

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”^{*} 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.

^{*} 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.

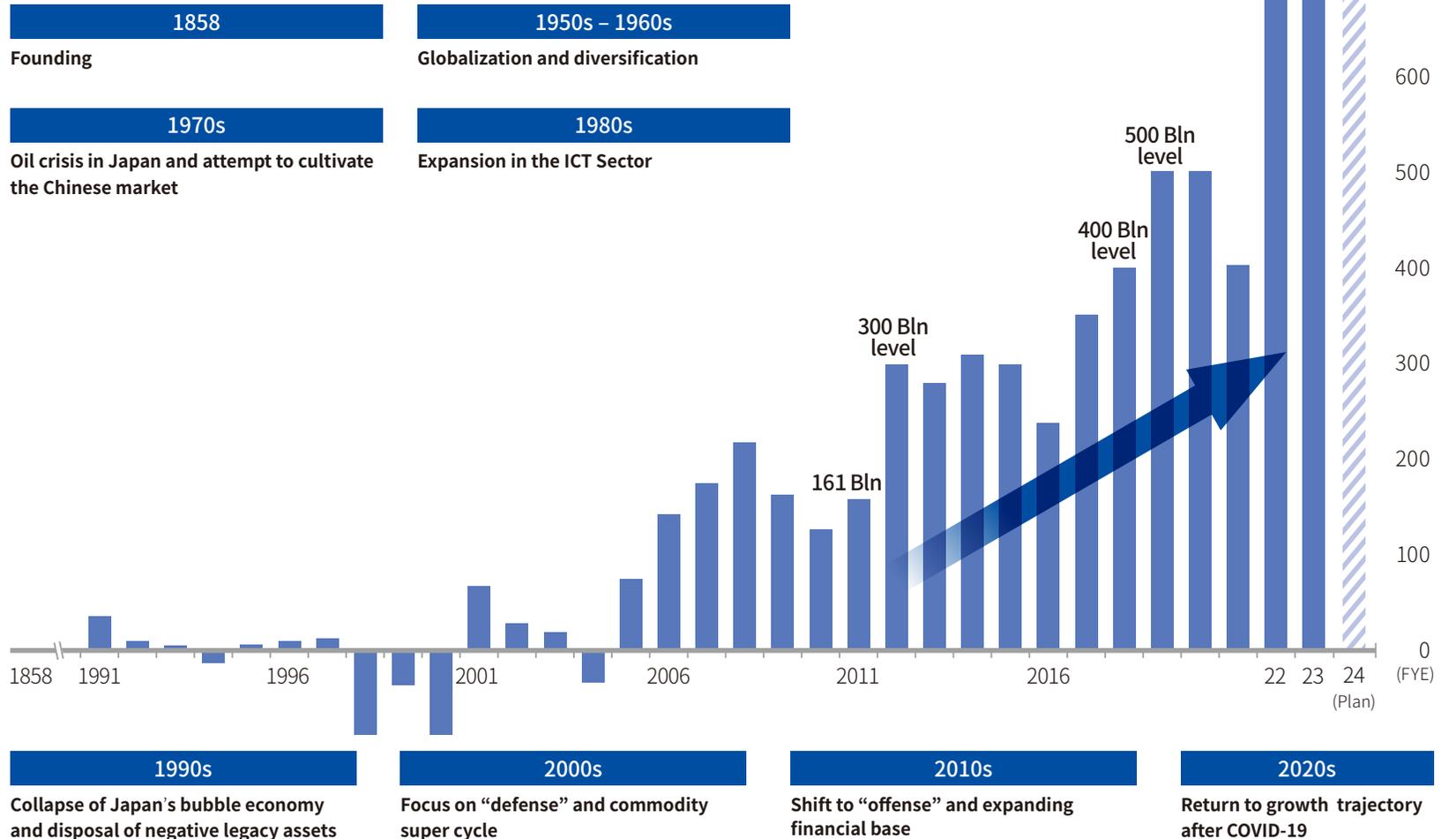
The 8th

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

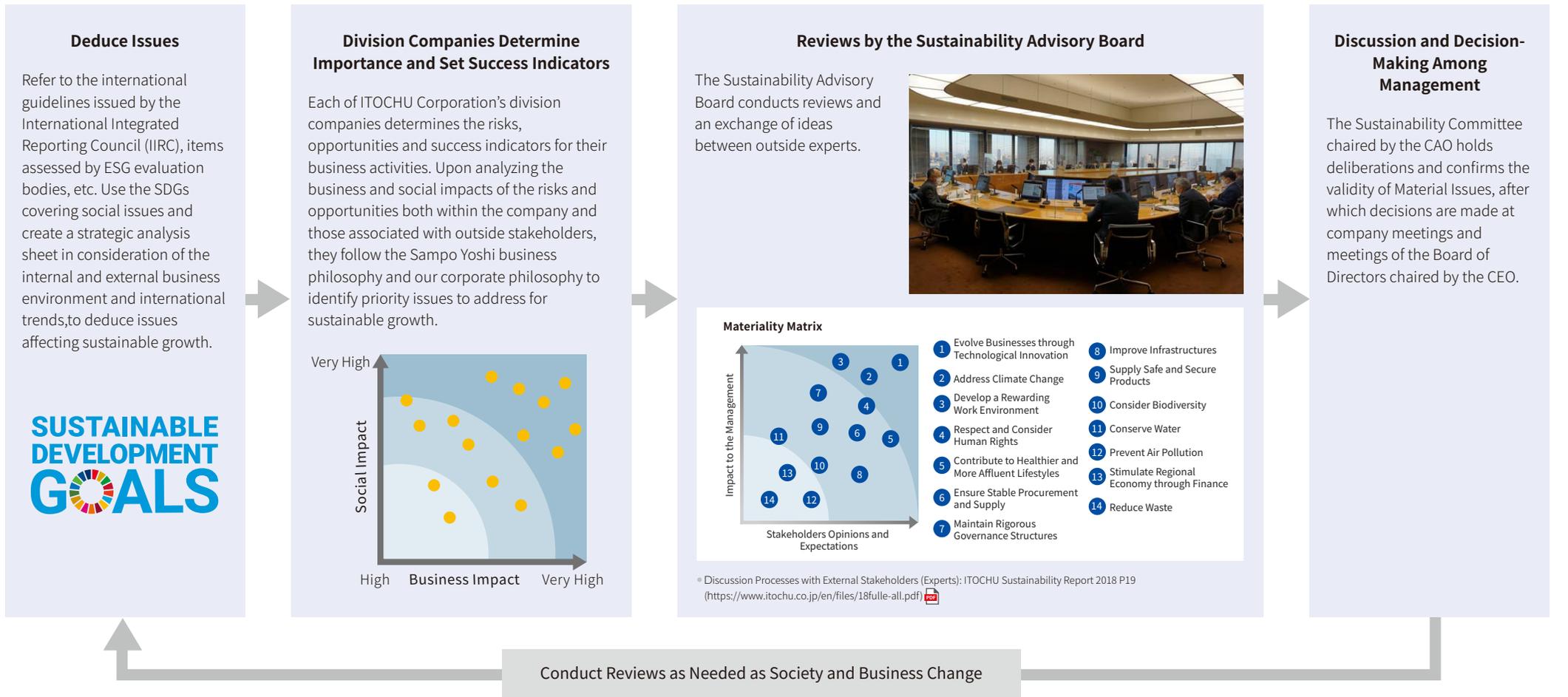


Policy & Basic Approach

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



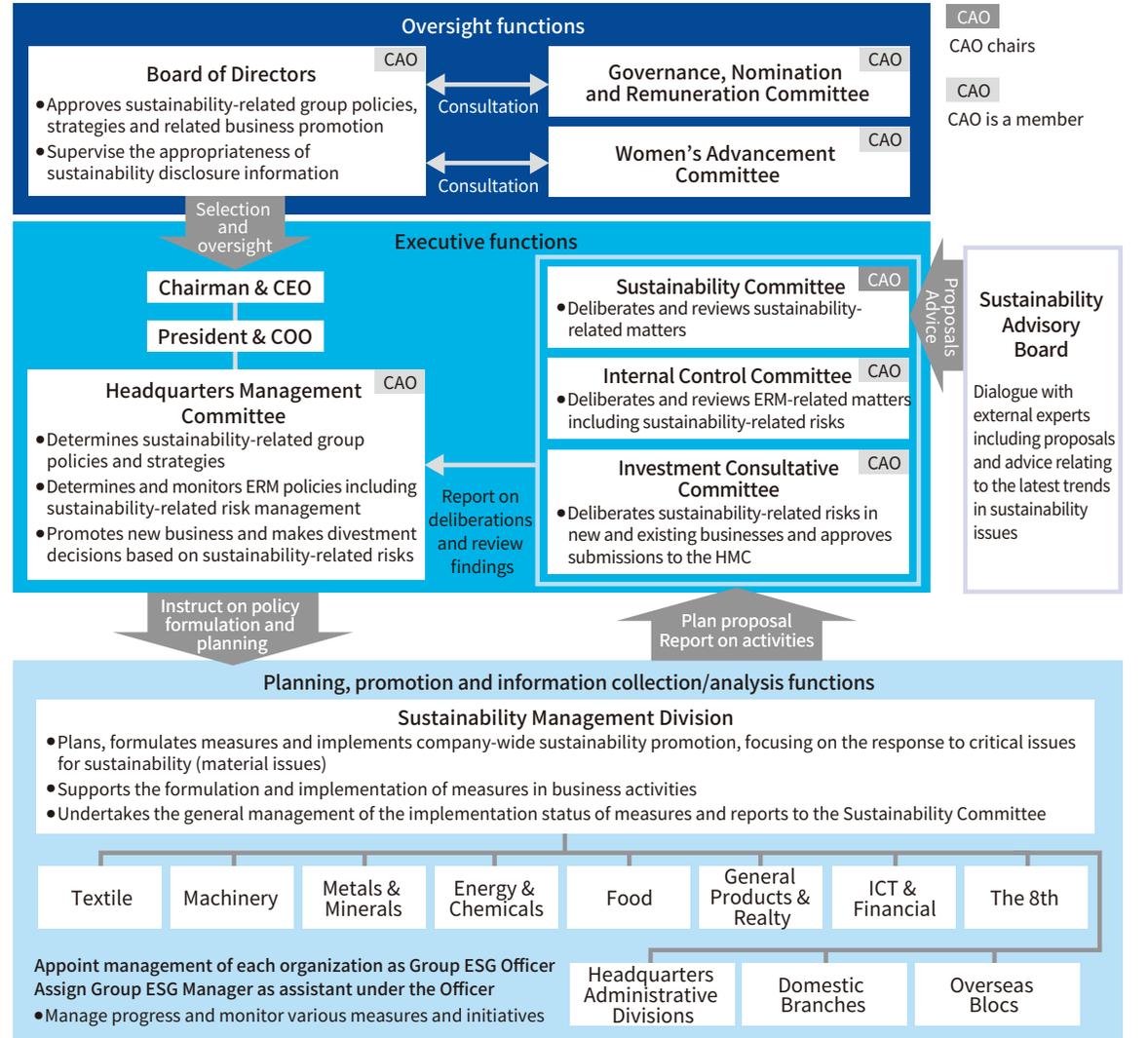
Governance

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"> Deliberations by the Sustainability Committee and decisions by the CAO Social contribution activity reports
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"> Establishment and revision of sustainability-related policies Revision of the ESG Checklist for Investment Climate change response Sustainability action plan reviews Human rights due diligence and sustainability-related research reviews Securities report and sustainability-related disclosures ISO14001 environmental management reviews ESG assessments Environmental and social risks monitoring and review results Confirmation of the material issues TNFD disclosure preparation

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

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 CO₂ 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 ₂ 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

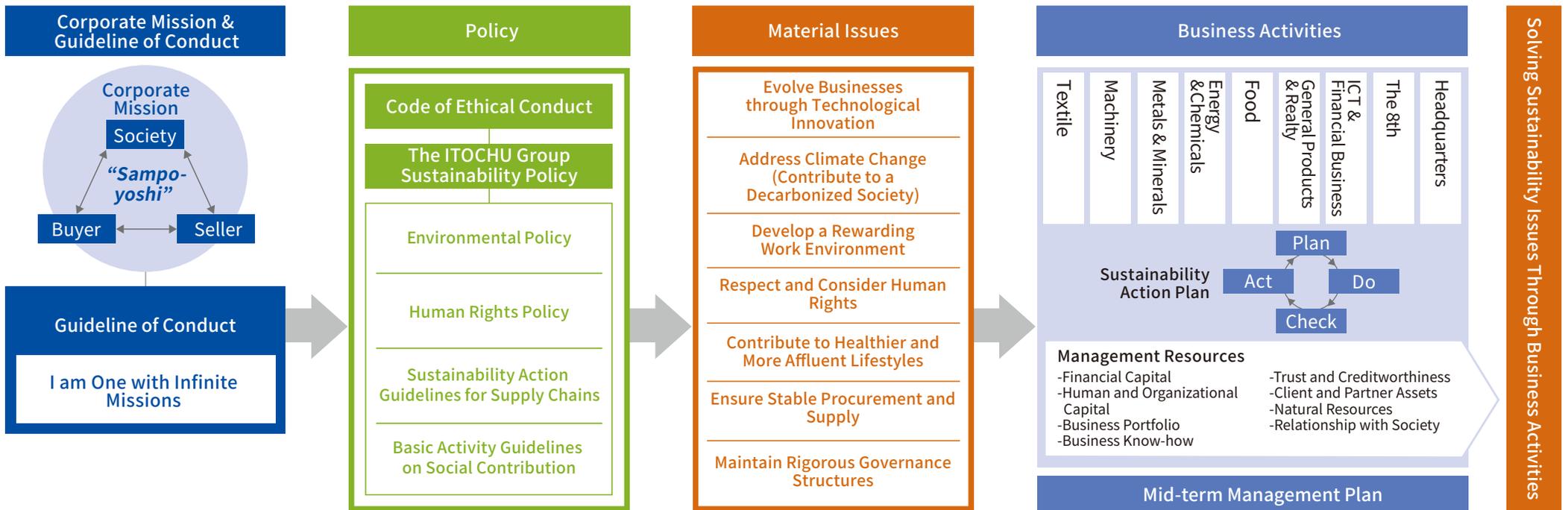
Flow of Sustainability Promotion

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

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"> Promote DX, and improve productivity and operational efficiency of the entire industry. 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.
	GHG Emissions	<ul style="list-style-type: none"> 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.
 Address Climate Change (Contribute to a Decarbonized Society)	Climate Change Opportunities	<ul style="list-style-type: none"> 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. 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. 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. Promote sales of electric vehicles (EVs) and hybrid vehicles (HVs), and contribute to global warming countermeasures in the transportation sector. Promote environmentally friendly energy use in regional heat supply, and contribute to mitigating the effect of climate change.
	Climate Change Adaptation	<ul style="list-style-type: none"> 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.
	Transition Risk	<ul style="list-style-type: none"> Promote efforts to completely withdraw from fuel coal mine interests, and contribute to mitigating the effect of climate change. 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.
	Capital Introduction	<ul style="list-style-type: none"> Continue to invest in the development of technologies that contribute to the reduction of greenhouse gas emissions, such as CCS (CO₂ storage) and CCU (CO₂ utilization), and contribute to mitigating the effect of climate change. 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. 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.
	Pollution Prevention and Resource Recycling	<ul style="list-style-type: none"> 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.
	Water Resources	<ul style="list-style-type: none"> 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.
 Develop a Rewarding Work Environment	Labor Practices	<ul style="list-style-type: none"> 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. Enhance occupational health services and health & safety management system, and promote employees' health and safety. Penetrate labor standards, work style reform, enhancing employee benefits, and promote improvement of labor productivity and employee engagement. 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.
	Labor Practices	<ul style="list-style-type: none"> Establish and conduct fair recruitment, harassment prevention, human rights training, and grievance hotlines, and reduce the negative impact on human rights.
 Respect and Consider Human Rights	Mining	<ul style="list-style-type: none"> Give due consideration to the environment, health and occupational safety (EHS) and coexistence with local residents, and promote sustainable mining operations. Contribute to medical care and education for local communities in the areas where we operate our mines.
	Forest	<ul style="list-style-type: none"> 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.
	Supply Chain	<ul style="list-style-type: none"> 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. Conduct human rights due diligence, and reduce negative human rights, society and environment throughout the value chain.
	Community Contribution	<ul style="list-style-type: none"> Promote social contribution activities for local communities, and realize a symbiotic community where sports and cultural exchange are possible.

Strategies

Social Impacts of Each Material Issue

Material Issue	Impact Classification	Impact Description
 Contribute to Healthier and More Affluent Lifestyles	Food Safety	<ul style="list-style-type: none"> Select and concentrate on suppliers to ensure stable procurement of safe and secure food products, and provide safe products to our customers. Work with suppliers, provide products with food information and nutritional balance, and contribute to the promotion of people's health.
	Medical Health	<ul style="list-style-type: none"> Provide advanced medical equipment and advanced medical services, develop safe pharmaceuticals and other product, and contribute to the improvement of people's health.
	Retail Finance	<ul style="list-style-type: none"> 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.
 Ensure Stable Procurement and Supply	Forest	<ul style="list-style-type: none"> 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.
	Plastic	<ul style="list-style-type: none"> 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.
	Electric Power, Mining, Oil and Gas Fields	<ul style="list-style-type: none"> Reduce impacts on biodiversity through ESG risk assessment focusing on biodiversity in investment projects (electric power, mines, oil and gas fields, etc.).
	Stable Supply of Resources	<ul style="list-style-type: none"> 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. 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.
	Supply Chain	<ul style="list-style-type: none"> 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. Further expand and increase the handling of sustainable materials, and contribute to the stable supply of textile products.
	Pollution Prevention and Resource Recycling	<ul style="list-style-type: none"> 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. Comply with relevant chemicals laws and regulations, and minimize the adverse effects on human health, the environment and the stable supply of chemicals.
	Water Resources	<ul style="list-style-type: none"> 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.
 Maintain Rigorous Governance Structures	Governance	<ul style="list-style-type: none"> 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. Establish a group risk management system, maintain continuous performance, and meet the expectations of our stakeholders. 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).

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"> 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. 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.
Metals & Minerals Company	9 (SDG icon)	Innovation	Next-generation business development	<ul style="list-style-type: none"> Mining business Resource-related business Logistics business 	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"> Promote an increase in efficiency of mine operations and facility management utilizing digital transformation. Promote conversion to the automatic operation of mining equipments such as underground mining equipments and dump trucks. 	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"> 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. 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.
Food Company	9 (SDG icon)	Innovation	Next-generation business development	Overall food-related businesses	<ul style="list-style-type: none"> We will aim to improve productivity and increase business efficiency in the overall food-related field by promoting systemization of RPA and AI. We will aim to create innovative services and new business by integrating resources and new technologies of the ITOCHU Group. 	<ul style="list-style-type: none"> 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. We will create unique new value by combining the wide ranging product lineup, functions and expertise of our group based on retail customer needs. 	<ul style="list-style-type: none"> Status of promoting business reform in the food-related field with the introduction of AI, RPA and other systems. Status of promoting the development of new products and services through the food wholesale business developed by the ITOCHU Group. 	<ul style="list-style-type: none"> We continue to promote electronic invoicing through data exchange between ITOCHU and its group companies. 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. 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. We have launched "FOODATA", the service that supports the effective use of data in the product planning and development processes of food manufacturers.
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"> 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. 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. 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.

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	 	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"> We continue to operate wind power projects. (Butendiek and Cotton Plains). We invested in wind farms consisting of Kimball Power Plant (Nebraska, U.S.) and South Fork Power Plant (Minnesota, U.S.) in March 2020. 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. 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). 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. The renewable energy ratio based on the generation project equity capacity is 16.1% (as of March 2023).
Machinery Company	 	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"> 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. 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. 	<ul style="list-style-type: none"> 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. 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. 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. 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.
Machinery Company		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"> We have invested in a ride sharing service company called Via (2019). We have been providing efficient transport system to mainly rural areas. 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. 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. 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.
Machinery Company	 	<ul style="list-style-type: none"> Water Resources Pollution Prevention and Resource Recycling 	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>Water Field</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>Environmental Field</p> <ul style="list-style-type: none"> 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. 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. 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. 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. 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.

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"> Resource recycling business Mining business Environmental business Materials-related business 	<ul style="list-style-type: none"> We will realize stable resource supply as our social mission and responsibility while fully considering its environmental impact. 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. 	<ul style="list-style-type: none"> Take the lead in developing recycling-orientated business. 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). 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. 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). 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. Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper). 	<ul style="list-style-type: none"> Promote recycling-orientated business. 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). 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). Strive to withdraw from thermal coal mine interests. Realize initiatives in businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper). 	<ul style="list-style-type: none"> 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. 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. 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. We continue to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu with partners for the social implementation of hydrogen. 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. 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. 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. 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.
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"> Energy Storage System Power & Environmental Solution 	<ul style="list-style-type: none"> We will continue to stably supply the Energy Storage System that are the key to the efficient and optimal utilization of renewable energy. We will aim to strengthen our Energy Storage System business chain and establish a circular model through the battery recycling business in particular. 	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"> Number of storage batteries sold. Use of recycled and reused batteries. 	<ul style="list-style-type: none"> We have sold a cumulative total of approximately 55,000 units (539 MWh) of energy storage systems as of the end of March, 2023. 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. ITOCHU conducts Demand Response POC with Japanese power companies, by using its residential ESS networks. 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. ITOCHU signed a Strategic Partnership MOU with ZF, for the joint feasibility study of comprehensive decarbonization service by utilization of EV on-board battery. A recycling demonstration is underway using waste batteries from household battery storage system with the aim of establishing a recycling chain and traceability.

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.	Hydrogen and Ammonia <ul style="list-style-type: none"> 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. 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. Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF) <ul style="list-style-type: none"> Procuring RD produced by Neste OYJ for use in convenience store delivery vehicles, tank trucks, and fueling stations with ITOCHU ENEX Co., Ltd. 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. 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. Invested in Impact Bioenergy, a U.S. based startup that manufactures and sells equipment to produce biogas from food waste through anaerobic digestion.
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"> 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). We will stimulate renewable energy power generation inside and outside of Japan through renewable energy-related materials procurement. 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. 	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"> Scale of our renewable energy assets Scale of our dispersed power sources 	<ul style="list-style-type: none"> 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. 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)
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"> New boiler and power plant operating situation. Situation of the utilization of raw materials in boilers and power plants. <ol style="list-style-type: none"> Situation of the utilization of all food residue generated in pineapple processing factories. Situation of the utilization of non-standard products that cannot be sold as food, generated in banana plantations. 	<ul style="list-style-type: none"> 2nd biogas plant (Polomolok plant) was started to be operated on July, 2022. (1st biogas plant (Surallah plant) was activated on Dec, 2021) Result of utilization of processed pineapple residue : 97,566MT in 2022.
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"> Conduct regular monitoring of employees' work situations. Conduct employee engagement survey. Promote the percentage of taking employee acquiring paid leave. 	<ul style="list-style-type: none"> Compliance to labor laws. Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher. Paid leave acquisition rate at 70% or higher. 	<ul style="list-style-type: none"> Conducted monitoring of employee's working hours and working environment so as to prevent unpaid overtime work. The positive answer rate to the "employee engagement" in employment survey which conducted in FYE 2022 was 71%. Percentage of taking employee acquiring paid leave; 62.2% in FYE 2023.
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"> Reach the percentage of employees who receive regular medical checkups in Japan to 100%. Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care. Promote support system for balancing cancer care and work. Encourage support for smoking cessation treatment. Continue to provide special programs for employees at a high risk for lifestyle-related diseases. Conduct stress check every year. 	<ul style="list-style-type: none"> Percentage of employees who receive regular medical checkups in Japan: 100%. Percentage of employees who receive specific health guidance: 55%. Rate of employees found to have a high level of stress in the stress check at 5% or lower. 	<ul style="list-style-type: none"> Percentage of employees who receive regular medical checkups in Japan: 91.7%. Percentage of employees who receive specific health guidance: 47.0%. Rate of employees found to have a high level of stress in the stress check at 5.0% in FYE 2023.
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"> Continue to develop and provide training programs at all jobs levels. Continue and enhance overseas deployment of interns and language trainees. Offer diverse career path options and experience in diverse work through regular rotation. Foster career awareness among employees by enhancing personnel assessments, career vision training, career counselling systems and other programs/systems. 	<ul style="list-style-type: none"> Annual training-related expenses exceeding one billion yen. The number of employees who joined human development program (cumulative total number) 50,000 or more. Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher. 	<ul style="list-style-type: none"> Annual training-related expenses forecast: 1.63 Billion yen in FYE 2023. The number of employees who joined human development program (cumulative total number) 48,044. Overseas dispatch rate for career-track employees in up to their eighth year since joining the company: 89.4%.
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"> Continue fair and equitable recruitment and promotion. Create a work environment in which employees accept and leverage diverse values. 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). Individual support according to the life stage and career of each individual Support for Seniors' Success (over age of 60) Promote understanding and acceptance of LGBTQ and other sexual minority employees (e.g., employee education). Give reasonable consideration to the work environment of employees with disabilities. 	<ul style="list-style-type: none"> Achieve the following plans by the end of FYE 2024 <ol style="list-style-type: none"> Female employees as a percentage of new employees: 25% Female employees as a percentage of workforce: 25% Female employees as a percentage of employees in managerial positions: 9% Percentage of male employees who take childcare leave: Over 50% Compliance to rate of the employment of those with disabilities which designated by law (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 	<ul style="list-style-type: none"> Progress of the Performance Indicators <ol style="list-style-type: none"> The percentage of female employees as a percentage of new employees: 32.1% in FYE 2023. The percentage of female employees as a percentage of workforce: 24.3% as of March 2023. The percentage of female employees in managerial positions: 8.6% as of March 2023. The percentage of male employees who take childcare leave: 52% in FYE 2023. 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 & General Affairs Services Inc.) Introduced the following measures as a result of discussions at the Women's Participation Promotion Committee <ol style="list-style-type: none"> Broad options for work styles after childbirth and introduce a "childcare support allowance" (from October 2022) 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) 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)

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"> 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"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100% Donations to medical care and education, and building infrastructure in local communities. Carry out CSR activities in all existing and operating projects to be possessed in long term (100%). 	<ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in.
Food Company	 	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"> We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries. We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy. Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy. Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information. <p>2030</p> <ul style="list-style-type: none"> Coffee beans: Aim for a 50% switch to sustainable coffee beans. Cacao beans: Aim for a 100% switch to sustainable coffee beans. Aim for a 100% switch to sustainable palm oil. 	<ul style="list-style-type: none"> 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). Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.) 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. Ratio of RSPO Certified Palm Products/Oleo chemicals <ul style="list-style-type: none"> Palm Oils 24% Oleo Chemical Products 65%
Food Company	 	<ul style="list-style-type: none"> 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"> Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines. Start the commercial production and export of pineapple processed foods in Sierra Leone. 	<ul style="list-style-type: none"> Employment: about 1,800 as of 2023 March. 2022 Pineapple Production Estimate: 12,000tons.
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"> We have acquired the MSC fisheries certification for six fishing vessels as of July 2022. ITOCHU and fishing companies are currently applying the second MSC fisheries certification for 19 vessels in addition to the above 1st MSC certification.
General Products & Realty Company	 	<ul style="list-style-type: none"> Forest Supply Chain 	Realization of sustainable supply of natural rubber	Natural Rubber	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> We will establish a traceability system to make uncertain raw material procurement supply chain transparent. We will achieve our commitment through the sustainability activity of our unique initiative, named "PROJECT TREE(https://project-tree-natural-rubber.com/)". 	<ul style="list-style-type: none"> 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.) We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry. 	<ul style="list-style-type: none"> In FYE 2023, traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%. Traceability of the natural rubber raw materials' procurement using our system reached 4.5%. 4,128 of smallholders implemented sustainability training and education.
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"> 2 (CLEAN WATER AND SANITATION) 3 (GOOD HEALTH AND WELL-BEING) 8 (DECENT WORK AND ECONOMIC GROWTH) 12 (RESPONSIBLE CONSUMPTION AND PRODUCTION) 	Food Safety	<ul style="list-style-type: none"> Address Climate Change Develop a Rewarding Work Environment Respect and Consider Human Rights Contribute to Healthier and More Affluent Lifestyles Stable food procurement and supply 	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"> 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. Total number of sales of DENBA Marine for maritime chamber achieved 200units. 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.
Energy & Chemicals Company	<ul style="list-style-type: none"> 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"> Continuing to support the development of generics by ITOCHU CHEMICAL FRONTIER Corporation, several types of pharmaceuticals have been launched. We have continued to sell a pain reliever in North America through ITOCHU CHEMICAL FRONTIER Corporation.
Food Company	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 3 (GOOD HEALTH AND WELL-BEING) 	Medical Health	Promoting good health among the people	<ul style="list-style-type: none"> Support pharmaceutical development projects Preventative healthcare-related business Medical healthcare IT business Sales of Cutting-Edge medical devices and provision of medical services 	<ul style="list-style-type: none"> We will provide value-added services for pharmaceuticals and medical sites, and will contribute to the improvement of people's quality of life (QOL) by utilizing cutting-edge ICT tools. We 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. 	<ul style="list-style-type: none"> We will optimize healthcare utilizing medical data. Promote sales of advanced medical devices, and the business of supporting the operation of designated regional cancer care hospitals. 	<ul style="list-style-type: none"> Realization of new services and business development relating to medical data. Expansion of existing business. (Data volume of the number of people subject to health checkup, to reach 1.2 million by the end of FYE 2022.) Increase the penetration of advanced medical devices in Japan. 	<ul style="list-style-type: none"> ITC has formed a capital alliance with a medical data company in FYE 2023. <p>MRI-guided radiation therapy systems</p> <ul style="list-style-type: none"> 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. 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. <p>Scalp cooling therapy system for cancer patients</p> <ul style="list-style-type: none"> 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. 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.
ICT & Financial Business Company	<ul style="list-style-type: none"> 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"> Growth Rate of Outstanding Lendings: (From the end of March 2022 to end of March 2023) <ul style="list-style-type: none"> UAF: 91.8% ACF: 145.0% *Operation started in 2018 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. PDP is executing an exit strategy due to the inadequateness of profit planning. EasyBuy: 102.5% FRF: 120.6% PDP: 187.2% *Operation started in 2018

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"> 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. Work for the goal of "Zero Fashion Loss" and "Carbon Neutrality" committed by Japan Sustainable Fashion Alliance to achieve by 2050. 	<ul style="list-style-type: none"> 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. 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.
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"> 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. 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. 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.
Metals & Minerals Company	8 DECENT WORK AND ECONOMIC GROWTH 15 CLEAN ENERGY	<ul style="list-style-type: none"> 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"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. <ul style="list-style-type: none"> EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%. Donations to medical care and education, and building infrastructure in local communities. <ul style="list-style-type: none"> Carry out CSR activities in all existing and operating projects to be possessed in long term (100%). 	<ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and seven existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in.
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"> 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) 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) 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)
Energy & Chemicals Company	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	<ul style="list-style-type: none"> 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.	<p>Hydrogen and Ammonia</p> <ul style="list-style-type: none"> 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. 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. <p>Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)</p> <ul style="list-style-type: none"> Procuring RD produced by Neste OYJ for use in convenience store delivery vehicles, tank trucks, and fueling stations with ITOCHU ENEX Co., Ltd. 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. 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. Invested in Impact Bioenergy, a U.S. based startup that manufactures and sells equipment to produce biogas from food waste through anaerobic digestion.

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"> We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries. We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy. Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy. Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information. 2030 <ul style="list-style-type: none"> Coffee beans: Aim for a 50% switch to sustainable coffee beans. Cacao beans: Aim for a 100% switch to sustainable coffee beans. Aim for a 100% switch to sustainable palm oil. 	<ul style="list-style-type: none"> 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). Cacao beans (traceable products): achieved 66% (5,975MT of traceable beans out of 9,025MT total.) 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. Ratio of RSPO Certified Palm Products/Oleo chemicals <ul style="list-style-type: none"> Palm Oils 24% Oleo Chemical Products 65%
Food Company	8 (EQUITY AND SOCIAL JUSTICE) 9 (INDUSTRIAL 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"> Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines. Start the commercial production and export of pineapple processed foods in Sierra Leone. 	<ul style="list-style-type: none"> Employment: about 1,800 as of 2023 March. 2022 Pineapple Production Estimate: 12,000tons.
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"> We have acquired the MSC fisheries certification for six fishing vessels as of July 2022. ITOCHU and fishing companies are currently applying the second MSC fisheries certification for 19 vessels in addition to the above 1st MSC certification.
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"> Consider diversifying this movement into processed foods and developing new products by using raw materials other than bananas. Aim to increase the volume of the reused bananas. 	<ul style="list-style-type: none"> 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"> Dole National Brand products: Chocolate-coated frozen bananas, Jelly products Dole products with brand license contracts: Ice cream (Lotte), banana-flavored milk (Family Mart), Snacks&Bread (Tokyo Banana, etc) 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. Promotions are being continued in key locations such as Dean & DeLuca and banana juice shops (7days BANANA, BANANA STAND etc). Number of media exposure as of Mar, 2023. end: 1,101 Reused Banana as of Mar, 2023. end: about 200,000 bunches (equivalent to 30 tons)
General Products & Realty Company	15 (LIFE ON LAND)	Forest	Using sustainable forest resources	<ul style="list-style-type: none"> Pulp Woodchips Wood products & materials 	We deal in sustainable forest resources to reduce the impact on the environment and prevent the increase of greenhouse gases.	We handle certified or high-level management confirmed materials.	Ensure a 100% handling ratio of certified or high-level management confirmed materials.	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"> 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. 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. 	<ul style="list-style-type: none"> We will establish a traceability system to make uncertain raw material procurement supply chain transparent. We will achieve our commitment through the sustainability activity of our unique initiative, named "PROJECT TREE(https://project-tree-natural-rubber.com/)". 	<ul style="list-style-type: none"> 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.) We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry. 	<ul style="list-style-type: none"> In FYE 2023, traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%. Traceability of the natural rubber raw materials' procurement using our system reached 4.5%. 4,128 of smallholders implemented sustainability training and education.
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"> Expand supply channels in order to realize a sustainable and stable procurement of resources. Reinforce promotional activities in order to raise the awareness of secondhand mobile phones/tablets. 	<ul style="list-style-type: none"> Expand product variation and supply channels. Expand distribution outlets. 	<ul style="list-style-type: none"> The number of models handled increased from 534 (FYE 2022) to 671 (FYE 2023). (25.6% increase over the previous year) 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. As for distribution channels, sales on major EC business operator were launched and maintained a favorable level.

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"> 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. 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. 	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"> 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 & Supervisory Board Member, and an outside Director and an outside Audit & Supervisory Board Member who had wide range of sufficient experiences in corporate management). 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 & Supervisory Board Members (four out of 7 members). 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).
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"> 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. 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. 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. 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).
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>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2 make sure that they are not complicit in human rights abuses.</p>
Labour	<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4 the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5 the effective abolition of child labour; and</p> <p>Principle 6 the elimination of discrimination in respect of employment and occupation.</p>
Environment	<p>Principle 7 Businesses are asked to support a precautionary approach to environmental challenges;</p> <p>Principle 8 undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9 encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-Corruption	<p>Principle 10 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)

ESG Disclosure Study Group

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

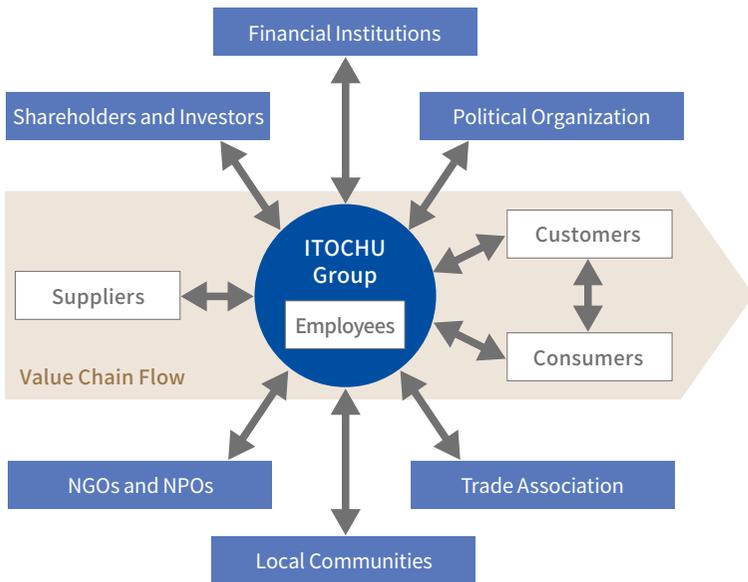
Collaboration with Outside Initiatives

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"> ● Provision of information through the Annual Report/ESG Report and official website ● Notification of Sustainability Action Guidelines for Supply Chains ● Quality control and Sustainability Surveys on supply chains ● Contact for inquiries ● Dialogue with Customers
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"> ● General meeting of shareholders ● Financial results briefings ● Field-specific briefings ● Briefings for individual investors ● Provision of information through the Annual Report/ESG Report and official website ● Annual Report Briefings ● Overseas IR roadshows ● Conferences sponsored by securities companies ● Response to investigations and ratings performed by socially responsible investors ● Debt IR ● Individual engagement with SR
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"> ● Participation in the government, the ministries related committees and councils ● Activity through the trade association (Japan Business Federation, Japan Foreign Trade Council)
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"> ● Social contribution activities and volunteer activities ● Sustainability Advisory Boards ● Dialogue with residents of areas around project sites ● Regular communication with NGOs and NPOs ● Support for the dissemination of information by NGOs, NPOs and local communities
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"> ● Provision of information through the in-house Intranet and bulletins ● Provision of opportunities to develop abilities through various training sessions and seminars ● Provision of career counseling ● Establishment of employee consultation desk system ● Implementation of employee engagement surveys ● Labor-union management meetings (including management meetings and settlement of accountings meetings) ● General employee meetings at each company ● Employee award system ● Employee shareholding association ● Health management ● Business idea solicitation system

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		
Total	113		

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.



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