We started the trial deployment of a cellulose material derived from coniferous forests called Kuura in March 2021. This is a new material we have jointly developed with a major company in the Finnish forest industry called the Metsa Group. Using renewable energy in the manufacturing factory and using a special solvent in the manufacturing process for this product has helped us to reduce our burden on the environment. In addition, we have established traceability that even includes the timber for this. These efforts have led to this product attracting attention as an innovative sustainable material.

We will continue to accelerate the pace of our cooperation with global companies toward our increasing use of environmentally friendly materials in the future. At the same time, we will work to acquire certification in the spinning, weaving/knitting and sewing processes and to expand internal cross-company business toward establishing branding and traceability up to commercialization – our medium term target.

- Commitment of Protecting Forests through Material Sourcing of MMCF
(https://www.itochu.co.jp/en/csr/pdf/commitment_of_protecting_forests_2019.pdf)
- RENU Project (P56)
- Participation to Textile Exchange "the 2025 Recycled Polyester Challenge"
(<https://textileexchange.org/wp-content/uploads/2021/04/News-Release-Textile-Exchange-Leads-on-rPET-Challenge-with-UNFCCC.pdf>)

Performance Data of Organic Cotton Procurement

All organic cotton is GOTS certified and traceable.

Item	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Organic Cotton Handled (1,000 kg)	556	900	460	1,252
Percentage of Cotton Trade	9%	32.2%	18.2%	63%
Traceability of Organic Cotton	100%	100%	100%	100%
GOTS Certification of Organic Cotton	100%	100%	100%	100%