



ITOCHU Corporation

# ESG Report

## 2023



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## Editing Policy

ITOCU's ESG Report is to provide various stakeholders including shareholders, investors, business partners, and others with a deep understanding of our company's sustainability policies, approaches, targets, systems, and specific initiatives. We recognize that "Meeting the expectations of society through business activities will help maintain sustainability and lead to further growth." With this in mind, ESG Report 2023 reports the details of our sustainable activities in the previous fiscal year together with ESG performance data and our contribution to the SDGs.

### Reporting Period

This report principally covers actual data for the fiscal year beginning on April 1, 2022, and ended on March 31, 2023 (FYE 2023). However, some of the most recent information on our activities and initiatives are also included.

### Reporting Boundary

This report covers ITOCHU Corporation (7 domestic offices and 86 overseas offices) and its major group companies.

### Independent Assurance

The environmental and social performance indicators marked with ★ and ◆ in this report are independently assured by KPMG AZSA Sustainability CO., Ltd. (P207)

### Publication Information

Publication: September 2023

Next publication (scheduled): September 2024

Previous publication: September 2022

### Referenced Guidelines

In promoting sustainability, we refer to international guidelines and principles such as The Ten Principles of the United Nations Global Compact and Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015. The guidelines and principles we refer to are listed below.

- The Ten Principles of the United Nations Global Compact
- GRI Sustainability Reporting Standards (GRI Standards)
- International Integrated Reporting Framework (IIRC)
- ISO 26000 (Social Responsibility)
- TCFD Recommendations
- Universal Declaration of Human Rights (UDHR)
- UN Guiding Principles on Business and Human Rights
- Sustainable Development Goals (SDGs)
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
- OECD Guidelines for Multinational Enterprises
- The Environmental Reporting Guidelines issued by the Ministry of the Environment
- Keidanren: Charter of Corporate Behavior
- Japan Foreign Trade Council: Shosha's Corporate Environmental Code of Conduct, Supply Chain CSR Action Guidelines

## Corporate Profile

**Company Name** ITOCHU Corporation

**Founded** 1858

**Incorporated** December 1, 1949

### Headquarters

#### Tokyo

5-1, Kita-Aoyama  
2-chome, Minato-ku,  
Tokyo 107-8077, Japan

#### Osaka

1-3, Umeda 3-chome,  
Kita-ku,  
Osaka 530-8448, Japan

**Chairman & CEO** Masahiro Okafuji

**Common Stock** 253,448 Million Yen

**Number of Offices** Domestic Offices 7  
Overseas Offices 86

**Number of Employees\*** Consolidated 110,698  
Non-consolidated 4,112  
(As of March 31, 2023)

\* The number of consolidated employees is based on actual working employees excluding temporary staff.

### Inquiries

ITOCU Corporation Sustainability Management Division

TEL: +81-3-3497-4060 E-mail: tokcr@itochu.co.jp

## Disclosure of Sustainability-related Information

Publication	Contents	PDF	HTML
ESG Report	ITOCU discloses information on a wide range of topics concerning its sustainability initiatives. The PDF is published as an annual report so as to provide continuous record of our ESG initiatives. In HTML, we provide information on activities carried out during the fiscal year in a timely manner.	●	●
Annual Report	This report is for a wide range of stakeholders including investors to provide particularly important information on our management performance and future growth strategies, as well as sustainability initiatives, in an integrated form, including financial and non-financial information, based on the characteristics of our business activities as a general trading company.	●	●
Corporate Governance Report	This report presents our company's approach to corporate governance and its corporate structure in accordance with the principles stated in the Corporate Governance Code. We provide more detailed information on governance such as institutional design, operational status, and effectiveness evaluation.	●	
Annual Security Report	The financial statements have been prepared in accordance with Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and submitted to the Kanto Local Finance Bureau. We provide more detailed information on our financial condition.	● (Japanese Only)	

## Forward-Looking Statements

This report contains not only past and present facts, but also forecasts, targets, and plans for the future. These forward-looking statements are based on information available at the time of publication of this report and are subject to a number of factors that may cause actual results to differ materially from those presented in the forward-looking statements. Please use this report at your own discretion.

## Chairman & CEO

# Preventative Management that Anticipates the Future

The World Health Organization (WHO) has announced the end of the state of emergency for COVID-19 which spread worldwide since 2020. Japan has also finally downgraded the legal status of COVID-19 to that of a category 5 common infectious disease.

In the spring of 2020, when the unprecedented catastrophe of COVID-19 struck around the world, we were forced to consider how we should respond to this crisis, how to protect our employees and how to continue our business. Because it was an unprecedented catastrophe which no one expected, rather than predicting when it would be over, I thought, as usual, about the area of prevention in our principles of “earn, cut, prevent” and what opportunities would arise from this crisis precisely because we were in such times. I believe prevention does not mean avoiding risks and halting business, but rather preparing in advance how to respond to the greatest risks which may arise and how to reliably proceed with business. Even if a risk emerges, we can ensure the damage from it will not be fatal by putting this prevention into practice on a daily basis.

The origin of ITOCHU’s continued development for more than 160 years is “*Sampo-yoshi*” (good for the buyer, good for the seller and good for society). However, “*Sampo-yoshi*” does not mean trying to please everyone; rather, it means analyzing the risks for all three parties and then taking measures suitable for each of them as soon as possible to achieve stable growth for all. That means it is extremely important to collect information about what is happening in society, what may happen and what the market wants. We then need to uncover opportunities and uncertainties—that is, risks—before taking a thorough response to prevent them.

The experience of being given a room with no toothbrush when I went on a business trip to Europe in 2018 made me strongly aware that the market is changing. We have shifted to a decarbonized society-conscious management and have been focusing increasingly on thermal coal divestment and environmentally-friendly businesses such as storage batteries, cellulose fiber and energy from waste. Changing our company in line with the changes in our customers and society is my concept of a market-orientated approach. We will continue to put “*Sampo-yoshi*” capitalism into practice, valuing all our stakeholders with the aim of achieving further sustainable growth in our corporate value.



June 2023



**Masahiro Okafuji**  
Member of the Board  
Chairman & Chief Executive Officer



## President & COO

# How to Be a Trusted Company

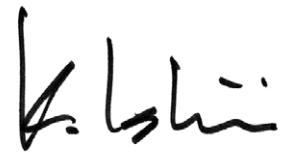
Restrictions on activity due to COVID-19 have been lifted and there has been a shift to new lifestyles. Together with this, the flow of people is recovering and we are returning to a normal business environment. Moreover, we are starting to see resource prices gradually settling down, and personal consumption is also recovering in many countries. However, the global economy remains in a chaotic state due to various events such as fears of an economic slowdown arising from inflation reduction efforts mainly in Europe and the United States, and instability from concerns about losses on bonds held by financial institutions.

Since being appointed President of ITOCHU, I have always kept in mind the importance of being a “trusted player” no matter the circumstances. To achieve this, I believe we need to thoroughly implement the bottom-up approach to management by visiting our customers and understanding with our own eyes and ears what society and our customers need. We need to communicate with all our stakeholders, taking a medium- to long-term perspective and being aware of changes in the environment and the market, as well as changes in the products and services sought by consumers.

The global economic environment is changing dramatically, and the responsibilities sought from companies are also changing dynamically. In order to improve our corporate value, there is a need to expand and evolve in non-financial areas such as the environment, social issues and human capital in addition to having strong profit growth and a sound financial structure. We are incorporating non-financial areas into our management policies, such as our basic policies on “Realizing Business Transformation by Shifting to a Market-oriented Perspective” and “Enhancing Our Contribution to and Engagement with the SDGs through Business Activities,” as stated in our Brand-new Deal 2023 medium-term management plan. In doing so, we seek to be a trusted company that maintains a market-oriented approach amidst societal changes, undertaking business which is attuned to the new needs of our customers and society.



June 2023



**Keita Ishii**

**Member of the Board  
President & Chief Operating Officer**

## Chief Administrative Officer

# Contributing to a Sustainable Society

Based on the spirit of “*Sampo-yoshi*” (good for the buyer, good for the seller and good for society), the ITOCHU Group not only pursues profits for our company, we also help to solve social issues, in line with the expectations and trust placed on us by our business partners, shareholders, employees and various other stakeholders. We seek to create virtuous cycles in society and also to help achieve a sustainable society. To do so, we ask each employee to voluntarily fulfill their various roles based on our Corporate Guideline of Conduct of “I am One with Infinite Missions.”

ITOCHU has developed a structure to promote sustainability based on changes in the external environment, such as by participating in the UN Global Compact since 2009. In particular, we recognize the importance of addressing climate change (contributing to a decarbonized society), which we have identified as a material issue. We are working toward the transition to a decarbonized society through a number of areas, including by declaring our support for the Task Force on Climate-related Financial Disclosures (TCFD), establishing an environmental policy, formulating greenhouse gas (GHG) emission reduction targets for 2030, 2040 and 2050 as a core target of our Brand-new Deal 2023 medium-term management plan, and expanding our clean-tech business.

In the area of supply chain management, we are aiming to build a sustainable value chain to respond to the issues in each of our businesses by establishing individual procurement policies in our various business fields in addition to our Sustainability Action Guidelines for Supply Chains.

For example, deforestation together with violations of the rights of small-scale farmers and poverty have become issues in the natural rubber business. Therefore, we have developed a traceability system that allows us to track the process of procuring natural rubber. This has made it possible for us to differentiate our products as those made with environmentally and socially conscious natural rubber. In this way, we are providing services that meet the needs of each industry to strengthen our value chain.

We joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a regular member in 2022. JaCER provides an engagement and remedy platform in compliance with the United Nations Guiding Principles on Business and Human Rights. We intend to work on solving essential issues in human rights by establishing a structure to receive complaints from all our stakeholders in our supply chains.



June 2023

**Fumihiko Kobayashi**  
**Member of the Board**  
**Executive Vice President**  
**Chief Administrative Officer**

ITOCHU Corporation’s measures to promote sustainability are overseen by the Sustainability Management Division under the leadership of the Chief Administrative Officer (CAO). The CAO is responsible for sustainability management, including evaluating the impact our operations have on the environment and society, and also serves as chair of the Sustainability Committee. As one of our core internal committees, the Sustainability Committee deliberates and decides on important matters related to sustainability. In addition to serving as chair of the Sustainability Committee, the CAO also attends Board of Directors, HMC, and Investment Consultative Committee meetings to provide a perspective on sustainability to all investment proposals and provide reports as necessary to the Board of Directors.

We designate an ESG officer within each division company and headquarters department to support the creation of internal systems that contribute to the realization of a sustainable society through our business activities. Additionally, we promote regular dialogue with internal and external stakeholders, including through initiatives the Sustainability Advisory Board. All of this enables us to understand the expectations and demands that society has for ITOCHU Corporation, which we reflect in our sustainability activities.

# Sustainability at the ITOCHU Group



*Sustainability*



# Our Sustainable History and Value Creation Model

## The Roots of Management Philosophy

### Our Founder Chubei Itoh and “*Sampo-yoshi*”

The foundation of ITOCHU Corporation traces back to 1858, the year in which Chubei Itoh set out from Toyosato Village, in Shiga Prefecture, to Nagasaki as a traveling linen merchant.

Chubei Itoh's business was based on the spirit of “*Sampo-yoshi*”, the management philosophy of merchants in Ohmi, a province where he was born. The philosophy originated back to the shogunate era, when merchants in Ohmi were permitted to promote business activities in the region due to their contributions to the society. Since then, not only good for the seller and the buyer, but also for the society became the management philosophy. This can be said to be the roots of modern sustainability, which requires corporations to balance their business activities with the interests of multi-stakeholders. That spirit is evident in Chubei Itoh's personal motto, “Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society.”



Our founder Chubei Itoh (1842 - 1903)



Ohmi merchants (Photo courtesy of Archival Museum for the Faculty of Economics at Shiga University)

### The Roots of a Management Philosophy Inherited Since the Foundation

Our founder Chubei Itoh established a “store law” in 1872, and adopted a meeting system. The store law was a set of house rules covering what in modern parlance called management philosophy, code of ethical conduct, a human resources system and employment regulations, which subsequently became the foundation of ITOCHU Corporation's management philosophy. Emphasizing communication with employees, Chubei Itoh chaired meetings himself. Moreover, he incorporated a series of what were at the time groundbreaking management systems, including the codification of “sharing of profit by three parties”<sup>\*</sup> and western bookkeeping methods. Those initiatives built the foundations of mutual trust between the store owner and the employees. Since that era, we have based our corporate management on sustainability.

<sup>\*</sup> Sharing of profit by three parties: In a predominately feudal era, this was an extremely progressive philosophy of sharing profits with employees. The store's net profit was divided among three parties: the store owner, the store's reserve fund, and store employees.



A daifukuchō ledger from the time of ITOCHU's founding

### 160 Years of History and Sustainability

Why were we able to keep developing for such a long period of time? We believe that it is because we have put into practice the spirit of “*Sampo-yoshi*” for over 160 years, which is the root of sustainability. At the same time, as the business environment has changed with the times, we have established a corporate culture that anticipates changes and turns it into opportunities.

Since the foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and economic volatility. Starting as a trading company mainly handling textiles, we have fulfilled the role of a trading company that has responsively changed according to the demands of each generation. Furthermore, while significantly changing its products and business portfolios, we have expanded our sphere of influence from upstream raw materials to downstream consumer sales. ITOCHU Corporation has evolved into a general trading company, and from there into a globally integrated corporation.

We are convinced that our history has continued for more than 160 years because we have surely upheld and passed on the spirit of “*Sampo-yoshi*” while remaining an essential component of society by responding to changes, in its expectations in different eras.



The headquarters with modern amenities built in 1915

# Our Sustainable History and Value Creation Model

## 8 Division Companies

### Textile

Providing new values and impressions for everyday life in fields ranging from fashion to high-tech materials.

### Machinery

Developing wide-ranging businesses, including plants, infrastructure, aircraft, ships, automobiles, construction/ industrial machinery, and life care.

### Metals & Minerals

Contributing to economic development and environmental protection worldwide through the development and safe supply of mineral resources.

### Energy & Chemicals

Working in tangible and intangible ways to help improve lives by using overall strength as a global trading company to offer solutions and services.

### Food

Expanding globally while contributing to food safety and security from the supply of ingredients to manufacturing, distribution, and retail.

### General Products & Realty

Operating on a global scale in fields ranging from general lifestyle products to the development and sale of homes and the goods that support them.

### ICT & Financial Business

Creating and expanding new markets by utilizing business development functions based on ICT and BPO along with customer networks.

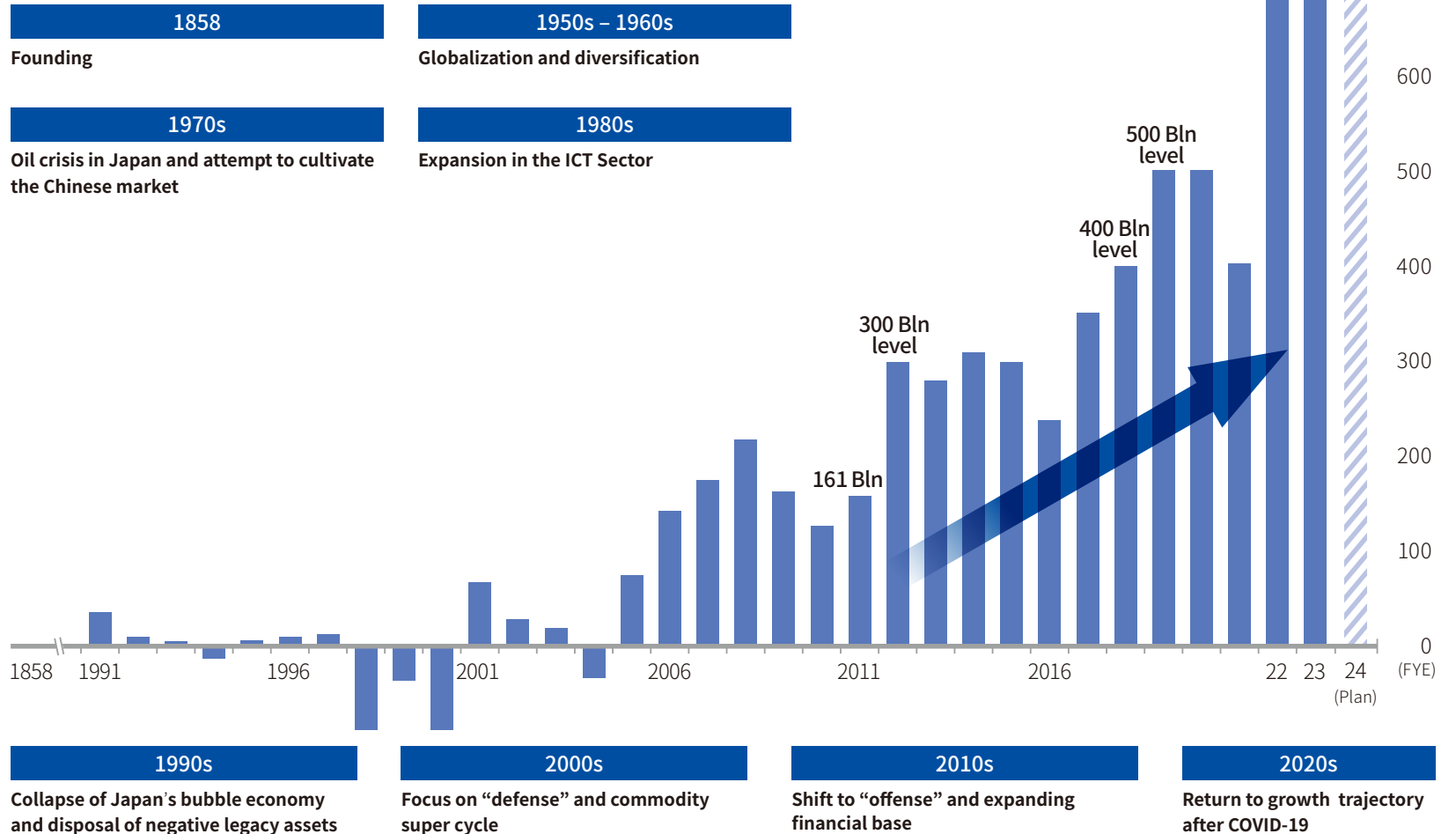
### The 8th

Developing new businesses and customers based on a “market-oriented” perspective by fully leveraging our business platforms.

## Consolidated Net Profit Growth

### Steadily Improving Earning Power

ITOCHU has overcome numerous hardships by transforming itself by flexibly changing its management resource allocation and business structure in response to changes in the external environment. Since FYE 2011, ITOCHU has accelerated the speed of growth and steadily improved earning power step by step.





# Our Sustainable History and Value Creation Model

## “Sampo-yoshi” Capitalism

To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

Based on the spirit of ITOCHU Mission “Sampo-yoshi,” which is also the founding spirit, we have identified seven Material Issues that incorporate the perspectives of the environment, society and governance (ESG) as shown in the diagram below.

We are steadily implementing initiatives through our core businesses to address these Material Issues. In the present medium-term management plan “Brand-new Deal 2023”, in particular, we will actively promote “Business expansion in accordance with a decarbonized society,” “Leading development in the recycling businesses,” and “Sustained growth through strengthening the value chain.”



# Policy & Basic Approach

## Sustainability Policy

### The ITOCHU Group Sustainability Policy

ITOCHU Group, conducting business globally under the spirit of “*Sampo-yoshi*,” the founding spirit and our Corporate Mission, considers that addressing global environmental and social issues is one of the top priorities in our management policy. We have formulated this policy based on The ITOCHU Group Corporate Guideline of Conduct, “I am One with Infinite Missions,” and The ITOCHU Group Code of Ethical Conduct for the realization of sustainable society.

#### 1. Identification of Material Issues and Promotion of Businesses that Address the Social Issues

As a member of the international community, we will identify and assess material issues where we can create the most social and environmental value for that can enhance the sustainable growth of both society and our business.

#### 2. Establishment of Mutual Trust with Society

We will take necessary measures to ensure that we disclose accurate and clear information and expand the information we disclose, and maintain a communicative relationship with our stakeholders. In doing so, we aim to be receptive and responsive to the expectations and demands of society.

#### 3. Strengthening Sustainable Supply Chain and Business Investment Management

We will promote sustainable business activities by preventing and continuing to give consideration to problems for the conservation of the global environment, climate change mitigation and adaptation, pollution control, resource recycling, protection of biodiversity and ecosystems, and basic human and labor rights.

We will endeavor to effectively use resources (such as air, water, land, food, minerals, fossil fuels, animals and plants), respect human rights and consider occupational health and safety in the businesses where we invest and in the supply chains of the products we handle.

We request our business partners to understand and implement the concept of sustainability in the ITOCHU Group, and aim to build a sustainable value chain.

We will respect the legal systems of each country and international norms. We will strive to understand the cultures, traditions and customs of countries and regions around the world. We will then engage in fair and sincere corporate activities.

#### 4. Education and Awareness of Employees to Promote Sustainability

We believe that the promotion of sustainability starts with each and every employee. Therefore, we will take necessary measures to educate our employees on the material issues we have identified and nurture a sustainability mindset among the workforce. Every employee is expected to adhere to this policy by executing respective action plans drafted in alignment to this policy.

**Fumihiko Kobayashi**

Member of the Board  
Executive Vice President  
Chief Administrative Officer

Established in April 2006  
Revised in April 2022

# Policy & Basic Approach

## Reference Guidelines and Principles for Promoting Sustainability

In promoting sustainability, we refer to international guidelines and principles such as The Ten Principles of the United Nations Global Compact and Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015. The guidelines and principles we refer to are listed below.

- The Ten Principles of the United Nations Global Compact
- GRI Standards
- International Integrated Reporting Framework(IIRC)
- ISO 26000 (Social Responsibility)
- TCFD Recommendations
- Universal Declaration of Human Rights (UDHR)
- UN Guiding Principles on Business and Human Rights
- Sustainable Development Goals (SDGs)\*
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
- OECD Guidelines for Multinational Enterprises
- The Environmental Reporting Guidelines issued by the Ministry of the Environment
- Keidanren: Charter of Corporate Behavior, Global Environment Charter
- Japan Foreign Trade Council: Shosha's Corporate Environmental Code of Conduct, Supply Chain CSR Action Guidelines

\* Sustainable Development Goals (SDGs): Following the 2015 deadline for the Millennium Development Goals (MDGs), the SDGs set goals for sustainable development by 2030. The 17 goals address issues such as poverty, starvation, energy, climate change and social equality.



## ITOCHU Group's Concept of Sustainability

The founder spirit and corporate philosophy of our group is “*Sampo-yoshi*” (good for the seller, good for the buyer and good for society). That is, we aim to contribute to solving social issues by meeting the expectations and trust of our various stakeholders including business partners, shareholders and employees in addition to earning profit.

In April 2018, our company identified seven material issues that incorporate ESG aspects and two perspectives of the impact of social and business. Responding to critical issues (material issues) relating to sustainability also leads to opportunities for earnings in addition to reducing risks in our business. We recognize that our response to those material issues leads to a medium- to long-term improvement in our corporate value.

We will work on these material issues through our core business from the following three perspectives taking into account the current business environment around us. This initiative will allow us to contribute to the realization of a sustainable society.

### 1. Sustainable enhancement of corporate value

We have anticipated change seeing it as an opportunity in the course of the development of our group for over 160 years. We have expanded from being a company at the upstream of the industry to one that is also at the downstream and from handling raw materials to also being involved in retail. We have increased the scope of our influence with that. At the same time, we have developed while changing the composition of the products we handle and our business areas together with the times. Therefore, we believe that constantly creating new value beyond the boundaries of our existing business is especially important in improving the corporate value of our group. Our group recognizes the importance of providing new value in our products and services with the “market-in” idea to capture the needs of sellers, buyers and society by utilizing our strength in the points of contact we have with consumers in the consumer sector. Together with this we understand the importance of conducting our business activities taking into account the environment and human rights including in our supply chain.

### 2. Climate change response

Climate change is one of the most urgent global environmental problems. As a group involved in business worldwide, we are striving to adapt to changes in the business environment due to climate change. At the same time, taking this as an opportunity for further growth, we recognize that formulating and implementing greenhouse gas (GHG) emission reduction targets for 2030, 2040 and 2050 and our specific response will lead to an improvement in our corporate value.

### 3. Human capital management and diversity

Our group has inherited the corporate philosophy of “*Sampo-yoshi*” (good for the seller, good for the buyer and good for society). We are striving to secure and develop human resources who embody the idea of “I am One with Infinite Missions” in our corporate action guidelines. To achieve that, it is essential to implement a human resource strategy which maximizes the abilities of each of our employees regardless of their gender, nationality or age. Accordingly, we have shared examples of our work style reforms such as morning-focused work and health management and personnel measures within our group. We are now rolling out a unique human resource strategy to suit the business of each of our group companies. In addition, the whole of our group will come together as one to expand our corporate value. For example, we will provide meticulous support for issues in recruitment, human resource development and labor management in our group companies.

# Policy & Basic Approach

## Material Issues

In April 2018, ITOCHU put forth Material Issues that incorporate an ESG perspective when we formulated the previous medium-term management plan. Addressing these Material Issues through our core business, we will contribute to a sustainable society. ITOCHU's sustainability initiatives aim to fulfill our responsibilities for the society of today and the future. Also, these initiatives are contributing to the achievement of the Sustainable Development Goals (SDGs)\* adopted by the United Nations in 2015.

\* Sustainable Development Goals (SDGs): Targets for sustainable development to achieve by 2030, adopted in September 2015 by member states of the United Nations

- Identification and Review Process for Material Issues (P14)
- Risks and Opportunities/Social Impacts of Each Material Issue (P20-21)
- Sustainability Action Plans (P24)

### Evolve Businesses through Technological Innovation

We are creating new value by proactively exploring new technologies as we adapt to changing industry structures by venturing beyond existing business frameworks.



### Address Climate Change (Contribute to a Decarbonized Society)

We are striving to adapt to the impact of climate change on our business activities, while also promoting business activities that contribute to a decarbonized society and seeking to reduce greenhouse gas emissions.



### Develop a Rewarding Work Environment

We are developing a work environment where all employees feel proud and motivated, and where they can leverage their diversity to demonstrate their abilities to the fullest.



### Respect and Consider Human Rights

We are promoting respect and consideration for human rights in our business operations and ensuring stability in our business, while also contributing to the development of local communities.



### Contribute to Healthier and More Affluent Lifestyles

We are striving to improve the quality of life for all people and are contributing to the creation of healthier and more affluent lifestyles.



### Ensure Stable Procurement and Supply

We are contributing to the creation of a recycling-oriented society by giving consideration to biodiversity and other environmental issues while undertaking the effective utilization of resources as well as their stable procurement and supply, in line with demand in each country.



### Maintain Rigorous Governance Structures

We are ensuring appropriate and efficient execution of operations through independent, objective, and effective oversight of management by the Board of Directors and increased transparency in decision-making.



## SUSTAINABLE DEVELOPMENT GOALS

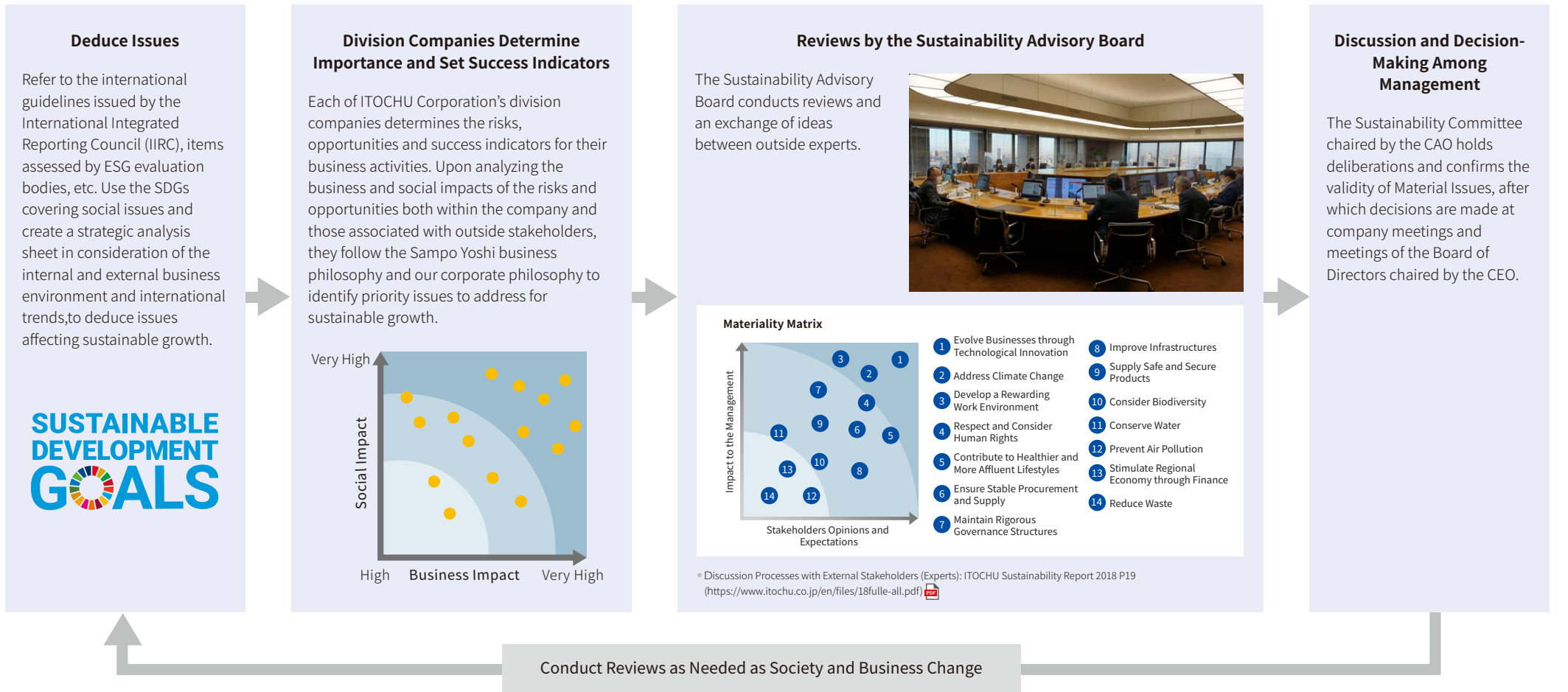


# Policy & Basic Approach

## Identification and Review Process for Material Issues

Since ITOCHU Corporation first identified Material Issues in 2013, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. The Current Material Issues were identified in April 2018 in consideration of ITOCHU’s sustainable growth and the social impact of its business, based on changes in social conditions and the business environment, such as the adoption of the SDGs and the effectuation of the Paris Agreement, as well as ITOCHU’s corporate philosophy of “*Sampo-yoshi*.” While the original material issues focused on consideration for the environment and society (CSR), the revisions are based on “our efforts through core business,” “alignment with management strategy,” “medium- to long-term social change,” and “the addition of governance elements.” The material issues’ selection process is as illustrated.

### Material Issues’ Selection Process





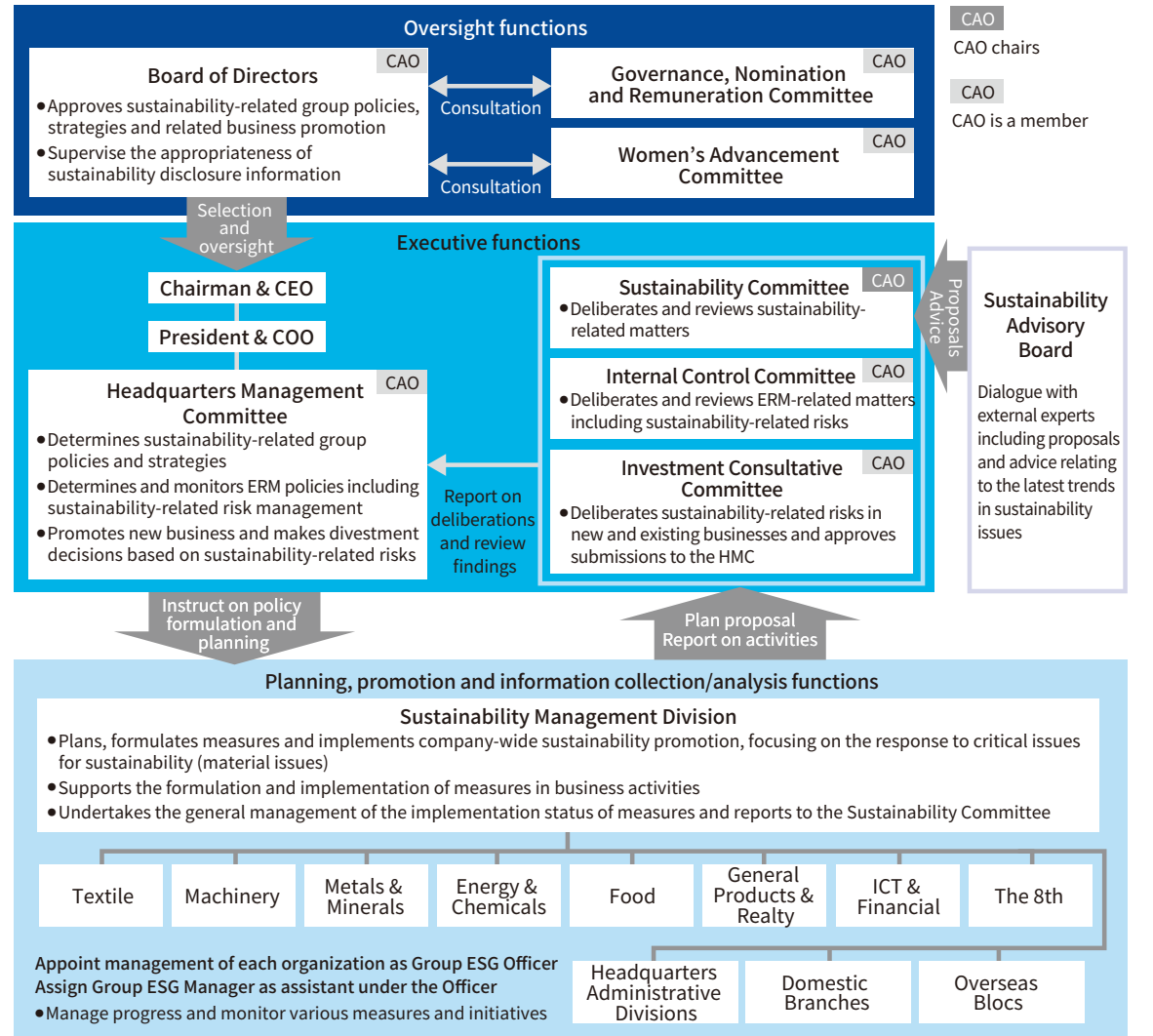
# Governance

## Organization and Systems

The Sustainability Management Division plans and formulates company-wide action to further sustainability at ITOCHU Corporation, which the Sustainability Chairperson served by the Chief Administrative Officer finalizes. Meanwhile, the ESG Officers and Managers in each unit carry out sustainability actions. The Sustainability Committee, one of the company's key committees, holds deliberations and reviews policy formulation and important matters. In addition to a role in heading the Sustainability Committee, the CAO joins meetings of the Board of Directors, the Headquarters Management Committee (HMC) and the Investment Consultative Committee. The chair also engages in decision-making based on the company's impact on the environment and society by reporting regularly to the Board of Directors to brief them on our promotion of sustainability. We furthermore engage in dialog with stakeholders within and outside the company. One example of this is our regularly convened advisory board. This dialog provides an understanding of what society expects of and desires from the company, which we can then apply to our initiatives at advancing sustainability.

\* CAO: Chief Administrative Officer  
HMC: Headquarters Management Committee

■ Sustainability-related Governance Structural Chart (As of June 23, 2023)



# Governance

## Board of Directors

Our group recognizes that responding to sustainability issues is an important management issue. The Board of Directors approves the Group’s policies, strategies and related business promotion related to sustainability, and oversees the appropriateness of sustainability disclosure information. The Board of Directors oversees the appropriateness of material issues through a review important matters such as policies to respond to risks and opportunities for each material issue, the specific approach to responding to them, the indicators of the results of the response to them, and the degree of progress on them.

The Board of Directors also oversees the execution of business and investment strategies to respond to sustainability-related risks and opportunities including environmental and social risks. (That includes a review of strategies and divestment decisions).

We use the ESG Checklist for Investment as an advance ESG risk assessment on all our new investment projects. The checklist helps us to understand and analyze the status of sustainability-related risk policies, systems and initiatives. HMC, which deliberates on important projects, verifies sustainability-related risks. Moreover, after investing in projects, we conduct multifaceted monitoring and reviews of group companies to avoid sustainability-related risks as well as on-site visits and surveys to prevent environmental pollution and other issues. The CAO periodically reports on its sustainability-related deliberations and initiatives to the Board of Directors which then oversees them.

## Skills and Competencies of the Board of Directors

Our CAO has specialized experience and knowledge in the field of the SDGs and ESG. The CAO receives periodic reports about twice a month from the Sustainability Management Division in charge of planning and implementing various sustainability-related measures. Furthermore, we invite external experts to give talks and exchange opinions at meetings of the Sustainability Advisory Board held every year. Through those opportunities, we deepen our knowledge about sustainability-related trends in the world, the expectations in our company and the issues we should tackle.

The CAO, our representative director, is a member of the HMC which discusses our general management policy and important management-related matters. At the same time, the CAO concurrently serves as the chair of the Sustainability Committee. The CAO decides matters deliberated upon in meetings of the Sustainability Committee as the person with overall responsibility for sustainability. The HMC then approves important matters after they have been decided upon by the CAO. The CAO reports those decisions to the Board of Directors about three times a year together with the status of the main activities to promote sustainability. We believe this structure gives the Board of Directors the competency when overseeing sustainability.

## Sustainability Committee

The Sustainability Committee deliberates on the formulation and implementation of various measures to respond to sustainability-related matters. The committee identifies, assesses and manages the setting of sustainability-related targets, the state of progress on those targets, and current sustainability-related risks and opportunities. The Board of Directors oversees the promotion of business and investment strategies to respond to sustainability-related risks and opportunities. (That includes a review of strategies and divestment decisions.) In addition, at the executive level, the managers of each company concurrently serving as those in charge of ESG and the managers of headquarters administrative division participate in the Sustainability Committee as core members. The committee receives reports on sustainability-related matters from the Sustainability Management Division and those in charge of promoting ESG in each company and headquarters administrative division. It then manages and monitors the progress on the various measures and initiatives.

## FYE 2023 Sustainability-related Deliberations and Reports

Sustainability-related Meetings	Members	Number of Meetings Held	Main Approval, Deliberation and Report Contents
Board of Directors	Directors and Audit & Supervisory Board members	3	<ul style="list-style-type: none"> <li>Deliberations by the Sustainability Committee and decisions by the CAO</li> <li>Social contribution activity reports</li> </ul>
Sustainability Committee	Chair: CAO Members: General Managers of the Corporate Planning & Administration Division, Corporate Communications Division, General Accounting Control Division, Human Resources & General Affairs Division and IR Division; General Managers of the Planning & Administration Departments in each Division Company; full-time Audit & Supervisory Board member	3	<ul style="list-style-type: none"> <li>Establishment and revision of sustainability-related policies</li> <li>Revision of the ESG Checklist for Investment</li> <li>Climate change response</li> <li>Sustainability action plan reviews</li> <li>Human rights due diligence and sustainability-related research reviews</li> <li>Securities report and sustainability-related disclosures</li> <li>ISO14001 environmental management reviews</li> <li>ESG assessments</li> <li>Environmental and social risks monitoring and review results</li> <li>Confirmation of the material issues</li> <li>TNFD disclosure preparation</li> </ul>

# Governance


## Sustainability Advisory Board

The Sustainability Advisory Board was established to engage outside stakeholders in dialog with our executive management to determine whether the direction we are taking with regards to sustainability is aligned with the needs of society as ITOCHU Corporation's business grows more diverse and widespread, and then to apply the insights to promoting sustainability.

### Overview of the Sustainability Advisory Board 2022

In FYE 2023, we welcomed three experts from industry, academia and the government to discuss the theme of supply chains and human rights in a meeting of the Sustainability Advisory Board we held in January 2023. The experts gave talks on the latest trends from their differing perspectives. After that, ITOCHU introduced the status of our follow-up on human due diligence in the food field, local contribution initiatives and initiatives to secure traceability by utilizing blockchain technology in the general products & realty field. There was then a frank exchange of opinions in the question-and-answer session.

The participants shared with us their expectations in ITOCHU and advice for us: "Realizing human rights-related initiatives in your core business is best practice. Striking a balance between the stable procurement of essential goods and the promotion of sustainability is an extremely difficult challenge." "It will be very important to focus on dialogue with various stakeholders in your initiatives to respect human rights. You will need to work together with your business partners and industry groups to prioritize and then promote those initiatives. In addition, information disclosure is essential. You should disclose information without fear of criticism and collaborate with various stakeholders on what you cannot do alone. We will reflect the opinions received in our future Group sustainability efforts.

\* Third Party Opinion 「Viewing Climate Change as an Opportunity」 Yukari Takamura (Annual Report 2022 P85)  
 (https://www.itochu.co.jp/en/csr/pdf/ar2022E\_08.pdf?230320) 



Meeting of the Sustainability Advisory Board

## Summary of Past Activities

(Job Titles at the Time)

FYE 2023	<b>Supply Chains and Human Rights</b>	<p><b>External Lecturer</b></p> <ul style="list-style-type: none"> <li>Mr. Ken Toyoda Director for Business and Human Rights Policy, Ministry of Economy, Trade and Industry</li> </ul> <p><b>Sustainability Advisory Board Members</b></p> <ul style="list-style-type: none"> <li>Ms. Tomoyo Matsui Professor of Graduate Schools for Law &amp; Politics, The University of Tokyo</li> <li>Mr. Hideki Wakabayashi Director, Japan NGO Center for International Corporation • THINK Lobby Board Member • Director, Global Compact Network Japan</li> </ul> <p><b>ITOCHU Members</b></p> <ul style="list-style-type: none"> <li>Fumihiko Kobayashi Member of the Board, Executive Vice President, Chief Administrative Officer</li> <li>Ryoma Omuro General Manager, Planning &amp; Administration Department, Textile Company</li> <li>Toshio Okudera General Manager, Planning &amp; Administration Department, Machinery Company</li> <li>Osamu Tano General Manager, Planning &amp; Administration Department, Metals &amp; Minerals Company</li> <li>Haruo Maeda General Manager, Planning &amp; Administration Department, Energy &amp; Chemicals Company</li> <li>Daiju Hashimoto Manager, Food Safety and Compliance Management Office</li> <li>Yasuhiro Takahashi General Manager, Planning &amp; Administration Department, General Products &amp; Realty Company</li> <li>Atsushi Hashimoto General Manager, Planning &amp; Administration Department, ICT &amp; Financial Business Company</li> <li>Tetsuya Mukohata Manager, Planning &amp; Administration Section, The 8th Company</li> <li>Yoshiko Matoba General Manager, Human Resources &amp; General Affairs Division</li> <li>Masahiro Sogabe General Manager, Legal Division</li> <li>Yoshihito Tabé General Manager, Sustainability Management Division (served as Moderator)</li> </ul>
	<b>Carbon Credits</b>	<p><b>Sustainability Advisory Board Members</b></p> <ul style="list-style-type: none"> <li>Mr. Fumihiko Kajikawa Director, Environmental Economy Office, Ministry of Economy, Trade and Industry</li> <li>Ms. Yukari Takamura Professor of Institute for Future Initiatives, The University of Tokyo</li> <li>Mr. Hidemi Tomita Managing Director, LRQA Sustainability K.K.</li> </ul>
FYE 2021	<b>Response to Climate Change</b>	<p><b>Sustainability Advisory Board Members</b></p> <ul style="list-style-type: none"> <li>Ms. Yukari Takamura Professor of Institute for Future Initiatives, The University of Tokyo</li> <li>Ms. Fuyumi Naito Director of Decarbonized Business Promotion Office, Climate Change Policy Division, Global Environment Bureau/ Chief Sustainability Officer, Ministry of the Environment</li> <li>Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K.</li> </ul>
FYE 2020	<b>Sustainable Business Direction in a Circular Economy</b>	<p><b>Sustainability Advisory Board Members</b></p> <ul style="list-style-type: none"> <li>Mr. Eiji Hosoda Professor of Business Administration and Information Science, Chubu University, Professor Emeritus, Keio University</li> <li>Ms. Mami Fukuchi Associate Professor of Graduate School of Interdisciplinary Information Studies, The University of Tokyo</li> <li>Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K.</li> </ul>
FYE 2019	<b>Climate Change</b>	<p><b>Sustainability Advisory Board Members</b></p> <ul style="list-style-type: none"> <li>Mr. Kenichi Suganuma Ambassador Plenipotentiary and Extraordinary (in charge of climate negotiations), Ministry of Foreign Affairs</li> <li>Mr. Tsuyoshi Mizuguchi Professor of Economics, Takasaki City University of Economics</li> <li>Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K.</li> </ul>

# Governance

## Sustainability Awareness Activities at ITOCHU

While pursuing sustainable activities, ITOCHU engages in various activities to raise awareness within the Company so as to further ITOCHU Group employees' understanding and to work through business on solutions to social issues in a manner that conforms to the latest global trends.

### Recent Sustainability Awareness Activities

ITOCHU conducts general sustainability education for all directors and employees every year, with the aim of promoting sustainability throughout the company and conducting awareness surveys. This training is intended to promote understanding of trends in the environment, business, and human rights, as well as ITOCHU's initiatives, policies, and measures in response to these trends. In addition, the opinions and level of understanding received from the Employee Questionnaire conducted at the end of the course are utilized in the next year's training.

	Theme	Participation
FYE 2023	SDGs and Sustainability (Examples: Latest trends, Sustainability Action Plans, GHG emission reduction and climate change measures, business and human rights, supply chain management, etc.)	100.0%
FYE 2022	SDGs and Sustainability (Examples: Latest trends, risks and opportunities of the ITOCHU Group, GHG emission reduction and climate change measures, business and human rights, supply chain management, etc.)	100.0%
FYE 2021	Sustainability Trends (ITOCHU Group Material Issues, Risks, and Opportunities)	100.0%
FYE 2020	Global Sustainability Trends (ESG, SDGs, Climate Change, Supply Chains)	100.0%
FYE 2019	"ESG - Climate Change Response, Business & Human Rights"	99.9%

### Sustainability Seminars

We have been holding in-house sustainability seminars on a continuous basis since 2007 to bring in outside insights and ideas on various sustainability issues.

### Recent Seminars

In October 2021, we invited Yasushi Furushima of the Environment and Energy Policy Team in Mizuho Research & Technologies for a sustainability seminar titled, "When and Where Does CO<sub>2</sub> Occur?" In the introductory and practical versions, we learned a wide range of practical examples, analysis methods, and initiatives for life cycle assessment in various industries and products, and it was a good opportunity for each individual to think about how to apply them to their main business. Moreover, in February 2022, we held a practical seminar titled "Method of Calculating Scope 3 Emissions in the ITOCHU Group." We are working to improve our abilities so that all related employees can calculate Scope 3 for themselves.

FYE 2022	When and Where Does CO <sub>2</sub> Occur? Life Cycle Assessment (LCA) Study Session Method of Calculating Scope 3 Emissions in the ITOCHU Group
FYE 2021	Are the SDGs Profitable?
FYE 2019	Business and Human Rights (in the Supply Chain)
FYE 2018	Business and Human Rights (Development)
FYE 2017	What Companies and Consumers Can Do to Create a Sustainable Society



Sustainability Seminar

### Sustainability Trainings

We engage in various sustainability trainings for ITOCHU personnel so as to promote sustainability awareness within our Group. We strive to raise awareness of the environment, human rights, and other aspects of sustainability that must be understood according to each business domain and responsibility.

Training Title	Applicable Employees	Training Details	Participants in FYE 2023
Group ESG Managers Conference	Group ESG managers	Basic knowledge and explanation of work duties for ITOCHU Group ESG promotion supervisors	94
Training New Recruits	New employees	ITOCHU Group sustainability promotion	110
Training in Preparation for Overseas Assignments	Employees designated for overseas assignment	Points of caution related to ITOCHU Group sustainability and promoting sustainability overseas	212
Training for Group Executive Officers	Group executive officers	ITOCHU Group sustainability and importance of Group alliances	124
Training for Newly Appointed Section Managers	New Section Managers	Examples of businesses which promote the ITOCHU Group sustainability and which balance social issues and business feasibility	55
Sustainability Survey Workshop	Employees conducting sustainability surveys	Important items in the Sustainability Action Guidelines for Supply Chains and sustainability surveys	90

# Strategies

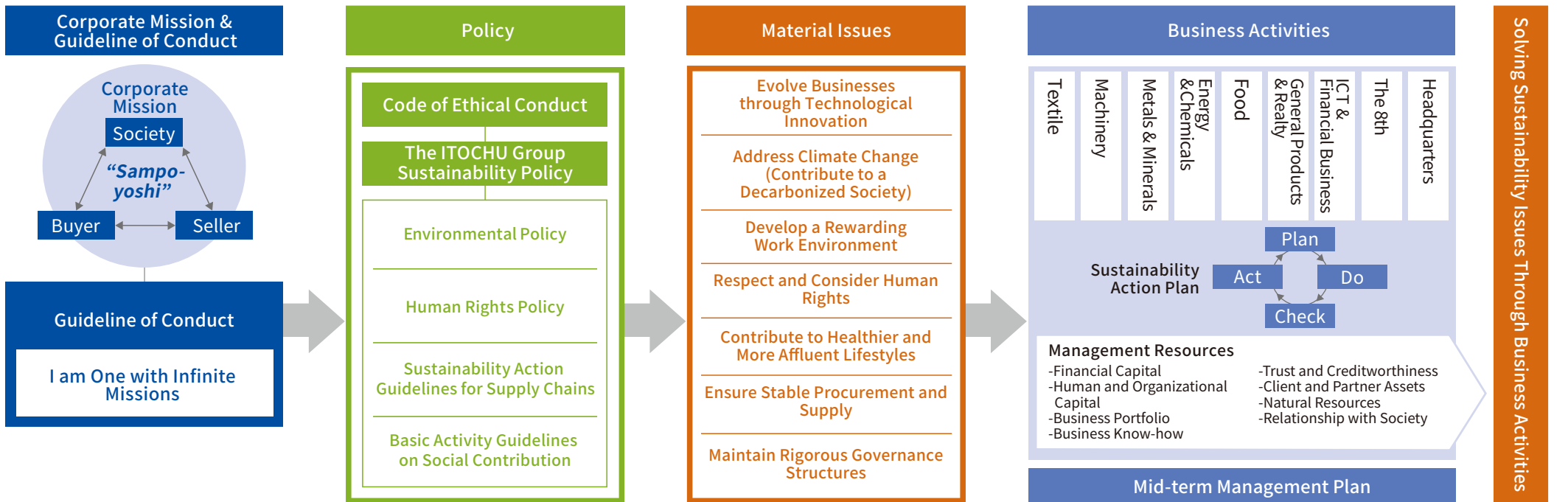
## Flow of Sustainability Promotion

Our group has established the ITOCHU Group Sustainability Policy based on our corporate philosophy and changes in the external environment. We are now promoting initiatives to contribute to sustainability on an organizational and systematic basis. Specifically, we have incorporated our group's material issues into the Sustainability Action Plan linked to our business activities. We want to help solve issues through trading and business investment based on the policies in our medium-term management plans.

We review and disclose the issues we should address, the applicable business fields, our specific approaches, performance indicators and state of progress every year in our Sustainability Action Plan.

Please refer to the "ITOCHU Group Sustainability Policy (P11)" for details.








### Flow of Sustainability Promotion





# Strategies

## Risks and Opportunities for Each Material Issue

Material Issues	Risks	Opportunities
 <p><b>Evolve Businesses through Technological Innovation</b></p>	<ul style="list-style-type: none"> <li>• Obsolescence of existing business models resulting from the emergence of new technologies, such as IoT and AI.</li> <li>• Labor shortage in developed countries, loss of excellent human resources in businesses in which efficiency improvement is delayed.</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new markets and provision of innovative services.</li> <li>• Utilizing new technologies for optimizing human resources and logistics, increasing competitiveness by promoting work style reform.</li> </ul>
 <p><b>Address Climate Change (Contribute to a Decarbonized Society)</b></p>	<p><b>Transition Risk</b></p> <ul style="list-style-type: none"> <li>• Reduction in demand for fossil fuels due to business restrictions on greenhouse gas emissions.</li> </ul> <p><b>Physical Risk</b></p> <ul style="list-style-type: none"> <li>• Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons and hurricanes).</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in renewable energy and other business opportunities which will contribute to alleviating climate change.</li> <li>• Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather.</li> </ul>
 <p><b>Develop a Rewarding Work Environment</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
 <p><b>Respect and Consider Human Rights</b></p>	<ul style="list-style-type: none"> <li>• Business delay or business continuity risk resulting from the occurrence of a human rights problem in business activities that expands (geographically).</li> <li>• Decline in credibility that may result from defects in the social infrastructure services we provide.</li> </ul>	<ul style="list-style-type: none"> <li>• Stabilization of business or securing of excellent human resources resulting from harmonious coexistence with local communities.</li> <li>• Establishment of safe, stable supply system for product enabled by the consideration of human rights and improvement of work environment in the supply chain.</li> </ul>
 <p><b>Contribute to Healthier and More Affluent Lifestyles</b></p>	<ul style="list-style-type: none"> <li>• Decline in credibility that would result from the occurrence of consumers and service users' safety or health issues.</li> <li>• Impact on business of destabilization of the market or social security system based on policy change.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for food safety, security and health improvement.</li> <li>• Expansion of information, financial and logistics services resulting from an increase in consumer spending or penetration of the internet.</li> </ul>
 <p><b>Ensure Stable Procurement and Supply</b></p>	<ul style="list-style-type: none"> <li>• Impact of opposition movement resulting from the occurrence of an environmental problem and worsening relationship with local communities.</li> <li>• Structural exhaustion of the overall industry caused by the occurrence of price competition, mainly in the consumer-related sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in resource demand attributed to an increase in population and improvement of living standard in emerging countries.</li> <li>• Winning customer trust or creating new businesses with a stable supply of environmentally friendly resources and materials.</li> </ul>
 <p><b>Maintain Rigorous Governance Structures</b></p>	<ul style="list-style-type: none"> <li>• Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.</li> </ul>

# Strategies

## Social Impacts of Each Material Issue

Material Issue	Impact Classification	Impact Description
 Evolve Businesses through Technological Innovation	Innovation	<ul style="list-style-type: none"> <li>Promote DX, and improve productivity and operational efficiency of the entire industry.</li> <li>Leverage new technologies (such as Fintech, IoT, AI, and remote technology, etc.) and business models, and promote the creation of new businesses and the provision of innovative services utilizing consumer contact points.</li> </ul>
	GHG Emissions	<ul style="list-style-type: none"> <li>Comply with the Japanese government's target, achieve "virtually zero" GHG emissions by 2050. Furthermore, aim for "zero offset" by 2040 through the active promotion of businesses that reduce emissions, and contribute to reducing the impact of climate change.</li> </ul>
 Address Climate Change (Contribute to a Decarbonized Society)	Climate Change Opportunities	<ul style="list-style-type: none"> <li>Promote integrated projects including the development, operation, and fuel supply of ammonia-fueled vessels, and contribute to net zero emissions of GHGs in the marine and shipping sectors.</li> <li>Develop, own, and operate renewable energy power plants so as to realize a stable supply of renewable energy, and contribute to mitigating the effect of climate change.</li> <li>Provide a stable supply of AI storage batteries that help optimize the balance of power supply in household regions and contribute to mitigating the effect of climate change.</li> <li>Promote sales of electric vehicles (EVs) and hybrid vehicles (HVs), and contribute to global warming countermeasures in the transportation sector.</li> <li>Promote environmentally friendly energy use in regional heat supply, and contribute to mitigating the effect of climate change.</li> </ul>
	Climate Change Adaptation	<ul style="list-style-type: none"> <li>Diversify origin and development of local industries so as to hedge weather risks, and reduce the impact of extreme weather and global warming in food, forestry sectors.</li> </ul>
	Transition Risk	<ul style="list-style-type: none"> <li>Promote efforts to completely withdraw from fuel coal mine interests, and contribute to mitigating the effect of climate change.</li> <li>Work with specialized companies on resource development projects that take into account GHG reduction (Transition Fuel), and contribute to mitigating the effect of climate change.</li> </ul>
	Capital Introduction	<ul style="list-style-type: none"> <li>Continue to invest in the development of technologies that contribute to the reduction of greenhouse gas emissions, such as CCS (CO<sub>2</sub> storage) and CCU (CO<sub>2</sub> utilization), and contribute to mitigating the effect of climate change.</li> <li>Promote businesses related to the stable supply of materials necessary for the production and supply of fuels such as hydrogen and ammonia, raw materials such as nickel and PGM, and storage batteries, and contribute to mitigating the effects of climate change.</li> <li>Expand the use of sustainable by-products as an alternative to cement, which is indispensable for civil engineering and construction, and contribute to mitigating the effect of climate change.</li> </ul>
	Pollution Prevention and Resource Recycling	<ul style="list-style-type: none"> <li>Work with local specialized companies in Europe and the Middle East, promote waste disposal and waste power generation projects, and contribute to mitigating the effect of climate change.</li> </ul>
	Water Resources	<ul style="list-style-type: none"> <li>Work with local specialized companies mainly in Europe and the Middle East, promote water treatment business, and promote effective use of water resources and contribute to reducing the environmental impact.</li> </ul>
 Develop a Rewarding Work Environment	Labor Practices	<ul style="list-style-type: none"> <li>Prohibit all forms of discrimination, create an environment in which employees with childcare, nursing care, or illness can also play an active role, and support the activities of diverse human resources.</li> <li>Enhance occupational health services and health &amp; safety management system, and promote employees' health and safety.</li> <li>Penetrate labor standards, work style reform, enhancing employee benefits, and promote improvement of labor productivity and employee engagement.</li> <li>Develop training programs for all levels from a global perspective, develop and utilize personnel systems based on management by objectives, and promote the development of excellent human resources.</li> </ul>
	Labor Practices	<ul style="list-style-type: none"> <li>Establish and conduct fair recruitment, harassment prevention, human rights training, and grievance hotlines, and reduce the negative impact on human rights.</li> </ul>
 Respect and Consider Human Rights	Mining	<ul style="list-style-type: none"> <li>Give due consideration to the environment, health and occupational safety (EHS) and coexistence with local residents, and promote sustainable mining operations.</li> <li>Contribute to medical care and education for local communities in the areas where we operate our mines.</li> </ul>
	Forest	<ul style="list-style-type: none"> <li>Improve supply chain transparency in the procurement of raw materials for wood, palm oil, natural rubber, food, etc., and prevent negative impacts on forests, the environment and local residents.</li> </ul>
	Supply Chain	<ul style="list-style-type: none"> <li>Continuously conduct surveys on human rights, society, and the environment of new businesses, business investments and major suppliers, and reduce negative impacts of human rights, society and the environment throughout the value chain.</li> <li>Conduct human rights due diligence, and reduce negative human rights, society and environment throughout the value chain.</li> </ul>
	Community Contribution	<ul style="list-style-type: none"> <li>Promote social contribution activities for local communities, and realize a symbiotic community where sports and cultural exchange are possible.</li> </ul>

# Strategies

## Social Impacts of Each Material Issue

Material Issue	Impact Classification	Impact Description
 <b>Contribute to Healthier and More Affluent Lifestyles</b>	Food Safety	<ul style="list-style-type: none"> <li>Select and concentrate on suppliers to ensure stable procurement of safe and secure food products, and provide safe products to our customers.</li> <li>Work with suppliers, provide products with food information and nutritional balance, and contribute to the promotion of people's health.</li> </ul>
	Medical Health	<ul style="list-style-type: none"> <li>Provide advanced medical equipment and advanced medical services, develop safe pharmaceuticals and other product, and contribute to the improvement of people's health.</li> </ul>
	Retail Finance	<ul style="list-style-type: none"> <li>Expand financial services that support people who need financing for their daily lives and business continuity (low-income people, etc.), and contribute to a healthy and prosperous life.</li> </ul>
 <b>Ensure Stable Procurement and Supply</b>	Forest	<ul style="list-style-type: none"> <li>Increase supply chain transparency in the procurement of raw materials for wood, palm oil, natural rubber, food, fiber, etc., and prevent negative impacts on forests, the environment and local residents.</li> </ul>
	Plastic	<ul style="list-style-type: none"> <li>Work with brand owners, supply environmental-friendly materials such as bioplastics, establish recycling and reuse programs, and contribute to solving social problems such as marine plastics and waste plastics.</li> </ul>
	Electric Power, Mining, Oil and Gas Fields	<ul style="list-style-type: none"> <li>Reduce impacts on biodiversity through ESG risk assessment focusing on biodiversity in investment projects (electric power, mines, oil and gas fields, etc.).</li> </ul>
	Stable Supply of Resources	<ul style="list-style-type: none"> <li>Diversify production areas to hedge weather risks, cultivate new production areas through the development of local industries, and contribute to the stable supply of agricultural products.</li> <li>Work with key partners, maintain a value chain of mining resources and next-generation fuels (hydrogen and ammonia) that reinforces existing achievements, and contribute to the stable supply of resources.</li> </ul>
	Supply Chain	<ul style="list-style-type: none"> <li>Strengthen communication on the respect for human rights and environmental management with major suppliers of natural resources, and prevent negative impacts of suppliers on the economy, environment, and people.</li> <li>Further expand and increase the handling of sustainable materials, and contribute to the stable supply of textile products.</li> </ul>
	Pollution Prevention and Resource Recycling	<ul style="list-style-type: none"> <li>Contribute to the promotion of the effective use of resources and the reduction of adverse environmental impact in our own offices and business activities such as waste disposal and food.</li> <li>Comply with relevant chemicals laws and regulations, and minimize the adverse effects on human health, the environment and the stable supply of chemicals.</li> </ul>
	Water Resources	<ul style="list-style-type: none"> <li>Promote the efficient use of water in our own offices and business activities, promote water treatment projects in water-stressed areas, and contribute to the promotion of effective use of water resources and reduction of environmental impact.</li> </ul>
 <b>Maintain Rigorous Governance Structures</b>	Governance	<ul style="list-style-type: none"> <li>Provide highly effective supervision of management, increase the transparency of decision-making, ensure appropriate and efficient business execution, and meet the expectations of our stakeholders through sustainable growth.</li> <li>Establish a group risk management system, maintain continuous performance, and meet the expectations of our stakeholders.</li> <li>Further foster awareness among employees that compliance at all times constitutes a contribution to the company and society, and mitigate adverse impacts on the economy (competition practices, procurement practices, etc).</li> </ul>

# Risks and Management

## Identification, Assessment and Management of Sustainability-related Risks and Opportunities

As a group which operates business globally, we constantly monitor risks to our business from changes in the social situation and business environment in each country such as measures and legislation relating to the environment and society. The Division Company Management Committees (DMC) are advisory bodies to our company presidents who have overall responsibility for the management and business activities in each of our companies. The DMC review business risks and opportunities including those relating to sustainability in terms of the environment and society every year. They then formulate an annual plan after prioritizing various measures and businesses. Each company presents its annual financial plan to the Headquarters Management Committee (HMC) as the executive body and the Board of Directors as the supervisory body. Finally, the Board of Directors approves these plans upon comprehensively analyzing and deliberating them from a sustainability perspective.

Our group recognizes that risk management is a critical management issue. With reference to the COSO-ERM framework concept, the ITOCHU Group has established a basic policy for risk management. We have set up the necessary risk management structures and methods. We periodically collect information on trends focused on existing and new regulations relating to climate change, supply chains, human rights and other areas of sustainability as well as information on sustainability-related risks and opportunities which impact our businesses around the world. We then identify the importance of that risks and opportunities.

Our group delegates discretionary powers to each of our companies to achieve prompt decision-making. We manage sustainability-related risks and opportunities associated with business operations at the division company level. The DMC of each company deliberates on management policies, and investments, financing, guarantees and business which affects our management. The division company president then decides on those matters. These decisions are incorporated into businesses, products, group companies, supply chains, strategies and portfolio assessment methods depending on the situation at each stage of business.

## Integration into the Enterprise Risk Management System

Our group has established a variety of in-house committees and responsible departments to deal with various risks and opportunities including sustainability-related risks and opportunities. At the same time, we have set up the necessary risks management structures and management methods. For example, we have set up various management rules, investment criteria, risk limits and transaction limits, and reporting and monitoring structures. We then manage risks and opportunities all-inclusively and individually.

Each of our companies reports the risks and opportunities it manages to our in-house committees. The HMC and/or the Board of Directors then approves those risks and opportunities after they have been deliberated on by the committees according to their level of importance. The Internal Control Committee reviews the effectiveness of the management structure every year and makes a report to the Board of Directors.

Please refer to the "Governance > Risk Management (P190)" for details.

# Metrics and Targets

## Sustainability Action Plans

As a concrete initiative to address the Material Issues we have identified, we embed these issues into the Sustainability Action Plan for each business sector. Each company deduces the risks and opportunities associated with critical sustainability issues in each business sector, formulates a Sustainability Action Plan that stipulates the approach and success indicators to achieve their medium- and long-term commitments, and holds semi-annual review meetings for each unit affected by the plan. This implementation of the PDCA cycle advances sustainability.

In addition, each unit—headquarters administrative divisions, domestic branches and offices, overseas locations, etc.—formulates a Sustainability Action Plan according to its business and function, the goal being to further entrench the foundations supporting business activities.

After the Materiality is identified, we reflect it in sustainability action plans in each business area as specific measures for contributing to the solution of social issues.

We promote sustainability by defining the Commitment, which shows how we achieve medium- and long-term growth and provide value to society, and specific approach and performance indicators for achieving the Commitment.



### Evolve Businesses through Technological Innovation: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company	9 (SDG icon)	Innovation	Improving and increasing the efficiency of business processes	Textile products in general	We will strive to sustain and improve the textile industry by promoting the digital transformation of our entire group.	Contribute to an increase in the efficiency of business processes, the optimization of inventory and the strengthening of customer relationship management in group companies by building a system to utilize IT and data.	Promote the digital transformation of group companies and then aim to increase profits, improve the efficiency of business, cut costs and reduce inventory/disposal losses by utilizing IT and data.	<ul style="list-style-type: none"> <li>Sales increase was confirmed at JOI'X CORPORATION by consolidating the inventories into "EC inventory" which used to be in stock at several warehouses. We will continue to verify the effects together with other measures.</li> <li>In June 2022, DESCENTE implemented the production DX system "SUPPLYZ fashion". This will lead DESCENTE, which has the largest product procurement in Textile Company group, to streamline the labour-intensive operations to be more cost-effective.</li> </ul>
Metals & Minerals Company	9 (SDG icon)	Innovation	Next-generation business development	<ul style="list-style-type: none"> <li>Mining business</li> <li>Resource-related business</li> <li>Logistics business</li> </ul>	We will contribute to improving business efficiency and eliminating concerns about skilled worker availability while fully considering the health and safety of on-site employees.	<ul style="list-style-type: none"> <li>Promote an increase in efficiency of mine operations and facility management utilizing digital transformation.</li> <li>Promote conversion to the automatic operation of mining equipments such as underground mining equipments and dump trucks.</li> </ul>	Promote initiatives that contribute to an improvement in the health and safety of employees at operation sites and in the overall business efficiency.	<ul style="list-style-type: none"> <li>We signed a memorandum to collaborate in decarbonization and digital transformation with CSN and started demonstration experiment with the aim of contributing to increased safety, operational efficiency and decarbonization at the iron ore mine (Casa de Pedra [CdP] Mine) that we invest and CSN steel work.</li> <li>In FYE 2023, it began the full-scale operation of GE Digital's operation and asset management software at the CdP Mine. We also agreed to collaborate on decarbonization of the CSN Group mainly at the CdP Mine with Shell, a major resource company.</li> </ul>
Food Company	9 (SDG icon)	Innovation	Next-generation business development	Overall food-related businesses	<ul style="list-style-type: none"> <li>We will aim to improve productivity and increase business efficiency in the overall food-related field by promoting systemization of RPA and AI.</li> <li>We will aim to create innovative services and new business by integrating resources and new technologies of the ITOCHU Group.</li> </ul>	<ul style="list-style-type: none"> <li>We will aim to improve productivity and increase business efficiency by introducing and utilizing new systems and new technologies focused on the food distribution field.</li> <li>We will create unique new value by combining the wide ranging product lineup, functions and expertise of our group based on retail customer needs.</li> </ul>	<ul style="list-style-type: none"> <li>Status of promoting business reform in the food-related field with the introduction of AI, RPA and other systems.</li> <li>Status of promoting the development of new products and services through the food wholesale business developed by the ITOCHU Group.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to promote electronic invoicing through data exchange between ITOCHU and its group companies.</li> <li>We have formed a business alliance with sinops Inc., which has demand forecasting capabilities for retailers. We are collaborating with partners (retailers, wholesalers, and manufacturers) to improve logistics efficiency by optimizing the value chain.</li> <li>Our group companies have implemented functions such as automatic ordering and delivery route optimization using AI technologies to promote logistics efficiency and labor-saving operations.</li> <li>We have launched "FOODATA", the service that supports the effective use of data in the product planning and development processes of food manufacturers.</li> </ul>
ICT & Financial Business Company	9 (SDG icon)	Innovation	Maintenance of industrial, logistics, and transportation infrastructure	ICT infrastructure development business	We will contribute to realize safe, secure, and highly convenient social infrastructure through providing various ICT solutions.	Maximize the added value of our ICT solutions by continuously sourcing new products and services.	Increase the number of partnerships.	We have partnered with five new vendors to provide stable ICT solutions. We provided comprehensive support to our clients in their digitalization and helped them to continue to grow their businesses.
The 8th Company	9 (SDG icon)	Innovation	Next-generation business development	Consumer related business	We will aim to create innovative services and new business by integrating assets and new technologies of the ITOCHU Group.	Increase contact with consumers by promoting the retail business in our initiatives to understand consumer behaviors, and combine the wide range of products, functions, and expertise of the Group to create unique new value that will be profitable for consumers and communal society.	Aim to develop new businesses and cultivate new customers by taking full advantage of the business foundations possessed by the ITOCHU Group.	<ul style="list-style-type: none"> <li>We have entered into a capital and business alliance agreement with Couger Inc. - a company which independently develops virtual human agents with advanced recognition technology. We are utilizing the technology of Couger Inc. to develop an AI model to support store manager operations at FamilyMart stores. We plan to introduce the AI model to approximately 5,000 stores to support store manager operations and provide optimal data tailored to each store's situation and store manager, leading to labor savings and improved store management.</li> <li>ITOCHEU, FamilyMart, NTT Docomo and CyberAgent established Data One, an advertising distribution company, in October 2020. Data One sell new targeted advertising products based on actual purchase data in real stores. It is characterized by its provision of a streamlined service including purchase effect verification. It has 29 million ad IDs (as of March 2023) and aims to improve the consumer purchasing experience and digital marketing efficiency.</li> <li>ITOCHEU and FamilyMart established Gate One, a media business company using digital signage, in September 2021. We have been installing large signage inside FamilyMart stores, turning stores into a form of media. We have installed signage in 3,000 stores by June 2022. By Feb 2024, we aim to install signage in 10,000 stores. By distributing unique contents that customers enjoy, we will raise our media value and aim to become the third form of media, after TV and the internet.</li> </ul>



# Metrics and Targets



## Address Climate Change (Contribute to a Decarbonized Society): Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Climate Change Opportunities	Taking countermeasures against climate change	Overall power generation business	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	energy power generation through analyses of countries and regions. FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	<ul style="list-style-type: none"> <li>We continue to operate wind power projects. (Butendiek and Cotton Plains).</li> <li>We invested in wind farms consisting of Kimball Power Plant (Nebraska, U.S.) and South Fork Power Plant (Minnesota, U.S.) in March 2020.</li> <li>We acquired all equity interests in Bay4 Energy Services, LLC in December 2020. Bay4 Energy Services, LLC operates, maintains and provides asset management services for to approximately 1,500 solar power plants with a total capacity of 2.3 GW in the U.S.</li> <li>We established Tyr Energy Development Renewables, LLC ("TED") to accelerate the development of renewable energy in the U.S. TED is currently developing approximately 2 million kW of renewable energy assets, primarily solar power plants. Negotiations are also underway to conclude a long-term renewable energy power purchase agreement (PPA).</li> <li>In December 2022, we signed an agreement to invest in the Prairie Switch wind farm (Texas, USA). The project is currently under construction and is expected to be completed by the end of 2023.</li> <li>The renewable energy ratio based on the generation project equity capacity is 16.1% (as of March 2023).</li> </ul>
Machinery Company	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Climate Change Opportunities	Taking countermeasures against climate change	Zero emission vessels	We will contribute to decarbonization in the shipping and maritime sectors through the promotion of an "integrated project" encompassing the development, ownership and operation of ammonia-fueled ships, the development of fuel supply chains, and fuel procurement.	In addition to the joint development of ammonia-fueled vessels with the Japanese consortium and the ownership and operation of these vessels, ITOCHU will take the lead in the development of supply chain of an ammonia bunkering and fuel procurement, aiming for early materialization of the pilot project.	<ul style="list-style-type: none"> <li>Establish a value chain centered on ammonia as an alternative marine fuel by promoting the development, ownership, and operation of ammonia-fueled vessels, the development of fuel supply chains, and the procurement of ammonia fuel in an integrated manner.</li> <li>After 2026, promote the spread of ammonia-fueled vessels and the establishment of a supply chains to contribute to the decarbonization of the maritime industry.</li> </ul>	<ul style="list-style-type: none"> <li>Aiming to contribute to the decarbonization of international shipping and build a new business, we are promoting an "integrated project" for ammonia-fueled vessels. The project is developing (1) development of ammonia-fueled vessels, (2) ownership and operation, (3) development of fuel supply chains, and (4) procurement of fuel ammonia in a comprehensive and concurrent manner.</li> <li>In April 2022, we concluded a memorandum of understanding with the Maritime and Port Authority of Singapore to promote the development of ammonia bunkering facilities in Singapore, together with partner companies that are developing bunkering facilities in the country. ITOCHU and partners are promoting the establishment of a safe fuel supply system and the development of ammonia bunkering vessels.</li> <li>In November 2022, together with partner companies jointly selected for the Green Innovation Fund project, we obtained Approval in Principle from Nippon Kaiji Kyokai for the basic design of a large ammonia-fired bulk carrier. The development of ammonia-fired large bulk carriers is underway with safety in mind.</li> <li>As part of the project, ITOCHU is facilitating "Joint Study" as a framework for organizing and discussing common issues related to the introduction of ammonia as an alternative marine fuel, with 34 domestic and foreign companies and organizations, including major resource companies, energy companies, steel manufacturers, shipping companies, and shipbuilders. In April 2022, the "Joint Study for Ammonia Bunkering Safety" was newly launched as a framework for exchanging opinions on ammonia bunkering safety standards with major port authorities and related industry players, and its activities will be expanded in cooperation with the existing "Joint Study". More than 50 presentations were made by concerned parties and experts.</li> </ul>
Machinery Company	13 CLIMATE ACTION	Climate Change Opportunities	Taking countermeasures against climate change	Sales of passenger cars and commercial vehicles	We will achieve the eco-friendly mobility society by strengthening businesses of electric vehicles (EVs), hybrid vehicles (HVs), vehicles with a reduced environmental impact, and those related.	Contribute to spread of eco-friendly vehicles by increasing business of eco-friendly and high-efficiency products, such as EVs, HVs, vehicles with a reduced environmental impact, and related parts.	Expand sales of eco-friendly products in response to the expanded lineup of EVs, HVs, vehicles with a reduced environmental impact, and similar vehicles from automakers as our business partners.	<ul style="list-style-type: none"> <li>We have invested in a ride sharing service company called Via (2019). We have been providing efficient transport system to mainly rural areas.</li> <li>We have been participating in a small electric truck demonstration experiment since January 2019 and in developing features around EVs, and have started to provide various solutions as a partner of ISUZU "Evision", total solution program for ISUZU EVs in Japan market. We aim to reduce environmental load through shifting to EVs and also shifting to renewable energy with EVs.</li> <li>In Sep 2021, "Combination of developing battery-exchangeable EVs and utilizing renewable energy Sector coupling demonstration project" was adopted as the Ministry of the Environment-commissioned project. We aims to commercialize battery-exchangeable EVs and as the owner of this project. In November 2022, the demonstration and operation started with a prototype (Two battery-exchangeable EV trucks, six battery packs, and one battery-exchange station) developed and manufactured under the project.</li> <li>We have invested in 2018 in China called Dishangtie Car Rental, an electric commercial vehicle rental and maintenance service. We have engaged a MOU to study about expanding such EV maintenance rental and leasing to abroad countries.</li> </ul>
Machinery Company	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> <li>Water Resources</li> <li>Pollution Prevention and Resource Recycling</li> </ul>	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand and diversify the investment portfolio in the water and environment field. (Plan to work on decarbonization project development utilizing JCM etc.)	<p><b>Water Field</b></p> <p>We have developed a water supply service business in the U.K. and seawater desalination business in Australia and Oman. We aim to continue contributing to stable water supply in regions through seawater desalination, and water supply/ and sewerage businesses. At the same time, we are looking to be involved in solutions-based business for water issues in each industrial sector across a range of industries.</p> <p><b>Environmental Field</b></p> <ul style="list-style-type: none"> <li>We operate four municipal solid waste incineration and power generation plants(waste to energy plant) in the U.K, which treat 1.3 million tons of waste annually, accounting for 15% of the UK's waste incineration market, and generate enough electricity to power 160,000 British households.</li> <li>In November 2020, we acquired a 20% stake in Environment Development Company Ltd. (current SSES), which provides integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia.</li> <li>In August 2021, we started to provide the government of Serbia with partial service of energy-from-waste project. Appropriate treatment of municipal solid waste in City of Belgrade and reduction of environmental pollution and greenhouse gas emissions has begun without environmental loads. Recycling of construction waste has also begun. We are currently constructing a municipal solid waste incineration and power generation plant(waste to energy plant). 7 SDGs certified, with an expected reduction of approximately 210,000 tons of greenhouse gas emissions, and, in 2022, the project obtained Certification of Carbon Credit by Gold Standard.</li> <li>In December 2020, we entered a concession agreement for the development and operation of an Energy-from-Waste (EfW) plant with Dubai Municipality. This is the first EfW project in Dubai and will be one of the largest EfW plants in the world, processing half of municipal solid waste from the emirate per year (1.9 million tons), which is currently under construction.</li> <li>We are aiming to enhance the functions of our initiatives that to capture strong demand for waste management services in light of intensifying environmental regulations in each the industrial sector and the growing awareness of ESG and SDGs more generally in the same way as in the water field.</li> </ul>

# Metrics and Targets



## Address Climate Change (Contribute to a Decarbonized Society): Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Metals & Minerals Company	7 (Affordable and Clean Energy) 13 (Climate Action)	Climate Change Opportunities Capital Introduction	Taking countermeasures against climate change	<ul style="list-style-type: none"> <li>Resource recycling business</li> <li>Mining business</li> <li>Environmental business</li> <li>Materials-related business</li> </ul>	<ul style="list-style-type: none"> <li>We will realize stable resource supply as our social mission and responsibility while fully considering its environmental impact.</li> <li>We will contribute to climate change issues through businesses that help to reduce greenhouse gases (e.g., lighter-weight vehicles and electric vehicles (EVs)) and the stable supply of essential materials.</li> </ul>	<ul style="list-style-type: none"> <li>Take the lead in developing recycling-orientated business.</li> <li>Promote initiatives for the social implementation of hydrogen and ammonia as next-generation resources and raw materials in client industries (e.g. steel and power).</li> <li>Promote businesses to contribute to the stable supply of nickel, PGM and other materials necessary in the manufacture and supply of hydrogen, green materials and energy, and storage batteries.</li> <li>Continue to be involved in the development of technologies that contribute to the reduction of greenhouse gas emissions, including technologies for carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU).</li> <li>Promote initiatives to completely withdraw from thermal coal mine interests while continuing to realize stable resource supply as our social mission and responsibility through trading in regards to our coal business.</li> <li>Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).</li> </ul>	<ul style="list-style-type: none"> <li>Promote recycling-orientated business.</li> <li>Promote initiatives for the social implementation of hydrogen and ammonia as next-generation resources and raw materials in client industries (e.g., steel and power).</li> <li>Promote examination toward technological development and commercialization to contribute to a reduction in greenhouse gas emissions, including hydrogen, green material and energy production, and carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU).</li> <li>Strive to withdraw from thermal coal mine interests.</li> <li>Realize initiatives in businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).</li> </ul>	<ul style="list-style-type: none"> <li>We are contributing to the effective utilization of limited resources and the supply of environmental materials by promoting 3R+W (reduce / reuse / recycle + waste management) through our supply chains toward the realization of a sustainable society. Specifically, we are steadily promoting initiatives in venous industries. This includes the reuse and recycling of store facilities and fixtures, the expansion and increase in sophistication of metal scrap and waste treatment, and strengthening of cooperation with the REVER HOLDINGS CORPORATION (current TRE HOLDINGS CORPORATION) general recycling company we invested into last year.</li> <li>We agreed with Nel ASA (Norway), who is the world's largest manufacturer of electrolyzers that are essential for green hydrogen production, to create a strategic partnership in the hydrogen industry. We and Nel are jointly exploring hydrogen business opportunities.</li> <li>We are promoting to realize the Platreef project and others in the PGM/nickel business where demand is expected to grow significantly due to the worldwide spread of electric vehicles and fuel cell vehicles, and also expanding trade activities of such materials.</li> <li>We continue to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu with partners for the social implementation of hydrogen.</li> <li>We have an investment into Australia-based MCI, who possesses mineral carbonation technologies. We are promoting this technology for the Japanese market. In July 2022, we signed an MOU with TAISEI CORPORATION to begin verification of the use of this calcium carbonate as raw materials for concrete.</li> <li>We are promoting the examination of other carbon dioxide capture, utilization and storage (CCUS) technologies and various initiatives that will lead to a reduction in CO<sub>2</sub> emissions.</li> <li>As per the Medium-Term Management Plan, we decided to withdraw from thermal coal mine interests with a perspective of strengthening contribution and initiatives to SDGs. We already divested our Drummond mine interests in Colombia that had accounted for the majority of the ITOCHU's thermal coal interests and also divested Ravensworth North coal mine interests in Australia producing both thermal and coking coal.</li> <li>We are currently promoting business in North America with Nikkeikin Aluminum Core Technology Company, Ltd. which we invested into in FYE 2020 for the manufacturing of aluminum parts for automobiles. It started commercial production in the beginning of 2023. In addition, we will continue to promote aluminum raw material and product trading to contribute to the development of lighter-weight vehicles.</li> </ul>
Energy & Chemicals Company	13 (Climate Action)	Transition Risk Stable Supply of Resources	Stably supplying energy taking into account climate change and the environment	Oil/gas interests and liquefied natural gas (LNG) projects	We will produce resources (transition fuels) taking into account a reduction in greenhouse gases. We will provide a stable supply of energy to contribute to the development of industry and the construction of infrastructure.	Work on resource development projects in collaboration with superior partners who have advanced technical capabilities and abundant experience.	Pursue opportunities to participate in gas projects with a relatively low environmental burden in fossil fuels and as raw material source of the low-carbon fuel while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society.	To realize a sustainable society through the stable supply of energy, we continue to discuss with competent partners ways to participate in new upstream projects and collaborate on decarbonization as a transition fuel and raw material source of low carbon.
Energy & Chemicals Company	7 (Affordable and Clean Energy)	Climate Change Opportunities	Energy use that takes into consideration local communities and the environment	District heating and cooling	We will promote initiatives toward environmentally friendly regional energy use.	Communicate appropriately with neighboring stakeholders in the Jingu Gaien district.	Maintain the stable operations of district heating and cooling in the Jingu Gaien district and promote the spread of it to neighboring areas.	We are continuing discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas.
Energy & Chemicals Company	7 (Affordable and Clean Energy)	Climate Change Opportunities	Efforts to optimally and continuously supply renewable energy	<ul style="list-style-type: none"> <li>Energy Storage System</li> <li>Power &amp; Environmental Solution</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to stably supply the Energy Storage System that are the key to the efficient and optimal utilization of renewable energy.</li> <li>We will aim to strengthen our Energy Storage System business chain and establish a circular model through the battery recycling business in particular.</li> </ul>	We will continue to sell Energy Storage System equipped with optimal charging/ discharging software based on machine learning (AI) and we will establish a recycling and reuse business with repurposed batteries from EV.	<ul style="list-style-type: none"> <li>Number of storage batteries sold.</li> <li>Use of recycled and reused batteries.</li> </ul>	<ul style="list-style-type: none"> <li>We have sold a cumulative total of approximately 55,000 units (539 MWh) of energy storage systems as of the end of March, 2023.</li> <li>ITOCHU signed a Capital and Business Alliance with Lunar Energy, a newly launched clean tech company in the U.S. ITOCHU will continue to promote the installation and sales of Gridshare in the "Smart Star" series of residential ESS in the Japanese market and to promote Gridshare as the best global platform for controlling distributed energy resources and will contribute to realize distributed energy in a decarbonized society.</li> <li>ITOCHU conducts Demand Response POC with Japanese power companies, by using its residential ESS networks.</li> <li>Executed an investment in Power X, which aims to build one of the largest battery solution manufacturing factory in Japan. We aiming to promote fast EV charge stations through this investment.</li> <li>ITOCHU signed a Strategic Partnership MOU with ZF, for the joint feasibility study of comprehensive decarbonization service by utilization of EV on-board battery.</li> <li>A recycling demonstration is underway using waste batteries from household battery storage system with the aim of establishing a recycling chain and traceability.</li> </ul>

# Metrics and Targets



## Address Climate Change (Contribute to a Decarbonized Society): Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Energy & Chemicals Company	7 (Affordable and Clean Energy) 13 (Climate Action)	Stable Supply of Resources Capital Introduction	Working on new fuel initiatives toward the realization of a carbon-neutral society / recycling-orientated low-carbon society	Production and supply of hydrogen and fuel ammonia, and procurement and supply of renewable fuels	We will aim to build a production and supply structure for new fuels to contribute to the reduction of greenhouse gases on a life cycle assessment basis toward the realization of a sustainable society.	Work on hydrogen and ammonia which are expected to serve as next-generation energies and fuels that do not emit carbon dioxide when burned. Also work on renewable fuels (derived from waste oils) to contribute to the reduction of greenhouses gases emitted from aircraft and large vehicles that are difficult to convert from internal combustion engines.	Build a new fuel value chain to be able to realize production, efficient transportation and supply by utilizing collaboration with superior partners and our track record in development and trading.	<b>Hydrogen and Ammonia</b> <ul style="list-style-type: none"> <li>Continuing to collaborate with ITOCHU ENEX Co., Ltd. and Air Liquide Japan G.K. on hydrogen refueling stations (HRS), following the successful development of Japan's first HRS for large commercial vehicles at Motomiya Interchange, Fukushima Prefecture, which is scheduled to begin operating in the first half of 2024.</li> <li>Conducting detailed studies on a joint project to manufacture and sell blue ammonia in Canada with Petrolim Nasional Berhad, Malaysia's national oil company, and Inter Pipeline Ltd., a major regional infrastructure enterprise.</li> </ul> <b>Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)</b> <ul style="list-style-type: none"> <li>Procuring RD produced by Neste OYJ for use in convenience store delivery vehicles, tank trucks, and fueling stations with ITOCHU ENEX Co., Ltd.</li> <li>Supplying SAF: (i) produced by Raven SR, Inc. to All Nippon Airways Co., Ltd. and Japan Airlines Co., Ltd.; and (ii) produced by Neste OYJ to Etihad Airways PJSC from October 2022.</li> <li>Selected by the Civil Aviation Bureau (Ministry of Land, Infrastructure, Transport and Tourism) to carry out the "Imported Neat SAF Model Demonstration Project" to import neat SAF from Neste OYJ, blend it with fossil-based jet fuel in Japan, and establish a supply chain to transport it to airports.</li> <li>Invested in Impact Bioenergy, a U.S. based startup that manufactures and sells equipment to produce biogas from food waste through anaerobic digestion.</li> </ul>
Energy & Chemicals Company	13 (Climate Action)	Capital Introduction	Working on initiatives in carbon dioxide capture and storage (CCS) business toward the realization of a carbon-neutral society and inclusive and sustainable economic growth	Building of CO2 capture chains using CCS	We will aim to build CO2 capture chains to contribute to the reduction of greenhouse gases toward the realization of a sustainable society.	Refine CO2 storage technologies - an application of petroleum development technologies - and enhance access to CO2 capture chains (e.g., collection and transportation) to link them to CO2 storage technologies.	Build a CO2 transportation and storage business model by uncovering CO2 capture needs at places where CO2 is emitted in client industries across our companies.	Together with ITOCHU Oil Exploration Co., Ltd., we joined the Geological Carbon Dioxide Storage Technology Research Association to participate in a project to research and develop technologies for underground sequestration of carbon dioxide. In connection with the comprehensive CCS strategy formulated by Japan's Ministry of Economy, Trade and Industry, we are studying with our consortium partners the feasibility of a CCS value chain project using ship transportation. We aim to build a business model for the CO2 capture chain through these initiatives.
Energy & Chemicals Company	7 (Affordable and Clean Energy)	Climate Change Opportunities	Working on initiatives to optimally and continually supply renewable energy	Renewable energy independent power producers (IPPs) / renewable energy-related materials procurement / dispersed power source initiatives	<ul style="list-style-type: none"> <li>We will realize a stable supply of renewable energies through the development, ownership and operation of renewable energy power plants (solar power, biomass and wind power).</li> <li>We will stimulate renewable energy power generation inside and outside of Japan through renewable energy-related materials procurement.</li> <li>We will realize a world where renewable energy is commonplace by spreading solar power generation as an independent power source that does not rely on the power grid through the deployment of solar power dispersed power sources.</li> </ul>	Expand the scale of our renewable energy assets with the stable operation and new development of renewable energy plants and establish dispersed power sources in Japan with a focus on the conversion to virtual power plants (VPP).	<ul style="list-style-type: none"> <li>Scale of our renewable energy assets</li> <li>Scale of our dispersed power sources</li> </ul>	<ul style="list-style-type: none"> <li>We have expanded the third party-owned distributed power supply using renewable energy, by operating approximately 555 on-site photovoltaic power plants (combined output is appx 120,000kW) across Japan through VPP Japan, Inc.</li> <li>We have commenced the provision of corporate PPA for the provision of electric power generated from off-site photovoltaic power plants in Japan to Amazon.com, Inc. through Clean Energy Connect Co., Ltd., our portfolio company. (Feb, 2023)</li> </ul>
Food Company	7 (Affordable and Clean Energy) 13 (Climate Action)	GHG Emissions	Taking countermeasures against climate change	Fresh food field	We will examine and promote measures that contribute to tackling climate change.	We will utilize green energy in our processed food business.	<ul style="list-style-type: none"> <li>New boiler and power plant operating situation.</li> <li>Situation of the utilization of raw materials in boilers and power plants.                             <ol style="list-style-type: none"> <li>Situation of the utilization of all food residue generated in pineapple processing factories.</li> <li>Situation of the utilization of non-standard products that cannot be sold as food, generated in banana plantations.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>2nd biogas plant (Polomolok plant) was started to be operated on July, 2022. (1st biogas plant (Surallah plant) was activated on Dec, 2021)</li> <li>Result of utilization of processed pineapple residue : 97,566MT in 2022.</li> </ul>
General Products & Realty Company	13 (Climate Action)	Capital Introduction	Taking countermeasures against climate change	Cement substitute material such as slag	We plan to expand the use of sustainable byproducts (slag) as a substitute material for the cement which is vital for construction and civil engineering.	Establish continuous, stable business between Steelworks as the supplier of slag and Users.	Consider investment, participation, etc. in the slag business and focus initiatives on creating demand, especially in developing countries, with the aim of establishing continuous, stable business.	We are currently in discussions concerning investment and participation in the slag business.

# Metrics and Targets



## Develop a Rewarding Work Environment: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Head-quarters		Labor Practices	Improving operating efficiency and preventing long working hours through work style reform	Human resources affairs	We will aim to improve labor productivity and employee engagement by promoting varied work styles.	<ul style="list-style-type: none"> <li>Conduct regular monitoring of employees' work situations.</li> <li>Conduct employee engagement survey.</li> <li>Promote the percentage of taking employee acquiring paid leave.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to labor laws.</li> <li>Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher.</li> <li>Paid leave acquisition rate at 70% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted monitoring of employee's working hours and working environment so as to prevent unpaid overtime work.</li> <li>The positive answer rate to the "employee engagement" in employment survey which conducted in FYE 2022 was 71%.</li> <li>Percentage of taking employee acquiring paid leave; 62.2% in FYE 2023.</li> </ul>
Head-quarters		Labor Practices	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"> <li>Reach the percentage of employees who receive regular medical checkups in Japan to 100%.</li> <li>Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care.</li> <li>Promote support system for balancing cancer care and work.</li> <li>Encourage support for smoking cessation treatment.</li> <li>Continue to provide special programs for employees at a high risk for lifestyle-related diseases.</li> <li>Conduct stress check every year.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees who receive regular medical checkups in Japan: 100%.</li> <li>Percentage of employees who receive specific health guidance: 55%.</li> <li>Rate of employees found to have a high level of stress in the stress check at 5% or lower.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees who receive regular medical checkups in Japan: 91.7%.</li> <li>Percentage of employees who receive specific health guidance: 47.0%.</li> <li>Rate of employees found to have a high level of stress in the stress check at 5.0% in FYE 2023.</li> </ul>
Head-quarters		Labor Practices	Sustainable development of employees' capabilities	Human resources affairs	We will develop training programs on a global basis and provide opportunities to learn proactively that respond to the changing times and business needs with a market-oriented mindset to foster employees who can constantly change their business to meet their needs while inheriting the corporate philosophy. We will also utilize training programs to continuously produce excellent human resources.	<ul style="list-style-type: none"> <li>Continue to develop and provide training programs at all jobs levels.</li> <li>Continue and enhance overseas deployment of interns and language trainees.</li> <li>Offer diverse career path options and experience in diverse work through regular rotation.</li> <li>Foster career awareness among employees by enhancing personnel assessments, career vision training, career counselling systems and other programs/systems.</li> </ul>	<ul style="list-style-type: none"> <li>Annual training-related expenses exceeding one billion yen.</li> <li>The number of employees who joined human development program (cumulative total number) 50,000 or more.</li> <li>Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>Annual training-related expenses forecast: 1.63 Billion yen in FYE 2023.</li> <li>The number of employees who joined human development program (cumulative total number) 48,044.</li> <li>Overseas dispatch rate for career-track employees in up to their eighth year since joining the company: 89.4%.</li> </ul>
Head-quarters	  	Labor Practices	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 race, gender, religion, nationality and age, and respect human rights. We will accept diverse values and create an environment where each employee maximize their ability with flexible working style and other supports.	<ul style="list-style-type: none"> <li>Continue fair and equitable recruitment and promotion.</li> <li>Create a work environment in which employees accept and leverage diverse values.</li> <li>In anticipation of an increase in dual-income couples, enhance support for balancing childcare, nursing care, fertility treatment and similar circumstances with work (including utilization of flexible working style).</li> <li>Individual support according to the life stage and career of each individual</li> <li>Support for Seniors' Success (over age of 60)</li> <li>Promote understanding and acceptance of LGBTQ and other sexual minority employees (e.g., employee education).</li> <li>Give reasonable consideration to the work environment of employees with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve the following plans by the end of FYE 2024                             <ol style="list-style-type: none"> <li>Female employees as a percentage of new employees: 25%</li> <li>Female employees as a percentage of workforce: 25%</li> <li>Female employees as a percentage of employees in managerial positions: 9%</li> <li>Percentage of male employees who take childcare leave: Over 50%</li> <li>Compliance to rate of the employment of those with disabilities which designated by law</li> </ol> </li> <li>(1) to (4) are stipulated in the General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace</li> </ul>	<ul style="list-style-type: none"> <li>Progress of the Performance Indicators                             <ol style="list-style-type: none"> <li>The percentage of female employees as a percentage of new employees: 32.1% in FYE 2023.</li> <li>The percentage of female employees as a percentage of workforce: 24.3% as of March 2023.</li> <li>The percentage of female employees in managerial positions: 8.6% as of March 2023.</li> <li>The percentage of male employees who take childcare leave: 52% in FYE 2023.</li> <li>The percentage of employment of those with disabilities over our entire group: 2.5% as of March 2023 (Includes ITOCHU Uneedus Co., Ltd. and ITOCHU Human Resources &amp; General Affairs Services Inc.)</li> </ol> </li> <li>Introduced the following measures as a result of discussions at the Women's Participation Promotion Committee                             <ol style="list-style-type: none"> <li>Broad options for work styles after childbirth and introduce a "childcare support allowance" (from October 2022)</li> <li>Evolution of work-style reforms, such as the introduction of a "morning-focused flexible time system" and "working from home" for all employees (from January 2023)</li> </ol> </li> <li>Introduced the "Health and Childcare Concierge", an anonymous consultation desk by a midwife advisor that can be used by employees and their families, including those living overseas (from January 2023)</li> </ul>

# Metrics and Targets



## Respect and Consider Human Rights: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company		Supply Chain	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.	Textile Company conducted human rights due diligence in FYE 2023. We screened domestic and overseas suppliers for all businesses, obtained questionnaire responses from 105 companies, and conducted on-site surveys at 4 companies. As a result, it was confirmed that there were no specific matters related to human rights issues. In the next fiscal year's supplier survey, we will continue to monitor the companies which do not yet have established internal manuals or regulations.
Machinery Company		Supply Chain	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.	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	 	<ul style="list-style-type: none"> <li>Mining</li> <li>Electric Power</li> <li>Mining</li> <li>Oil and Gas Fields</li> </ul>	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"> <li>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.</li> <li>We will improve local infrastructure such as medical care and education.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the thorough application of the EHS guidelines and employee education.</li> <li>Contribute to local communities through activities for improving medical care, education and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines.</li> <li>EHS seminar attendance rate: 100%.</li> <li>Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%</li> <li>Donations to medical care and education, and building infrastructure in local communities.</li> <li>Carry out CSR activities in all existing and operating projects to be possessed in long term (100%).</li> </ul>	<ul style="list-style-type: none"> <li>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%.</li> <li>We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project.</li> <li>We carried out activities that contribute to the local community as part of each project we invest in.</li> </ul>
Food Company	 	Supply Chain	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"> <li>We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries.</li> <li>We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy.</li> <li>Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy.</li> <li>Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information.</li> </ul> <p><b>2030</b></p> <ul style="list-style-type: none"> <li>Coffee beans: Aim for a 50% switch to sustainable coffee beans.</li> <li>Cacao beans: Aim for a 100% switch to sustainable coffee beans.</li> <li>Aim for a 100% switch to sustainable palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Regarding FYE 2023, our quantitative target 15% or more was achieved with the result of 28%, and its target for FYE 2024 should be 20% or above. In addition, from June 2022, we partially started disclosing BtoB level digital traceability information to our customers by using Farmer Connect (Coffee traceability platform).</li> <li>Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.)</li> <li>Palm oil: Check supplier's sustainable palm oil sourcing policies through regular surveys, and continue purchasing based on our procurement policies. At the same time, we continue to publicize the ratio of RSPO certified Palm Oils and Traceable To Mill etc.</li> <li>Ratio of RSPO Certified Palm Products/Oleo chemicals                             <ul style="list-style-type: none"> <li>Palm Oils 24%</li> <li>Oleo Chemical Products 65%</li> </ul> </li> </ul>
Food Company	  	<ul style="list-style-type: none"> <li>Forest</li> <li>Stable Supply of Resources</li> </ul>	Establishing a supply chain reflecting consideration for human rights and the environment	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"> <li>Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines.</li> <li>Start the commercial production and export of pineapple processed foods in Sierra Leone.</li> </ul>	<ul style="list-style-type: none"> <li>Employment: about 1,800 as of 2023 March.</li> <li>2022 Pineapple Production Estimate: 12,000tons.</li> </ul>
Food Company	 	Supply Chain	Responsible Fisheries Procurement	Fresh food field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	Promote procurement in accordance with the supplier's own code of conduct in the country of origin of the tuna.	Develop a tuna procurement policy and promote procurement of products and certified products that comply with the policy.	<ul style="list-style-type: none"> <li>We have acquired the MSC fisheries certification for six fishing vessels as of July 2022.</li> <li>ITOCHU and fishing companies are currently applying the second MSC fisheries certification for 19 vessels in addition to the above 1st MSC certification.</li> </ul>
General Products & Realty Company	 	<ul style="list-style-type: none"> <li>Forest</li> <li>Supply Chain</li> </ul>	Realization of sustainable supply of natural rubber	Natural Rubber	<ul style="list-style-type: none"> <li>We will strive to establish measures to identify and avoid procuring rubber from any suppliers who dispossess indigenous people and develop High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland.</li> <li>We support or offer a training to improve yields and quality for natural rubber producers, especially smallholders. We also offer a risk-assessment education that includes modern slavery issue.</li> </ul>	<ul style="list-style-type: none"> <li>We will establish a traceability system to make uncertain raw material procurement supply chain transparent.</li> <li>We will achieve our commitment through the sustainability activity of our unique initiative, named "PROJECT TREE(<a href="https://project-tree-natural-rubber.com/">https://project-tree-natural-rubber.com/</a>)".</li> </ul>	<ul style="list-style-type: none"> <li>We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business. (Aiming to achieve 100% traceability for the natural rubber raw materials which we procure by 2025 through an original block chain-based traceability system.)</li> <li>We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry.</li> </ul>	<ul style="list-style-type: none"> <li>In FYE 2023, traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%.</li> <li>Traceability of the natural rubber raw materials' procurement using our system reached 4.5%.</li> <li>4,128 of smallholders implemented sustainability training and education.</li> </ul>
General Products & Realty Company		Community Contribution	Developing a safe and secure, environmentally responsible community	Real Estate	To promote the construction of public facilities which prevents disasters, reduces the effects on the environment, and revitalizes the local economy.	By cooperating with the local administration to construct public facilities utilizing private capital.	To continuously and multilaterally promote the construction of public facilities which prevents disasters, reduces the effects on the environment, and revitalizes the local economy.	Promoting a public-private partnership business in Shibata-machi, Miyagi by arranging a general gymnasium which functions as a shelter in times of a disaster.



# Metrics and Targets



## Contribute to Healthier and More Affluent Lifestyles: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company	<ul style="list-style-type: none"> <li>2 (Climate Action)</li> <li>3 (Good Health and Well-being)</li> <li>8 (Decent Work and Economic Growth)</li> <li>12 (Responsible Consumption and Production)</li> </ul>	Food Safety	<ul style="list-style-type: none"> <li>Address Climate Change</li> <li>Develop a Rewarding Work Environment</li> <li>Respect and Consider Human Rights</li> <li>Contribute to Healthier and More Affluent Lifestyles</li> <li>Stable food procurement and supply</li> </ul>	DENBA products and related business	<p>We will contribute to the reduction of food loss by utilizing freshness preservation technology, DENBA and to the improvement of nutritional condition by the availability of fresh food through Food Bank and children's cafeteria.</p> <p>Furthermore, we aim to increase the working opportunity of persons with disabilities and supply of agricultural products utilizing the hydroponic farming.</p>	Installation of DENBA technology to food supply chain and familiarizing the combination of hydroponic farming with disabled employment.	Expand sales of DENBA products in the food supply chain (more than JPY300mil sale in FYE 2024), maritime chamber (more than 200vessels in FYE 2024) and refrigerated containers for children's cafeteria (more than 5cases in FYE 2024). Opening hydroponic farming plant with disabled employment (one pilot project in FYE 2024).	<ul style="list-style-type: none"> <li>Continuously supporting sales of DENBA, in particular DENBA Fryer which enables to reduce cooking oil amount of professional electric fryer. It realizes substantial reduction of waste oil.</li> <li>Total number of sales of DENBA Marine for maritime chamber achieved 200units.</li> <li>Until 2022 more than 10 use cases of Refrigerated containers with DENBA's freshness preservation units for children's cafeteria have been accomplished. More and more operators of children's cafeteria are approaching to DENBA so further use cases will be seen in 2023.</li> </ul>
Energy & Chemicals Company	3 (Good Health and Well-being)	Medical Health	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 generics.	Aim to accelerate the deployment of pharmaceuticals on the market, obtain early approvals for new pharmaceutical, generics and other products of which we are engaged in supporting the development and place them on the market.	<ul style="list-style-type: none"> <li>Continuing to support the development of generics by ITOCHU CHEMICAL FRONTIER Corporation, several types of pharmaceuticals have been launched.</li> <li>We have continued to sell a pain reliever in North America through ITOCHU CHEMICAL FRONTIER Corporation.</li> </ul>
Food Company	3 (Good Health and Well-being)	Food Safety	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 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) or in-house qualification holders related to factory audit.
ICT & Financial Business Company	9 (Industry, Innovation and Infrastructure)	Innovation	Evolve business through technological innovation	Business incubation through venture investments, focusing on FinTech, IoT, AI and Remote technologies	Challenge to create new businesses by utilizing cutting-edge innovations and service models in the FinTech, IoT, AI and Remote technology sectors.	Seek opportunities to invest in and partnership with various startups, so as to develop new businesses.	Realization of new services and businesses.	Continuing on from the previous fiscal year, we have additionally invested in 6 venture companies in and outside of Japan within the new technology and healthcare fields, of which some were invested via non-domestic funds. We are currently working with these companies to develop new businesses. For example, we are making an attempt to collaborate with a venture company that provides AI solution for detecting cardiac abnormalities by using electrocardiograms, to provide the solution to the medical institutions in Japan.
ICT & Financial Business Company	3 (Good Health and Well-being)	Medical Health	Promoting good health among the people	<ul style="list-style-type: none"> <li>Support pharmaceutical development projects</li> <li>Preventative healthcare-related business</li> <li>Medical healthcare IT business</li> <li>Sales of Cutting-Edge medical devices and provision of medical services</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>We will optimize healthcare utilizing medical data.</li> <li>Promote sales of advanced medical devices, and the business of supporting the operation of designated regional cancer care hospitals.</li> </ul>	<ul style="list-style-type: none"> <li>Realization of new services and business development relating to medical data.</li> <li>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.)</li> <li>Increase the penetration of advanced medical devices in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>ITC has formed a capital alliance with a medical data company in FYE 2023.</li> <li><b>MRI-guided radiation therapy systems</b> <ul style="list-style-type: none"> <li>The radiotherapy treatment system which we delivered to National Cancer Center Hospital, Saitama Medical University International Medical Center, and Edogawa Hospital are treating a cumulative total of 600 cancer patients including patients were difficult to treat with conventional methods.</li> <li>Edogawa Hospital as well as National Cancer Center Hospital (finished upgrade to latest system on June, 2022) has been treating intractable cancer and Saitama Medical University International Medical Center will be starting treatment at the end of March 2023. Also, Shin-Matsudo Central General Hospital will going to install the system by the end of this year.</li> </ul> </li> <li><b>Scalp cooling therapy system for cancer patients</b> <ul style="list-style-type: none"> <li>The system has been highly evaluated by patients and medical professionals for its effectiveness in suppression of decreasing hair loss caused by anticancer drug treatment, mainly among breast cancer patients.</li> <li>In the end of FYE 2023, 80 system machines(Sales:43, Rental: 37) have been operated in 26 prefectures and treated a cumulative total of 2,000 patients at 64 facilities in Japan.</li> </ul> </li> </ul>
ICT & Financial Business Company	8 (Decent Work and Economic Growth)	Retail Finance	Providing financial services	Domestic and overseas retail finance business	We work on expanding and creating the retail financial market and providing financial services to individuals to contribute to enriching people's lives.	Increase the number of customers and loan balance by expanding and creating the retail financial market.	The number of customers and loan balance.	<ul style="list-style-type: none"> <li><b>Growth Rate of Outstanding Lendings:</b> (From the end of March 2022 to end of March 2023) <ul style="list-style-type: none"> <li>UAF: 91.8%</li> <li>EasyBuy: 102.5%</li> <li>FRF: 120.6%</li> <li>ACF: 145.0% *Operation started in 2018</li> <li>PDP: 187.2% *Operation started in 2018</li> </ul> </li> <li>EB, FRF and ACF have continued to show a steady growth during the past year, yet UAF's outstanding lendings decreased by reason of the massive repayment of significant loans.</li> <li>PDP is executing an exit strategy due to the inadequateness of profit planning.</li> </ul>

# Metrics and Targets



## Ensure Stable Procurement and Supply: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Supply Chain	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.	<ul style="list-style-type: none"> <li>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.</li> <li>Work for the goal of "Zero Fashion Loss" and "Carbon Neutrality" committed by Japan Sustainable Fashion Alliance to achieve by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>Started the clothing collection service "WEAR TO FASHION" along with investment to ECOMMIT Corporation. By reusing the collected clothes and using some of them as raw materials for "RENU", the "RENU" project will further promotes a circular economy.</li> <li>The Japan Sustainable Fashion Alliance made policy proposals to Consumer Affairs Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment for "zero fashion loss" and "carbon neutrality" this fiscal year.</li> </ul>
Textile Company	8 DECENT WORK AND ECONOMIC GROWTH	Supply Chain	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.	Textile Company conducted human rights due diligence in FYE 2023. We screened domestic and overseas suppliers for all businesses, obtained questionnaire responses from 105 companies, and conducted on-site surveys at 4 companies. As a result, it was confirmed that there were no specific matters related to human rights issues. In the next fiscal year's supplier survey, we will continue to monitor the companies which do not yet have established internal manuals or regulations.
Metals & Minerals Company	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Stable Supply of Resources	Stable supply of industrial resources and materials	Mining business	We will contribute to the stable operation of various industries by maintaining and developing reliable supply chains for essential raw materials and fuels.	Acquire equity interests in superior projects to secure resources to form the basis for the steady supply of raw materials and fuels.	Acquisition of superior resource projects to pass on to the future generations, in addition to maintaining and expanding our existing portfolio of highly resilient mining projects.	<ul style="list-style-type: none"> <li>For the purpose of acquiring superior resource interests that will lead to the next generation, we are continuing to steadily develop Allegheny (Longview) coking coal mine in the USA that we invested into in FYE 2020.</li> <li>Production began at the Western Ridge iron ore deposits, in which we acquired a partial interest in FYE 2022 from major resource company BHP, which maintains and strengthens the cost competitiveness of the Western Australian Iron Ore operations.</li> <li>In FYE 2023, we invested in the AMMC iron ore mine in Canada operated by steel giant ArcelorMittal and others, acquiring superior interest that will enable us to secure a stable long term supply of high grade iron ore, demand for which is expected to increase due to the accelerating shift to low carbon emission steel production.</li> </ul>
Metals & Minerals Company	8 DECENT WORK AND ECONOMIC GROWTH 15 CLEAN ENERGY	<ul style="list-style-type: none"> <li>Mining</li> <li>Electric Power-Mining</li> <li>Oil and Gas Fields</li> </ul>	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"> <li>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.</li> <li>We will improve local infrastructure such as medical care and education.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the thorough application of the EHS guidelines and employee education.</li> <li>Contribute to local communities through activities for improving medical care, education and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines.                             <ul style="list-style-type: none"> <li>EHS seminar attendance rate: 100%.</li> </ul> </li> <li>Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%.</li> <li>Donations to medical care and education, and building infrastructure in local communities.                             <ul style="list-style-type: none"> <li>Carry out CSR activities in all existing and operating projects to be possessed in long term (100%).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>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%.</li> <li>We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project.</li> <li>We carried out activities that contribute to the local community as part of each project we invest in.</li> </ul>
Energy & Chemicals Company	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Plastic	Efforts leading to solutions to social problems	Plastic-related environmental response	We will contribute to solving social problems (e.g., marine plastics and waste plastics) that urgently require measures with a plastic-related environmental response.	Supply environmental materials and establish a recycling/reuse program in collaboration with brand owners.	Build a recycling-oriented-model by enhancing our handling of environmental materials and establishing a recycling/reuse program.	<ul style="list-style-type: none"> <li>We developed an eco-friendly paper packing material consisting of nature-derived, biodegradable resins produced by Lactips, a bio startup with Ajinomoto Co., Inc., TOYO INK CO., LTD, and ITOCHU PLASTICS INC. (May, 2022)</li> <li>We have conducted demonstration trial on recycling of plastic beverage bottles with the use of a prototyped traceability system at real FamilyMart store under the BLUE Plastics project. (July, 2022)</li> <li>We have offered recycled ocean plastic waste as a recycled raw material to MITSUBISHI PENCIL CO., LTD., and MITSUBISHI PENCIL has developed a ballpoint pen that partially makes use of this raw material. This product was the first in the stationary industry to receive Eco Mark certification using ocean plastic as a raw material. (July, 2022)</li> </ul>
Energy & Chemicals Company	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	<ul style="list-style-type: none"> <li>Stable Supply of Resources</li> <li>Capital Introduction</li> </ul>	Working on new fuel initiatives toward the realization of a carbon-neutral society / recycling-orientated low-carbon society	Production and supply of hydrogen and fuel ammonia, and procurement and supply of renewable fuels	We will aim to build a production and supply structure for new fuels to contribute to the reduction of greenhouse gases on a life cycle assessment basis toward the realization of a sustainable society.	Work on hydrogen and ammonia which are expected to serve as next-generation energies and fuels that do not emit carbon dioxide when burned. Also work on renewable fuels (derived from waste oils) to contribute to the reduction of greenhouses gases emitted from aircraft and large vehicles that are difficult to convert from internal combustion engines.	Build a new fuel value chain to be able to realize production, efficient transportation and supply by utilizing collaboration with superior partners and our track record in development and trading.	<p><b>Hydrogen and Ammonia</b></p> <ul style="list-style-type: none"> <li>Continuing to collaborate with ITOCHU ENEX Co., Ltd. and Air Liquide Japan G.K. on hydrogen refueling stations (HRS), following the successful development of Japan's first HRS for large commercial vehicles at Motomiya Interchange, Fukushima Prefecture, which is scheduled to begin operating in the first half of 2024.</li> <li>Conducting detailed studies on a joint project to manufacture and sell blue ammonia in Canada with Petrolim Nasional Berhad, Malaysia's national oil company, and Inter Pipeline Ltd., a major regional infrastructure enterprise.</li> </ul> <p><b>Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)</b></p> <ul style="list-style-type: none"> <li>Procuring RD produced by Neste OYJ for use in convenience store delivery vehicles, tank trucks, and fueling stations with ITOCHU ENEX Co., Ltd.</li> <li>Supplying SAF: (i) produced by Raven SR, Inc. to All Nippon Airways Co., Ltd. and Japan Airlines Co., Ltd.; and (ii) produced by Neste OYJ to Etihad Airways PJSC from October 2022.</li> <li>Selected by the Civil Aviation Bureau (Ministry of Land, Infrastructure, Transport and Tourism) to carry out the "Imported Neat SAF Model Demonstration Project" to import neat SAF from Neste OYJ, blend it with fossil-based jet fuel in Japan, and establish a supply chain to transport it to airports.</li> <li>Invested in Impact Bioenergy, a U.S. based startup that manufactures and sells equipment to produce biogas from food waste through anaerobic digestion.</li> </ul>

# Metrics and Targets



## Ensure Stable Procurement and Supply: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Food Company	8 (EQUITY AND SOCIAL JUSTICE) 15 (LIFE ON LAND)	Supply Chain	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"> <li>We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries.</li> <li>We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy.</li> <li>Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy.</li> <li>Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information.</li> </ul> <b>2030</b> <ul style="list-style-type: none"> <li>Coffee beans: Aim for a 50% switch to sustainable coffee beans.</li> <li>Cacao beans: Aim for a 100% switch to sustainable coffee beans.</li> <li>Aim for a 100% switch to sustainable palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Regarding FYE 2023, our quantitative target 15% or more was achieved with the result of 28%, and its target for FYE 2024 should be 20% or above. In addition, from June 2022, we partially started disclosing BtoB level digital traceability information to our customers by using Farmer Connect (Coffee traceability platform).</li> <li>Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.)</li> <li>Palm oil: Check supplier's sustainable palm oil sourcing policies through regular surveys, and continue purchasing based on our procurement policies. At the same time, we continue to publicize the ratio of RSPO certified Palm Oils and Traceable To Mill etc.</li> <li>Ratio of RSPO Certified Palm Products/Oleo chemicals                             <ul style="list-style-type: none"> <li>Palm Oils 24%</li> <li>Oleo Chemical Products 65%</li> </ul> </li> </ul>
Food Company	8 (EQUITY AND SOCIAL JUSTICE) 9 (INDUSTRY, INNOVATION AND INFRASTRUCTURE) 15 (LIFE ON LAND)	Forest Stable Supply of Resources	Establishing a supply chain reflecting consideration for human rights and the environment	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"> <li>Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines.</li> <li>Start the commercial production and export of pineapple processed foods in Sierra Leone.</li> </ul>	<ul style="list-style-type: none"> <li>Employment: about 1,800 as of 2023 March.</li> <li>2022 Pineapple Production Estimate: 12,000tons.</li> </ul>
Food Company	8 (EQUITY AND SOCIAL JUSTICE) 14 (LIFE BELOW WATER)	Supply Chain	Responsible Fisheries Procurement	Fresh food field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	Promote procurement in accordance with the supplier's own code of conduct in the country of origin of the tuna.	Develop a tuna procurement policy and promote procurement of products and certified products that comply with the policy.	<ul style="list-style-type: none"> <li>We have acquired the MSC fisheries certification for six fishing vessels as of July 2022.</li> <li>ITOCHU and fishing companies are currently applying the second MSC fisheries certification for 19 vessels in addition to the above 1st MSC certification.</li> </ul>
Food Company	12 (RESPONSIBLE CONSUMPTION AND PRODUCTION)	Pollution Prevention and Resource Recycling	Supply and use of environmentally friendly resources and materials	Fresh food field	Through the reduction of food loss, we will contribute to the promote the effective use of the resources and reduce the environmental impacts.	The company will brand and commercialize the out-of-spec Dole bananas discarded in Japan and Philippines as Mottainai bananas and distribute them in the market again.	<ul style="list-style-type: none"> <li>Consider diversifying this movement into processed foods and developing new products by using raw materials other than bananas.</li> <li>Aim to increase the volume of the reused bananas.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing of Banana-derived products using former-waste bananas in the production site(Philippines) is ongoing. (Total banana usage: about 670Tons)                             <ul style="list-style-type: none"> <li>Dole National Brand products: Chocolate-coated frozen bananas, Jelly products</li> <li>Dole products with brand license contracts: Ice cream (Lotte), banana-flavored milk (Family Mart), Snacks&amp;Bread (Tokyo Banana, etc)</li> <li>We processed off spec banana, which is supplied to FMPB ("Famimaru"), into puree and supplied the puree for the processed FM foods such as beverage.</li> </ul> </li> <li>Promotions are being continued in key locations such as Dean &amp; DeLuca and banana juice shops (7days BANANA, BANANA STAND etc).</li> <li>Number of media exposure as of Mar, 2023. end: 1,101</li> <li>Reused Banana as of Mar, 2023. end: about 200,000 bunches (equivalent to 30 tons)</li> </ul>
General Products & Realty Company	15 (LIFE ON LAND)	Forest	Using sustainable forest resources	<ul style="list-style-type: none"> <li>Pulp</li> <li>Woodchips</li> <li>Wood products &amp; materials</li> </ul>	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.	In FYE 2023, 100% of our Pulp, Wood Products & Materials transactions and 97% of our Woodchips transactions were handled as certified material or were intensely managed.
General Products & Realty Company	8 (EQUITY AND SOCIAL JUSTICE) 12 (RESPONSIBLE CONSUMPTION AND PRODUCTION)	Forest Supply Chain	Realization of sustainable supply of natural rubber	Natural Rubber	<ul style="list-style-type: none"> <li>We will strive to establish measures to identify and avoid procuring rubber from any suppliers who dispossess indigenous people and develop High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland.</li> <li>We support or offer a training to improve yields and quality for natural rubber producers, especially smallholders. We also offer a risk-assessment education that includes modern slavery issue.</li> </ul>	<ul style="list-style-type: none"> <li>We will establish a traceability system to make uncertain raw material procurement supply chain transparent.</li> <li>We will achieve our commitment through the sustainability activity of our unique initiative, named "PROJECT TREE(<a href="https://project-tree-natural-rubber.com/">https://project-tree-natural-rubber.com/</a>)".</li> </ul>	<ul style="list-style-type: none"> <li>We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business. (Aiming to achieve 100% traceability for the natural rubber raw materials which we procure by 2025 through an original block chain-based traceability system.)</li> <li>We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry.</li> </ul>	<ul style="list-style-type: none"> <li>In FYE 2023, traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%.</li> <li>Traceability of the natural rubber raw materials' procurement using our system reached 4.5%.</li> <li>4,128 of smallholders implemented sustainability training and education.</li> </ul>
ICT & Financial Business Company	12 (RESPONSIBLE CONSUMPTION AND PRODUCTION)	Pollution Prevention and Resource Recycling	Provide products/ services that support the realization of a sustainable lifestyle.	Reuse / Recycling Business	Contribute to the development of a sustainable society by making most of limited resources through the distribution of used mobile phones and tablets in the Japanese market.	<ul style="list-style-type: none"> <li>Expand supply channels in order to realize a sustainable and stable procurement of resources.</li> <li>Reinforce promotional activities in order to raise the awareness of secondhand mobile phones/tablets.</li> </ul>	<ul style="list-style-type: none"> <li>Expand product variation and supply channels.</li> <li>Expand distribution outlets.</li> </ul>	<ul style="list-style-type: none"> <li>The number of models handled increased from 534 (FYE 2022) to 671 (FYE 2023). (25.6% increase over the previous year)</li> <li>Procurement sources increased from 3 companies (1 country: Japan) in FYE 2022 to 6 companies (3 countries including Japan, Hong Kong, and US) in FYE 2023.</li> <li>As for distribution channels, sales on major EC business operator were launched and maintained a favorable level.</li> </ul>

# Metrics and Targets



## Maintain Rigorous Governance Structures: Action Plans

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Headquarters		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Corporate governance	We will implement highly effective supervision over the management from an independent and objective standpoint and ensure the appropriate and efficient execution of business operations by improving the transparency of our decision-making, aiming to our sustainable growth as well as the medium- and long-term improvement of our corporate value.	<ul style="list-style-type: none"> <li>Appoint several outside Directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields.</li> <li>Maintain a highly transparent and objective Directors' and officers' remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company's performance and the improvement of our corporate value.</li> </ul>	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ol style="list-style-type: none"> <li>We have maintained the diversity of the Board of Directors (through appointing always one third or higher percentage of outside Directors- four outside Directors out of 10 Directors, two female Directors out of 10 Directors, a female Audit &amp; Supervisory Board Member, and an outside Director and an outside Audit &amp; Supervisory Board Member who had wide range of sufficient experiences in corporate management).</li> <li>We have maintained the chair of the Governance and Remuneration Committee and the Nomination Committee being the outside Director, and a majority of the members of the Governance and Remuneration Committee and the Nomination Committee being the outside Directors and the outside Audit &amp; Supervisory Board Members (four out of 7 members).</li> <li>We have maintained the chair of the Women's Advancement Committee being the female outside Director, and a half of the Women's Advancement Committee being the outside Directors and the female members (3 out of 6 members respectively).</li> </ol>
Head-quarters		Governance	Ensuring compliance	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic compliance attitude survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> <li>In the period of April-May 2022, we conducted "Monitor and Review" of the ITOCHU Group's compliance system for FYE 2022, which covered 452 organizations, including ITOCHU Corporation's all divisions in head quarter, all domestic branches, overseas blocks, and ITOCHU Group companies and their subsidiaries. The purpose is to understand and promote the status of the compliance system in each organization.</li> <li>In the period of September-November 2022, we conducted the monitoring survey on compliance with "the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade" and "the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors" in ITOCHU Corporation and 63 ITOCHU Group companies in Japan. In the course of such survey, we performed individual hearings and fact-finding investigations based on answers to questionnaire in certain prescribed format, as a result of which we found no serious concern on that.</li> <li>In the period of Dec/2022-Feb/2023, we identified compliance-related cases occurred in ITOCHU Group companies, for which recurrence prevention measures were formulated in FYE 2022 and monitoring was thought to be highly necessary. As a result of the monitoring on the implementation status of the formulated measures, we confirmed that they were properly implemented.</li> <li>The status of our periodical on-site compliance training seminars in FYE 2023 is as follows: For ITOCHU Corporation: 3,263 employees (who all watched the training video); For ITOCHU Group companies in Japan: 14,872 employees in total, of which (i) the webinar sessions and/or on-site sessions were provided for 49 companies in 86 occasions with 7,108 attendees; and (ii) the training video were provided to 7,764 viewers of 28 companies (including companies that participated in webinar courses as well).</li> </ul>
Head-quarters		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	We reviewed the progress of the action plans of the FYE 2023 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to the Internal Control Committee that Itochu's internal risk management system is active, which was held in October 2022 (review of the first half of FYE 2023), and in April 2023 (review of the second half of FYE 2023, and the action plans for FYE 2024).

# Collaboration with Outside Initiatives

## Participation in Initiatives

We participate in the following initiatives to promote sustainability.

### Involvement in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth for the international community. ITOCHU will fulfill our corporate mission of “*Sampo-yoshi*” in accordance with the United Nations Global Compact’s 10 principles covering human rights, labor, environment and anti-corruption.



United Nations Global Compact (<https://www.unglobalcompact.org/>)

#### The Ten Principles of the United Nations Global Compact

Human Rights	<p><b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle 2</b> make sure that they are not complicit in human rights abuses.</p>
Labour	<p><b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle 4</b> the elimination of all forms of forced and compulsory labour;</p> <p><b>Principle 5</b> the effective abolition of child labour; and</p> <p><b>Principle 6</b> the elimination of discrimination in respect of employment and occupation.</p>
Environment	<p><b>Principle 7</b> Businesses are asked to support a precautionary approach to environmental challenges;</p> <p><b>Principle 8</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9</b> encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-Corruption	<p><b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

### Work with Global Compact Network Japan

ITOCHU is the corporate director of Global Compact Network Japan (GCNJ), the local network for the United Nations Global Compact in Japan. Our proactive participation in this work also includes sending employees to provide assistance with their activities.

The GCNJ learns from other companies’ practices and academics, and also consists of subcommittees for deliberations and exchanging ideas on specific topics concerning approaches and initiatives for sustainability. In FYE 2023, ITOCHU participated in the following subcommittees.

- ESG Subcommittee
- Reporting Research Subcommittee
- Supply Chains Subcommittee

### TCFD Consortium

Please refer to P58 for details of our activities.

### CDP (Climate Change & Water Security)

Please refer to P58 for details of our activities.

### Climate Change Campaign “COOL CHOICE” led by Ministry of the Environment

Please refer to P58 for details of our activities.

• COOL CHOICE Website (Japanese Only) (<https://ondankataisaku.env.go.jp/coolchoice/about/>)

### GX League formulated by the Ministry of Economy, Trade and Industry

Please refer to P58 for details of our activities.

• GX League (Japanese Only) (<https://gx-league.go.jp/>)

### Japan Climate Initiative (JCI)

Please refer to P58 for details of our activities.

### RSPO (Roundtable on Sustainable Palm Oil)

Please refer to P157 for details of our activities.

• RSPO Website (<https://www.rspo.org/>)

### GPSNR (Global Platform for Sustainable Natural Rubber)

Please refer to P155 for details of our activities.

• GPSNR Membership List (<https://sustainablenaturalrubber.org/our-members/>)

### KEIDANREN (Japan Business Federation)

- Committee on Environment and Safety
- 1% (One Percent) Club
- Council for Better Corporate Citizenship (CBCC)
- Committee on Responsible Business Conduct & SDGs Promotion
- Keidanren Nature Conservation Fund / Keidanren Committee on Nature Conservation

### Japan Foreign Trade Council (JFTC)

- Global Environment Committee
- Sustainability & CSR Study Committee
- Social Contribution & ABIC Committee

### CSR Europe (Corporate Member)

• CSR Europe (Corporate Member) ([https://www.csreurope.org/#block-yui\\_3\\_17\\_2\\_1\\_1583920013766\\_98565](https://www.csreurope.org/#block-yui_3_17_2_1_1583920013766_98565))

### ESG Disclosure Study Group

• ESG Member List (Japanese Only) (<https://edsg.org/%e4%bc%9a%e5%93%a1%e4%b8%80%e8%a6%a7/>)



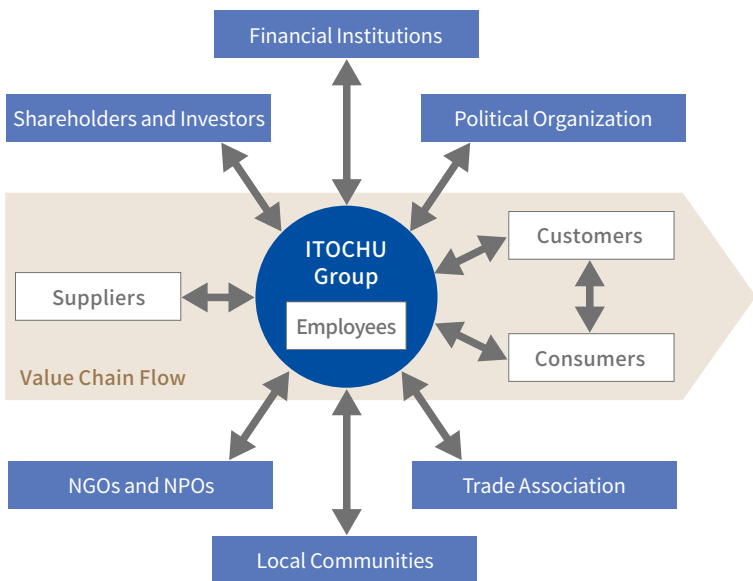
# Collaboration with Outside Initiatives

## Stakeholder Engagement

### Policy & Basic Approach

In our diverse range of corporate activities conducted worldwide, ITOCHU Group place strong emphasis on dialogues with various stakeholders. We provide information about the ITOCHU Group activities, and we value the opinions of our stakeholders, both expectations and concerns. For our sustainable growth, we reflect measures in our business activities to further advance sustainability on a company-wide basis.

\* Multi-Stakeholder Policy (Japanese only)  
 (https://www.itochu.co.jp/en/csr/pdf/multi\_stakeholder\_policy.pdf?230404) PDF



Stakeholders	Frequency	Overview of Initiatives	Main Methods of Dialogue
Suppliers, Customers, and Consumers	Periodically As Needed	We engage in fair and equitable transactions with business partners and comply with laws and ordinances. By building supply chain management that addresses social issues in human rights, labor and environment, we strive to provide safe and secure products and services to consumers.	<ul style="list-style-type: none"> <li>● Provision of information through the Annual Report/ESG Report and official website</li> <li>● Notification of Sustainability Action Guidelines for Supply Chains</li> <li>● Quality control and Sustainability Surveys on supply chains</li> <li>● Contact for inquiries</li> <li>● Dialogue with Customers</li> </ul>
Shareholders, Investors, and Financial Institutions	Periodically As Needed	We emphasize dialogue with our shareholders, investors, and other stakeholders from the perspective of achieving sustainable growth and enhancing corporate value over the medium to long term. We strive to reflect obtained inputs into our management strategies and financial and capital policies. Through commitment-based management, we expand corporate value and sustain a positive cycle through effective engagement.	<ul style="list-style-type: none"> <li>● General meeting of shareholders</li> <li>● Financial results briefings</li> <li>● Field-specific briefings</li> <li>● Briefings for individual investors</li> <li>● Provision of information through the Annual Report/ESG Report and official website</li> <li>● Annual Report Briefings</li> <li>● Overseas IR roadshows</li> <li>● Conferences sponsored by securities companies</li> <li>● Response to investigations and ratings performed by socially responsible investors</li> <li>● Debt IR</li> <li>● Individual engagement with SR</li> </ul>
Political Organizations, and Associations	As Needed	We aim for the settlement of social issues and the sustainable development of the international community. We do this by complying with various relevant laws and ordinances formulated by government agencies and local governments in Japan and overseas. In addition, we promote business in cooperation with government agencies, local governments and industry groups.	<ul style="list-style-type: none"> <li>● Participation in the government, the ministries related committees and councils</li> <li>● Activity through the trade association (Japan Business Federation, Japan Foreign Trade Council)</li> </ul>
Local Communities, NGOs, and NPOs	As Needed	We understand that our business activities affect local communities. Accordingly, we contribute to the sound and sustainable development of local communities. We do this by aiming to solve social issues in communities such as the creation of jobs, development of infrastructure, improvements in living standards and development of the educational environment. We strive to solve social issues through dialogue and collaboration with NPOs and NGOs.	<ul style="list-style-type: none"> <li>● Social contribution activities and volunteer activities</li> <li>● Sustainability Advisory Boards</li> <li>● Dialogue with residents of areas around project sites</li> <li>● Regular communication with NGOs and NPOs</li> <li>● Support for the dissemination of information by NGOs, NPOs and local communities</li> </ul>
Employees	As Needed	<p>We endeavor to develop various measures and systems to realize decent work with aiming a company that is challenging but that does work worth doing.</p> <p>We work to foster an organizational culture in which diverse human resources create opportunity of self-development and social contribution through their work.</p>	<ul style="list-style-type: none"> <li>● Provision of information through the in-house Intranet and bulletins</li> <li>● Provision of opportunities to develop abilities through various training sessions and seminars</li> <li>● Provision of career counseling</li> <li>● Establishment of employee consultation desk system</li> <li>● Implementation of employee engagement surveys</li> <li>● Labor-union management meetings (including management meetings and settlement of accountings meetings)</li> <li>● General employee meetings at each company</li> <li>● Employee award system</li> <li>● Employee shareholding association</li> <li>● Health management</li> <li>● Business idea solicitation system</li> </ul>

### Reference Data FYE 2022 The Expense of Associations and Social Contribution

(Unit: 1 million yen)

Trade Association, Economic Association, Other Association	83	Social Contribution (Donation)	894 (119)
Political Association	30		
<b>Total</b>	<b>113</b>		

# Collaboration with Outside Initiatives

## Third Party Opinion

The sustainability issues surrounding companies are extremely wide-ranging. These issues include climate change, biodiversity and human rights. Together with this, companies need to take initiatives across the entire value chains of their businesses. The businesses of general trading companies are diverse and international. Therefore, the breadth of those businesses and the diversity of stakeholders is extremely high compared to ordinary operating companies. That means it is not easy for general trading companies to respond to sustainability issues. In this environment, ITOCHU Corporation seems to be making steady progress in its initiatives to address difficult issues such as grasping and disclosing its greenhouse gas emissions, expanding the scope of its human rights due diligence, and introducing grievance mechanisms. As a result, ITOCHU maintains strong ratings in various ESG assessments.

ITOCHU's initiatives are characterized by not only responding to these risks but also by proactively viewing SDGs as business opportunities based on its corporate philosophy of sampo yoshi (good for the buyer, good for the seller and good for society). In addition to entering new businesses such as decarbonization, ITOCHU is working on initiatives involving stakeholders from upstream to downstream like with Project Tree which is aiming to realize the traceability and sustainability of natural rubber. ITOCHU is also striving to create cross-industry frameworks such as the Japan Sustainability Fashion Alliance. These efforts constitute an approach suitable for the SDGs era. I hope that ITOCHU will listen to the voices of its various stakeholders and then respond appropriately to risks. I also look forward to it taking on the challenge of creating a better future and delivering new solutions to the world.



Hidemi Tomita  
Managing Director  
LRQA Sustainability K.K.

# Environment



*Environment*



# Environmental Policy

## Policy and Basic Concept

### The ITOCHU Group Environmental Policy

Global environmental concerns such as climate change pose a critical threat to the sustainability of earth. Given the global nature of our operations, it is a top management priority for us to address these concerns and contribute to building a sustainable society. We will do so by committing to make continuous improvements to our environmental management system, reducing the environmental impacts of our businesses throughout their lifecycles, and engaging in business activities that make positive contributions to the environment.

#### 1. Compliance with Laws and Regulations

We shall comply with international declarations, agreements, and treaties, as well as with the laws and regulations of the countries and regions in which we operate. We shall also comply with any other agreements that we have consented to.

#### 2. Response to Climate Change

We shall reduce greenhouse gas emissions and increase the efficiency of energy use within our own operations, as well as externally provide products and services that contribute to the mitigation and adaptation to climate change.

#### 3. Environmental Pollution Prevention

We shall prevent and reduce environmental pollution caused by chemical substances and oils, reduce emissions of air pollutants, and reduce and properly process hazardous waste and wastewater.

#### 4. Promotion of Resource Circulation

We shall contribute to the formation of a circular society by promoting the sustainable use of resources (such as fossil fuels, minerals, food, animals and plants), a reduction in the amount of resources used, a reduction in the amount of waste discharged and recycling across our business investments and the supply chain of our products and services.

#### 5. Conservation and Effective Use of Water Resources

We shall reduce water consumption through efficient water use and recycling, as well as take necessary measures to appropriately treat effluents.

#### 6. Biodiversity Conservation

We shall recognize the value of the benefits that we receive from the natural ecosystem, minimize our impact on biodiversity, and contribute to its conservation.

#### 7. Transparency

We shall proactively disclose environmental information and maintain a communicative relationship with our stakeholders.

**Fumihiko Kobayashi**  
Member of the Board  
Executive Vice President  
Chief Administrative Officer  
Established in April 2020  
Revised in April 2022

# Environmental Management

## Policy and Basic Concept

We strive initiatives to conserve the global environment to be a top management priority for us. This is under recognition that the business activities ITOCHU performs in Japan and overseas (e.g., the provision of various products and services, the development of resources, and business investment) are closely connected to global environmental problems.

Therefore, we established the Global Environment Department (current Sustainability Management Division) in 1990 ahead of other trading companies.

We are ensuring compatibility of both offense and defense — offense to promote environment conserving business and defense to take a precautionary approach to environmental and social risks — based on our environmental policy. The aim of this is to fulfill our corporate mission of “*Sampo-yoshi*.” We are also engaged in global corporate management and activities with a constant awareness of global environmental problems.

We reorganized and integrated our conventional environmental management structure into a structure to promote sustainability in line with the revision to this policy in April 2018. We have built and are maintaining and operating an efficient environmental management system in accordance with the ISO14001 standards.

■ The ITOCHU Group Environmental Policy (P38)

## Structures and Systems

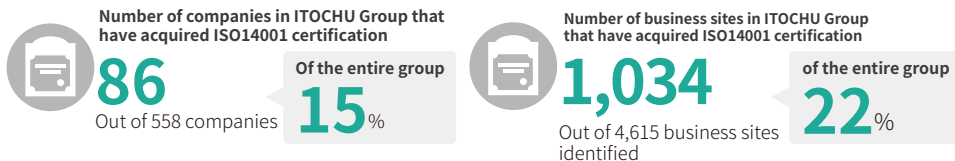
ITOCHU was the first trading company to acquire ISO14001 certification in 1997 and is working to continuously improve its sustainability promotion system. We recognize that our business activities can have an impact on the global environment and society and so are looking to take a precautionary approach to environmental and social risks. To that end, we have built a sustainability management system to assess in advance the impact in regards to new investments in particular together with the products we handle. Under this system we formulate targets every year for items related to environmental and social risks, environment conserving businesses, saving energy, saving resources, GHG emissions reduction and other climate change related risks. We then assess and analyze the progress, and we move through the PDCA cycle to reliably achieve our targets.

■ ITOCHU's Sustainability Promotion Structure (P15)

## ISO 14001 Certification of the ITOCHU Group

### Group companies subject to ISO 14001 certification of ITOCHU Corporation

- ITOCHU Corporation
- ITOCHU Automobile Corporation
- ITOCHU Metals Corporation
- ITOCHU Taiwan Corporation



## External Audits

ITOCHU undergo an ISO14001 certification review every year by the BSI Group Japan K.K. (BSI). We underwent the maintenance audit recently in November 2022. The latest registration certificate is valid until December 23, 2024.



EMS 657977 / ISO 14001

## Internal Audits

We conduct internal sustainability audits every year based on ISO14001. In FYE 2023, we audited all 49 departments (including in the form of a self-check for 27 departments). Members of the Sustainability Management Division constitute the audit team and conduct them with emphasis on compliance audits. The implementation of internal sustainability audits over half a year leads to a precautionary approach to environmental and social risks.

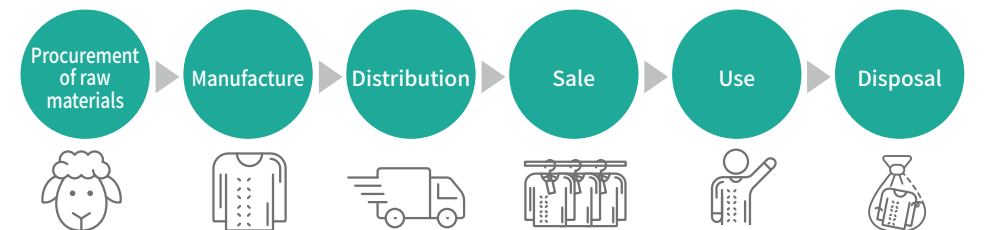


## Initiatives

### Assessment of Sustainability Risk in Products We Handle

ITOCHU deals in a wide variety of products on a global scale. Therefore, we believe it is vital that we assess the impact on the global environment of each product, our environmental related laws and regulation compliance situation, and our relationships with stakeholders. Accordingly, we conduct our own sustainability impact assessments on all our products. We use LCA\* analytical techniques from the procurement of raw materials concerning the applicable product to their manufacturing process, use and disposal. These analysis assessment items include those related to climate change (e.g., the decrease in tropical rainforests, desertification and global warming) to assess such related risks. If the results of these assessments show that the impact on the global environment will be greater than a specific score, we formulate various regulations and procedure manuals with the applicable product being subject to priority management and specific education programs.

\* Life Cycle Assessment (LCA): This is the technique to assess the impact of one product on the environment in all stages of its lifecycle — from raw materials to manufacture, transportation, use, and disposal or reuse.





# Environmental Management

## Investigations into the Actual Conditions in Group Companies

We have continued to visit and investigate group companies having relatively high environmental impacts since 2001. The aim of this is to prevent environmental pollution by these group companies. We have investigated a total of 296 offices over the past 22 years up to the end of FYE 2023. We assess companies in these investigations by investigating their factory and warehouse facilities, their situation of drainage to rivers, and their compliance with environmental laws and regulations in addition to holding an engagement interview with their management regarding their response toward environmental challenges including climate change.

## Sustainability Risk Assessments on New Investment Projects

For business investment projects that ITOCHU undertakes, the impact of the project on society and the environment, as well as the state of governance of the investment target are evaluated in advance using the ESG Checklist for Investment — a checklist that must be submitted when entering into new business investment projects. For example in relation to the risk of climate change, it includes information on energy consumption and GHG emissions. During FYE 2023, there were 57 applications of ESG Checklist. For projects that require expert knowledge, we make request to external expert to conduct investigations in advance. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.



## ITOCHU Europe Green Finance Framework

ITOCHU Europe Plc (ITOCHU Europe) published its Green Finance Framework in March 2019 and raised its first green loan of EUR150Million from banks including Mizuho Bank through ITOCHU Treasury Centre Europe Plc, ITOCHU's group finance vehicle for Europe and the Middle East. This is the first green finance procured by any of the Japanese trading companies. ITOCHU Europe Green Finance Framework was independently reviewed by Sustainalytics and is used for investments in energy efficient projects, renewable energy projects, etc.

\* ITOCHU Europe Green Finance Framework  
 (https://www.itochu.com/uk/en/sustainability/environment/index.html)

## Environmental Education and Awareness

We provide various educational programs to encourage employees to conduct environmental conservation activities. In addition, we hold environmental law and ordinance seminars and global environmental problem awareness seminars for group employees. Through these initiatives, we are striving to improve environmental awareness over the entire ITOCHU Group.

## Seminars and Training Sessions

We proactively hold seminars and training sessions. The aim of these is to thoroughly inform ITOCHU Group employees about environmental related law and ordinance requirements and to raise their compliance and environmental awareness.

## Inquiries from Inside and Outside the Company and Our Response to Them (FYE 2023)



## Issuance of USD-Denominated Senior Unsecured SDGs Bonds

ITOCHU has decided to issue US\$500Million Senior Unsecured Bonds due 2026 to raise funds for projects that contribute to SDGs (the "SDGs Bonds"). To issue the SDGs Bonds, ITOCHU has established the SDGs Bond Framework in alignment with the Green Bond Principles, 2018, the Social Bond Principles, 2020 and the Sustainability Bond Guidelines, 2018 as administered by ICMA (the International Capital Market Association). And it has obtained an external evaluation (second party opinion) from Vigeo Eiris (MOODY'S ESG SOLUTIONS FRANCE SAS) for the conformity of our Framework with principles such as the Sustainability Bond Guidelines.

\* ITOCHU's SDGs Bond (Sustainability Bond) (P201)

# Climate Change (Information Disclosure Based on TCFD Recommendations)

In May 2019, ITOCHU Corporation announced our support for the TCFD\* recommendations in recognition of the importance of climate-related financial disclosures. Since then, we continue working to provide information disclosure based on TCFD recommendations.

\* TCFD: The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB).

## Policy and Basic Concept Concerning Climate Change

Recognizing climate change as one of the global environmental issues requiring the highest level of urgency, we have worked towards achieving the nationally determined contributions (NDCs) set by the Japanese government in response to the enactment of the Paris Agreement. As a Group engaged in business activities on a global scale, ITOCHU positions climate change and other global environmental issues as one of our highest priority management issues, recognizing that positioning these issues and opportunities and incorporating them into specific initiatives will lead to increases in our corporate value.

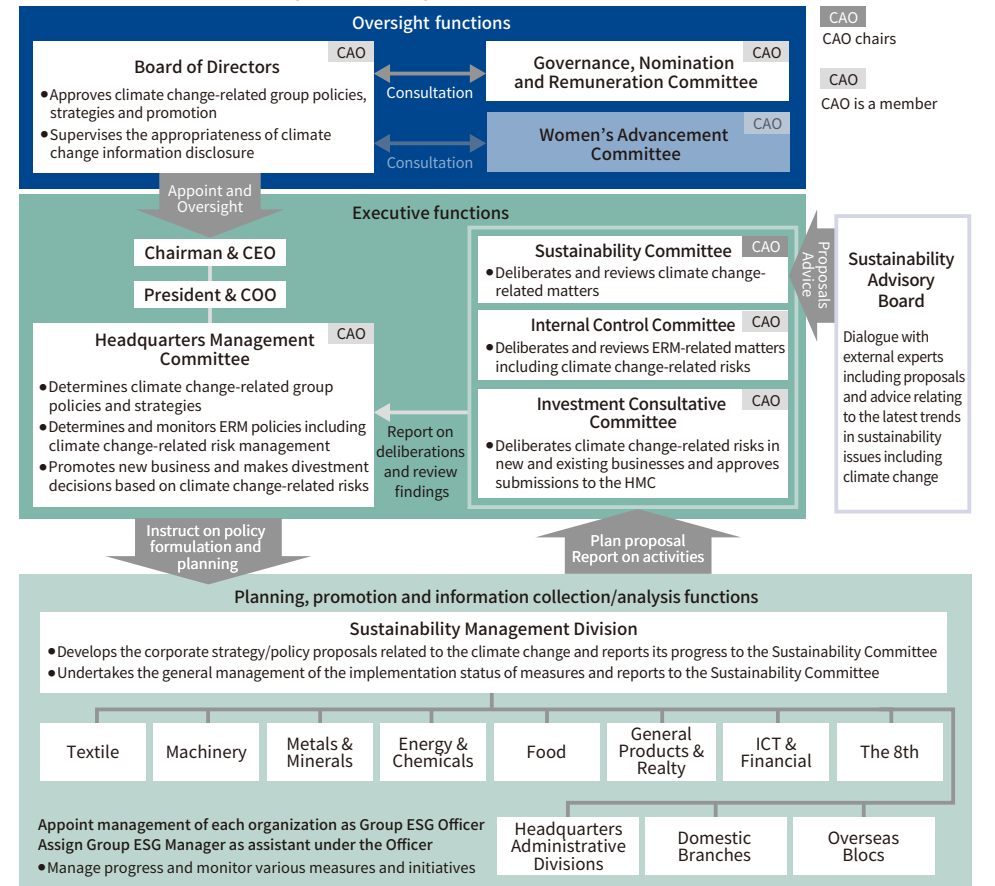
We define our initiatives related to climate change in the ITOCHU Group Environmental Activities Policies “2. Response to Climate Change: We shall reduce greenhouse gas emissions and increase the efficiency of energy use within our own operations, as well as externally provide products and services that contribute to the mitigation and adaptation to climate change.” In March 2021, our Board of Directors approved the inclusion of greenhouse gas (GHG) emissions reduction targets for 2030, 2040, and by 2050 as core targets for our Medium-term Management Plan, Brand-new Deal 2023. These targets are in line with Japan NDCs, and will help us contribute to those goals. ITOCHU is committed to fulfilling our social responsibilities.

Under our corporate philosophy of the “*Sampo-yoshi*” approach, we will increase our corporate value and promote collaborations with stakeholders on responses to climate change risks and opportunities.

## Governance

ITOCHU views responding to climate change and other sustainability issues as an important management issue. Our Board of Directors gives due consideration to response policies for climate change-related risks and opportunities and GHG reduction targets and initiatives, and incorporates these policies into deliberations and decisions on annual budgets, business plans, and other core matters.

### Governance System Concerning Climate Change (As of June 2023)



\* CAO: Chief Administrative Officer  
HMC: Headquarters Management Committee

# Climate Change (Information Disclosure Based on TCFD Recommendations)

The ITOCHU Sustainability Committee is the body delegated with general management responsibilities concerning the proposal and implementation of the various policies that will enable us to respond to climate change and other sustainability matters. This Committee ascertains, manages, and evaluates climate change-related targets, the implementation status of transition plans, and current environmental and social risks and opportunities. ITOCHU's Chief Administrative Officer (CAO) is the director responsible for climate-related issues and is also a member of the Headquarters Management Committee (HMC). The CAO also serves as chair of the Sustainability Committee. The CAO provides a report to the Board of Directors approximately twice per year on matters deliberated and decided by the Sustainability Committee in addition to a report on the status of major sustainability promotion activities. This creates an organization that allows the Board of Directors to appropriately supervise business and financial strategies (including reviewing strategy and making divestment and portfolio restructuring decisions) for responding to environmental and social risks and opportunities while giving proper consideration to matters deliberated and decided by the Sustainability Committee. As the executive level, management from each company and administrative division also serving as ESG Officers participate in Sustainability Committee meetings as core members. The Sustainability Committee receives reports on climate-related matters from the Sustainability Management Division and ESG Managers from each company and administrative division. We use these reports towards progress management and monitoring for each policy and various initiatives.

In 2021, our Board of Directors approved the inclusion of growth strategy and GHG emission reduction targets in our Medium-term Management Plan, Brand-new Deal 2023. This decision reflects our commitment to the climate-related issues impacting our Company and we believe this will enable us to lead the industry in realizing a decarbonized society in enhancing our contribution to and engagement with the SDGs through business activities. Based on this decision by the Board of Directors, the Sustainability Committee deliberates specific policies and targets related to decarbonized initiatives. Each business division works continuously to implement these policies and initiatives approved by the CAO, the chair of the Sustainability Committee, and progress is reviewed by the Sustainability Committee.

The chair of the Sustainability Committee and management from each company and administrative division (ESG Officers) meet with external experts (a Sustainability Advisory Board) once a year to engage in dialogue towards making continuous improvements to our climate change response. Through this dialogue, we promote climate change countermeasures based on an understanding of society's expectations and demands on ITOCHU.

Climate-related Meetings Held by the Board of Directors and Committees	Frequency of Meetings and Reports	Main Items Deliberated or Reported on (FYE 2019 to FYE 2023)
<b>The Board of Directors</b>	<ul style="list-style-type: none"> <li>Periodic reports are made at least once a year</li> <li>Results                             <ul style="list-style-type: none"> <li>Once in FYE 2019</li> <li>2 times in FYE 2020</li> <li>Once in FYE 2021</li> <li>Once in FYE 2022</li> <li>3 times in FYE 2023</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>FYE 2019                             <ul style="list-style-type: none"> <li>Announcement of support for the TCFD recommendations</li> </ul> </li> <li>FYE 2020                             <ul style="list-style-type: none"> <li>Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions</li> </ul> </li> <li>FYE 2021                             <ul style="list-style-type: none"> <li>GHG reduction target, Disclosure based on the TCFD recommendations</li> </ul> </li> <li>FYE 2022                             <ul style="list-style-type: none"> <li>Creation of Medium-term Management Plan, Brand-new Deal 2023. (Growth strategy and GHG emission reduction targets towards leading the industry in realizing a decarbonized society in enhancing our contribution to and engagement with the SDGs through business activities.)</li> <li>Report on ITOCHU SDGs/ESG initiatives</li> </ul> </li> <li>FYE 2023                             <ul style="list-style-type: none"> <li>Confirmation of the Material Issues</li> <li>Policy for GHG emission reduction</li> <li>Monitoring of Scope 1/2/3 results</li> </ul> </li> </ul>
<b>Sustainability Committee</b>	<ul style="list-style-type: none"> <li>Usually held 1 ~ 2 times a year</li> <li>Results                             <ul style="list-style-type: none"> <li>Once in FYE 2019</li> <li>2 times in FYE 2020</li> <li>Once in FYE 2021</li> <li>2 times in FYE 2022</li> <li>3 times in FYE 2023</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>FYE 2019                             <ul style="list-style-type: none"> <li>Announcement of support for the TCFD recommendations</li> </ul> </li> <li>FYE 2020                             <ul style="list-style-type: none"> <li>Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions</li> </ul> </li> <li>FYE 2021                             <ul style="list-style-type: none"> <li>GHG reduction target, Disclosure based on the TCFD recommendations</li> </ul> </li> <li>FYE 2022                             <ul style="list-style-type: none"> <li>Confirmation of Scope 1/2/3 results, status of progress on reduction targets</li> </ul> </li> <li>FYE 2023                             <ul style="list-style-type: none"> <li>Confirmation of the Material Issues</li> <li>Policy for GHG emission reduction</li> <li>Monitoring of Scope 1/2/3 results</li> </ul> </li> </ul>

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Strategy

ITOCHU applies the Policy and Basic Concept Concerning Climate Change to analyze scenarios based on TCFD recommendations (analysis of transition and physical risks and opportunities associated with climate change). We use the results of these analyses to realign our business strategy and portfolio.

## Climate Change-related Risks and Opportunities

ITOCHU is engaged in various businesses in locations around the world. Each business is impacted by various short-, medium-, and long-term climate change transition risks and physical risks. As such, ITOCHU globally identifies, evaluates, and manages risks and opportunities with the possibility to have a material financial impact on our business, supply chain, and strategy. We conduct such analysis and evaluation throughout each business proposal management process and in our environmental and social risk management processes, which includes climate change.

### Material Climate Change-related Risks and Opportunities (risk criteria)

Climate-Related Risks and Opportunities	Impact of Climate-related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning	Impact Timeline*	Impacted Value Chains	Related Businesses	
Transition Risks and Opportunities	Policy and Legal Systems	<ul style="list-style-type: none"> <li>If countries around the world take a more aggressive approach in their GHG emissions reduction targets and subsequently strengthen laws and regulations regarding corporate emissions, fossil fuel demand may see a sharp decrease.</li> <li>Increased operating costs due to carbon pricing (carbon tax, etc.) or business regulations</li> </ul>	Medium-term Long-term	Upstream, ITOCHU Group	Power generation business, operations, Fossil fuel business, Iron ore business, Automobile business, Chemicals business
	Technical Innovation	Business opportunities that contribute to combatting and adapting to climate change are expected to increase (e.g., renewable energy, energy storage systems, low-carbon fuels, low-carbon emission steelmaking raw materials, etc.)	Short-term Medium-term Long-term	ITOCHU Group	Renewable energy, energy storage system businesses, Low-carbon fuel business, New material business, Iron ore business
	Changes in Market Conditions	Demand for certain products and services may decrease due to market risks related to public policy, laws and regulations, or technological advancements (e.g. clean technology)	Short-term Medium-term Long-term	Upstream, ITOCHU Group	Fossil fuel business, Chemicals business, Automobile business, Renewable energy, energy storage systems businesses, New material business, CCUS/emissions credit-related businesses
Physical Risks and Opportunities	Acute Physical Risks and Opportunities	Operations may be impacted or damaged by increased occurrences of abnormal weather patterns (e.g. droughts, floods, typhoons, hurricanes, etc.)	Short-term Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses, Mining business
		We may be able to strengthen customer retention and/or attraction by strengthening our supply chain resilience to extreme weather patterns and promoting stable supply as a value proposition	Short-term Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses
	Chronic Physical Risks and Opportunities	Our capability to maintain and increase the quantity of agricultural and forestry-related harvests, as well as products manufactured using these yields, may be impacted by climate-related changes such as increasing temperatures and likelihood of droughts.	Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses

\* Short-term: less than 1 year, medium-term, up to 3 years, long-term: 4 or more years

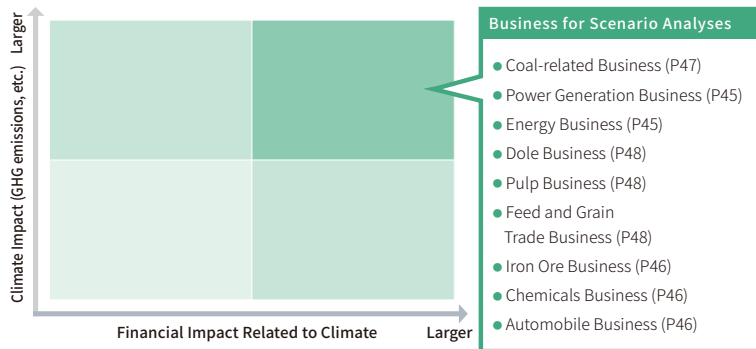
# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Scenario Analysis

### Scenario Selection

We consider which businesses to include in our scenario analysis by evaluating the business sectors that are highly susceptible to the impact of operating environment changes caused by climate change mitigation. From this evaluation, we identified the power generation business, energy business, iron ore, automobile, and chemicals businesses and coal business as businesses that would be significantly impacted by political, regulatory, and other transition risks. We then selected the Dole business feed and grain trade and the pulp businesses for inclusion in our scenario analysis as business highly susceptible to physical risks related to climate change.

When identifying business sectors that are highly susceptible to the impact of operating environment changes caused by climate change mitigation, we referenced the four non-financial sectors (energy, transportation, materials & buildings, and agriculture, food, & wood products) specified by the TCFD as being highly susceptible to the latent impact of climate change. The abovementioned five businesses are included in these sectors.



### Definition of Scenario Groups

When considering our scenario analysis, we referenced materials published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). These materials are highly recognized internationally for the credibility, are referenced in TCFD recommendations, and cover a broad range of business domains. As a result, we set the following three scenarios.

Scenario		4°C	<2°C	1.5°C
<b>Image of society</b>		The policies of countries, such as the Intended Nationally Determined Contributions (INDC) established in accordance with the Paris Agreement, are implemented. Nevertheless, the average temperature at the end of this century rises by 4°C. This is a society in which there is a high likelihood climate change (e.g., a rise in temperature) will impact business.	The average temperature rise is kept below 2°C until the end of this century. Bold policies and technological innovation are promoted. This is a society in which social changes due to the transition to a de-carbonized society are highly likely to impact business.	Bold policies and technological innovations will be promoted to limit the average temperature increase to 1.5°C until the end of the century and achieve sustainable development. This is a society in which social changes due to the transition to a de-carbonized society are highly likely to impact business.
<b>Reference scenarios</b>	<b>Transition aspects</b>	<ul style="list-style-type: none"> <li>● Stated Policies Scenario (IEA WEO2021)</li> <li>● Stated Policies Scenario (ETP WEO2020)</li> <li>● Stated Policies Scenario (IEA WEO2019)</li> <li>● Reference Technology Scenario (IEA ETP2017), etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Scenario (IEA WEO2019)</li> <li>● 2°C Scenario (IEA ETP2017), etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Net Zero Emissions by 2050 Scenario (IEA WEO2021)</li> <li>● Sustainable Development Scenario (IEA ETP2017), etc.</li> </ul>
	<b>Physical aspects</b>	<ul style="list-style-type: none"> <li>● RCP8.5 (IPCC AR5), SSP5-8.5 (IPCC AR6), etc.</li> </ul>	<ul style="list-style-type: none"> <li>● RCP2.6 (IPCC AR5), etc.</li> </ul>	<ul style="list-style-type: none"> <li>● RCP2.6 (IPCC AR5), SSP1-1.9, SSP1-2.6 (IPCCAR6), etc.</li> </ul>
<b>Risks and opportunities</b>		Risks and opportunities in terms of physical aspects will be more likely to surface	Risks and opportunities in terms of transition aspects will be more likely to surface	Risks and opportunities in terms of transition aspects will be more likely to surface

\* The IEA WEO 2019 Sustainable Development Scenario is the following scenario: The world works to keep the rise in temperature to less than 2°C – if possible, 1.5°C. At the same time, this is a scenario in which the targets of everyone being able to use energy and improving air pollution are achieved.

\* IEA WEO 2021 "Net Zero Emissions by 2050 Scenario" is a scenario that shows a possible path for the global energy sector to achieve net zero GHG emissions by 2050 and limit temperature rise to 1.5°C above pre-industrial levels.

\* Important input parameters and prerequisites for the climate-related scenarios we used include the following types of parameters.

Parameters Related to the Power Generation Business in the US	2040	
	4°C Scenario	<2°C Scenario
<b>Carbon price/ emissions trading</b>	● N/A	● \$140/ton
<b>Fossil fuel price</b>	<ul style="list-style-type: none"> <li>● Coal: \$108/ton</li> <li>● Gas: \$7.5/MMBTU</li> </ul>	<ul style="list-style-type: none"> <li>● Coal: \$77/ton</li> <li>● Gas: \$5.9/MMBTU</li> </ul>
<b>Renewable energy prices</b>	<ul style="list-style-type: none"> <li>● Solar utility scale: 7.2 to 8.8 yen/kWh</li> <li>● Land-based wind power: 6.2 to 7.7 yen/kWh</li> </ul>	<ul style="list-style-type: none"> <li>● Solar utility scale: 6.6 to 7.1 yen/kWh</li> <li>● Land-based wind power: 6.2 to 7.7 yen/kWh</li> </ul>
<b>Energy production volume by source</b>	<ul style="list-style-type: none"> <li>● Coal thermal: 1,016 TWh</li> <li>● Gas thermal: 1,480 TWh</li> <li>● Renewable energy: 1,488 TWh</li> </ul>	<ul style="list-style-type: none"> <li>● Coal thermal: 153 TWh</li> <li>● Gas thermal: 959 TWh</li> <li>● Renewable energy: 2,560 TWh</li> </ul>
<b>CCS dissemination rate</b>	● N/A	<ul style="list-style-type: none"> <li>● Coal thermal w/CCS: 64%</li> <li>● Gas thermal w/CCS: 18%</li> </ul>



# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Scenario Analysis and Results

For the scenario analysis, we did not limit the timeline range to the short-term. We also added medium- and long-term axes for 2030 and beyond when organizing and evaluating the factors of latent risks and opportunities that could have a significant qualitative or quantitative financial impact for each business. We extracted risk and opportunity factors from the perspective of procurement, business management, and demand, and then organized and evaluated factors of high importance. For particularly important factors, our scenario analysis was based on finance models that reflect defined parameters. We defined these parameters by identifying variables that significantly impact transition and physical risks and opportunities. For the analysis of financial impact level, we measured the latent impact level of climate change and analyzed the financial impact level, including the effect of risk and opportunity measures.

The quantitative information used in our scenario analysis reflects judgments made by ITOCHU based on scenarios prepared by sources such as the IEA. While we worked to increase analysis precision, the analysis does include numerous uncertainties.

### 1. Businesses for Which Transition Risks Are the Main Issues

The main issues for fossil fuel-related businesses are transition risks in the <2°C scenario. The main issues for Chemicals Business, Iron Ore Business and Automobile Business the 1.5°C scenario.

Business Profile		Power Generation Business	Energy Business
Timeframe		By 2040	
Temperature Band Scenario		<2°C Scenario	
Main risks and opportunities	Transition	<p><b>Risk</b> : Thermal power generation costs may increase due to the impact of carbon taxes and mandatory capture and storage of carbon dioxide (CCUS).</p> <p><b>Opportunity</b> : The competitive advantage of renewable energy may increase. This also includes technological progress and cost reduction.</p> <p><b>Opportunity</b> : It may be necessary to increase investment in storage batteries and grids for a significant shift to renewable energy.</p>	<p><b>Risk</b> : Countries may introduce regulations (e.g., carbon taxes) toward the realization of a decarbonized society. This may lead global demand for fossil fuels to shrink.</p> <p><b>Opportunity</b> : Demand for LNG may increase especially in Asia as a transition fuel to realize a decarbonized society and as a fuel to support industrial development.</p> <p><b>Opportunity</b> : Demand for new energies (e.g., hydrogen, ammonia and renewable fuel) may increase as alternatives to fossil fuels.</p> <p><b>Opportunity</b> : Business opportunities may increase for carbon dioxide capture, utilization and storage (CCUS) that contributes to a reduction in greenhouse gases.</p>
	Physical	<b>Risk</b> : Power generation facilities may be damaged by natural disasters (abnormal weather).	<b>Risk</b> : Possibility production facilities could be damaged in a natural disaster (abnormal weather).
Business environment under the scenario Business impact assessment		<p>Transition risks will greatly squeeze income with carbon taxes and carbon capture, usage and storage (CCUS) costs. Therefore, the income of thermal power generation may decrease. However, cumulative income is expected to improve due to an increase in renewable energy sales and a decrease in carbon taxes and CCS costs by switching to measures emphasizing renewable energy.</p> <p><b>Analysis according to the EBITDA indicator (%)*</b></p>	<p>In the 2°C scenario, a global decrease in demand for fossil fuels is projected but it is possible to maintain earnings by capturing new energy demand for fossil fuel alternatives and environmental business opportunities such as CCUS. Assumes a low possibility that natural disasters (abnormal weather) in relevant regions would further increase in scale. (Evaluated multiple scenarios for energy price fluctuations through 2040)</p> <p><b>Analysis according to the profit after tax (%)</b></p>
Adaption/mitigation measures & policies		<ul style="list-style-type: none"> <li>We will aim to achieve a renewable energy ratio of more than 20% (equity interest basis) by FYE 2031. We will reflect this in future efforts.</li> <li>We will not develop any new coal-fired power generation business. Part of the reason we will do this is to contribute to the development of a sustainable society.</li> </ul>	<ul style="list-style-type: none"> <li>We will restructure our energy business portfolio by seizing business opportunities through adding synergies with group companies and participating in initiatives in the new energies field.</li> <li>We will strengthen efforts on CCUS and other environmental businesses toward the realization of a decarbonized society.</li> <li>In relation to upstream oil and gas development, we will carefully examine the impact on the environment whenever we switch our assets. We intend to improve the efficiency in our business model and this will align well with the stakeholders' needs.</li> </ul>
Business opportunities		<ul style="list-style-type: none"> <li>Total assets in segment of applicable business: 690.6 bn yen (the Plant Project, Marine &amp; Aerospace Division / March 2023 results)</li> </ul>	<ul style="list-style-type: none"> <li>Total assets in segment of applicable business: 816.7 bn yen (Energy Division / March 2023 results)</li> </ul>
Financial information		<ul style="list-style-type: none"> <li>Profit in segment of applicable business (gross profit): 54.7 bn yen (the Plant Project, Marine &amp; Aerospace Division / FYE 2023 results)</li> <li>Total assets in segment of applicable business: 690.6 bn yen (the Plant Project, Marine &amp; Aerospace Division / March 2023 results)</li> </ul>	<ul style="list-style-type: none"> <li>Profit in segment of applicable business (gross profit): 170.2 bn yen (Energy Division / FYE 2023 results)</li> <li>Total assets in segment of applicable business: 816.7 bn yen (Energy Division / March 2023 results)</li> </ul>

\* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

# Climate Change (Information Disclosure Based on TCFD Recommendations)

Business Profile		Chemicals Business	Automobile Business	Iron Ore Business
Timeframe		By 2030		By 2050
Temperature Band Scenario		1.5°C Scenario		
Main risks and opportunities	Transition	<p><b>Risk</b> : Introduction and increase of carbon tax</p> <p><b>Risk</b> : Decrease in demand for virgin plastic due to widespread adoption of recycling</p> <p><b>Opportunity</b> : Increase in demand for low-carbon / decarbonization-related materials and products</p> <p><b>Opportunity</b> : Increase in demand for clean fuels and chemical raw materials</p>	<p><b>Risk</b> : The number of internal combustion engine vehicles we handle may decrease. shrink.</p> <p><b>Opportunity</b> : The number of electric vehicles we handle may increase.</p> <p><b>Opportunity</b> : New business may expand with the spread of electric vehicles.</p> <p><b>Risk</b> : Transportation costs may rise due to the introduction of carbon taxes.</p>	<p><b>Opportunity</b> : The stable supply of low-carbon emission steelmaking raw materials</p> <p><b>Risk</b> : Increase in cost of fuels and materials due to the introduction of a carbon tax</p> <p><b>Opportunity</b> : Creation of a new low-carbon emission steelmaking raw materials business</p>
	Physical	<p><b>Risk</b> : Damage to facilities / inventories and shutdown of operations caused by typhoons, floods, etc.</p> <p><b>Opportunity</b> : Increase in demand for chemical materials and products related to production increase, preservation and stockpile of food.</p>	<p><b>Risk</b> : There is a risk the factories of our business partners may suffer damage and suspend operations.</p>	<p><b>Risk</b> : Increase in procurement costs due to the increased frequency of severe weather events and worsening water scarcity</p> <p><b>Risk</b> : Disruption of iron ore supply chain due to frequent weather disasters</p>
Business environment under the scenario Business impact assessment	Chemicals Business	<p>Under the transition scenario, while the introduction and increase in carbon tax will increase costs and lower demand for virgin plastics will result in lower sales and profits, our chemical business will be able to increase earnings by capturing opportunities in environmental businesses such as recycled plastics, bioplastics, clean ammonia and methanol, where demand is expected to increase.</p> <p><b>Analysis according to the profit after tax (%)</b></p>	<p>The automobile industry is expected to shift from internal combustion engine vehicles to electric vehicles. Our customers are found all over the world. That means we can expect automobile demand to remain firm despite the expectation there will be a gradual shift in the vehicles we handle from internal combustion engine vehicles to electric vehicles in line with the regulations of each country. It is also expected that the introduction of carbon taxes may lead to an increase in transportation costs in some regions. We will continue to maintain competitiveness by working with our partners to reduce costs. We will aim to obtain further earnings by strengthening our storage battery and other related businesses with the spread of electric vehicles.</p> <p><b>Analysis according to the Gross trading profit indicator (%)</b></p>	<p>The introduction of a carbon tax is expected to increase the cost of fuel, materials, and other items. Nevertheless, the impact on earnings will be limited due to strengthened relationships with blue-chip business partners and improvement of operational efficiencies. Further growth is expected by focusing on the production of high-grade ore, for which demand is expected to increase due to the acceleration of the shift to decarbonization, and steadily seizing business opportunities in iron ore and related fields, such as creation of businesses related to low-carbon emission steelmaking raw materials.</p> <p><b>Analysis according to the profit after tax (%)</b></p>
	Adaption/mitigation measures & policies Business opportunities	<ul style="list-style-type: none"> <li>Accelerate progress toward a decarbonized society through energy saving measures, procurement of renewable energy, etc.</li> <li>Taking the initiative in realizing resource circulation by providing a 3R platform and sustainable cycle.</li> <li>Restructuring our chemical business portfolio by accelerating our efforts in environment-related businesses, such as sourcing of environmentally friendly raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to expand business by ascertaining demand trends by region based on the electric vehicle development and production situation of automobile manufacturers and trends in electric vehicle-related regulations in the countries where we sell our products.</li> <li>We will strengthen relationships with business partners who are reducing greenhouse gases in regards to freight forwarders and marine transportation companies.</li> <li>We will develop and expand business by linking up with partners who are mainly automobile manufacturers to expand our electric vehicle-related business.</li> </ul>	<ul style="list-style-type: none"> <li>We will closely monitor trends in low-carbon emission steelmaking technologies and promote initiatives to ensure a stable supply of low-carbon emission steelmaking raw materials.</li> <li>Promote initiatives to reduce GHG emissions by strengthening relationships with business partners..</li> </ul>
Financial information	<ul style="list-style-type: none"> <li>Profit in segment of applicable business (Profit After Tax): 129.2 bn yen (Chemical Division/FYE 2023 results)</li> <li>Asset in segment of applicable business: 628.7 bn yen (Chemical Division / March 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Profit in segment of applicable business (gross profit): 180.1 bn yen (the Automobile, Construction Machinery &amp; Industrial Machinery Division. / FYE 2023 results)</li> <li>Asset in segment of applicable business: 974.1 bn yen (the Automobile, Construction Machinery &amp; Industrial Machinery Division. / March 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Profit in segment of applicable business (gross profit): 222.0 bn yen (Metals &amp; Minerals Company / FYE 2023 results)</li> <li>Asset in segment of applicable business: 1,274.8 bn yen (Metals &amp; Minerals Company / March 2023)</li> </ul>	

\* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Initiatives in Coal-related Business

The business environment and response measures under the 2°C scenario for the coal-related business is as follows.

<b>Business environment under the scenario</b>	Under the 2°C scenario, business could be impacted by technological innovation, regulatory trends, and global energy demand but, overall, thermal coal usage volume will decrease over the medium- and long-term.
<b>Measures and policies</b>	<ul style="list-style-type: none"> <li>• In February 2019, we adopted a policy outlining not developing new coal thermal power plants or acquiring thermal coal mine businesses.</li> <li>• Decided on the withdrawal from thermal coal mine interests to reflect commitment to leading the industry in realizing a decarbonized society. This is in line with the basic policies in the Medium-term Management Plan from FYE 2022: enhancing our contribution to and engagement with the SDGs through business activities. In April 2021, we sold our Drummond interests in Colombia, completing our withdrawal from interests in coal mines that only produce thermal coal. In March 2022, we also sold our interests in Ravensworth North in Australia, which produced both coking coal and thermal coal.</li> <li>• We will strongly promote efforts toward technological development and social implementation to contribute to a reduction in greenhouse gas emissions. This includes carbon capture and storage (CCS) and carbon capture and utilization (CCU). On the other hand, there will continue to be a need for thermal power generation as regulated power supplies and backup power supplies for the time being for the large-scale spread of renewable energy. Therefore, we will continue to fulfill our duty to stably supply resources through thermal coal trading.</li> </ul>
<b>Financial information</b>	<ul style="list-style-type: none"> <li>• Profit in segment of applicable business (gross profit): 222.0 bn yen (Metals Company / FYE 2023 results)</li> <li>• Total assets in segment of applicable business: 1,274.8 bn yen (Metals Company / March 2023 results)</li> </ul>

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## 2. Businesses for Which Physical Risks Are the Main Issues

The main issues for agriculture- and forestry-related businesses are physical risks in the 4°C scenario.

Business Profile		Dole Business	Pulp Business	Feed and Grain Trade Business
Timeframe		By 2030		
Temperature Band Scenario		4°C Scenario		
Main risks and opportunities	Transition	<p><b>Opportunity</b> : An expansion in the introduction of recycled clean energies (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana and other food residues, and waste factory liquids) and renewable energies (e.g., solar power generation) may help to lower carbon levels and protect water resources.</p>	<p><b>Opportunity</b> : If a carbon tax is introduced in Finland, we will have a competitive advantage. That is because we already use 100% biomass energy in pulp manufacturing.</p>	<p><b>Opportunity</b> : We may capture demand with feed products and other low-carbon-related products which contribute to reducing greenhouse gases.</p>
	Physical	<p><b>Risk</b> : There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) in banana and pineapple plantations in the Philippines.</p>	<p><b>Risk</b> : The suitable areas for growing trees change for each species with a rise in temperature. In addition, the amount produced decreases depending on the type of tree and region (pine trees in Finland and spruce trees in the south of the country).</p> <p><b>Risk</b> : Heavy machinery farming in the winter in Finland is premised on frozen soil. However, the soil may soften due to the rise in temperature and harvesting costs may increase.</p>	<p><b>Risk</b> : Decrease in the amount of crops harvested and logistics disruption due to large hurricanes, droughts and other abnormal weather in countries from where we import crops.</p> <p><b>Risk</b> : The amount of crops harvested may decrease and transaction prices may increase in countries from where we import crops due to rising temperatures.</p> <p><b>Opportunity</b> : We may maintain a supply structure by diversifying the countries from where we import crops and capture demand for grain.</p>
Business environment under the scenario Business impact assessment		<p>The decrease in crop harvests attributable to climate change can be supplemented by increasing per-unit crop harvest volume. This can be accomplished by selecting breeds that are viable in high-temperature climates and through improvements to production methods, including cultivation and irrigation methods. We also started pineapple production in West Africa (Sierra Leone, etc.) as part of production site diversification to prepare for weather risks. The above initiatives will make it possible to increase earnings.</p> <p><b>Analysis according to the EBITDA indicator (%)*</b></p>	<p>The amount produced is expected to decrease in some areas due to the rise in the global average temperature. Nevertheless, we can continue to improve earnings by increasing the amount of pulp we produce with the augmentation of facilities in afforestation regions where the amount produced is expected to increase and by curtailing the rise in harvesting costs with measures against soil softening.</p> <p><b>Analysis according to the EBITDA indicator (%)*</b></p>	<p>The decrease in the amount of crops harvested due to weather disasters and rising temperatures may lead to supply instability and increases in prices. However, we can maintain a supply structure by diversifying the countries from where we import crops and then provide further opportunities for low-carbon-related products.</p> <p><b>Analysis according to the Gross trading profit indicator (%)</b></p>
Adaption/mitigation measures & policies Business opportunities		<ul style="list-style-type: none"> <li>• We will diversify producing areas in preparation for weather risks (e.g., Sierra Leone in West Africa).</li> <li>• We will increase per-unit harvest by improving production methods, including selecting breeds that are viable in high-temperature climates, improving seedling cultivation, and installing irrigation equipment.</li> <li>• We will use drones and ICT (agricultural chemical spraying location identification, yield prediction and timely and accurate fertilization) to increase the efficiency of production.</li> <li>• We will capture the support of environmentally-conscious consumers and increase our brand value by expanding our adoption of recycling-based clean energy and renewable energy such as solar power to contribute to low carbon and water resource protection.</li> </ul>	<ul style="list-style-type: none"> <li>• The impact on the amount produced will vary between the north and south in Finland. Therefore, we will enhance monitoring of yield changes and examine a flexible production structure including the construction of a new factory.</li> <li>• We will give training on the use of special heavy machinery for soft soil and examine even more efficient methods for harvesting in Finland.</li> </ul>	<ul style="list-style-type: none"> <li>• We will diversify the countries from where we import crops to prepare for the acute and chronic impacts from climate change.</li> <li>• We will engage in new environmental-related business such as feed which leads to a curb on methane emissions.</li> </ul>
Financial information		<ul style="list-style-type: none"> <li>• Dole International Holdings net profit: ▲36.4 bn yen FYE 2023 results</li> <li>• Total assets in segment of applicable business: 2,146.8 bn yen (Food Company / March 2023 results)</li> </ul>	<ul style="list-style-type: none"> <li>• Profit in segment of applicable business (gross profit): 168.7 bn yen (Forest Products &amp; General Merchandise/Logistics Division / FYE 2023 results)</li> <li>• Total assets in segment of applicable business: 752.3 bn yen (Forest Products &amp; General Merchandise/Logistics Division / March 2023 results)</li> </ul>	<ul style="list-style-type: none"> <li>• Profit in segment of applicable business (gross profit): 330.9 bn yen (Food Company / FYE 2023 results)</li> <li>• Total assets in segment of applicable business: 2,146.8 bn yen (Food Company / March 2023)</li> </ul>

\* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Impact on Existing Strategies and Business Transition Plans

During our scenario analysis, we ascertained high-impact negative financial risks associated with not implementing climate change measures such as shifting current business strategy or business regions. As a result, we have already begun incorporating specific business transition plans and financial plans (including divestment and portfolio restructuring) into our Medium-term Management Plan, Brand-new Deal 2023 based on the basic policy of leading the industry in realizing a decarbonized society in enhancing our contribution to and engagement with the SDGs through business activities.

### Transition Plans for Main Businesses Subject to Transition Risks

- In the power generation business, increase project development towards the goal of increasing our rate of renewable energy (equity interest basis) to over 20% by FYE 2031.
- Selling our Drummond interests, in line with our policy of withdrawal from thermal coal interests. (We will also aim to sell off other thermal coal interests by the end of FYE 2024.)
- Build a next-generation fuel value chain based on hydrogen and ammonia.
- Create distributed power supply platform using AI storage batteries boasting the No. 1 sales in Japan. (Aim for scope exceeding cumulative power storage of 5 GWh by FYE 2031.)

### Transition Plans for Main Businesses Subject to Physical Risks

- Increase per-unit harvest volume by selecting breeds that are viable in high-temperature climates and improvements to production methods.
- Expand business into other regions projected to see growth in production volume.

The Division Company Management Committee (DMC) conducts annual reviews of business risks and opportunities, including those related to climate change. Each DMC determines the order of priority for each policy and business, including business transition plans, and then drafts annual plans. The annual financial plans for each company are presented for approval to the HMC, the executive body, and the Board of Directors, the supervisory body, before final approval by the Board of Directors. This final approval is subject to a comprehensive analysis and deliberations from an ESG perspective, including matters related to climate change.

In March 2021, ITOCHU also issued SDGs Bond (Sustainability bond totaling US \$500 million) as part of our financial strategy to enhance our contribution to and engagement with the SDGs through business activities. A portion of these SDGs Bonds were allocated towards R&D-related investments in climate-related subjects like those indicated below. The issuance of SDGs Bonds will increase recognition of ITOCHU Group policies to a broader range of stakeholders and further promote initiatives related to the SDGs.

- GHG emissions reduction initiatives: Renewable energy (power generation, power storage)
- Initiatives to promote GHG emission reduction measures at FamilyMart.

We confirmed that implementing these types of transition plans will enable us to maintain resilient business operations, even in over the medium- and long-term, for Group businesses, products, and services. Beyond the scope of applicability to this scenario analysis, ITOCHU is engaged in diverse business activities in various regions. Those business activities are also impacted by climate change. However, at this point in time, we have determined that the impact on Group overall earnings caused by risks associated with each individual business activity would be limited.

To confirm the impact of climate change on overall Group business, we will continue to conduct analyses of both transition and physical risks. We will further identify and organize fields susceptible to significant impact and evaluate response policies based on an order of priority given to areas requiring a response.



# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Risk Management

As a Group engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, the status of abnormal weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for our entire Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and abnormal weather information, as one of the major risks (environmental and social risks) facing our company. Identified climate change risks are also examined and evaluated during our investment decision process. Each department in charge of risk management has established an organization for risk identification, evaluation, information management, and monitoring for the consolidated group.

## Identification and Evaluation of Climate Change Risks

TOCHU recognizes risk management as an important management issue. Referencing the COSO-ERM framework, we outline our basic policy on risk management for ITOCHU and prepare the organizations and methods necessary for risk management. Each company and the Sustainability Management Division cooperate regularly to gather information to assess risk importance. This information includes trends in climate change policy and regulations, which mainly consists of existing and new regulations related to climate change in the countries in which we operate, climate change-related technology, and clean-tech business. We also gather information on global abnormal weather and average temperature increases. Importance is identified and assessed using specific indicators and from the perspective of ascertaining the substantive financial or strategic impact that climate risk may have on the Company. For example, for non-consolidated businesses, we identify an important risk as a risk that would cause a 10% change compared to net sales from the previous year, a 20% change in average net income for the most recent past five years, or a 30% change in net assets from the end of the previous year. For consolidated businesses, we would use a change of 10% from previous fiscal year earnings or a 3% change in total capital from the end of the previous year.

ITOCHU organizes the information we gather on climate change risks and opportunities into the material climate change-related risks and opportunities (risk criteria), with analysis for both transition and physical risks. We use risk criteria to identify and assess climate change risks in the risk management process for each phase of business, including the start of a new business, existing businesses, handled products, supply chains, Group company business management, and business strategy reviews.

Climate change risks gathered during the risk assessment process are deliberated by the Sustainability Committee and other relevant committees to ensure we continuously review risk criteria and the risk identification process. During these deliberations, the relevant committees incorporate opinions received from the Sustainability Advisory Board, which promotes dialogue concerning sustainability between ITOCHU management and external stakeholders.

## Integrating Climate Risk Management into the ITOCHU Group Risk Management System

Due to the nature of our broad-based operations, ITOCHU is subject to various risks, including market risks, credit risks, and investment risks. In addition to establishing various internal committees and designated responsible departments, we have created a risk management organizational structure and management methods necessary to address these risks. This organizational structure includes outlining management regulations, investment standards, risk limits, and transaction limits, as well as establishing structures for reporting and monitoring to enable integrated Group risk management.

Climate change risks are one (environmental and social risks) of the major risks subject to Group risk management. We incorporate this risk management into the assessment methods for each business phase shown in the table below (business, product, Group companies, supply chain, strategy, and portfolio).

### Evaluation Methods for Each Business Phase

Business Phase	Evaluation Method
<b>Business start</b>	Environmental risk assessments for new investment project (approx. 80 per year)
<b>Business management</b>	<ul style="list-style-type: none"> <li>• Environmental risk assessments for handled products (overall supply chain evaluation)</li> <li>• Group company environmental status survey (2, 3 companies per year)</li> <li>• Supply chain sustainability surveys (ITOCHU and consolidated subsidiaries)</li> <li>• Internal environmental audits based on ISO14001 (ITOCHU Corporation, 3 applicable Group companies) (once per year)</li> </ul>
<b>Review business strategy</b>	Consider business strategy, portfolio restructuring

If risks and opportunities are identified via the evaluation methods at each business phase, we use the tool shown below in Risk Assessment & Management Activities to assess the impact of risks and opportunities on business. Risk Assessment & Management Activities include quantitative evaluations such as scenario analyses and stress tests, and qualitative evaluations such as assessments of compliance with investment policy and GHG reduction targets. Quantitative information for risks and opportunities not related to climate change is added to climate change risk and opportunity information that has been quantitatively assessed. This information is then used to analyze the level of contributions to earnings.

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Risk Assessment & Management Activities

Managed Factor	Risk and Opportunity Factors (example)	Evaluation & Management Activities (example)
Market	<ul style="list-style-type: none"> <li>Decreased demand due to adoption of a carbon tax on energy (crude oil, gas, LNG) development projects</li> <li>Increased LNG demand and increased demand for renewables and other new energy</li> </ul>	<ul style="list-style-type: none"> <li>Scenario analysis</li> <li>Policy on climate change in relation to investment decisions</li> <li>Conformity to ITOCHU GHG emission reduction targets</li> <li>Compliance with policy on investment and growth in new energy solutions</li> <li>Earnings contributions</li> </ul>
Regulations	<ul style="list-style-type: none"> <li>Carbon tax on international transactions for energy and fuel</li> <li>Adopt volume reduction requirements and emissions trading scheme (cap and trade scheme) in country of operation</li> <li>Increased thermal power generation costs at power plants due to carbon tax and CCUS requirements</li> </ul>	<ul style="list-style-type: none"> <li>Scenario analysis</li> <li>Portfolio stress test</li> <li>Regulatory monitoring</li> <li>Carbon prices</li> <li>Conformity to ITOCHU GHG emission reduction targets</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Mobility electrification</li> <li>Renewable energy and storage battery/lithium battery technology</li> <li>CCUS, hydrogen/ammonia and other low carbon technologies</li> <li>Digitized big data</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring technological trends related to risk factors</li> <li>Increased investment in new energy solutions, CCUS, and new low-carbon technologies</li> <li>Digitization roadmap</li> </ul>
Physical risks	<ul style="list-style-type: none"> <li>Chronic effects (e.g., sea level rise, water scarcity increase)</li> <li>Acute effects (e.g., more frequent extreme weather events)</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates to meteorological and oceanographic data for new business development / existing business risk assessments</li> <li>Updates to physical impact data on food products</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Maintaining company appeal in terms of personnel hiring</li> <li>Investor awareness of climate change countermeasures</li> <li>Climate-related lawsuits</li> <li>Impact on acquiring licenses needed for business</li> </ul>	<ul style="list-style-type: none"> <li>Governance for climate change issues</li> <li>Ensuring transparency of performance disclosure</li> <li>Communication with stakeholders (investors, initiatives, NGOs, business affiliates)</li> </ul>

• Our risk management, including climate change, related to Company operations (P190)

## Climate Change Risk Management Organization

### Business Start Phase

ITOCHU has established a multilayered decision-making process that seeks to realize swift decision-making by delegating discretionary power to each internal company, while pursuing investment returns and controlling investment risks. Depending on the size and terms of a project, a review is conducted at the internal company level or by the Investment Consultative Committee and the HMC (Headquarters Management Committee). In all cases, ESG risk assessments, including climate change risk, are incorporated into considerations when making investment decisions in the business investment process, which includes climate change risks. Using a tool called ESG Checklist for investments, we conduct shadow pricing for the purposes of risk analysis of GHG emission-intensive projects, promotion of low-carbon investments, identification and expansion of low-carbon business opportunities, stress testing, etc, which is one of internal carbon pricing methodologies. As a member of the HMC and the Investment Consultative Committee, the CAO, who chairs the Sustainability Committee, participates in the screening of projects that exceed the authority of the division company president. This system reflects the content of deliberations at the specific stage of climate change risk and at the assessment stage of climate change risk for company-wide risk management.

• Our business investment management (P192)

### Business Management Phase

ITOCHU evaluates and manages risks such as climate change, natural disasters, and ESG investment identified in the business start stage and the business management stage through collaboration between responsible committees such as the Sustainability Committee and Internal Control Committee and the departments in charge. Environmental and social risks, including climate change, are summarized as one of the major risks subject to centralized management. Each year, the Sustainability Management Division serves as the executive unit in charge of organizing this information and issuing reports to the Internal Control Committee along with information on the other major risks to integrate the risk information into company-wide risk management system. The Sustainability Committee also deliberates on policies and measures related to climate change risk and how to promote the risk management system, etc. The director serving as chair of the Sustainability Committee reports on the content of deliberations to the Board of Directors approximately twice per year.

### Review Business Strategy

Reviews of business strategy related to climate change are conducted by the Division Company Management Committee (DMC), and then by the HMC via the Investment Consultative Committee on which the CAO, who serves as the chair of the Sustainability Committee, also participates as a key member. Final decisions are made following deliberation by the Board of Directors. Scenario analysis based on TCFD recommendations is also used as a tool when considering business strategies and portfolio restructuring. In our analysis, we analyze short-term, medium-term, and long-term climate-related risks and opportunities once a year for their impact on organization business, strategy, and financial planning.

# Climate Change (Information Disclosure Based on TCFD Recommendations)

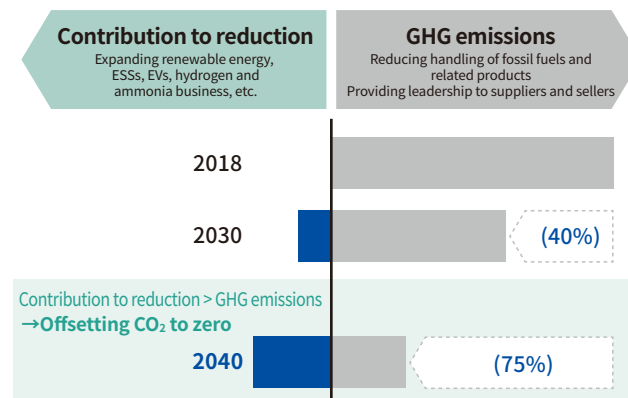
## Metrics and Targets and Action Plan

ITOCHU has set the following targets for GHG emissions, electricity usage, and clean-tech business as part of our response to climate change risks and opportunities. When setting these metrics and targets, we reference Japan NDC and IEA materials, which are highly recognized internationally and can cover a wide range of business areas.

### GHG Emissions Reduction Targets

- Metrics (aggregation range): Scope 1/2/3 (consolidated subsidiaries), fossil fuel business and interests (consolidated subsidiaries, equity, general investments)
- Targets:
  - Achieve net zero GHG emissions by 2050.
  - Achieve 75% reduction from 2018 levels by 2040, aim for “offset zero”\*\* through aggressive promotion of businesses that contribute to GHG emission reductions.  
 \* Offset zero: When reduction contributions exceed company GHG emissions
  - Achieve 40% reduction from 2018 levels by 2030.

• Trends in our GHG emissions (P95)



### Electricity Consumption Reduction Targets

	FYE 2023 Results	Single Year Target	Target for the Year Ended March 2023
Electricity Consumption of Japanese Bases of ITOCHU Corporation	Reduction of 9.2% compared with FYE 2022 levels	Reduction of at least 1% annually	Reduction of 30% compared with FYE 2011 levels
	Reduction of 51.8% compared with FYE 2011 levels		




# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Clean-tech Business Metrics and Targets (Action Plans)





We set the following metrics and targets (Action Plans) in ITOCHU Clean-tech Business as one of the main metrics (benchmarks) for climate-related risks and opportunities.

• Our clean-tech business (P81)

### Action Plan

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Taking countermeasures against climate change	Overall power generation business	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	<ul style="list-style-type: none"> <li>We continue to operate wind power projects. (Butendiek and Cotton Plains).</li> <li>We invested in wind farms consisting of Kimball Power Plant (Nebraska, U.S.) and South Fork Power Plant (Minnesota, U.S.) in March 2020.</li> <li>We acquired all equity interests in Bay4 Energy Services, LLC in December 2020. Bay4 Energy Services, LLC operates, maintains and provides asset management services for to approximately 1,500 solar power plants with a total capacity of 2.3 GW in the U.S.</li> <li>We established Tyr Energy Development Renewables, LLC ("TED") to accelerate the development of renewable energy in the U.S. TED is currently developing approximately 2 million kW of renewable energy assets, primarily solar power plants. Negotiations are also underway to conclude a long-term renewable energy power purchase agreement (PPA).</li> <li>In December 2022, we signed an agreement to invest in the Prairie Switch wind farm (Texas, USA). The project is currently under construction and is expected to be completed by the end of 2023.</li> <li>The renewable energy ratio based on the generation project equity capacity is 16.1% (as of March 2023).</li> </ul>
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Taking countermeasures against climate change	Zero emission vessels	We will contribute to decarbonization in the shipping and maritime sectors through the promotion of an "integrated project" encompassing the development, ownership and operation of ammonia-fueled ships, the development of fuel supply chains, and fuel procurement.	In addition to the joint development of ammonia-fueled vessels with the Japanese consortium and the ownership and operation of these vessels, ITOCHU will take the lead in the development of supply chain of an ammonia bunkering and fuel procurement, aiming for early materialization of the pilot project.	<ul style="list-style-type: none"> <li>Establish a value chain centered on ammonia as an alternative marine fuel by promoting the development, ownership, and operation of ammonia-fueled vessels, the development of fuel supply chains, and the procurement of ammonia fuel in an integrated manner.</li> <li>After 2026, promote the spread of ammonia-fueled vessels and the establishment of a supply chains to contribute to the decarbonization of the maritime industry.</li> </ul>	<ul style="list-style-type: none"> <li>Aiming to contribute to the decarbonization of international shipping and build a new business, we are promoting an "integrated project" for ammonia-fueled vessels. The project is developing (1) development of ammonia-fueled vessels, (2) ownership and operation, (3) development of fuel supply chains, and (4) procurement of fuel ammonia in a comprehensive and concurrent manner.</li> <li>In April 2022, we concluded a memorandum of understanding with the Maritime and Port Authority of Singapore to promote the development of ammonia bunkering facilities in Singapore, together with partner companies that are developing bunkering facilities in the country. ITOCHU and partners are promoting the establishment of a safe fuel supply system and the development of ammonia bunkering vessels.</li> <li>In November 2022, together with partner companies jointly selected for the Green Innovation Fund project, we obtained Approval in Principle from Nippon Kaiji Kyokai for the basic design of a large ammonia-fired bulk carrier. The development of ammonia-fired large bulk carriers is underway with safety in mind.</li> <li>As part of the project, ITOCHU is facilitating "Joint Study" as a framework for organizing and discussing common issues related to the introduction of ammonia as an alternative marine fuel, with 34 domestic and foreign companies and organizations, including major resource companies, energy companies, steel manufacturers, shipping companies, and shipbuilders. In April 2022, the "Joint Study for Ammonia Bunkering Safety" was newly launched as a framework for exchanging opinions on ammonia bunkering safety standards with major port authorities and related industry players, and its activities will be expanded in cooperation with the existing "Joint Study". More than 50 presentations were made by concerned parties and experts.</li> </ul>
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Taking countermeasures against climate change	Sales of passenger cars and commercial vehicles	We will achieve the eco-friendly mobility society by strengthening businesses of electric vehicles (EVs), hybrid vehicles (HVs), vehicles with a reduced environmental impact, and those related.	Contribute to spread of eco-friendly vehicles by increasing business of eco-friendly and high-efficiency products, such as EVs, HVs, vehicles with a reduced environmental impact, and related parts.	Expand sales of eco-friendly products in response to the expanded lineup of EVs, HVs, vehicles with a reduced environmental impact, and similar vehicles from automakers as our business partners.	<ul style="list-style-type: none"> <li>We have invested in a ride sharing service company called Via (2019). We have been providing efficient transport system to mainly rural areas.</li> <li>We have been participating in a small electric truck demonstration experiment since January 2019 and in developing features around EVs, and have started to provide various solutions as a partner of ISUZU "EVision", total solution program for ISUZU EVs in Japan market. We aim to reduce environmental load through shifting to EVs and also shifting to renewable energy with EVs.</li> <li>In Sep 2021, "Combination of developing battery-exchangeable EVs and utilizing renewable energy Sector coupling demonstration project" was adopted as the Ministry of the Environment-commissioned project. We aims to commercialize battery-exchangeable EVs and as the owner of this project. In November 2022, the demonstration and operation started with a prototype (Two battery-exchangeable EV trucks, six battery packs, and one battery-exchange station) developed and manufactured under the project.</li> <li>We have invested in 2018 in China called Dishangtie Car Rental, an electric commercial vehicle rental and maintenance service. We have engaged a MOU to study about expanding such EV maintenance rental and leasing to abroad countries.</li> </ul>

# Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
<b>Machinery Company</b>								
Address Climate Change (Contribute to a Decarbonized Society)	 	<ul style="list-style-type: none"> <li>Water Resources</li> <li>Pollution Prevention and Resource Recycling</li> </ul>	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand and diversify the investment portfolio in the water and environment field. (Plan to work on decarbonization project development utilizing JCM etc.)	<p><b>Water Field</b></p> <ul style="list-style-type: none"> <li>We have developed a water supply service business in the U.K. and seawater desalination business in Australia and Oman. We aim to continue contributing to stable water supply in regions through seawater desalination, and water supply/ and sewerage businesses. At the same time, we are looking to be involved in solutions-based business for water issues in each industrial sector across a range of industries.</li> </ul> <p><b>Environmental Field</b></p> <ul style="list-style-type: none"> <li>We operate four municipal solid waste incineration and power generation plants(waste to energy plant) in the U.K, which treat 1.3 million tons of waste annually, accounting for 15% of the UK's waste incineration market, and generate enough electricity to power 160,000 British households.</li> <li>In November 2020, we acquired a 20% stake in Environment Development Company Ltd. (current SSES), which provides integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia.</li> <li>In August 2021, we started to provide the government of Serbia with partial service of energy-from-waste project. Appropriate treatment of municipal solid waste in City of Belgrade and reduction of environmental pollution and greenhouse gas emissions has begun without environmental loads. Recycling of construction waste has also begun. We are currently constructing a municipal solid waste incineration and power generation plant(waste to energy plant). 7 SDGs certified, with an expected reduction of approximately 210,000 tons of greenhouse gas emissions, and, in 2022, the project obtained Certification of Carbon Credit by Gold Standard.</li> <li>In December 2020, we entered a concession agreement for the development and operation of an Energy-from-Waste (EFW) plant with Dubai Municipality. This is the first EFW project in Dubai and will be one of the largest EFW plants in the world, processing half of municipal solid waste from the emirate per year (1.9 million tons), which is currently under construction.</li> <li>We are aiming to enhance the functions of our initiatives that to capture strong demand for waste management services in light of intensifying environmental regulations in each the industrial sector and the growing awareness of ESG and SDGs more generally in the same way as in the water field.</li> </ul>
<b>Metals &amp; Minerals Company</b>								
Address Climate Change (Contribute to a Decarbonized Society)	 	<ul style="list-style-type: none"> <li>Climate Change Opportunities</li> <li>Capital Introduction</li> </ul>	Taking countermeasures against climate change	<ul style="list-style-type: none"> <li>Resource recycling business</li> <li>Mining business</li> <li>Environmental business</li> <li>Materials-related business</li> </ul>	<ul style="list-style-type: none"> <li>We will realize stable resource supply as our social mission and responsibility while fully considering its environmental impact.</li> <li>We will contribute to climate change issues through businesses that help to reduce greenhouse gases (e.g., lighter-weight vehicles and electric vehicles (EVs)) and the stable supply of essential materials.</li> </ul>	<ul style="list-style-type: none"> <li>Take the lead in developing recycling-orientated business.</li> <li>Promote initiatives for the social implementation of hydrogen and ammonia as next-generation resources and raw materials in client industries (e.g. steel and power).</li> <li>Promote businesses to contribute to the stable supply of nickel, PGM and other materials necessary in the manufacture and supply of hydrogen, green materials and energy, and storage batteries.</li> <li>Continue to be involved in the development of technologies that contribute to the reduction of greenhouse gas emissions, including technologies for carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU).</li> <li>Promote initiatives to completely withdraw from thermal coal mine interests while continuing to realize stable resource supply as our social mission and responsibility through trading in regards to our coal business.</li> <li>Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).</li> </ul>	<ul style="list-style-type: none"> <li>Promote recycling-orientated business.</li> <li>Promote initiatives for the social implementation of hydrogen and ammonia as next-generation resources and raw materials in client industries (e.g., steel and power).</li> <li>Promote examination toward technological development and commercialization to contribute to a reduction in greenhouse gas emissions, including hydrogen, green material and energy production, and carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU).</li> <li>Strive to withdraw from thermal coal mine interests.</li> <li>Realize initiatives in businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).</li> </ul>	<ul style="list-style-type: none"> <li>We are contributing to the effective utilization of limited resources and the supply of environmental materials by promoting 3R+W (reduce / reuse / recycle + waste management) through our supply chains toward the realization of a sustainable society. Specifically, we are steadily promoting initiatives in venous industries. This includes the reuse and recycling of store facilities and fixtures, the expansion and increase in sophistication of metal scrap and waste treatment, and strengthening of cooperation with the REVER HOLDINGS CORPORATION (current TRE HOLDINGS CORPORATION) general recycling company we invested into last year.</li> <li>We agreed with Nel ASA (Norway), who is the world's largest manufacturer of electrolysers that are essential for green hydrogen production, to create a strategic partnership in the hydrogen industry. We and Nel are jointly exploring hydrogen business opportunities.</li> <li>We are promoting to realize the Platreef project and others in the PGM/nickel business where demand is expected to grow significantly due to the worldwide spread of electric vehicles and fuel cell vehicles, and also expanding trade activities of such materials.</li> <li>We continue to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu with partners for the social implementation of hydrogen.</li> <li>We have an investment into Australia-based MCI, who possesses mineral carbonation technologies. We are promoting this technology for the Japanese market. In July 2022, we signed an MOU with TAISEI CORPORATION to begin verification of the use of this calcium carbonate as raw materials for concrete.</li> <li>We are promoting the examination of other carbon dioxide capture, utilization and storage (CCUS) technologies and various initiatives that will lead to a reduction in CO2 emissions.</li> <li>As per the Medium-Term Management Plan, we decided to withdraw from thermal coal mine interests with a perspective of strengthening contribution and initiatives to SDGs. We already divested our Drummond mine interests in Colombia that had accounted for the majority of the ITOCHU's thermal coal interests and also divested Ravensworth North coal mine interests in Australia producing both thermal and coking coal.</li> <li>We are currently promoting business in North America with Nikkeikin Aluminum Core Technology Company, Ltd. which we invested into in FYE 2020 for the manufacturing of aluminum parts for automobiles. It started commercial production in the beginning of 2023. In addition, we will continue to promote aluminum raw material and product trading to contribute to the development of lighter-weight vehicles.</li> </ul>



# Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Energy & Chemicals Company								
Address Climate Change (Contribute to a Decarbonized Society)		<ul style="list-style-type: none"> <li>Transition Risk</li> <li>Stable Supply of Resources</li> </ul>	Stably supplying energy taking into account climate change and the environment	Oil/gas interests and liquefied natural gas (LNG) projects	We will produce resources (transition fuels) taking into account a reduction in greenhouse gases. We will provide a stable supply of energy to contribute to the development of industry and the construction of infrastructure.	Work on resource development projects in collaboration with superior partners who have advanced technical capabilities and abundant experience.	Pursue opportunities to participate in gas projects with a relatively low environmental burden in fossil fuels and as raw material source of the low-carbon fuel while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society.	To realize a sustainable society through the stable supply of energy, we continue to discuss with competent partners ways to participate in new upstream projects and collaborate on decarbonization as a transition fuel and raw material source of low carbon.
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Energy use that takes into consideration local communities and the environment	District heating and cooling	We will promote initiatives toward environmentally friendly regional energy use.	Communicate appropriately with neighboring stakeholders in the Jingu Gaien district.	Maintain the stable operations of district heating and cooling in the Jingu Gaien district and promote the spread of it to neighboring areas.	We are continuing discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas.
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Efforts to optimally and continuously supply renewable energy	<ul style="list-style-type: none"> <li>Energy Storage System</li> <li>Power &amp; Environmental Solution</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to stably supply the Energy Storage System that are the key to the efficient and optimal utilization of renewable energy.</li> <li>We will aim to strengthen our Energy Storage System business chain and establish a circular model through the battery recycling business in particular.</li> </ul>	We will continue to sell Energy Storage System equipped with optimal charging/discharging software based on machine learning (AI) and we will establish a recycling and reuse business with repurposed batteries from EV.	<ul style="list-style-type: none"> <li>Number of storage batteries sold.</li> <li>Use of recycled and reused batteries.</li> </ul>	<ul style="list-style-type: none"> <li>We have sold a cumulative total of approximately 55,000 units (539 MWh) of energy storage systems as of the end of March, 2023.</li> <li>ITOCHU signed a Capital and Business Alliance with Lunar Energy, a newly launched clean tech company in the U.S. ITOCHU will continue to promote the installation and sales of Gridshare in the "Smart Star" series of residential ESS in the Japanese market and to promote Gridshare as the best global platform for controlling distributed energy resources and will contribute to realize distributed energy in a decarbonized society.</li> <li>ITOCHU conducts Demand Response POC with Japanese power companies, by using its residential ESS networks.</li> <li>Executed an investment in Power X, which aims to build one of the largest battery solution manufacturing factory in Japan. We aiming to promote fast EV charge stations through this investment.</li> <li>ITOCHU signed a Strategic Partnership MOU with ZF, for the joint feasibility study of comprehensive decarbonization service by utilization of EV on-board battery.</li> <li>A recycling demonstration is underway using waste batteries from household battery storage system with the aim of establishing a recycling chain and traceability.</li> </ul>
<ul style="list-style-type: none"> <li>Address Climate Change (Contribute to a Decarbonized Society)</li> <li>Ensure Stable Procurement and Supply</li> </ul>		<ul style="list-style-type: none"> <li>Stable Supply of Resources</li> <li>Capital Introduction</li> </ul>	Working on new fuel initiatives toward the realization of a carbon-neutral society / recycling-orientated low-carbon society	Production and supply of hydrogen and fuel ammonia, and procurement and supply of renewable fuels	We will aim to build a production and supply structure for new fuels to contribute to the reduction of greenhouse gases on a life cycle assessment basis toward the realization of a sustainable society.	Work on hydrogen and ammonia which are expected to serve as next-generation energies and fuels that do not emit carbon dioxide when burned. Also work on renewable fuels (derived from waste oils) to contribute to the reduction of greenhouses gases emitted from aircraft and large vehicles that are difficult to convert from internal combustion engines.	Build a new fuel value chain to be able to realize production, efficient transportation and supply by utilizing collaboration with superior partners and our track record in development and trading.	<p><b>Hydrogen and Ammonia</b></p> <ul style="list-style-type: none"> <li>Continuing to collaborate with ITOCHU ENEX Co., Ltd. and Air Liquide Japan G.K. on hydrogen refueling stations (HRS), following the successful development of Japan's first HRS for large commercial vehicles at Motomiya Interchange, Fukushima Prefecture, which is scheduled to begin operating in the first half of 2024.</li> <li>Conducting detailed studies on a joint project to manufacture and sell blue ammonia in Canada with Petrolim Nasional Berhad, Malaysia's national oil company, and Inter Pipeline Ltd., a major regional infrastructure enterprise.</li> </ul> <p><b>Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)</b></p> <ul style="list-style-type: none"> <li>Procuring RD produced by Neste OYJ for use in convenience store delivery vehicles, tank trucks, and fueling stations with ITOCHU ENEX Co., Ltd.</li> <li>Supplying SAF: (i) produced by Raven SR, Inc. to All Nippon Airways Co., Ltd. and Japan Airlines Co., Ltd.; and (ii) produced by Neste OYJ to Etihad Airways PJSC from October 2022.</li> <li>Selected by the Civil Aviation Bureau (Ministry of Land, Infrastructure, Transport and Tourism) to carry out the "Imported Neat SAF Model Demonstration Project" to import neat SAF from Neste OYJ, blend it with fossil-based jet fuel in Japan, and establish a supply chain to transport it to airports.</li> <li>Invested in Impact Bioenergy, a U.S. based startup that manufactures and sells equipment to produce biogas from food waste through anaerobic digestion.</li> </ul>

# Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
<b>Energy &amp; Chemicals Company</b>								
Address Climate Change (Contribute to a Decarbonized Society)		Capital Introduction	Working on initiatives in carbon dioxide capture and storage (CCS) business toward the realization of a carbon-neutral society and inclusive and sustainable economic growth	Building of CO <sub>2</sub> capture chains using CCS	We will aim to build CO <sub>2</sub> capture chains to contribute to the reduction of greenhouse gases toward the realization of a sustainable society.	Refine CO <sub>2</sub> storage technologies - an application of petroleum development technologies - and enhance access to CO <sub>2</sub> capture chains (e.g., collection and transportation) to link them to CO <sub>2</sub> storage technologies.	Build a CO <sub>2</sub> transportation and storage business model by uncovering CO <sub>2</sub> capture needs at places where CO <sub>2</sub> is emitted in client industries across our companies.	Together with ITOCHU Oil Exploration Co., Ltd., we joined the Geological Carbon Dioxide Storage Technology Research Association to participate in a project to research and develop technologies for underground sequestration of carbon dioxide. In connection with the comprehensive CCS strategy formulated by Japan's Ministry of Economy, Trade and Industry, we are studying with our consortium partners the feasibility of a CCS value chain project using ship transportation. We aim to build a business model for the CO <sub>2</sub> capture chain through these initiatives.
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Working on initiatives to optimally and continually supply renewable energy	Renewable energy independent power producers (IPPs) / renewable energy-related materials procurement / dispersed power source initiatives	<ul style="list-style-type: none"> <li>We will realize a stable supply of renewable energies through the development, ownership and operation of renewable energy power plants (solar power, biomass and wind power).</li> <li>We will stimulate renewable energy power generation inside and outside of Japan through renewable energy-related materials procurement.</li> <li>We will realize a world where renewable energy is commonplace by spreading solar power generation as an independent power source that does not rely on the power grid through the deployment of solar power dispersed power sources.</li> </ul>	Expand the scale of our renewable energy assets with the stable operation and new development of renewable energy plants and establish dispersed power sources in Japan with a focus on the conversion to virtual power plants (VPP).	<ul style="list-style-type: none"> <li>Scale of our renewable energy assets</li> <li>Scale of our dispersed power sources</li> </ul>	<ul style="list-style-type: none"> <li>We have expanded the third party-owned distributed power supply using renewable energy, by operating approximately 555 on-site photovoltaic power plants (combined output is approx 120,000kW) across Japan through VPP Japan, Inc.</li> <li>We have commenced the provision of corporate PPA for the provision of electric power generated from off-site photovoltaic power plants in Japan to Amazon.com, Inc. through Clean Energy Connect Co., Ltd., our portfolio company. (Feb, 2023)</li> </ul>
<b>Food Company</b>								
Address Climate Change (Contribute to a Decarbonized Society)	 	GHG Emissions	Taking countermeasures against climate change	Fresh food field	We will examine and promote measures that contribute to tackling climate change.	We will utilize green energy in our processed food business.	<ul style="list-style-type: none"> <li>New boiler and power plant operating situation.</li> <li>Situation of the utilization of raw materials in boilers and power plants.                             <ol style="list-style-type: none"> <li>Situation of the utilization of all food residue generated in pineapple processing factories.</li> <li>Situation of the utilization of non-standard products that cannot be sold as food, generated in banana plantations.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>2nd biogas plant (Polomolok plant) was started to be operated on July, 2022. (1st biogas plant (Surallah plant) was activated on Dec, 2021)</li> <li>Result of utilization of processed pineapple residue : 97,566MT in 2022.</li> </ul>
<b>General Products &amp; Realty Company</b>								
Address Climate Change (Contribute to a Decarbonized Society)		Capital Introduction	Taking countermeasures against climate change	Cement substitute material such as slag	We plan to expand the use of sustainable byproducts (slag) as a substitute material for the cement which is vital for construction and civil engineering.	Establish continuous, stable business between Steelworks as the supplier of slag and Users.	Consider investment, participation, etc. in the slag business and focus initiatives on creating demand, especially in developing countries, with the aim of establishing continuous, stable business.	We are currently in discussions concerning investment and participation in the slag business.

## Reflecting Climate Change Issues in Corporate Officer Remuneration System

To enhance the link between management strategy and executive compensation structure, ITOCHU decided to newly incorporate climate change and ESG/SDGs response into the evaluation of each executive from FYE 2021. Director remuneration is determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position.

\* Corporate Officer Remuneration System (P174)

# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Initiatives

### Initiatives in Business Tackling Climate Change

#### Toward Sustainable Plantation Operation in Response to Climate Change

ITOCHU group company Dole has a banana field on Mindanao Island in the Philippines, where typhoons, droughts, pests and diseases have occurred. Banana production volume decreased by 40% to 440,000 tons in FYE 2017. In light of this situation, we conducted the following analysis.

- Climate change risk assessment (short- and medium-term risks) in the Group company environmental status survey (conducted on 2 to 3 companies per year) as a part of global risk management process.
- As information necessary for risk assessment, we ascertained domestic and international trends related to climate change and problem cases caused by climate change. We used ERM to analyze those trends. As a result, we recognized that the concentration of production areas was a serious risk. To recover and expand production while dealing with this risk, we introduced irrigation equipment for bananas, consolidated and expanded agricultural land, and implemented measures against pests and diseases. Since similar risks exist in pineapple cultivation, we also decided to improve productivity by investing in equipment for pineapple farms and reviewing cultivation methods. We also promoted diversification of production areas in preparation for abnormal weather risks. Through the above analysis and countermeasures, we were able to maintain banana and pineapple production by making full use of diversified production areas and cultivation techniques, even when several typhoons occurred near Mindanao Island in 2020.



Banana Field

#### Withdrawal from Interests in Thermal Coal

ITOCHU has invested in several coal interests, but in the future these businesses will likely be subject to carbon tax. Also, countries will introduce energy diversification policies, which will lead to the promotion of renewable energy and energy saving technology. The changing and more competitive prices of renewable energy risks decreased profits from coal-related businesses, causing these assets to become impaired or fixed.

Based on this risk analysis, in 2019 ITOCHU announced that we will not develop a new coal-fired power plants or acquire thermal coal mine businesses. In February 2019, we sold all interests in the Rolleston thermal mine owned by ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA). In 2021, we declared through our Medium-term Management Plan that we will lead the industry in realizing a decarbonized society. As part of this initiative, we sold off interests in Drummond and Ravensworth North.

We will continue to review existing thermal coal mine businesses as we seek to contribute to the development of a sustainable society while also continuing to meet societal demands for stable energy supply to domestic and overseas consumers.

#### Full Switchover to Real CO<sub>2</sub>-free Electricity at Tokyo Head Office

ITOCHU is sourcing its real CO<sub>2</sub>-free electricity, together with a Non-Fossil Fuel Energy Certificate showing the environmental value of not emitting CO<sub>2</sub>, from TEPCO Energy Partner, Incorporated, which supplies electricity to the Tokyo Head Office since January 2020. The Non-Fossil Fuel Energy Certificate includes the tracking information (information about type of energy sources and power plant location) of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture), which is operated by a subsidiary of Kandenko Co., Ltd., and is used at the Tokyo Head Office building in combination with purchased electricity. This initiative can also be used to prove compliance with "RE100," a global initiative of businesses committed to 100% renewable electricity, in response to the global trend towards decarbonization.

\* Press release regarding full switchover to real CO<sub>2</sub>-free electricity at Tokyo Head Office (<https://www.itochu.co.jp/en/csr/news/2019/191217.html>)



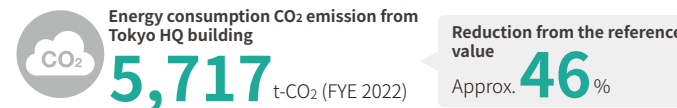
#### Initiatives for the Tokyo Metropolitan Government Program to Prevent Global Warming

ITOCHU submitted a plan to the Tokyo Metropolitan Government to reduce the CO<sub>2</sub> emissions in our Tokyo Headquarters by 25% from the reference value (average value from FYE 2003 to FYE 2005) over five years from FYE 2021 to FYE 2025 based on the Ordinance on Environmental Preservation. Our energy consumption CO<sub>2</sub> emission in FYE 2022 was 5,717t-CO<sub>2</sub>. This is an approximately 46% reduction compared to the reference value.

The document we have submitted to the Tokyo Metropolitan Government is as follows.

\* Greenhouse Gas Emission Reduction Plan for FYE 2021 to FYE 2025 (Submitted in November 2022) (Japanese Only) (<https://www.itochu.co.jp/en/csr/pdf/ondanka-202211.pdf>)

\* In addition to the Tokyo Headquarters, the adjacent commercial facility of Itochu Garden is also subject to the Greenhouse Gas Emission Reduction Plans submitted to the Tokyo Metropolitan Government.



# Climate Change (Information Disclosure Based on TCFD Recommendations)

## Collaboration with Outside Initiatives

### Activities Through Business and Industry Groups

We are participating in the Global Environment Subcommittee of the Committee on Environment and Safety — an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks). We are also participating in the Global Environment Committee of the Japan Foreign Trade Council. We are striving to build a low-carbon society, construct a recycling-orientated society, and to support environmental related laws and regulations. Climate change-related targets set out in the Global Environment Committee are as follows.

#### 2030 Reduction Targets for Domestic Business Activities (Trading Industry)

- In FYE 2031, we will strive to reduce unit power consumption (Electric power consumption per floor area for the entire company) by 15.7% from FYE 2014 level. (Reestablished July 2018)
- If we decide the direction regarding such as climate change in various industry groups we participate, we express an opinion in line with our Basic Policy on Sustainability in the decision process, and when it is different from our policy, we will strive to be in line with our policy.

## TCFD Consortium

ITOCHU announced its support for TCFD in May 2019, which encourages companies to disclose financial information related to climate change. By participating in the TCFD Consortium\*, we will continuously engage in the appropriate disclosure of ITOCHU business risks and opportunities associated with climate change.

\*The TCFD Consortium established on May 27, 2019 by Ministry of Economy, Trade and Industry (METI), Ministry of the Environment (MOE), and the Financial Services Agency (FSA) as a body for promoting discussion and deliberation among companies and financial institutions supporting the TCFD mission.

## CDP (Climate Change & Water Security)

ITOCHU is actively providing information on ESG initiatives to various stakeholders around the world. As part of these initiatives, we participate in the CDP, an NGO that is recognized worldwide as a global standard for corporate environmental information disclosure. Since FYE 2014, we have been responding to the CDP's climate change and water security questionnaires.

## Climate Change Campaign “COOL CHOICE” led by Ministry of the Environment

ITOCHU participates in the Ministry of the Environment-led COOL CHOICE climate change campaign to realize a decarbonized society. We are striving to adjust our air conditioning in the summer and winter and to switch off unnecessary electricity. We also conduct environmental conservation activities that all employees can do in their daily lives such as sorting waste and promoting recycling in the offices.

◦ COOL CHOICE Website (Japanese Only) (<https://ondankataisaku.env.go.jp/coolchoice/about/>)

## GX League formulated by the Ministry of Economy, Trade and Industry

In 2022, ITOCHU expressed its support for the GX League Basic Concept established by the Ministry of Economy, Trade and Industry, and has been actively involving and making proposals at the public-private councils regarding the concept of emissions trading, the carbon credit market, and the ideal way to trade credits in the GX League. Taking into account our involvement of the various initiatives during the preparatory period for the establishment of the GX League, we participated in the GX League, which began in earnest in April 2023. The GX League will take on the challenge of GX (Green Transformation) with a view to achieving carbon neutrality and social change in 2050, and will serve as a forum for collaboration among industry, government and academia to achieve sustainable growth. As a participating company, our company will continue to be actively involved in the league's initiatives, including emissions trading, which is a concrete policy tool for decarbonization, and contribute to the virtuous cycle of the environment, economy and society, including climate change.

◦ GX League (Japanese Only) (<https://gx-league.go.jp/>)

## Japan Climate Initiative (JCI)

ITOCHU participates in the Climate Change Initiative, a network of Japanese non-governmental actors actively working to achieve the 1.5 degree target. This network gathers companies, local governments, organizations, and NGOs who support the idea of “participating from Japan on the front line of decarbonization.”

# Prevention of Pollution and Resource Circulation

## Policy and Basic Concept

### Prevention of Pollution

ITOCHU’s Environmental Policy states in item 3. that within its business activities, ITOCHU shall prevent and reduce environmental pollution caused by chemical substances and oils, reduce emissions of air pollutants, and reduce and properly process hazardous waste and wastewater. In addition, as stipulated in item 1. of our Environmental Policy, ITOCHU will fulfil its responsibility by enacting the following statement: We shall comply with international declarations, agreements, and treaties, as well as with the laws and regulations of the countries and regions in which we operate. We shall also comply with any other agreements that we have consented to.

### Resource Circulation

Ensuring stable procurement and supply is one of our important ESG challenges identified as a material sustainability issue. As per item 4. of our Environmental Policy, ITOCHU “contributes to the formation of a circular society by promoting the sustainable use of resources (such as fossil fuels, minerals, food, animals and plants), a reduction in the amount of resources used, a reduction in the amount of waste discharged and recycling across our business investments and the supply chain of our products and services,” pointing to our commitment to promote resource efficiency in accordance with our various business operations.

## Targets and Action Plan

ITOCHU sets qualitative management targets and quantitative performance targets to promote better practices in pollution prevention and resource efficiency. The environmental targets and achievements in FYE 2023 are as follows.

### Qualitative Targets

Item		Boundary	Target	FYE 2023 Results and Evaluation
Prevention of Environmental Pollution and Compliance with Laws and Regulations	Risk Assessment for Investment and Financing Projects	ITOCHU Corporation	Perform pre-investment/financing assessments based on the ESG Checklist, which includes environmental assessment criteria.	Properly implemented
	Raising Management Levels through Auditing	ITOCHU Group	Conduct internal audits on environmental management systems to ensure compliance, improved environmental efficiency, and better overall management.	Properly implemented
	On-Site investigations of Group Companies	ITOCHU Group	Select appropriate Group companies and conduct on-site environmental management investigations for them.	Properly implemented
Promotion of Awareness Activities	Raising Awareness of Laws and Regulations	ITOCHU Group	Increase internal awareness on the Waste Management and Public Cleansing Act and the Soil Contamination Countermeasures Act, as well as other relevant regulatory developments by providing learning opportunities such as seminars and courses. We will also monitor and review participation/uptake rates of these trainings in relevant segments of the company.	Properly implemented
Resource Conservation, Promotion of Resource Circulation, and Monitoring of performance	Office Waste Reduction	ITOCHU Corporation	Reduce waste and promote recycling in office activities in accordance with our EMS.	Properly implemented
	Paper Consumption Reduction Target	ITOCHU Corporation	Reduce paper consumption by raising awareness of our targets internally.	Properly implemented

### Quantitative Targets

Item		Boundary	Target Period	Target	Progress in FYE 2023 Against Targets	Assessment
Prevention of Pollution	Serious Environmental Accident	ITOCHU Corporation*	Every Fiscal Year	Zero Serious Environmental Accident	Zero	Achieved
	NOx SOx Emission Concentration	TAKIRON TECH CO., LTD.	Every Fiscal Year	Suppress to a level 20% below the legal standard	Achieved	Achieved
		ITOCHU Ceratech Corporation	Every Fiscal Year	Suppress to a level 20% below the legal standard	Achieved	Achieved
Resource Circulation · Waste Discarded	Volume of Waste Discarded	Tokyo Headquarters	March 2025	6% Reduction Compared to FYE 2019	37% Reduction Compared to FYE 2019	Achieved
	Recycling Rate		March 2025	90%	91%	Achieved
Resource Conservation	Paper Consumption	ITOCHU Corporation	March 2025	3% Reduction Compared to FYE 2019	53% Reduction Compared to FYE 2019	Achieved

\* ITOCHU Corporation, Overseas offices, Group companies subject to compliance



# Prevention of Pollution and Resource Circulation

## Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> <li>Negative impacts on the natural environment including those related to resource circulation.</li> <li>Deterioration of relations with local communities and subsequent loss of social license to operate.</li> </ul>	<ul style="list-style-type: none"> <li>Increased resource demand due to population growth and enhanced living standards in emerging economies.</li> <li>Creation of customer trust and new business opportunities through stable and sustainable supply chain practices.</li> </ul>

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company								
Ensure Stable Procurement and Supply		Supply Chain	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.	<ul style="list-style-type: none"> <li>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.</li> <li>Work for the goal of "Zero Fashion Loss" and "Carbon Neutrality" committed by Japan Sustainable Fashion Alliance to achieve by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>Started the clothing collection service "WEAR TO FASHION" along with investment to ECOMMIT Corporation. By reusing the collected clothes and using some of them as raw materials for "RENU", the "RENU" project will further promotes a circular economy.</li> <li>The Japan Sustainable Fashion Alliance made policy proposals to Consumer Affairs Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment for "zero fashion loss" and "carbon neutrality" this fiscal year.</li> </ul>
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)	 	<ul style="list-style-type: none"> <li>Water Resources</li> <li>Pollution Prevention and Resource Recycling</li> </ul>	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand and diversify the investment portfolio in the water and environment field. (Plan to work on decarbonization project development utilizing JCM etc.)	<p><b>Environmental Field</b></p> <ul style="list-style-type: none"> <li>We operate four municipal solid waste incineration and power generation plants(waste to energy plant) in the U.K, which treat 1.3 million tons of waste annually, accounting for 15% of the UK's waste incineration market, and generate enough electricity to power 160,000 British households.</li> <li>In November 2020, we acquired a 20% stake in Environment Development Company Ltd. (current SSEES), which provides integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia.</li> <li>In August 2021, we started to provide the government of Serbia with partial service of energy-from-waste project. Appropriate treatment of municipal solid waste in City of Belgrade and reduction of environmental pollution and greenhouse gas emissions has begun without environmental loads. Recycling of construction waste has also begun. We are currently constructing a municipal solid waste incineration and power generation plant(waste to energy plant). 7 SDGs certified, with an expected reduction of approximately 210,000 tons of greenhouse gas emissions, and, in 2022, the project obtained Certification of Carbon Credit by Gold Standard.</li> <li>In December 2020, we entered a concession agreement for the development and operation of an Energy-from-Waste (EfW) plant with Dubai Municipality. This is the first EfW project in Dubai and will be one of the largest EfW plants in the world, processing half of municipal solid waste from the emirate per year (1.9 million tons), which is currently under construction.</li> <li>We are aiming to enhance the functions of our initiatives that to capture strong demand for waste management services in light of intensifying environmental regulations in each the industrial sector and the growing awareness of ESG and SDGs more generally in the same way as in the water field.</li> </ul>
Energy & Chemicals Company								
Ensure Stable Procurement and Supply		Plastic	Efforts leading to solutions to social problems	Plastic-related environmental response	We will contribute to solving social problems (e.g., marine plastics and waste plastics) that urgently require measures with a plastic-related environmental response.	Supply environmental materials and establish a recycling/reuse program in collaboration with brand owners.	Build a recycling-oriented-model by enhancing our handling of environmental materials and establishing a recycling/reuse program.	<ul style="list-style-type: none"> <li>We developed an eco-friendly paper packing material consisting of nature-derived, biodegradable resins produced by Lactips, a bio startup with Ajinomoto Co., Inc., TOYO INK CO., LTD, and ITOCHU PLASTICS INC. (May, 2022)</li> <li>We have conducted demonstration trial on recycling of plastic beverage bottles with the use of a prototyped traceability system at real FamilyMart store under the BLUE Plastics project. (July, 2022)</li> <li>We have offered recycled ocean plastic waste as a recycled raw material to MITSUBISHI PENCIL CO., LTD., and MITSUBISHI PENCIL has developed a ballpoint pen that partially makes use of this raw material. This product was the first in the stationary industry to receive Eco Mark certification using ocean plastic as a raw material. (July, 2022)</li> </ul>

# Prevention of Pollution and Resource Circulation

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Food Company								
Ensure Stable Procurement and Supply		Pollution Prevention and Resource Recycling	Supply and use of environmentally friendly resources and materials	Fresh food field	Through the reduction of food loss, we will contribute to the promote the effective use of the resources and reduce the environmental impacts.	The company will brand and commercialize the out-of-spec Dole bananas discarded in Japan and Philippines as Mottainai bananas and distribute them in the market again.	<ul style="list-style-type: none"> <li>Consider diversifying this movement into processed foods and developing new products by using raw materials other than bananas.</li> <li>Aim to increase the volume of the reused bananas.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing of Banana-derived products using former-waste bananas in the production site(Philippines) is ongoing. (Total banana usage: about 670Tons)</li> <li>Dole National Brand products: Chocolate-coated frozen bananas, Jelly products</li> <li>Dole products with brand license contracts: Ice cream (Lotte), banana-flavored milk (Family Mart), Snacks&amp;Bread (Tokyo Banana, etc)</li> <li>We processed off spec banana, which is supplied to FMPB ("Famimaru"), into puree and supplied the puree for the processed FM foods such as beverage.</li> <li>Promotions are being continued in key locations such as Dean &amp; Deluca and banana juice shops (7days BANANA, BANANA STAND etc).</li> <li>Number of media exposure as of Mar, 2023. end: 1,101</li> <li>Reused Banana as of Mar, 2023. end: about 200,000 bunches (equivalent to 30 tons)</li> </ul>
ICT & Financial Business Company								
Ensure Stable Procurement and Supply		Pollution Prevention and Resource Recycling	Provide products/ services that support the realization of a sustainable lifestyle.	Reuse / Recycling Business	Contribute to the development of a sustainable society by making most of limited resources through the distribution of used mobile phones and tablets in the Japanese market.	<ul style="list-style-type: none"> <li>Expand supply channels in order to realize a sustainable and stable procurement of resources.</li> <li>Reinforce promotional activities in order to raise the awareness of secondhand mobile phones/tablets.</li> </ul>	<ul style="list-style-type: none"> <li>Expand product variation and supply channels.</li> <li>Expand distribution outlets.</li> </ul>	<ul style="list-style-type: none"> <li>The number of models handled increased from 534 (FYE 2022) to 671 (FYE 2023). (25.6% increase over the previous year)</li> <li>Procurement sources increased from 3 companies (1 country: Japan) in FYE 2022 to 6 companies (3 countries including Japan, Hong Kong, and US) in FYE 2023.</li> <li>As for distribution channels, sales on major EC business operator were launched and maintained a favorable level.</li> </ul>

## Structures and Systems

### Evaluation Methods of Pollution Prevention and Resource Circulation for Each Business Phase

#### Business Start Phase

For business investment projects that ITOCHU undertakes, the impact of the project on society and environment is evaluated in advance using the ESG Checklist for Investments — a checklist that must be submitted when entering into new business investment projects. For example, it includes monitoring the status of pollution prevention and resource circulation. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

ITOCHU considers ensuring stable procurement and supply to be a material sustainability issue. We work to effectively utilize and to ensure stable procurement and supply of resources according to demand in each country with consideration for the environment (e.g., biodiversity). In doing this, we are aiming for a recycling-oriented society.

#### Business Management Phase

ITOCHU conducts annual supply-chain sustainability surveys to assess the environmental and social risks of the products we handle, and requires suppliers to ITOCHU and our consolidated subsidiaries to report on their management practices regarding environmental issues, etc. Through these surveys, we evaluate each supplier's efforts to reduce its environmental impact and encourage them to implement a PDCA cycle for continuous improvement.

# Prevention of Pollution and Resource Circulation

## Management of Chemical Substances

The chemicals handled in the Chemicals Division are those that have potentially serious impacts on human health and the natural environment and have become subject to various laws and regulations that aim to ensure appropriate handling across the supply chain – including during manufacturing, sales, transportation, and storage. Furthermore, the appropriate management of chemicals is crucial from a business perspective for our Chemicals Division as well, as violations and cases of non-compliance can impact the regulatory approvals we require on certain products.

There is an international trend to minimize risks at every level of the entire supply chain of chemicals. Against this background, both advanced nations and developing nations have started to introduce new regulations and to make large-scale revisions to existing regulations. Consequently, the regulatory environment in the handling of chemicals is expected to become ever stricter in the future.

We recognize the importance of compliance with laws and ordinances in addition to knowledge of products and the industry as a company that handles chemicals. Our basic policy is that each individual should engage in business in accordance with the requirements of laws and ordinances upon correctly understanding the laws and regulations concerning the products that they are in charge of handling.

## Compliance with Laws and Regulations in the Divisions Handling Chemical Substances

At ITOCHU, the Chemicals Division has cross-functional oversight of our management of chemical substances. This includes oversight of the sales departments that handle chemical substances, which sit within the Chemicals Division, as well as relevant subsidiaries that handle chemical substances. In addition, the Chemicals Division has oversight of any sales divisions and subsidiaries outside of their direct control if chemical substances are used.

We strive to comply with laws and regulations through a management method based on a combination of thorough inquiries to specialized external consulting organizations and the use of a centralized management system to track environmental legal compliance. The management system was developed internally in 2016 and allows us to confirm and record applicable laws and measures at the chemical substance level for each product. We also provide training and educational opportunities to relevant sales staffs, supplemented by e-learning materials and handbooks that summarize the main points of relevant laws.



The external consulting organization that we currently employ for chemical substance management is Techno Hill Co., Ltd. (Headquartered in Chuo-ku, Tokyo; Representative Director: Kazuyuki Suzuki). Techno Hill has comprehensive knowledge regarding the field of chemical substances and provides us with informed advice on management systems, applicable laws and regulations for each product, and general trends movements in the industry.

In order to maintain and improve the abilities of each person in charge at a high level, we distribute its own handbook on chemical-related regulations to all persons in charge. There are 32 laws and regulations covered in this handbook, each of which outlines important aspects of compliance requirements. The purpose of this handbook is to educate our employees, especially new recruits and sales personnel, on the laws and regulations specific to the chemical industry.

By taking these initiatives, in FYE 2023, there were no major violations caused (e.g. license suspensions).



## Management Structure for Emergency Response and Accident Response

ITOCHU responds as below in accordance with our accident and emergency response regulations. If an accident occurs during the handling or storage of toxic or hazardous substances, we respond as follows in line with the Pharmaceutical Key Toxic and Hazardous Substance Risk Prevention Procedures Manual.

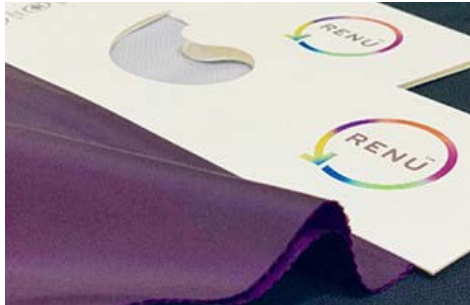
- We will make reports as necessary according to the emergency contact network in the above manual. In addition, we will take prompt action to limit the risks caused by toxic and hazardous substances.
- In the event of splashing, leaking, outflow, seepage or penetration underground, we will immediately notify the health care center, police station or fire department to that effect when there is a fear of a risk to the health of an unspecified or large number of people. At the same time, we will take measures to prevent risks to health.

# Prevention of Pollution and Resource Circulation

## Initiatives

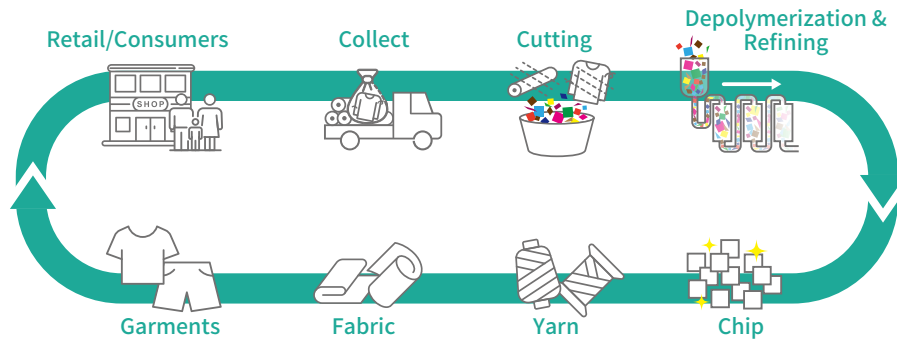
### RENU® Project Aims to Realize Circular Economy

In the spring of 2019, we launched a project called the RENU® project (“RENU”), which aims to address the issue of excessive waste in the fashion industry and realize circular economy. As its first product, we are developing recycled polyester made from textiles such as waste leftover fabric and used clothing. We will contribute to realize circular economy by developing this project through the entire supply chain of the fashion industry from raw materials to consumers.



RENU® project website (<https://renu-project.com/en/>)

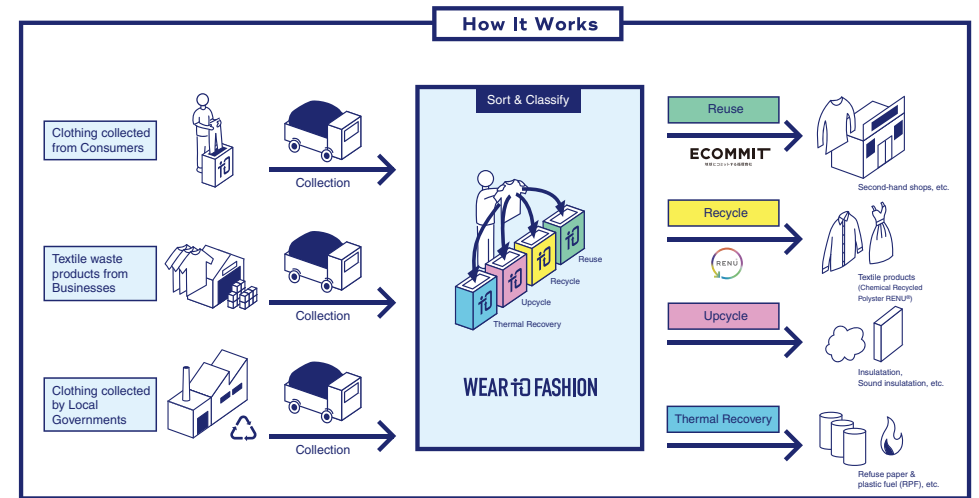
#### RENU Aims for a Closed Loop Economy



### Expansion of the Textile Collection Service for a Circular Economy

ITOCHU Corporation and Ecommit Corporation, which develops resource recycling businesses through reusing and recycling, have signed an agreement to expand the textile collection service “Wear to Fashion” in the Japanese market. Starting spring 2022, the service will gradually be offered to all companies and local governments in Japan.

With this new initiative as a part of the RENU Project aimed at solving a problem in the textile and fashion industries, textile products coming out of various sites will be collected and sorted through combining ITOCHU’s network in the textile and fashion industries and Ecommit’s system from collection to resource recycling. Reusable products will be reused utilizing Ecommit’s knowledge, and recyclable polyester products will be made into RENU. In doing so, the amount of discarded textile products will be reduced as much as possible and aims to realize a circular economy.



### Environmental Impact

The environmental impact of handling recycled polyester at RENU project is as follows.

	FYE 2021	FYE 2022	FYE 2023*
Feedstock equivalent to T-shirt	3.5 million pieces of T-shirts	6.0 million pieces of T-shirts	6.3 million pieces of T-shirts
Reduced CO <sub>2</sub>	521 tons	893 tons	1,931 tons
Reduced Water	875 kiloliters	1,500 kiloliters	6,500 kiloliters

\* Adopted LCA for FYE 2022

# Prevention of Pollution and Resource Circulation

## Leading UK for Collecting and Recycling Casing Tyres

Murfitts Group Limited, a company under ITOCHU subsidiary European Tyre Enterprise Limited, collects and processes casing tyres in the UK each year. Using the recovered material it manufactures a range of recycled products such as rubber crumb products for sports surfaces, pathways, children's playgrounds, carpet underlay, modified asphalt and many other industrial applications. Its products are exported to markets across the globe.



Pro gran Crumb Rubber made by casing tyres

Murfitts also has been developing and commercializing a proprietary pyrolysis technology, which decompose the tyre feedstock at high temperatures in a vacuum in order to recover various high-value materials such as carbon black and recycled fuel oil. This technology will help promote sustainability initiatives in the tyre industry by replacing one of major raw materials of tyres, carbon black, with a recycled product.

## ITOCHU Announces Development of Garbage Bag Made from Ocean Plastic Waste

ITOCHU believes that ocean waste is a significant social challenge and has been engaging in material recycling businesses, recycling ocean plastic waste and turning it into products that are commercialized. In cooperation with Tsushima city, we have succeeded in the recycling. Our subsidiary, Sanipak Company Of Japan, Ltd., leveraging the knowledge and technology it possesses as Japan's largest garbage bag maker, has developed the world's first\* garbage bag made in part with raw materials made from ocean plastic waste.

ITOCHU and Sanipak Japan have provided some of these new garbage bags free of charge to Tsushima city and other areas that need garbage cleaning activities on their coastlines, and will establish a recycling economy-oriented business model to resolve the problem of marine debris that society faces.

\* According to research by ITOCHU



Garbage Bag Made from Ocean Plastic Waste

## Develop Environmentally-friendly Garbage Bags “nocoo”

Sanipak Company of Japan Ltd., a subsidiary of ITOCHU, has developed “nocoo” environmentally-friendly garbage bags that reduce carbon dioxide emissions. The use of natural lime stone as a raw material for nocoo reduces plastic use by approximately 20% and reduces carbon dioxide emissions during the manufacture and combustion of garbage bags by approximately 20% compared to 100% polyethylene garbage bags. In FYE 2023, sales of nocoo in the 47 prefectures of Japan totaled 5,117 tons, contributing to a reduction in plastic use of 1,177 tons and a reduction in carbon dioxide emissions (when incinerated) of 3,213 tons.

With nocoo, we will continue to address environmental issues that are familiar to everyone, such as reducing carbon dioxide emissions through regular garbage disposal.

\* nocoo website (Japanese only) (<https://www.sanipak.jp/series/nocoo.html>)



“nocoo” environmentally-friendly garbage bags



# Prevention of Pollution and Resource Circulation

## Introduction of Shopping Baskets and Collection Box Using Ocean Plastic Waste as the Raw Material in FamilyMart Stores around the Nation

ITOCHU has developed shopping baskets made using ocean plastic waste washed ashore in Tsushima in Nagasaki Prefecture as part of the raw materials together with FamilyMart Co., Ltd. and TerraCycle Japan GK. We have introduced these shopping baskets into a total of 27 FamilyMart stores (as of the end of March 2023) in Tsushima and Iki in Nagasaki Prefecture and elsewhere since February 2021. Also, we have developed a food collection box that is partially made from ocean plastic waste that drifted ashore for the FamilyMart Food Drive program. ITOCHU rolled out this collection box to over 2,000 FamilyMart stores (as of the end of March 2023) around the nation to promote community-based SDGs activities.



## Initiatives to Introduce Environmentally-friendly Packaging in FamilyMart Stores

FamilyMart, a subsidiary of ITOCHU, has set goals of increasing the ratio of environmentally-friendly containers and packaging\* to 60% by 2030 and 100% by 2050, as part of its efforts to curb plastic use in FamilyMart Environmental Vision 2050.

By changing the specifications of containers and packaging, FamilyMart is working to reduce the amount of petroleum-based plastics used in the raw materials of containers and packaging and to promote the use of environmentally-friendly materials. We will continue to work toward achieving our 2030 and 2050 targets with the understanding and cooperation of our suppliers and consumers.

\* Containers and packaging made from materials including plant-based biomass plastics and recycled PET

## Major Initiatives in Environmentally-friendly Packaging

Details of Initiatives	Reduction in Use of Plastics
All salad containers are made of environmentally-friendly materials such as biomass plastic.	Reduction of about 900t per year
Containers of private brand natural water are gradually replaced with recycled PET plastic bottles made from 100% recycled PET resin.	Estimated reduction of about 260t per year
<ul style="list-style-type: none"> <li>For hand-rolled rice balls, all product packaging films have been replaced with biomass polypropylene (bio-PP) blend materials.</li> <li>The sandwich packaging has been thinned and the shape of header has been changed from square to trapezoidal.</li> </ul>	Reduction of about 19t per year
Some containers of pasta products contain bio-PP, which has obtained ISCC certification.	

## Effort to Reduce Plastics at Convenience Stores

In accordance with the Act on Promotion of Resource Circulation for Plastics that went into effect in April 2022 in Japan, FamilyMart has set a goal of reducing the amount of petroleum-based plastics use by FYE 2031 by 50% from FYE 2020 level, and is working to reduce the amount of plastic spoons, straws, and other items distributed to customers who purchase boxed lunches, desserts, beverages, and other items.

## Results of Major Initiatives to Reduce the Use of Certain Plastic Products

Start Year	Details of Initiatives	Reduction in Use of Plastics
2021~	<ul style="list-style-type: none"> <li>Design of the handle of the plastic spoon was changed.</li> <li>In principle, we stopped offering plastic forks. (We continue to offer chopsticks as an alternative or fork if desired)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of about 12% per year</li> <li>Estimated reduction of about 250t per year</li> </ul>
2022~	FamilyMart launched the "Convenience Wear Blue Green" project to sell products made with environmentally-friendly materials, such as washable and reusable cutlery sets, open-and-wash straws, and spoons and forks made with biodegradable biopolymers.	

# Prevention of Pollution and Resource Circulation

## Collaboration to Introduce Renewable Biomass Polypropylene in the Japanese Market

Japan has formulated a basic strategy to introduce approximately two million tons of biomass-based plastic products by 2030 as a countermeasure against ocean plastic waste and climate change.

ITOCHU has reached an agreement with Borealis AG (Borealis) and Borealis AG and Borouge Pte Ltd. to introduce biomass polypropylene (bio-PP) derived from renewable resources and develop its business in the Japanese market. Borealis, one of the world's leading manufacturers of plastic resins, began commercial production of bio-PP in March 2020 and has been expanding sales to Europe and the rest of the world.

We target to commercially launch food containers and packaging materials made of bio-PP. FamilyMart initially in Japan began replacing some of its pasta containers made with bio-PP. We are also working to develop products in a diverse range of fields, including sanitary products, household goods, cosmetics containers, office supplies, home appliances, and automobile parts.

ITOCHU has obtained ISCC PLUS certification for the domestic sales of Borealis bio-PP manufactured by the mass balance method. This certification proves sustainable raw material procurement in a way that can be traced through the supply chain, and the portion of biomass raw material contributes to GHG emissions reduction.

## The Cooperative Development of Material Recycling Technology for Multi-layer Film Packaging

ITOCHU Corporation has entered into an agreement for cooperative development of material recycling technology for multi-layer film packaging with Toyo Ink SC Holdings Co., Ltd.

In 2019, Toyo Ink Group developed a technology to separate the ink, adhesive, etc. that make up the multi-layer film or packaging in cooperation with the world's largest environmental solutions company. A demonstration pilot plant started operation at the end of 2022, and, moving forward with LCA (Life Cycle Assessment) appraisals, cost simulations, and other verifications. Toyo Ink Group plans to start a post-industrial recycling business in 2023, and aim to start the business under commercially conditions by 2025.

In addition to acquiring exclusive marketing rights in Japan and first refusal rights in Asia and Europe related to major product materials related to this technology, we will widely provide environmental solutions to food and consumer products company, retailers, brand owners, and more through requests to build structures for material recycling using this technology and to design recyclable, environmentally-friendly packaging.

Through this initiative, both companies will make currently un-recyclable multi-layer film packaging into a recyclable product, aiming for a more than 40% material recycling rate in Japan and abroad.

## The Recovery of Nylon Waste to ECONYL® Nylon Products

ITOCHU Corporation and Aquafil S.p.A. have concluded capital and business alliance to promote and expand the businesses of circular nylon production.

Nylon is used for textiles and plastic materials made through petrochemistry in a range of fields such as fashion, carpeting, fishing, food packaging, and automobiles. However, many products use nylon blended with other materials in a compound form, making it a difficult material to be recycled.

In 2011 Aquafil created its ECONYL® Regeneration System that turns recovered nylon waste such as fishing nets, carpets and post-industrial waste back to caprolactam (CPL), a crude raw material. Through its proprietary chemical recycling technology, Aquafil eliminates impurities completely, to achieve regenerated nylon product having the same features of the virgin quality materials. ECONYL® nylon is made completely from waste, which enables up to 90% CO<sub>2</sub> reduction compared to conventional nylon made from petroleum.

ITOCHU will leverage on its Group's diverse network and expand sales for applications in fashion, carpeting, automobiles, and packaging materials. In February 2022, YKK, which is a global leader in the manufacturing and sale of zippers, Aquafil and ITOCHU are jointly developing environmentally friendly recycled zippers and recycled buttons.

Moreover, ITOCHU plans to enforce Aquafil's nylon recovery scheme using its existing sales chain and will also implement the Partnership from the perspective of the stable supply of raw materials to Aquafil. Through its collaboration from the recovery of waste to the sale of Aquafil's products, ITOCHU aims to expand the businesses of nylon circularity.

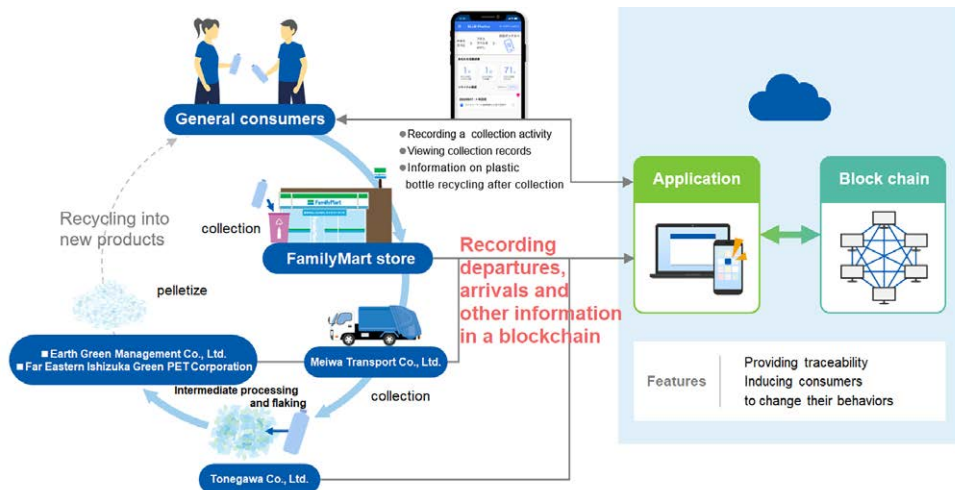


# Prevention of Pollution and Resource Circulation

## Verification of the Value of Traceability in the Recycling of Plastic Bottles

ITOCHU Corporation, ITOCHU Plastics Inc., FamilyMart Co., Ltd. and Asahi Kasei Corporation are conducting a demonstration trial (hereinafter “the Trial”) on recycling of plastic beverage bottles with the use of a prototyped traceability system at real FamilyMart store under the BLUE Plastics project in September 2022. BLUE in the project’s name is an acronym for Blockchain Loop to Unlock the value of the circular Economy.

It has been difficult for consumers to learn about the recycling chain of collected plastics and about what products are derived from such plastics. The purpose of the Trial is to investigate whether or not the visualization of the plastic bottle recycling chain will change consumers’ behaviors and what impact it will have on the reuse of recycled plastics and assess the value of the traceability. To do so, we developed and provided a smartphone app which enables to trace the progress of recycling collected plastic bottles from being placed in the recycling bin to being processed into recycled material.



Through a series of activities including the Trial, we will verify the value of traceability ensured by the digital platform and push further ahead plastic resources recirculation.

## The License Business of Polyester Chemical Recycling Technology

ITOCHU Corporation, Teijin Limited, and JGC Holdings Corporation have signed agreement to establish a joint venture company, RePEaT Co., Ltd. (hereinafter “RePEaT”), to license technology for the chemical recycling of polyester products.

In response to urgent needs to counter global warming, the fiber and textile industry is working on measures, including the establishment of ecosystems for resource recycling, to address issues such as CO<sub>2</sub> emissions from manufacturing processes and the mass disposal of used clothing. Currently, disposed textile products are used as a heat source (thermal recovery) or as raw materials for the production of other products (material recycling). Chemical recycling, however, is a revolutionary method of chemical decomposition for textile recycling that turns used textile products into new textile raw materials.

RePEaT will license recycling technology by taking advantage of Teijin’s proprietary chemical recycling technology, the expertise of JGC derived from its global engineering business, and ITOCHU’s extensive network of textile industry players. Customers in Japan and other countries are expected to launch the cost-effective chemical-recycling business for the production of polyester materials.

In addition, RePEaT will provide consulting services to help customers establish ecosystems that collect used polyester fiber products for reuse as raw materials, thereby contributing to a more sustainable world through recycling.

## Number One Trader in the World for the Cement Substitute of Blast Furnace Slag

Blast furnace slag is a by-product of the steelmaking process. Mixing and using it with cement as a cement substitute makes it possible to save natural resources (e.g., limestone – the raw material of cement). It is an environmentally friendly product that can reduce the CO<sub>2</sub> generated during manufacturing by about 40%\* compared with when making concrete only with cement.



Structure Made with Blast Furnace Slag

It is highly durable against seawater and the steel material in it is less likely to suffer corrosion over a long period of time. Therefore, it is widely used in large civil engineering projects at ports.

We have been selling blast furnace slag produced in Japan and overseas in around 10 countries since about 20 years ago. We handle of volume of blast furnace slag that makes us the number one trader in the world for it. In the future, value for blast furnace slag will be expected to rise affected by trend of decarbonization around the world. Therefore, we moreover focus to build continuous and stable distribution channels and consider investing and participating in the slag business.

\* Calculated at a 55:45 ratio for cement and blast furnace slag

# Prevention of Pollution and Resource Circulation

## Collaboration with Outside Initiatives

### Compliance with the Containers and Packaging Recycling Law ■ The Recycling Fee We Pay Every Year

(Unit:Yen)

ITochu understands our own manufacturing and import volume of containers and packaging every year to recycle containers and packaging. We then pay a recycling fee to the Japan Containers and Packaging Recycling Association. The aim of this is to contribute to promoting the formation of a recycling-orientated society as a specified business operator prescribed by the Containers and Packaging Recycling Law.

Fiscal Year	FYE 2017			FYE 2018			FYE 2019			FYE 2020			FYE 2021			
	Recycling Fee / Contribution Fee	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount
Glass Bottles	Colorless	814,414	0	814,414	704,782	9,344	714,126	750,030	0	750,030	813,659	0	813,659	925,650	0	925,650
	Brown	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Other Colors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PET Bottles	708	68	776	—	—	—	—	—	—	—	—	—	—	—	—	
Paper Containers and Packaging	18,306	168	18,474	29,327	102	29,429	9,045	27	9,072	15,288	4	15,292	10,168	0	10,168	
Plastic Containers and Packaging	631,798	47,052	678,850	1,057,941	0	1,057,941	1,197,091	0	1,197,091	1,463,900	4,537	1,468,437	2,432,519	0	2,432,519	
<b>Total</b>	<b>1,465,226</b>	<b>47,288</b>	<b>1,512,514</b>	<b>1,792,050</b>	<b>9,446</b>	<b>1,801,496</b>	<b>1,956,166</b>	<b>27</b>	<b>1,956,193</b>	<b>2,292,847</b>	<b>4,541</b>	<b>2,297,388</b>	<b>3,368,337</b>	<b>0</b>	<b>3,368,337</b>	

### Food Recycling

ITochu makes regular reports on the amount of food we discard and the amount we recycle in Japan to comply with the Food Recycling Law. We are striving to suppress the generation of waste and to promote recycling (e.g. conversion into feed) in line with the reference rate (recycling rate target).

#### ■ Food Recycling Rate

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Quantity recycled	Amount of food waste generated (Unit: t)	869.0	992.8	1,125.8	955.9	939.4
	Amount of recycling (Unit: t)	454.9	744.4	775.5	762.0	854.6
	Amount of disposal (Unit: t)	414.1	248.4	350.3	193.9	84.8
Target (recycling rate target by individual food related operator)	Reference rate	77.8%	78.8%	79.8%	80.8%	80.8%
Percentage recycled	Recycle rate*1	52.3%	75.1%	68.9%	81.9%	91.0%

\*1 Recycle rate is calculated as in below formula defined by the Ministry of Agriculture, Forestry and Fisheries.  
 (Amount of suppressed waste (vs FYE 2008) + Amount of recycling + Amount of heat recovery × 0.95 + Amount of weight reduction) / (Amount of suppressed waste (vs FYE 2008) + Amount of waste food generated)

\* FYE 2024 recycling rate target: 80.8%

### Initiative Participation (Activities Through Business and Industry Groups)

ITochu is participating in the Global Environment Subcommittee of the Committee on Environment and Safety – an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks including water management). We are also participating in the Global Environment Committee of the Japan Foreign Trade Council. We are striving to build a decarbonized society, construct a recycling-orientated society, and to support environmental related laws and regulations. The goals set by the Global Environment Committee are as follows.

#### Reduction Target for FYE 2026 in Domestic Business Activities (Trading Company Industry)

- Disposal Amount: Reduce 82% compared to FYE 2001
- Generation Amount: Reduce 62% compared to FYE 2001
- Recycling Rate: 83% or more



# Water Resources Conservation

## Policy and Basic Concept

ITOCHU is aware that the sustainability of water resources is indispensable for business continuity in the various businesses we are developing around the world, including those in water stressed regions. Item 5. “Conservation and Effective Use of Water Resources” of our Environmental Policy states that “We shall reduce water consumption through efficient water use and recycling, as well as take necessary measures to appropriately treat effluents.” To ensure the sustainable use of water, we are committed to raising awareness of water sustainability in our corporate culture and integrating the concern into our business decision making process. In existing businesses, we will conduct a comprehensive assessment of water consumption to improve our water efficiency and reduce water consumption.

Given these global circumstances, ITOCHU Corporation has identified its water-related business as a material area. As such, we are committed to enhancing our global capability regarding our seawater desalination business and our water supply and sewerage concession businesses, which we have been engaging in since 2014. We believe that these initiatives will allow us to contribute to solving water stress and shortage issues around the world.

## Targets and Action Plan

ITOCHU sets numerical targets for the reduction of water consumption.

ITOCHU develops water and hygiene infrastructure, and appropriately treats and effectively utilizes water and waste. Through this, our water resource related business contributes to improving the hygiene environment, developing economic activities and conserving the global environment. We are promoting the appropriate use and treatment of water, and the effective utilization of resources through expansion of our water and environmental business. In this way, we are working to reduce our environmental impact.

In our Tokyo Headquarters building, we are implementing resource saving measures to recycle water through the creation of reclaimed water. This allows us to improve our water consumption efficiency in the office. The targets and indicators we track to manage our performance are noted in the table below.

## Action Plan

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)	 	<ul style="list-style-type: none"> <li>Water Resources</li> <li>Pollution Prevention and Resource Recycling</li> </ul>	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand and diversify the investment portfolio in the water and environment field. (Plan to work on decarbonization project development utilizing JCM etc.)	<b>Water Field</b> We have developed a water supply service business in the U.K. and seawater desalination business in Australia and Oman. We aim to continue contributing to stable water supply in regions through seawater desalination, and water supply/ and sewerage businesses. At the same time, we are looking to be involved in solutions-based business for water issues in each industrial sector across a range of industries.

## Qualitative Targets

Item	Boundary	Target	FYE 2023 Results and Evaluation
<b>Risk Assessment for Investment and Financing Projects</b>	ITOCHU Corporation	Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks.	Properly implemented
<b>On-Site investigation for Group Companies</b>	ITOCHU Group	Select Group companies involved in businesses where water use is a material risk and conduct on-site investigation on the status of water management.	Held conference with Group companies in areas where water resources are particularly important.
<b>Compliance with Laws and Regulations</b>	ITOCHU Group	Continued awareness and response to domestic and foreign laws and regulations related to water resources (water withdrawal / discharge)	There were no serious legal violations related to water withdrawal and discharge.
<b>Implementation of Water Management Plans</b>	ITOCHU Group	Establish a water management plan to control the amount of water withdrawal, wastewater discharge, the amount of water recycled, and the water quality and temperature at the time of drainage, as well as to make effective use of water resources and reduce environmental impact.	Of the 558 operating companies of the ITOCHU Group, 86 companies, or 15%, have formulated water management plans.

## Targets in Water Stressed Regions

Item	Boundary	Target	FYE 2023 Results and Evaluation	
<b>Initiatives in Water Stressed Regions</b>	<b>Risk Assessment for Investment and Financing Projects</b>	ITOCHU Corporation	Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks. Conduct preliminary risk assessments on water resources for projects and investments in water stressed regions where water resources are critical to operations, such as beverages, agriculture and mining.	Properly implemented
	<b>On Site Investigation for Group Companies</b>	ITOCHU Group	Select group companies operating in water stressed regions and conduct on-site investigation on the status of water management.	Held conference with Group companies in areas where water resources are particularly important.

\* Business Activities in Water Stressed Regions (P71)

## Quantitative Targets

Category	Boundary	Annual Target	FYE 2023 Results	Target	
				Period	Contents
<b>ITOCHU Corporation</b>	Water Withdrawal (Clean Water)	Tokyo Headquarters	Total Volume Reduction Target 1%/Year	21.3% Reduction Compared to FYE 2019	March 2025 6% Reduction Compared to FYE 2019
<b>Water Stressed Regions*</b>	Water Withdrawal (Clean Water)	Water Stressed Regions	Reduction Target 1.5%/Year	7.2% Reduction Compared to FYE 2020	March 2025 9% Reduction Compared to FYE 2020

\* Quantitative targets for water stressed regions cover operations located in areas where the WRI Aqueduct Baseline Water Stress map identifies as “Extremely High Risk”.



# Water Resources Conservation

## Structures and Systems

### Evaluation of Water Resource Conservation in New Business Investment Projects

For business investment projects that ITOCHU undertakes, the impact of the project on society and environment is evaluated in advance using the ESG Checklist for Investments — a checklist that must be submitted when entering into new business investment projects. For example, it includes assessing the amount of water used and discharged, and checking the level of water stress at business sites. For projects that require expert knowledge, we make request to external expert to conduct investigations in advance. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

We consider ensuring stable procurement and supply to be a material sustainability issue. We are committed to improving the efficiency of our water consumption and taking necessary measures depending on the abundance of water supply in certain regions. By committing to giving these due considerations, we aim to contribute to the global water crisis.

We conduct an environmental impact assessment, which includes water-related supply chain criteria, for all of the commodities we handle. We have also been conducting annual on-site investigations for Group companies having relatively high environmental impacts since 2001 to strengthen our environmental risk management. Throughout the assessment, we engage with the senior management team to assess the company's water efficiency performance (water withdrawal and discharge) at facilities such as factories and warehouses as well as the company's compliance with environmental laws and regulations.

We manage water resource risks by using the World Resources Institute's (WRI) Aquequed to assess water stress in the region for manufacturing bases affiliated with our group.

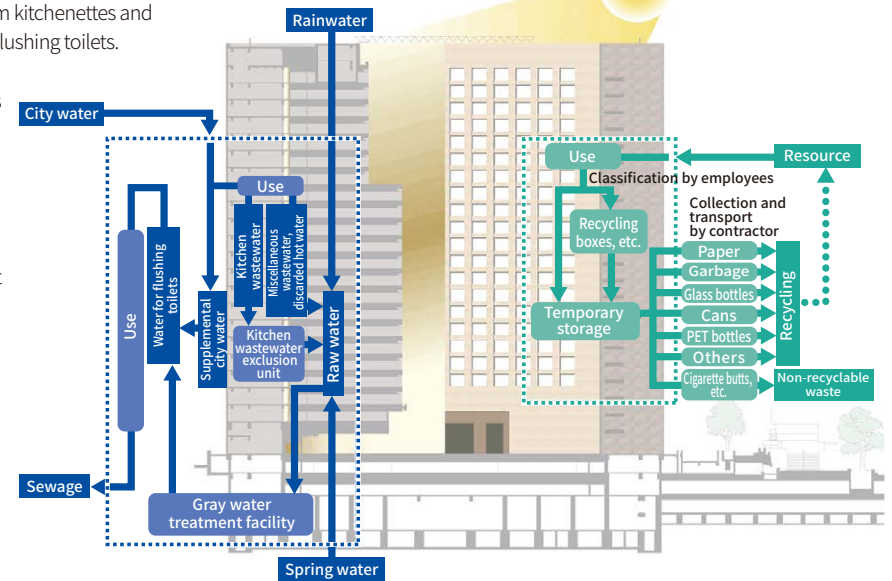
## Initiatives for Effective Use of Water Resources

### Business Activity

#### Water Management Plan and Effective Use of Water Resources at the Tokyo Headquarters Building

In order to make effective use of water resources, the Tokyo Headquarters building adopted a water management plan in the design stage of the building, and since its completion in 1980, the building has installed and maintained a reclaimed water manufacturing facility that uses kitchen waste water, rainwater, spring water, and wash basin as well as miscellaneous waste water from kitchenettes and other sources as raw water for flushing toilets.

We strives to make effective use of water resources by implementing water-saving measures to control the amount of clean water used. For example, since the amount of water available varies every year depending on the amount of rainfall, tap water usage tends to increase when rainfall is low. For this reason, continuous improvements are being made to conserve tap water by installing new washbasin, washbasin shower water savers and automatic toilet flushing water savers.



Solar panels

### Effective Use of Water Resources by ITOCHU Group

ITOCHU recognizes that conservation of water resources is a global issue along with climate change and other issues. As one of the important issues of the Group's environmental policy, we make efforts to reduce water consumption through efficient water use and recycling, as well as take necessary measure to appropriately treat effluents in our domestic and overseas businesses. For example, ITOCHU's group company PRIMA MEAT PACKERS, LTD. and its group companies has listed "Reduction of factory water consumption (well water and supplied water)" as one of the priority issues for its ISO14001 certified sites and is carrying out reduction activities and progress management in order to reduce food production water intensity (water consumption (m<sup>3</sup>) / ton of food produced). Actual values are 15.9m<sup>3</sup>/ton in FYE 2020, 15.3 m<sup>3</sup>/ton in FYE 2021, and 14.8 m<sup>3</sup>/ton in FYE 2022.

\* PRIMA MEAT PACKERS, LTD.'s ESG Data book 2020 (Japanese only) ([https://www.primaham.co.jp/ir/library/attaches/pdf/esg\\_databook\\_2020.pdf](https://www.primaham.co.jp/ir/library/attaches/pdf/esg_databook_2020.pdf)) 
  
 \* PRIMA MEAT PACKERS, LTD.'s ESG Data Book 2021 (Japanese only) ([https://www.primaham.co.jp/ir/library/attaches/pdf/prima\\_esgdatabook2021\\_b.pdf](https://www.primaham.co.jp/ir/library/attaches/pdf/prima_esgdatabook2021_b.pdf)) 
  
 \* PRIMA MEAT PACKERS, LTD.'s Key environmental objectives and performance (<https://www.primaham.co.jp/sustainability/assets/images/pdf/omonakankyoumokuhyoutojisseki.pdf>)

# Water Resources Conservation

## Business Activities in Water Stressed Regions

### Understanding Water Risks at Manufacturing Bases

ITOCHU uses the WRI Aqueduct tool developed by the World Resources Institute (WRI) to identify areas with high water stress levels at manufacturing bases affiliated with our group. With this, we have quantified the water stress levels at all our manufacturing bases in Japan and overseas and have identified areas with a high level of water stress.

◦ Water withdrawal at sites identified as high risk in the Baseline Water Stress parameters (P99)

Overall Water Risk	Number of Sites
Low risk (<10%)	249
Low to medium risk (10-20%)	108
Medium to high risk (20-40%)	65
High risk (40-80%)	5
Extremely high risk (>80%)	5
<b>Total</b>	<b>432</b>

\* As of March 2023

## Environmental Costs Related to Water

Among the environmental conservation costs (FYE 2023) disclosed in the environmental accounting (P99), associated with water are as follows:

Cost for water pollution prevention, wastewater treatment cost, grey water production cost, monitoring measurement cost and management cost	10,175 thousand yen
Research and development expenses for water risk aversion (donation to Division of Climate System Research, Atmosphere and Ocean Research Institute, the University of Tokyo)	500 thousand yen

## Water Related Business

### List of Water-related Businesses

Business	Content of Initiatives
Seawater desalination business	We have invested in the seawater desalination project in Victoria, Australia. This is the project that has been providing the reliable water supply for Melbourne since 2012, and this plant is capable to meet approximately 30% of the water demand of Melbourne, Victoria.
Seawater desalination plant, and osmosis membrane manufacturing and sales	We have invested as the largest shareholder in the seawater desalination project in Barka, Northern Oman, with a daily production volume at 281,000 m <sup>3</sup> in collaboration with the Oman Power and Water Procurement Company (OPWP), a state-owned company of the Sultanate of Oman.
	We started delivering multiple seawater desalination plants to Saudi Arabia in the 1970s. We established a joint venture company called the Arabian Japanese Membrane Company, LLC with ACWA Holding of Saudi Arabia and Toyobo in August 2010. This company manufactures and sells reverse osmosis membrane elements for seawater desalination.

## Examples of Initiatives

### Stable Supply of Drinking Water Connecting to Life

#### Largest Seawater Desalination Project in Oman

The water demand in Oman is expected to grow at approximate annual rate of 6% in coming years. The shortage of drinking water has been recognized as an issue to be resolved in the context of population increase as well as urbanization. The Barka Desalination Company in which we have a stake of as its largest shareholder entered into a seawater desalination agreement for a daily production volume of 281,000 m<sup>3</sup> in Barka in the northern part of Oman for the stable supply of water in that country in March 2016. This project is a Public-Private Partnership with the Oman government to provide domestic water to the Barka region, which is a severely water-stressed region. We have constructed reverse osmosis membrane (RO membrane) seawater desalination plant and surrounding facilities. These will be operated for 20 years. The plant started commercial operation in June 2018. This is the largest seawater desalination project in Oman with total project cost of approximately 300 million dollars. Besides, we realized listing on the Muscat Stock Exchange in February 2022.

The water demand is arising because of the worldwide population growth, economic development and global warming. In response to this, we consider the water business to be a priority field. Accordingly, we are proactively expanding our activities into seawater desalination, water supply and drainage businesses. We will continue to promote business that contributes to the effective utilization of water resources in regions around the world in the future.



Seawater Desalination Plant

## Collaboration with Outside Initiatives

### Japan Business Federation (KEIDANREN) Working Group on Global Environment Strategy under the Committee on Environment and Safety

We are participating in the Working Group on Global Environment Strategy under the Committee on Environment and Safety, an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks including water management).

### The Global Environment Committee of the Japan Foreign Trade Council

We are participating in the Global Environment Committee of the Japan Foreign Trade Council. We are striving to build a decarbonized society, construct a recycling-orientated society, and to support environmental related laws and regulations with other trading companies.

### Participation in the CDP (Water Security)

ITOCHU is actively providing information on ESG initiatives to various stakeholders around the world. As part of these initiatives, we participate in the CDP, an NGO that is recognized worldwide as a global standard for corporate environmental information disclosure. Since FYE 2014, we have been responding to the CDP's climate change and water security questionnaires.

# Conservation of Biodiversity

## Policy and Basic Concept

ITOCHU's business activities depends upon the values and resources that biodiversity provides, which is a blessing provided by the intricate relationships between earth's myriad of organisms. In order to minimize our impacts on biodiversity, we are implementing two initiatives, which focus on our business activity impacts and our broader corporate citizenship impacts. For the former, our initiatives target our business sites and surrounding areas to ensure the conservation of local biodiversity and the sustainable use of forests, fisheries, and other commodities. For the latter, our initiatives target local communities in which we directly handle forest commodities aiming to make broader contributions for the local biodiversity as a part of our corporate citizenship commitments.

Given the global nature of our operations, it is a top management priority for us to address global environmental problems, including biodiversity issues across the globe. In order to promote conservation of biodiversity as indicated in our Environmental Policy, we have established the Biodiversity Policy. As such, we will contribute to building a sustainable society.

### Biodiversity Policy

#### 1. Biodiversity-friendly Environmental Management

We recognize that our business activities depend on the blessings of biodiversity and that they may affect the ecosystem. Accordingly, we shall promote environmental management that incorporates a wide range of environmental activities (such as interrelated climate change measures, resource circulation measures and biodiversity conservation) into our business activities to build a society in which we coexist with nature.

#### 2. Understanding and Reducing the Impact of the Relationship between Business and Biodiversity

We are aiming for a net positive impact on biodiversity by understanding the relationship between our business activities not only in our group companies but across our entire group and biodiversity from a global perspective. We shall strive to avoid and minimize the impact our business activities have on biodiversity. At the same time, we shall promote the restoration of the ecosystem.

We have established a procurement policy to protect natural forests and forest resources concerning forest commodities (such as timber, natural rubber and palm oil). We shall promote information gathering to confirm there is zero deforestation due to production from protected areas designated by law.

#### 3. Legal Compliance and Respect for Internationally Recognized Human Rights

We shall promote the conservation of biodiversity by complying with international treaties on biodiversity (e.g., the Convention on Biological Diversity) and the relevant national laws of each country.

We shall promote social contribution activities to protect endangered species in the areas in which we conduct business activities. This is in addition to not participating in transactions relating to endangered species designated by the Washington Convention (CITES)\* with our business activities.

#### 4. Enhancement of Partnerships and Conservation of Local Ecosystems

We shall look to share awareness of biodiversity by cooperating with industry groups, supply chains, NGOs and international organizations. We shall then make our biodiversity conservation efforts more effective.

We shall take into account conservation of biodiversity in the areas in which we conduct business activities. At the same time, we shall promote conservation of biodiversity from the perspective of creating communities that utilize natural resources to contribute to the realization of affluent and safe lives in local communities. We shall do this together with stakeholders such as local residents and NGOs in addition to governmental bodies.

#### 5. Enhancement of Information Sharing and Dissemination

We shall promote understanding of biodiversity to local residents of the areas in which we conduct business activities in addition to our employees through awareness activities.

We shall contribute to raising awareness of biodiversity over the whole of society by continuously disclosing the details, targets and achievement status of our efforts.

\* CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora

Fumihiko Kobayashi

Member of the Board Executive Vice President Chief Administrative Officer

Established in April 2022

# Conservation of Biodiversity

## Targets

ITOCHU conducts product certification and traceability for biodiversity conservation in products handled in businesses including the supply chain, and social contribution activities for biodiversity conservation in business-related areas. We consider forest resources (wood, wood products, paper raw materials and paper products, natural rubber, palm oil), dairy products, meat, marine products, and textile raw materials as important commodities for biodiversity and strive to disclose information and set goals for them.

## Targets in Business Activities

Theme	Target	FYE 2023 Results	SDGs
<b>Biodiversity Conservation</b> Reduce the impact of ITOCHU's products and projects on biodiversity conservation across our supply chain	By 2025, conduct a follow-up ESG risk assessment for all investment projects subject to high biodiversity risk (e.g. hydropower, mines, ships), where biodiversity should be a material risk item assessed, and implement a plan for improvement if necessary.	<ul style="list-style-type: none"> <li>Revised the ESG Checklist and created a scheme to understand the status of biodiversity risk in new business investment.</li> <li>Participated in the TNFD Forum and started investigating tools for analyzing risks and opportunities related to natural capital.</li> </ul>	
<b>Sustainable Use of Natural Resources</b> Implement initiatives to improve the sustainable use of natural resources in order to stably produce and supply commodities related to forestry, fishing, and agriculture in the future	<ul style="list-style-type: none"> <li>Timber, Timber Products, Raw Materials for Papermaking, and Paper Products: Aim to achieve 100% coverage of our products that are either certified or confirmed to be under progressive management standards.</li> <li>Palm oil: Aim to switch all palm oil procured by ITOCHU to sustainable palm oil*1 by 2030. In particular, we aim to align our procurement to the NDPE principle*2.</li> <li>Fisheries raw materials handled by ITOCHU: Increase the MSC*3 /CoC*4 certified products to 15,000 tons per year within 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>The handling ratio of certified or highly controlled materials is 100% for pulp &amp; wood, and 97% for chips.</li> <li>Palm oil has 100% traceability to mill level in FYE 2023.</li> <li>The volume of MSC/CoC in fisheries raw materials in FYE 2023 was 7,500 tons.</li> </ul>	

\*1 Sustainable palm oil: palm oil supplied from supply chains compliant to RSPO and RSPO-equivalent standards.  
 \*2 NDPE (No Deforestation, No Peat, No Exploitation): zero deforestation, zero peatland development, zero exploitations  
 \*3 MSC (The Marine Stewardship Council): an international NPO established in 1997 to work on spreading sustainable fishing. It is headquartered in London, England.  
 \*4 CoC (Chain of Custody Certificate): A certification for processors and distributors to ensure the traceability of MSC certified marine products and other products in the management of processing and distribution processes specified by MSC.  
 • For goals in other business activities (P153)

## Targets in Business-related Areas

Targets	FYE 2023 Action Plans	FYE 2023 Results	FYE 2024 Action Plans	SDGs	
<b>Implementation and follow-up on social contribution programs aimed at environmental conservation</b>	1. Continue promotion of the mangrove planting project in collaboration with Uken Village of Amami Oshima Island.	<ol style="list-style-type: none"> <li>Started mangrove planting on the uninhabited island of Edateku island in Uken Village, Amami Oshima. In addition, viviparous seeds of mangroves and Kandelia obovata in Uken Village were nurtured by all children of Aoyama Elementary School in Minato Ward, and donated to "the Tsukuba Botanical Garden at the National Museum of Nature and Science" and "the Botanical Garden of University of Tokyo (Koishikawa Botanical Garden)".</li> <li>We launched the Project for Protecting Green Turtles and the aim of this was also to foster the environmental conservation awareness of our employees. Since FYE 2017, we have continued to support a survey monitoring the number of green turtle spawns and a post-hatching survey conducted by the Ogasawara Marine Center of Everlasting Nature of Asia certified NPO that is working on marine conservation in the Asian region. The survey results suggest that the number of green turtles in Ogasawara is continuing to increase.</li> <li>In collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum, started a project to conserve the endangered species Ayumodoki (Parabotia curtus) and Zenitanago (Acheilognathus typus)- Research on establishing breeding techniques for rare freshwater fish-.</li> </ol>	<ol style="list-style-type: none"> <li>Promoting the endangered species Ayumodoki (Parabotia curtus) and Zenitanago (Acheilognathus typus)- Research on establishing breeding techniques for rare freshwater fish- in collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum.</li> <li>Continue promotion of the mangrove planting project in collaboration with Uken Village of Amami Oshima Island</li> <li>Continue promotion of the project for protecting green turtles, an Endangered Species.</li> <li>Promote other environmental conservation projects.</li> </ol>	 	
	2. Promote the Project for Protecting Green Turtles, An Endangered Species.				
	3. Promote other environmental conservation projects.				

# Conservation of Biodiversity

## Structures and Systems

### Assessment of the Impact of Biodiversity on New Businesses Investments Projects

For business investment projects that ITOCHU undertakes, the impact of the project on environment and society is evaluated in advance using the ESG Checklist for Investment — a checklist that must be submitted when entering into new business investment projects. For example, it includes assessing the impact on the natural environment and biodiversity such as the impact on ecosystems and the depletion of resources. If an impact is recognized, we conduct a risk analysis, and if necessary, we ask an external expert to conduct additional due diligence. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

### Assessment of the Impact of Biodiversity by Product Type

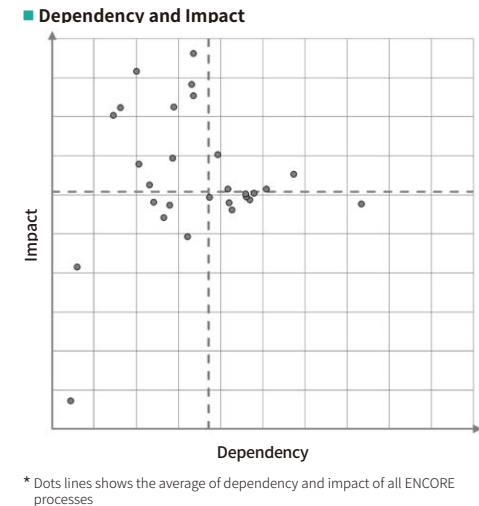
ITOCHU Corporation has introduced an environmental management system (EMS) based on ISO14001, and is aware of the impact our business activities can have on the environment and society. In order to prevent environmental and social risks, we use the LCA analysis method to conduct a “sustainability risk assessment” for each product we handle. This evaluation is a mechanism for evaluating the presence or absence of processes that have a negative impact on biodiversity in the value chain. We aim to prevent environmental pollution and promote environment-conserving businesses.

In addition, in order to understand the actual situation of suppliers, seven core subjects of ISO26000 including biodiversity are set as essential survey items, and each company and each company and the handling amount are based on certain guidelines such as high-risk countries, products handled, and amount handled. The relevant group companies select important suppliers, and sales representatives of each company, overseas subsidiaries, and representatives of group companies visit the suppliers and conduct hearings.

### Assessing nature-related Dependencies and Impacts in Line with TNFD

ITOCHU participates in the TNFD Forum organized by the Task Force on Nature-related Financial Disclosures (TNFD). In FYE 2023, with reference to the TNFD beta framework (βV0.1-βV0.4), we conducted a primary survey to identify business activities that have a high degree of dependence and impact on biodiversity and natural capital in the Group’s business. Specifically, using the natural capital impact assessment tool (ENCORE) developed by the United Nations Environment Program and other organizations, we classified the activity processes carried out in the value chain, including upstream and downstream of our business, according to the processes specified by ENCORE. Then, we aggregated businesses with similar processes and created 28 groups. For each of the 28 groups, we calculated the score for each degree of dependence and impact while taking into account the degree of our involvement, etc., resulting in the “dependence/impact mapping” shown in the table right.

From now on, we plan to implement what is called the LEAP approach; “Evaluation of the degree of dependence and impact on identified business activities”, “Identification of important risks and opportunities based on the degree of dependence and impact”, “Formulation and monitoring of response policies”.





# Conservation of Biodiversity

## Initiatives

### Biodiversity Conservation in Business Activities

#### Consideration for Biodiversity in the Forestry Products Business

TOCHU considers the prevention of deforestation by commodities related to forest protection (wood, wood products, raw materials for papermaking and paper products, natural rubber, palm oil) as a priority item. We are working to acquire product certifications such as FSC forest certification and to develop a traceability system to biodiversity conservation.

◦ Wood, Wood Products, Papermaking Raw Material, and Paper Products (P154)

#### Consideration for Biodiversity in Mine Closure

In our mineral resource development business, we have prepared Environment, Health, Safety (EHS) guidelines based on international standards\*, which also stipulate the consideration of biodiversity in the closure of mines. Closure plans are designed not only for physical restoration but also for minimizing the impact and maximizing the benefits on the community by considering the local socio-economy and environment in cooperation with stakeholders. It will require to prepare funds, ensure the safety of the waterways constructed during the operation, prevent residual chemicals, and conserve ecosystems. Towards future mining closure, we have cooperated with project partners, assessed the environmental impact and formulate mine closure plans as stipulated by the regulations of countries where projects are located, and also put the system in place to check the implementation process of the plan by utilizing EHS check list.

\* EHS Guidelines of the International Finance Corporation (IFC)

### Biodiversity Conservation in Business-related Areas

ITOCHU is working with stakeholders to protect endangered wildlife.

#### Mangrove Planting Project in Collaboration with Uken Village of Amami Oshima Island, a World Heritage Site

Located on the west coast of Amami Oshima Island, Uken Village is striving to nurture and protect its abundant and irreplaceable natural environment, home to many different creatures, so that the next generation will always and proudly cherish it. ITOCHU has been supporting this initiative since 2021, and has started supporting reforestation activities in mangrove forests using *Kandelia obovata*\* seedlings raised by children in Uken Village. In 2022, we have started tree planting activities in Uken Village, Edateku Island. We shall contribute to biodiversity conservation through mangrove planting, and also aim to create CO<sub>2</sub> credits in the future.

\* *Kandelia obovata* is a species of plant that comprises the mangrove forests found in Kagoshima and Okinawa prefectures.



Started mangrove restoration activities



Elementary school students planting the seedlings they have grown



Afforestation trial started on Edateku Island

# Conservation of Biodiversity

## Mangrove Ex-Situ Conservation Project

In addition to the in situ conservation of *Kandelia obovata* in Uken Village, Amami Oshima, ITOCHU has started Ex-Situ conservation in collaboration with the Tsukuba Botanical Garden of the National Museum of Nature and Science. In 2022, we donated the seedlings from viviparous seeds to all the children of the elementary school near our Tokyo head office, Minato Ward's Aoyama Elementary School.

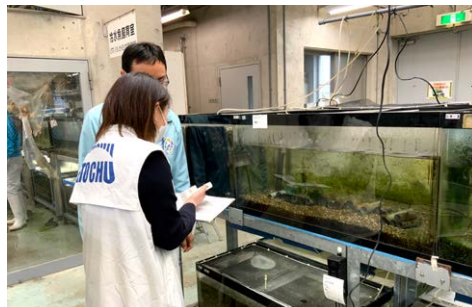


Ex-Situ conservation in the botanical garden cultivation nursery      Exhibition at the aquatic plant greenhouse of the botanical garden

## Collaborative Conservation Project for Rare Freshwater Fish with Shiga Prefecture and Shiga Prefectural Lake Biwa Museum

With the aim of preserving the environment in the area where ITOCHU was founded, ITOCHU has launched a project to conserve the endangered Ayumodoki and Zenita tanago (research on establishing breeding techniques for rare freshwater fish) in collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum. Lake Biwa is one of only about 20 ancient lakes in the world, and is home to more than 1,700 species of flora and fauna, including over 60 endemic species. It is also an important migratory site for waterfowl and is a registered wetland under the Ramsar Convention.

At the Lake Biwa Museum, we subculture rare freshwater fish such as Ayumodoki, which are endangered. At present, about 35 species of Japanese freshwater fish are being bred and preserved in captivity at the Conservation and Breeding Center installed at the Lake Biwa Museum and at the breeding facilities in the Aquatic Exhibition. Some populations are potentially extinct in their habitat. Continuing to preserve these species will serve as Ex-Situ conservation of rare freshwater fish in Japan, and is an important initiative in anticipation of their future return to the wild.



Investigation in the freshwater fish breeding room in the Lake Biwa Museum

## Support for a Biodiversity Conservation Program in the Amazon

ITOCHU established its office in Brazil in 1957 and has expanded business in various sectors including forestry and mineral products. Those products benefit from the abundant water and biological resources of Brazil, including the Amazon. Since FYE 2017, with the aim of conserving the environment and biodiversity, we have been engaged in activities to save Amazon manatees, a species in danger of extinction, through support for the “Field Museum Initiative” a biodiversity conservation program in tropical forests in the Amazon promoted by the Wildlife Research Center of Kyoto University in collaboration with the National Institute of Amazonian Research in Brazil, and the construction of a research facility “Field Station”. This project is part of the SATREPS Project, a joint project between the Japan Science and Technology Agency (JST) and the Japan International Cooperation Agency (JICA). With the support of ITOCHU, over the 3 years from FYE 2017, the project aimed to release more than 9 manatees to the wild and more than 20 manatees to the semi-wild. In fact, 27 manatees have been released to the wild and 31 manatees to the semi-wild, and more than 100 local residents have been provided with learning opportunities.

◦ Support of Amazon Ecosystem Conservation Program (P164)



Amazon Rainforest: World's Largest Rainforest — Said to Supply One Third of the Oxygen on the Earth



The logo of Manatee Homecoming Project



Completed Field Station



The Amazonian Manatee is a Vulnerable Species



# Conservation of Biodiversity

## Project for Protecting Green Turtles, an Endangered Species

With the aim of conserving biodiversity, ITOCHU supports conservation activities for the green turtle, which is listed as an endangered species in the Ministry of the Environment Red Data Book, through the certified NPO Everlasting Nature (ELNA). ELNA was established in 1999 with the aim of conserving the marine life in Asia and the surrounding marine environment, and is an organization that has received certification as an NPO from Kanagawa Prefecture.

Thanks to ELNA's 24-hour conservation activities, the number of nesting sites of green turtles on the Ogasawara Islands is gradually increasing with repeated increases and decreases.

In addition, as the accommodation for volunteers staying in Chichijima for conservation activities was aging, we supported the construction of a new accommodation facility with improved living environment and convenience, and completed a unit house in May 2020.

• ELNA activity report (<https://www.elna.or.jp/rep-support-itochu2022/>)



Green Turtles, an Endangered Species  
(Photographed on the Ogasawara Islands)



Employees participate in conservation activities



Donated a unit house for volunteer stay

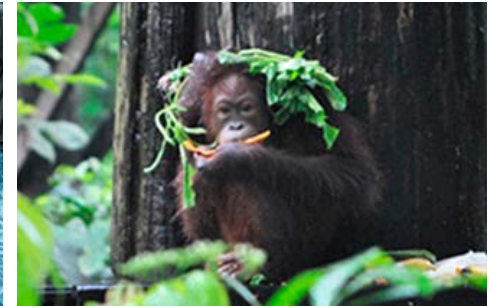
## Tropical Forest Regeneration and Ecosystem Conservation Activities on Borneo

Borneo is a tropical forest region spanning three countries — Malaysia, Indonesia and Brunei. Its area is approximately double that of Japan. This makes it the third largest island in the world. Borneo, which is called a treasure trove of biodiversity, is developing. This has led to damage to the tropical forest to the extent that conservation of the ecosystem is not possible with natural regeneration alone. The WWF, a worldwide nature protection organization, is collaborating with the Forest Department in the local Sabah State to conduct an activity to regenerate a forest of approximately 2,400 hectares. This is taking place in North Ulu Segama, Sabah State in Malaysia in the northeastern part of Borneo — a forest regeneration area that has continued to be protected by the ITOCHU Group since 2009. The ITOCHU Group has supported the regeneration of 967 hectares of this land. The afforestation work was completed in 2014 and all on-site work, including maintenance and management work, was finished in January 2016. This is the largest area in which afforestation activities are supported by a regular company. This land is also home to the endangered species of the orangutan. The regeneration of this forest will also lead to the protection of many creatures living here in addition to this orangutan.

• Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem (P164)



Afforestation with Tour Participants



Endangered Species of the Orangutan

# Conservation of Biodiversity

## Hunting World's Borneo Support Activity

Hunting World, a luxury brand deployed by ITOCHU, has been using a logo with the motif of a young elephant without its tusks since the foundation of the brand in 1965. While serving as a symbol of freedom and revival, it also represents the challenge of looking toward the future in terms of the protection of endangered species. It contains the founder's love and respect for nature. Hunting World has been supporting a biodiversity conservation activity being promoted by an NPO called the Borneo Conservation Trust (BCT) since 2008 to support the realization of coexistence with nature as called for by the founder. The brand plans and sells charity goods and then provides 1% of those proceeds to the BCT. This helps with the funds to purchase land for "Green Corridor Project\*1" and the costs to protect Borneo elephants that have gone astray in plantations. The brand independently acquired the land in the "Green Corridor Project" zone with its assistance funds up to that point in the fall of 2011 to create the Hunting World Kyosei no Mori No.1 (Symbiotic Forest No.1 of Hunting World).

Furthermore, the brand has continued support activities and has now acquired the Hunting World Kyosei no Mori No.4 (Symbiotic Forest No.4 of Hunting World). In 2019, the brand started supporting "Grateful Repayment Project\*2" promoted by BCT Japan, which supports BCT. These donations have also helped with the funds to establish the Borneo Elephant Sanctuary, a facility for protecting and temporarily rearing injured Borneo elephants and to pay for food to keep Borneo elephants protected alive.

\*1 Green Corridor Project: This is an activity to conserve biodiversity. The land between forest protection zones and forest reserves are purchased back. Divided forests are then connected to create a movement route for animals.

\*2 Grateful Repayment Project: This is an activity to protect and temporarily raise Borneo elephants that have lost their places of life.



Protecting Endangered Species of the Borneo Elephant



The facility of Borneo Elephant Sanctuary

## Collaboration with Outside Initiatives

### Initiative Participation (Activities Through Business and Industry Groups)

We participate in the Japan Business Federation (Keidanren). We support nature conservation projects in developing areas mainly in the Asia-Pacific region and in Japan through the Keidanren Committee on Nature Conservation that was established in 1992 when the United Nations Conference on Environment and Development (Earth Summit) was held in Rio de Janeiro in Brazil. The Keidanren Committee on Nature Conservation has been working to build an environment in which the business community strives to conserve nature. This has included exchanges with NGOs, the holding of seminars and symposia, and the announcement of the Declaration of Nature Conservation by Keidanren, the Declaration of Biodiversity by Keidanren and the action guidelines for them (revised in October 2018). In addition, we have declared our approval of the Keidanren's Biodiversity Initiative announced on June 11, 2020.

### Cooperation with External Organizations toward Sustainable Palm Oil

ITOCHU joined the Roundtable on Sustainable Palm Oil (RSPO) in 2006. We have set a target of handling only RSPO certified palm oil or palm oil equivalent to that by 2030. We are working on the procurement and supply of sustainable palm oil through cooperation and collaboration with other member companies. We are also participating in the Sustainable Palm Oil Transparency Toolkit (SPOTT). This is a project by the Zoological Society of London (ZSL) that assesses major palm oil related companies in terms of more than 50 indicators based on data released to the public. We disclose information to stakeholders relating to the palm oil industry through two-way communication.

\* Sustainable Procurement of Forest Resources - Palm Oil (P157)

# Conservation of Biodiversity

## Performance Data

### Performance Data in Business Activities

- Performance Data Regarding Forest Certification and Legal Compliance, Sustainable Procurement Performance Data of Raw Materials for Papermaking (P155)
- Performance Data on Natural Rubber (P156)
- Performance Data Regarding Sustainable Palm Oil Procurement (P157)
- Performance Data on Sustainable Coffee Bean Procurement (P159)
- Performance Data on Traceability of Meat (P160)
- Performance Data Related to Certification of Marine Products (P161)
- Performance Data on Organic Cotton Procurement (P162)

### Performance Data in Business Activities

#### Endangered Ayumodoki and Zenitanago Conservation Project (Research on establishment of rearing techniques for rare freshwater fish)

##### ■ Research Data for Breeding by Artificial Insemination of Ayumodoki and Zenitanago at the Lake Biwa Museum

Subject	Activity	Unit		2022	2023	Targets after 5 years
Ayumodoki	Breeding for individual maturity	Full length (mm) (Average)	Target	80	80	Targets by 2024: Emergence of fertile mature individuals (10 individuals) and establishment of breeding methods for maturity*4
			Achievement	—	89	
		Degree of obesity*1 (Average)	Target	—	1.8	
			Achievement	1.83	1.79	
	Mature population	Target	—	10		
		Achievement	0	58		
Breeding by artificial insemination	Cumulative number of breeding fry	Target	100	200	Cumulative number of breeding fry: 500	
		Achievement	0	0		
	Average length after 6 months (mm)	Target	30	30		
		Achievement	0	0		
Zenitanago	Breeding by artificial insemination	Number of parent fish	Target	50	100	Establishment of artificial insemination technology (Hatching rate, Floating rate about 80%)
			Achievement	62	Investigating	
		Hatching rate*2	Target	50	50	
			Achievement	27.5	Investigating	
		Floating rate*3	Target	50	50	
			Achievement	—	3.8	

\*1 Value obtained by dividing body weight by body length cubed and multiplying by 100. A measure of maturity.  
 \*2 The value obtained by dividing the artificially inseminated eggs from the hatched eggs (percentage of individuals hatched normally among the artificially inseminated eggs).  
 \*3 Value obtained by dividing the number of larvae that hatched from the larvae that surfaced (swimmed) in spring (a value that indicates how many larvae have learned to swim over the winter).  
 \*4 For the time being, the goal is to produce 10 breeding mature individuals and to establish breeding methods for maturity.

## Conservation Project for Endangered Green Turtles

### ■ Project Data Monitoring the Spawning and Post-hatching Mortality of Green Turtles in the Ogasawara Islands

	Unit		2018	2019	2020	2021	2022	2022 Compared to the Previous Year	2022 Compared to 2000	Notes
Survey Scale	Coast	Chichijima Islands	30	30	30	30	30	—		
		Hahajima Islands	10	10	10	10	10	—		
		Mukojima Islands	10	10	10	10	—	—		
	Total Number of Surveys Conducted	Times	280	168	172	202	182	90%		
Total Survey Personnel	Person	1,078	732	692	934	957	102%			
Results	Nest	Chichijima Islands	1,800	1,500	1,700	1,200	1,700	142%	378%	This is a significant increase from last year, but in terms of long-term secular change, 2,000 spawning nests around 2008 to 2016 has not been seen in recent years.
		Hahajima Islands	500	600	400	330	300	91%		
		Mukojima Islands	30	40	28	33	—	—		
	Number of Surveyed Post-hatching Nests (Conducted only on Chichijima)	Nest	1,200	1,000	1,200	930	1,120	120%		
	Baby Turtles Returning to the Sea (Conjecture)	Head	55,000	43,700	55,000	44,000	56,000	127%		
	Escape Rate (Number of Escaped Turtles / Number of Eggs)	%	25	32	36	29	34	117%		
Reviews	—		Increasing trend with repeated increases and decreases							
	—		Good with repeated increases and decreases							

\* Figures are approximate due to unpublished data.



# Conservation of Biodiversity

## Support for a Biodiversity Conservation Program in the Amazon

### ■ Amazonian Manatee Reintroduction Performance Indicators

Theme	Activities	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
<b>Return to semi-captive environment</b>	Release of manatees into a semi-captive lake (Manacapuru) or a preserve established in a river (Rio Cuieiras).	<ul style="list-style-type: none"> <li>Began meeting for setting up a lake in Manacapuru.</li> <li>Conducted health checks of 12 manatees.</li> <li>Released 9 manatees into the lake to keep them in a semi-wild state.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted health checks of 24 manatees.</li> <li>Released 12 manatees into the lake to keep them in a semi-wild state</li> </ul>	<ul style="list-style-type: none"> <li>Released 14 manatees into the lake to keep them in a semi-wild state.</li> </ul>	<ul style="list-style-type: none"> <li>No result</li> </ul>	<ul style="list-style-type: none"> <li>No result</li> </ul>	<ul style="list-style-type: none"> <li>No result</li> </ul>
<b>Return to the wild</b>	<ul style="list-style-type: none"> <li>Release of manatees into the Amazon River.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a health check on a manatee that was recaptured after being released into the Amazon River and confirmed that both the length of its body and its weight had increased and that the manatee had adapted to the natural environment after being released into the river.</li> <li>Released 5 manatees into the Amazon River.</li> </ul>	<ul style="list-style-type: none"> <li>Released 10 manatees into the Amazon River.</li> <li>Recaptured one manatee that had been released into the Amazon River and conducted health checks on it. Confirmed through the health checks that the recaptured manatee had grown in both body length and weight and that it had adapted to the natural environment smoothly after its release into the River.</li> </ul>	<ul style="list-style-type: none"> <li>Released 12 manatees into the Amazon River.</li> </ul>	<ul style="list-style-type: none"> <li>Releasing 18 manatees into the Amazon River, installing VHF transmitters and monitoring activities. All the tracked individuals were confirmed to have successfully adapted to the wild.</li> <li>The body weight and body length of the recaptured individuals were also increased.</li> </ul>	<ul style="list-style-type: none"> <li>Due to the COVID-19, new releases were not possible, and monitoring of manatee releases had to be suspended for months.</li> </ul>	<ul style="list-style-type: none"> <li>13 manatees were released into the Amazon River, and 5 of them were equipped with VHF transmitters for behavior monitoring. Interaction between released and wild individuals and pregnancy of released individuals kept for 16 years were confirmed. The success of the wild adaptation was shown.</li> </ul>
<b>Providing environmental training for local residents and raising their environmental awareness</b>	Raising awareness of biodiversity conservation among local residents through a project for returning manatees to the wild.	<ul style="list-style-type: none"> <li>Asked more than 200 local residents to join us when we released the manatees. Through the protection of manatees, we raised their awareness of the importance of preserving biodiversity.</li> <li>Encouraged local fishermen to understand the importance of protecting manatees and had two of them participate in this project.</li> </ul>	<ul style="list-style-type: none"> <li>Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 301 and 370 local residents participated, respectively.</li> <li>Two local fishermen took part in this project, continuing their practice from the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 350 and 500 local residents participated, respectively.</li> <li>Two local fishermen took part in this project, continuing their practice from the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>Created a mobile exhibition to convey the importance of manatee restoration to the wild.</li> <li>Employment promotion for hunters who used to be manatee poachers.</li> </ul>	<ul style="list-style-type: none"> <li>Employment promotion for hunters who used to be manatee poachers.</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of biodiversity conservation among local residents.</li> <li>Implement environmental education programs for local residents with thorough infection control measures. Distributing 500 T-shirts bearing the ITOCHU logo to participants and participants.</li> </ul>

# Clean-tech Business

## Basic Policy and Strategy

ITOCHE has established enhancing contribution and engagement with the SDGs including climate change as one of our basic policies in our Brand-new Deal 2023 medium-term management plan. We will aim for offset zero that also takes into account the amount of greenhouse gas emissions we contribute to reducing through clean-tech business by 2040. This target is 10 years ahead of the Japanese government's target. We will achieve this by being the first in the industry to realize a decarbonized society.

Climate change and other environmental risks are also clean-tech business opportunities at the same time. We will adopt cutting-edge technologies from a medium- to long-term perspective. We will also take the lead in promoting concrete measures which are expected to lead to sustainable growth in the future and which will contribute to a transformation in social structure toward a decarbonized and recycling-oriented society.

## Targets

Aim for offset zero\* of our greenhouse gas emissions by 2040. Achieve this by proactively promoting business that contributes to a reduction in the amount of greenhouse gas emissions (such as clean-tech business).

\* Offset zero: When the amount of greenhouse gas emissions we contribute to reducing exceeds our greenhouse gas emissions

### Individual Targets for Each Business Segment

Business Segment	Individual Targets
Renewable Energy	<ul style="list-style-type: none"> <li>• Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE2031.</li> <li>• Invested in renewable energy generation of approximately 1,600 MW such as in Cotton Plains, Prairie Switch, Texas in the U.S. (wind and solar power) and in Sarulla in Indonesia (geothermal power).</li> <li>• We are currently newly developing renewable energy business of approximately 2,000 MW to achieve a renewable energy ratio of over 20%.</li> </ul>
Fuel Ammonia	<ul style="list-style-type: none"> <li>• Establish a value chain of fuel ammonia through integrated development including development, ownership and operation of ammonia-fueled ships, development of fuel supply bases, and procurement of fuel ammonia.</li> <li>• After 2026, contribute to the decarbonization of international shipping by promoting the spread of ammonia-fueled ships and their social implementation.</li> </ul>
Energy Storage Systems (ESS)	<ul style="list-style-type: none"> <li>• Aim for a cumulative energy storage of over 5 GWh by FYE2031.</li> </ul>
Water Infrastructure	<ul style="list-style-type: none"> <li>• Expand our achievements in Europe and Australia to other regions. Continue to build up excellent assets.</li> </ul>
Waste Management Project	<ul style="list-style-type: none"> <li>• Expand our achievements in Europe to the Middle East and other regions in Asia. Continue to build up excellent assets.</li> </ul>

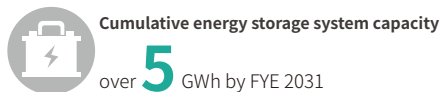
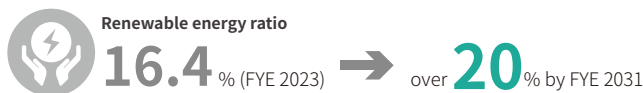
## Initiatives

### Top Management Involvement: Decarbonization and Carbon Neutral Task Force

We have stated a strong commitment to being the first in the industry to realize a decarbonized society by enhancing contribution and engagement with the SDGs in our Brand-new Deal 2023 medium-term management plan. Based on this commitment, we began the full-scale operation of a decarbonization and carbon neutral task force across companies under the control of President & Chief Operating Officer in April 2021. This task force reports on the details of progress made on initiatives in each company every other week. Its field is not limited to hydrogen and ammonia projects; it also discusses other decarbonization projects (such as emissions trading and Carbon dioxide Capture, Utilization and Storage (CCUS)) which will contribute to a reduction in greenhouse gas emissions and whose market is expected to grow.

### Introduction to Individual Businesses

1. Renewable Energy (P82-P84)
2. Fuel Ammonia (P85)
3. Hydrogen Related Business (P86-87)
4. Energy Storage Systems (ESS) (P87-P88)
5. Water Infrastructure (P89)
6. Waste Management Project (P89)
7. CCUS · Carbon Fixation (P90)
8. Green Buildings (P90)
9. Collaboration with Outside Initiatives (P90-91)

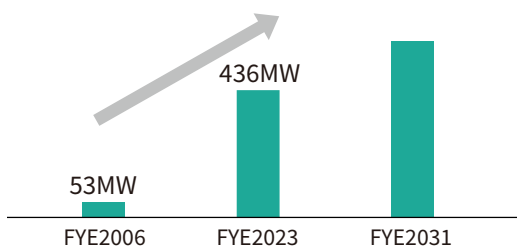


# Clean-tech Business

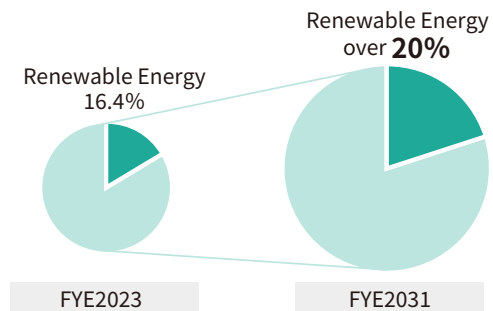
## 1. Renewable Energy

ITOCHU globally enhances carbon neutral related businesses such as renewable power, hydrogen and ammonia. We aim to make profit growth not only by focusing on investments, but also by providing multi-angled functions such as engineering, operation and maintenance, etc.

### ■ Renewable Energy Generation (Equity Interest Basis)



### ■ Target for Renewable Energy Ratio of Total Generation



### ■ Breakdown of ITOCHU's Total Generation and Breakdown Target for FYE2031

	FYE2020	FYE2021	FYE2022	FYE2023	FYE2023	FYE2031 (Target)
	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Ratio (%)	Ratio (%)
Wind	185	179	122	164	16.40%	>20%
Solar/PV Power	83	80	112	132		
Geothermal	83	83	83	83		
Biomass	20	33	57	57		
<b>Renewable Energy (Total)</b>	<b>369</b>	<b>375</b>	<b>373</b>	<b>436</b>		
Natural Gas	1,621	1,258	1,258	1,258	83.60%	<80%
Oil-fired Power	315	315	315	315		
Coal-fired Power	640	640	640	640		
<b>Thermal Power (Total)</b>	<b>2,576</b>	<b>2,213</b>	<b>2,213</b>	<b>2,213</b>		
<b>Grand Total</b>	<b>2,945</b>	<b>2,588</b>	<b>2,586</b>	<b>2,648</b>	100%	100%

A list of our renewable energy-related businesses is in P92. We have announced a policy not to develop any new coal-fired power generation business\*.

\* Policy statement regarding our involvement in coal-fired power generation business (<https://www.itochu.co.jp/en/csr/news/2019/190214.html>)

# Clean-tech Business

## Renewable Energy Highlights

### Wind Power

ITOCHU has continued invested in wind power generation (onshore and offshore) from the late 1990s. Currently, ITOCHU has interests in five power plants in Japan the United States, and Germany.

#### Butendiek Offshore Wind Farm in the North Sea of Germany

In response to the renewable market growth in Europe, we jointly own an offshore wind generation project (288MW) located on the German North Sea coast with the CITIC Group with whom we establish a strategic alliance. The wind farm supplies power to approximately 370,000 standard German households, contributing to the transition to a decarbonized society.



The Butendiek Offshore Wind Farm

#### Aomori Mutsu Ogawara Onshore Wind Farm

ITOCHU is planning to build an onshore wind farm (maximum output capacity: 64.5 MW) in a suitable site with favorable wind conditions in Rokkasho-mura, Kamikita-gun in Aomori Prefecture as a joint project with Hitachi Zosen Corporation. We are aiming to start operating it during FYE 2026. We expect this wind farm to generate approximately 166 million kWh of power a year. That is equivalent to the annual power consumption of approximately 46,000 ordinary Japan households.

### Utility Scale Solar Projects

Following on the start of the commercial operation of a mega-solar power plant in Ehime in 2015, ITOCHU started operating mega-solar power plants in Oita in 2016, Okayama in 2017 and Saga in 2018. This means we now operate four mega-solar power plants in Japan (total power generation output: approximately 130 MW). The knowledge and experience we have gained through operating these power plants is contributing to the expansion of our renewable energy business. We will continue to operate these power plants stably.



Oita-Hiyoshibaru Solar Power Plant

### Distributed Solar Power Supply Business

We operate one of the largest on-site distributed power plants in Japan mainly involving the roofs of supermarkets and logistics facilities through our capital and business alliance partner of i GRID SOLUTIONS, Inc. (i GRID). i GRID is involved in the on-site solar power generation business. The company installs self-consumption solar power generation systems at zero initial investment by customers. It then directly supplies power at low cost to facilities over a long period of time. Furthermore, in addition to solar power generation, it integrates and controls distributed power supplies such as storage batteries and electric vehicles with a supply and demand adjustment platform using AI. This allows it to offer solutions for the realization of green transformation in regions centered on customer facilities.



i GRID SOLUTIONS On-site Distributed Power Supply

Furthermore, we have entered into a capital and business alliance with Clean Energy Connect Co., Ltd. (CEC) for initiatives to contribute to clean energy by effectively utilizing land in Japan. We have been jointly promoting this business since 2021. CEC is involved in the off-site solar power business. The company develops and owns multiple small and medium-sized solar power plants by utilizing idle land in Japan. It then bundles together green power to supply electricity and environmental value over the long-term to customers such as office buildings in the center of cities. Through CEC, ITOCHU will introduce photovoltaic power plants with additional approx. 5,000 locations in Japan with a cumulative total output of 500 MW by FYE2026, aiming to be one of the largest corporate PPA operators in Japan.



Clean Energy Connect Off-site Distributed Power Supply



# Clean-tech Business

## Solar Panel Recycling Business

ITOCHU undertook a capital increase through a third-party allotment from ROSI SAS. – a company engaged in the reuse and develops and owns advanced solar panel recycling technologies, and ITOCHU has entered into these alliances with the aim of promoting and expanding the solar panel recycling business.

In recent years, there is widespread global concern that mass disposal of solar panels that have reached the end of the product lives will occur in the near future. Establishing an appropriate recycling chain for these waste solar panels represents a major challenge for the future, in order to introduce sustainable renewable energy solutions for creating a decarbonized society.

We will contribute to the establishment of a recycling chain for solar panels by combining photovoltaic power generation-related business know-how and networks developed by us so far with ROSI's advanced and highly economical recycling technologies.

## Geothermal Power

ITOCHU participates in Sarulla Geothermal Power Project in Indonesia, which is one of the largest size in geothermal sector. The project entered into construction phase after signing a 30-year power purchase agreement with Indonesia's state-owned electricity company in 2013. The first and second units were completed and commenced commercial operation in 2017, followed by the third unit in 2018. Indonesia is actively promoting renewable energy, and geothermal is positioned as an important part of it. Among renewable energy, geothermal energy is able to provide stable power supply to the electricity grid through a whole day, not dependent on the natural conditions such as wind or sunlight. ITOCHU is proceeding with decarbonization through stable power supply in line with energy mixes and policies of each countries or areas.

## Biomass Power

The Ichihara Biomass Power Plant (power generation output: 49.9 MW) in which ITOCHU is participating started commercial operation in December 2020. We expect this power plant to generate approximately 350 million kWh of power a year. That is equivalent to the annual power consumption of approximately 120,000 ordinary Japan households. In addition, we decided to build biomass power plants (power generation output of each: 50 MW) in Hyuga in Miyazaki Prefecture in April 2021 and in Tahara in Aichi Prefecture in November 2021.



Ichihara Biomass Power Plant

## Biomass Fuel Related Business

ITOCHU is supplying biomass fuel to power generation operators in Japan in addition to our own company by leveraging our biomass fuel suppliers portfolio. We are working to improve the ratio of renewable energy in power generation projects in Japan through the supply of biomass fuel.



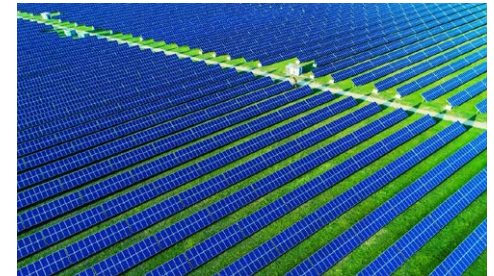
Biomass Fuel (Wood Pellets)

## Operation and Maintenance for Renewable Power in North America

ITOCHU provides operation and maintenance service as well as asset management for solar and wind generation in the US principally through our subsidiary NAES Corporation. It serves approximately as many as 1,500 sites throughout the US utilizing its remote monitoring system.

## Renewable Power Developments in North America

Tyr Energy Development Renewables, LLC, dedicated in greenfield renewable energy development in the United States, was established in 2022 and is currently developing renewable energy projects of approximately 2,000 MW. TED has full suite function of greenfield development including land acquisition, permitting, interconnection process, PPA origination, engineering and finance. The U.S. renewable energy market is expected to grow significantly over the next 20 years. To capture the growth, we continue to enhance the development activities.



Utility Scale Solar Projects developed in U.S.A.



# Clean-tech Business

## 2. Fuel Ammonia

With international momentum towards the transition to a decarbonized society, the International Maritime Organization (IMO) has set a greenhouse gas (GHG) emissions reduction strategy of 40% efficiency improvement from 2008 levels by 2030, 50% total volume reduction from 2008 levels by 2050, and to phase-out of GHG emissions (zero emissions) as early as possible during this century (currently under revision as of April 2023). In order to achieve these goals, early development and social implementation of zero-emission ships are expected, and ammonia is attracting attention in various fields as a candidate alternative fuel. In addition, a stable supply of ammonia fuel for marine use and the development of supply bases are indispensable elements for the concrete development of ships that use ammonia as their main fuel.

### Development of Ammonia Fuel Ship

ITOCHU Corporation has agreed with Nihon Shipyard Co., Ltd., MAN Energy Solutions, Mitsui E&S Machinery Co., Ltd. (Currently, Mitsui E&S Co., Ltd.), ClassNK, ITOCHU ENEX Co. Ltd. on jointly developing oceangoing commercial ships equipped with a main engine using ammonia as its main fuel.

In October 2021, we applied for “the Green Innovation Fund Project / Development Project for Next-Generation Ships / Development of an Ammonia Fueled Ship Project” publicly offered by the New Energy and Industrial Technology Development Organization (NEDO), together with four other companies, including Kawasaki Kisen Kaisha, Ltd., NS United Kaiun Kaisha, Ltd., Nihon Shipyard Co., Ltd. and Mitsui E&S Machinery Co., Ltd. (Currently, Mitsui E&S Co., Ltd.), and successfully selected. In November 2022, We and the said four companies obtained Approval in Principle for the basic design of an ammonia-fueled ship (200,000 deadweight ton type bulk carrier). This project aims to take the lead in the development of propulsion systems and hulls, as well as the ownership and operation of ammonia-fueled ships, as early as possible before 2028.

### Development of Supply Chain of Ammonia Bunkering

ITOCHU Corporation and ITOCHU Enex have agreed the joint development of an ammonia fuel supply (bunkering) base in Singapore, the world’s largest supplier of marine fuel, among six companies including TotalEnergies Marine Fuels Pte. Ltd, Pavilion Energy Singapore Pte. Ltd, Vopak Terminals Singapore Pte. Ltd. and Mitsui O.S.K. Lines Ltd. In April 2022, ITOCHU together with the companies signed a memorandum of understanding with the Maritime and Port Authority of Singapore to promote the development of an ammonia fuel supply (bunkering) base in Singapore, and has been accelerating the development of a safe fuel supply system and the development of ammonia bunkering vessels.

Since June 2021, ITOCHU has continued to examine and verify common issues related to the use of ammonia as marine fuel through the “Joint Study” a framework established with 34 companies and organizations to promote the use of ammonia as marine fuel. In April 2022, we launched the “Joint Study Framework for Ammonia Bunkering Safety” with 16 companies and organizations as a framework to share issues and knowledge on safety and guidelines for ammonia bunkering among related parties, and are expanding the activities.

Each of the above joint developments and frameworks is positioned as part of an “Integrated Project” of ITOCHU and partner companies that includes not only the development of ammonia fuel ships and the establishment of an ammonia fuel supply base in Singapore, but also the ownership and operation of these ships, the procurement of ammonia fuel for marine use, and the establishment of a global supply chain. We will work with domestic and overseas companies and relevant ministries and agencies to contribute to the reduction of GHG emissions from international shipping.

### Project to Manufacture and Sell Clean Ammonia in Canada, Aiming to Realize a Decarbonized Society

ITOCHU Corporation, Petroliaam Nasional Berhad group, a Malaysian national oil company, and Inter Pipeline Ltd., a major infrastructure regional enterprise, have been conducting detailed studies of a project to manufacture and sell clean ammonia in Alberta, Canada.

ITOCHU Corporation will pursue the creation of a decarbonized society by establishing manufacturing sites and a supply chain for clean ammonia, which is expected to reduce greenhouse gas emissions from conventional fossil fuel derived ammonia.



# Clean-tech Business

## 3. Hydrogen Related Business

In December 2020, Japan announced the “Green Growth Strategy Towards 2050 Carbon Neutrality,” and as part of that strategy, hydrogen is expected to contribute to the decarbonization of various fields as a key technology for carbon neutrality with promising applications across a wide range of fields, such as power generation, industrial usage, transportation, etc.

In light of this major trend, ITOCHU’s wide-ranging networks focused on consumer-related sectors will be used to demonstrate the comprehensive capabilities of the ITOCHU Group and promote the development of the hydrogen market.

### Strategic Collaboration to Build a Hydrogen Value Chain

ITOCHU, Air Liquide Japan G.K. and ITOCHU ENEX Co., Ltd. will jointly examine hydrogen production/supply and hydrogen station business focused on major metropolitan areas in Japan. The aim of this is to cultivate the hydrogen market for mobility and industry.

Starting with the Hydrogen Refueling Station (hereinafter “HRS”) in Motomiya-city, Fukushima Prefecture, which is scheduled to start operation in the first half of 2024 as Japan’s first HRS, we will continue to find out more HRS opportunities with similar concept that are expected to be rolled out along with highway and to attract usage of larger scale fuel cell commercial vehicles.

We will demonstrate our comprehensive strengths as a group by making full use of our extensive network focused on the consumer goods industry field to contribute to the growth of the hydrogen market.



Hydrogen Station (Kawasaki Hydrogen Station of Air Liquide Japan G.K.)

### Business Model Development of a Local Hydrogen Production for Local Consumption

ITOCHU Corporation has been progressing the joint operationalization research on a hydrogen business based on “the local production for local consumption model” in northern Kyushu with our important customers of Nippon Coke & Engineering Company, Limited (hereinafter “Nippon Coke”) and Compagnie Maritime Belge B.V. (hereinafter, “CMB”). ITOCHU has been supplying raw materials to Nippon Coke, and also has a lot of newly built ship business with CMB which is the largest maritime group in Belgium, both for many years.

Featuring both the hydrogen byproduct of Nippon Coke and the hydrogen engine of CMB, this project aims to create and expand both supply of and demand for hydrogen, with the goal of realizing actually operating hydrogen supply chains based on “the local production for local consumption model”.

Furthermore, by actively deploying this business model in other regions as well, ITOCHU will realize the social implementation of hydrogen on a global scale at the possible earliest time, for enhancing our contribution to and engagement with the SDGs.



# Clean-tech Business

## Hydrogen Business Partnership with Nel

ITOCHU Corporation has concluded a Memorandum of Understanding with Nel ASA (headquartered in Oslo, Norway), to create a strategic partnership in the hydrogen industry and the both companies are jointly developing hydrogen business. Nel is the world's largest manufacturer of electrolysers, which are essential for green hydrogen production, in terms of production capacity, size of systems, number of systems delivered and revenues.

Under the MOU, Nel and ITOCHU will jointly explore hydrogen business opportunities, develop tangible projects and, as a future goal, aim to expand the hydrogen business worldwide by establishing a production, transportation and distribution hydrogen value chain together with potential partners in each area of the value chain. Nel and ITOCHU will promote this initiative for the commercial success utilizing Nel's nearly 100 years of experience in the hydrogen industry and ITOCHU's international network, based on their shared belief that hydrogen is crucial for decarbonizing industry. In addition, the parties agreed to evaluate and explore each project and business opportunity together with Osaka Gas Co., Ltd., a leading Japanese utility with experience in gas handling and hydrogen technology.

ITOCHU contributes to a decarbonized society through this collaboration creating synergies with ITOCHU's existing decarbonization business, such as hydrogen and ammonia.



## 4. Energy Storage Systems (ESS)

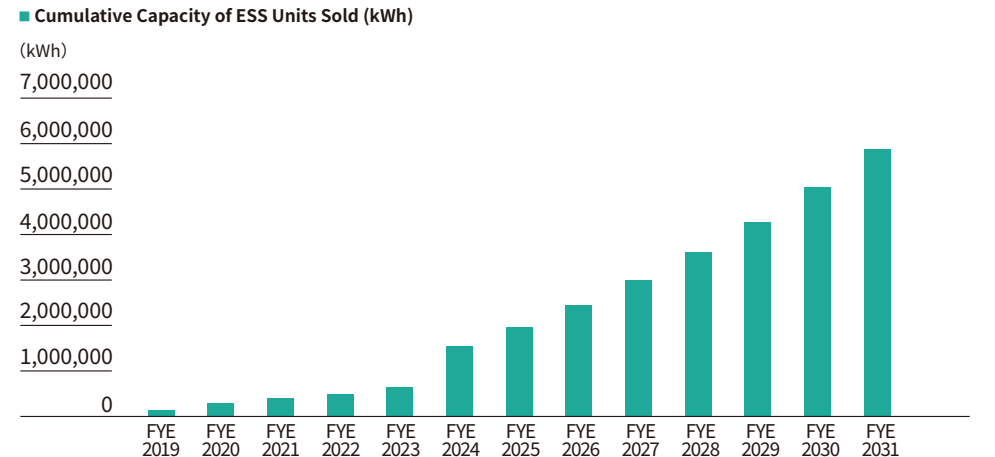
ITOCHU aims to promote decarbonization and reduce environmental footprint by selling energy storage systems (ESS) that enhance and optimize the sustainable supply of renewable energy. As a demonstration of our commitment, we have set a clear sales target for ESS of 50 billion JPY and a cumulative energy storage exceeding 5GWh by FYE 2031.

Moving forward, ITOCHU will strengthen our global battery procurement and dealer network to further deploy household storage batteries. At the same time, we will look to develop AI-equipped energy storage systems and to then launch them onto the market (especially, we assume, the U.S. and Australian markets which are expected to grow in the future) with capital and business alliance partners overseas. We will then aim for the development and social implementation of large energy storage systems that use reused batteries for commercial and industrial and grid related applications. Moreover, we will accelerate efforts to recycle waste batteries generated by electric vehicles (EVs) or energy storage systems and efforts relating to the traceability of those. This will allow us to develop our recycling-orientated business and to contribute to a further improvement in corporate value.

### Sales and Cumulative Energy Capacity of Our ESS products

In cooperation with NF Blossom Technologies, Inc.\*, ITOCHU developed Smart Star ESS series, which have been sold for approximately 54,000 units as of March 2023. Additionally, we have started the installation of ESS system "Bluestorage" for C&I and grid related applications in various sites.

\* NF Blossom Technologies, Inc. is a joint venture by NF Holdings Corporation and ITOCHU launched in February 2020.



# Clean-tech Business

## Other Initiatives

### The Sale of Next-generation Residential ESS Products Using AI Technology

ITOCHU Corporation has entered into a capital and business alliance with Moixa Energy Holdings Ltd. in the United Kingdom, which develops “GridShare,” software for optimal charge/discharge control of power storage systems.

By incorporating GridShare into the Smart Star series, in addition to the original features that demonstrate its strengths during power outages, AI analyzes and learns weather forecasts, user power demand and power generation forecasts, etc., and performs optimal charge and discharge control of the storage system. This enables efficient operation of solar power generation and power storage systems.

In addition, “Smart Star 3”, which went on sale in May 2021, is equipped with the world’s first environmental value point conversion and EV charging function through a home power storage system.



External view of the Smart Star L



External View of the Smart Star 3

### Demand Response Using GridShare

Through Gridshare Japan Co., Ltd., a wholly owned subsidiary of ITOCHU Corporation, users who provide optimal remote control services are bundled together and demand response is implemented to implement control according to the power supply and demand situation. In FYE 2023, a maximum of approximately 17,000 units and approximately 51 MW/167 MWh of participants were solicited. Even if each power storage system is small, it is integrated and controlled as if it were a single large power storage system and functioned as a virtual power plant (VPP). This initiative is expected to spread renewable energy, respond to the tight supply and demand of electricity, and contribute to the earnings of retail electricity companies, and we will continue to promote it in the future.

### Equity Participation in TRENDE Inc. and Future Collaboration

With the mission of “lighting up the future,” TRENDE Co., Ltd. develops residential solar power retail services (Hotto Denki, Hidamari Denki, Jibun Denryoku) with zero initial cost, and promotes the efficiency of renewable energy. We are working on technological development and social implementation of P2P power trading\*1 that contributes to its practical use and spread.

ITOCHU Corporation and TRENDE aim to expand environmental value transactions utilizing the non-fossil value\*2 of renewable energy and realize P2P electricity transactions between customers.

\*1 P2P power trading: Abbreviation for Peer to Peer. Refers to direct transactions of electricity between electricity consumers and power generation facility owners.

\*2 Non-fossil value: Environmental value given to power sources that do not use fossil fuels for power generation. A trading market was established in May 2018 to promote the introduction of renewable energy.

### Capital and Business Tie-up with Shenzhen Pandpower in China for Automotive Battery Reuse and Recycling Business

ITOCHU undertook a capital increase through a third-party allotment from Shenzhen Pandpower Co., Ltd. – a company engaged in the automotive battery reuse and recycling business in China. We have started the reuse business to convert automotive batteries to stationary storage battery systems as part of our lithium-ion rechargeable battery business efforts.

There is a major trend for the electrification of automobiles worldwide. Against this background, it is expected that batteries equipped to the electric vehicles sold will appear on the market in large quantities in the future. Accordingly, the effective utilization of used batteries has become a major issue.

Utilizing the knowledge of the stationary energy storage system business that we have cultivated so far, we have developed a stationary energy storage system “Bluestorage” for business, industry, and grid use that utilizes reused batteries. We will provide competitive energy services to new market areas, such as adjustment valves for power fluctuations and micro-grids in areas with depopulated power.

### Establishment of IBeeT Corporation – a Joint Venture to Offer a Subscription Service for Distributed Power Sources

We have established a joint venture called IBeeT Co., Ltd. together with Tokyo Century Corporation to provide distributed power sources and related equipment subscription services that contribute to the realization of a decarbonized society.

IBeeT offers the Smart Star series in a subscription format to meet the increasing demand for home energy storage systems and promote market introduction.

The company also considering providing subscription services such as commercial and industrial power storage systems, solar panels, EV bodies and related equipment, etc. in the future. IBeeT will aim to build an efficient distributed power source platform at an early stage. For example, it will mutually accommodate surplus power produced from the distributed power sources it owns through this service by using “GridShare”.



# Clean-tech Business

## 5. Water Infrastructure

ITOCHU identifies water-related businesses as a strategic priority. This is due to our understanding that such demands will increase given global climate change trends projecting drastic changes in rainfall as well as changes in demography especially in emerging economies. We globally engage in water-related businesses such as seawater desalination and water utility, aiming to contribute solutions to the increasing water problems around the world.

### Seawater Desalination

We have invested in a seawater desalination project in Victoria, Australia. This is the project that has been providing the reliable water supply for Melbourne since 2012, and this plant is capable to meet approximately 30% of the water need of Melbourne, Victoria. We have invested as the largest shareholder in a seawater desalination project with the Oman Power and Water Procurement Company (OPWP), a government entity of the Sultanate of Oman. OPWP is promoting this project at Barka, in the northern area of the country.

### Other Initiatives

#### ■ The Development and Sales of Seawater Desalination Plants and Reverse Osmosis Membranes Stable Supply of Life-sustaining Water

● Seawater Desalination Business Largest in Oman (P71)

## 6. Waste Management Project

All over the world, 2.0 billion tons of municipal solid waste (equivalent to 5,400 times of Tokyo Dome) are discharged annually. At least one-third of this waste is not treated with a proper way. As a result, decomposing gases emitted from waste cause fires, and the toxic substances that flow from waste mix with lakes, rivers, and groundwater, having a negative impact on the health of people and ecosystems in the surrounding areas. Due to rapid urbanization and population growth, especially in emerging countries, the world's waste volume is expected to reach 3.4 billion tons per year over the next 30 years.

ITOCHU is involved as a developer, investor, and operator in 4 energy-from-waste projects for municipal governments in the United Kingdom, which treat 1.3 million tons of waste annually, accounting for 15% of the UK's waste incineration market, and generate enough electricity to power 160,000 British households. In the Republic of Serbia, we are working with the government of Serbia and City of Belgrade to develop an energy-from-waste project. The project will address one of the biggest environmental and social problems in Serbia - closing and remediating the existing landfill at the Vinca dumpsite, and treat municipal solid waste in City of Belgrade, and generate electricity. Financed by International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and Oesterreichische Entwicklungsbank (Austria's Development Bank "OeEB"), the construction of an energy-from-waste facility is under construction. This project will treat 340,000 tons of waste annually and generate enough electricity to power 30,000 households. In addition to these projects, ITOCHU have started an energy-from-waste project in the Emirate of Dubai, the United Arab Emirates in 2020. This project will be one of the largest energy-from-waste projects in the world, which will treat 1.9 million tons of waste annually, accounting for about 45% of the municipal solid waste in UAE, and generate electricity. This project will contribute to reaching the goals set by Dubai Municipality in minimizing the volume of municipal waste in landfills and developing alternative energy sources as well as contribute to sustainable and ecologically friendly waste management.



Serbia/Belgrade Waste Management Public-Private Partnership project (under construction with Interim Service)



# Clean-tech Business

## 7. CCUS • Carbon Fixation

ITOCHU invested in the Australia-based company, Mineral Carbonation International (MCI), and has been collaborating with MCI in promoting its technology which produces calcium carbonate by combining by-products of the steelmaking process (slag), coal ash and/or waste concrete with CO<sub>2</sub>, to permanently lock away CO<sub>2</sub> in a solid form and utilize as building materials. MCI was, in June 2021, awarded 14.6 million Australian dollars grants from the Australian government's Carbon Capture Use and Storage (CCUS) Fund, and then in November 2021 MCI won the first prize in the COP26 Clean Energy Start-up Pitch Battle in Glasgow, among 2,700 competing companies around the world. MCI is a company that aims to remove a billion tons of CO<sub>2</sub> annually in the future, as its company mission. In July 2022, ITOCHU, TAISEI CORPORATION, and MCI concluded a memorandum of understanding and have started to verify the use of this calcium carbonate as raw materials for concrete.

Furthermore, ITOCHU acts as a member of a consortium which was awarded a project, worth total 16 billion yen, launched by New Energy and Industrial Technology Development Organization (NEDO), for the research and development, demonstration and surveys to establish the mass transportation technology for liquefied CO<sub>2</sub>, by connecting emission sources to utilization/storage points. In addition, ITOCHU has been engaged with the research and demonstration for the mass cultivation of the euglena microalgae, making use of CO<sub>2</sub> from neighboring coal-fired power plant, which again is a project run by NEDO, with a partner, euglena Co., Ltd.



## 8. Green Buildings

ITOCHU's construction and real estate group are committed to providing real estate and distribution services, especially in housing and commercial facilities as well as distribution facilities and housing complexes, which are sustainable and relevant to everyday life. We aim to do so by being involved throughout the value chain, from the development to the operation and management of real estate products, to streamline and optimize the solutions where we can, utilizing smart city concepts and emerging technologies such as IoT.

ITOCHU engages in real estate primarily through its subsidiaries. Advance Residence Investment Corporation, a listed residential real estate investment trust (REIT) that is a subsidiary to ITOCHU, identifies sustainability as a top priority and is well regarded for its performance. For example, it participates in GRESB, a sustainability rating framework for real estate investors, and has 10 real estate assets with DBJ Green Building certifications and 13 real estate assets with CASBEE real estate valuation certifications which accounts to 28.6% in surface area, and 8.3% in number of units among its entire portfolio. At

Advance Logistics Investment Corporation, a listed REIT focused on logistics assets, we own 9 assets with DBJ Green Building certifications, which accounts to 84.9% in surface area, and 69.2% in number of units among its entire portfolio. At Advance Private Investment Corporation, an unlisted open-ended REIT, we own 1 real estate asset with CASBEE real estate valuation certification, which accounts to 33.5% in surface area, and 25% in number of units among its entire portfolio.

## 9. Collaboration with Outside Initiatives

We are promoting and expanding initiatives for clean-tech business by participating in initiatives. We decide to participate in each initiative upon confirming it conforms to our basic policy and initiatives for the clean-tech business.

### Carbon Recycling Fund Institute

The Carbon Recycling Fund Institute was established in August 2019. The fund believes it is necessary to make further initiatives to achieve the target of carbon neutrality by 2050 by using CO<sub>2</sub> as a carbon source. It is a general incorporated association aiming to solve the problem of global warming and to improve energy access around the world at the same time. It will do this by supporting the creation of carbon recycling innovation through research assistance and publicity activities relating to carbon recycling. ITOCHU is also participating as a member.

### Tokyo Zero-emission Innovation Bay

Tokyo Zero-emission Innovation Bay was established in June 2020 as a council by research laboratories, factories, business offices, research institutes, and universities located around the Tokyo Bay area, based on the concept proposed by the Japanese Government to develop the Tokyo Bay Area into the world's first Zero Emission Version of Silicon Valley where members can best collaborate, plan and carry out research & development/demonstrations/businesses, and disseminate information around the world. ITOCHU Corporation is listed as its member.

### Japan CCS Co., Ltd.

In response to the national policy to develop and promote CCS technology, Japan CCS Co., Ltd. (hereinafter JCCS) was established in May 2008 by a group of major companies with expertise in CCS-related fields, including electric power, petroleum, oil development, and plant engineering. JCCS is a company founded and dedicated explicitly for developing the integrated CCS technology, and conducting feasibility studies and demonstration projects in Tomakomai area, Hokkaido, pertaining to carbon dioxide capture, utilization, transportation and storage technologies. As one of the shareholders, ITOCHU Corporation has been supporting this project. Also, separate from this project in Hokkaido, ITOCHU is jointly conducting research and demonstration project of NEDO to establish liquefied CO<sub>2</sub> ship transportation technology with JCCS as the consortium partners.

# Clean-tech Business

## The Association for Reciprocal Revitalizations of Renewable Energy and Region (FOURE)

The Association for Reciprocal Revitalizations of Renewable Energy and Region (FOURE) was established in June 2021. It is an organization aiming to expand the introduction of renewable energy that benefits regions and to realize a decarbonized society. The organization is achieving this aim by spreading the introduction of renewable energy as the main power source in regions in Japan and by regions and renewable energy coexisting and mutually developing. ITOCHU has been participating as a member since March 2022.

## Japan Sustainable Fashion Alliance

The Japan Sustainable Fashion Alliance was established in August 2021 with ITOCHU serving as a representative alongside GOLDWIN INC. and JEPLAN, INC. The purpose of this alliance is to promote a transition to a sustainable fashion industry with targets of zero fashion loss through appropriate production, appropriate purchasing and recycling, and carbon neutrality in 2050. The alliance will realize its purpose by understanding the impact the fashion industry has on the natural environment and society to come up with solutions jointly for shared issues in the fashion and textile industries. From fiscal year 2022, the co-representative has been changed to ITOCHU, JEPLAN, INC. and ADASTRIA Co., Ltd. (The term of representative is until the end of July 2023)

# Clean-tech Business

## ■ List of Renewable Energy Related Efforts (Power Generation Capacity Basis)

Details of Effort	Name of Business Operator / Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	Aspenall Wind Power Generation Project	USA	43MW	Approx. 120,000 tons / year
	Cotton Plains Wind and Solar Power Generation Business	USA	217MW	Approx. 570,000 tons / year
	Prairie Switch Wind Power Generation Project	USA	160MW	Approx. 370,000 tons / year
	Mutsu Ogawara Wind Power Generation Project (Under Development)	Japan	64.5MW	Estimated 80,000 tons / year
Offshore Wind Power Generation Business	Butendiek Offshore Wind Power Generation Project	Germany	288MW	Approx. 750,000 tons / year
Waste Management Projects	ST&W Waste Management Project / South Tyne & Wear Energy Recovery Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Management Project / Cornwall Energy Recovery Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Management Project / Merseyside Energy Recovery Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Management Project / West London Energy Recovery Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
	Serbia Waste Management Project / Beo Cista Energija (Under Operation & Construction)	Serbia	Incineration treatment of 340,000 tons / year of general waste and utilization of landfill gas Scale of power and heat generation: Equivalent power consumption of 30,000 homes and heat consumption 60,000 homes in the winter (planned)	Estimated 210,000 tons / year
	Dubai Waste Management Project / Dubai Waste Management Company P.S.C. (Under Construction)	UAE	Incineration treatment of 1,900,000 tons / year Generating Capacity: 200MW (planned)	Estimated 2,170,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	330MW	About 1,350,000 tons/year
Photovoltaic Power Generation	Oita Hiyoshibaru photovoltaic power plant	Japan	45MW	Estimated 32,000 tons/year
	Shin-Okayama photovoltaic power plant	Japan	37MW	Estimated 26,000 tons/year
	Saijo Komatsu photovoltaic power plant	Japan	26MW	Estimated 17,000 tons/year
	Saga-Ouchi photovoltaic power plant	Japan	21MW	Estimated 11,000 tons/year
	VPPJapan	Japan	119MW	Estimated 52,000 tons/year
	Clean Energy Connect	Japan	44MW	Estimated 19,000 tons/year
Biomass Power Generation	Ichihara Biomass Power Plant	Japan	49.9MW	N/A*
	Hyuga Biomass Power Plant (Under Development)	Japan	50MW	N/A*
	Tahara Biomass Power Plant (Under Development)	Japan	50MW	N/A*

\* The lifecycle GHG calculation methodology has not been established

# ESG Data (Environment)

## Independent Assurance

The data below marked with ★ and ◆ is independently assured by KPMG AZSA Sustainability Co., Ltd. This assurance is conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410 of the International Auditing and Assurance Standards Board (IAASB).

★: Total electricity consumption and Scope1・Scope2 and its total attributable to Japanese Bases of ITOCHU Corporation, and the waste, waste non-recycled, waste recycled, recycling rate, water consumption, treated water production volume and wastewater volume for the Tokyo Headquarters, and the volume of water withdrawal & wastewater discharge and Scope3 (Upstream Transportation & Distribution) attributable to distribution of ITOCHU Corporation.

Independent Assurance Report (P207)

◆: Total electricity consumption and Scope1・Scope2 and its total attributable to ITOCHU Group, NOx, SOx, VOC emissions of Japanese Bases of ITOCHU Group and hazardous waste of Japanese Bases of ITOCHU Corporation and Japanese Bases of ITOCHU Group.

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## Scope of Aggregation

○: in scope of aggregation

			Japanese Bases of ITOCHU Corporation*1	Group Companies in Japan*2	Overseas Offices*3	Overseas Group Companies*4
Climate Change	Energy Consumption	Energy Consumption	○	—	—	—
		Energy Consumption Attributable to Business Facilities	○	—	—	—
		Electricity Consumption	○	○	○	○
		Heat & Steam Consumption	○	○	○	○
		Fuel Consumption	○	○	○	○
	Energy Intensity	○	—	—	—	
	GHG Emission	Scope1・Scope2	○	○	○	○
		GHG Emissions from Business Facilities	○	○	○	○
		Scope1 Total Emissions Breakdown by GHG Type	○	○	○	○
		Scope3	○	○	○	○
GHG Emissions (Scope1+2) Intensity		○	○	○	○	
Prevention of Pollution & Resource Circulation	Prevention of Pollution	NOx, SOx, VOC	○	○	○	○
	Resource Circulation	Waste & Waste Recycling Rate	○	○	○	○
		Hazardous Waste	○	○	○	○
Water Resources Conservation	Water Withdrawal and Wastewater Discharge	Paper Consumption	○	—	—	—
		Volume of Water Withdrawal & Wastewater Discharge, Water Withdrawal Amount by Withdrawal Source, Discharge Amount by Discharge Destination, Water Withdrawal in Water Stressed Regions, Water Consumption in Manufacturing Processes that are Highly Dependent on Water Resources (Intensity), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD)	○	○	○	○
Environmental Accounting	Environmental Conservation Costs, Environmental Conservation & Economic Effects		○	—	—	—

\*1 The Tokyo Headquarters, the Osaka Headquarters, 5 Branches (Hokkaido, Tohoku, Chubu, Chugoku & Shikoku, Kyushu).  
 The number of offices including domestic branches: FYE 2019: 8, FYE 2020: 7, FYE 2021: 6, FYE 2022: 8, FYE 2023: 6 (Data coverage in FYE 2023: 100%)  
 Up to FYE 2021, other branches had been included. Ippeki Villa Area is not included in the scope of the data FYE 2023 due to business transfer during the fiscal period.

\*2 The number of companies covered: FYE 2019: 220, FYE 2020: 238, FYE 2021: 232, FYE 2022: 233, FYE 2023: 225 (Data coverage in FYE 2023: 100%)\*5

\*3 The number of overseas offices covered: FYE 2019: 30, FYE 2020: 29, FYE 2021: 49, FYE 2022: 46, FYE 2023: 43 (Data coverage in FYE 2023: 100%)

\*4 The number of companies covered: FYE 2019: 282, FYE 2020: 286, FYE 2021: 274, FYE 2022: 254, FYE 2023: 257 (Data coverage in FYE 2023: 100%)\*5

\*5 The number of companies covered includes all the consolidated subsidiaries, including those held for investment management purposes. However, companies expected to be sold within the next five years held for investment management purposes are not included in the scope of the data. Moreover, non-manufacturing site offices with 10 or fewer employees are quantitatively insignificant. Accordingly, they are not included in the scope of the data.

# ESG Data (Environment)

## Climate Change Performance Data

### Energy Consumption

#### Energy Consumption

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Corporation	Purchased and Consumed Non-Renewable Fuel (Unit: MWh)	525	691	640	580	331
	Purchased Non-renewable Power (Unit: MWh)	29,306	28,747	27,320	27,107	26,332
	Other Purchased Non-renewable Energy (e.g., Steam, Heat and Cooling Water) (Unit: MWh)	7,605	7,385	7,401	6,869	7,046
	Generated Renewable Energy (Solar Power Generation*) (Unit: MWh)	51	54	60	63	61
	Total of Energy Consumption Cost (Unit: million JPY)	404	537	571	573	652

\* Solar Power Generation  
 ITOCHU has installed solar panels on the roof of our Tokyo Headquarters and the roof of the adjacent ITOCHU Garden (former CI PLAZA). These panels started generating power in March 2010. The power generation capacity of the solar panels installed is a total of 100 kW. This is equivalent to the power for 30 regular houses (calculated at approximately 3.0 kW per house). All the clean energy generated is used in our Tokyo Headquarters. This is equivalent to an amount of power used in lighting 3.5 floors in our Tokyo Headquarters (during maximum instantaneous power generation).

#### Energy Consumption Attributable to Business Facilities

(Unit: GJ)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Tokyo Headquarters*	127,824	126,135	121,290	118,419	118,627

\* The figures for the Tokyo Headquarters are calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation.

#### Electricity Consumption

(Unit: MWh)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Corporation*	11,014	10,759	10,231	10,214	★ 9,269
Group Companies in Japan	878,025	1,204,830	1,248,258	1,202,311	975,320
Overseas Offices	2,118	2,098	3,515	3,469	3,126
Overseas Group Companies	590,175	447,462	437,030	422,880	538,683
Grand Total of ITOCHU Group	1,481,382	1,665,148	1,699,034	1,638,874	◆ 1,526,398

\* This data has been calculated based on the Act on the Rational Use of Energy for the Japanese Bases of ITOCHU Corporation. The Tokyo Headquarters is sourcing its real CO<sub>2</sub>-free electricity together with a Non-Fossil Fuel Certificate since January 2020. The Non-Fossil Fuel Certificate includes the tracking information of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture) and is used at the Tokyo Head Office building in combination with purchased electricity.

### Heat and Steam Consumption

(Unit: GJ)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
ITOCHU Group	Industrial Steam	494,035	541,932	488,429	520,936	851*1
	Non-industrial Steam	13,998	14,452	15,462	14,532	14,593
	Hot Water	4,781	4,860	5,710	6,285	4,745
	Cold Water	82,139	75,227	67,618	62,874	22,353*2

\*1 In FYE2023, a group company became non-consolidated subsidiaries and is not included in the calculation, which causes significant decrease from the previous fiscal year.

\*2 Decreased in FYE2023 due to sales of some business sites of a group company.

### Fuel Consumption

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	
ITOCHU Group	Kerosene (Unit: kL)	4,468	2,609	3,387	3,086	2,151	
	Light Oil (Unit: kL)	39,362	41,790	48,460	46,262	48,762	
	Gasoline (Unit: kL)	12,598	12,759	12,688	11,547	11,619	
	Heavy Oil A (Unit: kL)	18,289	20,432	18,969	58,137	19,292	
	Heavy Oil B and C (Unit: kL)	16,551	25,942	25,546	13,595	20,784	
	Coal (Unit: t)	333,176	315,148	325,431	292,371	192,663	
	Petroleum gas	Liquefied Petroleum Gas (LPG) (Unit: t)	6,614	11,966	11,294	13,575	14,661
		Liquefied Petroleum Gas (LPG) (Unit: thousand m <sup>3</sup> )	496	472	469	1,200	578
		Liquefied Petroleum Gas (LPG) (Unit: kL)	—	186	1,209	660	564
		Petroleum Hydrocarbon Gas (Unit: thousand m <sup>3</sup> )	1,860	340	3	3	3
	Combustible Natural Gas	Liquefied Natural Gas (LNG) (Unit: t)	3,161	5,698	4,524	11,654	2,534
		Other Combustible Natural Gas (Unit: thousand m <sup>3</sup> )	14,565	14,115	12,761	7,101	27,749
	City Gas, etc.	City Gas (Unit: thousand m <sup>3</sup> )	33,552	26,692	46,793	37,107	33,931
Other Gas (Unit: thousand m <sup>3</sup> )		158	242	404	0	0	



# ESG Data (Environment)

## Energy Intensity

### Energy Consumption from ITOCHU's Domestic Sites (Intensity Unit)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Per Employee (Total of Japanese Bases of ITOCHU Corporation)(Unit: GJ/employee)	18.325	16.070	15.536	15.245	14.418
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/m <sup>2</sup> )	0.688	0.684	0.576	0.564	0.539

\* The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2019: 115,842 m<sup>2</sup>, FYE 2020: 101,545 m<sup>2</sup>, FYE 2021: 114,920 m<sup>2</sup>, FYE 2022: 113,434 m<sup>2</sup>, FYE 2023: 111,945 m<sup>2</sup>

## GHG Emissions

### Scope1 • Scope2

(Unit: thousand t-CO<sub>2</sub>e)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Corporation	Scope1	0	0	0	0	★ 0
	Scope2	7	7	6	6	★ 6
	Scope1+2	7	7	7	6	★ 6
ITOCHU Group	Scope1	1,213	1,203	1,522	1,485	◆ 1,166
	Scope2	771	836	800	716	◆ 600
	Scope1+2	1,985	2,038	2,322	2,201	◆ 1,766

### GHG Emissions from Business Facilities

(Unit: thousand t-CO<sub>2</sub>e)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Tokyo Headquarters		6	6	6	6	★ 6
	Non-Fossil Certificate	0	0	4	4	4
	Net Scope2	6	6	3	2	2
Japanese Bases of ITOCHU Corporation		7	7	7	6	★ 6
Group Companies in Japan		1,361	1,526	1,611	1,507	1,133
Overseas Offices		3	2	3	3	3
Overseas Group Companies		614	504	701	684	625
Grand Total of ITOCHU Group		1,985	2,038	2,322	2,201	◆ 1,766

## Scope1 Total Emissions Breakdown by GHG Type

(Unit: thousand t-CO<sub>2</sub>e)

		Global Warming Potential (GWP)(t-CO <sub>2</sub> e)	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Scope1 Total Emissions		—	1,213	1,203	1,522	1,485	1,166
Energy Consumption CO <sub>2</sub>		—	1,161	1,158	1,234	1,214	907
Total GHG Emissions other than CO <sub>2</sub> from Energy Consumption		—	52	44	288	270	259
Breakdown	Non-energy Consumption CO <sub>2</sub>	1	0	0	0	0	16
	Methane (CH <sub>4</sub> )	25	0	1	118	136	122
	Dinitrogen Monoxide (N <sub>2</sub> O)	298	18	18	119	108	103
	Hydrofluorocarbon (HFCs)	7,390~10,300	34	24	51	26	18
	Perfluorocarbon (PFCs)	—	0	0	0	0	0
	Sulfur Hexafluoride (SF <sub>6</sub> )	—	0	0	0	0	0
	Nitrogen Trifluoride (NF <sub>3</sub> )	—	0	0	0	0	0

\* The calculation of GHG uses the GHG Protocol developed by WRI (the World Resources Institute) and WBCSD (the World Business Council for Sustainable Development), and is aggregated according to the Management Control Standards(the control approach).

\* The data has been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation for the Tokyo Headquarters and based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures for the Osaka Headquarters, Branches in Japan, business facilities and group companies in Japan. Basic emission factors are used up to FYE 2021, and adjusted emission factors are used from FYE 2022 concerning consumed electricity. For FYE 2023, the adjusted emission factors for each electric power company published by the Ministry of the Environment in January 2023 are applied.

\* From FYE 2020, the data has been calculated based on the CO<sub>2</sub> conversion coefficient according to the data of 2018 by country of the International Energy Agency (IEA) for overseas offices and overseas group companies. The data before FYE 2019 has been calculated based on the average of the CO<sub>2</sub> conversion coefficient between 2010 and 2012. We used IEA 2020 data for calculation of the figures of FYE 2023.

\* From the FYE 2019 data, GHG emissions other than CO<sub>2</sub> from energy consumption, are also included. GHG emissions other than CO<sub>2</sub> from energy consumption from group companies that emit more than 3,000 t-CO<sub>2</sub>e per year are aggregated and disclosed.

\* We started including "CH<sub>4</sub> and N<sub>2</sub>O emissions associated with pig breeding and excrement management" and "HFC emissions due to leaks from refrigerating equipment, etc." with FYE 2019 data, and started further including "CH<sub>4</sub> emissions associated with wastewater treatment", "CH<sub>4</sub> emissions associated with composting and landfilling waste" and "N<sub>2</sub>O emissions associated with the use of fertilizer on farms" with FYE 2021 data.

\* GHG emissions derived from fluorocarbons are as follows  
 - Group Companies in Japan: Calculated according to the calculation method stipulated by Act on Rational Use and Appropriate Management of Fluorocarbons. However, HCFC is not included in the aggregation.  
 - Overseas Group Companies: Calculated based on the charging amount of fluorocarbons used as refrigerants.

\* The global warming potential (GWP: Global Warming Potential) for the calculation of GHG emissions other than CO<sub>2</sub> from energy consumption is based on GWP 100 of the IPCC 4th Assessment Report (AR4).

\* GHG emissions other than CO<sub>2</sub> have several tens to several tens of thousands of times of greenhouse effect compared to CO<sub>2</sub>, and t-CO<sub>2</sub>e is used as a unit for expressing that greenhouse effect equivalent to CO<sub>2</sub>.

# ESG Data (Environment)

## Scope3

(Unit: thousand t-CO<sub>2</sub>e)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Capital Goods*1	373	800	660	621	598
Fuel & Energy Related Activities*2	239	328	310	389	342
Upstream Transportation & Distribution*3	15	13	12	10	★ 12
Waste Generated in Operations*4	229	235	369	350	298
Business Travel*5	71	56	21	25	44
Employee Commuting*6	27	25	25	23	18
Franchises*7	1,222	1,152	1,089	1,048	1,025

Emission intensity is selected mainly from the Inventory Database for Calculation of an Organization's GHG Emissions through the Supply Chain issued by the Ministry of Environment of Japan including the latest version and the Inventory Database for Environmental Analysis (IDEA) Ver.2.2 developed by National Institute of Advanced Industrial Science and Technology (AIST) and Japan Environmental Management Association for Industry.

- \*1 Calculated by multiplying the amount of fixed assets acquired (consolidated basis) in the relevant fiscal year by the emission intensity per capital goods price.
- \*2 Calculated using various emission intensities for fuel, heat, and purchased electricity collected during Scope 1 and Scope 2 calculations. Emissions from the generation of wholesale and retail electricity are also included in this category.
- \*3 Emissions related to domestic contracted transportation of ITOCHU Corporation as the shipper are calculated based on the Greenhouse Gas Emissions Calculation and Reporting Manual issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
- \*4 Calculated based on various waste and wastewater emissions intensity for the entire ITOCHU Group.
- \*5 Calculated based on the consolidated accounting data of the ITOCHU Group. The emissions intensity is used for each type of business trip. In FYE 2023, the GHG reduction effect of 100t-CO<sub>2</sub>e was included applying "Certificate of CO<sub>2</sub> Reduction Effect by SAF" which we purchased through "SAF Flight Initiative" offered by All Nippon Airways Co., Ltd.
- \*6 The consolidated commuting expenses are estimated based on ITOCHU's commuting expenses and the number of employees, and then the figure is calculated using the emission intensity of railway commuting.
- \*7 The difference between Scope 1 and Scope 2 of franchisees of related consolidated subsidiaries of the ITOCHU Group and Scope 1 and Scope 2 of those subsidiaries is recorded.

## Carbon Intensity

### GHG (Scope1+2) Emissions from ITOCHU's Domestic Sites and ITOCHU Group (Intensity Unit)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Per Employee(Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO <sub>2</sub> e/employee)	1.622	1.596	1.552	1.540	1.439
Per One Square Meter of All Floor Space(Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO <sub>2</sub> e/m <sup>2</sup> )	0.061	0.068	0.058	0.057	0.054
Per MWh of Electricity Consumption(Grand Total of ITOCHU Group) (Unit: t-CO <sub>2</sub> e/MWh)	0.524	0.502	0.471	0.437	0.393

\* The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2019: 115,842 m<sup>2</sup>, FYE 2020: 101,545 m<sup>2</sup>, FYE 2021: 114,920 m<sup>2</sup>, FYE 2022: 113,434 m<sup>2</sup>, FYE 2023: 111,945 m<sup>2</sup>

### CO<sub>2</sub> Emissions by Beverage Manufacturing Companies (Intensity Unit)

Business Profile	Company Name (Boundary)	Unit	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	t-CO <sub>2</sub> e / production capacity in kL	0.091	0.081	0.088	0.080	0.062

## Pollution Prevention and Resource Circulation Performance Data

### Pollution Prevention

#### NOx, SOx, VOC

(Unit: t)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Group *1	NOx (Nitrogen Oxides) *2	1,337	1,378	1,569	1,437*4	◆ 1,108
	SOx (Sulfur Oxides) *2	442	514	416	416	◆ 370
	VOC (Volatile Organic Compounds) *3	419	424	445	400	◆ 219
Overseas Bases of ITOCHU Group	NOx (Nitrogen Oxides)*2	1,403	1,293	1,458	1,656	131
	SOx (Sulfur Oxides)*2	795	648	333	545	284
	VOC (Volatile Organic Compounds)*3	168	168	182	192	222
Grand Total of ITOCHU Group	NOx (Nitrogen Oxides)*2	2,740	2,671	3,027	3,093*4	1,239
	SOx (Sulfur Oxides)*2	1,237	1,162	749	961	653
	VOC (Volatile Organic Compounds)*3	587	592	627	592	441

- \*1 The data are calculated for the business bases located in Japan.
- \*2 NOx and SOx emissions are calculated for soot and smoke generating facilities under the Air Pollution Control Act.
- \*3 VOC emissions are calculated for compounds that fall under the VOC 100 types indicated in the notification of the Air Pollution Control Act by the Ministry of the Environment. The main compounds to be counted include ethyl acetate, propyl acetate and isopropyl alcohol. See Attachment 1 of "Enforcement of the Act to Partially Amend the Air Pollution Control Act" (Notice of the Ministry of the Environment, No. 050617001, Kankan Daihatsu, dated June 17, 2005).
- \*4 Data for FYE2022 have been revised due to an error in the calculation.

# ESG Data (Environment)

## Resource Circulation

### Waste Generated and Waste Recycling Rate

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Tokyo Headquarters	Waste Generated (Unit: t)	680	767	465	469	★ 428
	Waste Non-recycled	48	44	31	30	★ 39
	Waste Recycled	632	723	434	439	★ 389
	Recycling Rate (Unit: %)	92.9	94.3	93.4	93.7	★ 90.9
Osaka Headquarters, Branches and Other Business Facilities in Japan	Waste Generated (Unit: t)	6,758	1,354	1,226	2,265	3,160
Group Companies in Japan	Waste Generated (Unit: t)	89,210	149,949	248,465	141,355	110,911
Overseas Offices	Waste Generated (Unit: t)	17	9	41	238	449
Overseas Group Companies	Waste Generated (Unit: t)	364,476	461,018	504,085	504,296	525,187
Grand Total of ITOCHU Group	Waste Generated (Unit: t)	460,844	613,097	754,283	648,623	640,135
	Waste Non-recycled	—	450,376	584,567	194,374	132,496
	Waste Recycled	—	162,721	169,716	454,249	507,639
	Recycling rate (Unit: %)	—	27	23	70	79

\* The waste generated of the Tokyo Headquarters includes the amount sold as valuables.  
 \* Due to the increase in the number of companies subject to aggregation, the figure for FYE 2019 has increased significantly compared to FYE 2018.

## Hazardous Waste Generated

(Unit: t)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Corporation · Japanese Bases of ITOCHU Group *1*2	0.3	329	750	251	◆ 226
Overseas Offices · Overseas Bases of ITOCHU Group	—	1,111	1,111	1,063	4,374
Grand Total of ITOCHU Group	—	1,440	1,861	1,314	4,600

\*1 The data are calculated for the business bases located in Japan.  
 \*2 The amount of specially controlled industrial waste specified in the "Waste Disposal and Public Cleansing Law" is totaled.  
 \* The data of FYE 2019 include only those of Tokyo Headquarters and Osaka Headquarters of ITOCHU Corporation.

## Paper Consumption

(Unit: thousand sheets (A4 equivalent))

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Japanese Bases of ITOCHU Corporation	Copy Paper Consumption	30,711	26,913	19,167	14,916	14,383

# ESG Data (Environment)

## Water Resources Performance Data

### Water Withdrawal and Wastewater Discharge

#### Volume of Water Withdrawal & Wastewater Discharge

(Unit: thousand m<sup>3</sup>)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Tokyo Headquarters	City Water Usage	47	42	29	30	★ 37
	Treated water production volume	31	34	25	27	★ 32
	Wastewater Discharge	59	60	41	41	★ 50
Osaka Headquarters, Branches and Other Business Facilities in Japan*	Water withdrawal	—	73	61	84	4
	Wastewater discharge	—	170	133	169	6
Japanese Bases of ITOCHU Corporation	Water withdrawal	—	115	90	115	★ 41
	Wastewater discharge	—	230	173	210	★ 56
Group Companies in Japan*	Water withdrawal	32,335	21,947	24,540	25,228	14,833
	Wastewater discharge	51,913	9,594	14,269	14,926	9,835
Overseas Offices*	Water withdrawal	5	5	16	31	39
	Wastewater discharge	5	5	15	31	39
Overseas Group Companies*	Water withdrawal	106,182	72,064	48,494	32,747	30,208
	Wastewater discharge	34,380	16,394	21,723	16,319	14,347
Grand Total of ITOCHU Group	Water withdrawal	—	94,132	73,140	58,120	45,121
	Wastewater discharge	—	26,223	36,180	31,486	24,277

\* If we do not know the wastewater discharge, we have calculated it assuming that it is the same as the volume tap water consumption.  
 \* The amount of wastewater discharge from Japanese Bases of ITOCHU Corporation until FYE 2022 includes wastewater from sewage treatment plants that receive and treat sewage from third parties, so the amount of wastewater greatly exceeds the amount of water withdrawal.  
 \* FYE 2023, water withdrawal and wastewater volume decreased significantly from the previous fiscal year because the business of the Ippeki villa area was transferred during the fiscal year and is not included in the calculation.

### Water Withdrawal Amount by Withdrawal Source

(Unit: thousand m<sup>3</sup>)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
ITOCHU Group	Supplied Water Usage, Industrial Water	9,560	10,764	12,119	11,655	11,669
	Groundwater Withdrawal	92,899	46,764	20,516	16,702	15,349
	Water Taken from Rivers, Lakes, Rainwater	31,740	26,323	31,402	19,729	18,079
	Water Taken from Seawater	4,339	10,269	9,068	10,015	0
	Others (Produced Water, etc.)	0	11	34	19	25
Grand Total		138,538	94,132	73,140	58,120	45,121

### Discharge Amount by Discharge Destination

(Unit: thousand m<sup>3</sup>)

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
ITOCHU Group	Water Discharged to Treatment Facility (e.g. Sewage)	57,669	3,664	7,181	9,893	7,052
	Water Discharged to Groundwater	9,243	5,731	11,639	6,464	3,912
	Water Discharged to Rivers, Lakes	12,992	10,464	10,251	12,581	10,730
	Water Discharged to Sea	6,453	6,130	6,679	1,905	1,857
	Others	—	—	431	642	725
Grand Total		86,358	25,989	36,181	31,486	24,277

# ESG Data (Environment)

## Water Withdrawal in Water Stressed Regions

The amount of water withdrawal at sites with high risk and extremely high risk (>40%) identified using the WRI Aqueduct tool developed by WRI (World Resources Institute) (P71) is as follows. Assuming the total amount of water withdrawal in FYE 2022 as 100%, the amount of water withdrawal at sites with high risk is 4%, and that at sites with extremely high risk is 2%.

		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
High Risk (40-80%)	Number of Sites	5	6	7	4	5
	Water Withdrawal (thousand m <sup>3</sup> )	188	2,201	2,786	2,449	2,478
Extremely High Risk (>80%)	Number of Sites	2	2	3	3	5
	Water Withdrawal (thousand m <sup>3</sup> )	583	623	1,096	1,362	1,167

## Water Consumption in Manufacturing Processes that are Highly Dependent on Water Resources (Intensity)

Category	Boundary	Unit	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	Water Consumption m <sup>3</sup> / Production Volume in kL)	2.01	1.95	1.85	1.82	1.83

## Biochemical Oxygen Demand (BOD) Chemical Oxygen Demand (COD)

		Unit	FYE 2021	FYE 2022	FYE 2023
ITOCHU Group discharge amount into Water	BOD load	t	39,099	28,622	52,612
	COD load	t	213,808	135,710	231,914

## Chemical Oxygen Demand (COD)

Category	Boundary	Unit	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Chemical	C.I. TAKIRON Corporation (factory)	mg/L	3.90	2.78	2.20	2.80	1.50

## Environmental Accounting

### Environmental Conservation Costs

(Unit: thousands of yen)

	Classification	Items	FYE 2023
Japanese Bases of ITOCHU Corporation	Costs inside Business Areas	Costs related to pollution prevention, global environmental conservation, and resource recycling	131,558
	Upstream & Downstream Costs	Additional costs for reducing environmental impact, green procurement costs, and containers and packaging recycling.	12,203
			(Green Procurement Costs)
	Management Activity Costs	Costs for the development and operation of environmental management systems and environmental education for employees	242,835
	Research and Development Costs	R & D costs for products contributing to environmental conservation	500
	Social Activity Costs	Costs for environmental improvement measures such as nature conservation, greening, beautification, and landscape preservation, as well as donations and support to organizations engaged in environmental conservation	8,799
	Costs to Address Environmental Damage	Costs for nature restoration, compensation for damages related to environmental conservation, etc.	26,215
	Grand Total of Japanese Bases of ITOCHU Corporation		422,109

\* Summarized based on the Environmental Accounting Guidelines - 2005 Edition from the Ministry of the Environment.

## Environmental Conservation & Economic Effects

		FYE 2023	
		Environmental Conservation Effects	Economic Effects (Unit: thousands of yen)
Japanese Bases of ITOCHU Corporation	Paper Usage	533 thousand sheets	340
	Electricity Usage	945 MWh	-79,055
Tokyo Head Office	Waste Emissions	41 t	1,883
	Water Usage	-15,375 m <sup>3</sup>	-7,145

\* Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.

## Understanding the Situation of our Environmental Obligations

We do not limit ourselves to just supporting statutory requirements in regards to the environmental risks in the tangible fixed assets (e.g., land and buildings) of ITOCHU alone and our group companies — in particular, asbestos, PCB and soil contamination; we also look to understand the situation through surveys voluntarily and then aim to respond in a way that is helpful to prompt management policy decisions and judgments. As of March 2023, we estimate the cost of waste disposal at JPY 33 million, which is a reasonably estimable amount (shadow cost) for future environmental liabilities.



# Society



*Society*

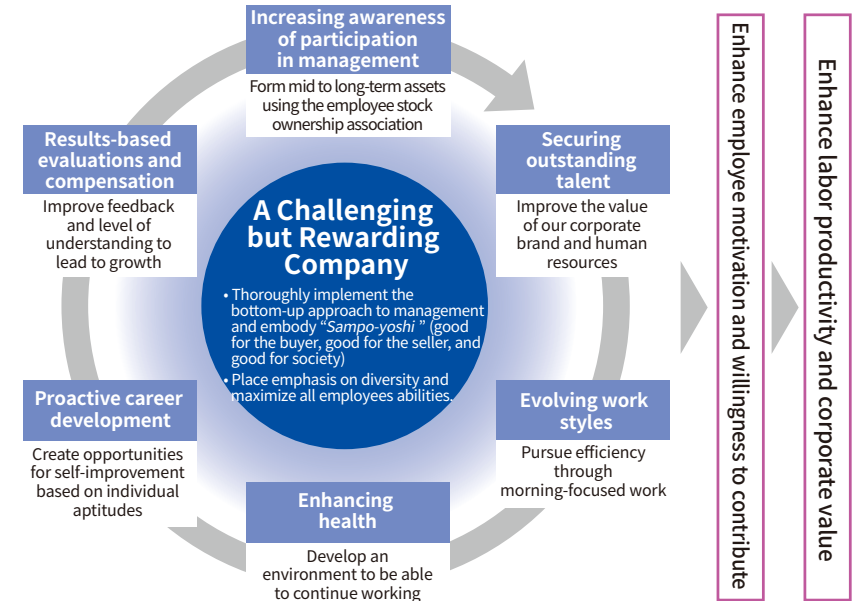
# Labor Practices: Employment and Benefits

## 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 110,000 consolidated employees as of the end of FYE 2023. ITOCHU is implementing various initiatives that aim to create a working environment where our diverse body of employees can reach their full potential. Some of our notable initiatives include: enhancing our early morning-focused work system to promote workstyle reforms, the establishment of various systems to support employees with caring duties, and the promotion of social activities among employees at our recreational facilities.

ITOCHU's Code of Ethical Conduct stipulates respect and consideration for human rights and the development of a rewarding work environment. Furthermore, ITOCHU's labor standards have been formulated in accordance with the principle of "Elimination of Discrimination in Respect of Employment and Occupation" of the International Labour Organization (ILO)'s "Declaration on Fundamental Principles and Rights at Work (and its Follow-up)".\* For this reason, ITOCHU adheres to the statutory minimum wage and applies a consistent compensation system for the same qualifications and position level (equal pay for equal work).

\* The ITOCHU Group expresses its support to the Declaration through its Human Rights Policy, Section 2. Endorsement of International Agreement.



## Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters		Labor Practices	Improving operating efficiency and preventing long working hours through work style reform	Human resources affairs	We will aim to improve labor productivity and employee engagement by promoting varied work styles.	<ul style="list-style-type: none"> <li>• Conduct regular monitoring of employees' work situations.</li> <li>• Conduct employee engagement survey.</li> <li>• Promote the percentage of taking employee acquiring paid leave.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance to labor laws.</li> <li>• Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher.</li> <li>• Paid leave acquisition rate at 70% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted monitoring of employee's working hours and working environment so as to prevent unpaid overtime work.</li> <li>• The positive answer rate to the "employee engagement" in employment survey which conducted in FYE 2022 was 71%.</li> <li>• Percentage of taking employee acquiring paid leave; 62.2% in FYE 2023.</li> </ul>

\* Percentage of taking employee acquiring paid leave; 58.8% in FYE 2022, 52.6% in FYE 2021.

# Labor Practices: Employment and Benefits

## Structures and Systems

When Group companies in Japan and overseas develop business in their respective domains and regions, the Division Companies of ITOCHU Corporation, the parent company, take the lead depending on the business area. The company presidents secure human resources and put the right person in the right position in accordance with laws/ordinances under the human resource strategy based on the management strategy. Furthermore, ITOCHU supports the creation of a management structure for ensuring that Group companies provide optimal labor environments for their employees.

## 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 (P152).

## 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 in both Japanese and English. For domestic and overseas group companies, in addition to supporting the development of optimal work environments, we are also promoting the adoption of labor standards equivalent to ITOCHU standards.

In addition, ITOCHU continues to dispatch HR staff every year to the Tokyo Labor University Lectures held by the Japan Institute for Labor Policy and Training, an affiliated organization of the Ministry of Health, Labour and Welfare. Based on the current situation regarding human resources and labor management in general, including skill development, working hours and compensation, the course systematically teaches the structure of wages, the current issues of the modern labor market with its increasingly diverse employment patterns and the state of labor-management relations from the perspective of labor economics.

## Employee Engagement

ITOCHU Corporation believes that continuing to raise the level of Employee 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) will improve corporate value.

We conduct a large-scale engagement survey once every three to four years. In the latest survey conducted in December 2021, the positive answer rates for Employee Engagement and Employee Enablement were among the highest for all Japanese companies. These results represent an ongoing trend since the previous survey (conducted in FYE 2019). This indicates 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 are also adopting new measures through workstyle reforms and independent career development support to respond to the issues identified through this survey. We are verifying the effectiveness of these measures and building a structure to promptly take countermeasures.

### ■ Engagement Survey Score

	FYE 2015	FYE 2019	FYE 2022
Employee Engagement	78	76	71
Employee Enablement	67	64	67

\* The score is affirmative response (%)

# Labor Practices: Employment and Benefits

## Promotion of Work-Style Reforms

As a business managed by a small group of people, ITOCHU Corporation believes that employees are its greatest asset, and that individual employees exerting their full potential will lead to improvement in corporate value. Since FYE 2011, we have aggressively promoted workstyle reforms as we implement various measures aimed at creating an environment that allows all employees to apply their unique traits and feel secure as they focus on their work.

## Evolving Our Morning-Focused Work System / Managing Work Time

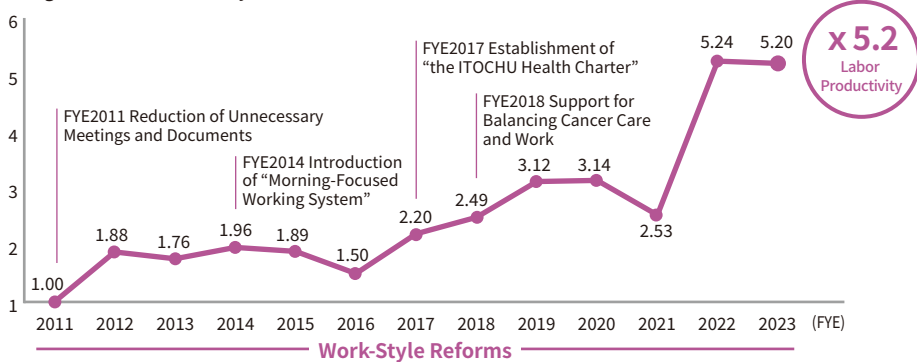
The morning-focused work system we adopted in October 2013 has promoted workstyles that reflect the ITOCHU philosophy by encouraging a mindset among employees: leaving work early in the evening and coming to work early in the morning leads to more efficient work. This also had a significant impact on society by serving as a positive case study for the government's initiatives related to reducing long work hours.

The results of the employee engagement survey conducted in December 2021 pointed out a need for further initiatives related to supporting diverse workstyles. In response, in May 2022 we adopted a morning flex-time structure. We also adopted telecommuting. These initiatives enable early work start and end times, allowing free time to be used towards self-improvement, child care, and family care. We hope these initiatives will help increase employee motivation and lead to improvements in work productivity and in our corporate value.

In addition to ensuring compliance with labor union agreements and relevant laws, we will promote further workstyle reforms as a method of reducing total work hours.

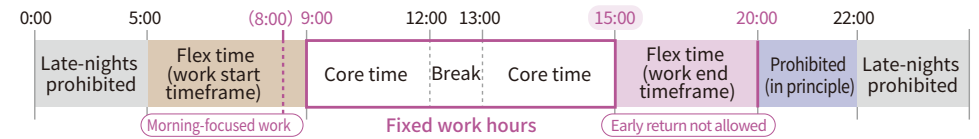
ITOCHU believes its initiatives as a pioneer in work-style reform will both empower individual employees to change their approach to work, and promote balanced operational reforms. In this way, the Company is striving to achieve a work environment that enhances operational effectiveness, helps maintain 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.

### Change in Labor Productivity with FYE 2011 as a Value of 1



## Outline of Initiatives

### Morning-Focused Work System Diagram



- In principle, prohibit work between 8:00 pm and 10:00 pm and shift any remaining work to the next morning. 5:00 am to 8:00 am is the recommended timeframe for starting early morning work.
- For employees who start work before 7:50 am, up to 9:00 am pay the same overtime rate (25%) as employees who work overtime as an incentive.
- Work between 10:00 pm and 5:00 am is prohibited.
- We distribute three snacks to employees who arrive at work before 8:00 a.m.



Providing 3 light meals to employees who arrived at office before 8:00.

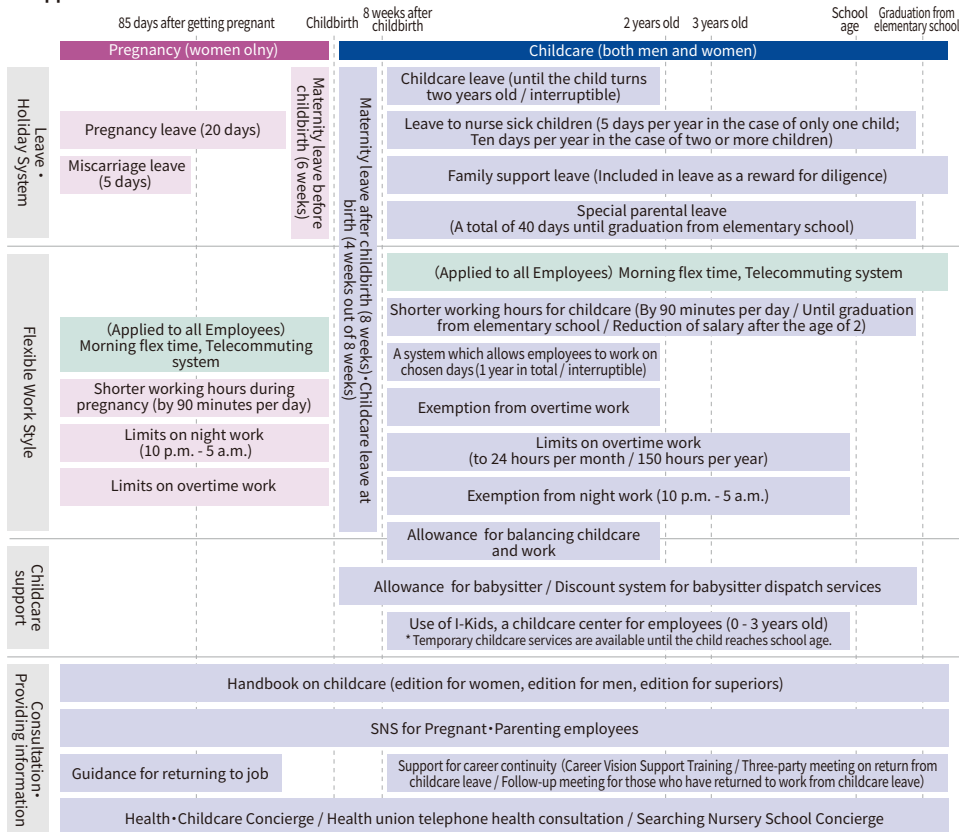
# Labor Practices: Employment and Benefits

## Balancing Work with Childcare and Nursing Care

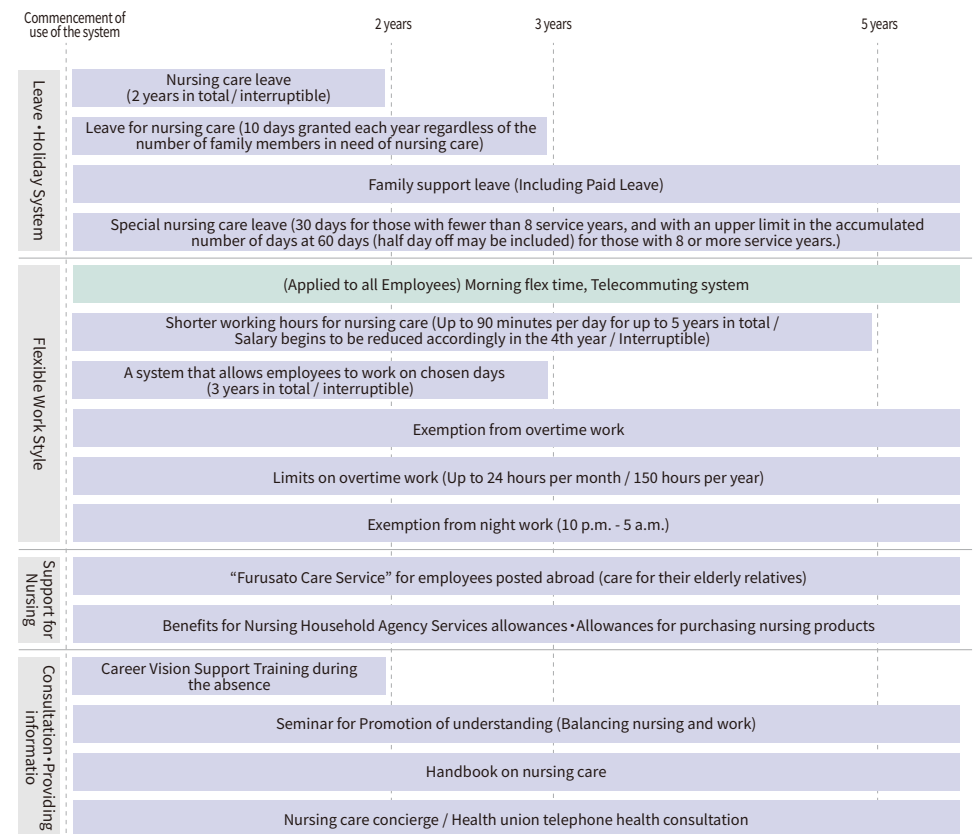
ITOCHE Corporation goes above and beyond the requirements of the law to arrange programs regardless of gender that help employees balance work with their childcare and nursing care obligations. This allows them to continue making full use of their skills during their careers at the company, while resting assured they can handle stages of life where they must take care of children or elderly family members at home. In FYE 2017, the rate of male employees who used childcare leave exceeded 50% and we saw an increase in the number of male employees who took medium- and long-term childcare leave of one month or longer. 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 expanded the program to make all employees eligible to take advantage of it from May 2022. 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





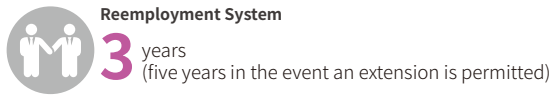
# Labor Practices: Employment and Benefits

## Use of Childcare & Nursing Care Programs★

For details, please refer to ESG Data (P166).

### Reemployment System

Regardless of whether male or female, if an employee who chose to leave the company to accompany 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 come to work early in the morning with their parents. They then participate in the event after eating a morning snack provided by the company. This event gives them an experience of morning-focused work. Moreover, they 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 have canceled this event since FYE 2021 to prevent the spread of COVID-19.

## 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

We have taken 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 revised our menus based on employee feedback as well. Furthermore, we offer a seasonal event menu every month to make coming to the cafeteria fun. We also provide collaborative menus so that employees can easily enjoy the taste of famous restaurants in the cafeteria. The employee cafeteria is used by many employees.

\* 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. (Currently suspended since FYE 2021 due to COVID-19 prevention measures.)  
 \* Can be used by both full-time and part-time employees

### Cooldown Rooms

In June 2012, ITOCHU Corporation introduced Cooldown 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 Cooldown 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 Cooldown Rooms.

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

# Labor Practices: Employment and Benefits

## 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. 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.

Moreover, 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

**Opened The Hiyoshi Dormitory**  
Offering Approx. **360** Units (March 2018)

## “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 1,000 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



## Performance Data

- Employee Status (as of March 31 for each respective year) (P165)
- Employees by Operating Segment (as of March 31, 2023) (P165)
- Overseas Bloc Employees by Region (as of March 31, 2023) (P165)
- Average Years Employed and Voluntary Resignation Rate (Non-Consolidated) (P166)

\* ITOCHU Corporation has a long average number of years employed of 18 years and only around 1.8% of employees voluntarily resign. It is a company where many employees choose to stay for the long-term.



# Labor Practices: Labor Union

## Policy and Basic Concept

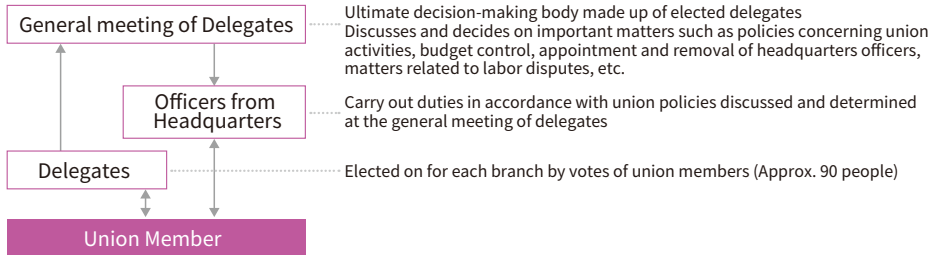
ITOCHU Corporation hopes to achieve an environment in which employees can leverage their individual talents and concentrate on their work without worry. To this end, we maintain a system of rich employee benefits and employee welfare facilities. Our original employee welfare measures include a morning-focused work style and health management. 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

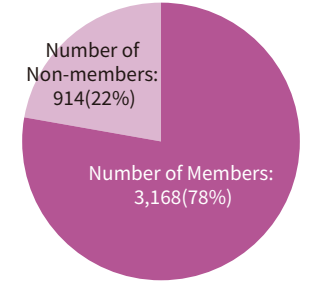
ITOCHU Corporation has had a labor union since its founding. The objective of the Labor Union is to improve labor conditions and other economic concerns of its members. The Labor Union carries out all required operations to fulfill this objective. (Article 3, Rules of the ITOCHU Labor Union)

- 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, 2023

### Initiatives Together With ITOCHU Labor Union in FYE 2023

April 2022 to March 2023 (Monthly)	Health Committee
May to September 2022	Evolution of flexible work styles (measures to support balancing childcare with work)
May to December 2022	Introduction of a morning-focused flextime system (including a trial)
June 2022	Account Settlement Meeting with the CFO and CSO
December 2022	Management Meeting with the Metals & Minerals Company
March 2023	Exchange of opinions with the General Manager of Human Resources & General Affairs Division on Women's Advancement

### Activities by the Headquarters of the Labor Union in FYE 2023

April 2022 to March 2023 (Twice a Week)	General Meeting of Officers
April, June, November and December 2022, April 2023	General Meeting of Delegates
December 2022	Meeting attended by Three Top-ranking Officers from Each Branch
April 2022 to March 2023	Activities by the Headquarters Advisory Committee (side work and clerical work), Career Development Support

# Labor Practices: Labor Union

## Comments from the ITOCHU Labor Union President



**Aki Okuyama**  
President,  
ITOCHU Labor Union

My name is Aki Okuyama. I will serve as the ITOCHU Labor Union President in FYE 2024. I am fully committed to working towards achieving three missions I value most: To protect union members, to improve the company, and the mission I adopted last fiscal year, to create opportunities.

This fiscal year, I want to focus on the following five points.

1. Dialogue and checks with management and improvement and governance of working environment
2. Realization of wage and personnel systems that are convincing to union members
3. Promotion of work style reforms, support for career development, and promotion of wellbeing
4. Improvement in the treatment of expatriates, secondees, and union members working at branch offices
5. Rebranding union organizations

I will do my best this fiscal year to make this a company where all union members can work with enthusiasm.

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 union members,” “To improve the company,” and “To create opportunities”

### • 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 2023. We will rebrand the union and strengthen our organizational structure and financial constitution through dialog with union members and delegates representing workplaces.



## Dialogue 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*.” In FYE 2023, we held a total of three sessions of management meetings: an account settlement meeting with the CFO · CSO, a management meeting with the Metal Company President, and an exchange of opinions with the General Manager of Human Resources & General Affairs Division on women’s advancement. 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.

## Dialogue with the President

ITOCHU proactively establishes opportunities for the President and employees to engage in direct two-way dialogue. In FYE 2023, we proactively engaged in dialogue with employees by creating nearly 100 opportunities to connect with employees, including visits to local plants and offices. The President had the opportunity to speak with employees directly in his own words about our management policy and effort needed to achieve that vision. At the same time, employees had the opportunity to present opinions and questions to the President. These were important opportunities that helped enhance two-way communication.

## Dialogue 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

## Policy and Basic Concept




ITOCHU views diversifying consumer needs with a market-oriented approach. We believe accepting and utilizing diversity (D&I: diversity and inclusion) is essential to provide new value.

ITOCHU Corporation respects human rights and prohibits all forms of discrimination, including that based on race, gender, religion, nationality and age. We are creating an environment where employees do not fall victim to power harassment or sexual harassment (including unfairly disadvantaging or otherwise harassing employees who are sexual minorities) in the workplace and where we accept diverse values. This is an environment in which each of our employees is motivated to work and can demonstrate their abilities to the fullest through flexible work styles and individual support (E: equity). We use a diversity month organized by the Human Resources & General Affairs Division and organization manager training to raise awareness about the importance of diversity and publicization of support systems.

Additionally, we are establishing 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.

We are linking an environment where employees with diverse values can play an active role utilizing their unique qualities to growth of our employees, enhancement in our organizational capabilities and an expansion in our earnings power. We are aiming to achieve our corporate philosophy of “*Sampo-yoshi*” (good for the buyer, good for the seller and good for society) through such initiatives.

## Targets and Action Plan

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters	  	Labor Practices	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 race, gender, religion, nationality and age, and respect human rights. We will accept diverse values and create an environment where each employee maximize their ability with flexible working style and other supports.	<ul style="list-style-type: none"> <li>Continue fair and equitable recruitment and promotion.</li> <li>Create a work environment in which employees accept and leverage diverse values.</li> <li>In anticipation of an increase in dual-income couples, enhance support for balancing childcare, nursing care, fertility treatment and similar circumstances with work (including utilization of flexible working style).</li> <li>Individual support according to the life stage and career of each individual</li> <li>Support for Seniors' Success (over age of 60)</li> <li>Promote understanding and acceptance of LGBTQ and other sexual minority employees (e.g., employee education).</li> <li>Give reasonable consideration to the work environment of employees with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve the following plans by the end of FYE 2024                             <ol style="list-style-type: none"> <li>Female employees as a percentage of new employees: 25%</li> <li>Female employees as a percentage of workforce: 25%</li> <li>Female employees as a percentage of employees in managerial positions: 9%</li> <li>Percentage of male employees who take childcare leave: Over 50%</li> <li>Compliance to rate of the employment of those with disabilities which designated by law</li> </ol> </li> <li>(1) to (4) are stipulated in the General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace</li> </ul>	<ul style="list-style-type: none"> <li>Progress of the Performance Indicators                             <ol style="list-style-type: none"> <li>The percentage of female employees as a percentage of new employees: 32.1% in FYE 2023.</li> <li>The percentage of female employees as a percentage of workforce: 24.3% as of March 2023.</li> <li>The percentage of female employees in managerial positions: 8.6% as of March 2023.</li> <li>The percentage of male employees who take childcare leave: 52% in FYE 2023.</li> <li>The percentage of employment of those with disabilities over our entire group: 2.5% as of March 2023 (Includes ITOCHU Uneedus Co., Ltd. and ITOCHU Human Resources &amp; General Affairs Services Inc.)</li> </ol> </li> <li>Introduced the following measures as a result of discussions at the Women's Participation Promotion Committee                             <ol style="list-style-type: none"> <li>Broad options for work styles after childbirth and introduce a “childcare support allowance” (from October 2022)</li> <li>Evolution of work-style reforms, such as the introduction of a “morning-focused flexible time system” and “working from home” for all employees (from January 2023)</li> </ol> </li> <li>Introduced the “Health and Childcare Concierge”, an anonymous consultation desk by a midwife advisor that can be used by employees and their families, including those living overseas (from January 2023)</li> </ul>



# Labor Practices: Diversity

## Diversity, Equity and Inclusion

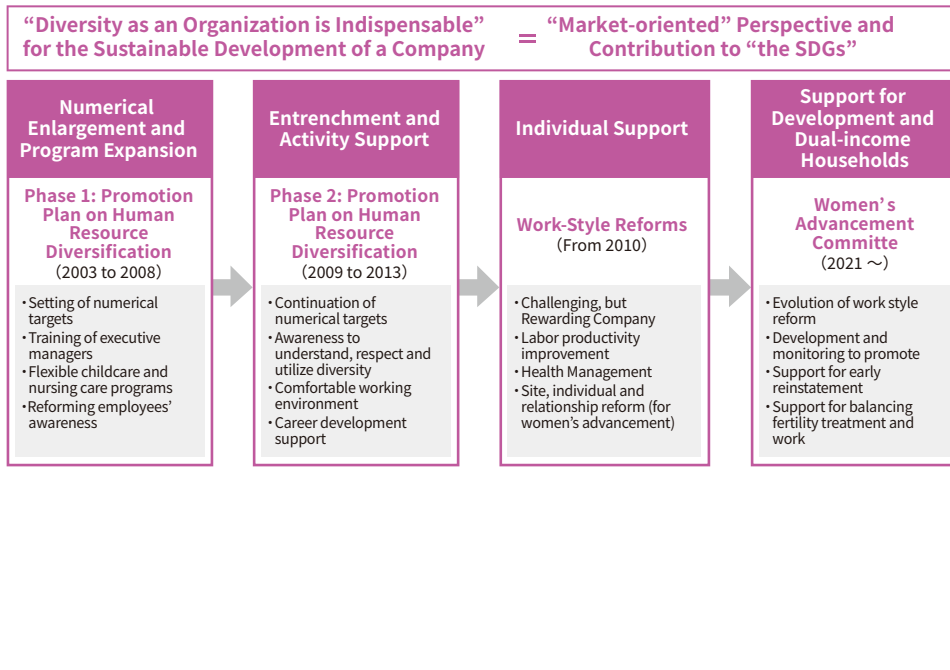
ITOCHU views diversifying consumer needs with a market-oriented approach. We believe accepting and utilizing diversity is essential to provide new value. We have been supporting the expansion, retention and active participation of diverse human resources, including women, since an early stage. We now provide individual support which grasps the site and individual circumstances in addition to uniform systems which support balancing of childcare and work.

We will continue to support the autonomous career formation of each individual employee. We will promote the building of a strict but rewarding corporate culture in which diverse values are respected and in which all our employees can demonstrate their abilities to the maximum.

We have held “Diversity Month” every December since FYE 2019 (called “Diversity Month” until FYE 2022). We provide a variety of information, training sessions and workshops for all employees to deepen understanding of diversity, equality and inclusion.

For more details, please refer to Support for Diversity, Equity & Inclusion. (P168)

### Transition of Our Human Resource Diversification Initiatives



## Support for Female Employees

ITOCHU has expanded systems to further the diversification of its talent including female employees and to entrench that diversification with the Plan for Promotion of Human Resource Diversification. We have tackled initiatives such as morning-focused work, health management and measures to support working while undergoing cancer treatment since FYE 2011. This is based on work style reform to raise labor productivity by all employees working in good health with high motivation. Those initiatives have led to the formation of a working environment where all our employees can demonstrate their abilities not just employees with time constraints such as female employees.

Currently, the generation with an increased number of female hires has entered an important stage when those employees become candidates for managerial positions. We are providing meticulous individual support according to the life stage and career of each individual by utilizing systems which support a work-life balance beyond the level required by law as a safety net in anticipation of an increase in dual-income households. 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.

Moreover, we established the Women's Advancement Committee in October 2021 as a voluntary advisory committee of the Board of Directors to accelerate the pace of our support for the success of female employees. An Outside Director serves as the chair of the committee. We have built a structure in which outside officers account for more than half of the total number of committee members with the Board of Directors supervising important measures. The committee is working together with the management to support the success of women. We will continue to move through the cycle of (1) hold discussions with sites, (2) hold discussions in the Women's Advancement Committee and (3) report to the Board of Directors after grasping sites and individual circumstances in the future. We will then incorporate the results into effective measures.

### Women's Advancement Committee (As of the end of March 2023)



Please refer to 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](https://www.itochu.co.jp/en/csr/pdf/action_plan.pdf))

# Labor Practices: Diversity

## Measures to Support the Success of Female Employees

Stage	Environment & Issue Recognition	Specific Action
<b>Initial Hiring (1989-2003)</b> <b>Legally required</b>	<ul style="list-style-type: none"> <li>Hiring of women required by the Equal Opportunity Law for Men and Women enacted in 1986</li> </ul>	<ul style="list-style-type: none"> <li>Continuous hiring of several career-track women (every year)</li> <li>Transfers from clerical positions</li> <li>Introduce child-care support program</li> </ul>
<b>More Female Employees &amp; Programs (2004-2011)</b> <b>Welcoming company for career-track women</b>	<ul style="list-style-type: none"> <li>Hiring more women and providing duties throughout the company is essential to proactively promoting women to leadership positions</li> <li>To entrench women in the company, providing an environment where they can balance work with child/elder care</li> </ul>	<ul style="list-style-type: none"> <li>Set numerical targets (abolished)</li> <li>Introduce of mentoring program (abolished)</li> <li>Expand child-rearing support program</li> <li>Introduce leave for employees whose spouses are transferred overseas (replaced to rehiring program)</li> <li>Set up an in-house daycare</li> <li>Hold various forums</li> </ul>
<b>Programs Review &amp; Promotion of Talent Advancement (2012-)</b> <b>Work Style Reform • Increase in Dual-income Households</b> <b>Strict, but rewarding company</b>	<ul style="list-style-type: none"> <li>Abolished numerical targets and focusing on supporting measures</li> <li>Bulk of career-track women enter their 30s, with major life events to follow</li> <li>Individual support to women who independently develop their careers with challenge.</li> <li>Laws and regulations against harassments</li> <li>Required the disclosure of Human Capital</li> <li>Promotion of men's parental leave (e.x paternity leave)</li> <li>Support for work-life balance for increasing dual-income households</li> </ul> <p><b>Establish a company-wide system for utilizing diverse human resources</b></p> <ul style="list-style-type: none"> <li>Correction of long working hours and promotion of morningfocused working system</li> <li>Health improvement programs and "Support Measures for Balancing Cancer Care and Work"</li> <li>Harassments prevention trainings etc.</li> </ul>	<ul style="list-style-type: none"> <li>Stricter operation of childcare program</li> <li>Switch to rehiring program</li> <li>Support overseas postings (for employees transferring overseas with children without spouses)</li> <li>Identify and develop candidates for promotion</li> <li>Subcommittee gathers opinions from women in the workplace</li> <li>Foster career awareness (forums etc.)</li> <li>Guidance before maternity/childcare leave and three-party meetings before returning from the leave</li> <li>Interviews before and after overseas postings</li> <li>Introduce work-from-home system</li> <li>Career Workshop for clerical employees</li> <li>Transfer from clerical positions (earlier year of eligibility, transferee follow-ups)</li> <li>Promotion of childcare leave for men employees</li> <li>Women's career and health seminars</li> <li>Provide alternative options of work-style after childbirth</li> <li>Fertility treatment holiday, introduction of Fertility treatment support program</li> <li>Introduction of concierge for health • childcare</li> </ul>

## 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.



**Examples of Support for LGBT and Others 1.**  
**Installed Multipurpose Restrooms** (FYE2019)



**Examples of Support for LGBT and Others 2.**  
**Established a Consulting Desk for LGBT and Other Sexual Minorities** (FYE2021)

## Diverse Consulting Desks for a Work-Life Balance

We respect the diverse values of our employees and their families. We are creating an environment where all our employees can demonstrate their abilities with peace of mind.

Name	Main Contents	Overview
<b>Concierge for health • childcare</b>	General	Employees in Japan and abroad and their families can anonymously consult online with a counselor in charge (a nurse and a midwife certified as a public health nurse) who understands ITOCHU System about their mental and physical health and childcare concerns.
<b>Fertility Treatment Support Program</b>	Fertility treatment	Employees and their families can receive fertility treatment through coupons for affiliated gynecological clinics and videos promoting understanding.
<b>Searching Nursery School Concierge</b>	Searching Nursery School Concierge	Explains basic knowledge about how to search and select licensed nursery schools. Help to estimate the selection index for licensed nursery schools, lists neighboring nursery schools, and provides one-stop information.
<b>Nursing Concierge</b>	Nursing	A one-stop service and consultation service from temporary response to problem resolution by a our company specialist counselor. Specific problem resolution includes introduction of our company system, introduction and arrangement of care managers, introduction and arrangement of nursing homes, coordination and arrangement of nursing insurance applications, etc.
<b>Consultation desk for LGBTQ</b>	LGBTQ	Consult outside experts anonymously for concerns about sexual orientation and gender identity. Available to all parties.
<b>Border - Less Medical Concierges</b>	Lifestyle Disease	Each employee, whether domestic or foreign, is tutored by a public health nurse or nurse in close collaboration with a specialist in their particular lifestyle disease.

# Labor Practices: Diversity

## Working Together with Persons with Disabilities

To provide persons with 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 employment rate for persons with disabilities in ITOCHU is 2.48% as of March 2023 (the statutory employment rate is 2.30%). We are promoting an expansion in the recruitment and range of work of persons with disabilities in anticipation of an increase in the statutory employment rate in the future.

### Initiatives by ITOCHU Uneedus Co., Ltd.

ITOCHU Uneedus Co., Ltd. is involved in businesses such as dry cleaning, printing, document digitization, photograph services, mail collection and delivery, and laundry and cleaning with persons with and without disabilities coming together as one to support each other. To expand business as well as to create a more welcoming workplace environment for employees with disabilities, in November 2015 the company relocated to new offices in Yokohama's Tsuzuki Ward with the latest equipment in a universal design. The company is currently involved in business in four locations: its Aoyama Office, Hiyoshi Office and a dry-cleaning service store called Yotsuba Cleaning (Asahi-ku, Yokohama) in addition to its head office in Yokohama's Tsuzuki Ward. It will continue to proactively encourage social participation by people with disabilities and to provide value to society through its work with the aim of creating a work environment where it is possible to feel the joy of working in the future.



Head office building of ITOCHU Uneedus Co., Ltd. (Tsuzuki-ku, Yokohama)

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



Work in the cleaning department



Work in the print service department

## Support for Seniors' Success

ITOCHU employs 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. Therefore, we are supporting work styles and money plans after the extension of the employment of employees. Furthermore, we hold career design training for career-track employees who are 40 and 48 years old and for clerical employees who are 35 and 45 years old. Those employees take an inventory of their own career and skills and then visualize their experience and strengths. Upon that, we provide them with the opportunity to consider re-learning career skills(re-skilling) they will need in the future. 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. In addition, we have built a platform to support our former employees. We support the activities of our former employees even after they have left our company. This initiative includes providing opportunities for social contribution activities and volunteers, management staff of KIDS PARK operated by our company, and Japanese language instructors for our overseas national staff.



## Performance Data

- Number of Hires by Gender and Adoption Rate for Mid-Career (P166)
- Employee Status (as of March 31 for each respective year) (P165)
- Share of Women in Career-track / Managerial / General Managerial / Executive Positions (as of March 31 for each Respective Year) (P165)
- Gender Pay Gap (as of March 31, 2023) (P165)
- Use of Childcare & Nursing Care Programs (P166)
- Employment of Disabled Persons (as of March 1 for each Respective Year) (P166)

## 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. In FYE 2022, we were selected as a Nadeshiko Brand. This is an initiative run jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

For more details, please refer to Evaluation by Society (Diversity) (P205).

# Human Resources Development

## Human Resources Development Policy

The ITOCHU Group works together as one to provide each employees with opportunities to pursue spontaneous learning and take on new challenges to gain robust business experience. By doing so, we push ahead with human resource development and provide career building assistance in a way that is aligned with the diverse skills and aptitudes our employees possess. In addition, Human resource development expenses were, in FYE 2000, repositioned by the Company as investment in human capital essential to supporting sustainable improvement in corporate value. Therefore, we regularly review these expenses on a Company-wide basis and direct investment to achieve the best possible outcomes in terms of human resource development. Through these Group-wide initiatives, we develop Merchants capable of fulfilling “Infinite Missions” and adapting to changes in the social environment and customer needs, with the aim of realizing “*Sampo-yoshi*,” the ITOCHU Group’s corporate mission.

## Targets and Action Plan

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

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
Head-quarters		Labor Practices	Sustainable development of employees' capabilities	Human resources affairs	We will develop training programs on a global basis and provide opportunities to learn proactively that respond to the changing times and business needs with a market-oriented mindset to foster employees who can constantly change their business to meet their needs while inheriting the corporate philosophy. We will also utilize training programs to continuously produce excellent human resources.	<ul style="list-style-type: none"> <li>Continue to develop and provide training programs at all jobs levels.</li> <li>Continue and enhance overseas deployment of interns and language trainees.</li> <li>Offer diverse career path options and experience in diverse work through regular rotation.</li> <li>Foster career awareness among employees by enhancing personnel assessments, career vision training, career counselling systems and other programs/systems.</li> </ul>	<ul style="list-style-type: none"> <li>Annual training-related expenses exceeding one billion yen.</li> <li>The number of employees who joined human development program (cumulative total number) 50,000 or more.</li> <li>Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>Annual training-related expenses forecast: 1.63 Billion yen in FYE 2023.</li> <li>The number of employees who joined human development program (cumulative total number) 48,044.</li> <li>Overseas dispatch rate for career-track employees in up to their eighth year since joining the company: 89.4%.</li> </ul>

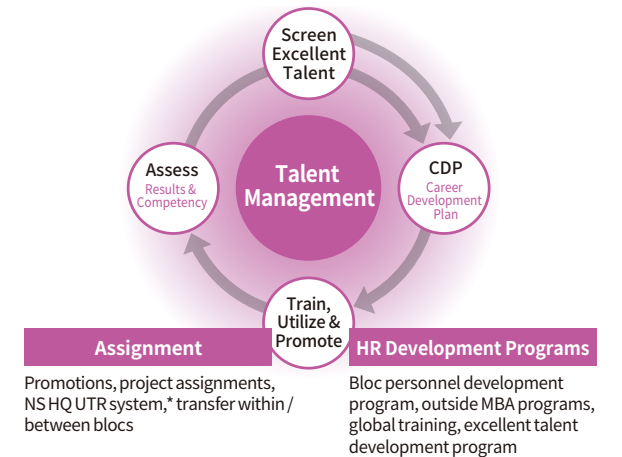
## Structures and Systems

ITOCHU Corporation implements a global personnel strategy. Specifically, in FYE 2011, we established leadership standards and we constructed the Talent Management Process to hire, develop, utilize and promote excellent talent who will expand overseas revenues worldwide.

We also reflect the corporate philosophy and values we have inherited since the foundation of our company not only in our recruitment standards but in our evaluation and training systems. With this, we are recruiting and training people who match the values of ITOCHU Corporation on a global basis. We provide a selective online training program as support for career formation according to diverse values. This program enables employees to take about 3,000 courses anywhere. It is utilized by about 1,000 overseas bloc employees every year. We have so far stationed a total of about 100 overseas bloc employees in our headquarters from the perspective of career formation. The purpose is to deepen their understanding of the corporate philosophy, to acquire knowledge and experience through the headquarters' business, and to build a human network. Currently, there are about 700 overseas bloc employees among management personnel (equivalent to managerial positions). We will continue to work with each company and overseas bloc to proactively train and promote excellent employees in the right place regardless of their nationality. This will lead to a further business expansion overseas.

\* We have created the ITOCHU Global Classification (IGC). The IGC is a global grading system based on positions and duties at all levels worldwide. We use it to place, promote and train personnel regardless of nationality.  
 \* We have set behavioral requirements that leaders should possess on a global basis. We use these in the recruitment standards and evaluation standards.  
 \* Relevant data: Overseas Bloc Employees by Region (P165)

### Talent Management Process



\* Program to accept overseas bloc employees at Tokyo Headquarters

# Human Resources Development

## Training System

The ITOCHU Corporation training system consists mainly of selective training for future management personnel and selective training for career development based on meetings with superiors in addition to mandatory training when an employee is appointed an organizational manager or is posted overseas. 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 headquarters training system, they develop management talent capable of global success.

	ITOCHU Employees				for Group Company Employee	Global Development Program (NS)
	Mandatory	Selection	Selective	Career training		
Officers	Training for Appointed Officers				Training for Appointed Officers	
General Manager	Training for Newly Appointed General Managers	GEP Training			Training for Managers	Leadership in Action (P3)
Section Manager	Training for Newly Appointed Section Managers	Business Transformation Workshop	Coaching 1 on 1 Training			GLP
Mid-career	Lead Employee Training	Short-term Business School Business Administration Training (Advance) Business Administration Training (Basic)	IMBA		Business Innovation Course Lead Employee Training Training for Clerical-Specialist	GNP Advanced GNP NS UTR Training
Junior		Dispatch to Specific Foreign Language Course/ English Master Course			8th Year Training 4th Year Training	
New Graduate	Courses for Basics Onboarding for New Employees				Onboarding for New Employees	
Clerical Staff	Lead Employee Training Onboarding for New Employees	Career Workshop	Courses for Basics		Career Design Training Training for New Appointed Grade B2 Employees 6th Year Training	
Temp Staff	Onboarding for Temp Staff					
Prospective Staff	Onboarding for Prospective Staff				Training for prospective employees	



# Human Resources Development

## Training Results

- Relevant data: Time/Cost Allotted for Employee Skills Development Training (P167)
- Relevant data: Attendance in Major Training (P167)

## Key Points for Better Training

In FYE 2014, we created a training scheme for talent who shoulder administrative responsibilities at Group companies from the perspective of group management. Specifically, in FYE 2015, we started Business Management Training for young employees 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. 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.

Our employees take stock of their strengths/weaknesses and career every year from the perspective of independent learning. They meet with their superiors to discuss the development of their abilities (re-skilling) and their vision for the future. Our employees can choose to take more than 100 training courses we have prepared as Career Vision Support Training.

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

Most recently, we have been 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. The aim of these training programs is to develop personnel to put into practice digital transformation focused on profitability to drive evolution of business.



Global Development Program

- Relevant data: Number of Overseas Local Employee Management Personnel (March 31, 2023) (P165)

## Talent Synergy with CPG & 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 2023 was 1,293. 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)

# Human Resources Development

## 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 3 times with the participation of 864 people in FYE 2023. 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.



An ITOCHU Morning Activity Seminar



### ■ Morning Activity Seminar Results for FYE 2023

Date	Theme	Speaker
January 2023	What Should We Do Now after COVID-19? Focusing on Autonomic Nerves and the Intestinal Environment	Hiroyuki Kobayashi, Professor in the Faculty of Medicine at Juntendo University
October 2022	Work Style Reform Arising from Experiencing Childcare Leave Three times: 100 Work Styles for 100 People	Yoshihisa Aono, CEO of Cybozu, Inc.
August 2022	Entrepreneurial Spirit in the Reiwa Period (2019 Onward): Taking on the Unprecedented Challenge of the Space Business	Nobu Okada, Founder & CEO of Astroscale Holdings Inc.

## HR Appraisal & Assessment System

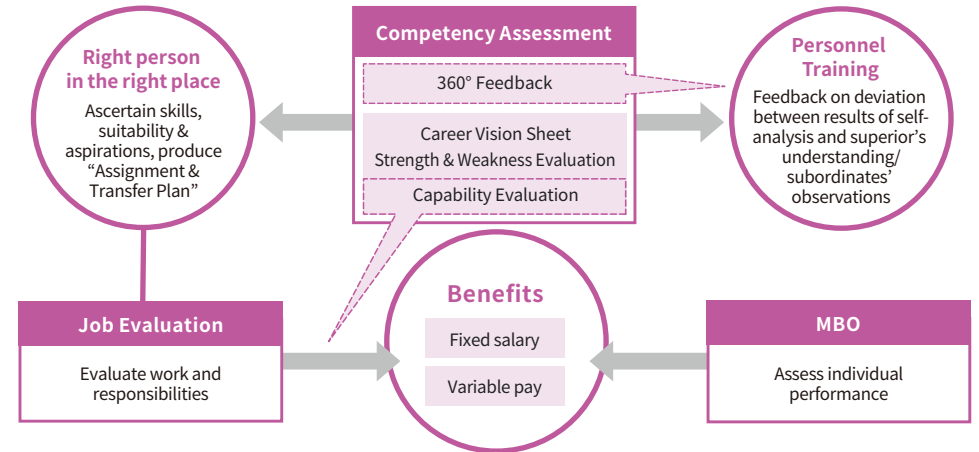
The HR Appraisal & Assessment System is a core part of the human resources organization that helps employees fully demonstrate their capabilities in a motivated and rewarding manner. It covers all ITOCHU Corporation employees. One part of the system is Management By Objectives (MBO), by which we assign individual employees with targets that match up with the management plan, then confirm execution. This approach helps us carry out business strategies.

We determine bonuses by reflecting company performance in addition to individual performance assessments based on MBO. This has led to an increase in employees' awareness to participate in management. In addition, we comprehensively grasp individual employee's competencies, expertise, past career, aspirations and suitability. We have established a human resources assessment system that we utilize in placement and transfer planning and an employee commendation system that recognizes employees who have made significant contributions in quantitative and qualitative terms and teams that have produced results based on the corporate action guidelines.

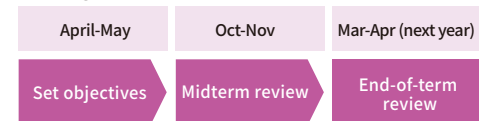
In order for these components of the HR Appraisal & Assessment System to function, we believe it is critically important that superiors conduct fair and impartial evaluations and meet with their subordinates to provide feedback. 360° feedback\* assessor training and one-on-one interviews enlighten superiors 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.

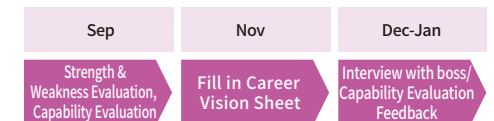
### ■ Overall Picture of the Personnel Evaluation Systems



### ■ Management By Objectives (MBO) Flow



### ■ Competency Assessment Flow



# Human Resources Development

## Career Support

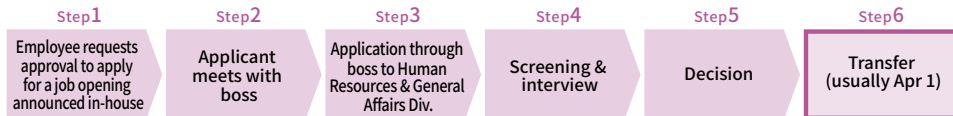
### Career Counseling

The Career Counseling Center provides wide-ranging counseling and support services for the diverse careers of all employees. We have established a self-career dock system that provides opportunities for career counseling together with the training held at each milestone after an employee joins the company. All the center's counselors are nationally certified career consultants. They support the independent initiatives of those seeking advice about balancing work with childcare and nursing care, communication in the workplace, and other areas in addition to future career according to the situation of each employee. The counselors also support mid-career hires to smoothly adapt to life at ITOCHU and assist with the success of middle-aged and older employees. There are over 800 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 independently 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 (excluding organization managers) and clerical employees working in Japan. 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 supporting them to independently develop their careers with the provision of career selection opportunities. 13 people transferred in FYE 2023 following on from 13 people in FYE 2021 and 16 people in FYE 2022. We will increase the number of opportunities to apply to join this system to twice a year in FYE 2024. We will further promote support for our employees to independently develop their careers.

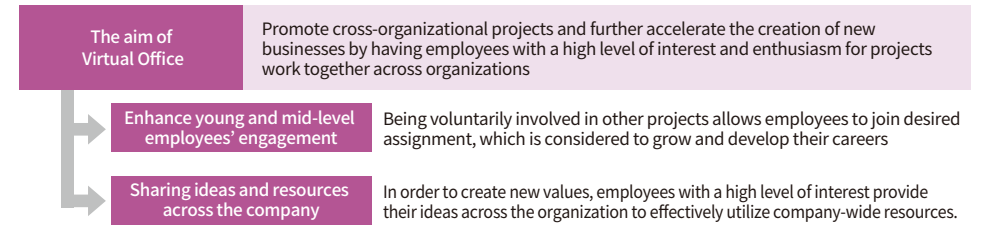
#### ■ Challenge Career System Process



## Virtual Office

We introduced the Virtual Office in FYE 2024. The aim of the Virtual Office is to promote business by sharing ideas and resources across organizations and to support the growth and career development of our employees. It is a mechanism which solicits cross-organizational projects company-wide. Employees themselves can then use small blocks of spare time outside of their main work to engage in the projects in which they have a high level of interest and enthusiasm.

We conducted a trial of the Virtual Office with a total of five projects in FYE 2023. Employees with different work locations, ages and duties gathered from across the company to work on the projects. According to a questionnaire we conducted on the participants in the trial, 91% of employees said that the activities of the Virtual Office led to their own growth and job satisfaction.



## Promotion of Rotation

We have formulated rotation guidelines for young career-track employees. The aim is to assist the activities of 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 employees in clerical positions 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 while looking to the future. We have also created a mechanism 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

## Policy and Basic Concept

### Occupational Safety and Health Management for our Employees

ITOCHU believes improving employee health is a cornerstone supporting the enhancement of its human resource capabilities which will, in turn, enable the fulfillment of its Guideline of Conduct, “I Am One with Infinite Missions.” Based on this concept, the Company has established the ITOCHU Health Charter. Moreover, we have developed a robust health and safety management structure aimed at, for example, helping employees who strive to balance cancer care and work. In addition, our industrial physicians support our group companies such as by providing information on occupational health and safety. With the health of each of our employees as our top priority, our entire group will strive to realize a workplace aim to realize a working environment where our employees can work with peace of mind in the future.

#### ITOCHU Health Charter (Enacted in June 2016)

##### 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 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 details, please refer to ESG Risk Assessment for New Business Investment Projects. (P152)

### Combatting 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.






# Occupational Safety and Health Management

## Targets and Action Plan

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 2024 as well, and will work toward the following underlying targets.

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

Division Company	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators (Non-Consolidated)	Degree of Progress
<b>Headquarters</b>								
Develop a Rewarding Work Environment		Labor Practices	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"> <li>Reach the percentage of employees who receive regular medical checkups in Japan to 100%.</li> <li>Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care.</li> <li>Promote support system for balancing cancer care and work.</li> <li>Encourage support for smoking cessation treatment.</li> <li>Continue to provide special programs for employees at a high risk for lifestyle-related diseases.</li> <li>Conduct stress check every year.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees who receive regular medical checkups in Japan: 100%.</li> <li>Percentage of employees who receive specific health guidance: 55%.</li> <li>Rate of employees found to have a high level of stress in the stress check at 5% or lower.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees who receive regular medical checkups in Japan: 91.7%.</li> <li>Percentage of employees who receive specific health guidance: 47.0%.</li> <li>Rate of employees found to have a high level of stress in the stress check at 5.0% in FYE 2023.</li> </ul>
<b>Metals &amp; Minerals Company</b>								
Respect and Consider Human Rights Ensure Stable Procurement and Supply	 	Mining Electric Power•Mining•Oil and Gas Fields	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"> <li>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.</li> <li>We will improve local infrastructure such as medical care and education.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the thorough application of the EHS guidelines and employee education.</li> <li>Contribute to local communities through activities for improving medical care, education and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines.</li> <li>EHS seminar attendance rate: 100%.</li> <li>Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%.</li> <li>Donations to medical care and education, and building infrastructure in local communities.</li> <li>Carry out CSR activities in all existing and operating projects to be possessed in long term (100%).</li> </ul>	<ul style="list-style-type: none"> <li>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%.</li> <li>We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project.</li> <li>We carried out activities that contribute to the local community as part of each project we invest in.</li> </ul>

\* For more details about strengthening employee health, please refer to "Initiatives for Health Management." (P123)



# Occupational Safety and Health Management

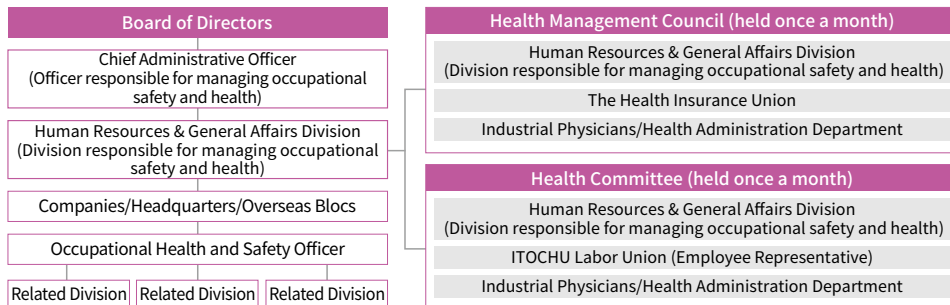
## Structures and Systems

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" (P107)). 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.

See here (P168) for the number of 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 periodically report matters relating to health management and labor health and safety to the Board of Directors. 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 International Guidelines and Standards

### Operation 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 EHS aspect. In FYE 2023, we performed checks on seven existing projects and one other resource-related project. We then set items requiring continuous 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.

Most of all, it is important that organization members have an in-depth awareness of the importance of EHS compliance. Accordingly, we aim to thoroughly share information on this throughout our organization by conducting awareness activities using concrete case studies every year. We held internal training courses for supervisors and company employees belonging to sections engaged in resource development in FYE 2023. The attendance rate of those subject to this training was 100%.



### Subsidiaries that have ISO 45001 Certifications

Our Group companies also maintain occupational health and safety by establishing and operating management systems in accordance with ISO 45001, the international standard for occupational health and safety management systems. As of March 31, 2023, six (accounting for 1.3%) of our company's domestic and overseas consolidated subsidiaries had acquired ISO 45001 certification.

# Occupational Safety and Health Management

## 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, the center provides general practice medicine (internal medicine, orthopedic surgery, psychiatry and dentistry), checkups (regular medical checkups, half-day complete checkups, cancer checkups and medical checkups for employees traveling overseas or returning from abroad on a temporary or permanent basis), various vaccinations such as for COVID-19, and examinations. It also offers medical counseling and provides information. We achieve a rate of regular medical checkups for employees in Japan of almost 100% every year.

## 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. In addition, we have been conducting stress checks once a year since 2015. The rate of those taking these checks has reached 98.2% (FYE 2023).

## Safety Measures for Employees on Travel or Stationed Overseas

ITOCHU Corporation operates worldwide with roughly 800 employees stationed overseas. We also send as many as ten thousand people a year on overseas business travel (data before the COVID-19 pandemic). Therefore, we are also working to offer health management to overseas staff to establish an environment where they can demonstrate their abilities with peace of mind even in unfamiliar situations. 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 seven 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. In addition, we have been conducting overseas crisis response training in-house since FYE 2020. We mainly provide this training to those who we plan to station in countries and regions with poor security and employees who we expect to frequently send on business trips to such countries and regions.

## 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. 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 tuberculosis, malaria, and HIV/AIDS 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.

### COVID-19 workplace vaccinations

We have been working hard on securing vaccines, doctors, nurses and volunteers, building a reservation system, and operating it on a daily basis to be able to provide vaccinations in the workplace to protect the health of our employees during the worldwide COVID-19 pandemic in recent years. We are providing three vaccinations to all employees who desire them. Moreover, we have widely disclosed the manual for workplace vaccinations we created in-house and our response to operational issues to serve as a useful tool for regional communities and other companies.

- First and second vaccination: COVID-19 workplace vaccination public records ([https://www.itochu.co.jp/en/about/covid\\_info/index.html](https://www.itochu.co.jp/en/about/covid_info/index.html))
- Third vaccination: COVID-19 workplace vaccination information disclosure ([https://www.itochu.co.jp/ja/about/covid\\_info/2022.html](https://www.itochu.co.jp/ja/about/covid_info/2022.html))
- Fourth vaccination: COVID-19 workplace vaccination information disclosure ([https://www.itochu.co.jp/ja/about/covid\\_info/202210.html](https://www.itochu.co.jp/ja/about/covid_info/202210.html))

# Occupational Safety and Health Management

## Basic Health Management Support

- **Border-Less Medical Concierges:** 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 the elderly family members remaining in Japan of employees we have stationed overseas. 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 listening 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 our 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.

## Performance 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 (P167)
  - Performance Benchmarking Against Industry Average (Wholesalers and Retailers with Over 100 Employees) (P167)
- Attendance in Training Related to Health and Safety Standards (P168)
- FYE 2023 Number of Employees that Received Our Main Health and Safety-related Trainings (P168)

# Occupational Safety and Health Management

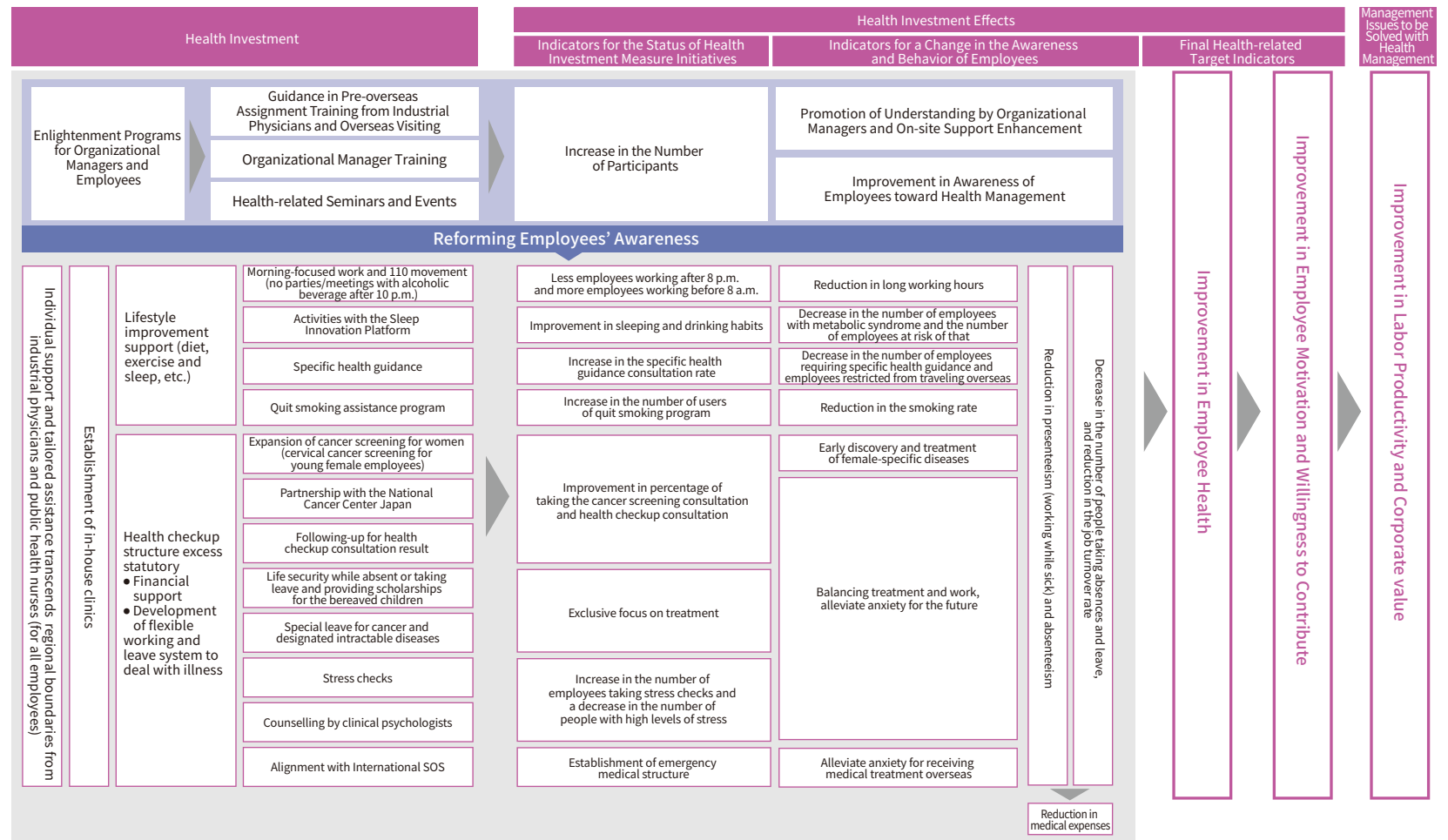
## Initiatives for Health Management

We established the ITOCHU Health Charter in FYE 2017. The charter states that each employee is responsible for maintaining and improving their health, that ITOCHU will actively support their efforts to do so, and that the good health of our employee is the foundation of their happiness as well as their families, customers and society more broadly. ITOCHU has set up Health Administration Centers at its Tokyo and Osaka Headquarters and is distinguished by the “conciierge” assistance it extends to individual employees with the involvement of industrial physicians and health nurses in a way that transcends regional boundaries. 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 health checkup results via a PC or smartphone and permits centralized management of lifestyle data, such as the number of steps walked in a day, weight, blood pressure. In addition, we created the Strategy Map for Health Management in ITOCHU in August 2021. This map visualizes the positions and effects of various measures. These steady initiatives have been recognized. We received the Minister of Health, Labour and Welfare Prize during the Award for Companies Promoting Cancer Control in the Action Plan for Promotion of Cancer Control sponsored by the Ministry of Health, Labour and Welfare in February 2018. We have also been highly praised such as by being selected as a Health & Productivity Management Outstanding Organization (White 500) every year since FYE 2017 when we started applying to the program.

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 health checkups and stress checks to the protection of personal information.

## The Strategy Map for Health Management

ITOCHU recognizes that employees, our irreplaceable management resource, are diverse in terms of their race, gender, religion, nationality and age. We promote health management focused on the following initiatives so that each of our employees achieves their infinite missions and so that we realize a permanent improvement in our corporate value.

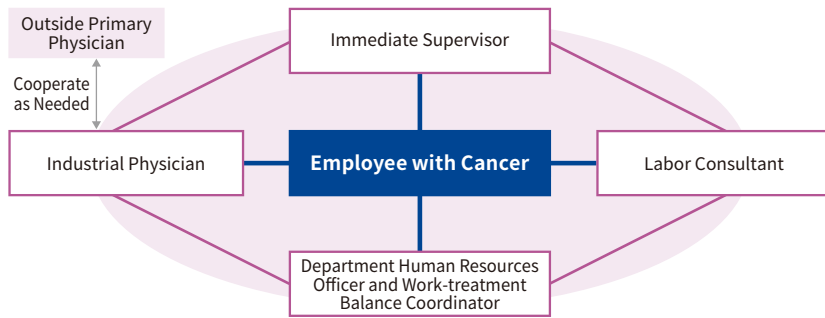


# Occupational Safety and Health Management

## Support for Balancing Cancer Care and Work

We have been working from the three perspectives of prevention, treatment and coexistence as support for balancing cancer care and work since FYE 2018. The aim of this is to build workplaces where employees can truly feel at home even if they have cancer and where they can continue to work with peace of mind. Furthermore, in addition to conducting periodic special cancer examinations in partnership with the National Cancer Center, we also provide scholarships along with employment at ITOCHU group companies to bereaved families of employees who had such diseases. These initiatives are leading to an improvement in the sense of security felt by our employees.

### ■ ITOCHU Corporation Support System for Balancing Work and Cancer Treatment



### ■ Overview of “Support Measures for Balancing Cancer Care and Work”

Prevention	Treatment
<ul style="list-style-type: none"> <li>• <b>Alliance with the National Cancer Center Research Institute</b> (early detection through special checkups, contribution to research)</li> <li>• Fostering awareness of preventing lifestyle diseases</li> <li>• Subsidies for smoking cessation treatment costs</li> <li>• Checkups for various cancers through regular health screenings</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Alliance with the National Cancer Center Research Institute</b> (immediate collaboration with medical specialists and access to leading-edge treatments)</li> <li>• <b>Providing Full Company Assistance for Expense for Advanced Cancer Treatment (Not Covered by Insurance)</b></li> <li>• Assignment of medical specialists to health management offices</li> </ul>
Coexistence	
<ul style="list-style-type: none"> <li>• <b>Construction of Support System for Balancing Cancer Care and Work</b> <ul style="list-style-type: none"> <li>• Establishment of coordinator (consultation desk)</li> <li>• Creation of a guidebook and education of organization heads</li> </ul> </li> <li>• <b>Reflection in Evaluation Indicators of the Balancing of Cancer Care and Work</b></li> <li>• Reduction of anxiety about the future                             <ul style="list-style-type: none"> <li>• Fund for education of children up to graduate school graduation</li> <li>• Support for bereaved spouses via the provision of employment opportunities at the ITOCHU Group</li> </ul> </li> <li>• <b>Development of Flexible Work and Leave Programs</b> <ul style="list-style-type: none"> <li>• Shortened work hours, selection of work days, working from home</li> <li>• Special leave: 18 days per 3-year period</li> </ul> </li> <li>• Payment of Illness Allowance during Leave of Absence</li> </ul>	

## 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.

### Details of Personnel and Labor Support Provided to Group Companies in FYE 2023

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. In FYE 2023, we held seminars on topics of high interest such as side jobs in addition to these workshops. There were approximately 100 participants (July to December).
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. In FYE 2023, the council met on the theme of mental health measures. Industrial physicians and lawyers explained about practical measures from their respective viewpoints. There were 195 participants.
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 have conducted assessments of 64 companies since starting this initiative in FYE 2017.
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.



# Occupational Safety and Health Management

## External Appraisal/Assessment

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 were selected as a Company with Outstanding Cancer Control Promotion in the initial year in the Companies with Outstanding Cancer Control Promotion Recognition Program that was newly established in FYE 2021. 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.**

Moreover, 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.

In FYE 2016, ITOCHU Corporation was selected as a Health and Productivity Stock for two years in a row in 2016 and 2017 in the Health & Productivity Management Outstanding Organization Recognition Program that is chosen by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. In addition to honors such as those, we have been **selected as a Health & Productivity Management Outstanding Organization (White 500) for seven years in a row** up until FYE 2023 since FYE 2017 when we started applying to the program.

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 promote aggressive measures for improving health throughout company.

For more details, please refer to Evaluation by Society (Occupational Safety and Health Management) (P206).

# Respect and Consideration for Human Rights

## Policy and Basic Concept

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.

### 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.

**Fumihiko Kobayashi**  
 Member of the Board  
 Executive Vice President  
 Chief Administrative Officer

Established in April 2019  
 Revised in April 2020

• Code of Ethical Conduct ([https://www.itochu.co.jp/en/about/ethical\\_conduct/index.html](https://www.itochu.co.jp/en/about/ethical_conduct/index.html))

# Respect and Consideration for Human Rights

## Individual Policy

### 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. Our existing principles contain initiatives to ensure that modern slavery and human trafficking do not occur in our sales activities and supply chain across the world.

■ 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 of the ITOCHU Group 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 that 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.










### Job Creation and Employment Concept

The ITOCHU Group works to make local contributions by local hiring during the diverse business activities we engage in around the world. We strive for coexistence with the local regions in which we operate and to contribute to the development of international society. We comply with the statutory minimum wage and strive to pay at least a living wage when we hire local employees. Doing so leads to human resource development in the region and helps stimulate local economies. Moreover, we believe this contributes to sustainable development. When an ITOCHU Group company in Japan or overseas engages in business activities in a particular region, as the parent company, ITOCHU supports to formation of a management structure for ensuring that the company complies with relevant laws and provides an optimal labor environment for its employees. (Group companies report to division companies based on their operating domain and the division company provides direct support.) The ITOCHU Group is comprised of some 300 companies in Japan and overseas, and works to balance business and regional development by hiring and training local staff.

# Respect and Consideration for Human Rights

## Targets and Action Plan

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

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
<b>Textile Company</b>								
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>		Supply Chain	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.	Textile Company conducted human rights due diligence in FYE 2023. We screened domestic and overseas suppliers for all businesses, obtained questionnaire responses from 105 companies, and conducted on-site surveys at 4 companies. As a result, it was confirmed that there were no specific matters related to human rights issues. In the next fiscal year's supplier survey, we will continue to monitor the companies which do not yet have established internal manuals or regulations.
<b>Machinery Company</b>								
Respect and Consider Human Rights		Supply Chain	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.	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.
<b>Metals &amp; Minerals Company</b>								
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>	 	<ul style="list-style-type: none"> <li>Mining</li> <li>Electric Power</li> <li>Mining</li> <li>Oil and Gas Fields</li> </ul>	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"> <li>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.</li> <li>We will improve local infrastructure such as medical care and education.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the thorough application of the EHS guidelines and employee education.</li> <li>Contribute to local communities through activities for improving medical care, education and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines.                             <ul style="list-style-type: none"> <li>EHS seminar attendance rate: 100%.</li> <li>Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%.</li> </ul> </li> <li>Donations to medical care and education, and building infrastructure in local communities.                             <ul style="list-style-type: none"> <li>Carry out CSR activities in all existing and operating projects to be possessed in long term (100%).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>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%.</li> <li>We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project.</li> <li>We carried out activities that contribute to the local community as part of each project we invest in.</li> </ul>
<b>Food Company</b>								
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>	 	Supply Chain	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"> <li>We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries.</li> <li>We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy.</li> <li>Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy.</li> <li>Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information.</li> </ul> <p><b>2030</b></p> <ul style="list-style-type: none"> <li>Coffee beans: Aim for a 50% switch to sustainable coffee beans.</li> <li>Cacao beans: Aim for a 100% switch to sustainable coffee beans.</li> <li>Aim for a 100% switch to sustainable palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Regarding FYE 2023, our quantitative target 15% or more was achieved with the result of 28%, and its target for FYE 2024 should be 20% or above. In addition, from June 2022, we partially started disclosing BtoB level digital traceability information to our customers by using Farmer Connect (Coffee traceability platform).</li> <li>Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.)</li> <li>Palm oil: Check supplier's sustainable palm oil sourcing policies through regular surveys, and continue purchasing based on our procurement policies. At the same time, we continue to publicize the ratio of RSPO certified Palm Oils and Traceable To Mill etc.</li> <li>Ratio of RSPO Certified Palm Products/Oleo chemicals                             <ul style="list-style-type: none"> <li>Palm Oils 24%</li> <li>Oleo Chemical Products 65%</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>	  	<ul style="list-style-type: none"> <li>Forest</li> <li>Stable Supply of Resources</li> </ul>	Establishing a supply chain reflecting consideration for human rights and the environment	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"> <li>Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines.</li> <li>Start the commercial production and export of pineapple processed foods in Sierra Leone.</li> </ul>	<ul style="list-style-type: none"> <li>Employment: about 1,800 as of 2023 March.</li> <li>2022 Pineapple Production Estimate: 12,000tons.</li> </ul>

# Respect and Consideration for Human Rights

## 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 to constantly prevent negative impact on human rights in collaboration with the persons responsible for ESG in each division. The secretariat establishes this system and performs a review every year together with the ESG officers 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.

■ Structure for Promoting Human Rights: Sustainability Promotion Structure Chart (P15)

## Human Rights Due Diligence

The ITOCHU Group is fulfilling our responsibility to respect human rights based on The ITOCHU Group Human Rights Policy established in April 2019. Specifically, we continuously identify and assesses 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 such impact by taking the appropriate steps. Therefore, following the procedures detailed in the UN Guiding Principles on Business and Human Rights, we establish a human rights due diligence mechanism to assess a wide range of human rights issues, including four core labor standards (Forced labor, Child labor, Discrimination, Freedom of Association and Collective Bargaining) set out in “The ILO Declaration on Fundamental Principles and Rights at Work.” In addition, we disclose information on the progress and results of our action.



## Impact and Assessment on Human Rights

Targeting business areas in our company, we identified salient human rights issues on which we should focus our efforts to prevent any negative impact by referring to international guidelines and indicators, such as SA 8000, with the cooperation of the external professional organization, and conducted several risk mapping.

## Identified Issues

Child Labor, Forced Labor, Health and Safety, Freedom of Association and Right to Collective Bargaining, Discrimination, Disciplinary Practices, Working Hours, Remuneration

## Implementation Process:

- Country Risk Mapping: Assessment on identified issues in the countries of the Suppliers' location
- Business Area Risk Mapping: Study on human rights items to consider, including identified issues

Issues	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th
Child Labor	■		■		■			
Forced Labor	■		■		■			
Health and Safety	■	■	■	■	■	■		■
Freedom of Association and Right to Collective Bargaining	■					■		
Discrimination	■		■		■		■	■
Disciplinary Practices	■							
Working Hours	■	■				■	■	■
Remuneration	■				■	■		
Migrant Workers	■	■	■	■		■		■
Human Trafficking	■		■					
Indigenous Human Rights		■	■			■		
Impact on Local Communities and Residents		■	■	■				
Land Acquisition and Resettlement		■	■	■				

- Merchandise Risk Mapping: Survey of merchandise risk levels by country

The following merchandise should be handled with particular consideration.

Selected Merchandise: cotton, clothing, palm oil, coffee, tuna, natural rubber, wood products

In our company, we continuously take into account country, business area and merchandise risk, and promote responsible procurement in consideration of human rights.



# Respect and Consideration for Human Rights


## Implementation Status

We have started conducting human rights due diligence for each business sector based on the impact on and assessment of human rights as described above, starting with the Food Company in FYE 2021. We have confirmed that there were no significant negative impacts in the business fields in which we have carried out assessments in the past. In the next few years, we plan to implement human rights due diligence sequentially in all business sectors.


- Progress of Human Rights Due Diligence FYE 2023

([https://www.itochu.co.jp/en/csr/pdf/du\\_e\\_diligence\\_en\\_2022.pdf](https://www.itochu.co.jp/en/csr/pdf/du_e_diligence_en_2022.pdf)) 

- Progress of Human Rights Due Diligence FYE 2022

([https://www.itochu.co.jp/en/csr/pdf/human\\_rights\\_due\\_diligence\\_en\\_2021.pdf](https://www.itochu.co.jp/en/csr/pdf/human_rights_due_diligence_en_2021.pdf)) 

- Progress of Human Rights Due Diligence FYE 2021

([https://www.itochu.co.jp/en/csr/pdf/human\\_rights\\_due\\_diligence\\_en\\_2020.pdf](https://www.itochu.co.jp/en/csr/pdf/human_rights_due_diligence_en_2020.pdf)) 

At the same time, 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.

• Supply Chain Sustainability Survey Initiative (P148)

## New Business Investment Projects

For more details, please refer to “ESG Risk Assessment for New Business Investment Projects” (P152).

## 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 details, please refer to Sustainability in the Value Chain (P148) and Response to Suppliers in Violation of this Policy (P151).

## 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.

• Human Rights Audits in the Poultry Industry in Thailand (P150)

## Grievance Mechanism

The ITOCHU Group has multiple points of contact for receiving concerns and complaints from stakeholders. In case that we are found to be involved in a negative impact on human rights, we take appropriate measures to remedy the situation.

## Consultation Desk for Supply Chains

ITOCHU is a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides the “Engagement and Remedy Platform” in accordance with the United Nations Guiding Principles on Business and Human Rights. This platform allows any stakeholder in the supply chain to report violations or suspected violations of international and national codes of conduct. By accepting grievances through third-party channels, we strive to ensure fairness and transparency, promote dialogue and redress more than ever, and remedy identified affected parties. When receiving reports, we ensure the anonymity of the person making the report and the confidentiality of the report.

• JaCER Grievance Platform (<https://jacer-bhr.org/en/application/index.html>)

Periodic updates of information in response to the report through JaCER, including the nature of the report and its status, will be disclosed on the website of JaCER while ensuring the anonymity of whistleblowers.

# Respect and Consideration for Human Rights

## Consultation Desk for Employees

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.



HR Help Guide Book on the Intranet

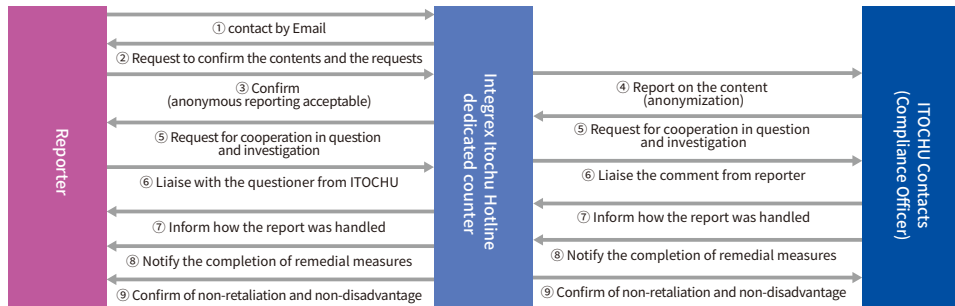
## Career Counseling Center

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

## 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.)

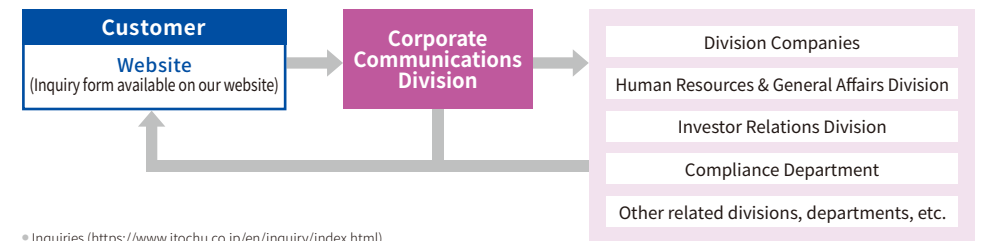


ITOCHU Corporation applied for recognition under the Whistleblowing Compliance Management System (Phase 1: self-declaration of conformity), which was newly introduced by the Consumer Affairs Agency of Japan. Our conformity with certification standards was confirmed and our registration was accepted as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

At ITOCHU Corporation, we make use of opinions and suggestions from customers to improve customer satisfaction, facilitate stakeholder understanding, prevent risks, and other purposes, thereby helping to improve our corporate value.



\* 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.

\* Relevant data: Number of Hires by Gender and Adoption Rate for Mid-Career (P166)

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 race, gender (including sexual minorities such as LGBTQs), religion, nationality, age 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 race, gender (including sexual minorities such as LGBTs), religion, nationality and age 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 685 participants in our human rights training in FYE 2023.

• Relevant data: FYE 2023 Human Rights Training Record (P167)

In addition to the above training, we provide opportunities for officers and employees of ITOCHU all over the world to learn about business and human rights with online general sustainability education.

• Sustainability Awareness Activities at ITOCHU (P18)



## 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 (P18)

## 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 and publish on the Intranet.

- 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 those in our company informed.

## 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.

# Respect and Consideration for Human Rights

## 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.

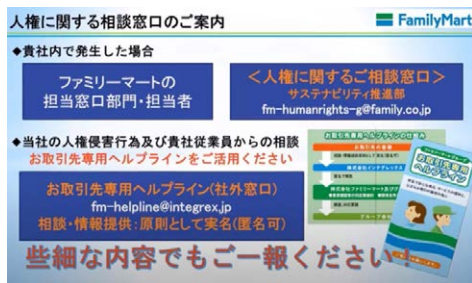


Seminar on "Sustainability Promotion and Foreign Technical Intern Trainees"

## Human Rights Training for Ready-made Meal Manufacturers

FamilyMart, a group company, holds Meetings to Share Information on Human Rights Issues in the Supply Chain for managers involved in the hiring of ready-made meal manufacturers who supply products to FamilyMart stores and the formulation and implementation of labor-related policies. The aim of these meetings is to prevent human rights risks and to promote understanding of those risks.

The ITOCHU Group will continue to work to reduce human rights violation risks across the entire value chain in our Group.



Information of Consultation desks for human rights is provided in the training

### Meeting Details

Speaker	Kazuo Tase, SDG Partners, Inc.
Details	<ul style="list-style-type: none"> <li>Responsibility of companies for human rights</li> <li>Prevention of human rights problems and dealing with such problems when they occur</li> <li>Question-and-answer session</li> </ul>

## Pineapple Production Business Promoting Local Employment, Supporting Living Infrastructure, and Improving Productivity

For more details, please refer to Community Contribution. (P164)

## An Oil Project in the Caspian Sea, which Ensures a Stable Resource Supply and Contributes to Local Communities for Harmonious Cooperation

For more details, please refer to Community Contribution. (P164)

## 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 (LRQA Sustainability K.K.)
- Human Rights Education Subcommittee (GCNJ)

# 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” (P153).

## 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
<b>Reducing Negative Product Impact of Food Products on Customers</b>	Ensuring the safety of imported food products, processed foods, and fresh food products (E.G., Coping with biological, chemical and physical hazards)	<ul style="list-style-type: none"> <li>Self-management system for food safety</li> <li>Assessments for supplier's management systems in place to ensure food safety (factory inspections and audits)</li> </ul>
<b>Responsible Advertising, Marketing, and Promotion of Food Products</b>	Provision of information regarding food allergies and additives.	<ul style="list-style-type: none"> <li>Management rules for the registration of food labels</li> <li>Improvement initiatives regarding inspection skills of label contents</li> </ul>
<b>Responsible Advertising, Marketing, and Promotion of Alcoholic Beverages</b>	Provision of information regarding the prevention of drinking among persons under 20 years of age and pregnant women	Internal education programs on the liquor tax law
<b>Access to Better Nutrition</b>	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 apply our unique ON/OFF approach to strengthen the development of ready-made meal that support health. ON represents products that provide (ON) the body with nutrition in the form of vegetables, lactic acid bacteria, and dietary fiber. Examples include products that use super barley and whole grains, which provide bountiful amounts of dietary fiber. On the other hand, we also offer products that reduce (OFF) certain ingredients, such as salt and sugar, without reducing the flavor of the product. These products have been highly popular with consumers looking for a balance of delicious taste and health.

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

## Targets and Action Plan

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

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
<b>Food Company</b>								
Contribute to Healthier and More Affluent Lifestyles		Food Safety	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) or in-house qualification holders related to factory audit.
<b>Machinery Company</b>								
Contribute to Healthier and More Affluent Lifestyles	   	Food Safety	<ul style="list-style-type: none"> <li>Address Climate Change</li> <li>Develop a Rewarding Work Environment</li> <li>Respect and Consider Human Rights</li> <li>Contribute to Healthier and More Affluent Lifestyles</li> <li>Stable food procurement and supply</li> </ul>	DENBA products and related business	We will contribute to the reduction of food loss by utilizing freshness preservation technology, DENBA and to the improvement of nutritional condition by the availability of fresh food through Food Bank and children's cafeteria. Furthermore, we aim to increase the working opportunity of persons with disabilities and supply of agricultural products utilizing the hydroponic farming.	Installation of DENBA technology to food supply chain and familiarizing the combination of hydroponic farming with disabled employment.	Expand sales of DENBA products in the food supply chain (more than JPY300mil sale in FYE 2024), maritime chamber (more than 200vessels in FYE 2024) and refrigerated containers for children's cafeteria (more than 5cases in FYE 2024). Opening hydroponic farming plant with disabled employment (one pilot project in FYE 2024).	<ul style="list-style-type: none"> <li>Continuously supporting sales of DENBA, in particular DENBA Fryer which enables to reduce cooking oil amount of professional electric fryer. It realizes substantial reduction of waste oil.</li> <li>Total number of sales of DENBA Marine for maritime chamber achieved 200units.</li> <li>Until 2022 more than 10 use cases of Refrigerated containers with DENBA's freshness preservation units for children's cafeteria have been accomplished. More and more operators of children's cafeteria are approaching to DENBA so further use cases will be seen in 2023.</li> </ul>
<b>Energy &amp; Chemicals Company</b>								
Contribute to Healthier and More Affluent Lifestyles		Medical Health	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 generics.	Aim to accelerate the deployment of pharmaceuticals on the market, obtain early approvals for new pharmaceutical, generics and other products of which we are engaged in supporting the development and place them on the market.	<ul style="list-style-type: none"> <li>Continuing to support the development of generics by ITOCHU CHEMICAL FRONTIER Corporation, several types of pharmaceuticals have been launched.</li> <li>We have continued to sell a pain reliever in North America through ITOCHU CHEMICAL FRONTIER Corporation.</li> </ul>
<b>ICT &amp; Financial Business Company</b>								
Contribute to Healthier and More Affluent Lifestyles		Medical Health	Promoting good health among the people	<ul style="list-style-type: none"> <li>Support pharmaceutical development projects</li> <li>Preventative healthcare-related business</li> <li>Medical healthcare IT business</li> <li>Sales of Cutting-Edge medical devices and provision of medical services</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>We will optimize healthcare utilizing medical data.</li> <li>Promote sales of advanced medical devices, and the business of supporting the operation of designated regional cancer care hospitals.</li> </ul>	<ul style="list-style-type: none"> <li>Realization of new services and business development relating to medical data.</li> <li>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.)</li> <li>Increase the penetration of advanced medical devices in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>ITC has formed a capital alliance with a medical data company in FYE 2023.</li> <li><b>MRI-guided radiation therapy systems</b></li> <li>The radiotherapy treatment system which we delivered to National Cancer Center Hospital, Saitama Medical University International Medical Center, and Edogawa Hospital are treating a cumulative total of 600 cancer patients including patients were difficult to treat with conventional methods.</li> <li>Edogawa Hospital as well as National Cancer Center Hospital (finished upgrade to latest system on June, 2022) has been treating intractable cancer and Saitama Medical University International Medical Center will be starting treatment at the end of March 2023. Also, Shin-Matsudo Central General Hospital will going to install the system by the end of this year.</li> <li><b>Scalp cooling therapy system for cancer patients</b></li> <li>The system has been highly evaluated by patients and medical professionals for its effectiveness in suppression of decreasing hair loss caused by anticancer drug treatment, mainly among breast cancer patients.</li> <li>In the end of FYE 2023, 80 system machines(Sales:43, Rental: 37) have been operated in 26 prefectures and treated a cumulative total of 2,000 patients at 64 facilities in Japan.</li> </ul>

# 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 violation of food labeling standards, 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. That office is responsible for addressing the following issues:

1. Advise to Company and their respective domestic and overseas subsidiaries in their initiatives to design a food safety self-management system.
2. Management of the labeling and safety-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. Food safety audits and subsequent corrective guidance for subsidiaries and supplier factories.

In addition to the above, the Office is responsible for the management of compliance, trade and logistics, and environmental activities, occupational health and safety, and sustainability promotion.

### 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 recognized by GFSI (Global Food Safety Initiative). 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 processed 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, ISO 22000, and FSSC 22000. 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 imported food. We have been dispatching a member of our Japanese staff with a wealth of practical experience in factory audits (IRCA\* ISO 22000 auditor qualification holder) 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.



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 relatively high risk factory identified as a manufacturing plant for processed 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 periodically based on the frequency setting – over 300 relatively high risk 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 + management system + food defense).

#### Regular Audits to Ensure Food Safety

	FYE 2021	FYE 2022	FYE 2023
Regular Audits (Number of Factories)	238	310	331
Regular Audits and Follow-up Audits in China (Included in the Above Number of Audits)	49	48	42

# 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.

- ITOCHU FEED MILLS CO., LTD.
- JAPAN NUTRITION Co., Ltd.
- DOLE ASIA HOLDINGS PTE. LTD.
- Provence Huiles S.A.S.
- WELLNEO SUGAR Co., Ltd.
- FUJI OIL HOLDINGS INC.
- PT. ANEKA TUNA INDONESIA
- SHOW-WA Co., Ltd.
- Prima Meat Packers, 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"> <li>• Food safety and responsible advertising, marketing, and promotion</li> <li>• Compliance</li> <li>• Internal regulations and manuals</li> <li>• ESG</li> </ul>
Target Persons	<ul style="list-style-type: none"> <li>• All employees in the Food Company (including part-time workers, temporary workers, employees seconded from the company and employees seconded to the company)</li> <li>• All employees in the Food Management Support Corporation (subsidiary to complement the functions of the Food Company)</li> </ul>

### Attendance Record

	FYE 2021	FYE 2022	FYE 2023
Number of Trainees	771	766	770
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) (Japanese only) (<https://www.asif.or.jp/>)

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. Coping with biological, chemical and physical hazards) – 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 (Japanese only) (<https://www.n-shokuei.jp/>)

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 (Japanese only) (<https://www.jafaa.or.jp/>)

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 Quality of Life (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

#### Handling Plant-based Milk (Oat Milk and Almond Milk)

ITOCHU is developing oat milk and almond milk among the plant-based milk products made from beans, nuts and other plant ingredients.

Plant-based milk is becoming popular as an alternative to cow's milk that can also be drunk by those with lactose intolerance who cannot digest lactose.

Oat milk and almond milk are especially healthy as they have lower fat and calories than cow's milk. They contain lots of dietary fiber and go well with coffee. Therefore, demand is also growing for them in the United States and Europe.

Furthermore, they can contribute to a reduction in the environmental burden in terms of CO<sub>2</sub> emissions, land and water usage compared to cow's milk. They are sustainable ingredients characterized by the ability to store them at room temperature and their long best before dates.

ITOCHU is building a raw ingredient import and domestic manufacturing structure to widely deliver to consumers this nutritional, healthy and environmentally-friendly plant-based milk. We are also proposing development that includes product design.

One of the basic policies in ITOCHU's Medium-term Management Plan is to contribute to and strengthen initiatives for SDGs. We will also proactively promote the development of plant-based milk in the future with a target of handling 5,000 tons of it in FYE 2026.



#### CP Foods (CPF): Handling of Plant-Based Foods

Plant-based foods are foods made from soybean, peas, wheat and other plant-based ingredients that reproduce the flavor and texture of animal-based foods (hamburger patties, nuggets and other meat products, cheese, butter and other dairy products, and tuna and other seafood products, etc.).

These foods are attracting attention for various reasons. Many plant-based food products contain less fat than animal-based products. Plant-based foods are ingredients which may solve the issue in modern society in that animal-based protein is expected to be in short supply for the entire population in the future. Furthermore, plant-based foods can contribute to reducing the environmental burden in terms of CO<sub>2</sub> emissions, land and water usage compared to animal-based foods.

We are working on the development of Meat Zero plant-based food products jointly with CPF that is a core company in the CP Group and one of the major suppliers of the Food Company. We are doing this so that we can also proactively promote plant-based foods with the above characteristics. We started selling chicken nuggets, hamburger patties and meat sauce in Thailand under the Meat Zero brand name in May 2021. We use the soy protein of the FUJI OIL company in our Group for some of the ingredients. We also utilize the knowledge of the ITOCHU Group to reproduce the look, texture and taste of real meat.

Thailand CPF has announced it is aiming to become the top brand in Asia and one of the top three brands in the world for meat substitute brands by 2026. In addition to the products we have jointly developed with CPF, ITOCHU is also proactively promoting and developing other products. Combined with the Try Veggie series (Prima Meat Packers) developed within in our Group, we are aiming to handle 10,000 tons of plant-based foods by 2025.





# Responsibilities to Customers

## 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.

### 1. Preventing the Sale of Alcohol and Tobacco to Persons Under 20

FamilyMart sells alcoholic beverages and tobacco. We thoroughly prevent the sale of alcoholic beverages and tobacco to persons under 20 years of age as a responsible business operator and as a response based on the Safety Station Activities Charter (Initiative to Improve the Environment for Youths) of the Japan Franchise Association to which FamilyMart belongs. We have created a Guidebook for Compliance with Laws and Regulations Concerning the Sale of Alcohol and Tobacco. This guidebook summarizes the matters which should be complied with when advertising, publicizing and selling alcohol and tobacco, and the method of educating employees. It is based on the concept that drinking alcohol under 20 years of age leads to the risk of developing acute alcohol addiction or alcohol dependence in the future. Furthermore, we provide the following education and awareness campaigns to company and franchise store employees and give warnings to customers. These efforts allow us to thoroughly ensure we do not sell alcohol and tobacco to persons under 20 years of age.

#### 1. Warning to Customers

We give warnings to customers about the sale of alcohol and tobacco. We display products in the alcoholic beverages section so they can be recognized as such. In addition, we put up posters and sales promotional materials stating we will not sell alcoholic beverages to those whom we cannot confirm to be at least 20 years old.

Every week, store managers and supervisors in charge of sales guidance verify whether legally mandated display of alcoholic beverages at the store and their classifications are carried out properly and confirms the presence of posters and other items that prohibit persons under 20 years of age from drinking and smoking.



"Age Verification in Progress" Poster Sample



"Alcoholic Drink Sales Label" Product Display Case Board

#### 2. Age Verification at the Register

In July 2017, we changed the cashier program so that when alcohol and tobacco products are scanned at the cash register, messages are displayed on the cash register screens of both store staff and customers at the same time as voice guidance to alert store staff and facilitate age verification of customers.

#### 3. Training of Store Staff

We have created the Age Confirmation Guidelines and the Alcohol and Tobacco Sales Training Program to provide training to all employees working in our stores on the identification of alcohol and tobacco products and on the age-verification procedures at cash registers. When hiring employees who will operate cash registers, they receive training through the Alcohol and Tobacco Sales Training Program before serving customers. Additionally, they undergo Alcohol and Tobacco Sales Training twice a year (first half and second half of the year). Upon completion of the training program, we prepare a "Record of Alcohol and Tobacco Sales Training Implementation." This record is confirmed by the store manager and supervisor.

#### 4. Advertising and Promotion of Private Brand Alcoholic Beverages

We label alcoholic beverages in the Famimaru private brand of FamilyMart based on the Voluntary Code for the Advertising and Marketing of Alcoholic Beverages and the Labeling of Alcoholic Beverage Containers established by the Japan Liquor Industry Council. Furthermore, FamilyMart stores which handle alcoholic beverages also handle non-alcoholic beverages as an alternative to alcoholic beverages for customers who are 20 years of age or older.

### Development and Provision of Products and Services that Promote Health and Eliminate Negative Impacts

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. These initiatives aim to support the enhancement of healthy diets among customers, increase a self-care mindset among community members, and reduce medical expenditures. Furthermore, FamilyMart is developing products based on the concepts of "ON (plus)" and "OFF (suppression)": health appealing products that add vegetables, dietary fiber, etc. to the body, and health support products that eliminate specific ingredients, such as low-sugar products and low-salt products, from a health-conscious perspective without losing their flavor.

# Responsibilities to Customers

## 1. A Product That Promotes Health by Adding Vegetables, Dietary Fiber, etc., to the Body

- Cumulative sales of food products containing super barley exceed 200 million meals (December 2021): We have sold food products containing the BARLEYmax® (hereinafter “Super Barley”) functional food ingredient since 2017. Cumulative sales of Super Barley have exceeded 200 million meals (as of the end of December 2021).

Furthermore, we started selling new products made with Super Barley such as Super Omugi-iri Daizu Meat Soboro / Tamago / Iwashita-no Shinshouga-iri (minced soy meat, egg and Iwashita sweet-sour pickled young ginger rice balls containing Super Barley) since January 2022. These rice balls contain MCT oil that is much talked about among those with a high health consciousness and the high-protein soy meat food product.

Super Barley contains about two times as much dietary fiber as regular barley and about seven times as much brown rice. It is possible to consume medium-chain fatty acids widely used in training and medical sites as a high-quality energy from MCT oil. Meanwhile, vegetable protein and dietary fiber can be consumed from soy meat. We provide products which support the PFC balance\* of Japanese people that tends to be upset due to excessive sugar and a lack of protein as affordable rice ball products.

\* PFC balance: This refers to the balance of consuming the three major nutrients of protein, fat and carbohydrates. The Ministry of Health, Labour and Welfare has set target amounts for these to prevent the onset of lifestyle-related diseases and their aggravation.



- Products Using Soy Meat: In January and June 2021, FamilyMart stores nationwide launched a total of nine products using soy meat across Japan. Soy meat has been attracting an increasing interest in recent years as next-generation meat. FamilyMart has been releasing products made with soy meat since April 2017. These have received a great deal of support mainly from health-conscious customers. With the spread of new lifestyles due to the impact of the new coronavirus and the change in awareness of environmental issues due to the growing focus on the SDGs, there has been a change in our daily dietary habits. In addition, interest in health-conscious and ethical 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.” The demand for vegetable protein is increasing year by year due to the fact that it has less of an environmental impact in terms of water and energy required for growth compared to meat.

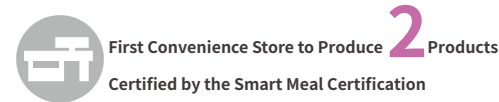


Products Using Soy Meat

## 2. Nutritionally-balanced Health Support Products That Suppress Specific Ingredients, Such as Low-salt Products, from a Health-conscious Perspective without Losing Flavor

- 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.

\* 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.



- “Low-salt Japanese-style Dressing” won the first Gold Prize at a convenience store: Our Reduced-Salt Japanese-Style Dressing in a small-pouch form sold separately from salads was awarded the Gold Prize at the Fifth JSH Reduced-Salt Food Products Awards (sponsored by the Salt Reduction Committee of the Japanese Society of Hypertension). It was the first time for a convenience store to win the Gold Prize. Since its launch, the dressing has been supported by many customers, as a product with 25% less salt\* while retaining the rich flavor that brings out the taste of vegetables.

\* Contains 25% less sodium than standard Japanese-style dressing based on Standard Tables of Food Composition in Japan - 2020 - (Eighth Revised Edition).

Please refer to the FamilyMart Co., Ltd. Sustainability Site (Providing Products and Services that Enrich Lives ([https://www.family.co.jp/english/sustainability/material\\_issues/needs/added\\_value.html](https://www.family.co.jp/english/sustainability/material_issues/needs/added_value.html))) for details of the above initiatives.

# Responsibilities to Customers

## Food Safety and Reliability

At FamilyMart, we aim to provide ready-made meal 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-made meal 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
<b>Ingredient Management</b>	<ul style="list-style-type: none"> <li>Ingredient reviews based on quality and hygiene management standards</li> </ul>
<b>Manufacturing and Quality Control</b>	<ul style="list-style-type: none"> <li>Bacterial tests (monthly)</li> <li>Factory inspections on all ready-made meal manufacturing sites (monthly and bimonthly)</li> <li>Quality product assurance meetings (weekly)</li> <li>Quality control supervisor meetings (semiannual)</li> </ul>
<b>Distribution Management</b>	<ul style="list-style-type: none"> <li>Distribution center facility management</li> <li>Storage and transportation by temperature zone – frozen, chilled, and fixed temperature</li> </ul>
<b>Store Management</b>	<ul style="list-style-type: none"> <li>Education on hygiene management at stores</li> <li>Implementation of hygiene management in accordance with HACCP</li> </ul>

## 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.

## WELLNEO SUGAR Co., Ltd. (<https://www.wellneo-sugar.co.jp/english/index.html>)

### Achieving well-being by opening up the power and potential of sugar

At WELLNEO SUGAR Co., Ltd. we leverage the amazing properties of sugar, a natural plant-based food substance, to provide consumers with high-quality products that are both safe and worry-free.

ITOCHU Sugar Co., Ltd., a subsidiary of ours, is engaged in the production and sale of Kururu no Oishii Origoto, which is made from fructooligosaccharides derived from domestic sugar beets, as well as Okinawa & Amami Kibi Origo, which is made from fructooligosaccharides derived from domestic sugarcane. Fructooligosaccharides, which are known as prebiotics, reach the large intestine after ingestion without being digested and serve as a source of nutrients for intestinal bifidobacteria and other bacteria, thereby maintaining a good intestinal environment.

## FUJI OIL HOLDINGS INC. (<https://www.fujioilholdings.com/en/>)

### Development and Provision of Products and Services that Promote Health and Eliminate Negative Impacts

The FUJI OIL Group, one of our Group companies, develops products that promote consumers' health. At the same time, it develops products and services that eliminate negative impacts.

#### 1. Initiatives to Reduce Trans-fatty Acid Content

The FUJI OIL Group started efforts to reduce trans fatty acids generated in the production of processed foods, as it was found that they increase the risk of heart disease. We are promoting research and commercialization of low-trans-fatty acid fats and oils using techniques such as transesterification which does not generate trans-fatty acids at the time of manufacturing.

Our initiatives to commercialize low- and non-trans acid oils and fats for chocolate and margarine production can contribute to providing delicious and healthy food ingredients for our customers and consumers in general. Under the supervision of the Chief Strategy Officer (CSO), we are promoting initiatives to reduce the trans-fatty acid content of our products, and plan to complete the reduction of trans-fatty acid content in all of our products to the WHO recommended level by 2023. Moreover, from FYE 2021, the Sustainability Committee (renamed from the ESG Committee)\*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme (materiality) for ESG management.

\* Refer to the URL below for details of the ESG Committee. (<https://www.fujioilholdings.com/en/csr/approach/>)

\* Reference: Targets, Performance and Progress in Product Improvement ([https://www.fujioilholdings.com/en/sustainability/trans\\_fats/](https://www.fujioilholdings.com/en/sustainability/trans_fats/))

# Responsibilities to Customers

## 2. Reduced Sugar Chocolate

Initiatives to eliminate excessive consumption of sugar to prevent obesity and lifestyle-related diseases are attracting worldwide attention. For example, the World Health Organization (WHO) published guidelines in 2015 recommending the daily sugar intake of adults and minors to be kept to less than 10% of daily energy intake.

The strength of the FUJI OIL Group lies in its research on vegetable protein ingredients which can serve as a substitute for some sugars as a B-to-B food ingredient manufacturer. The FUJI OIL Group is also developing and promoting the sale of sugar-free chocolate made without using sugar.

### Prima Meat Packers, Ltd. (<https://www.primaham.co.jp/en/company/>)

#### Proactive Provision and R&D for Products Pursuing Good Health and Delicious Taste

As people become highly conscious of their health and lifestyle habits, more and more people are becoming concerned about consuming too much salt and sugar. Salt provides the effects of flavoring and improving shelf life, and reducing salt content will ruin those effects. A group company of ours, Prima Meat Packers, Ltd., has been conducting research and development for many years. The company has developed loin ham and bacon products with 30% less salt content and sugar-free while maintaining their taste and shelf life. These health-conscious products are sold under the Prima Healthy brand to make them easily identifiable and have been well-received in the market.

## 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 on the private-brand products sold at 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 drinking under 20 years of age.

## 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 drinking under 20 years of age. 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.

### Tokyo Alcohol Wholesale Cooperative (Japanese only) (<https://tosyukyo.or.jp/>)

Tokyo Alcohol Wholesale 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 Wholesale 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. and ITOCHU SHOKUHIN Co., Ltd., ITOCHU subsidiaries, are members of this cooperative.

## 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 2022, 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, Nagoya and Osaka. Approximately 200 employees of ITOCHU Corporation and ITOCHU Group companies, including their family members, participated in the event.



ITOCHU Employees Participating in the Walk the World Event

# Responsibilities to Customers

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

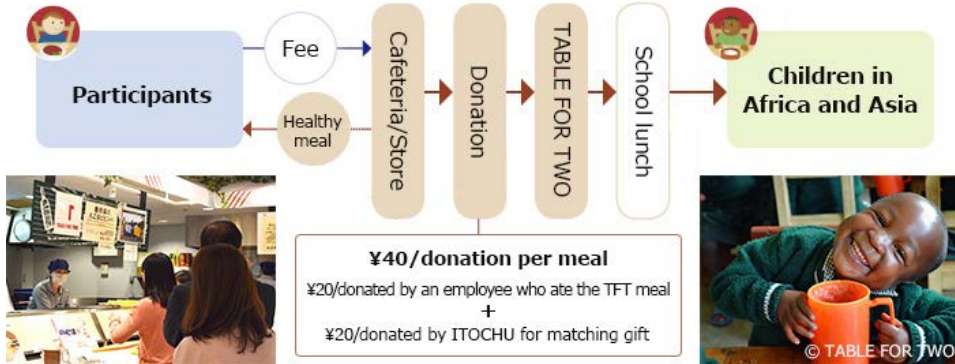


Table for Two is an international NPO that was founded by an affiliate of the World Economic Forum’s Young Global Leaders. The organization aims to right the imbalance between the 1 billion people in the world who suffer from undernutrition, and the 1 billion people in the world who suffer from obesity. 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.





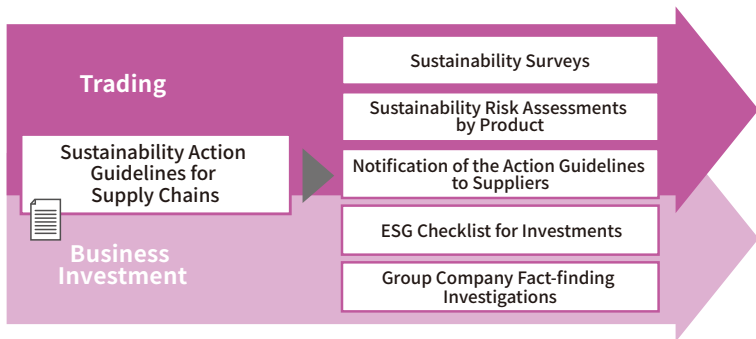
# Sustainability in the Value Chain: Policy and Basic Concept

## 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 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 on 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 the necessary measures to communicate and cooperate with our suppliers to ensure responsible management of the following items. Suppliers shall comply as follows;




- 1. Abuse and Harassment**  
Respect the human rights of all of its employees and not engage in inhumane treatment, including discrimination, harassment, abuse and corporal punishment.
- 2. Forced Labor and Child Labor**  
Prohibit forced labor or child labor including the employment of children under the minimum working age.
- 3. Discrimination**  
Prohibit employment discrimination based on characteristics including but not limited to gender, race, and religion.
- 4. Suitable Remuneration**  
Comply with statutory minimum wages, strive to exceed living wages, and not unjustly reduce wages.
- 5. Freedom of Association and Collective Bargaining**  
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. Working Hours**  
Comply with statutory working hour restrictions. Properly manage its employees’ working hours, provide holidays and paid leave as necessary and strictly prohibit excessive overtime work.
- 7. Safe and Healthy Working Environments**  
Take necessary measures to provide a safe, hygienic and healthy working environment to its employees.
- 8. Environment**  
Consider potential and existing impacts on local communities and the environment with regards to its business activities – such as impacts on nearby biodiverse habitats or pollution of the local ecosystem. Take the necessary measures to reduce its consumption of energy, water and other natural resources, as well as its emissions of greenhouse gases and waste.
- 9. Anti-Corruption**  
Comply with all applicable local and international laws and regulations. Ensure its compliance with fair business practices and anti-corruption.
- 10. Information Disclosure**  
Disclose information on all items listed above in a timely and appropriate manner.

# Sustainability in the Value Chain: Targets and Action Plan

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

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company								
Ensure Stable Procurement and Supply		Supply Chain	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.	<ul style="list-style-type: none"> <li>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.</li> <li>Work for the goal of "Zero Fashion Loss" and "Carbon Neutrality" committed by Japan Sustainable Fashion Alliance to achieve by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>Started the clothing collection service "WEAR TO FASHION" along with investment to ECOMMIT Corporation. By reusing the collected clothes and using some of them as raw materials for "RENU", the "RENU" project will further promotes a circular economy.</li> <li>The Japan Sustainable Fashion Alliance made policy proposals to Consumer Affairs Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment for "zero fashion loss" and "carbon neutrality" this fiscal year.</li> </ul>
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>		Supply Chain	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.	Textile Company conducted human rights due diligence in FYE 2023. We screened domestic and overseas suppliers for all businesses, obtained questionnaire responses from 105 companies, and conducted on-site surveys at 4 companies. As a result, it was confirmed that there were no specific matters related to human rights issues. In the next fiscal year's supplier survey, we will continue to monitor the companies which do not yet have established internal manuals or regulations.
Food Company								
Contribute to Healthier and More Affluent Lifestyles		Food Safety	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 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) or in-house qualification holders related to factory audit.
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>	 	Supply Chain	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"> <li>We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries.</li> <li>We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy.</li> <li>Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy.</li> <li>Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information.</li> </ul> <p><b>2030</b></p> <ul style="list-style-type: none"> <li>Coffee beans: Aim for a 50% switch to sustainable coffee beans.</li> <li>Cacao beans: Aim for a 100% switch to sustainable coffee beans.</li> <li>Aim for a 100% switch to sustainable palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>Coffee beans: Regarding FYE 2023, our quantitative target 15% or more was achieved with the result of 28%, and its target for FYE 2024 should be 20% or above. In addition, from June 2022, we partially started disclosing BtoB level digital traceability information to our customers by using Farmer Connect (Coffee traceability platform).</li> <li>Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.)</li> <li>Palm oil: Check supplier's sustainable palm oil sourcing policies through regular surveys, and continue purchasing based on our procurement policies. At the same time, we continue to publicize the ratio of RSPO certified Palm Oils and Traceable To Mill etc.</li> <li>Ratio of RSPO Certified Palm Products/Oleo chemicals                             <ul style="list-style-type: none"> <li>Palm Oils 24%</li> <li>Oleo Chemical Products 65%</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Respect and Consider Human Rights</li> <li>Ensure Stable Procurement and Supply</li> </ul>	 	Supply Chain	Responsible Fisheries Procurement	Fresh food field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	Promote procurement in accordance with the supplier's own code of conduct in the country of origin of the tuna.	Develop a tuna procurement policy and promote procurement of products and certified products that comply with the policy.	<ul style="list-style-type: none"> <li>We have acquired the MSC fisheries certification for six fishing vessels as of July 2022.</li> <li>ITOCHU and fishing companies are currently applying the second MSC fisheries certification for 19 vessels in addition to the above 1st MSC certification.</li> </ul>

# Sustainability in the Value Chain: Targets and Action Plan

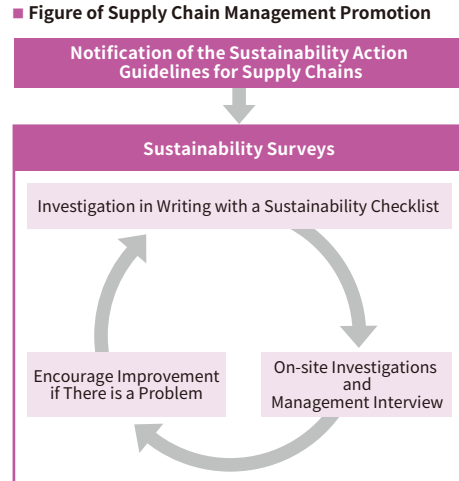
Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
General Products & Realty Company								
Ensure Stable Procurement and Supply		Forest	Using sustainable forest resources	<ul style="list-style-type: none"> <li>• Pulp</li> <li>• Woodchips</li> <li>• Wood products &amp; materials</li> </ul>	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.	In FYE 2023, 100% of our Pulp, Wood Products & Materials transactions and 97% of our Woodchips transactions were handled as certified material or were intensely managed.
<ul style="list-style-type: none"> <li>• Respect and Consider Human Rights</li> <li>• Ensure Stable Procurement and Supply</li> </ul>	 	<ul style="list-style-type: none"> <li>• Forest</li> <li>• Supply Chain</li> </ul>	Realization of sustainable supply of natural rubber	Natural Rubber	<ul style="list-style-type: none"> <li>• We will strive to establish measures to identify and avoid procuring rubber from any suppliers who dispossess indigenous people and develop High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland.</li> <li>• We support or offer a training to improve yields and quality for natural rubber producers, especially smallholders. We also offer a risk-assessment education that includes modern slavery issue.</li> </ul>	<ul style="list-style-type: none"> <li>• We will establish a traceability system to make uncertain raw material procurement supply chain transparent.</li> <li>• We will achieve our commitment through the sustainability activity of our unique initiative, named "PROJECT TREE (<a href="https://project-tree-natural-rubber.com/">https://project-tree-natural-rubber.com/</a>)".</li> </ul>	<ul style="list-style-type: none"> <li>• We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business. (Aiming to achieve 100% traceability for the natural rubber raw materials which we procure by 2025 through an original block chain-based traceability system.)</li> <li>• We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry.</li> </ul>	<ul style="list-style-type: none"> <li>• In FYE 2023, traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%.</li> <li>• Traceability of the natural rubber raw materials' procurement using our system reached 4.5%.</li> <li>• 4,128 of smallholders implemented sustainability training and education.</li> </ul>

# 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.



## 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 communication with suppliers.

## 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

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

## ■ Department and Product Specific Supplementary Sustainability Items

Procured Resource Type	Additional Survey Items
Paper, Wood-chips, Timber	<ul style="list-style-type: none"> <li>• Implementation of forest conservation measures</li> <li>• Third-party certification</li> </ul>
Agricultural Crops	<ul style="list-style-type: none"> <li>• Management of traceability and management of chemical fertilizers and pesticides</li> </ul>
Meat Products	<ul style="list-style-type: none"> <li>• Implementation of food safety measures</li> <li>• Management of traceability</li> </ul>
Natural Marine Products	<ul style="list-style-type: none"> <li>• Management of traceability and management of fisheries</li> </ul>
Apparel	<ul style="list-style-type: none"> <li>• Management chemical substance</li> </ul>
Palm Oil	<ul style="list-style-type: none"> <li>• Management of traceability</li> <li>• Development of Grievance mechanisms</li> </ul>
Coffee Beans	<ul style="list-style-type: none"> <li>• Management of traceability</li> <li>• Development of Grievance mechanisms</li> </ul>

# 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 employees 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

Prohibition on forced labor

Companies must not force employees to work.

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 forced 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 2023 Sustainability Surveys

We conducted surveys on a total of 320 companies in FYE 2023. 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	Textile Company	Machinery Company	Metals & Minerals Company	Energy & Chemicals Company	Food Company	General Products & Realty Company	ICT & Financial Business Company
FYE 2023	320	105	9	20	31	104	48	3
FYE 2022	288	65	9	20	31	107	53	3
FYE 2021	310	57	9	21	29	104	87	3
FYE 2020	316	50	15	20	39	102	85	5
FYE 2019	343	49	13	19	39	110	108	5

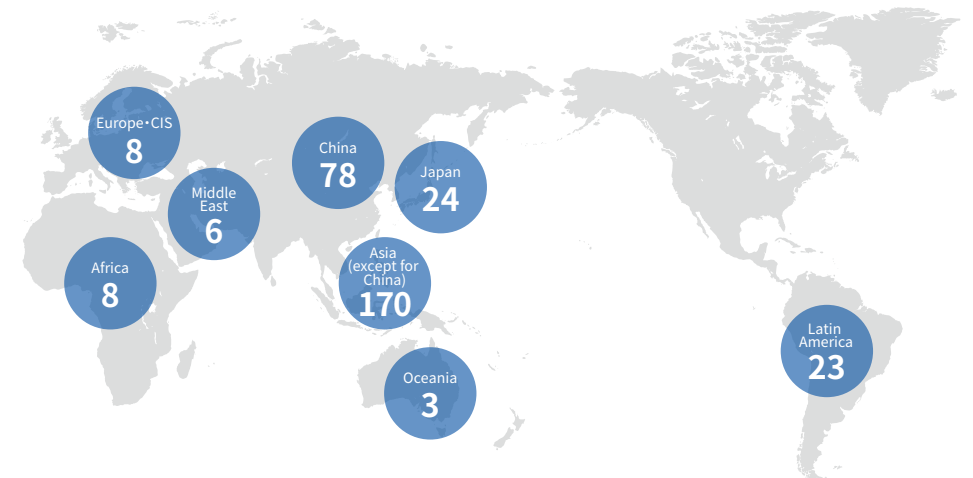
In addition to the supplier survey based on our Sustainability Checklist as introduced above, our Textile Company conducted a domestic supplier survey in FYE 2020 on their management of technical intern trainees. For more information, please refer to Foreign Technical Intern Trainee Survey on Working Environment (P133).

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 2021	FYE 2022	FYE 2023
Paper, Wood-chips, Timber, Timber Products	66	37	38
Agricultural Crops	30	39	36
Meat Products	11	13	14
Natural Marine Products	33	29	28
Apparel	5	5	105
Palm Oil	9	8	7
Coffee Beans	21	18	19

#### Regional Breakdown of Number of Suppliers Surveyed





# 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 2023, we surveyed 331 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 42 companies in FYE 2023. Please refer to Responsibilities to Customers (P137) to learn about our initiatives in detail.

### Third-party Sustainability Audits on Ready-made Meal Manufacturers

Many foreign technical interns work at factories to which FamilyMart in our Group outsources the ready-made meal manufacturing. They are an important part of the workforce.

We conducted a self-check questionnaire in 31 factories in FYE 2023. This questionnaire contained 200 items such as the following: Are you properly employed? Are the signs in your facility written in your native language? Is employee health and safety and appropriate health management implemented? We conducted online and on-site audits in 12 factories after the end of the semi-state of emergency COVID-19 measures in each area in view of the spread of COVID-19 and the importance of hygiene management. We confirmed that there are no serious issues in each factory.

We will continue to expand the targets of questionnaires, audits and monitoring to build a sustainable supply chain in the future.

# Sustainability in the Value Chain: Structures and Systems

## 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 our 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.

In the FYE 2023 survey, the Sustainability Management Division carefully examined the answers from suppliers to key questions including the prohibition of child labor, the prohibition of forced labor and the payment of living wages, and identified issues that are necessary to share and to reconfirm with suppliers. As a result of this survey, the Sustainability Management Division requested the business departments in charge of the supplier to reconfirm the 30 extracted issues. The department in charge explained and shared the reconfirmation of these issues with the suppliers, and conducted a detailed survey of the suppliers' responses to them.

As a result, it was determined that the reconfirmed issues were being addressed by each supplier, and no requests for corrective actions were made to suppliers in FYE 2023. Through this survey, suppliers actively report issues and engage with the business department involved. When a problem is identified, suppliers are requested to take corrective actions, thereby encouraging them to make efforts to correct the issue.

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.

### FYE 2023 Sustainability Survey Result

Key Questions		Request of Reconfirmation and Request of Corrective Action		
Questions	Checking Contents	Number of Reconfirmation	% (320 suppliers)	Number of Corrective Action
Clarifying Responsibilities for Sustainability	A Sustainability Manager is appointed and the system for promoting sustainability is clear.	12	3.8%	—
Fair Operating Practices	We have established a policy and monitor the status of compliance with the policy by a person in charge.	8	2.5%	—
Preventing Information Leakage	We have established rules and informed all of our employees of the rules.	8	2.5%	—
Prohibition of Child Labor	We have clearly defined a minimum age for employees in light of the standards of the International Labor Organization (ILO) and we check the self-reported age of each person before employing them.	3	0.9%	—
Prohibition of Forced Labor	We have a policy of not using forced labor and we do not take a passport or a master copy of ID before employing them.	6	1.9%	—
Prohibition of Harassment	We have specified in writing that we prohibit harassment, and we have informed all of our employees to that effect. We also check whether any harassment actually occurs.	3	0.9%	—
Right to Organize and Bargain Collectively	We recognize the right of employees to organize and bargain collectively and regularly offer them opportunities, at least once a year, to communicate with the management regarding improving their labor environment.	4	1.3%	—
Prohibition of Discrimination	No restrictions on recruitment by gender, race, religion, etc. in recruitment conditions or requests to agent companies.	3	0.9%	—
Payment of Living Wage	We pay employees wages that exceed the legal minimum wage for each country.	2	0.6%	—
Working Hours	We have a system for the appropriate management of working hours throughout the entire business establishment. The working hours do not exceed the legal standards of the country.	4	1.3%	—
Taking Holidays	All of our employees have at least one day off every week.	2	0.6%	—
Identifying Dangerous Areas and Tasks	We acknowledge all labor accidents that have occurred, and we have a system under which we take measures to reduce their occurrence.	3	0.9%	—
Operating Procedures	We have operating procedures of occupational health and safety, and we review their contents at least once a year.	3	0.9%	—
Response to Labor Accidents	We acknowledge all labor accidents that have occurred, and we have a system under which we take measures to reduce their occurrence.	2	0.6%	—
Hygienic Ancillary Facilities	All of our facilities are kept in a sanitary condition. No issues were identified in the inspections undertaken by the local authorities or the like in the last five years or more.	3	0.9%	—
Treatment of Waste	We have a manual and apply the manual by reminding our employees of it at least once a year.	1	0.3%	—
Treatment of Exhaust Air and Discharged Water	We control them by applying standards that are stricter than the requirements of the local regulations.	7	2.2%	—
Procuring Raw Materials in a Responsible Manner	We ensure the traceability of more than 90% of raw materials, as far back as to the land of origin, and have a system in which we do not purchase them until we confirm that they are not problematic environmentally or socially.	8	2.5%	—
Development with Consideration for Local Residents	Grievance mechanism from local residents about noise, bad odor and environmental pollution of air and water, etc.	1	0.3%	—
<b>Total Number of Suppliers</b>		<b>30</b>	<b>9.4%</b>	<b>—</b>

# 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 28 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

### ESG Risk Assessment for the existing business (Group Company Fact-finding Investigations)

We have continued to conduct on-site visits and surveys in group companies since 2001 to prevent environmental pollution and risk assessment of labor practice. We have conducted investigations into a total of 296 offices in the world as of the end of March 2023.

These investigations inspect the factory and warehouse facilities, the situation of drainage to rivers, the environmental law and regulation compliance situation, labor practice, 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 canned fruit in the Philippines, in January 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).




**ESG Risk Assessment Conducted as of the end of March 2023**  
**296 Offices in the World**

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

## Procurement Policies for each product

- Sustainable Procurement Policy on Natural Forests and Forest Resources ([https://www.itochu.co.jp/en/csr/pdf/sustainable\\_procurement\\_policy\\_on\\_natural\\_forests\\_and\\_forest\\_resources.pdf?230615](https://www.itochu.co.jp/en/csr/pdf/sustainable_procurement_policy_on_natural_forests_and_forest_resources.pdf?230615)) 
- Natural Rubber Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/natural\\_rubber\\_policy.pdf?230130](https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf?230130)) 
- Sustainable Palm Oil Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/sustainable\\_palm\\_oil\\_procurement\\_policy.pdf?220620](https://www.itochu.co.jp/en/csr/pdf/sustainable_palm_oil_procurement_policy.pdf?220620)) 
- Cocoa Bean Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/cocoa\\_beans\\_procurement\\_policy.pdf](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](https://www.itochu.co.jp/en/csr/pdf/coffee_beans_procurement_policy.pdf)) 
- Raw Material Tuna Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/raw\\_material\\_tuna\\_procurement\\_policy.pdf](https://www.itochu.co.jp/en/csr/pdf/raw_material_tuna_procurement_policy.pdf)) 
- Commitment of Protecting Forests through Material Sourcing of MMCF ([https://www.itochu.co.jp/en/csr/pdf/commitment\\_of\\_protecting\\_forests\\_2019.pdf](https://www.itochu.co.jp/en/csr/pdf/commitment_of_protecting_forests_2019.pdf)) 

## Resource Sourcing that Requires Forest Conservation Initiatives


ITochu handles 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
- Woody biomass fuel

## 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

Sustainable Procurement Policy on Natural Forests and Forest Resources ([https://www.itochu.co.jp/en/csr/pdf/sustainable\\_procurement\\_policy\\_on\\_natural\\_forests\\_and\\_forest\\_resources.pdf?230615](https://www.itochu.co.jp/en/csr/pdf/sustainable_procurement_policy_on_natural_forests_and_forest_resources.pdf?230615)) 

### 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% procurement by FYE 2026 of certified material or material for which advanced management can be verified.

\* Including board products such as plywood, MDF, particle board, etc.



### 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).

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.



Äänekoski Plant commissioned in 2017

### 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.

### NGO Engagement (Responding to Identifications by an NGO about Illegal Logging and Human Rights Issues in 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”.

\* Including board products such as plywood, MDF, particle board, etc.

Classification Based on Legality		Item	Result			Target
			FYE 2021	FYE 2022	FYE 2023	FYE 2026
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)	35%	35%	25%	100%
		(B) Timber harvested in countries or regions assessed as “Low Risk” based on the forest certification system	43%	43%	62%	
	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	22%	22%	13%	
N/A		(D) Materials whose legality has been confirmed by “additional measures”*2	0%	0%	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	Result			Target	
			FYE 2021	FYE 2022	FYE 2023	FYE 2026	
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%	92%	97%	100%
			Pulp	100%	100%	100%	100%

\* License No. FSC® C009841

## Natural Rubber

ITOCHU is engaged in the business of processing natural rubber. Natural rubber is a natural resource indispensable in daily life. About 70% of the world’s consumption of natural rubber is used in tires. On the other hand, about 85% of the world’s production depends on small farmers found mainly in Thailand, Indonesia and elsewhere in Southeast Asia. It is expected that the demand for natural rubber will grow in the future due to global motorization. Against that background, it is essential to conduct business activities with even greater consideration due to issues such as deforestation and the infringement on the rights and poverty of small farmers. 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 are cooperating in the development and operation of the Platform’s standards.

Moreover, we are utilizing our value chain to promote the PROJECT TREE initiative aimed at achieving the traceability and sustainability of natural rubber. We will contribute to sustainability over the entire natural rubber industry through this project.

\* Natural Rubber Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/natural\\_rubber\\_policy.pdf?230130](https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf?230130)) 

### 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.

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

## PROJECT TREE Initiative

We are rolling out the PROJECT TREE initiative aimed at achieving the traceability and sustainability of natural rubber. We are utilizing the value chain of the PT. Aneka Bumi Pratama (ABP) natural rubber processing company and the EUROPEAN TYRE ENTERPRISE LIMITED tire wholesale and retail company in whom we invest to achieve this.

ITOCHU Techno-Solutions Corporation developed the traceability system utilizing the blockchain in this project. It is the first such attempt for traceability in the natural rubber industry.

The transaction details, date and time, and location information for the natural rubber raw materials procured by ABP will be recorded on the blockchain by a smartphone app in this system. That information will then be displayed on a map. After that, ABP will process the natural rubber in its factories and sell it to tire manufacturers as natural rubber with place of origin information. We will implement a mechanism to pay compensation to raw material suppliers from a part of the sales of the certified tires produced by those tire manufacturers. We will then distribute agricultural tools and fertilizers to small farmers who do not have smartphones or bank accounts. At the same time, we will conduct risk assessments including on the issue of modern slavery and provide training to improve productivity. In addition, we will gradually implement improvement plans based on the results of risk assessments on the supply chain while receiving consulting and auditing from the Proforest and SNV international NGOs. This project is a concept we will expand to all stakeholders involved in natural rubber such as natural rubber processing companies in the same industry, tire wholesalers, retailers and automobile manufacturers, and consumers. We will aim to gradually roll out the approved tire products around the world starting with the highly-environmental conscious European region. Moreover, we also expect it will contribute to GPSNR policies and target achievement.

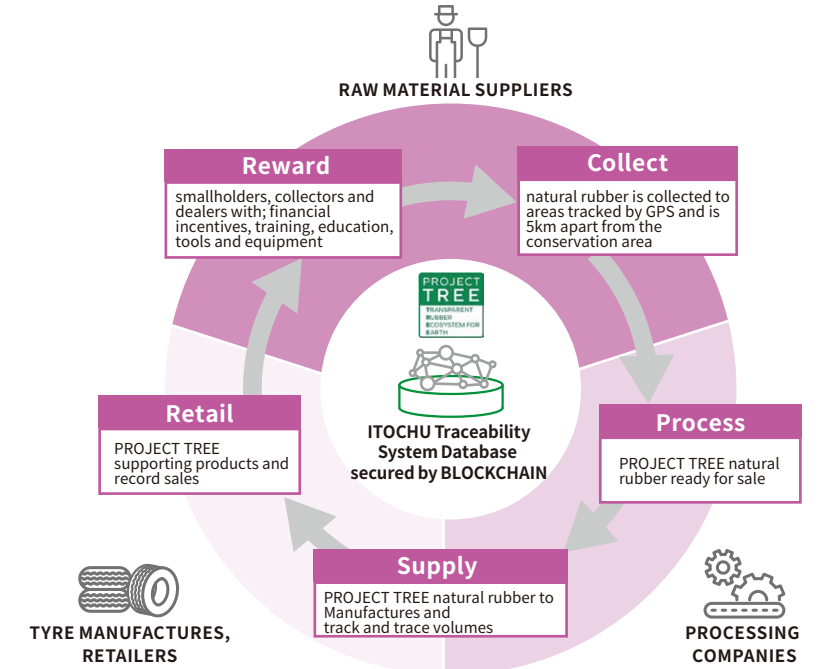
ITOCHU aims for sustainable growth based on our corporate philosophy of “Sampo-yoshi” (good for the buyer, good for the seller and good for society). We are also contributing to the Sustainable Development Goals (SDGs) in 2030 adopted by the United Nations.

- Release: ITOCHU Announces a Blockchain PoC for Traceability (<https://www.itochu.co.jp/en/news/press/2019/190201.html>)
- Release: ITOCHU Announces the Commencement of Commercialization of PROJECT TREE, the First Blockchain-based Natural Rubber Traceability and Sustainability Project in the World (<https://www.itochu.co.jp/en/news/press/2021/211201.html>)
- PROJECT TREE website (<https://project-tree-natural-rubber.com/>)

## Performance Data on Natural Rubber

Category	FYE 2023	Target (FYE 2026)
Natural Rubber Traceability	4.5%	100%
Capacity building, Sustainability training initiatives to small farmers	4,128 people	—

## Project Image Diagram



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

## Palm Oil

Palm oil has been associated with 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. However, based on our role in distribution, we recognize the importance of paying particular attention to this issue. 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 Palm Oil Procurement Policy, 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 Palm Oil Procurement Policy \(https://www.itochu.co.jp/en/csr/pdf/sustainable\\_palm\\_oil\\_procurement\\_policy.pdf\)](https://www.itochu.co.jp/en/csr/pdf/sustainable_palm_oil_procurement_policy.pdf)

### Establishing Traceability

ITOCHU inspected our supply chain as a way to fulfill our corporate social responsibility. In doing so, we identified issues and solved them with the aim to achieve sustainable procurement and supply of palm oil. That allowed us to achieve one of our goals of achieving 100% traceability at the mill level by 2021. Going forward, we will aim to achieve our other goal of switching all the palm oil we procure 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\\_2023.pdf](https://www.itochu.co.jp/en/csr/pdf/rspo_scc_certification_2023.pdf))
- Sustainability Action Plans (P24)
- 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 ([https://www.itochu.co.jp/en/csr/pdf/fact\\_sheet\\_2023.pdf](https://www.itochu.co.jp/en/csr/pdf/fact_sheet_2023.pdf))
- Refinery list ([https://www.itochu.co.jp/en/csr/pdf/refinery\\_list\\_2023.pdf](https://www.itochu.co.jp/en/csr/pdf/refinery_list_2023.pdf))
- Mill list ([https://www.itochu.co.jp/en/csr/pdf/mill\\_list\\_2023.pdf](https://www.itochu.co.jp/en/csr/pdf/mill_list_2023.pdf))

### Performance Data on Sustainable Palm Oil Procurement

Our goal is to transition all procured palm oil to sustainable palm oil by 2030. The following table shows the current progress of our initiatives and our targets.

Category	Result			Target
	2020 (Jan-Dec)	2021 (Jan-Dec)	2022 (Jan-Dec)	2030
<b>Volume of Handled Palm Oil</b>	340,000mt	307,000mt	352,000mt	
<b>&lt;Main Supplier&gt;</b>	Malaysia	Malaysia	Malaysia	Malaysia
	Indonesia	Indonesia	Indonesia	Indonesia
<b>RSPO Members</b>	10/10 (100%)	10/10 (100%)	10/10 (100%)	100%
<b>Suppliers Under NDPE Policy</b>	10/10 (100%)	10/10 (100%)	10/10 (100%)	100%
<b>&lt;Certified Sustainable Palm Oil&gt;</b>				
<b>RSPO Certified Sustainable Palm Oil</b>	12.68%	16.89%	19.24%	
<b>&lt;Traceability&gt;</b>				
<b>Traceable to the Mills</b>	99.90%	100%	100%	100%

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

## Woody Biomass Fuel

ITOCHU procures its Woody Biomass Fuels that have been legally accepted by third-party certifications, such as PEFC and FSC, based on the Feed-in Tariff (FIT) program for renewable energy, which started in July 2012 by the Ministry of Economy, Trade and Industry (METI).

In addition to the third party certifications, ITOCHU conducts its own audit by retaining an additional certification body to ensure the validity and traceability of its suppliers, if needed.

In the event that a violation to our procurement policy is identified, ITOCHU immediately suspends any transaction with such supplier and requires to take corrective actions, along with our guidance and support to the supplier.

### Performance Data on Woody Biomass Fuel

Classification of Legality Basis		Item	FYE 2023
Certified wood or highly controlled wood Forest	Forest certification	Lumber handled by certified forest suppliers or timber recognized as controlled timber by a certification body. (FSC or PEFC certified)	100%

\* License No. FSC® SCS-COC-000320, PEFC® CEF0610 (ITOCHU's certification number)

## 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](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](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 (P158)	Sustainable coffee bean sourcing (P158) Activities with UNEX (Guatemala), S.A (P159) Project with Farmer Connect SA (P159)

### 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, Rainforest Alliance and 4C) and defined by customers.

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

## 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
<b>Technical Support for Small Farmers</b>	Providing agricultural technology (e.g., methods of utilizing shaded trees and soil management) to improve the productivity of small farmers
<b>Support for Mobile Hospitals</b>	Providing medical care to coffee producers and their families living in mountainous areas where there are no hospital nearby
<b>Support for Childcare Facility Management</b>	Providing education, food and drink to the children of workers engaged in harvesting to prevent child labor
<b>Support for Female Producers</b>	Conducting initiatives with a female-centered coffee producer group (COMAL) and providing agricultural guidance from the ethos of supporting women and gender equality

## 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
<b>Strengthening Supply Chain Traceability</b>	We record and store traceability information – from coffee bean cultivation, producing area, collecting point, blending and roasting to customers – with blockchain technology.
<b>Creating a System for Consumers and Companies to Support Producers Directly</b>	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.

## Performance Data on Sustainable Coffee Bean Procurement

	FYE 2022	FYE 2023	FYE 2031 Target
<b>Sustainable Coffee Bean</b>	36%	29%	50%

## 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

### 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 one of the largest exporters of chilled pork to Japan in North America.



Pork Processing Process

### 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.

### Performance Data on 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		
	2020	2021	2022
Volume of Handled Meat	About 150,000 tons	About 150,000 tons	About 130,000 tons

### Promotion of Animal Welfare at Group Companies and Suppliers

The ITOCHU Group believes that it is important for its meat products to be kept in a comfortable environment and to reduce stress and disease in livestock. Based on the belief that these animal welfare initiatives will lead to improved productivity and safer livestock products, we are working with meat-related Group companies and suppliers to promote initiatives for the humane handling of livestock in accordance with local laws.

#### Initiatives by Meat Supplier

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.

#### Initiatives at Group Companies

In addition, Prima Meat Packers, Ltd., one of our Group companies, is constructing a new state-of-the-art farm and partially started operation in 2023. The second phase of construction is scheduled for completion in 2026. Prima announced that it will adopt free stalls and other animal welfare measures.

For more details, please refer to “Addressing animal welfare (<https://www.primaham.co.jp/en/sustainability/materiality/materiality6.html>)”

## 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.

\* Raw Material Tuna Procurement Policy ([https://www.itochu.co.jp/en/csr/pdf/raw\\_material\\_tuna\\_procurement\\_policy.pdf](https://www.itochu.co.jp/en/csr/pdf/raw_material_tuna_procurement_policy.pdf)) 

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

## 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 are also encouraging fishermen to acquire this certification in the trade of skipjack and yellowfin for the raw ingredients in canned food products. We aim to increase MSC raw ingredients to 15,000 tons a year by FYE 2026.

The quantity of pole and line fished\*2 raw ingredients in ATI was increased from 8,000 tons in FYE 2014 to 13,000 tons in FYE 2023 (25% of the total quantity handled by ATI). It has become one of the few canned tuna factories in the world that uses lots of pole and line fished raw ingredients. We will continue 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 28 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).

## 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 2021	FYE 2022	FYE 2023	Target (FYE 2026)
Fisheries Raw Materials Handled by ITOCHU	MSC and/or COC Certified Fisheries Raw Materials	2,600 tons	6,500 tons	7,500 tons	15,000 tons
	MSC/COC Quantity	1.4%	4%	4%	8%
Bonito Tuna for Canned Tuna	ATI Fishing Line	18,800 tons	19,300 tons	13,000 tons	21,000 tons
	ATI Single Fishing Raw Material Quantity				



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

## 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 and the cotton in the 3 year transition period to the organic cotton.

\* 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).



## 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](https://www.itochu.co.jp/en/csr/pdf/commitment_of_protecting_forests_2019.pdf))

• RENU Project (P63)

• Participation to Textile Exchange "the 2025 Recycled Polyester Challenge" (<https://textileexchange.org/2025-recycled-polyester-challenge/>)

## Performance Data on Organic Cotton Procurement

All organic cotton is GOTS certified and traceable.

Item	FYE 2021	FYE 2022	FYE 2023
Organic Cotton Handled (1,000 kg)	1,252	1,790	800
Percentage of Cotton Trade	63%	86%	30%
Traceability of Organic Cotton	100%	100%	100%
GOTS Certification of Organic Cotton	100%	100%	100%

# Social Contribution Activities

## Policy and Basic Concept

Viewing issues from a global perspective, we always remain aware of the role to play as a good corporate citizen, see that our activities are at harmony with both local communities and the international community, and contribute to the rise of societies offering a higher quality of life. In order to realize this, we have identified three areas of focus in our basic activity guidelines, and are advancing social contribution activities in partnership with Group companies. These activities also contribute to the achievement of SDGs (Sustainable Development Goals), which were established by the UN in 2015.

**Basic Activity Guidelines on Social Contribution**

ITOCHU's corporate philosophy of "Sampo-yoshi" is said to have originated with economic activities being allowed as good for society because Ohmi merchants contributed to the local economy in the places they visited in addition to being good for the seller and good for the buyer. Based on "Sampo-yoshi" the ITOCHU Group is aiming for mutual development in cooperation with regional society and communities. We are doing this by contributing to regional economic development with our business activities and engaging in social contribution activities in the areas in which we do business and other places around the world.

We have determined the following three areas (growth of future generations, environmental conservation and community contribution) as key fields in social contribution activities in line with our corporate philosophy and material sustainability issues.

- 1. Growth of Future Generations**  
We shall conduct activities to support the sound development of youth as tomorrow's leaders mainly in the areas in which we do business and work for the emergence of fulfilling and vibrant communities.
- 2. Environmental Conservation**  
We shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.
- 3. Community Contribution**  
As a good corporate citizen, we shall promote community development, construct favorable relationships, and enter into dialogue and discussions in the areas in which we do business.

**Fumihiko Kobayashi**  
Member of the Board  
Executive Vice President  
Chief Administrative Officer  
Established in August 1993  
Revised in April 2022

## Relationship Between the Key Fields of Social Contribution Activities and Business

We have established enhancing contribution and efforts for the SDGs as one of the basic policies in our Brand-new Deal 2023 medium-term management plan that we started in 2021. We have positioned it as one of our main strategies.

We give below the relationship between our sustainability strategy of material sustainability issues incorporating environmental, social and governance (ESG) perspectives and enhancing contribution and efforts for the SDGs in our business strategy and the key fields of our social contribution activities.

Key Fields	Enhancing Contribution and Efforts for the SDGs Response to Material Sustainability Issues	
Growth of Future Generations	Main SDGs	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	Material Issue	Contribute to Healthier and More Affluent Lifestyles
Environmental Conservation	Main SDGs	Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	Material Issue	Address Climate Change (Contribute to a Decarbonized Society)
Community Contribution	Main SDGs	Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
	Material Issue	Respect and Consider Human Rights

## Initiatives: Growth of Future Generations

### ITOCHU Foundation

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation (which became a public interest incorporated foundation in 2012) in 1974. The foundation engages in activities for contributing to the healthy growth of children, such as two current major projects: subsidizing development of children's literature collections, and promoting development of an e-book library.



**Children's Literature Collection Grant (1975-)**  
"BRIDGING FOUNDATION"  
A member of the Bridging Foundation reads to patients at a children's hospital ward in Vietnam



**Project for Promotion of E-book Libraries**  
Patients can enjoy Multimedia Daisy while operating a PC with a switch affixed between their eyebrows

\* ITOCHU Foundation(Japanese only) (<https://www.itc-zaidan.or.jp/>)  
\* Introduction to the Activities of the ITOCHU Foundation (5 minutes and 30 seconds) (Japanese only) (<https://www.youtube.com/watch?v=6B6u3SvrdEo&t=4s>)

### "Kokkyo naki Kodomotachi" ("KnK"; Meaning "Children Without Borders") Support Activities at the "House for Youth;" a Home That Helps Young People Become Independent



Since FYE 2008, ITOCHU has been supporting the "Wakamono-no-le (meaning House for Youth)," a home that helps young people become independent, located on the outskirts of Manila. Support was provided via Kokkyo naki Kodomotachi (KnK: meaning "children without borders"), an authorized Japanese NPO that supports street children, children who are victims of major disasters, and other children in developing countries.



Learning to dream

### ITOCHU SDGs STUDIO KIDS PARK



We opened ITOCHU SDGs STUDIO KIDS PARK, a place where the next generation of children can experience the concepts of the SDGs through play.

### Tablets Donated to Children



Together with the Itochu Foundation, we donated used tablet devices containing Multimedia DAISY (e-books accessible to those who face challenges in reading) to special needs schools in Tokyo, elementary and junior high schools in local communities, and all libraries and special needs schools in Shiga, the prefecture of our foundation.

### Held Company Visits for K-12 Students



Hosted extracurricular class for Aoyama Elementary School

### Held School Program on the Environment



Screenshot of the online class



# Social Contribution Activities

## Initiatives: Environmental Conservation

### Mangrove Planting Project



ITOCHU commenced a Mangrove Planting Project in Collaboration with Uken Village of Amami Oshima Island, a World Heritage Site in August, 2021.

\* Mangrove: Densely developed fine roots constantly repeat elongation and death, and withered branches and leaves accumulate as peat, which sequesters high-density carbon in the soil and absorbs a large amount of CO<sub>2</sub> per unit area.



Children plant trees

### Project for Protecting Green Turtles, an Endangered Species



ITOCHU supports conservation activities for the green turtle, an endangered species, through the certified NPO Everlasting Nature (ELNA).



Endangered green turtles

### Support of Amazon Ecosystem Conservation Program



Since FYE 2017, ITOCHU has been supporting the "Field Museum Initiative" a biodiversity conservation program in tropical forests in the Amazon promoted by the Wildlife Research Center of Kyoto University in collaboration with the National Institute of Amazonian Research in Brazil.



The Amazonian manatee is a vulnerable species

### Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem



Since 2009, ITOCHU has been supporting local tree planting activities, including tree planting, maintenance and management, in the northeastern part of Borneo Island (North Ulu Segama, Sabah, Malaysia), which is also a habitat for the orangutan, an endangered species.



Endangered Species of the Orangutan

### Supporting Climate System Research at the Atmosphere and Ocean Research Institute, The University of Tokyo



Since the establishment of the University of Tokyo's former Climate System Research Center in 1991, ITOCHU has endorsed its purpose and has continued to support research.



The Climate Symposium (Dec. 2018)

## Initiatives: Community Contribution

### Local Contribution Activities at Domestic Locations



Seven offices in Japan (as of April 1, 2023) are engaged in community contribution activities in their respective regions. For details on initiatives taken by each location, please refer to Community Contribution (<https://www.itochu.co.jp/en/csr/social/community/index.html#activity-05>).



#### ITOCHU SDGs STUDIO



We opened ITOCHU SDGs STUDIO, a place for communicating and raising public awareness of various SDGs initiatives in FYE2022. The space provides various exhibitions so as each and every person can find their own way of relating to the SDGs.



#### Contribution to Shiga Prefecture, where ITOCHU was founded World Picture Book Donation Project for Shiga Prefectural Library



Picture books gathered from around the world

### Provided Covid-19 Vaccination to Essential Workers



The Tokyo headquarters have offered Covid-19 vaccinations to about 1,500 child care workers who were desired to be vaccinated through Poppins Inc., an operator of on-site child care facilities.

### Blood Drives by the Japanese Red Cross Society



The Tokyo Headquarters have been carried out blood donation with the Japanese Red Cross Society since 1999. For our many year of distinguished achievements in the blood donation even during the pandemic received a certificate of appreciation in 2021 from the Minister of Health, Labour, and Welfare.

### Local Contribution Activities at Overseas Offices



About 100 overseas offices in 60 countries (as of April 1, 2023) are engaged in community contribution activities in their respective regions. Not only through their business activities, but as a member of the local community, ITOCHU considers and carries out local issues and unique contributions. For details of the initiatives taken by each regional block, please refer to Community Contribution (<https://www.itochu.co.jp/en/csr/social/community/index.html#activity-04>).

### Local Job Creation and Employment



#### ITOCHU Group's Pineapple Production Business in Mindanao, the Philippines

We offer loans for initial expenses, cultivation expertise, and purchase the harvested pineapples.



#### An Oil Project in the Caspian Sea, which Ensures a Stable Resource Supply and Contributes to Local Communities for Harmonious Cooperation

Production platform (photo courtesy of BP p.l.c.)



# ESG Data (Society)

## Independent Assurance

Independent Assurance Report (P207): ★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000.

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

## 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
2023★	4,112	3,111	1,001	42.4	17,300,799	110,698	44,705
2022	4,170	3,180	990	42.2	15,797,516	115,124	43,195
2021	4,215	3,227	988	42.0	16,278,110	125,944	45,885

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

## Gender Pay-Gap

All Employees	Full-time Employees	Part-time Employees
59.1%	60.5%	41.6%

\* The formula of the calculation is ["average womens' annual salary" ÷ "average mens' annual salary"].

## Employees by Operating Segment★ (as of March 31, 2023)

(Unit: People)

	Textile	Machiner	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others	Total
	Non-consolidated	306	396	156	358	392	254	208	44	908
Consolidated	6,300	13,412	495	12,100	34,667	17,800	16,140	7,163	2,621	110,698

## Overseas Bloc Employees by Region★ (as of March 31, 2023)

(Unit: People)

	North America	South America	Europe / CIS	Africa	Middle East	East Asia	Asia / Oceania
National Staff	131	110	267	63	108	572	592
Rotational Staff	56	17	60	13	21	68	102
Overseas Trainees	16	4	12	2	4	17	26
<b>TOTAL</b>							2,261

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

## Number of Overseas Local Employee Management Personnel (as of March 31, 2023)

(Unit: People)

	North America	South America	Europe / CIS	Africa	Middle East	East Asia	Asia / Oceania
Management Personnel	86	38	81	9	29	310	166

\* Equivalent to headquarters management positions

## Share of Women in Career-track / Managerial / General Managerial / Executive Positions (as of March 31 for each Respective Year)

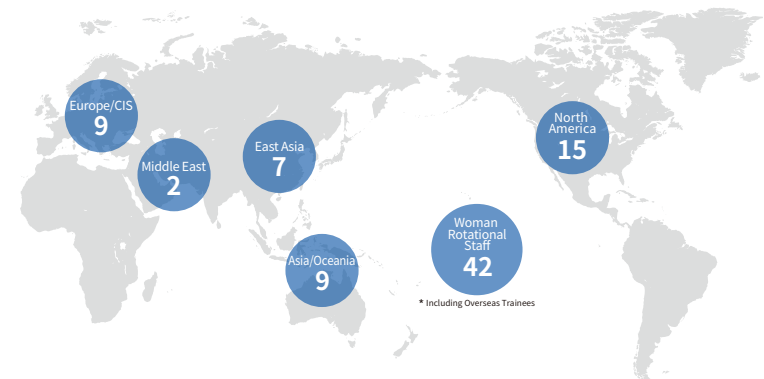
(Unit: People)

	Career-track			Managerial* <sup>1</sup>			General Managerial* <sup>2</sup>			Executive Positions		
	Total	Women	Share	Total	Women	Share	Total	Women	Share	Total	Women	Share
2023	★ 3,331	★ 375	★ 11.3%	★ 2,541	★ 219	★ 8.6%	* <sup>2</sup> 401	* <sup>2</sup> 3	* <sup>2</sup> 0.7%	★ 41	★ 4	★ 9.8%
2022	3,395	359	10.6%	2,569	210	8.2%	413	3	0.7%	42	4	9.5%
2021	3,435	346	10.1%	2,588	209	8.1%	411	3	0.7%	46	4	8.7%

\*<sup>1</sup> Since 2023, the definition of managers has been partially revised. In addition to general managers who hold a certain level or higher, since 2023, those in special positions and associate executive officers are also eligible. Accordingly, the number of employees and ratio of 2022 and 2021 have been revised retroactively.

\*<sup>2</sup> Since 2023, we have disclosed the level of general managers as one of the indicators of women's performance.

## Women Rotational Staff (as of March 31, 2023)



# ESG Data (Society)

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

	Percentage of Disabled Employees (%)
2023★	2.48
2022	2.43
2021	2.32

\* ITOCHU Corporation, ITOCHU UNIDAS Co., Ltd. and ITOCHU Human Resources & General Services Co., Ltd are included in the scope of the figure.

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

	Number of Hires by Gender (Unit:People)						Adoption Rate for Mid-Career (Unit:%)	
	New-Graduates			Mid-Career				
	Men	Women	Total	Men	Women	Total		
FYE 2023★	73	34	107	7	6	13	120	11
FYE 2022*	79	36	115	0	1	1	116	1
FYE 2021*	84	36	120	5	2	7	127	6

\* Although Number of Hires by Gender has been calculated at the date of April 1st each year, the scope of the period has been changed to fiscal year (1st of April - End of March) from FYE 2023. Due to the change of the scope of the period, we have corrected the data for previous years.

## Average Years Employed and Voluntary Resignation Rate (Non-Consolidated)

	Avg. Years Employed			Voluntary Resignation Rate		
	Men	Women	Total	Men	Women	Total
FYE 2023★	18.3	18.3	18.3	1.9%	1.6%	1.8%
FYE 2022	18.1	18.4	18.2	1.7%	1.5%	1.6%
FYE 2021	17.8	18.4	17.9	1.2%	2.4%	1.5%

\* 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 1.8% of employees voluntarily resign. It is a company where many employees choose to stay for the long-term.

## Use of Childcare & Nursing Care Programs

### Childcare

		Childcare Programs (Unit: People)					Percentage of employees returning to work*3
		Childcare leave*1	Childcare leave acquisition rate*2	Leave to nurse sick children	Shorter working hours for childcare	Special parental leave	
FYE 2023★	Men	39	52%	67	0	4	96%
	Women	48	100%	125	89	19	
	Total	87	71%	192	89	23	
FYE 2022	Men	32	34%	71	0	7	100%
	Women	47	104%	124	94	16	
	Total	79	56%	195	94	23	
FYE 2021	Men	31	34%	49	0	8	97%
	Women	49	87%	105	96	28	
	Total	80	55%	154	96	36	

\*1 Parental leave includes parental leave at birth (postpartum paternity leave).

\*2 The percentage of employees taking parental leave is newly disclosed beginning with the current fiscal year and including prior fiscal years. Accordingly, the method of calculating the number of employees taking parental leave has been revised retroactively to include prior fiscal years. The number of employees taking parental leave is the number of employees who started taking such leave during the current fiscal year. The rate of employees taking parental leave is the ratio of the number of employees who started taking parental leave during the fiscal year to the number of employees who gave birth during the fiscal year (For men, the number of male employees whose spouses gave birth). (Including the number of employees seconded from other companies)

\*3 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 fiscal year/the number of employees who finished taking childcare leave during the current fiscal year.

### Nursing Care and Family Support Leave

		Nursing Care and Family Support Leave (Unit: People)				
		Nursing care leave	Leave for nursing care	Shorter working hours for nursing care	Special nursing care leave	Family Support Leave
FYE 2023★	Men	0	23	0	4	55
	Women	0	45	3	9	70
	Total	0	68	3	13	125
FYE 2022	Men	1	18	0	3	70
	Women	0	47	5	9	72
	Total	1	65	5	12	142
FYE 2021	Men	1	23	0	0	79
	Women	0	46	5	8	63
	Total	1	69	5	8	142

# ESG Data (Society)

## Occupational Health and Safety Data (Non-Consolidated Employees\*1)

	FYE 2021		FYE 2022		FYE 2023★	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Number who Suffered from Occupational Accidents (Number which Occurred During Commute)*2	4 (3)	1 (1)	5 (4)	0 (0)	3 (0)	0 (0)
Number of Fatalities	0	0	0	0	0	0
OIFR (Occupational Illness Frequency Rate)*3	0.00	0.00	0.00	0.00	0.00	0.00
Number who Suffered Lost Time Incidents (LTI)*4	1	0	0	0	0	0
LTIFR (Lost Time Injury Frequency Rate)*5	0.21	0.00	0.00	0.00	0.00	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)

	2019	2020	2021
Lost-time Incident Rate	2.09	2.27	2.31

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

## Time/Cost Allotted for Employee Skills Development Training

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Total annual training time (hours)	160,510	168,425	92,431	112,574	87,841
Average training/development hours per regular employee (hours)*	37.46	39.53*1	21.93	27.00	21.36
Average training/development cost per regular employee (thousand yen)	444*2	407*2	260	269	396

- \* 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

(Unit: People)

Training	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Quick Mastering Business Management Course	96	110	152	172	173
Global Development Program	141	154	0 (Cancel)	0 (Not implemented)	33
Organization Manager Workshop	405	337	341	624	1,401
Short-Term Business School Dispatch	31	37	8	7	16
Junior Chinese/Special Language Dispatch	39	10	0 (Cancel)	0 (Not implemented)	5
Chinese Lessons	237	158	205	189	193
Career Vision Support Training (total)	1,885	1,940	2,067	1,851	1,419

## FYE 2023 Human Rights Training Record★

(Unit: People)

	Number of Participants
Group ESG Managers Conference	94
New Employee Training	110
Training for Newly Appointed Section Managers	55
Pre-overseas Appointment Training	212
Training for New Officers of Group Companies	124
Sustainability Survey Workshop	90
<b>Total</b>	<b>685</b>

# ESG Data (Society)

## Support for Diversity, Equity & Inclusion

Fiscal Year	Theme
2023 (Offline • Online)	<ol style="list-style-type: none"> <li>1. Introduction of Health and Child Care Concierge</li> <li>2. Balancing Pregnancy with Pregnancy and Introducing Support Programs</li> <li>3. Basic LGBTQ knowledge and partnerships</li> <li>4. Male parental leave</li> <li>5. Balance with nursing care</li> </ol>
FYE 2022 (Online)	<ol style="list-style-type: none"> <li>(1) Balancing career and nursing care                             <ol style="list-style-type: none"> <li>(i) Nursing care and money / nursing care insurance</li> <li>(ii) Home care</li> <li>(iii) Nursing care in a facility</li> </ol> </li> <li>(2) Balancing career and life: work style reform and child-rearing for couples</li> <li>(3) Basic knowledge on LGBTs</li> <li>(4) Women's career and health                             <ol style="list-style-type: none"> <li>(i) Uterine cancer and breast cancer seminar</li> <li>(ii) Women's health seminar series</li> </ol> </li> <li>(5) Advancement of women (talk by an officer)</li> </ol>
FYE 2021 (Online)	<ol style="list-style-type: none"> <li>(1) Nursing care                             <ol style="list-style-type: none"> <li>(i) To balance work and nursing care: Keys to nursing care in the COVID-19 era</li> <li>(ii) Elderly monitoring service individual consultation meetings</li> </ol> </li> <li>(2) Male childcare leave seminar series (a version for those taking childcare leave and a version for the superiors/coworkers of those taking childcare leave)</li> <li>(3) Basic LGBT seminar</li> <li>(4) Women's careers and health                             <ol style="list-style-type: none"> <li>(i) Life stage with health</li> <li>(ii) Gynecological cancer (uterine cancer and breast cancer)</li> </ol> </li> </ol>

## FYE 2023 Number of Employees that Received Our Main Health and Safety-related Trainings

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.	110
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.	55
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.	216

## Attendance in Training Related to Health and Safety Standards (Non-Consolidated Employees)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023★
General Training Covering Health and Safety Standards*1	3,543	3,629	1,447	841	2,690
Human Resources-led Training Covering Health and Safety Standards*2	48	453	74	63	358

\*1 The total number of participants in training new recruits (career-track employees and clerical employees), training for newly appointed section managers, training prior to overseas assignment, and the comprehensive emergency drill at the Tokyo headquarters.

\*2 The total number of participants in Career vision training (including mindfulness courses and mental health management courses).

# Governance



*Governance*



# Corporate Governance

## Basic Policy

ITOCHU Group adopts the spirit of “*Sampo-yoshi*” as our corporate mission. In Japanese, “yoshi” means “good,” “sampo” means three sides consisting of (1) the seller (“urite”), (2) the buyer (“kaite”) and (3) society (“seken”). “*Sampo-yoshi*” is therefore “urite-yoshi” (meaning “good for the seller”), “kaite-yoshi” (meaning “good for the buyer”) and “seken-yoshi” (meaning “good for society”). This spirit originates from the message of our founder Chubei Itoh I (the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “*Sampo-yoshi*” is the business spirit by which we aim to bring a positive effect into the world and to contribute to realizing a sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future.

It is our fundamental management policy to build a fair and good relationship with various stakeholders based on our corporate mission and our guideline of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

A strong leadership and a transparent decision-making system are pillars of good corporate governance. ITOCHU adopts an organizational structure with the presence of Audit & Supervisory Board (kansayaku secchi kaisha). In recent years, ITOCHU has gradually shifted to a governance model where executive officers decide and carry out the day to day business under the direction and supervision of the Board of Directors, along with implementing measures to strengthen monitoring.

In order to separate execution by and monitoring over management, we reduced the number of executive Directors and the increased percentage of Outside Directors on our Board of Directors to one-third or more from April 2017. We will also maintain this percentage of Outside Directors also in FYE 2021 and onwards. Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance and Remuneration Committee and a Nomination Committee, both of which are chaired by an Outside Director and comprised of a majority of Outside Directors and Audit & Supervisory Board Members (collectively “Outside Officers”) and a Women’s Advancement Committee as another voluntary advisory committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Officers, and has continued to monitor management through the eyes of Outside Officers. As of June 23, 2023, in order to facilitate a more comprehensive and organic linkage between governance, remuneration, and nomination, the “Governance and Remuneration Committee” and the “Nomination Committee” have been restructured as the “Governance, Nomination, and Remuneration Committee.” The committee will be chaired by an Outside Director and will consist of a majority of Outside Directors among its members. ITOCHU continues to maintain oversight of management by Outside Officers.

In appointing Outside Officers, ITOCHU places great importance on their independence, and in this connection, ITOCHU has adopted its own independence criteria, augmenting the independence criteria established by the Tokyo Stock Exchange.

This highly independent Board of Directors monitors execution by management as well as deliberates the execution of business that is of high quantitative or qualitative importance. The Company believes this arrangement facilitates not only appropriate monitoring over execution by management but also the consideration of important business execution from an external perspective.

It is also vital that ITOCHU disclose its financial and non-financial information to stakeholders as part of good governance. For this purpose, ITOCHU adopts a “Basic IR Policy” to further promote multi-party stakeholder dialogue, and makes best efforts to disclose such information both timely and adequately. Through communication with its stakeholders, ITOCHU aims to enhance its corporate value on a long-term basis.

We believe that our current corporate governance structure accords with good and effective corporate governance called for by the Tokyo Stock Exchange, in its Corporate Governance Code. ITOCHU will continue to evaluate and improve its corporate governance structure so that it always best suits ITOCHU in any given moment and time in its corporate history.


## Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.</li> </ul>

Materiality	SDGs Targets	Impact Classification	Issues to address	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Corporate governance	We will implement highly effective supervision over the management from an independent and objective standpoint and ensure the appropriate and efficient execution of business operations by improving the transparency of our decision-making, aiming to our sustainable growth as well as the medium- and long-term improvement of our corporate value.	<ul style="list-style-type: none"> <li>• Appoint several outside Directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields.</li> <li>• Maintain a highly transparent and objective Directors’ and officers’ remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company’s performance and the improvement of our corporate value.</li> </ul>	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ol style="list-style-type: none"> <li>(1) We have maintained the diversity of the Board of Directors (through appointing always one third or higher percentage of outside Directors- four outside Directors out of 10 Directors, two female Directors out of 10 Directors, a female Audit &amp; Supervisory Board Member, and an outside Director and an outside Audit &amp; Supervisory Board Member who had wide range of sufficient experiences in corporate management).</li> <li>(2) We have maintained the chair of the Governance and Remuneration Committee and the Nomination Committee being the outside Director, and a majority of the members of the Governance and Remuneration Committee and the Nomination Committee being the outside Directors and the outside Audit &amp; Supervisory Board Members (four out of 7 members).</li> <li>(3) We have maintained the chair of the Women’s Advancement Committee being the female outside Director, and a half of the Women’s Advancement Committee being the outside Directors and the female members (3 out of 6 members respectively).</li> </ol>

# Corporate Governance

## Compliance with Corporate Governance Code

As of June 2023, ITOCHU complies with all principles set forth in Corporate Governance Code. For details, please refer to Corporate Governance Report ([https://www.itochu.co.jp/en/files/CG\\_e.pdf](https://www.itochu.co.jp/en/files/CG_e.pdf)) 

## Reason for Adopting the Current System

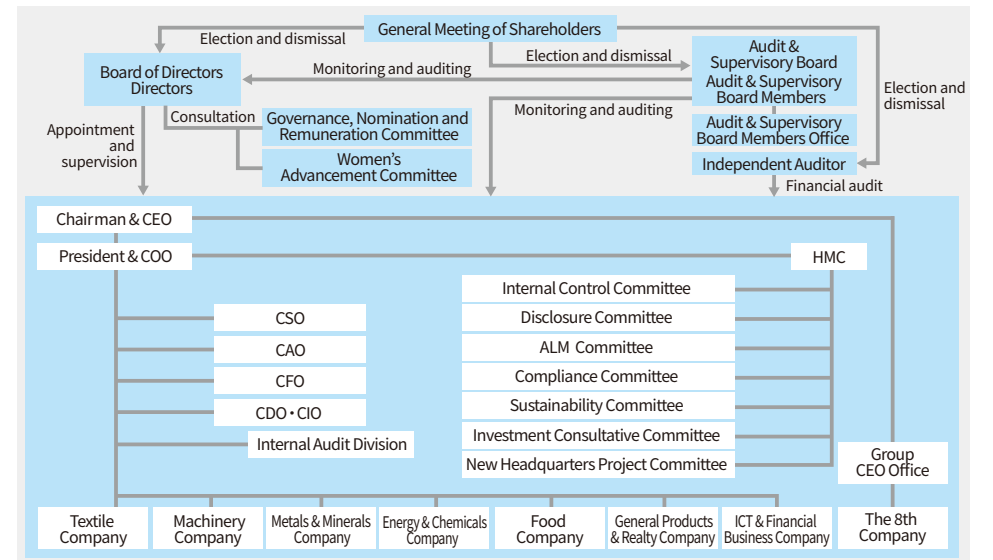
The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed Outside Directors to comprise a percentage of one-third or more of the total number of Directors since FYE 2018, and will also maintain this percentage of Outside Directors in FYE 2024 and onwards. And, the Company has already appointed independent Outside Directors and established, as voluntary advisory committees to the Board, the Governance, Nomination and Remuneration Committee, which is chaired by Outside Directors and which comprise a majority of Outside Directors, and Women's Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Officers, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and strengthening and improving the transparency of decision making. In the process of appointing the Outside Officers, the Company focuses securing independency of the Outside Officers, and in addition to the independence criteria established by the Tokyo Stock Exchange ITOCHU has adopted its own independence criteria. The Company believes that its current corporate governance system—which is based on independent Outside Directors comprising one-third or more of the Board of Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, majority of whom are outside Audit & Supervisory Board Members—accords with ITOCHU's "Basic Policy" stated in the Corporate Governance Report.

## Structures and Systems

### Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.
2. Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.
4. The corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards."

### Overview of ITOCHU's Corporate Governance and Internal Control System (As of June 23, 2023)



\*1 CEO=Chief Executive Officer COO=Chief Operating Officer CSO=Chief Strategy Officer  
 CAO=Chief Administrative Officer CFO=Chief Financial Officer CDO · CIO=Chief Digital & Information Officer  
 HMC=Headquarters Management Committee ALM=Asset Liability Management  
 \*2 CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.  
 \*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

# Corporate Governance

## Board of Directors

### Overview

- The Company is a company with the Board of Directors and Audit & Supervisory Board Member (the Audit & Supervisory Board).
- As from April 1, 2018, the Chairman of the Company is the Chief Executive Officer, and the President of the Company is the Chief Operating Officer.
- The Board of Directors, comprising 10 Directors including 4 Outside Directors, is chaired by the Chief Executive Officer. The Board of Directors meets, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors.
- Two of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments will be 5.6 years (as of June 23, 2023).
- In FYE 2023 the Board of Directors held a total of 15 meetings, which were attended by all Directors and all Audit & Supervisory Board Members, except for one-time absence of Ms. Muraki, the Outside Director. In addition, there was a proposal for a single board resolution by paper circulation, and all directors expressed their consent, while all auditors did not raise any objections. Therefore, the board resolution was deemed to have been adopted.
- In FYE 2023, a total of 75 agenda items were submitted to the Board of Directors (excluding the aforementioned matters resolved by paper circulation). The main agenda items were as follows:
  - Financial Results, Dividends, Financing, Treasury Share Acquisitions
  - FYE2023 Management Plan, Overview of Results of the Evaluation as to the Effectiveness of the Board of Directors
  - Report with respect to encountering cyber security incidents
  - Report with respect to the activity of the Women’s Advancement Committee
  - Report with respect to the sustainability development
  - Important Investment Projects
    - Investment in AMMC Iron Ore Project in Canada
    - Divestment of the Shares in CONEXIO Corporation

## Corporate Governance System (As of June 23, 2023)

Type of system	Company with the Board of Directors and the Audit & Supervisory Board
Number of Directors (Of which, number of outside Directors)	10 (4) * 2 of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments is 5.6 years.
Number of Audit & Supervisory Board Members (Of which, number of outside Audit & Supervisory Board Members)	5(3)
Term of office for Directors	1 year (the same for Outside Directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory committees to the Board of Directors	Governance, Nomination and Remuneration Committee, Women’s Advancement Committee
Director Remuneration System Details of Corporate Officer Remuneration System (P174)	(1) Monthly remuneration (Fixed) Determined according to factors that include degree of contribution to ITOCHU, including addressing climate change, ESG and SDGs, based on a standard amount for each position (2) Performance-linked bonuses (Variable(Single Year)) Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. (3) Share price-linked bonuses (Variable(Medium- to Long-term)) Calculated by adding the evaluation of the relative growth rate of ITOCHU’s share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU’s share price for two consecutive fiscal years (4) Performance-linked stock remuneration (Variable(Medium- to Long-term)) Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus * Outside Directors paid monthly remuneration only
Independent external auditor	Deloitte Touche Tohmatsu LLC

## Meetings of Management Bodies in FYE 2021-2023

Financial Year		Board Meetings	Nomination Committee	Governance and Remuneration Committee	Women’s Advancement Committee	Audit & Supervisory Board Meeting
FYE2023	Number of Meetings	15	3	2	2	14
	Attendance Rate	Outside Directors 98% Outside Audit & Supervisory Board Members 100%	100%	100%	100%	100%
FYE2022	Number of Meetings	15	1	3	3	14
	Attendance Rate	Outside Directors 100% Outside Audit & Supervisory Board Members 98%	100%	100%	100%	98%
FYE2021	Number of Meetings	12	4	1	—	14
	Attendance Rate	Outside Directors 100% Outside Audit & Supervisory Board Members 100%	100%	100%	—	100%

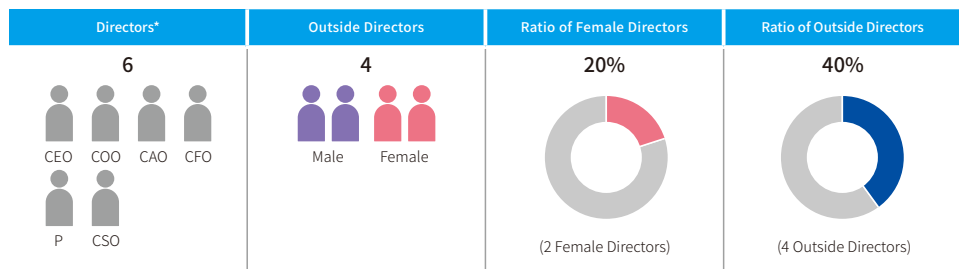
\* “Number of Meetings” does not include meetings by paper circulations.

# Corporate Governance

## Members of the Board

◎Chair ○Member

Name	Position and responsibility in ITOCHU Corporation	Number of Attendance at Meetings of the Board of Directors	Number of years in office	Governance, Nomination and Remuneration Committee	Women's Advancement Committee
Masahiro Okafuji	Member of the Board, Chairman & Chief Executive Officer	15/15 (100%)	19 years	○	—
Keita Ishii	Member of the Board, President & Chief Operating Officer	15/15 (100%)	2 year	○	—
Fumihiko Kobayashi	Member of the Board, Executive Vice President Chief Administrative Officer	15/15 (100%)	8 years	○	○
Tsuyoshi Hachimura	Member of the Board, Executive Vice President Chief Financial Officer	15/15 (100%)	8 years	—	—
Hiroyuki Tsubai	Member of the Board, Executive Vice President President, Machinery Company	11/11 (100%) (since election)	1 year	—	—
Hiroyuki Naka	Member of the Board, Executive Officer Chief Strategy Officer; General Manager, Group CEO Office	11/11 (100%) (since election)	1 year	—	—
Masatoshi Kawana	Member of the Board	15/15 (100%)	5 years	○	—
Makiko Nakamori	Member of the Board	15/15 (100%)	4 years	○	◎
Kunio Ishizuka	Member of the Board	15/15 (100%)	2 years	◎	—
Akiko Ito	Member of the Board	—	—	○	—



\* P: President, Machinery Company

## Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman & CEO, President & COO, officers responsible for overseeing each administrative functions, one appropriate Division Company president as an (internal) director, and several Outside Directors so that the percentage of Outside Directors in the Board of Directors is one-third or more to improve the supervisory function of the Board of Directors. When nominating Outside Director candidates, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent directors" prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. The proposal for candidates for directors is created by the Chairman & CEO by taking into consideration diversity such as knowledge, experience, gender and international experience, and submitted to the Governance, Nomination and Remuneration Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

### Reason for Appointment as Outside Directors

Name	Reason for appointment
<b>Masatoshi Kawana</b> appointed in June 2018 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	Mr. Kawana is appointed as an Outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and in important posts such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
<b>Makiko Nakamori</b> appointed in June 2019 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	Ms. Nakamori is appointed as an Outside Director in the anticipation that, based on her high level expertise regarding finance and accounting as a certified public accountant as well as her extensive experience as a corporate executive, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Nakamori qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.
<b>Kunio Ishizuka</b> appointed in June 2021 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	Mr. Ishizuka is appointed as an Outside Director in the anticipation that, by utilizing his extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation), he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Ishizuka qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
<b>Akiko Ito*</b> appointed in June 2023	Ms. Ito is appointed as an Outside Director in the anticipation that, based on her extensive and profound insights as a government official in charge of consumer-oriented issues, which were earned from her experience such as the Deputy Director-General of the Ministry of Land, Infrastructure, Transport and Tourism, the Director-General of the Housing Bureau as the first female director in the Ministry of Land, Infrastructure, Transport and Tourism, and as Councillor, Cabinet Secretariat, Director General, Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, followed by her service as Commissioner of Consumer Affairs Agency, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Ito qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.  *Registered name: Akiko Noda

# Corporate Governance

## Outline of Limitation of Liability Contracts

Pursuant to Article 427, Paragraph 1, of the Companies Act, ITOCHU has entered into limitation of liability contracts with respect to liability as set forth in Article 423, Paragraph 1, of the Companies Act with Outside Directors and outside Audit & Supervisory Board Members. Under these contracts, their liabilities are limited to the lowest amount of liability pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties.

## Outline of Directors and Officers Liability Insurance Policy

ITOCHEU has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the losses, such as damages payable and litigation costs in damage suits, incurred by all of ITOCHU's directors and Audit & Supervisory Board Members, etc. who are the insureds. However, the scope of compensation does not cover the damages and litigation costs of a director or officer involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of director or officer duties is not lost. The full amount of the insurance premiums is borne by ITOCHU.

## Outline of the Indemnity Contract with Directors and Audit & Supervisory Board members

ITOCHEU has entered into the indemnity contracts with all of Directors and Audit & Supervisory Board Members in accordance with Paragraph 1 of Section 430-2 of the Companies Act, pursuant to which ITOCHU indemnifies the costs under the sub-paragraph 1, paragraph 1 of Section 430-2 of the Companies Act and the losses under the sub-paragraph 2, paragraph 1 of Section 430-2 of the Companies Act, incurred by them within the limit under the law. ITOCHU will not indemnify such costs or losses incurred by them in relation to their acts performed with the knowledge of illegality or to provide undue profit for third parties or to cause damages to ITOCHU.

## Corporate Officer Remuneration System

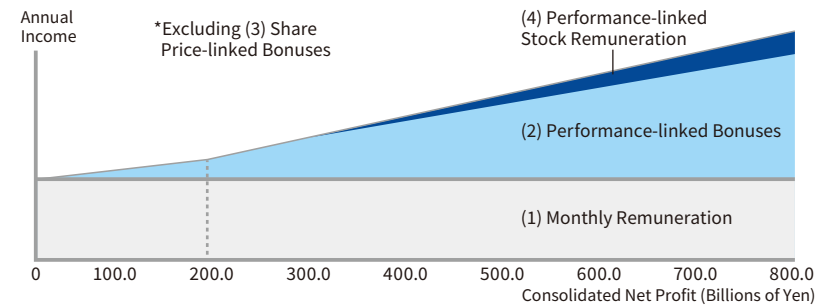
ITOCHEU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration is approximately 80% of overall remuneration (FYE 2023), which is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent.

More specifically, the remuneration plan consists of (1) monthly remuneration, (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the increase of corporate value in the medium to long term.

We have consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, which is a non-monetary remuneration. Consolidated net profit is of high interest on the stock market because it is an easy-to-understand indicator of capital for growth-oriented investment and returns to shareholders, and we believe that its importance as an indicator going forward is unshakeable. In addition, employee bonuses are also linked to consolidated net profit.

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share price-linked bonuses with ITOCHU's share price as the linked indicator. This bonus is an index linked to the increase in the average daily value of ITOCHU's stock price for each consecutive two fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX) for each successive two fiscal years.

■ Remuneration Image of Directors (Excluding Outside Directors)

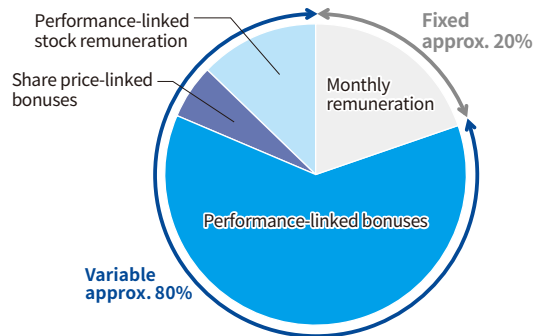




# Corporate Governance

	Type of remuneration	Content	Remuneration limit	Resolution of General Meeting of Shareholders
Directors	(1) Monthly remuneration (Fixed)	Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position	¥1.0 billion per year as total monthly remuneration (including ¥0.1 billion per year as a portion to the Outside Directors)	June 24, 2022
	(2) Performance-linked bonuses (Variable (Single Year))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. *Formula is described below	¥3.0 billion per year as total bonuses paid to all directors (excluding Outside Directors)	
	(3) Share price-linked bonuses (Variable (Medium- to Long-term))	Calculated by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price for two consecutive fiscal years *Formula is described below		
	(4) Performance-linked stock remuneration (Variable (Medium- to Long-term))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus (*2) *Formula is described below		
Corporate Auditors	Only monthly remuneration		¥250 million per year	June 24, 2022

■ Remuneration composition ratio for Directors (excluding Outside Directors) (FYE2023)



## Formulas for Performance-linked Bonuses and Stock Remuneration

In accordance with confirmed results for FYE 2024, director bonuses for FYE 2024 will be paid following the conclusion of the 100th Ordinary General Meeting of Shareholders in amounts calculated according to the methods described below (in regard to stock remuneration, points will be awarded).

### Total Amount Paid to all Directors

**Total amount paid to all directors = (A + B + C) x Sum of Position points for all the eligible directors/55 (but not exceeding ¥1.0billion)**  
**A = (Of consolidated net profit for FYE 2024, for the portion up to ¥200.0 billion) × 0.35%**  
**B = (Of consolidated net profit for FYE 2024, for the portion more than ¥200.0 billion but up to ¥300.0 billion) × 0.525%**  
**C = (Of consolidated net profit for FYE 2024, for the portion exceeding ¥300.0 billion) × 0.525%**  
**(0.175% for stock remuneration)**

### Amount Paid to an Individual Director

**Amount paid to an individual director = Total amount paid to all directors × Assigned position points / Sum of position points for all the eligible directors**

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President	Senior Managing Executive Officer	Managing Executive Officer	Executive Officer
10	7.5	5	4	3	2.2

Of the amount paid to an individual director, the portion corresponding to A and B in the total amount paid to all directors is paid entirely in cash. In regard to the portion corresponding to C, the portion of 0.175% is paid as share-based stock remuneration and the rest paid in cash. In addition, 80% of the amount paid in cash is linked the plan achievement rate of the consolidated net profit of the assigned division/department and the rate determined based on the comparison with the consolidated net profit of the previous fiscal year\*. In regard to share-based remuneration during the term of office, annual points are awarded (1 point = 1 share), and at the time of retirement share-based remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the shares paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

\* Formula for 80% of the Amount Paid in cash to an Individual Director :  
 (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 80% x (the Rate A (defined below) determined based on plan achievement rate of the consolidated net profit target for the assigned division/department x 50%)  
 - The Rate A: 100% + (the plan achievement rate of the consolidated net profit target for the assigned division/department - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%).  
 - The plan achievement rate shall be 100% for the eligible director for whom no plan achievement rate is measurable.

# Corporate Governance

The amount paid to an individual Director shall not exceed the maximum amount for each position for each position as set forth below:

(Millions of yen)

	Maximum amount paid to an individual Director
Chairman and Chief Executive Officer	1,000
President and Chief Operating Officer	750
Executive Vice President	500
Senior Managing Executive Officer	400
Managing Executive Officer	300
Executive Officer	220

## Formulas for Share price-linked Bonuses

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share-price linked bonuses with ITOCHU's share price as the linked indicator. This bonus is an index linked to the increase in the average daily value of ITOCHU's stock price for two consecutive fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX) for each successive two fiscal years.

### Amount Paid to an Individual Director (Aggregate amount for FYE 2024 and FYE 2025)

The amount paid to an individual director = ((simple average of daily closing price from FYE 2024 to FYE 2025) - (simple average of daily closing price from FYE 2022 to FYE 2023)) × 1,300,000 × (total position points of FYE 2024 and FYE 2025) / (108.8 points × 2 (years)) × Relative Stock Price Growth Rate

\* Relative Stock Price Growth Rate = (simple average of daily closing price from FYE 2024 to FYE 2025 / simple average of daily closing price from FYE 2022 to FYE 2023) / (simple average of daily TOPIX from FYE 2024 to FYE 2025 / simple average of TOPIX from FYE 2022 to FYE 2023)

\* TOPIX= Tokyo Stock Price Index, the principal index determined pursuant to the relevant rules of Tokyo Stock Exchange (Tosho Shisuu Sanshutsu Youryo (TOPIX-hen)).

The position points assigned to each position are same as those applied for performance-linked bonuses.

Share Price-linked bonuses together with performance-linked bonuses are paid to the eligible directors within the director bonuses limit of ¥3.0 billion.

Please see Corporate Governance Report ([https://www.itochu.co.jp/en/files/CG\\_e.pdf](https://www.itochu.co.jp/en/files/CG_e.pdf)) for the formula applied to amount paid to individual director in each year.

## Actual Corporate Officer Remuneration for FYE 2022 and FYE2023

	FYE2022			FYE2023		
	Number of people	Amount paid (Millions of Yen)	Details	Number of people	Amount paid (Millions of Yen)	Details
Directors (Outside Directors)	12 (5)	3,692 (81)	(1) ¥763 million (2) ¥2,000 million (3) ¥- million (4) ¥576 million (5) ¥352 million	10 (4)	3,045 (81)	(1) ¥662 million (2) ¥1,825 million (3) ¥168 million (4) ¥- million (5) ¥390 million
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	152 (60)	Only (1)	6 (3)	172 (60)	Only (1)
Total (Outside)	18 (9)	3,844 (141)		16 (7)	3,216 (141)	

(Rounded to nearest million yen)

\* (1) Monthly Remuneration, (2) Performance-linked bonuses, (3) Share price-linked bonuses, (4) Special Benefits, (5) Stock Remuneration

\* Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs.

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2023, are as follows.

Name	Category	Total Annual Monthly Remuneration	Performance-linked bonuses	Share price-linked bonuses	Stock Remuneration	Total
Masahiro Okafuji*	Director	¥178 million	¥541 million	¥48 million	¥116 million	¥884 million
Keita Ishii*	Director	¥108 million	¥406 million	¥36 million	¥87 million	¥637 million
Fumihiko Kobayashi	Director	¥97 million	¥271 million	¥24 million	¥58 million	¥450 million
Tsuyoshi Hachimura	Director	¥97 million	¥271 million	¥24 million	¥58 million	¥450 million
Hiroyuki Tsubai	Director	¥49 million	¥218 million	¥24 million	¥46 million	¥337 million
Hiroyuki Naka*	Director	¥51 million	¥119 million	¥11 million	¥25 million	¥206 million

\* Monthly remuneration includes housing allowance.

(Rounded to nearest million yen)

# Corporate Governance

The remuneration for executive officers who do not concurrently hold director positions is provided based on a system designed according to the position based on the remuneration plan for the Directors. Name and amount of compensation paid to executive officers (excluding those who concurrently hold director positions) whose total compensation exceeded ¥100 million in FYE 2023, are as follows:

Name	Total Annual Monthly Remuneration	Performance-linked bonuses	Share price-linked bonuses	Stock Remuneration	Total
Masahiro Morofuji	¥48 million	¥163 million	¥15 million	¥26 million	¥252 million
Hiroyuki Kaizuka	¥48 million	¥32 million	¥15 million	¥36 million	¥131 million
Tomoyuki Takada	¥49 million	¥55 million	—	¥11 million	¥114 million
Tatsushi Shingu	¥58 million	¥121 million	¥15 million	¥35 million	¥228 million
Masaya Tanaka	¥37 million	¥120 million	¥11 million	¥25 million	¥192 million
Kenji Seto	¥35 million	¥120 million	¥11 million	¥25 million	¥191 million
Shuichi Kato	¥41 million	¥106 million	¥11 million	¥26 million	¥184 million
Masatoshi Maki	¥36 million	¥120 million	¥21 million	¥25 million	¥202 million

(Rounded to nearest million yen)

## Evaluation as to the Effectiveness of the Board of Directors

ITochu has conducted an evaluation as to the effectiveness of the Board of Directors and Audit & Supervisory Board Members once a year since FYE 2016 utilizing external consultants, and the Board of Directors has analyzed and evaluated the findings after deliberation by the Governance, Nomination and Remuneration Committee (until June 22, 2023, Nomination Committee; excluding FYE 2017).

## Training Policy

The Company conducts training related to regulations with respect to Directors and Audit & Supervisory Member, corporate governance and other matters as part of its training for newly appointed internal and Outside Officers. The Company also provides Directors and Audit & Supervisory Board Members with opportunities for training at third-party institutions, with the Company bearing the costs of such training. Also, to ensure that management supervision by Directors and audit by Audit & Supervisory Board Members are adequately performed, before each meeting we provide to Outside Officers prior explanations on matters presented to each meeting of the Board of Directors through respective offices of the Board of Directors and the Audit & Supervisory Board. In addition, ITOCHU strives to ensure that Outside Officers appropriately understand its business environment and challenges through various occasions such as introductory session concerning ITOCHU's business upon election, visits to business premises in or outside Japan, meetings among Outside Officers, reporting activities by internal auditing units to Outside Directors, periodical discussions with the managements and explanatory sessions on matters requested by Outside Officers.

# Corporate Governance

## Advisory Committees

To strengthen the supervisory function of the Board of Directors and enhance the transparency of the decision-making process, in FYE 2023, we maintained the Governance and Remuneration Committee, the Nomination Committee, and the Women’s Advancement Committee as voluntary advisory committees under the Board of Directors. In the Governance and Remuneration Committee and the Nomination Committee, the chairperson was an Outside Director and a majority of members are Outside Officers to ensure independence. In the Women’s Advancement Committee, the chairperson was an Outside Director, and a majority of the members were Outside Officers, also ensuring independence. As of June 23, 2023, we reorganized the Governance and Remuneration Committee and the Nomination Committee into a new Governance, Nomination, and Remuneration Committee, with Outside Director as chairpersons and a majority of members as Outside Directors. Combining these committees and their members will unify discussions for nominations and remuneration, which are connected in many ways, with governance, which provides the overall framework for nominations and remuneration. This combination aims to facilitate more thorough discussions by committee members. Furthermore, we continue to maintain the Women’s Advancement Committee, as we did in FYE 2023.

The Roles and Composition of the committees as of June 23, 2023 and the Activities of the committees during FYE 2023 are as follows:

### ■ Advisory Committee(s) to the Board, Composition and Attribution of Chairperson

Name	Roles	Composition	Activities
<b>Governance and Remuneration Committee</b>	To deliberate and advise the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, appointment and dismissal of responsible Directors and executive officers, consideration of the succession plan, remuneration system for Directors and executive officers and other matters on corporate governance.	Chair: Kunio Ishizuka, Director (Outside) Members: Masahiro Okafuji, Director Keita Ishii, Director Fumihiko Kobayashi, Director Masatoshi Kawana, Director (Outside) Makiko Nakamori, Director (Outside) Akiko Ito, Director (Outside) *Kentaro Uryu, Audit & Supervisory Board Member (Outside), attends as an observer.	This committee was held 4 times in FYE 2023 (among those 2 meetings were held by paper circulation) with the participation of all members for physically held meetings. The main agenda items discussed at the Governance and Remuneration Committee were as follows: <ul style="list-style-type: none"> <li>• Evaluation of the Board of Directors for FYE 2022 (April 8, 2022) Approval to propose for the Board of Directors with respect to reporting on the results of the evaluation of the Board of Directors for FYE 2022 and seeking approval of external disclosure materials.</li> <li>• Company indemnification agreements (April 8, 2022) Approval to propose for the Board of Directors with respect to seeking approval for entering into indemnification agreements with all Directors and Audit &amp; Supervisory Board Members.</li> <li>• Performance-linked bonuses for executives for FYE 2023 (April 19, 2022) Approval to propose for the Board of Directors with respect to seeking approval of performance-linked bonuses for Directors for FYE2023 and the individual maximum amount for such bonuses.</li> <li>• Reformation of the Governance and Remuneration Committee and the Nomination Committee (February 21, 2023) Approval to propose for the Board of Directors with respect to seeking approval of the reformation of the Governance and Remuneration Committee and the Nomination Committee, as well as the appointment of members to the Advisory Committee to the Board of Directors.</li> <li>• Executive compensation system (February 21, 2023) Approval to propose for the Board of Directors with respect to seeking approval to continue the stock price-linked bonus program, using FYE 2024-2025 as the calculation period.</li> </ul>
<b>Nomination Committee</b>			This committee was held for 4 times in FYE 2023 (among those 1 meeting was held by paper circulation) with the participant of all members (except 1 time with Masahiro Okafuji, Director and the Outside Officers limited) for physically held meetings. The main agenda items discussed at the Nomination Committee were as follows: <ul style="list-style-type: none"> <li>• Succession Plan (September 30, 2022) Discussion about the succession plan of executives.</li> <li>• Officer appointments for FYE 2024 (January 12, 2023)</li> <li>• Approval to propose for the Board of Directors with respect to seeking approval of the officer appointments for FYE 2024.</li> </ul>
<b>Women’s Advancement Committee</b>	To deliberate and advise the Board on proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees.	Chair: Makiko Nakamori, Director (Outside) Members: Fumihiko Kobayashi, Director Yoshiko Matoba, Audit & Supervisory Board Member Tsutomu Fujita, Audit & Supervisory Board Member (Outside) Kumi Kobayashi, Audit & Supervisory Board Member (Outside) Toshiyuki Kakimi, General Manager, Human Resources & General Affairs Division	This committee was held for 2 times in FYE 2023 with the participant of all members for physically held meetings. The main agenda items discussed at the Women’s Advancement Committee were as follows: <ul style="list-style-type: none"> <li>• Progress status of the initiatives (September 27, 2022) Deliberation on the current status of women in new executive positions and candidates for executive positions, as well as efforts towards their promotion.</li> <li>• Disclosure of human capital information (February 20, 2023) Deliberation on the status of disclosure regarding human capital and the promotion of women to executive positions.</li> </ul>

# Corporate Governance

## Principal Internal Committees

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 23, 2023).

Name	Objectives
<b>Internal Control Committee</b>	Deliberates on issues related to the development of internal control systems (Chairman: CSO)
<b>Disclosure Committee</b>	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting (Chairman: CFO)
<b>ALM Committee</b>	Deliberates on issues related to risk management systems and balance sheet management (Chairman: CFO)
<b>Compliance Committee</b>	Deliberates on issues related to compliance (Chairman: CAO)
<b>Sustainability Committee</b>	Deliberates on issues related to sustainability, SDGs, and ESG, excluding governance related issues (Chairman: CAO)
<b>Investment Consultative Committee</b>	Deliberates on issues related to investment and financing (Chairman: CFO, Deputy Chairman: CSO)
<b>New Headquarters Project Committee</b>	Deliberates on issues related to New Headquarters Project (Chairman: CAO)

## Policy and Process for Appointing Executive Officers

Executive officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as executive officers) who are judged to be capable of assuming the role as the executive officers. Candidates for executive officers are first selected by the Chairman & CEO based on, among others, recommendations from other officers (or in terms of incumbent executive officers, based on their respective performance) and submitted to the Governance, Nomination and Remuneration Committee for further deliberation. Based on the deliberation and advice of the Governance, Nomination and Remuneration Committee, the Board of Directors appoints executive officers by its resolution. In case that an executive officer breaches the Executive Officers' Regulation of ITOCHU Corporation or otherwise his or her performance is judged to be not appropriate, the Chairman & CEO (or the chair of the Governance, Nomination and Remuneration Committee) firstly makes a proposal of dismissal, and the Board of Directors dismisses such executive officer by its resolution based on the deliberation and advice of the Governance, Nomination and Remuneration Committee.

## Audit & Supervisory Board Members

### Overview

- Audit & Supervisory Board Members and the independent external auditors participate in monthly regular meetings where they exchange information in a timely manner, in addition to providing reports on quarterly reviews and internal control audits. Audit & Supervisory Board Members monitor the progress of the audit conducted by the independent external auditors and share any issues with them.
- Audit & Supervisory Board Members engage in discussions regarding the selection of Key Audit Matters based on the current year's financial performance. For the selected matters in FYE 2023, namely the assessment of FamilyMart's goodwill and the evaluation of CITIC Limited's investment, Audit & Supervisory Board Members conducted detailed discussions and raised inquiries regarding the future cash flows, discount rates, and other underlying assumptions for the assessments. These discussions involved relevant departments and the independent external auditors providing detailed explanations.
- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other's audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- The Audit Division and Audit & Supervisory Board Members endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division strives to strengthen its relationships by regularly holding meetings with the independent external auditors and maintaining close collaboration. In addition, it seeks to promote cooperation through information exchange with the internal audit departments of ITOCHU Group companies.



# Corporate Governance

## Members of the Audit and Supervisory Boards

Name	Position in ITOCHU Corporation	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Number of years in office	○Member *Observer	
					Governance, Nomination and Remuneration Committee	Women's Advancement Committee
Makoto Kyoda	Full-time Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	3 years	—	—
Yoshiko Matoba <small>New election</small>	Full-time Audit & Supervisory Board Member	—	—	—	—	○
Kentaro Uryu <small>Reelection Outside Independent</small>	Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	8 years	*	—
Tsutomu Fujita <small>New election Outside Independent</small>	Audit & Supervisory Board Member	—	—	—	—	○
Kumi Kobayashi <small>New election Outside Independent</small>	Audit & Supervisory Board Member	—	—	—	—	○

## Policy and Process for Appointing Candidates for Audit & Supervisory Board Members

In order to appropriately audit and supervise management as Audit & Supervisory Board Members of a general trading company with broad range of business, candidates for Audit & Supervisory Board Members are selected from individuals with understanding about ITOCHU's management, high-level expertise in fields including accounting, finance, law, and risk management, and a broad range of experience. As a company with an Audit & Supervisory Board, Outside Audit & Supervisory Board Members are always at least half of all members. When nominating Outside Audit & Supervisory Board Members, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent auditors" prescribed by Tokyo Stock Exchange, Inc. and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her high-level expertise and extensive experience in the relevant category, are expected to appropriately audit and supervise the management of ITOCHU. Moreover, among the Audit & Supervisory Board Members, ITOCHU nominates at least one person who possesses considerable knowledge concerning finance and accounting. Based on this policy, a proposal on candidates for Audit & Supervisory Board Members is created by the Chairman & CEO after consultation with full-time Audit & Supervisory Board Members. The proposal is then submitted to the Governance, Nomination and Remuneration Committee (until June 22, 2023, Nomination Committee) for further deliberation and, after receiving the approval of the Audit & Supervisory Board, the Board of Directors selects the candidates for election at the General Meeting of Shareholders.

### Reason for Appointment as Outside Audit & Supervisory Board Members

Name	Reason for appointment
<b>Kentaro Uryu</b> appointed in June 2015 [Attendance at Meetings of] - Board of Directors FYE 2023: 15/15 (100%) - Audit & Supervisory Board FYE 2023: 14/14 (100%)	Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Audit & Supervisory Board Member.
<b>Tsutomu Fujita</b> appointed in June 2023	Mr. Fujita is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by leveraging his extensive experience and advanced expertise gained from years of experience in the financial industry. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Fujita qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.
<b>Kumi Kobayashi*</b> appointed in June 2023	Ms. Kobayashi is appointed as an outside Audit & Supervisory Board Member in the anticipation that she will monitor management and provide auditing from an independent perspective by utilizing her extensive professional knowledge and practical experience in financial and accounting matters, gained from her career as a certified public accountant. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Kobayashi qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent auditor. *Registered name: Kumi Nojiri

# Corporate Governance

## Major Areas of Expertise of Directors and Audit & Supervisory Board Members / Areas in which Particular Contributions are Expected

### Ensuring Diversity of Officers

In FYE2018, ITOCHU Corporation shifted to a monitoring-oriented Board of Directors with the aim of promoting the separation of management execution and supervision. To ensure that the Board of Directors is able to provide appropriate management supervision, ITOCHU Corporation appoints many officers in charge of overseeing head office functions as Directors, along with a number of Outside Directors so that the percentage of Outside Directors is at least one-third of all Directors. By appointing Outside Directors with more specialized viewpoints and greater diversity, we are further enhancing the functions of ITOCHU Corporation's Board of Directors. In addition, by appointing Outside Audit & Supervisory Board Members with knowledge of finance, accounting and legal affairs makes it possible to monitor and supervise ITOCHU Corporation's management from a neutral and objective viewpoint. ITOCHU Corporation's internal and external officers who were appointed in accordance with the above are engaged in management by using their knowledge, experience and high level of insight in their respective fields. As for internal Directors, this table shows areas of knowledge and experience which internal Directors have. As for Outside Directors and full-time Audit & Supervisory Board Members, this table covers areas where the most significant contributions to management are expected due to the greatest possible use of the professional viewpoints and extensive knowledge of these individuals. The reasons for selecting these categories are explained on (P182)

Name	Role	Principal Specialized Area of Experience / Areas in Which Officers are Expected to Make a Particular Contribution									Governance, Nomination and Remuneration Committee	Women's Advancement Committee	Main Role, Career History, Qualifications, etc.
		All Aspects of Management	Global	Marketing / Sales	Self-Transformation / DX	SDGs & ESG	Health & Medical Care	Finance, Accounting & Risk Management	Human Resources Strategy	Internal Control & Legal Affairs / Compliance			
Masahiro Okafuji	Chairman & Chief Executive Officer Representative Director	○	○	○	○	○	○	○	○	○	□		President, Textile Company; President & CEO, ITOCHU Corporation
Keita Ishii	President & Chief Operating Officer Representative Director	○	○	○	○	○	○	○	○	○	□		President, Energy & Chemicals Company, ITOCHU Corporation
Fumihiko Kobayashi	Representative Director	○	○	○	○	○	○	○	○	○	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Representative Director	○	○	○	○	○	○	○	○	○			General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai	Representative Director	○	○	○	○	○	○	○	○	○			CEO for Africa Bloc; CEO for Europe Bloc; President, Machinery Company, ITOCHU Corporation
Hiroyuki Naka	Representative Director	○	○	○	○	○	○	○	○	○			General Manager of Corporate Planning & Administration Division, Chief Strategy Officer, Chief Digital & Information Officer ITOCHU Corporation
Masatoshi Kawana	Outside Director	◎				◎	◎				□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	Outside Director				◎			◎		◎	□	■	Certified Public Accountant in Japan
Kunio Ishizuka	Outside Director	◎		◎						◎	■		President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.
Akiko Ito	Outside Director					◎	◎			◎	□		Commissioner, Consumer Affairs Agency
Makoto Kyoda	Full-time Audit & Supervisory Board Member					◎		◎		◎			CFO, Food Company, ITOCHU Corporation
Yoshiko Matoba	Full-time Audit & Supervisory Board Member		◎			◎				◎		□	General Manager of Research & Public Relations Division, General Manager of Human Resources & General Affairs Division
Kentaro Uryu	Outside Audit & Supervisory Board Member			◎				◎		◎	*		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Tsutomu Fujita	Outside Audit & Supervisory Board Member	◎	◎					◎				□	Vice Chairman and a board member, Citigroup Global Markets Japan Inc.
Kumi Kobayashi	Outside Audit & Supervisory Board Member				◎			◎		◎		□	Certified Public Accountant in Japan; Certified Public Tax Accountant in Japan

■ Chair □ Member \* Observer

Note 1: Knowledge and experience held by internal directors are indicated with ○, and areas in which fulltime Audit & Supervisory Board Members, Outside Directors and outside Audit & Supervisory Board Members are expected to contribute in particular are indicated with ◎ as the above list shows.

Note 2: Women's Advancement Committee is comprised of the members mentioned above and General Manager of the Human Resources & General Affairs Division.

# Corporate Governance

## Reasons for Selections of Principal Specialized Area of Experience/Areas in which Officers are Expected to Make a Particular Contribution

Area	Reasons for Selection
All Aspects of Management	ITOCHU is a general trading company that operates in diverse business sectors. The oversight of business operations requires knowledge of this area in order to participate in discussions about business plans and strategies that can enhance corporate value based on the spirit of "Sampo-yoshi".
Global	Knowledge of this area based on understanding different cultures and geopolitics is required because ITOCHU operates on a global scale as a general trading company.
Marketing / Sales	Knowledge of these areas is required because promotion of "Earn" measures is a key element of ITOCHU's operations, which depend on leveraging sales capabilities as a "Merchant," from a market-oriented perspective.
Self-Transformation / DX	ITOCHU realizes sustained growth by drawing on comprehensive strengths as a general trading company accompanied by self-transformation in a flexible manner that reflects changes in the external environment. ITOCHU does not make DX itself a target. Instead, by self-transformation, ITOCHU steadily builds up individual projects that are expected to swiftly contribute to profit namely those that optimize supply chains, etc. while leveraging existing business foundations. Knowledge of these areas is required for taking these actions.
SDGs & ESG	ITOCHU aims for sustained growth with a commitment to capitalism with greater emphasis on serving all stakeholders, which is "Sampo-yoshi capitalism." ITOCHU sets to solve the seven identified material issues through business operations, including addressing climate change, to contribute to accomplishing the Sustainable Development Goals (SDGs). Consequently, knowledge of these areas is required.
Health & Medical Care	People is the most valued management resource of ITOCHU. Developing capability and enhancing the health is essential for maintaining a powerful workforce that can fulfill our Guideline of Conduct: "I am One with Infinite Missions." Consequently, knowledge of these areas is required.
Finance, Accounting & Risk Management	Sustained growth requires strong financial foundation, accurate financial reports, and the analysis of risks when examining M&A and other projects. A quantitative framework of administrative divisions which support business divisions is also essential. Consequently, knowledge of these areas is required for constantly implementing the "Earn, Cut, Prevent" principles.
Human Resource Strategy	ITOCHU clearly identifies human resources as a key component of management strategy. Knowledge of this area is required in order to effectively implement various initiatives, such as work-style reforms to enhance corporate value.
Internal Control & Legal Affairs / Compliance	ITOCHU maintains an appropriate structure for the monitoring and audit of management in order to ensure appropriate and efficient execution of operation. Knowledge of these areas is required in order to make constant improvements to this structure and implement "prevent" measures.

## Checking and Balancing System by the Independence Executives

### Criteria for the Independence of Directors/ Auditors

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed on our homepage. Please refer to the following.

\* Independence Criteria for Outside Directors and Outside Corporate Auditors  
 (https://www.itochu.co.jp/en/about/governance\_compliance/governance/pdf/independence\_criteria.pdf) 

- ITOCHU has established a de minimis standard of ¥10 million per fiscal year relating to a donation made by the Company. ITOCHU views that a donation within the de minimis standard above is unlikely to affect our investor's judgment on its voting, thus description on such donation is omitted from our filings of independent directors/ auditors.

## Performance of the Independent Outside Directors and Outside Audit & Supervisory Board Members

### Independent Outside Directors

Mr. Kawana attended all 15 meetings of the Board of Directors held during FYE 2023. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, he was a member of the Governance and Remuneration Committee and the Nomination Committee, and contributed to upgrade governance and increase the objectivity of succession plans and selections of officers. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and internal epidemic prevention in the period of COVID-19 pandemic.

Ms. Nakamori attended all 15 meetings of the Board of Directors held during FYE 2023. She mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, she chaired the Governance and Remuneration Committee, leading discussions about evaluations of the Board of Directors' effectiveness and other governance subjects and the remuneration of officers, and contributed to speeding up support for women's advancement as a member of the Women's Advancement Committee. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.

Mr. Ishizuka attended all 15 meetings of the Board of Directors held during FYE 2023. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, he chaired the Nomination Committee where he led practical discussions regarding selections of senior executives and the succession plan. Additionally, he made many useful suggestions and proposals based on his expertise and experience regarding promoting the business transformation from the point of view of incorporating the needs of the market into ITOCHU's products and services.

Outside Directors actively advise and provide recommendations, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and ensure and enhance the effectiveness of the monitoring and supervising function of the Board of Directors and transparency of decision-making by appropriately demonstrating to the internal Directors their supervisory functions based on various perspectives and their management advice function of the Outside Directors.

### Independent Outside Audit & Supervisory Board Members

Mr. Uryu attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE 2023. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE 2023, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.

Outside Audit & Supervisory Board Members actively provide an opinion, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and enhance the transparency of decision-making by appropriately demonstrating their supervisory functions of the Outside Directors against the performance of the internal Directors.

# Corporate Governance

## Significance of Holding and ITOCHU's Policy on the Governance of Its Listed Subsidiaries

ITOCHU has 188 consolidated subsidiaries (as of the end of March, 2023) and is expanding our diverse businesses in Japan and all over the world. As the core of the Group, ITOCHU formulates management policies as well as short- and medium-term management plans on a group basis, and regularly monitors the progress of each segment. In order to appropriately deal with various risks as a group, we have the internal control systems on a group basis, which are necessary to ensure that Directors' implementations of duties are in compliance with laws and statutory regulations and the Articles of Incorporation, and to ensure the appropriateness of other operations.

In particular, ITOCHU makes conscientious efforts to ensure execution of duties by directors and employees at each subsidiary to comply with laws and regulations and the Articles of Incorporation by means of the directors and corporate auditors dispatched to each subsidiary supervising and auditing the execution of duties. In addition, in order to deal with various risks such as market risk, credit risk, country risk, investment risk, environmental/social risk etc. of the Group, ITOCHU maintains and manages risks comprehensively and individually. For that purpose, various internal committees and responsible departments have been established, and the necessary risk management system and management method are group-based. Furthermore, ITOCHU formulates a group compliance program, establishes and operates the system required to prevent the occurrence of any violations of laws and regulations, and strives for continuous improvement through regular reviews.

As of June 23, 2023, ITOCHU's listed subsidiaries are ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd., C.I. TAKIRON Corporation and Prima Meat Packers, Ltd., and ITOCHU respects the autonomy of these listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality (ITOCHU has not entered into any governance related agreements with these listed subsidiaries). In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which functions of their independent Outside Directors are well assured.

Each of the above-mentioned subsidiaries had established and maintained an effective governance system, including the ratio of Outside Directors and the establishment of an independent advisory committee to the Board of Directors, and/or special committees to evaluate and discuss about the important transactions and actions, which may have a conflict with the controlling shareholder. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code issued by the Tokyo Stock Exchange. In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in conducting of transactions with each listed subsidiary, fair and appropriate terms and conditions are determined by taking into account market prices, etc., on the premise of pursuing economic rationality with each other. Further, ITOCHU fully respects the decision of the advisory committee to the board of directors, which has the function of nomination, in exercising voting rights regarding the selection or removal of independent directors or nomination process of independent directors of our listed subsidiaries.

ITOCHU does not believe that the dissolution of parent-subsidary listings should be uniformly carried out based solely on the fact that a subsidiary is publicly listed. As stated below, we recognize the significance of each individual subsidiary's holding rational and strive to establish and maintain an effective governance structure to prevent conflicts of interest. Additionally, while considering the strategic positioning of each subsidiary within ITOCHU Group, we make individual assessments of holding policies of listed subsidiaries without limiting the options, based on a case-by-case basis. Holding policies are deliberated by the Division Company that has the investment and discussed annually in the management meetings. The decisions regarding the holding policies of each listed subsidiary are made taking these discussions into account and are shared with Outside Officers.

On the premise of the above-mentioned governance system, the significance of holding a listed subsidiary includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group; (3) reduction of the ITOCHU's financial burden on the listed subsidiary; and (4) securing excellent human resources. In addition, the significance of holding each listed subsidiary from the perspective of the Group's management strategy and sales perspective is as follows:

# Corporate Governance

Company	Significance of Holding
<b>ITOCHU Techno-Solutions Corporation</b>	ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU Group's investees and business partners, and utilizes our group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value. ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.
<b>ITOCHU ENEX CO., LTD.</b>	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., utilizing ITOCHU Group's extensive domestic and international network, promotes initiatives in the new energy field which contribute to achieving the SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value.
<b>ITOCHU-SHOKUHIN Co., Ltd.</b>	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its existence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing our Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as contribution to customers through creating sales floors which utilize digital transformation (DX), etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUHIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value.
<b>C.I. TAKIRON Corporation</b>	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I.TAKIRON Corporation utilizes ITOCHU Group's extensive domestic and international network for overseas expansion of C.I.TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I.TAKIRON Corporation's various products. ITOCHU and C.I.TAKIRON Corporation, as business partners, are mutually contributing to enhancing corporate value.
<b>Prima Meat Packers, Ltd.</b>	The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU Group's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our Group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained.

To enhance the corporate value of the overall ITOCHU Group, ITOCHU, as their parent company and major shareholder, regularly pays adequate attention to the legal compliance systems and status of these listed subsidiaries. ITOCHU provides appropriate advice and support as needed on specific compliance-related matters, creation of internal control systems, and other managerial issues.

In addition, in order to contribute to the stabilization of management and the expansion of profits at each listed subsidiary, ITOCHU, upon consultation with each listed subsidiary, promotes personnel exchanges mainly by dispatching persons with expertise in financial accounting, legal affairs, etc. and management personnel of overseas expansion and overseas bases of each listed subsidiary, and by accepting personnel from each listed subsidiary to sales and management departments of ITOCHU.

As of June 23, 2023, ITOCHU holds investments in multiple listed affiliated companies. Regarding these affiliated companies, we take care to avoid conflicts of interest in transactions with them and, based on the actual conditions of each company, including capital relationships and transaction status, we respond as necessary in a manner similar to that of listed subsidiaries. It should be noted that the common significance of holding each listed affiliated company includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group including synergies among ITOCHU and listed affiliated companies; 3) reduction of the ITOCHU's financial burden on the listed affiliated companies; and 4) securing excellent human resources, among others. Each listed affiliated company has a business relationship with ITOCHU and they utilize the wide network that ITOCHU possesses as a trading house to expand their respective product and service transactions, promoting collaboration. The relationship between each listed affiliated company and ITOCHU contributes to the mutual enhancement of corporate value as business partners.



# Corporate Governance

## Basic Policy Regarding the Internal Control System and its Operational Status

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy regarding the Internal Control System and its Operational Status as of June 23, 2023. ("Basic Policy regarding the Internal Control System" was approved by Board of Directors on April 19, 2006, and the latest revision was made on May 14, 2021).

### Basic Policy Regarding the Internal Control System

#### 1. System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

##### (1) Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.
2. Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.
4. The corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards."

##### (2) Compliance

1. Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct.
2. ITOCHU is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

##### (3) Internal Control to Ensure Reliability of Financial Reporting

1. ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO to ensure the reliability of financial reporting.

2. ITOCHU is to establish the Disclosure Committee and regularly review and improve the development and implementation status of the internal control systems to ensure the reliability of financial reporting.

#### (4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President and Chief Executive Officer. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations." Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

#### 2. System for the Storage and Preservation of Information Related to Director Duties

The directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the "Information Management Regulations," the "Document Management Rules" and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the directors and auditors at any time. Further, the Company will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

#### 3. Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, investment risk, and environmental and social risks, ITOCHU is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, ITOCHU is to regularly review the effectiveness of the risk management system.

# Corporate Governance

## 4. System to Ensure Efficient Performance of Directors

### (1) The HMC and Other Internal Committees

The HMC as a supporting body to the President and Chief Executive Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President and Chief Executive Officer and the Board of Directors.

### (2) Division Company System

Under the Division Company System, the position of Division Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

### (3) Clearly Define the Scope of Authority and Responsibilities

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

## 5. System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)

### (1) Subsidiary Management and Reporting System

1. ITOCHU is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU is to send directors and corporate auditors to each subsidiary to ensure the adequacy of the subsidiary's operations.
2. With respect to subsidiaries that ITOCHU owns indirectly through its directly-owned subsidiaries, ITOCHU is to strive to ensure the adequacy of operations by such indirectly-owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly-owned subsidiaries to provide managerial guidance to indirectly-owned subsidiaries.
3. With respect to important matters on the management of subsidiaries, ITOCHU is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

### (2) Rules and Other Systems to Manage the Risk of Loss at Subsidiaries

ITOCHU is to identify the subsidiaries which shall be subject to ITOCHU's Group-wide risk management in respect of each risk category, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted. In addition, ITOCHU is to periodically review the effectiveness of such Group-wide management system.

### (3) System to Ensure the Efficient Performance of Duties by Directors, etc. of Subsidiaries

ITOCHU is to formulate a management plan on a consolidated basis and undertake managerial guidance of subsidiaries in order to attain the said management plan as well as to provide support to subsidiaries such as provision of group financing from ITOCHU.

### (4) System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries to Laws, Regulations and the Articles of Incorporation

1. In principle, ITOCHU is to send directors and corporate auditors to each subsidiary and strive to ensure that the performance of duties of directors, etc. and employees of a subsidiary complies with laws and regulations and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said directors and auditors sent from ITOCHU.
2. ITOCHU is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.
3. All of the operations and activities of the subsidiaries are to be subject to internal audits by the Audit Division.

## 6. Matters Concerning Supporting Personnel to Corporate Auditors, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

ITOCHU is to establish the Corporate Auditors' Office under the direct jurisdiction of the Board of Corporate Auditors and is to put in place full-time employees with the sole responsibility of supporting the work of the corporate auditors. The supervisory authority over such employees is to belong exclusively to the corporate auditors, and evaluation of such employees is to be carried out by the corporate auditor designated by the Board of Corporate Auditors. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such corporate auditor.

# Corporate Governance

## 7. System for Reporting by Directors and Employees to Corporate Auditors

### (1) Attendance at Important Meetings

The corporate auditors are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the directors and other relevant persons regarding the performance of their duties. In addition, the corporate auditors are to have the right to inspect all relevant materials.

### (2) Reporting System

1. The directors and corporate officers are to regularly report to the corporate auditors about their performance. Furthermore, in addition to the matters required by laws and regulations, the directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU to the corporate auditors immediately after such decisions are made.
2. Employees are to have the right to report directly to the corporate auditors any matters that could cause serious damage to ITOCHU.
3. In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of directors and employees who have reported to the corporate auditors and to ensure thorough familiarization with this prohibition.

## 8. System for Reporting by Directors, Corporate Auditors and Employees of Subsidiaries or by a Person who Received a Report from Them to Corporate Auditors

### (1) Reporting System

1. The directors and corporate auditors of subsidiaries may report directly to the corporate auditors of ITOCHU any matters that could cause serious damage to the said subsidiary.
2. A department that oversees compliance is to periodically report to the corporate auditors of ITOCHU a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.
3. In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of persons who have reported to the corporate auditors under the provisions listed above and to ensure full familiarization with this prohibition.

## 9. Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Corporate Auditors and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When a corporate auditor claims prepayment, etc. from ITOCHU in relation to the performance of duties under Article 388 of the Companies Act, ITOCHU is to process the relevant expense or claim promptly upon confirmation by the responsible department.

## 10. Other Relevant Systems to Ensure the Proper Functioning of Audits

### (1) Coordination with the Corporate Auditors by the Audit Division

The Audit Division is to maintain close communication and coordination with the corporate auditors with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

### (2) Retaining External Experts

When deemed necessary, the corporate auditors are to independently retain outside experts for the implementation of an audit.

# Corporate Governance

## Overview of the Operational Status of Internal Control System

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. As of FYE 2024, the Internal Control Committee is chaired by Chief Strategy Officer with the Corporate Planning & Administration Division as secretariat, and consists of Chief Administrative Officer, Chief Financial Officer, General Manager of Internal Audit Division, and an external expert (attorney) as members. Corporate Auditors also attend and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group. The results of deliberations by the Internal Control Committee are reported twice per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

Regarding the meetings of main internal committees related to internal control in FYE 2023, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 8 times.

ITOCHU's internal control systems are constructed on the base of the ITOCHU Group, consisting of ITOCHU Corporation and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 9, 2023 evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for FYE 2023 and confirmed that there were no significant deficiencies or defects.

## Initiatives to Further Enhance the Reliability of Financial Reporting

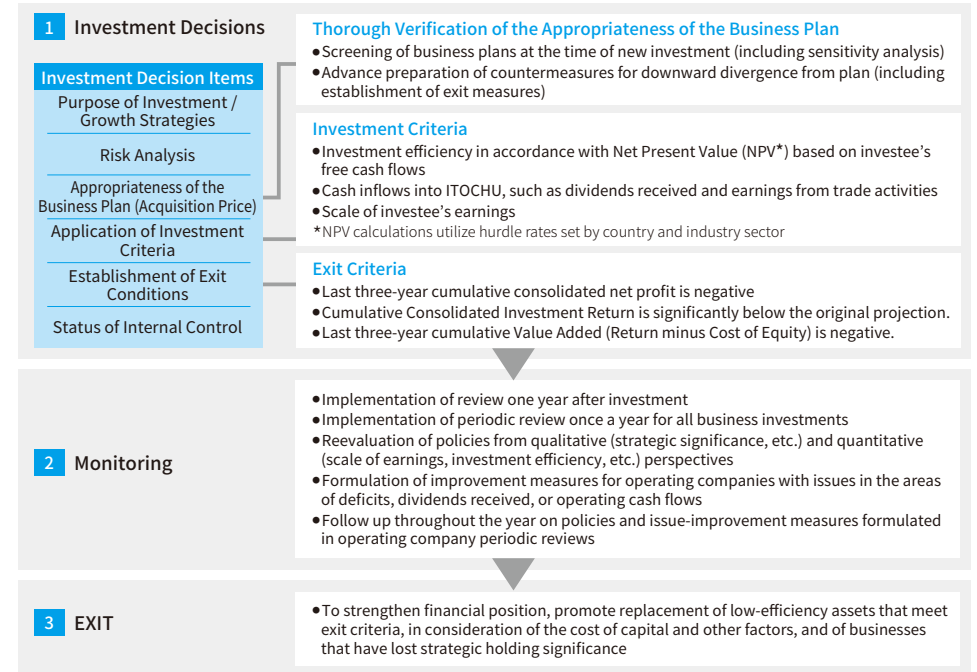
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has been appointed in each organization to design and implement internal control. The Internal Audit Division evaluates the effectiveness of internal control and provides feedback to each organization to ensure the continuous improvement. Overall management of these initiatives is conducted by the Internal Audit Division, and important matters are determined through deliberations in the Disclosure Committee chaired by the CFO. In this way, we are working to reinforce the companywide internal control system.

## Strengthening Risk Management on a Group Basis, Including Subsidiaries

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis.

Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on Group balance sheet management as well as analysis and management of risk.

### ■ Process for Investments



# Corporate Governance

## Managing Concentrated Risks

We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Country limits are deliberated by the Asset Liability Management (ALM) Committee and approved by the HMC.

## Business Continuity Plan

ITOCHU Corporation has formulated, and is regularly reviewing, a Business Continuity Plan (BCP) to ensure that important business will not be interrupted, or when interrupted, the interruption shall last for only a short period, when unforeseen circumstances such as natural disasters, large earthquakes, epidemics of infectious diseases, terrorist attacks, etc. occur. We have formulated a plan for in the event of a large-scale disaster. We have divided our response into four stages from BCP invocation to complete recovery - (1) initial recovery, (2) BCP invocation, (3) business restoration and (4) complete recovery. We have stipulated those who will give orders and the matters that will be dealt with for each of these stages. The formulation of a BCP is targeted to the ITOCHU Group as a whole, and is formulated separately for each business segment and function section.

When the Great East Japan Earthquake occurred in March 2011, we set up headquarters based on BCP, and quickly confirmed the safety of our employees and established a support system for the Tohoku branch. Although the Tohoku branch suffered great damage, we were able to take the necessary measures. Additionally, we also examined supporting measures for group companies, business partners, municipalities, etc., and carried them out accordingly.



# Risk Management

## Policy and Basic Concept


The ITOCHU Group is exposed to various risks due to its wide range of business natures, such as market, credit, and investment risks. These risks include unpredictable uncertainties and may have significant effects on the ITOCHU Group's future financial position and business performance.

We acknowledge risk management as a key management issue. Therefore, we have established our basic risk management policy and develop necessary risk management systems and techniques based on the concept of the COSO-ERM framework. Specifically, we are responding to the following major risks by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis. In addition, we periodically review the effectiveness of management systems through our internal committees. Moreover in accordance with the medium-term management plan, we conduct risk assessments across the company to reevaluate the risks we are currently aware of and identify risks comprehensively.

- |   |  |
|---|--|
| 1. Compliance Risks                                       | 10. Foreign Exchange Rate Risks                                      |
| 2. Legal Risks (Excluding Compliance Risks)               | 11. Interest Rate Risks  |
| 3. Risks Associated with Trade Security Policy Management | 12. Financing Risks  |
| 4. Risks Associated with Customs                          | 13. Information System and Security Risks                            |
| 5. Country Risks  | 14. Labor Management Risks   |
| 6. Commodity Price Risks (Specific, Important Product)    | 15. Human Resources Risks  |
| 7. Credit Risks   | 16. Risks Associated with the Appropriateness of Financial Reporting |
| 8. Investment Risks                                       | 17. Risks Associated with Internal Control                           |
| 9. Stock Price Risks                                      | 18. Environmental and Social Risks                                   |

## Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.</li> </ul>

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	We reviewed the progress of the action plans of the FYE 2023 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to the Internal Control Committee that Itochu's internal risk management system is active, which was held in October 2022 (review of the first half of FYE 2023), and in April 2023 (review of the second half of FYE 2023, and the action plans for FYE 2024).

# Risk Management

## Structures and Systems

### Risk Management Structure

Risks associated to business operations are managed under oversight from the board of directors, within the responsibilities mandated to our division companies, Headquarters Management Committee (HMC), and relevant committees.

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems and reports on results and findings to the board of directors.

At the Group level, ITOCHU's structural approach to risk management is overseen by the President and Chief Operating Officer (COO) and the Board of Directors and aims to ensure timely and sound executive decision making. The HMC, which is chaired by the President and COO and comprised of the Chairman and Chief Executive Officer (CEO) and other executives appointed by the President and COO, is the committee that sits at the highest level regarding our risk management system. Subsequent committees that report up to the HMC, also referred to as Principal Internal Committees, which include the Internal Control Committee, Disclosure Committee, ALM Committee, Compliance Committee, Sustainability Committee, and Investment Consultative Committee, are responsible for identifying and addressing risks and incidents in their respective fields.

The Sustainability Committee, one of the Principal Internal Committees introduced above, is tasked to promote sustainability in the ITOCHU Group's company-wide risk management. The Committee manages operational ESG risks such as human rights risks, health and safety risks, climate risks, and natural disaster risks, as well as ESG risks related to investments. The Committee cooperates with other Committees as necessary and makes decisions on policies and initiatives to address ESG risks and operational improvements to further mainstream sustainability concerns in our risk management culture. Activities and findings are compiled by the Committee and reported to the Board of Directors annually.

At the individual Company level, each Company's President reports to the Division Company Management Committee (DMC), an advisory body to the Companies. The DMC deliberates on important issues such as those regarding investments, lending, assurance, and business management that have the potential to substantially impact the management of each company. If the risks identified or escalated exceed beyond the responsibilities mandated to the DMC, depending on the gravity of the risk and upon deliberation with other committees as necessary, risk issues may be escalated to the HMC and/or the Board of Directors.

ITOCHU is a company with Audit & Supervisory Board Members and endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. Auditors are therefore independent from the Committees within our risk management structure, including the HMC, but do attend Committees to perform their monitoring/supervising responsibilities. The executives chairing each respective Committee is also required to report

to the HMC and/or the President and COO as necessary. The Audit Department directly under COO and other corporate staff departments oversee risks and our group-wide approach to managing risks as assigned within their mandated responsibility, and are also required to support the HMC and their subsequent Committees.

- Organization chart regarding the ITOCHU Group's corporate governance structure and internal controls system (P171)
- Overview of ITOCHU Group's main internal committees (P179)

With the business environment being filled with rapid changes and uncertainty, the ITOCHU Group recognizes the importance of predicting and preparing for various eventualities. As such, we create and analyze various risk scenarios regarding the various elements of the macroeconomic environment, such as political, legal, economic, socioeconomic, and technological factors, and consider relevant future impacts in our management planning.

Please see here for our non-financial capital PEST analysis reported in the Integrated Report. ([https://www.itochu.co.jp/en/ir/doc/annual\\_report/online2023/pest.html](https://www.itochu.co.jp/en/ir/doc/annual_report/online2023/pest.html)).

## Initiatives

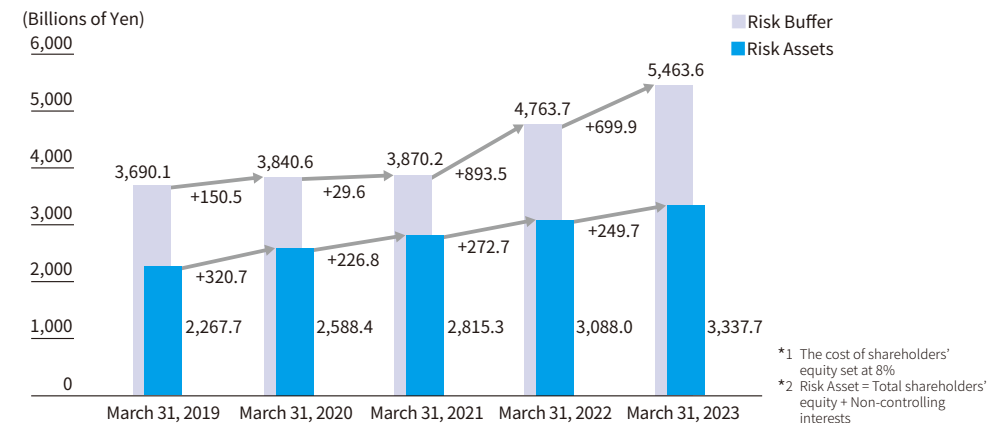
### Risk Management

#### Risk Capital Management\*1 and Management of Concentration Risk

##### Strict Management of Risk Assets

Our basic operational policy involves first calculating risk assets based on the maximum amount of possible future losses from all assets on the balance sheet including investments and all off-balance-sheet transactions. Second, we manage the amount of risk assets within the limits of our risk buffer (Total shareholders' equity + Non-controlling interests). As we promote investments that will lead to evolve existing business moving forward, we will work to maintain risk assets within the limits of our risk buffer, conduct strict risk management, and further strengthen our financial position.

##### Risk Assets\*2 and Risk Buffer



# Risk Management

## Business Investment Management

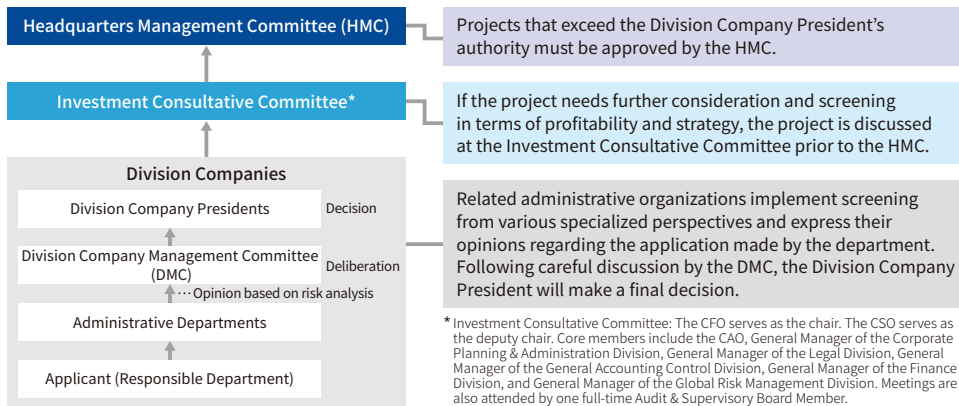
### Fundamental Approach

Along with strategic business alliances, business investment is an important means of creating new businesses. To actively promote strategic investments in areas of strength in a timely manner, we choose the optimal structure from a wide range of methods, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary.

In principle, we hold investments continuously. After making each investment, we work to maximize the investee's corporate value and to expand trading profit and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as larger-scale investments in recent years, we are rigorously screening the appropriateness of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures, centered on instituting more rigorous exit criteria and thoroughly implementing periodic investment review.

### Decision-Making Process for New Investments

A multilayered decision-making process that achieves quick decision-making by giving a certain level of discretion to the Division Companies while striving to pursue investment return and curb investment risk.

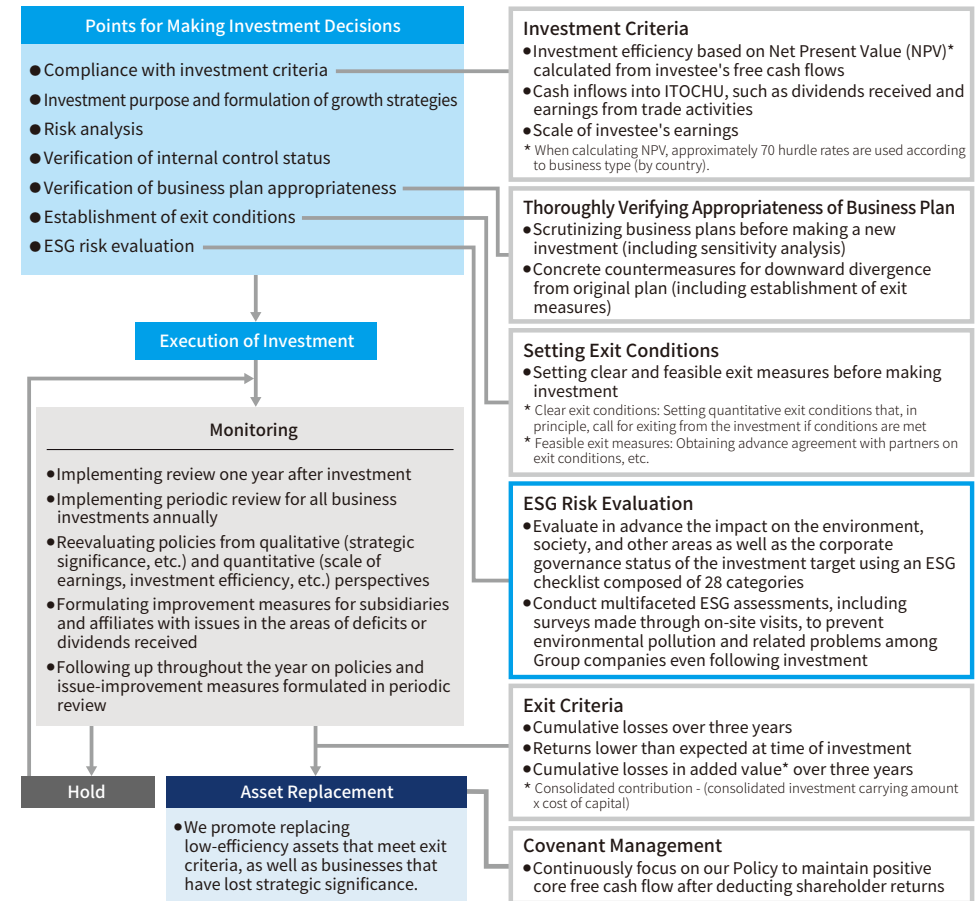


### Business Investment Process

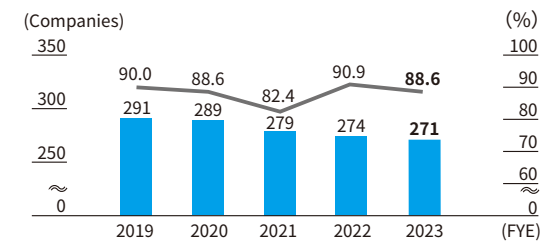
Starting with the impact of COVID-19, the business environment changed dramatically.

Against this background, we steadily implemented strategic investment at the right time and divested businesses which are less efficient or past the peak.

At the same time, we strictly implemented various processes, including the verification of the validity of business plans at the time of investment decisions, and meticulously monitored those decisions after investing. This allowed us to maintain a high ratio of profit-making group companies at 88.6% in FYE 2023.



### Number of Consolidated Subsidiaries and Share of Group Companies Reporting Profits



■ Number of Consolidated Subsidiaries (Left) ■ Share of Group Companies Reporting Profits (Right)

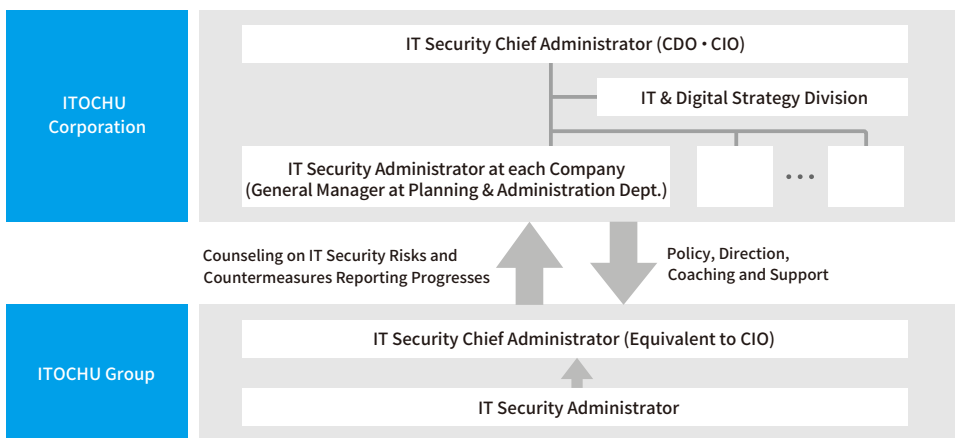
# Risk Management

## Security Risk Management

### Policy and Basic Concept

The ITOCHU Group aims to reduce and avoid information and data security risks by taking a structured approach to ensure a high level of information security. The Information Security Policy (<https://www.itochu.co.jp/en/security/index.html>) is communicated to all of our executives and employees and serves as the overarching policy that guides our information management initiatives. We have also established the Information Management Code, which includes a code of conduct specific to information and data security to which our executives and employees must comply to. More specifically, rules and standards are strictly set regarding the management of personal information, documents, and IT security to prevent information leakage and breaches.

### Structures and Systems



Name	Chairman	Objectives
IT Strategy Council	CDO · CIO	Deliberates regarding IT Strategy (Annual IT Strategic Plan, etc.)

### Initiatives

ITOCHU has formulated a company-wide information strategy for digital transformation (DX) and data-driven management and is aiming for IT-based management. In order to ensure a high level of information security that supports these management foundations, we continue to take thorough measures for crisis management, including the establishment of security guidelines, the expansion of security infrastructure, and the strengthening of technical security measures for malware, etc.

We routinely collect the latest information regarding potential cyber threats by analyzing system logs and malware. Additionally, when incidents do occur, we respond instantly by investigating their causes, discussing possible countermeasures, and restoring services. This is done by the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCCERT) – a cybersecurity team whose members are senior cybersecurity analysts. As a framework for cybersecurity governance in the ITOCHU Group

companies, “ITOCHU Group Cybersecurity Framework”, which is constituted of regulations, systems and processes, was rolled out from 2022. In addition, ITOCHU Cyber & Intelligence Inc. was established in February 2023 to provide the Cybersecurity Countermeasure Programs to Group companies, thereby ensuring sustainable and practical operations for the framework. We also provide training programs to develop technicians proficient in cybersecurity, including at Group companies. There are only a few cases in Japan where companies are working as actively as we are to develop systems and respond to information security risk. Moving forward, we plan to maintain these initiatives and make enhancements where necessary to ensure sustainable growth that is free from cyber threats.

We periodically engage in the training programs listed below to maintain and improve our information security program.

- We give training to all employees on how to identify and respond to targeted e-mail attacks twice a year.
- All global employees including those in group companies are subject to a mandatory, simultaneous e-learning course on information security, which is held every three years.
- Several times a year, the ITCCERT leads an internal cybersecurity workshop for the ITOCHU Group companies.
- Policies regarding information security and the management of personal information are required to be communicated to employees upon hiring. If amendments or updates are made to these policies, all executives and employees receive a notification of the changes made. Employees are also updated on such amendments in their periodic e-learning trainings.

### Business Continuity Plan

In order to ensure business continuity under extreme circumstances, including natural disasters (such as major earthquakes), pandemics, terrorist attacks, cyber-attacks and security incidents, the ITOCHU Group establishes a Business Continuity Plan (BCP). The BCP aims to prepare us for unpredictable incidents and minimize disruptions to our business. It is subject to regular reviews and revised as necessary.

The BCP outlines four stages between the occurrences of a major incident to the full recovery of our business: 1. Emergency response and immediate recovery 2. BCP implementation 3. Operational recovery 4. Full recovery. Each stage in the BCP clearly appoints responsibilities to certain personnel and outlines response protocols. The ITOCHU Group’s BCP is subject to all group-wide operations and is supplemented by business segment and department-specific provisions.

Regarding the COVID-19 Pandemic that began in late 2019, the ITOCHU Group responded by establishing an emergency response task force. In addition to ensuring the health and safety of our immediate employees and their families, as a trading company that prides itself in consumer goods, it is also important to us that we fulfill our duty to consumers and their livelihoods by maintaining stable operations in our various supply chains. By taking a risk-based approach to handling the COVID-19 Pandemic but also prioritizing business continuity, we continued to do our best in fulfilling our social responsibility.

# Compliance

## Policy and Basic Concept

- All officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct based on high ethical values.
- ITOCHU is to designate a representative director as the Chief Officer for Compliance (Member of the Board · CAO) responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance our compliance system.

## Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.</li> </ul>

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Ensuring compliance	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic compliance attitude survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> <li>• In the period of April-May 2022, we conducted “Monitor and Review” of the ITOCHU Group’s compliance system for FYE 2022, which covered 452 organizations, including ITOCHU Corporation’s all divisions in head quarter, all domestic branches, overseas blocks, and ITOCHU Group companies and their subsidiaries. The purpose is to understand and promote the status of the compliance system in each organization.</li> <li>• In the period of September-November 2022, we conducted the monitoring survey on compliance with “the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade” and “the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” in ITOCHU Corporation and 63 ITOCHU Group companies in Japan. In the course of such survey, we performed individual hearings and fact-finding investigations based on answers to questionnaire in certain prescribed format, as a result of which we found no serious concern on that.</li> <li>• In the period of Dec/2022-Feb/2023, we identified compliance-related cases occurred in ITOCHU Group companies, for which recurrence prevention measures were formulated in FYE 2022 and monitoring was thought to be highly necessary. As a result of the monitoring on the implementation status of the formulated measures, we confirmed that they were properly implemented.</li> <li>• The status of our periodical on-site compliance training seminars in FYE 2023 is as follows: For ITOCHU Corporation: 3,263 employees (who all watched the training video); For ITOCHU Group companies in Japan: 14,872 employees in total, of which (i) the webinar sessions and/or on-site sessions were provided for 49 companies in 86 occasions with 7,108 attendees; and (ii) the training video were provided to 7,764 viewers of 28 companies (including companies that participated in webinar courses as well).</li> </ul>



# Compliance

## Structures and Systems

### ITOCHU Group's Compliance System

The ITOCHU Group is developing a system for compliance by having the Compliance Department of the Legal Division plan and suggest policies and measures to encourage compliance throughout the entire Group and appointing compliance officers in each organization within ITOCHU Corporation, overseas offices and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter referred to as the “companies subject to compliance management”).

The Compliance Committee is chaired by the CAO and consists of two external members and heads of relevant administrative divisions and sales divisions as internal members. It deliberates on matters related to compliance as a permanent organization on business operations and is held two times a year in principle. The most recent Compliance Committee meeting was held on March 1st, 2023.

The ITOCHU Group Compliance Program shows policy for developing compliance promotion system so that each organization within ITOCHU Corporation, its overseas offices, and companies subject to compliance management can ensure compliance by taking into account business characteristics, operational formats and local laws. At the same time, the Compliance Committee reviews the effectiveness and validity of the program every fiscal year based on laws/ordinances and social trends. The committee then revises and approves this program as appropriate.

The ITOCHU Chief Officer for Compliance (CAO) and the compliance officers of each organization, overseas offices and companies subject to compliance management report the situation of compliance system operation and the results of the Monitor & Review surveys in accordance with the ITOCHU Group Compliance Program to the respective board of directors and top management (e.g., presidents, compliance officers and management councils) once a year in principle.

The Internal Audit Division of ITOCHU confirms the compliance system operation in the relevant organizations and overseas blocs as appropriate. It does this in compliance audits to verify that the compliance system in the ITOCHU Group is functioning appropriately and regular audits on organizations (including supervising group companies) and overseas blocs in ITOCHU.

Moreover, the directors of ITOCHU and our group companies are obliged to report any serious compliance incidents with laws/ordinances and our Articles of Incorporation to the Audit & Supervisory Board members of the respective companies.

Across the Group, we conduct Monitor & Review surveys once a year to check the status of compliance systems and operations of each organization. In addition, as for key organizations such as overseas offices and companies subject to compliance management, we are implementing activities with a focus on the constant improvement and enhancement of our compliance structure. For example, we have been utilizing the Internet to provide on-site training using compliance incidences that have actually occurred as the teaching materials even during the COVID-19 pandemic. Furthermore, based on trends in former compliance incidents and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures for each organization, and these measures are steadily being implemented.

In addition, to ensure compliance throughout the Group, at individual performance evaluations every fiscal year, we confirm all employees have complied/will comply with laws, regulations, and other rules in writing.

### Response to Compliance Incidents (Violations)

The compliance officers in the relevant organizations make reports to the Chief Officer for Compliance (CAO) according to the prescribed standards and procedures if violations of laws/ordinances and internal rules – including those on the prevention of corruption – are uncovered or if it is determined there is a risk of a violation occurring in the organizations of ITOCHU, overseas offices and companies subject to compliance management. At the same time, the compliance officers in the relevant organizations play a central role in reporting results when dealing with such concerns (e.g., internal investigations, cause investigations and recurrence prevention measures) to CAO.

We set up an investigation committee as necessary under the direction of CAO for serious compliance incidents requiring consideration from a company-wide perspective. That committee reports the results of the investigation and the recurrence prevention measures to the Board of Directors.

Furthermore, ITOCHU then takes the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations.

We verify whether it is necessary to impose internal punishments on officers and employees involved in violations of laws/ordinances, including those concerning bribery, with reference to the internal regulations (e.g. work regulations) of each company. If necessary, we impose appropriate punishments such as pay or remuneration cuts according to the standards and procedures stipulated in the internal regulations upon consulting and cooperating with the relevant departments and experts inside and outside the company.

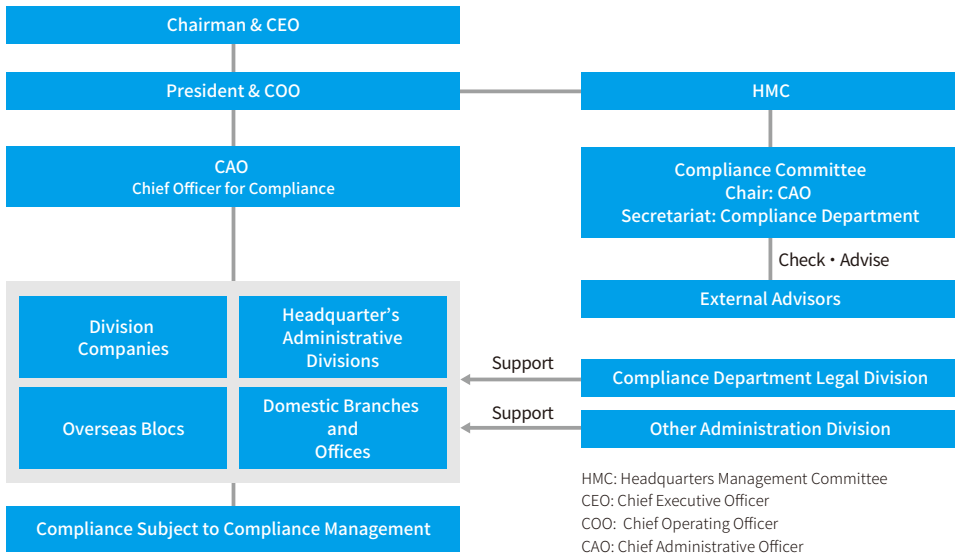
We take the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations.

There was no serious compliance incident (including any breach of customer privacy) which shall require public disclosure.

# Compliance

## Overview

### The ITOCHU Group Compliance System



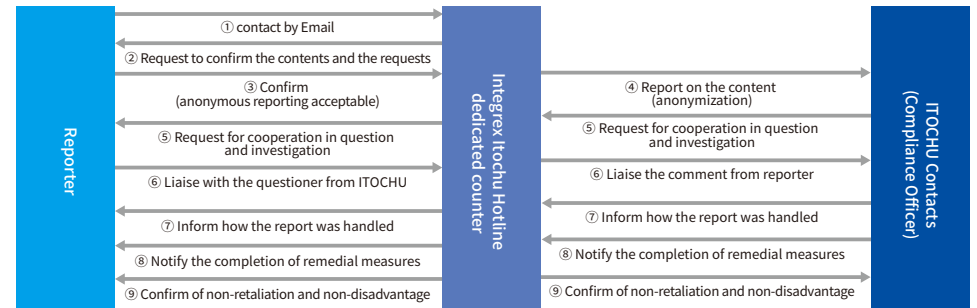
### Internal Reporting System (Hotlines)

ITOCHU Corporation has formulated Internal Reporting Regulations and instructed the installment of similar rules at companies subject to compliance management as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption, including bribery. The Internal Reporting System operation situation is reported to the Compliance Committee periodically.

ITOCHU Corporation has 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. The following table shows the report numbers for the past three years through ITOCHU Corporation's whistleblowing hotlines.

	FYE 2021	FYE 2022	FYE 2023
Report Numbers	71	86	98

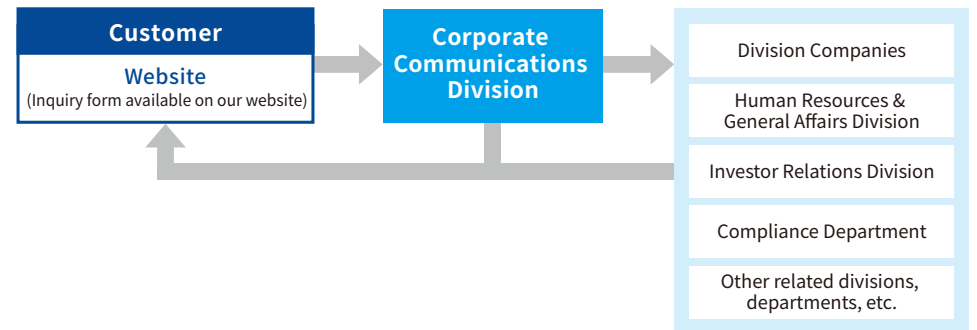
### Flow When Received a Report by the Japanese External Report Reception Desk (Integrex Inc.)



### 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.

At ITOCHU Corporation, we make use of opinions and suggestions from customers to improve customer satisfaction, facilitate stakeholder understanding, prevent risks, and other purposes, thereby helping to improve our corporate value.



# Compliance

## Initiatives

### Implementation of Compliance Training

ITOCHU provides ongoing education and training on compliance. The aim is for each one of our officers and employees to understand the purpose of laws/ordinances and social norms and to then comply with these based on high ethical values.

#### On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as training materials while also focusing on the following points.

- Raising awareness of compliance with laws that need to be observed in the course of business
- Raising a wide-ranging awareness of compliance, including Anti-Corruption and Antimonopoly Acts
- Raising awareness of prevention of human rights violations such as power harassment and sexual harassment

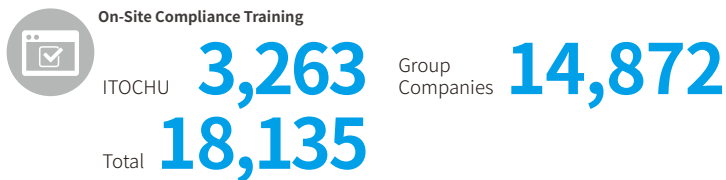
In FYE2023 (following on from FYE2022), face-to-face training was avoided as much as possible—due to the COVID-19 pandemic—and training was conducted mainly through webinars and video viewing, with 3,263 officers and employees participating. We also provided detailed education and training based on actual compliance incidents for each employee level, including training for new employees, managerial training, and training prior to overseas assignments.

Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats, and ITOCHU Corporation also conducted on-site Compliance training sessions for officers and employees of major Group companies in Japan. In FYE2023, 7,108 employees from 49 companies participated in training via webinars, while 7,764 employees from 28 companies (including companies that participated in webinar courses as well) in the form of video viewing, for a total of 14,872 participants.

We have also converted our Compliance Handbook—which provides advice on compliance (in Q&A format) for each potential work setting where employees might face compliance issues and advises what actions to take to prevent corruption—into digital format, making it available for all ITOCHU Group officers and employees to refer to, even when working from home.

#### Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group officers and employees, which confirms the level of understanding of the ITOCHU Mission, and assists with the implementation of specific initiatives. In FYE2022, the seventh year of the survey, we conducted a survey of 53,163 Group officers and employees and received responses from 52,870 of them (99.4% response rate). The conclusions drawn from the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. We are planning to conduct our eighth Compliance Awareness Survey in FYE2024.



# Compliance

## Bolstering Measures to Fight Corruption

The ITOCHU Group has established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

### ITOCHU Group Anti-Corruption Policy

#### 1. ITOCHU Group Anti-Corruption\* Policy

The ITOCHU Group ensures the implementation of the compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization with acceptable standards in a modern society. We have no tolerance for any gain obtained through illegal means.

To address the risk of bribery and corruption, the ITOCHU Group has established rules that cover, among others, application and approval procedures and recording methods. These rules describe behaviors that are commonly found in scenarios where bribery or corruption take place, and instruct the strict observance of those rules. The rules were established based on “Regulations Concerning the Prohibition of Giving Illicit Benefit,” as well as four related guidelines about public officers, foreign public officers, business partners, and investments generally.

##### [ITOCHU Group Anti-Corruption Policy]

- No money, entertainment, gifts, or anything of value shall be given to any public or quasi-public official inside or outside of Japan, to obtain illicit gains.
- No money, entertainment, gifts, or anything of value shall be given to any director, officer or employee of any private entity, to obtain illicit gains.

#### 2. Requests for All Partners

In order for the ITOCHU Group to implement the above anti-corruption policies, the ITOCHU Group requires the cooperation of all of its business partners and investment partners. When engaging with business partners, co-investors and targets of investments (collectively “Partners”), the ITOCHU Group is required by its internal rules to conduct due diligence on, and to enter into contracts containing anti-bribery provisions with such Partners.

On behalf of the ITOCHU Group we thank you for your understanding and cooperation.

April 1, 2020

**Masahiro Okafuji**

ITOCHU Corporation  
Chairman & Chief Executive Officer

\*Corruption: Making use of a position of power or authority for personal profit, including acts such as embezzlement, fraud, and money laundering.

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 are evidence of the global trend towards the tightening of legislation against bribery. In line with this trend, ITOCHU Corporation has strengthened its determination to fight these corrupt practices and strictly operates within the framework of the Regulation Concerning the Prohibition of Giving Illicit Profit and its three related guidelines (ie, guidelines regarding public officers, agents and consultants, and foreign public officers). Accordingly, our internal rules prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in equivalent positions. In December 2015, we revised “The guideline regarding agents and consultants” which is now part of “The guideline regarding business partners”. In this revised guidelines we have expanded its scope of application, and intensified the measures to fight corruption by establishing an investment guideline, which is designed to carefully check investment projects from the perspective of risk of bribery.

“The Regulation Concerning the Prohibition of Giving Illicit Profit” specifically forbids any payment (regardless of the amounts of money) aimed to facilitating ordinary administrative services and any other improper advantages it prohibits; and commercial bribery, which covers any improper advantage given to business partners in the private sector. Our internal rules also prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (eg, conflicts of interest).

“The guidelines regarding public officers and foreign public officers” include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis.

“The guideline regarding business partners” clarifies the process for comprehensive checks and stipulates the process of entering into new contracts and renewals of existing contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). Concerning overseas business partners, we use the Corruption Perceptions Index (CPI) published by Transparency International as one of our risk identification criteria.

In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, setting out the prohibitions of improper payments (bribery or the provision of improper advantages) and clearly stating that such contracts may be terminated immediately if the anti-bribery and anti-corruption provisions are breached.

“The investment guideline” includes specific provisions on the implementation of due diligence and procedures to obtain the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

In the training provided to officers, employees and others, we strive to raise awareness and instill ITOCHU Group Anti-Corruption Policy, the Regulation Concerning the Prohibition of Giving Illicit Profit and four related guidelines. We make sure that the regulation and guidelines are reflected in our personnel daily work to prevent corruption, including the provision of improper advantages. We also provide specialized training on bribery for organizations for which there is a possibility of involvement in businesses or regions where the risk of bribery is particularly high. We also manage our political contributions, charities, and sponsorship activities by referring to internal rules to ensure that they do not constitute corruption, and by following our internally specified routes of application for the approval of donations and sponsorship to ensure that such activities are socially just and meet ethical standards.

# Compliance

The annual Monitor & Review surveys—which are mentioned in the ITOCHU Group’s Compliance System above—include checks on business-related entertainment and gift-giving to both domestic and foreign public officials; as well as on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management.

In FYE2023 there were no cases in which the ITOCHU Corporation was accused of acts of corruption, and no fine or administrative penalty charge was paid.

## Measures to Fight Collusive Bidding and Cartels

ITOCHU established the Basic Regulations on the Compliance with the Antimonopoly Act., etc. and the specific operational guidelines titled the Standard on Prevention of Cartels and Collusive Bidding in November 2017. The purpose of this is to prevent involvement in collusion, cartels and other violations of the Antimonopoly Act. In addition, we thoroughly inform our employees about compliance with the Antimonopoly Act. We do this by preparing the Antimonopoly Act Compliance Manual, various monitor reviews, and education and training. We passed instructions at a meeting of the Board of Directors according to four exclusion measure orders we received from the Fair Trade Commission from FYE 2018 to FYE 2019. We have notified and thoroughly informed all our employees of the content of these resolutions.

## Measures for Intellectual Property

To prevent infringements on intellectual property rights held by third parties in businesses directly affecting such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for officers and employees and by establishing internal rules, regulations and manuals, that conform to applicable laws and regulations. We also define and apply internal rules to protect employees’ inventions and work, and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

## Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure the provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

## Measures for Comprehensive Import and Export Control

To ensure appropriate and efficient trading, which is the main pillar of our activities as a general trading company, ITOCHU Corporation is continuously enhancing and improving its import and export controls. The Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security. Accordingly, ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. The Compliance Program of ITOCHU is annually submitted to the Ministry of Economy, Trade and Industry of Japan as a company that has developed export control and an excellent management system. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also been providing information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future.

These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

## Basic Policy and Efforts against Antisocial Forces

ITOCHU Corporation makes it a basic policy to block any relationship or transaction with anti-social forces that threaten public order and safety. ITOCHU has established and strengthened the internal systems necessary to achieve this by providing education and awareness-raising activities to officers and employees on a regular basis and ensuring prior confirmation that counterparties of transactions do not fall under anti-social forces such as full investigation of new transactions.



# Compliance

## TAX

### Policy and Basic Concept

ITOCHU Corporation and its subsidiaries (“the ITOCHU Group”) have established the ITOCHU Group Tax Policy, which represents its basic attitude and code of conduct towards tax practice, and strive to maintain and improve tax compliance by complying with the Policy. It is committed to fully comply with and follow the significance and spirit of all applicable Tax Rules, not to engage in transactions that are intended to evade taxes such as shift of income from jurisdictions with economic activities and value creation to tax havens, and to make appropriate tax payments.

### ITOCHU Group Tax Policy

The ITOCHU Group has established a Basic Policy to comply with all applicable tax laws, rules, regulations, and tax treaties (collectively, “Tax Rules”) of each country and region where the ITOCHU Group conducts business. The ITOCHU Group is committed to uphold the interests of all its stakeholders, including all of the local communities in countries and regions where the ITOCHU Group conducts business, as well as the ITOCHU Group’s shareholders, creditors, business partners, and employees.

#### 1. Basic Policy - Compliance with Tax Rules

The ITOCHU Group is committed to manage its business operations fully complying with and following the significance and spirit of all applicable Tax Rules, not to engage in transactions that are intended to evade taxes, and to make appropriate tax payments based on income earned from its business activities.

#### 2. Tax Cost Management

In accordance with the Basic Policy, the ITOCHU Group strives to achieve effective tax cost management by eliminating double taxation and utilizing the favorable Tax Rules of each country or region.

#### 3. Establishing and Maintaining Relationships of Mutual Trust and Fairness with Tax Authorities

The ITOCHU Group strives to disclose information in an accurate, timely and appropriate manner to ensure overall transparency of the ITOCHU Group’s tax matters and to establish and maintain a relationship of mutual trust and fairness with all tax authorities by making sincere response and engaging in constructive discussions, to ensure proper and fair taxation.

Established in December 2017  
Revised in April 2023

### Structure and System

ITOCHU CFO supervises the General Accounting and Control Division of ITOCHU, which is responsible for overall tax management including tax risk management, and oversees the appropriate tax payments. ITOCHU CFO also reports to the Board of Directors on the status of the execution of duties related to tax matters.

Executive Officer in charge : Tsuyoshi Hachimura, Member of the Board, Executive Vice President CFO

In accordance with the ITOCHU Group Tax Policy, the ITOCHU Group sets forth the basic action items to be performed and standards for business operations in the ITOCHU Group Tax Rules, and to appropriately implement the Rules, ITOCHU CFO has been appointed as the person ultimately responsible for Rules throughout the entire group, and General Manager of General Accounting Control Division of ITOCHU has been appointed as the person responsible for the management and the operation of the Rules throughout the entire group. In order for the ITOCHU Group to make appropriate tax payments, each department of the ITOCHU Group, in accordance with the Rules, acquires necessary tax knowledge, considers appropriate tax treatment of transactions, and makes appropriate tax filings.

### Insider Trading Regulations

To prevent violations of insider trading regulations by its officers and employees, ITOCHU Corporation has established internal rules regarding the restriction of insider trading and conducts regular training, so as to ensure due compliance with these rules. In particular, we operate the Guidelines regarding the Reporting and Management of Insider Information, for handling important facts obtained from investment portfolio companies and transaction partners / suppliers (or other entities with which ITOCHU has a capital or contractual relationship.)

### Perspectives on Information Management

ITOCHU Corporation has formulated “Information Security Policy” for all members of the board and employees to provide guidance on how to handle information with high security level. Also, in order to manage information required for business management activities properly, we formulated “IT Security Management Policy” for all officers and employees, which is a code of conduct for information handling. More specifically, we have determined rules and standards on personal information management, document management, and IT security; and we are striving to prevent the leakage of personal information and other confidential information. We have also established a management system for complying with the My Number Act (Japanese law regulating personal identification within Japan).

### Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management, under the supervision of the Corporate Planning & Administration Division, IT & Digital Strategy Division, and the Legal Division. In the eleventh survey, which was conducted in FYE2022, the personal information management systems of ITOCHU Corporation and 136 companies subject to compliance management were checked from October to November 2021. Based on the results of the checks, we are determined to persist with the activities to encourage continued improvements at ITOCHU Corporation and its Group companies. At the same time, we have established a system and a support system for our operations using the advice and assistance of external lawyers.

# SDGs Bond (Sustainability Bond)

## Framework

ITOCHU has established this SDGs Bond Framework in alignment with the Green Bond Principles, 2018, the Social Bond Principles, 2020 and the Sustainability Bond Guidelines, 2018 as administered by the International Capital Market Association (ICMA).

- SDGs Bond Framework ([https://www.itochu.co.jp/en/csr/pdf/sdgs\\_framework\\_en.pdf](https://www.itochu.co.jp/en/csr/pdf/sdgs_framework_en.pdf)) 

## Second Party Opinion

ITOCHU has obtained an external evaluation (second party opinion) from Vigeo Eiris (Moody's ESG Solutions) for the conformity of our Framework with principles such as the Sustainability Bond Guidelines.

- Second Party Opinion (Vigeo Eiris) ([https://www.itochu.co.jp/en/csr/pdf/sdgs\\_spo\\_en.pdf](https://www.itochu.co.jp/en/csr/pdf/sdgs_spo_en.pdf)) 

## Reporting

### Fund Allocation Report and Impact Report (May 2022)

Funds raised from SDGs bonds issued in March 2021 USD500M have been allocated to qualified projects in accordance with Section 3.2 of the SDGs Bond Framework. In addition, we calculated the impact on the environment and society of qualified projects to which the funds raised were allocated.

\* ITOCHU's SDGs Bond was issued based on the SDGs Bond Framework (the "Framework"), established by ITOCHU in March, 2021, in alignment with the Green Bond Principles, 2018, the Social Bond Principles, 2020 and the Sustainability Bond Guidelines, 2018 as administered by the International Capital Market Association (ICMA).

\* Use of Proceeds

ITOCHU allocated the amount equal to the net proceeds from the issuance of SDGs Bond to the eligible projects set forth on the right. For allocation to existing projects, projects financed up to 36 months prior to the date of the SDGs bond issuance are eligible.

\* Process for Project Evaluation and Selection

ITOCHU's Finance Division and Sustainability Management Division cooperated and decided on the eligible projects which the proceeds from the issuance of SDGs Bonds were allocated, in alignment with the categories and criteria set forth above. For the purpose of the environmental and social risk management, ITOCHU holds the Sustainability Committee and discusses ESG risks, reports to the Board of Directors, evaluates ESG risks, and conducts surveys and reviews in alignment with Sustainability Action Guidelines for Supply Chains.

\* Management of the Proceeds

The Finance Division will allocate and manage the proceeds from the issuance of SDGs Bonds to Eligible Projects. The Finance Division will also monitor an amount equal to the net proceeds from the issuance of SDGs Bonds based on the Framework to applicable Eligible Projects and periodically adjusted to match allocations to eligible projects/categories. Any pending allocation will be invested temporarily in cash and cash equivalents.

\* The share of refinancing for "Efforts to reduce greenhouse gas emissions" and "Sustainable Food System" was 95% while "Efforts to reduce greenhouse gas emissions in FamilyMart" was a newly financed projects. The proceeds from the issuance of SDGs Bond were allocated to the refinanced projects as of the end of March, 2021 and to the newly financed projects as of the end of March, 2022. The proceeds were invested temporarily in cash and cash equivalents until the allocation.

## Post-issuance Review (May 2022)

Itochu has obtained a post-issuance review from Moody's ESG Solutions (renamed from Vigeo Eiris) for the fund allocation report and impact report created by us.

- Post-issuance Review ([https://www.itochu.co.jp/en/csr/pdf/sdgs\\_independent\\_review\\_en.pdf](https://www.itochu.co.jp/en/csr/pdf/sdgs_independent_review_en.pdf)) 

• Click here for a press release regarding this matter. (<https://www.itochu.co.jp/en/news/press/2021/210324.html>)

- Fund Allocation Report and Impact Report

### 1. Efforts to Reduce Greenhouse Gas Emissions (Eligible Green Project Categories)

Eligible Category	Eligibility Criteria	Allocation of Proceeds (USD/M)	Impact
Renewable Energy	<b>Increase Renewable Energy Use</b>	331	Power generation amount/ Estimated power generation amount 2,428,216MWh Estimated achieved reduction in CO <sub>2</sub> emissions 1,426,767 t-CO <sub>2</sub> e
	<ul style="list-style-type: none"> <li>• Development, construction, acquisition, management, and/or Operation &amp; Maintenance of solar and wind (onshore and offshore) with direct emissions of less than 100g-CO<sub>2</sub> / kWh</li> <li>• Supply energy storage systems (ESS) which contribute to the spread of self-consumption solar power generation</li> <li>• R&amp;D and manufacturing of next-generation lithium-ion batteries mainly for storage of solar power generation</li> </ul>		Estimated achieved reduction in CO <sub>2</sub> emissions 265,573 t-CO <sub>2</sub> e

### 2. Efforts to Reduce Greenhouse Gas Emissions in FamilyMart (Eligible Green Project Categories)

Eligible Category	Eligibility Criteria	Allocation of Proceeds (USD/M)	Impact
Renewable Energy	<b>Introduction of Renewable Energy</b>	27	Estimated achieved reduction in CO <sub>2</sub> emissions 336t-CO <sub>2</sub> e
Energy Efficiency	<b>Improved Energy Efficiency</b>		Estimated achieved reduction in CO <sub>2</sub> emissions 8,467 t-CO <sub>2</sub> e

### 3. Sustainable Food System (Eligible Social Project Categories)

Eligible Category	Eligibility Criteria	Allocation of Proceeds (USD/M)	Impact
Sustainable Food System	<b>Procurement of externally certified coffee beans</b>	142	Ratio of supplied/sourced products with eligible certifications 26%
	<b>Procurement of externally certified bonito and tuna</b>		Ratio of supplied/sourced products with eligible certifications 3%
Sustainable Management of Food Waste	<b>Procurement of grape seed oil</b>	-	-

### 4. Providing Access to Essential Services - Medical and Infrastructure (Eligible Social Project Categories)

Eligible Category	Eligibility Criteria	Allocation of Proceeds (USD/M)	Impact
Healthcare	<b>Providing medical services</b>	0	-
Affordable Basic Infrastructure	<b>Mini Grid</b>		-

# Evaluation by Society

## Inclusion in FTSE4Good Index Series • FTSE Blossom Japan Index • FTSE Blossom Japan Sector Relative Index

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

The FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index are both broad ESG indices and are adopted by the Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark for its passive investments.



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

## Inclusion in MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN)

The MSCI Japan ESG Select Leaders Index is a free float-adjusted market capitalization weighted index based on the MSCI Japan IMI Top 700 Index, its parent index, which includes large, mid and small-cap securities in the Japanese markets. The Index is designed to represent the performance of companies that have high Environmental, Social and Governance (ESG) performance. The index aims to target sector weights that reflect the relative sector weights of MSCI Japan IMI Top 700 Index in order to limit the systematic risk introduced by the ESG selection process. Overall the index targets coverage of 50% of the parent index.

MSCI Japan Empowering Women Index (WIN) was created as a benchmark for social themes within the framework of ESG by U.S. company MSCI. Index figures are calculated using data disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace, with constituents comprised of those companies which earn a high gender diversity score.

We have earned AAA, the highest MSCI ESG Rating, as a first trading company in December 2020, and have maintained this highest rating ever since.

MSCI  
ESG RATINGS



CCC B BB BBB A AA AAA

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

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## Inclusion in Dow Jones Sustainability World Index • Asia Pacific Index (for 10 Consecutive Years)

The DJSI evaluates and analyzes companies from a variety of perspectives and selects stocks based on the results of an independent survey covering three aspects: economy, environment, and society. As an international benchmark for measuring corporate sustainability performance, the DJSI has a significant impact on corporate behavior.

In S&P Global Corporate Sustainability Assessment, which is used by DJSI as its basic data, ITOCHU received the highest score in its "Trading Companies & Distributors Industry" out of 61 industries. (As of November 2022)

Member of

Dow Jones  
Sustainability Indices

Powered by the S&P Global CSA

# Evaluation by Society

## S&P Global ESG Score 2022 Top 1% Industry Ranking (for Eighth Consecutive Years)

ITOCHU Corporation was awarded Top1% at the S&P Global ESG Score 2022, winning the recognition of S&P Global, a U.S. financial research institution that evaluates companies making efforts in sustainability and offers information to investors. ITOCHU has become the top for the eighth consecutive year in the Trading Companies & Distributors sector. (As of February 2023)



## Inclusion in Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

Built with the data and scoring methodology of Equileap, GenDi J is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. (As of April 2023)



Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Itochu Corporation to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Itochu Corporation ranks in the top quintile of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Itochu Corporation solely for informational purposes. Itochu Corporation use of the Logo should not be construed as an endorsement by Morningstar of Itochu Corporation or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Itochu Corporation. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

## Inclusion in S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is a global environmental stock index adopted by Government Pension Investment Fund (GPIF). Using TOPIX as the universe, this index of S&P Dow Jones Indices, the world's leading independent index provider, overweights companies that have high carbon efficiency within their industry as calculated by Trucost on a market value basis and companies that disclose information on greenhouse gas emissions (As of April 2023).



## CDP

- CDP Climate Change**  
 CDP Climate Change evaluates corporate action on climate change. In FYE 2023, we scored a B.
- CDP Water**  
 CDP Water evaluates corporate efforts related to water stewardship. In FYE 2023, we scored a A-.
- CDP Supplier Engagement Rating (SER)**  
 CDP SER evaluates the performance of the CDP Climate Change Questionnaire on governance, targets, Scope 3 emissions, and value chain engagement. In FYE 2023, we scored A-.



## Evaluation by Society

### Inclusion in SOMPO Sustainability Index (for 12 Consecutive Years)

This index is used as a unique active index in “SOMPO Sustainable Management”, for pension funds and institutional investors, which invests widely in ESG-rated companies that SOMPO Asset Management Co., Ltd. started operation in August 2012.



### Minister of the Environment Award / Silver Award in the Environmentally Sustainable Company Category, the Ministry of Environment’s 4th ESG Finance Awards Japan

By screening and selecting companies proactively engaged in environmentally sustainable management, the purpose of these awards is to share the details of the efforts made by the winning companies with even more stakeholders.

We received this award in recognition of the great progress we have made in efforts required of us as an environmentally sustainable company and appropriate information disclosures. For example, under the corporate philosophy of “*Sampo-yoshi*,” recognizing changes in the external environment, we will transform our business portfolio toward decarbonization and achieve “Offset Zero” through the active promotion of businesses that contribute to the reduction of GHG emissions, in addition, we have set goals and have governance functioning in our sustainability promotion system.



### Excellence Award, the Sustainability category of the Internet IR Awards by Daiwa Investor Relations

The Sustainability category was newly established 2021. ITOCHU was selected for the Excellence Award from a list of 155 companies (out of 3,946 listed companies) eligible for the IR Award, based on criteria such as “home page,” “overall policy,” “environment,” “society,” “governance,” and “support.”



### Ranked No. 1 in all industries in Gomez ESG Site Rankings 2022 (for 2 Consecutive Years)

The high recognition was given to our ESG information in the evaluation of listed companies for information adequacy of websites on Sustainability. ITOCHU was selected on top of the List of Superior Companies in 377 companies. The survey process consists of five categories: 1) website ease of use, 2) overall ESG information, 3) Environmental (E) information, 4) Social (S) information, and 5) Governance (G) information. Evaluation criteria are set to assume the use of information by not only shareholders and investors, but a wide range of stakeholders.





## Evaluation by Society

### 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 2016 / Ministry of Economy, Trade and Industry)



### 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)



### 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)



### 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 2017 / Ministry of Health, Labour and Welfare)



〇ファミリー・フレンドリー企業部門  
平成29年度

### 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. (Awarded in 2020 / Cabinet Office)



### FYE 2022 Nadeshiko Brand

The aim is to promote investment in companies and to accelerate the pace of initiatives by each company. The initiative introduces listed companies excellent in empowering women as attractive brands for investors who emphasize improving corporate value over the mid-to-long term to achieve that aim. (Selected in 2022 / Ministry of Economy, Trade and Industry and Tokyo Stock Exchange)



# Evaluation by Society

## Health and Productivity Stock 2016-2017 Health & Productivity Management Outstanding Organization (White 500)

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

\* First general trading company to be selected as a Health and Productivity Stock two years in a row  
\* Selected as a White 500 company seven years in a row from FYE 2017



## Award for Companies Promoting Cancer Control in the Action Plan for Promotion of Cancer Control, sponsored by the Ministry of Health, Labour and Welfare (Selected in February 2018) Company with Outstanding Cancer Control Promotion (Selected in March 2021)

This program recognizes companies that are proactive in taking cancer control measures and which are engaged in comprehensive, advanced cancer control measures. (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)



# Independent Assurance Report



## Independent Assurance Report

To the President and COO of ITOCHU Corporation

We were engaged by ITOCHU Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked ★ and ◆ (the “Indicators”) for the period from April 1, 2022 to March 31, 2023 included in its ESG Report 2023 (English/PDF version) (the “Report”) for the fiscal year ended March 31, 2023.

### The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Hua-Hin Factory of Dole Thailand Ltd. selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

### Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 8, 2023

## Message from the Sustainability Management Division

We would like to express our gratitude to the readers of ESG Report 2023. Our division promotes ITOCHU Group sustainability activity areas such as Response to Climate Change as well as Respect and Consideration for Human Rights, together with various initiatives contributing to the achievement of the SDGs. We will also proactively continue our efforts in ESG (environmental, social, and governance) information disclosure so as to increase our corporate value and better meet our stakeholders’ expectations.



# ITOCHU Corporation

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