



ITOCHU Corporation

ESG Report

2021



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Editing Policy

ITOCHEU's ESG Report is to provide various stakeholders including shareholders, investors, business partners, and others with a deep understanding of our company's sustainability policies, approaches, targets, systems, and specific initiatives. We recognize that "Meeting the expectations of society through business activities will help maintain sustainability and lead to further growth." With this in mind, ESG Report 2021 reports the details of our sustainable activities in the previous fiscal year together with ESG performance data and our contribution to the SDGs.

Reporting Period

This report principally covers actual data for the fiscal year beginning on April 1, 2020, and ended on March 31, 2021 (FYE 2021). However, some of the most recent information on our activities and initiatives are also included.

Reporting Boundary

This report covers ITOCHU Corporation (7 domestic offices and 87 overseas offices) and its major group companies.

Independent Assurance

KPMG AZSA Sustainability Co., Ltd. independently guarantees the environmental and social performance indicators in this report. The third-party warranty mark (★ and ◆) is displayed on the index covered by the warranty.

Publication Information

Publication : September 2021

Next publication (scheduled) : August 2022

Previous publication: September 2020

Referenced Guidelines

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

- The Ten Principles of the United Nations Global Compact
- GRI Standards (2016)(2018)
- 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 (2012)(2018) issued by the Ministry of the Environment
- Keidanren: Charter of Corporate Behavior
- Japan Foreign Trade Council: Shosha's Corporate Environmental Code of Conduct, Supply Chain CSR Action Guidelines

Corporate Profile

Company Name ITOCHU Corporation

Founded 1858

Incorporated December 1, 1949

Headquarters

Tokyo

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

Osaka

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

Chairman & CEO Masahiro Okafuji

Common Stock 253,448 Million Yen

Number of Offices Domestic Offices 7
Overseas Offices 87

Number of Employees* Consolidated 125,944
Non-consolidated 4,215
(As of March 31, 2021)

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

Inquiries

ITOCHEU Corporation Sustainability Management Division

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Disclosure of Sustainability-related Information

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

Forward-Looking Statements

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

Top Commitment: Chairman & CEO

Enhancing Our Contribution to and Engagement with the SDGs

ITOCHU founder Chubei Itoh valued the spirit of “*Sampo-yoshi*,” the management philosophy of the Ohmi merchants, the belief that business transactions satisfying the needs of the buyer and seller were a given. It is making contributions to society that truly symbolizes good business management. Our corporate mission inherits this spirit, and we engage in daily operations based on our Guideline of Conduct: I am One with Infinite Missions.

The COVID-19 pandemic continues to contribute to a difficult operating environment but, despite the challenges we faced, ITOCHU FYE 2021 earnings led our industry. I believe these results are due to the unending support of our stakeholders, including our Group companies, business partners, and our shareholders. We also have taken a leading position in terms of total market capitalization and stock price. As the leading company in our industry, the expectations from all our stakeholders are greater than ever.

One of the basic policies we outline in the ITOCHU Corporation Medium-term Management Plan, Brand-new Deal 2023 launched in 2021, is to enhance our contribution to and engagement with the SDGs. These contributions include addressing the global issue of realizing a decarbonized society, developing recycling business, which relates heavily to ITOCHU’s strong position in the consumer sector, and strengthening the value chain by increasing added value throughout product distribution. We will contribute to the SDGs from a wide range of perspectives and link those contributions to business growth.

A handwritten signature in black ink, reading "M. Okafuji". The signature is fluid and cursive.

Masahiro Okafuji
Member of the Board
Chairman & Chief Executive Officer

Top Commitment: President & COO

The Role of Corporations in Realizing a Sustainable Society

Perspectives and lifestyles have changed greatly due to COVID-19, but the pandemic also created opportunities for major changes in operating environments and workstyles.

In response to this environment, ITOCHU outlined two basic policies for our Medium-term Management Plan: “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs”. Increasing societal expectations related to achieving the SDGs is creating the need for business reform across all industries. As we strive for the realization of a sustainable society on a global level, the roles fulfilled by corporations will only become more critical.

One specific example of SDGs initiatives at ITOCHU Corporation is our efforts to promote business expansion for a decarbonized society by the development of a distributed power platform centered on ITOCHU-branded AI energy storage systems, which boast an industry-leading market share in Japan. We are proactively engaged in numerous other projects, including the water and waste treatment and the development of environmentally-friendly fibers as a blueprint for a recycling business. We are also further strengthening our plastic recycling business and increasing added value along our entire value chain by adopting a natural rubber traceability system that promotes sustainable growth.

ITOCHU Corporation embraces the spirit of “*Sampo-yoshi*” in all our activities and initiatives. By each individual striving to fulfill their infinite missions, we will achieve sustainable growth for both society and the ITOCHU Group.



Keita Ishii
Member of the Board
President & Chief Operating Officer

Message from Chief Administrative Officer

Contributing to SDGs Through “*Sampo-yoshi*” Capitalism

The ITOCHU Group upholds as our Group Corporate Philosophy the spirit of “*Sampo-yoshi*”, an ideal conceived by our founder Chubei Itoh that business practices should be good for the seller, good for the buyer, and good for society. We strive to create a virtuous cycle and contribute to a sustainable society by not simply pursuing corporate profits, but by also responding to the expectations of and trust we receive from our stakeholders including business partners, shareholders, employees, and society. This also means contributing to resolving societal issues. Based on this mission, we have adopted the Corporate Guideline of Conduct of “I am One with Infinite Missions,” which reflects our commitment to voluntarily striving to fulfill the missions charged to each individual employee.

Since 2009, ITOCHU has participated in the UN Global Compact. In April 2018, we drafted our Basic Policy on Promotion of Sustainability, which incorporates both the concepts of ESG and the spirit of “*Sampo-yoshi*.” At the same time, we also identified seven material sustainability issues, which also serve to address the UN Sustainable Development Goals (SDGs) and the Paris Agreement. To further promote action, each division company of ITOCHU uses these guidelines as the basis for drafting a sustainability action plan and setting performance indicators. In response to the increasingly important issue of climate change initiatives (contributing to a decarbonized society), in May 2019 ITOCHU declared its intent to participate in the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). As part of our participation in the TCFD, ITOCHU conducts analysis in five segments – coal, power generation, oil & gas development, Dole, and pulp, and discloses the results of our analysis.

We also outlined enhancing contribution and engagement with the SDGs as one of the basic policies of our new Medium-term Management Plan that begins from the current fiscal year. Our goal is to be an industry leader in driving the realization of a carbon-free society.

These efforts are based on the idea that we want to exist as a corporation that pursues profits for all our stakeholders while also contributing to the development of society. We call this “*Sampo-yoshi*” Capitalism, the form of capitalism that contributes to all stakeholders. Through our business activities, we will make broad-based contributions towards achieving the SDGs.

All ITOCHU Corporation measures to promote sustainability are overseen by the Sustainability Management Division under the leadership of the Chief Administrative Officer (CAO), who is responsible for sustainability management, including evaluating the impact our operations have on the environment and society. The CAO serves as chair of the Sustainability Committee. As one of our core internal committees, the Sustainability Committee deliberates and decides on important matters related to sustainability. In



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

In addition to serving as chair of the Sustainability Committee, the CAO also attends Board of Directors, HMC, and Investment Consultative Committee meetings to provide a perspective on sustainability to all investment proposals and provide reports as necessary to the Board of Directors.

We designate an ESG officer within each division company and headquarters department to support the creation of internal systems that contribute to the realization of a sustainable society through our business activities. Additionally, we promote regular dialogue with internal and external stakeholders through initiatives that include holding regular Sustainability Advisory Board. This information exchange helps us ascertain the expectations and demands of society on ITOCHU Corporation, and we reflect that information in our sustainability activities.

ITOCHU Corporation will continue to value feedback from the workplace, and respond to the trust received from and expectations of our stakeholders. Through our business activities, we will contribute to the resolution of social issues and link those contributions to sustainable growth.

Sustainability at the ITOCHU Group



Sustainability at the ITOCHU Group

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.

The base of Chubei Itoh’s business was the spirit of “Sampo-yoshi”, which was a management philosophy of merchants in Ohmi, a province where he was born. The philosophy started in the shogunate era. Due to the merchants’ contributions to the society, they were permitted to promote business activities in the region. 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 today’s idea of sustainability, which requires corporations to balance their business activities with the interests of a variety of 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, 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

"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 new medium-term management plan that begins in FYE 2022, 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

The ITOCHU Group Sustainability Policy

ITOCU Group, conducting business globally under the spirit of "Sampo-yoshi", the management philosophy of merchants in the Ohmi province of Japan (present-day Shiga Prefecture) which is our Corporate Mission, considers that addressing global environmental and social issues is one of the top priority issues in its management policy. We contribute to the realization of a sustainable society based on The ITOCHU Group Code of Ethical Conduct, in order to achieve the goals of The ITOCHU Group Corporate Guideline of Conduct, "I am One with Infinite Missions."

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 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 supply chain and business investment management to lead to sustainable use of natural resources with respect for human rights and consideration for the environment

While engaging in business activities, we respect the legal systems of each country and international rules, and strive to prevent the occurrence of environmental pollution and/or human rights and labor issues that threaten our lives. In addition, we give due consideration to the mitigation of and adaption to climate change, the preservation of the global environment, such as through the conservation of biodiversity and ecosystems, and human rights issues.

We endeavor to understand how natural resources are utilized (such as air, water, land, food, minerals, fossil fuels, animals, and plants) and what consideration is given to human rights and labor issues, both in the businesses where we invest and in the supply chains related to the products we handle. We request our business partners to understand and implement our concept of sustainability, and aim to build a sustainable value chain.

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 sustainability 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.

April 2020

Fumihiko Kobayashi

Member of the Board

Executive Vice President

Chief Administrative Officer

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.

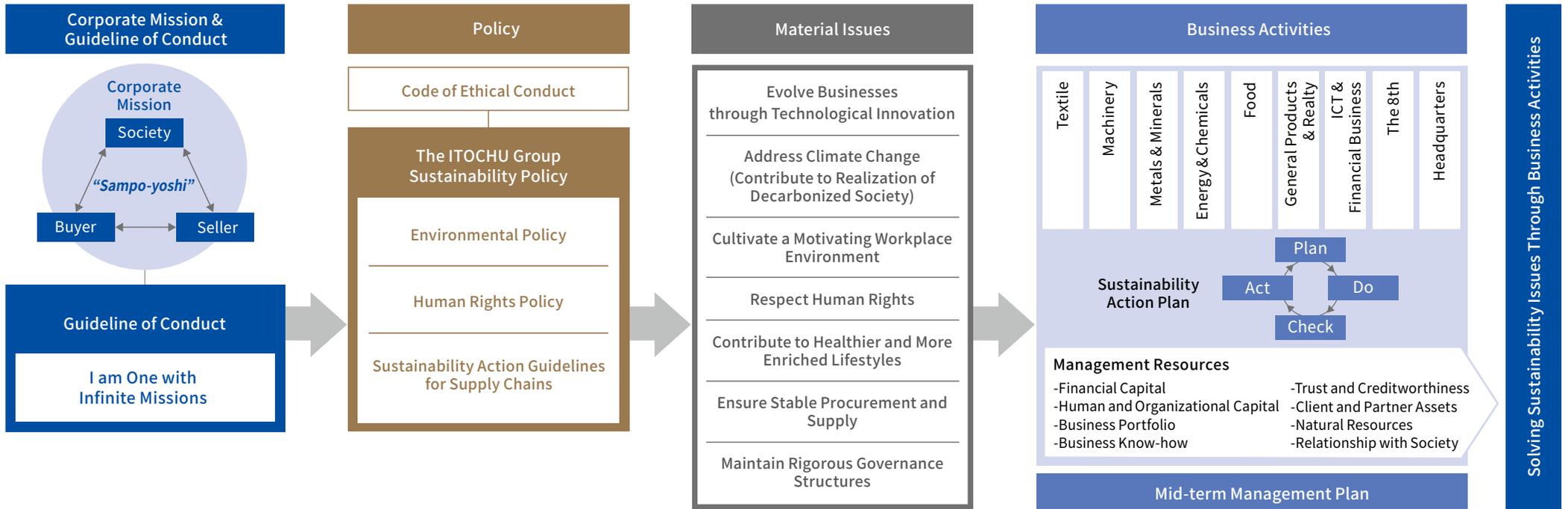
- The Ten Principles of the United Nations Global Compact
- GRI Standards (2016)(2018)
- International Integrated Reporting Framework (IIRC)
- ISO 26000 (Social Responsibility)
- TCFD Recommendations
- Universal Declaration of Human Rights (UDHR)
- UN Guiding Principles on Business and Human Rights
- 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 (2012)(2018) issued by the Ministry of the Environment
- Keidanren: Charter of Corporate Behavior
- Japan Foreign Trade Council: Shosha's Corporate Environmental Code of Conduct, Supply Chain CSR Action Guidelines

Structure and System

Promoting Sustainability at ITOCHU Corporation

We established The ITOCHU Group Sustainability Policy (P10) to set ITOCHU Corporation's initiatives to further sustainability in accordance with our corporate mission and the dynamic environment in which we operate. Our implementation of the policy is organized and systematic. In the course of implementation, ITOCHU Corporation determines the Material Issues with priority need for a solution, then inserts the Material Issues into Sustainability Action Plans (P16). These plans guide operations in our trading and business investments as we carry out the policies in the mid-term management plan, thus helping to solve the aforementioned issues.

Sustainability Promotion Flow

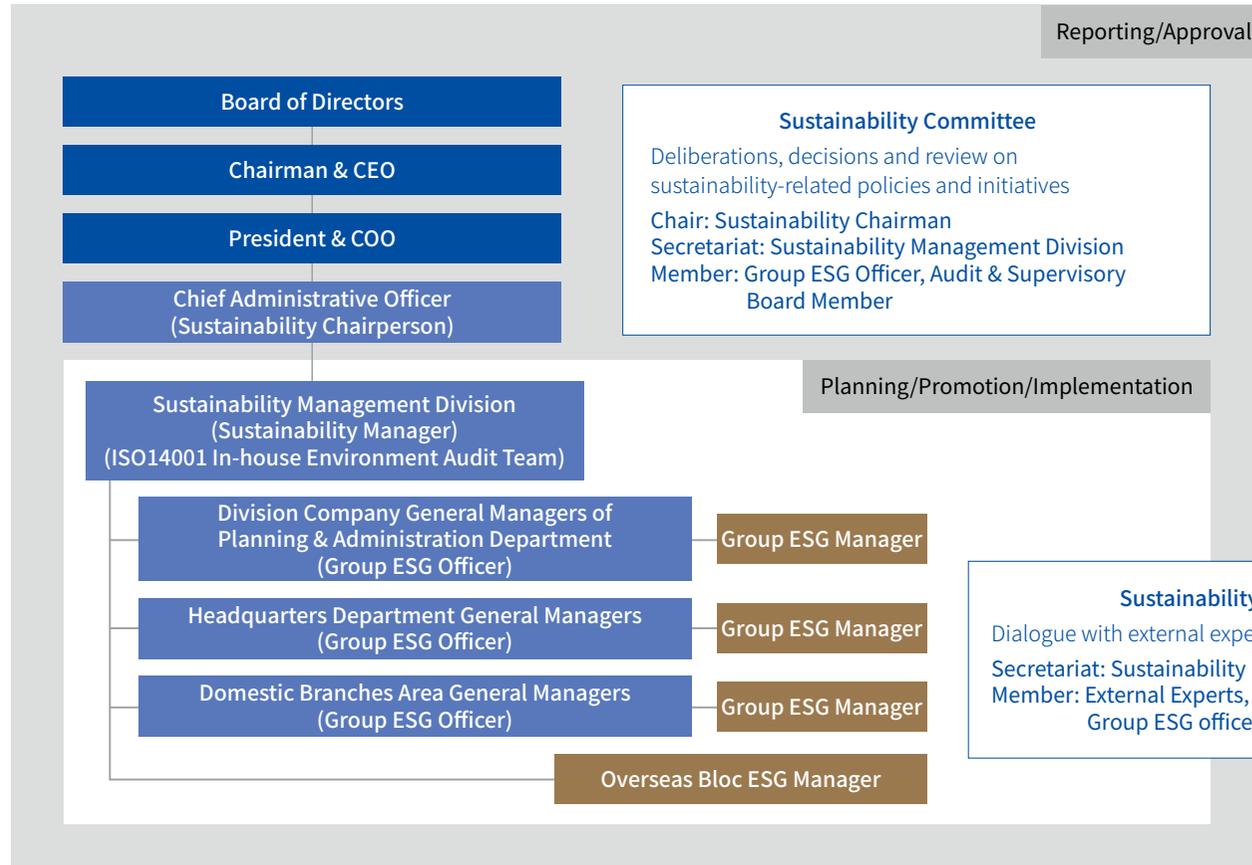


Structure and System

Structure for Promoting Sustainability

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 makes decisions concerning policy formulation and important matters. In addition to a role in heading the Sustainability Committee, the committee's chair joins meetings of the Board of Directors, the HMC and the Investment Consultative Committee, and 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.

■ Sustainability Promotion Framework (FYE 2022)



■ FYE 2021 Sustainability Committee

| | |
|------------------------|---|
| Members | <p>Chair: CAO</p> <p>Members: General Manager of the Corporate Planning & Administration Division, General Manager of the Corporate Communications Division, General Manager of the General Accounting Control Division, General Manager of the Human Resources & General Affairs Division, General Manager of the Finance Division, General Manager of the Legal Division, General Manager of the Sustainability Management Division, General Manager of the Investor Relations Division, General Managers of the Planning & Administration Departments of each Division Company, Corporate Auditors</p> |
| Primary Purview | <ul style="list-style-type: none"> • Sustainability Action Plan Review • ISO14001 Environmental Management Review • Report on Human Rights Due Diligence in FYE 2021 • SDGs Bond Framework Assets |

Sustainability Advisory Board

Dialogue with external experts on sustainability in general

Secretariat: Sustainability Management Division

Member: External Experts, Sustainability Chairman, Group ESG officer of relevant department

Initiatives: Material Issues

In April 2018, ITOCHU put forth material sustainability issues that incorporate an ESG perspective. Addressing these issues through its main business will help ITOCHU accomplish its previous Medium-Term Management Plan's goal of achieving ongoing growth through ITOCHU Mission, the spirit of "Sampo-yoshi". ITOCHU's sustainability initiatives, which aim to fulfill our responsibilities for the society of today and the future, also contribute 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 Pertaining to Each Material Issue (P15)
- Sustainability Action Plans (P16)

Evolve Businesses through Technological Innovation

We create new value by proactively exploring new technologies as we adapt to a transforming industrial establishment by venturing beyond the framework of our existing business.



Address Climate Change (Contribute to Realization of Decarbonized Society)

As we endeavor to adapt to climate change's impact on business, we further business activities that contribute to a decarbonized society and work to reduce greenhouse gas emissions.



Cultivate a Motivating Workplace Environment

We provide a setting where employees are proud and motivated, and where we can leverage diversity so they can fully exhibit their capabilities.



Respect Human Rights

While showing respect and consideration for human rights in our operations, we bring stability to our business and contribute to the development of local communities.



Contribute to Healthier and More Enriched Lifestyles

With the intention of raising quality of life for all people, we help make healthy, bountiful living possible.



Ensure Stable Procurement and Supply

With aspirations for a recycling-oriented society, we give consideration to biodiversity and other important aspects of the environment to engage in effective use and steady procurement and supply of resources in line with their demand in each country.



Maintain Rigorous Governance Structures

We ensure proper and efficient execution of operations through the Board of Directors' independent, objective and highly effective oversight of management and highly transparent decision-making.



SUSTAINABLE DEVELOPMENT GOALS



Initiatives: 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. In FYE 2019, when the previous Medium-Term Management Plan kicked off, we identified seven new Material Issues based on the recent adoption of the SDGs, the Paris Agreement on climate change coming into effect and other social developments and changes affecting business and are following them in the current Medium-Term Management Plan "Brand-new Deal 2023".

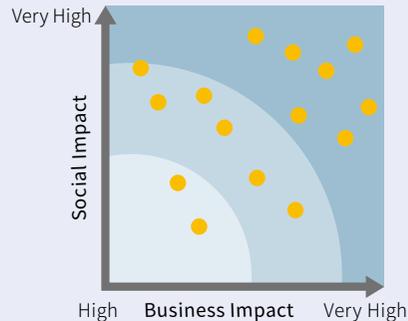
Deduce Issues

Refer to the international guidelines issued by the International Integrated Reporting Council (IIRC), items assessed by ESG evaluation bodies, etc. Use the SDGs covering social issues to deduce issues affecting sustainable growth.



Division Companies Determine Importance and Set Success Indicators

Each of ITOCHU Corporation's division companies determines the risks, opportunities and success indicators for their business activities. Upon analyzing the business and social impacts of the risks and opportunities both within the company and those associated with outside stakeholders, they follow the Sampo Yoshi business philosophy and our corporate philosophy to identify priority issues to address for sustainable growth.



Reviews by the Sustainability Advisory Board

The Sustainability Advisory Board conducts reviews and an exchange of ideas between outside experts.



Discussion and Decision-Making Among Management

The Sustainability Committee chaired by the CAO holds deliberations and confirms the validity of Material Issues, after which decisions are made at company meetings and meetings of the Board of Directors chaired by the CEO.

Conduct Reviews as Needed as Society and Business Change

Initiatives: Risks and Opportunities Pertaining to Each Material Issue

| Material Issues | Risks | Opportunities |
|---|--|---|
| Evolve Businesses through Technological Innovation | <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. |
| Address Climate Change (Contribute to Realization of a Decarbonized Society) | <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. |
| Cultivate a Motivating Workplace Environment | <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. |
| Respect Human Rights | <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. |
| Contribute to Healthier and More Enriched Lifestyles | <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 and security and health improvement. • Expansion of information, financial and logistics services resulting from an increase in consumer spending or penetration of the internet. |
| Ensure Stable Procurement and Supply | <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. |
| Maintain Rigorous Governance Structures | <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. |

Initiatives: 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

| Risks | Opportunities |
|--|--|
| <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. |

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|----------------------------------|--------------|---|--|---|--|--|--|
| Textile Company | | 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 utilizing IT and data and promoting RFID. | 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. | We established the new Digital Strategy Dept on July 1, 2020. We are now promoting the digital transformation of management in general. We introduced RFID tags (2.5 million) developed by our group company Sankei into JOI'X CORPORATION and then started reforming business in stores and product centers. |
| Metals & Minerals Company | |  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 efforts that contribute to an improvement in the health and safety of employees at operation sites and in the overall business efficiency. | * Because of new commitment, review will be conducted from the next fiscal year. |
| Food Company | | | 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"> • Continue to promote business reform with the introduction of AI, RPA and other systems. • Promote the development of new products and services through the food wholesale business developed by the ITOCHU Group. | <ul style="list-style-type: none"> • We are currently promoting the digitalization of invoices, delivery statements and other similar documents in cooperation with group companies. • We are promoting an increase in the efficiency of logistics with the optimization of delivery routes and automatic ordering functions. • We are providing marketing tools to improve user-friendliness for consumers through the ITOCHU Group's food wholesale business. |
| ICT & Financial Business Company | | | 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 invested in over 10 venture companies inside and outside of Japan in the new technology and healthcare fields and some of them were invested via overseas funds. We are currently working with these companies to develop new businesses. Considering the declining birth rate and aging population in Japan, we invested in a labor saving technology that can be used in retail store and warehouse operations, aiming to contribute to sustainability and efficiency in this sector. |
| The 8th Company | | | 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 efforts 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 are currently promoting a digital strategy in FamilyMart - a group subsidiary. FamiPay, released in July 2019, has been downloaded more than 8 million times as of the end of March 2021. We have achieved labor saving in FamilyMart stores (e.g., shortening of cash register service times). We plan to add deferred payment and loan services that will serve as convenient micro-loan services to consumers with barcode payment 'FamiPay' from around the summer of 2021. • 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 proceed with development that will support store manager operations in FamilyMart stores. • ITOCHU, 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. |

Initiatives: Sustainability Action Plans

Address Climate Change (Contribute to Realization of Decarbonized Society)

| Risks | Opportunities |
|--|---|
| <p>Transition Risk • Reduction in demand for fossil fuels due to business restrictions on greenhouse gas emissions.</p> <p>Physical Risk • Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons and hurricanes).</p> | <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. |

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|-------------------|--|--|---|---|---|---|--|
| Machinery Company |   | Taking countermeasures against climate change | Overall power generation business | We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each. | Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions. | FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy. | <ul style="list-style-type: none"> • We continue to operate wind power projects in foreign countries (Butendiek and Cotton Plains). • We continue to develop projects with Winch Energy Limited., a U.K. established company. Winch Energy Limited. specializes in handles small-scale solar power generation and distribution systems in non-electrified regions (e.g., Africa). • We invested in wind farms consisting of Kimball Power Plant (Minnesota, U.S.) and South Fork Power Plant (Nebraska, 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 1,400 solar power plants with a total capacity of 1.6 GW in the U.S. • Our ratio of renewable energy as a percentage of our total net generation capacity is equivalent to based on our power generation business equity capacity is currently 14.1%. |
| | | | Zero emission vessels | We will contribute to reduce greenhouse gas emissions in the shipping and maritime transportation fields by promoting integrated project that include the development, owning, operation of ammonia-fueled vessels and development of supply chain of ammonia fuel. | Aim to materialize the pilot project which includes the development, owning and operation of ammonia fueled vessel led by Japanese industry players and development of supply chain of ammonia as an alternative marine fuel. | <ul style="list-style-type: none"> • Build a value chain centered on ammonia fuel through the owning and operation of ammonia fueled vessels and establishing fuel supply chain. • Reduce carbon emissions from the maritime industry by promoting the spread of ammonia-fueled vessels from 2025 onward. | * Because of new commitment, review will be conducted from the next fiscal year. |
| | | | 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 been participating in a small electric truck demonstration experiment since January 2019 in Japan. • We are deepening efforts with a company into which we invested in FYE 2018 in China where electric vehicles are spreading rapidly - Dishangtie Car Rental, an electric commercial vehicle rental and maintenance service. • We have invested in a ride sharing service company called Via (2019). This is a convenient and cost-effective means of transportation. At the same time, it also contributes to alleviating urban congestion and reducing CO2 emissions. We have been conducting a ride sharing service demonstration experiment on approximately 2,500 ITOCHU employees since October 2019 in Japan. In addition, we have introduced a system focused on transportation operators and logistics operators. We are currently promoting collaboration with a major logistics company (providing a system for new logistics services). This is improving the efficiency of movement and transportation to contribute as an aid in reducing our environmental burden. |
| |   | Improving water and sanitation infrastructures | Water and environment 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. | <p>Water Field We are developing 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. • We are currently constructing a municipal solid waste incineration and power generation plant (waste to energy plant) and a new leachate-controlled landfill in Serbia. We aim to start full commercial operations in 2022. • We acquired a 20% stake in Environment Development Company Ltd. (EDCO) in November 2020. EDCO is providing integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia. We are aiming to enhance the functions of our efforts 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. |

Initiatives: Sustainability Action Plans

Address Climate Change (Contribute to Realization of Decarbonized Society)

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---|--|---|---|--|--|---|--|
| Metals & Minerals Company | 7 Renewable Energy 13 Climate Action | 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 efforts 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 efforts 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 efforts 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 efforts 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 decided to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu together with NIPPON COKE & ENGINEERING CO., LTD. and a Belgian maritime transportation company Compagnie Maritime Belge B.V. for the early social implementation of hydrogen. We are promoting a collaborative examination on the manufacturing of metal resources in an environmentally-friendly scheme with a major resource supplier. We are continuing to conduct a large overseas demonstration project to culture of euglena together with euglena Co., Ltd. as an effort to contribute to the promotion of carbon dioxide capture and utilization (CCU). We undertook this as a New Energy and Industrial Technology Development Organization (NEDO) project in October 2020. We are promoting the examination of other carbon dioxide capture, utilization and storage (CCUS) technologies and various efforts that will lead to a reduction in CO₂ emissions. We are continuing to examine a development plan to realize the Platreef project in the PGM/nickel business where demand is expected to grow significantly due to the worldwide spread of electric vehicles and fuel cell vehicles. 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 efforts in venous industries. This includes the reuse and recycling of FamilyMart 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 general recycling company we invested into last year. We conducted a continuous review of our thermal coal mine interests, based on our thermal coal business efforts policy that we announced in February 2019. As a result, we decided to divest our Drummond thermal coal mine interests in Colombia that accounts for the majority of the ITOCHU's thermal coal interests. We did this based on our new policy to completely withdraw from thermal coal mine interests with a perspective of strengthening contribution and efforts to SDGs as per the Outline of Medium-Term Management Plan that we announced in January 2021. We are currently promoting business in North America with Nikkeikin Aluminium Core Technology Company, Ltd. which we invested into in FYE 2020 for the manufacturing of aluminum parts for automobiles. In addition, we will continue to promote aluminum raw material and product trading to contribute to the development of lighter-weight vehicles. |
| | 7 Renewable Energy 13 Climate Action | 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 LNG projects with a relatively low environmental burden in fossil fuels while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society. | We are continuing to hold discussions with superior partners to realize participation in new LNG projects. |
| | 7 Renewable Energy | 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 43,000 units (430 MWh) of energy storage systems as of the end of March, 2021. Our customers are making the maximum use of the solar power they generate in their homes for their own consumption with our grid share service (AI control) that we have been equipping as standard and selling in systems since November 2018. We started an effort to collect and resell rare metals (e.g., nickel and cobalt) contained in failed batteries in collaboration with an external recycling company. This is currently at the demo plant level. However, we are continuing to promote it with a view to commercialization. We procured approximately 1,300 kWh and are currently building a reuse scheme in this fiscal year in our reuse battery utilization business. |
| 7 Renewable Energy 13 Climate Action | Working on new fuel efforts 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 greenhouse 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. | * Because of new commitment, review will be conducted from the next fiscal year. | |

Initiatives: Sustainability Action Plans

Address Climate Change (Contribute to Realization of Decarbonized Society)

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|-----------------------------------|---|--|---|---|---|--|---|
| |  | Working on efforts in carbon dioxide capture and storage (CCS) business toward the realization of a carbon-neutral society and inclusive and sustainable economic growth | Building of CO ₂ capture chains using CCS | We will aim to build CO ₂ capture chains to contribute to the reduction of greenhouse gases toward the realization of a sustainable society. | Refine CO ₂ storage technologies - an application of petroleum development technologies - and enhance access to CO ₂ capture chains (e.g., collection and transportation) to link them to CO ₂ storage technologies. | Build a CO ₂ transportation and storage business model by uncovering CO ₂ capture needs at places where CO ₂ is emitted in client industries across our companies. | * Because of new commitment, review will be conducted from the next fiscal year. |
| Energy & Chemicals Company |  | Working on efforts to optimally and continually supply renewable energy | Renewable energy independent power producers (IPPs) / renewable energy-related materials procurement / dispersed power source efforts | <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 | * Because of new commitment, review will be conducted from the next fiscal year. |
| Food Company |  | 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. | Starting of the plant operation was delayed due to restrictions of the movement of overseas engineers due to the COVID-19 pandemic. We expect full-scale operation to start at the beginning of 2022. |
| General Products & Realty Company |  | 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 efforts 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. |

Initiatives: Sustainability Action Plans

Cultivate a Motivating Workplace Environment

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

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|------------------|--|---|-------------------------|--|---|--|--|
| Headquarters |  | Improving operating efficiency through work style reform | Human resources affairs | We will aim to improve labor productivity and employee engagement by promoting varied work styles. | ITOCHU Corporation <ul style="list-style-type: none"> Promote appropriate working hour management and a morning focused working system. Conduct regular monitoring of employees' work situations. Promote work automation with IT tools, including robotic process automation (RPA), as well as mobile work. Promote projects for improving the operating efficiency at each organization. ITOCHU Group <ul style="list-style-type: none"> Efficient way of working, appropriate working hours management, and education and awareness-raising activities at the ITOCHU Group. | <ul style="list-style-type: none"> Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher. FYE 2024: Paid leave acquisition rate at 70% or higher. | ITOCHU Corporation <ul style="list-style-type: none"> We have reduced annual average overtime hours by 11% compared to before the introduction of the morning-focused working system (achieved in FYE 2018). We have 5% of employees leaving the building after 8 p.m. (achieved in FYE 2018). We have 67% of employees acquiring paid leave (FYE 2019). We are operating 222 scenarios with RPA (as of February 2021). We have also introduced a data analysis tool (HANABI). We have built a portal-based application platform. We have made approximately 500 types of application form throughout the company paperless. The positive answer rate to the "employee engagement" item in the FYE 2019 engagement survey was 76%. <small>*We did not conduct a survey in FYE 2021. The latest data is for FYE 2019.</small> |
| |   | Improving the health of employees | Human resources affairs | We will improve the health of employees to create an environment that will enable individual employees to better demonstrate their capabilities. We will build a system that helps employees with cancer or long-term illness to create a balance between treatment and work, thereby fostering a culture of mutual support. | <ul style="list-style-type: none"> Keep the percentage of employees who receive regular medical checkups in Japan at 100%. Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care. Promote measures for helping employees create a balance between cancer treatment and work. Offer healthy dishes in the employee cafeteria. Promote the program for supporting smoking cessation treatment expenses. Utilize health management sites for employees (e.g., HSS and ITOCHU Health Navi) and continue to provide special programs for employees at a high risk for lifestyle-related diseases. | <ul style="list-style-type: none"> Percentage of employees who receive regular medical checkups in Japan: 100%. FYE 2024: Percentage of employees who use health management sites (ITOCHU Health Navi and HSS) in Japan: 100%. FYE 2024: Percentage of employees who receive specific health guidance: 55%. FYE 2024: Rate of employees found to have a high level of stress in the stress check at 5% or lower. | <ul style="list-style-type: none"> Regular medical checkup rate: 100% in FYE 2021. Rate of improvement in the health index (e.g., BMI) compared to FYE 2011: -1% in FYE 2020. Support for working while receiving cancer care: Job turnover due to cancer and long-term illnesses continues to be 0%. Rate of those found to have a high level of stress in the stress check: 2.5% in FYE 2021. Health management site utilization: introduced the new ITOCHU Health Navi and HSS systems company-wide. Measures for those with a high risk of lifestyle diseases: 2.1-fold increase in the percentage of employees receiving specific health guidance compared to the previous year (21% → 45%). |
| |  | Sustainable development of employees' capabilities | Human resources affairs | We will develop training programs on a global basis that respond to the changing times and business needs. We will also utilize training programs to continuously produce excellent human resources. | <ul style="list-style-type: none"> Continue to develop and provide training programs at all jobs levels. Continue and enhance overseas deployment of interns and language trainees. Offer diverse career path options and experience in diverse work through regular rotation. Foster career awareness among employees by enhancing personnel assessments, career vision training, career counselling systems and other programs/systems. | <ul style="list-style-type: none"> FYE 2024: Annual training-related expenses exceeding one billion yen. FYE 2024: Percentage of career-track employees who acquire business-level English skills in their first eight years at the company at 100%. FYE 2024: Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher. | <ul style="list-style-type: none"> The positive answer rate to the "education and training" item from the FYE 2019 engagement survey was 71%. <small>*We did not conduct a survey in FYE 2021. The latest data is for FYE 2019.</small> We have been continually reviewing and developing training programs (e.g., the trial introduction of next-generation related training). We are running a trial to provide video content as part of career vision training with an eye on a learning environment that meets the diverse needs of our employees. <p>Below is the outlook current as of the end of February in FYE 2021</p> <ul style="list-style-type: none"> Annual training-related expenses forecast: Over approximately 1.1 billion yen. Acquisition rate of business level English skills for career-track employees in up to their eighth year since joining the company: 100%. Overseas dispatch rate for career-track employees in up to their eighth year since joining the company: 80%. |
| |   | Creating an environment that allows diverse human resources to exercise their potential | Human resources affairs | We will prohibit all types of discrimination, including those based on age, gender and nationality, and respect human rights. We will create an environment that will permit the active participation of employees whose work hours are limited due to childcare, nursing care, diseases or similar circumstances. | <ul style="list-style-type: none"> Continue fair and equitable recruitment and promotion. Create a work environment in which employees mutually accept and respect diverse values. Enhance support for balancing childcare, nursing care and similar circumstances with work (including utilization of telecommuting). Support the active participation of senior human resources over the age of 60 in the workforce. Expand individual support according to the life stage and career of employees. Promote understanding and acceptance of LGBT and other sexual minority employees (e.g., employee education). Give reasonable consideration to the work environment of employees with disabilities. | <ul style="list-style-type: none"> FYE 2024: Achieve the following general employer action plan. <ol style="list-style-type: none"> Percentage of women hired among new graduates: 25%. Percentage of female employees over the whole company: 25%. Percentage of females in leadership positions: 9%. Percentage of men who take childcare leave: Over 50%. | <ul style="list-style-type: none"> The percentage of female career-track employees among all career-track employees is 10.1% (as of February 2021). The percentage of female career-track employees those in leadership positions is 8.0% (as of February 2021). We have been applying IHGS as a special subsidiary in our group since February 2020. The three companies of ITOCHU, Uneedus and IHGS have achieved a 2.3% rate of the employment of those with disabilities in FYE 2021. We will continue to promote the employment of those with disabilities over our entire group. |

Initiatives: Sustainability Action Plans

Respect Human Rights

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

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---------------------------|--------------|---|---|--|---|---|--|
| Textile Company | | Establishing a supply chain reflecting consideration for human rights and the environment | Textile products in general | We will promote dealings with companies which respect human rights and which engage in environmental management throughout their entire supply chains. | Strive to understand at an early stage the human rights, social and environmental risks in supply chains by continually conducting surveys on major suppliers. | Conduct on-site visit surveys and questionnaires at more than 50 major suppliers a year on an ongoing basis. | We conducted surveys and questionnaires on a total of 57 companies mainly in regions where the risk of COVID-19 had been lowered at an early stage (e.g., China and Vietnam) in light of the global pandemic in FYE 2021. |
| Machinery Company | | Establishing a supply chain reflecting consideration for human rights and the environment | Overall electric power and plant projects | We will contribute to improving the quality of life of all stakeholders in the supply chain and business investment destinations. | Set rules on due diligence related to social and business environmental safety for suppliers and business investment destinations based on the distinctive characteristics of each business, implement due diligence, and strengthen monitoring continuously. | FYE 2020: Aim to implement the due diligence described on the left in all new development projects. | We continue operations to check the core subjects in the guidelines on social responsibility using the company-wide ESG checklist in all development projects where we are investing for the first time. We conduct due diligence on individual development projects to check their social and environmental safety based on the unique characteristics of each business prior to investment. |
| Metals & Minerals Company | | Sustainable mine development that pays continuous careful attention to the risks in occupational safety and health and environmental risks, and that contributes to local communities' well-being | Mining business | <ul style="list-style-type: none"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. | <ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. | <ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. <ul style="list-style-type: none"> EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and new mining business: 100%. Donations to medical care and education, and building infrastructure in local communities. <ul style="list-style-type: none"> Carry out CSR activities in all projects in which we participate (100%). | <ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in. |
| Food Company | | 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"> We have decided coffee bean and cacao bean procurement policies. Under these policies, we are promoting efforts to increase sustainability in producing areas. We are purchasing palm oil based on our procurement policy for it. We announce our progress on the rate of certified oil we handle in our palm oil procurement. We perform human rights due diligence on our coffee bean and palm oil supply chains. We announce the results on our website. |
| | | 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"> We are promoting an expansion in the planted area of pineapple plantations and the construction of processing factories. We are employing workers locally to operate our pineapple plantations. |
| Headquarters | | Urban development in the Jingu Gaien district | Rebuilding of our Tokyo headquarters by participating in the Jingu Gaien District City Area Redevelopment Project | We will strive to contribute to the community through the realization of prosperous complex urban development focused on sports, culture and communication. | Communicate appropriately with stakeholders and acquire permissions in the redevelopment study process. | Submit the necessary applications and acquire the necessary permissions (e.g., plan proposal, execution permission application and redevelopment execution permission). | We appropriately communicated with stakeholders in the examination of the redevelopment and conducted negotiations to obtain the necessary permissions. We plan to submit the application and acquire the permissions in FYE 2022 to FYE 2023. |

Initiatives: Sustainability Action Plans

Contribute to Healthier and More Enriched Lifestyles

| Risks | Opportunities |
|--|---|
| <ul style="list-style-type: none"> Decline in credibility that would result from the occurrence of consumers and service users' safety or health issues. 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 and security and health improvement. Expansion of information, financial and logistics services resulting from an increase in consumer spending or penetration of the internet. |

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|----------------------------------|--------------|--|---|--|--|--|--|
| Machinery Company | | Promoting good health among people | Sales of Cutting-Edge medical devices and provision of medical services | We aim to improve quality of life by providing cutting-edge medical devices and advanced medical services in the field of medical care, where technologies are innovated rapidly. | Promote sales of advanced medical devices, such as MRI-guided radiation therapy systems, and the business of supporting the operation of designated regional cancer care hospitals. | Increase the penetration of advanced medical devices in Japan, such as MRI-guided radiation therapy systems. | <ul style="list-style-type: none"> The radiation therapy devices we have delivered to the National Cancer Center and Edogawa Hospital have already been used by those facilities to treat a cumulative total of 350 intractable cancer and other cancer patients. We have also completed the upgrade to new MRI-equipped radiation therapy equipment in Edogawa Hospital. The hospital has been operating it since January 2021. We are currently undertaking joint research with the National Cancer Center to establish a Japanese-standard treatment to improve the survival rate from pancreatic cancer and other cancers by utilizing the feature that the radiation therapy machines have of being able to safely emit radiation. |
| Energy & Chemicals Company | | Promoting good health among people | Pharmaceutical products | We will contribute to improve people's health and working environment through accelerating the development of pharmaceuticals and other products in fields with significant needs including cancer-related fields. | Actively promoting to support the development and marketing of new pharmaceutical and other products. | Aim to accelerate the deployment of pharmaceuticals on the market, obtain early approvals for new pharmaceutical and other products of which we are engaged in supporting the development and place them on the market. | <ul style="list-style-type: none"> We have expanded the sales areas of a non-absorptive liquid to protect against oral mucositis (a liquid that controls and relieves the pain of oral mucositis caused by chemotherapy or radiotherapy when treating diseases such as cancer) (since May 2018 in Japan, since July 2019 in China and since September 2020 in Korea). We have continued to sell a percutaneous absorption 5-HT3 receptor antagonist (therapeutic medication for nausea and vomiting during cancer treatment) in China (since March 2019). We have continued to sell a pain reliever in North America through group companies (since March 2018). |
| | | Energy use that takes into consideration local communities and the environment | District heating and cooling | We will promote efforts 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. |
| Food Company | | Supplying safe, secure food | Overall food-related businesses | We will select and concentrate on suppliers to stably procure safe, secure food. | We will aim to strengthen the food safety management structures in our suppliers. We will do this by persons with certifications/qualifications related to the Food Safety Management System (FSMS) taking the central role in enhancing supplier audits and making requests for improvements. | Stably supply safe and secure food by enhancing the audits and guidance for suppliers mainly by the persons with certifications/qualifications related to the Food Safety Management System (FSMS). | We are continuing to stably supply safe and secure food. We are achieving this by continuing to enhance the audits and guidance for suppliers mainly by the persons with certifications/qualifications related to the Food Safety Management System (FSMS). |
| ICT & Financial Business Company | | Promoting good health among the people | <ul style="list-style-type: none"> Support pharmaceutical development projects Preventative healthcare-related business | We will provide value-added services for pharmaceuticals and medical sites, and will contribute to the improvement of people's quality of life (QOL) by utilizing cutting-edge ICT tools. | We will optimize healthcare utilizing medical data. | <ul style="list-style-type: none"> Realization of new services and business development relating to medical data. Expansion of existing business. Data volume of the number of people subject to health checkup, to reach 1.2 million by the end of FYE 2022. | <ul style="list-style-type: none"> With the gaining interest to maintain and promote health among company employees, the number of people subject to health checkup data management has been steadily increasing (currently over 1 million). We have conducted investments in the following areas: SaaS for dispensing pharmacies, dentistry-related data, genomic data and pharmaceutical data. We will contribute to improve the quality of life with highly efficient operations by utilizing the aforementioned data. |
| | | 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. | Increase the number of customers and loan balance. | <p>We have started new efforts in retail finance business in the Philippines and the P2P lending business in Indonesia since FYE 2019. We also have improved the number of customers and loan balance in our other existing businesses, which are our KPI.</p> <p>Growth Rate of Outstanding Lendings:(Changes from end of December 2019 to end of December 2020)</p> <ul style="list-style-type: none"> UAF: 101% • EasyBuy: 101% • FRF: 113% • ACF: 195% *Operations initiated in FYE 2019. PDP: 166% *Operations initiated in FYE 2019. |
| | | 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. | In addition to providing ICT solutions for new normal under COVID-19, We have newly located nine sourcing companies to contribute to DC5 (Digital transformation, Cloud and 5G). This will allow us to contribute to build and realize highly convenient social infrastructures. |
| Headquarters | | Energy use that takes into consideration local communities and the environment | District heating and cooling | We will promote efforts toward environmentally friendly regional energy use. | Communicate appropriately with neighboring stakeholders in the Jingu Gaien district. | Submit a plan proposal that gives our specific energy plan in the redevelopment to the Tokyo Metropolitan Government. | We are continuing discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas. |

Initiatives: Sustainability Action Plans

Ensure Stable Procurement and Supply

| Risks | Opportunities |
|---|--|
| <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. |

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---------------------------|--------------|---|----------------------------------|--|---|--|---|
| Textile Company | | Reducing our environmental burden in manufacturing processes | Textile products in general | We will promote the building of value chains starting from raw materials focused on sustainable materials. | Promote the RENU project aiming to realize a circular economy in textile industry. Aim to further enhance and expand the handling of sustainable materials. | Contribute to fostering of environmental awareness and reducing our environmental burden by promoting the RENU project and further enhancing and expanding the handling of sustainable materials. | Several well-known brands have adopted the recycled materials of the RENU project we started in FYE 2020. Various media organizations also featured the project. We have contributed to fostering environmental awareness through this. |
| | | Establishing a supply chain reflecting consideration for human rights and the environment | Textile products in general | We will promote dealings with companies which respect human rights and which engage in environmental management throughout their entire supply chains. | Strive to understand at an early stage the human rights, social and environmental risks in supply chains by continually conducting surveys on major suppliers. | Conduct on-site visit surveys and questionnaires at more than 50 major suppliers a year on an ongoing basis. | We conducted surveys and questionnaires on a total of 57 companies mainly in regions where the risk of COVID-19 had been lowered at an early stage (e.g., China and Vietnam) in light of the global pandemic in FYE 2021. |
| Machinery Company | | 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. | <p>Water Field</p> <p>We are developing 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. We are currently constructing a municipal solid waste incineration and power generation plant(waste to energy plant) and a new leachate-controlled landfill in Serbia. We aim to start full commercial operations in 2022. We acquired a 20% stake in Environment Development Company Ltd. (EDCO) in November 2020. EDCO is providing integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia. We are aiming to enhance the functions of our efforts 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. |
| Metals & Minerals Company | | 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. | For the purpose of acquiring superior interests that will lead to the next generation, we are continuing to steadily develop South Flank iron mine in Australia that we started developing in FYE 2019 and Longview coking coal mine that we invested into in FYE 2020. |
| | | Sustainable mine development that pays continuous careful attention to the risks in occupational safety and health and environmental risks, and that contributes to local communities' well-being | Mining business | <ul style="list-style-type: none"> We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. We will improve local infrastructure such as medical care and education. | <ul style="list-style-type: none"> Ensure the thorough application of the EHS guidelines and employee education. Contribute to local communities through activities for improving medical care, education and infrastructure. | <ul style="list-style-type: none"> Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. <ul style="list-style-type: none"> EHS seminar attendance rate: 100%. Rate of checks implemented on EHS compliance in existing and new mining business: 100%. Donations to medical care and education, and building infrastructure in local communities. <ul style="list-style-type: none"> Carry out CSR activities in all projects in which we participate (100%). | <ul style="list-style-type: none"> We held internal EHS (environment, health and occupational safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. We carried out activities that contribute to the local community as part of each project we invest in. |

Initiatives: Sustainability Action Plans

Ensure Stable Procurement and Supply

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|-----------------------------------|--|--|--|--|---|---|--|
| Energy & Chemicals Company | 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION | 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 LNG projects with a relatively low environmental burden in fossil fuels while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society. | We are continuing to hold discussions with superior partners to realize participation in new LNG projects. |
| | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 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 announced plans to jointly market bioplastics with Borealis AG. (September 2020). We are currently developing this for adoption with brand owners and retailers. We have developed garbage bags and shopping baskets made with marine plastics (November 2020 and February 2021). We are continuing to promote project development and expansion of efforts. We announced development of recycling technology for multi-layer film packing materials in collaboration with Toyo Ink Group (December 2020). We are currently discussing future deployment with brand owners. |
| | 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION | Working on new fuel efforts 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 greenhouse 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. | * Because of new commitment, review will be conducted from the next fiscal year. |
| Food Company | 8 DECENT WORK AND ECONOMIC GROWTH 15 LIFE ON LAND | 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"> We have decided coffee bean and cacao bean procurement policies. Under these policies, we are promoting efforts to increase sustainability in producing areas. We are purchasing palm oil based on our procurement policy for it. We announce our progress on the rate of certified oil we handle in our palm oil procurement. We perform human rights due diligence on our coffee bean and palm oil supply chains. We announce the results on our website. |
| | | | Fresh food field | We will contribute to increased employment and an improved living environment by fostering local industries. | We will diversify producing areas to disperse weather risks in our Dole business. In addition, we will develop new producing areas to expand employment and improve the living environment through the growth of local industries. | <ul style="list-style-type: none"> Cultivate pineapples in Sierra Leone to develop a producing area followed by the development program in the Philippines. Start the commercial production and export of pineapple processed foods in Sierra Leone. | <ul style="list-style-type: none"> We are promoting an expansion in the planted area of pineapple plantations and the construction of processing factories. We are employing workers locally to operate our pineapple plantations. |
| General Products & Realty Company | 15 LIFE ON LAND | Using sustainable forest resources | <ul style="list-style-type: none"> Pulp Woodchips Wood products & materials | We deal in sustainable forest resources to reduce the impact on the environment and prevent the increase of greenhouse gases. | We handle certified or high-level management confirmed materials. | Ensure a 100% handling ratio of certified or high-level management confirmed materials. | We achieved, ahead of schedule, a 100% handling ratio of certified or high-level management confirmed materials that we targeted for 2025. |
| | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND | Realization of sustainable supply of natural rubber | Natural Rubber | We shall use our best efforts to establish measures to identify any suppliers developing on High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland, in order to avoid procuring rubber from them. | We will establish a traceability system to make uncertain raw material procurement supply chain transparent. | We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business. | We have developed a traceability system using blockchains. We have been operating this system since the second quarter of FYE 2021. |

Initiatives: Sustainability Action Plans

Maintain Rigorous Governance Structures

| Risks | Opportunities |
|---|---|
| <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. |

| Division Company | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|------------------|---|--|----------------------|---|---|--|--|
| Headquarters |  | 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"> We registered with the Whistleblowing Compliance Management System (self-declaration of conformity) as of April 10, 2019, which had been renewed for FYE 2020. For FYE 2021, we got started on the renewal proceedings on February 17, 2021. 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 62 ITOCHU group companies in the period of September through November 2020. During 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. We provided e-learning on thorough information management for ITOCHU Corporation employees, temporary employees and seconded employees in total of approximately 5,300 individuals (in the period of July 13 through 31, 2020). The results of our on-site compliance training seminars in FYE 2021 are as follows (as of March 31, 2021): <ul style="list-style-type: none"> For ITOCHU Corporation: 2,925 employees (who all watched the training video); and For ITOCHU group companies: 12,903 employees in total (of which (i) the webinar sessions were provided for 72 companies in 90 occasions with 6,911 attendees; and (ii) the training video were provided for 32 companies with 5,992 viewers. |
| |  | 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 (always a one third or higher percentage of outside Directors; currently four out of 10 Directors) and the ratio of women (currently two out of 10 Directors). We have maintained a majority of the members of the Governance and Remuneration Committee and Nomination Committee coming from outside the company (four out of seven members). We have mostly completed the establishment of a structure in each listed subsidiary in accordance with our Policy on the Governance of Its Listed Subsidiaries. |
| |  | 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. | <ul style="list-style-type: none"> We reviewed the progress of the action plans of the first half of FYE 2021 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to Internal Control Committee in October 2020 that Itochu's internal risk management system is active. We also reported the review of the second half of FYE 2021 and the action plans of FYE 2022 to the committee in April 2021. |

Initiatives: Sustainability Advisory Board

FYE 2021 Sustainability Advisory Board Overview

The Sustainability Advisory Board convened at Tokyo headquarters in January 2021 to hold a dialog on sustainability issues between the ITOCHU Corporation management and outside stakeholders. The Sustainability Advisory Board was established to engage outside stakeholders in a dialog 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.

In FYE 2021, we welcomed three experts on climate change with the latest trends in international society to hold a frank discussion. Each expert engaged in discussion from their relative positions in industry, academia, and government to provide honest opinions on the impact of climate change on society and recommendations based on trends seen in other companies. Participants expressed their support for ITOCHU’s initiatives: “The business operations of a trading company are a microcosm of the economy. In the discussion of climate change, it is clear that the trading companies that support supply chains have an incredibly large role to play, and we hope ITOCHU will continue contributing to increasing the value of Japanese companies.” We will reflect the opinions received in our future Group sustainability efforts.



Online Meeting FYE2021

Summary of Past Activities

| | |
|----------|---|
| | <p>Response to Climate Change</p> <p>Sustainability Advisory Board Members (Job Titles at the Time)</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. <p>ITOCHU Members (Job Titles at the Time)</p> <ul style="list-style-type: none"> Fumihiko Kobayashi Member of the Board, Senior Managing Executive Officer, Chief Administrative Officer Noriya Hashimoto General Manager, Planning & Administration Department, Textile Company Tatsuya Hirano General Manager, Planning & Administration Department, Machinery Company Yoshihiko Ogura General Manager, Planning & Administration Department, Metals & Minerals Company Isao Nakao General Manager, Planning & Administration Department, Energy & Chemicals Company Kuniaki Abe General Manager, Planning & Administration Department, Food Company Tsutomu Yamauchi 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 Yoshihito Tabe General Manager, Sustainability Management Division (served as Moderator) |
| FYE 2021 | |
| | <p>Sustainable Business Direction in a Circular Economy</p> <p>Sustainability Advisory Board Members (Job Titles at the Time)</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 2020 | |
| | <p>Climate Change</p> <p>Sustainability Advisory Board Members (Job Titles at the Time)</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. |
| FYE 2019 | |

Initiatives: Sustainability Awareness Activities at ITOCHU

While pursuing sustainable activities, ITOCHU raises awareness within the Company so as to further ITOCHU Group employees' understanding and to apply solutions to social issues in our business in a manner that conforms to the latest global trends.

Recent Sustainability Awareness Activities

The online Sustainability Basic Education and Employee Questionnaire are conducted every year for all ITOCHU Corporation executives and employees worldwide to further spread sustainability in the company and gauge our awareness of the subject.

| | Theme | Participation |
|----------|--|---------------|
| 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% |
| FYE 2018 | "ITOCHU's Further Growth – ESG Investment" | 99.5% |

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 January 2021, we invited Professor Norichika Kanie of the Keio University Graduate School of Media and Governance for a sustainability seminar titled, "Are the SDGs Profitable?" During the first half of the seminar, Professor Kanie provided a keynote speech on the state of and issues facing SDGs initiatives in corporate activities from the perspective of both global and Japanese markets. The second half of the seminar featured a lively Q&A session centered on issues directly related to the business environment such as evaluating how the SDGs should be incorporated into new and existing operations of ITOCHU Corporation. This seminar provided a wonderful opportunity for ITOCHU to reevaluate the responsibilities we must fulfill in each of our business endeavors.

| | |
|----------|---|
| 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. Details are as follows.

| Training Title | Applicable Employees | Training Details | Participants in FYE 2021 |
|--|--|--|--------------------------|
| Group ESG Managers Conference | Group ESG managers | Basic knowledge and explanation of work duties for ITOCHU Group ESG promotion supervisors | 70 |
| Training New Recruits | New employees | ITOCHU Group sustainability promotion | 120 |
| Training in Preparation for Overseas Assignments | Employees designated for overseas assignment | Points of caution related to ITOCHU Group sustainability and promoting sustainability overseas | 213 |
| Training for New Group Executive Officers | New Group executive officers | ITOCHU Group sustainability and importance of Group alliances | 93 |
| Sustainability Survey Workshop | Employees conducting sustainability surveys | Points of caution related to the Sustainability Action Guidelines for Supply Chains and sustainability surveys | 121 |

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, the environment and anti-corruption.



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

The Ten Principles of the United Nations Global Compact

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

Work with Global Compact Network Japan

ITOCHU Corporation 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 2021, ITOCHU participated in the following subcommittees.

- ESG Subcommittee
- Reporting Research Subcommittee
- Human Rights Due Diligence (HRDD) Subcommittee
- SDGs Subcommittee
- Environmental Management Subcommittee

TCFD Consortium

Please refer to P46 for details of our activities.

TCFD Consortium Membership List (https://tcfid-consortium.jp/en/member_list)

CDP (Climate Change)

Please refer to P46 for details of our activities.

CDP (<https://www.cdp.net/en/companies-discloser>)

RSPO (Roundtable on Sustainable Palm Oil)

Please refer to P142 for details of our activities.

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

GPSNR (Global Platform for Sustainable Natural Rubber)

Please refer to P141 for details of our activities.

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

Climate Change Campaign "COOL CHOICE" led by Ministry of the Environment

Please refer to P46 for details of our activities.

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

KEIDANREN (Japan Business Federation)

- Global Environment Subcommittee of the Committee on Environment and Safety
- Committee on Responsible Business Conduct & SDGs Promotion
- Keidanren Nature Conservation Fund / Keidanren Committee on Nature Conservation
- Working Group on Global Warming Countermeasures, Committee on Environment and Safety
- 1% (One Percent) Club
- Council for Better Corporate Citizenship (CBCC)

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)

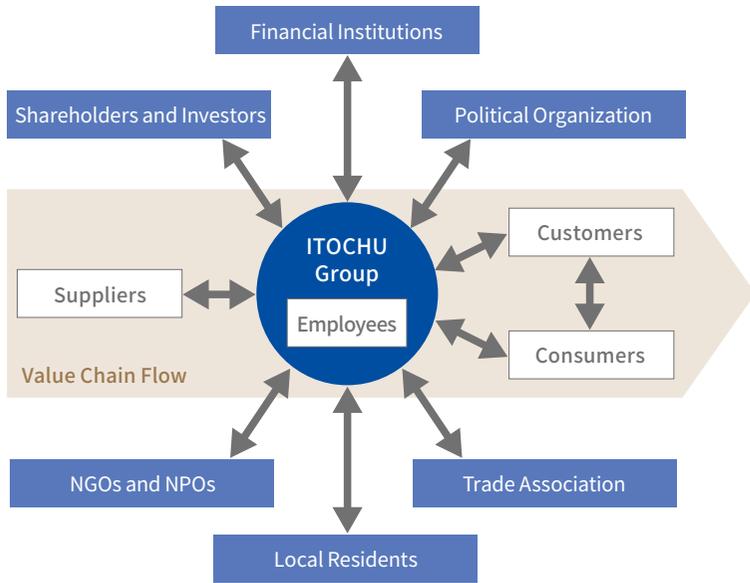
ESG Disclosure Study Group

EDSG Member List (Japanese Only) (<https://edsg.org/%e4%bc%9a%e5%93%a1%e4%b8%80%e8%a6%7/>)

Stakeholder Relations

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.



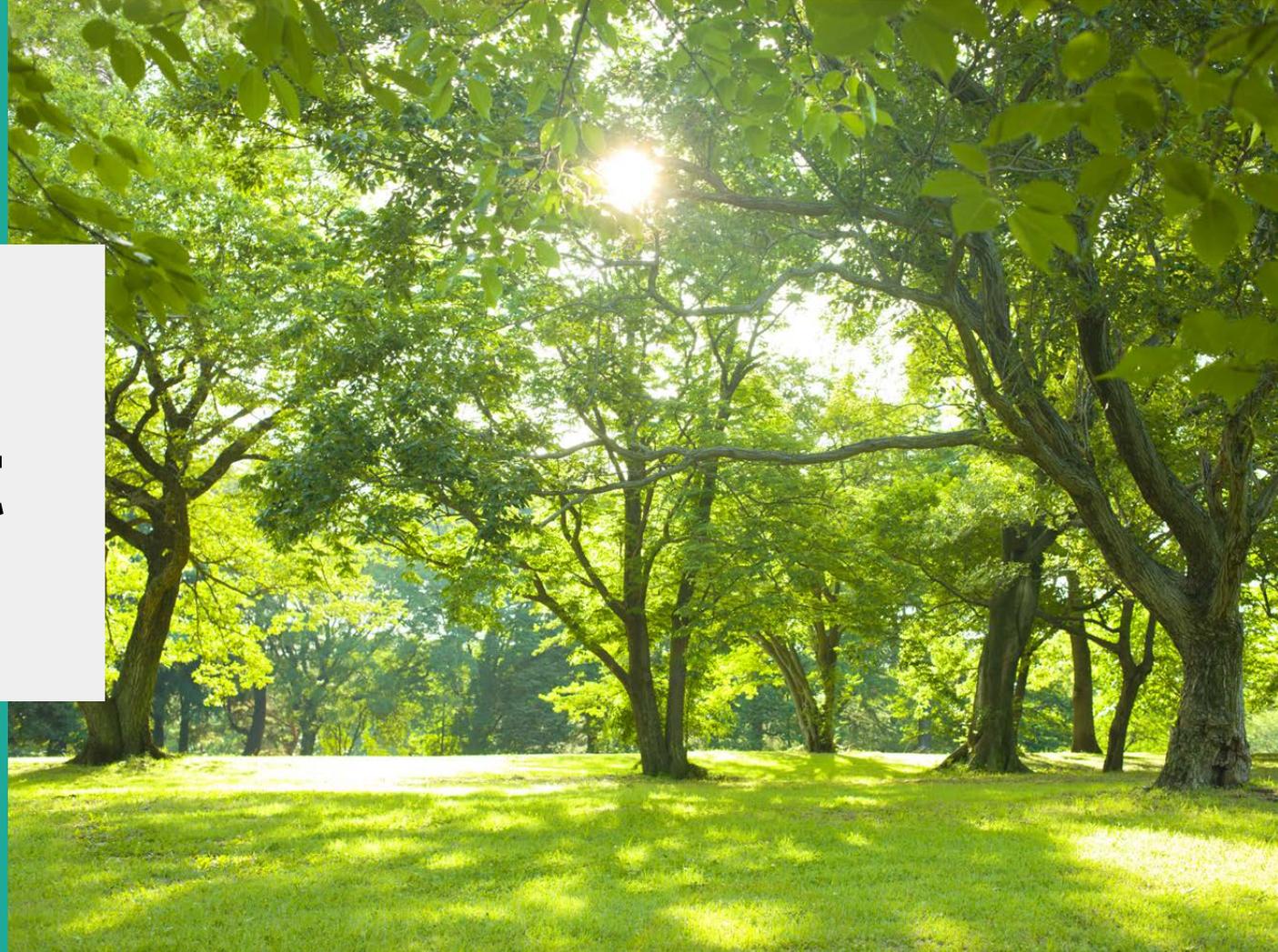
* Besides those noted above, the list of our major stakeholders includes many other parties.

| Stakeholders | Main Methods of Dialogue |
|---|---|
| Suppliers, Customers, and Consumers | <ul style="list-style-type: none"> Provision of information through the Annual Report and official website Notification of Sustainability Action Guidelines for Supply Chains Quality control and Sustainability Surveys on supply chains Contact for inquiries |
| Shareholders, Investors, and Financial Institutions | <ul style="list-style-type: none"> General meeting of shareholders Investors meeting on business results Provision of information through the Annual Report and official website Response to investigations and ratings performed by socially responsible investors Debt IR |
| Political Organization, Trade Association | <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 | <ul style="list-style-type: none"> Social contribution activities and volunteer activities Stakeholder dialogue Dialogue with residents of areas around project sites Regular communication with NGOs and NPOs Information dissemination support from ITOCHU SDGs STUDIO |
| Employees | <ul style="list-style-type: none"> Provision of information via the intranet and in-house magazines Communication via training sessions and seminars Provision of career counseling Establishment of a 24-hour employee consultation desk system Implementation of employee awareness surveys Labor-management meetings (including management meetings and settlement of accountings meetings) General employee meetings at each company |

| Reference Data FYE 2021 | | The Expense of Trade Association and Social Contribution | |
|-------------------------|------------|--|---------|
| Trade Association | 5 | Social Contribution (donation) | 57 (57) |
| Economic Association | 513 | | |
| Political Association | 32 | | |
| Other Association | 11 | | |
| Total | 561 | | |

(Unit: 1 million yen)

Environment



Environmental Policy

Policy and Basic Concept

The ITOCHU Group Environmental Policy

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

1. Compliance with Laws and Regulations

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

2. Response to Climate Change

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

3. Environmental Pollution Prevention

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

4. Promotion of Resource Circulation

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

5. Conservation and Effective Use of Water Resources

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

6. Biodiversity Conservation

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

7. Transparency

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

April 2020

Fumihiko Kobayashi

Member of the Board

Executive Vice President

Chief Administrative Officer

Environmental Management

Policy and Basic Concept

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

We believe that sustainable corporate growth cannot be achieved without consideration for global environmental problems. Therefore, we established the Global Environment Department in 1990 ahead of other trading companies. We then formulated ITOCHU's Activity Guidelines on the Environment in 1993 (revised to the ITOCHU Environmental Policy in 1997).

We are ensuring compatibility of both offense and defense — offense to promote environment conserving business and defense to take a precautionary approach to environmental risks — based on this policy. The aim of this is to fulfill our corporate mission of “*Sampo-yoshi*.” We are also engaged in global corporate management and activities with a constant awareness of global environmental problems. This comes from a perspective of wondering what we can leave to the next generation in addition to contributing to the good of the current generation.

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

Please refer to P31 for the ITOCHU Group Environmental Policy.

Targets

Targets and Achievements by Item in FYE 2021

We set environmental goals we will tackle in the medium term for environmental management. Upon that, we set concrete targets and review achievements based on those every fiscal year.

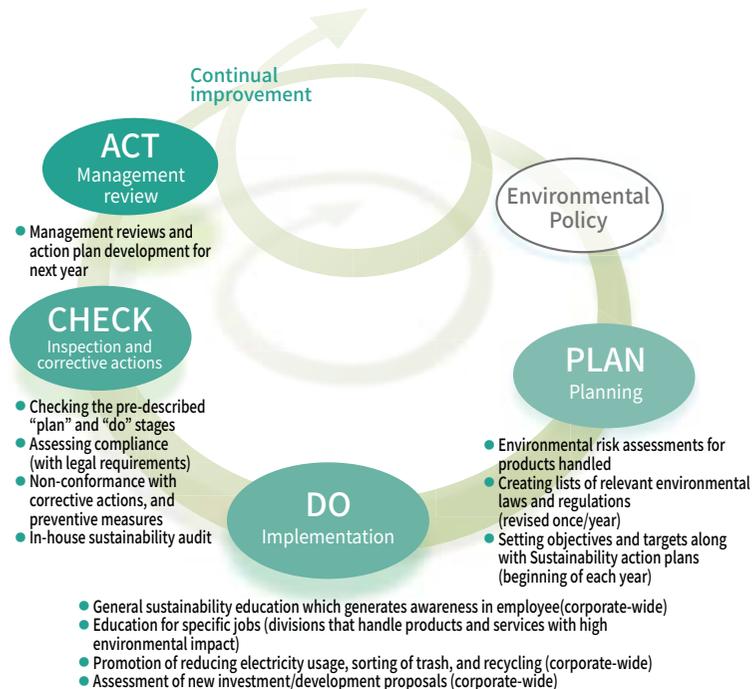
| Item | FYE 2021 Environmental Target | Review | Content Implemented in FYE 2021 |
|--|--|--------|---|
| Prevention of environmental pollution and compliance with laws and regulations | To ensure thorough company-wide utilization of advance environmental risk assessments and the ESG Checklist for Investments when investing. To strengthen risk management awareness over the entire supply chain with environmental risk assessments by product and to ensure their thorough company-wide utilization. | ○ | We performed advance environmental risk assessment with the ESG Checklist for Investments in all investment projects. (The assessment items also include the energy consumption and CO ₂ emissions situation.) The 33 check items conform to the core subjects of ISO26000 (Guidance on social responsibility). We gave feedback on ESG aspects to the departments making the applications for all investment projects. (We gave comments on 75 projects in FYE 2021.) |
| | To promote initiatives to improve the management level by checking the environmental management system, compliance and environmental performance situation through internal audits. | ○ | We conducted internal audits on 51 departments (including in the form of a self-check for 28 departments). We checked the environmental management system operation, compliance and environmental performance management situation. We then gave advice. |
| | To select group companies and then perform visits and surveys on their environmental management situation. | ○ | We visited and surveyed 1 group companies and gave them a variety of advice. We implemented improvements on-site. |
| Promotion of environmental conservation activities | To expand the scope of things to be understood (e.g., energy emissions) in overseas local subsidiaries and major Japanese and overseas subsidiaries. | ○ | We collected and disclosed information from 29 overseas branches (including local subsidiaries), 238 group companies in Japan and 286 overseas group companies. |
| | To set and review targets according to the Sustainability Action Plan. (To promote at least one target in each company and branch.) | ○ | We planned, implemented and reviewed the respective environmental conservation activities in all company divisions and branches. |
| Coexistence with society | To provide cooperation to local companies and governments for environmental conservation activities. (To provide cooperation in at least one case in each branch.) | ○ | Branches held events and volunteer activities in cooperation with local companies and governments. |
| Promotion of awareness activities | To give and promote learning with seminars, tours, basic ESG education and education for personnel with specific duties for ITOCHU and group company employees. | ○ | We gave basic education about sustainability (October 2020 to February 2021 / 4,264 participants) and education for personnel with specific duties (June to December / 400 participants). |
| | To give and promote learning with workshops on the Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for ITOCHU and group company employees. | ○ | We gave e-learning “Promoting Global Sustainability in ITOCHU Group 2020” for expatriates and some national staff (October 2020 to February 2021 / 1,000 trainees). |

*○ : Implemented △ : Partially implemented × : Not implemented

Environmental Management

Structures and Systems

ITOCHU was the first trading company to introduce an environmental management system (EMS) based on ISO14001 in 1997 to strive for continuous improvement. This system seeks to comply with environmental related laws and regulations, to take a precautionary approach to environmental risks (including those relating to climate change) and to promote environment conserving businesses. Specifically, we recognize that our business activities can have an impact on the global environment and so are looking to take a precautionary approach to environmental risks. To that end, we have built a mechanism to assess in advance the impact in regards to new investments in particular together with the products we handle. It is a system in which we formulate targets for items in terms of both offense and defense every year. These items relate to a precautionary approach to environmental risks, environment conserving businesses, saving energy, saving resources, CO₂ emissions reduction and other climate change related risks. We then assess and analyze the progress situation. Finally, we move through the PDCA cycle to reliably achieve our targets. Through this, we operate and manage our targets.



Environmental Management Structure

We have reorganized and integrated our environmental management structure into a structure to promote sustainability since April 2018. This has led to the establishment of a new structure to promote sustainability. Please refer to P12.

- Group companies subject to the environmental management system of ITOCHU Corporation: ITOCHU Automobile Corporation, ITOCHU Metals Corporation, and ITOCHU Taiwan Corporation
- Number of companies in ITOCHU Group that have acquired ISO14001 certification: 74 out of 524 companies (14% of the entire group).
- Number of business sites in ITOCHU Group that have acquired ISO14001 certification: 695 out of 3,810 business sites identified (18% of the entire group).

External Audits

We undergo an ISO14001 certification review every year by the BSI Group Japan K.K. (BSI). In FYE 2021, we underwent a maintenance review. (We undergo a maintenance review in the first and second years and then a renewal review in the third year; this cycle then repeats). This review led to the maintenance of our certification.

Internal Audits

We conduct internal sustainability audits every year based on ISO14001. In FYE 2021, we audited all 51 departments (including in the form of a self-check for 28 departments). Members of the Sustainability Management Division constitute the audit team and conduct them with emphasis on compliance audits. The implementation of internal sustainability audits over half a year leads to a precautionary approach to environmental risks.

Environmental Management

Environmental Accounting

Environmental Conservation Costs

The environmental conservation costs in all offices in Japan of ITOCHU in FYE 2021 are as follows.

(Unit: 1,000 yen)

| Classification | Amount |
|---------------------------------------|------------------|
| Costs inside business areas | 1,060,507 |
| Up/downstream costs | 11,360 |
| Management activity costs | 126,295 |
| Research and development costs | 500 |
| Social activity costs | 4,210 |
| Costs to address environmental damage | 10,483 |
| Total | 1,213,355 |

Summarized based on the Environmental Accounting Guidelines - 2005 Edition from the Ministry of the Environment.
 Scope of Calculation: All domestic branches
 Target period: April 1, 2020 to March 31, 2021

Environmental Conservation and Economic Effects

The environmental conservation effect and economic effect of our paper and electricity consumption and the volume of waste we discard in ITOCHU in FYE 2021 is as follows.

| | Environmental Conservation Effects | Economic Effects (Unit:1,000JPY) |
|-------------------|------------------------------------|----------------------------------|
| Paper Usage | 7,746,000sheets | 6,193 |
| Electricity Usage | 499,000kWh | -33,752 |
| Waste Emissions | 302t | 1,510 |
| Water Usage | 32,210m ³ | 12,075 |

Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.
 Scope of Calculation: Paper and Water Usage - Tokyo Headquarters building, Electricity Usage, Waste Emissions - All of domestic branches.

Understanding the Situation of our Environmental Obligations

We do not limit ourselves to just supporting statutory requirements in regards to the environmental risks in the tangible fixed assets (e.g., land and buildings) of ITOCHU alone and our group companies — in particular, asbestos, PCB and soil contamination; we also look to understand the situation through surveys voluntarily and then aim to respond in a way that is helpful to prompt management policy decisions and judgments. We again promoted the sharing of relevant information through various training programs (P35), such as an Environmental and Social Risk Response Seminar, in FYE 2022.

Initiatives

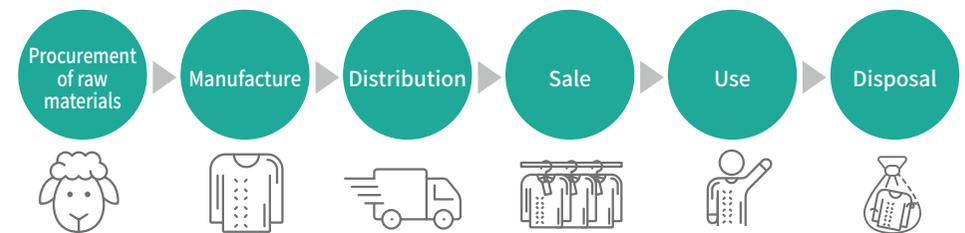
Reduction of Environmental Risks in the Supply Chain

We recognize that the business activities over our entire group can have an impact on the global environment. Accordingly, we are working on activities aimed at taking a precautionary approach to environmental risks for group employees. This is addition to the environmental risk assessments for the products handled by ITOCHU.

Environmental Risk Assessments for the Products We Handle

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

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



Investigations into the Actual Conditions in Group Companies

We have continued to visit and investigate group companies since 2001. The aim of this is to prevent environmental pollution by these group companies. We analyze about 200 companies with a relatively high impact and burden on the global environment from among our group companies. We then conduct investigations into the actual conditions on approximately 10 companies a year. We have investigated a total of 285 offices over the past 20 years up to the end of FYE 2021. We assess companies in these investigations by investigating their factory and warehouse facilities, their situation of drainage to rivers, and their compliance with environmental laws and regulations in addition to holding a question and answer session with their management.

Environmental Management

Environmental Risk Assessments on New Investment Projects

We assess in advance the impact on society and the environment by and conditions of corporate governance of business investment projects in Japan and overseas engaged in by ITOCHU and our Japanese subsidiaries. We do this with the ESG Checklist for Investment consisting of 33 items (The assessment items include the energy consumption and CO₂ emissions situation related to climate change risks). During FYE 2021, there were 75 applications of ESG Checklist. We make requests to external specialist organizations to conduct investigations in advance for projects requiring a professional point of view. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

Inquiries from Inside and Outside the Company and Our Response to Them

In FYE 2021, we received a total of 71 inquiries from outside parties, including 6 from government authorities, 16 from companies (Business partners: 4, media: 3, finance: 8, others: 1), 6 from industry associations, 13 from NGOs, and requests for ISO14001 certification from 30 business partners. There were no environmental related accidents, troubles or lawsuits in our company. Meanwhile, the contents of consultations from in the company and group companies were responded appropriately for such cases related Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act.

Issuance of USD-Denominated Senior Unsecured SDGs Bonds

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

ITOCHU Europe Green Finance Framework

As the regional headquarters of ITOCHU’s operation in Europe, ITOCHU Europe Plc (ITOCHU Europe) published its Green Finance Framework in March 2019 and raised its first green loan of EUR150Million from Mizuho Bank and ING Bank through ITOCHU Treasury Centre Europe Plc, ITOCHU’s group finance vehicle for Europe and the Middle East. This is the first green finance procured by any of the Japanese trading houses (so-called “Sogoshosha”). ITOCHU Europe Green Finance Framework was supported by ING, which acted as a Green Structuring Advisor, and was independently reviewed by Sustainalytics.

The ITOCHU Europe Green Finance Framework highlights how the activities of ITOCHU Europe are supporting two of the SDGs, namely “Goal 7: affordable and clean energy” and “Goal 12: responsible consumption and production.” These consist of material sustainability issues identified by ITOCHU at group level.

ITOCHU Europe, together with ITOCHU group companies in the region, aims to achieve growth by expanding our sustainable business in such ways as developing and introducing new technology for

environmentally friendly materials, deploying sophisticated technology to save energy, and investing in energy efficient and/or renewable energy projects.

- ITOCHU Europe’s Sustainability (<https://www.itochu.com/uk/en/sustainability/>)
- ITOCHU Europe Green Finance Framework (https://www.itochu.com/uk/en/files/ITOCHUEurope_GreenFinanceFramework202007clean.pdf)
- Sustainalytics second-party opinion (https://www.itochu.com/uk/en/files/ItochuEUROPEGreenBondFrameworkSecondPartyOpinion_29052019.pdf)

Environmental Education and Awareness

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

Seminars and Training Sessions

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

■ List of Environmental Seminars and Training Programs Held in FYE 2021

| Title | Dates | Main Targets | No. of Participants |
|--|---|---------------------------------------|---------------------|
| Group ESG Managers Conference | April 2020 | Group ESG managers | 49 |
| Basic Education about Sustainability | October 2020 to February 2021 | Employees and group company employees | 4,264 |
| Education for Personnel with Specific Duties | June to December 2020 Total of 26 times | Employees and group company employees | 400 |
| e-learning | October 2020 to February 2021 | Expatriates and some national staff | 1,000 |

Sustainability Seminar

Please check Sustainability Awareness Activities at ITOCHU (P27) for details.

Climate Change

Action Plan

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|--|--|--|---|---|---|---|--|
| Machinery Company | | | | | | | |
| Address Climate Change (Contribute to Realization of Decarbonized Society) |   | Taking countermeasures against climate change | Overall power generation business | We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each. | Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions. | FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy. | <ul style="list-style-type: none"> We continue to operate wind power projects in foreign countries (Butendiek and Cotton Plains). We continue to develop projects with Winch Energy Limited., a U.K. established company. Winch Energy Limited. specializes in handles small-scale solar power generation and distribution systems in non-electrified regions (e.g., Africa). We invested in wind farms consisting of Kimball Power Plant (Minnesota, U.S.) and South Fork Power Plant (Nebraska, 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 1,400 solar power plants with a total capacity of 1.6 GW in the U.S. Our ratio of renewable energy as a percentage of our total net generation capacity is equivalent to based on our power generation business equity capacity is currently 14.1%. |
| | | | Zero emission vessels | We will contribute to reduce greenhouse gas emissions in the shipping and maritime transportation fields by promoting integrated project that include the development, owning, operation of ammonia-fueled vessels and development of supply chain of ammonia fuel. | Aim to materialize the pilot project which includes the development, owning and operation of ammonia fueled vessel led by Japanese industry players and development of supply chain of ammonia as an alternative marine fuel. | <ul style="list-style-type: none"> Build a value chain centered on ammonia fuel through the owning and operation of ammonia fueled vessels and establishing fuel supply chain. Reduce carbon emissions from the maritime industry by promoting the spread of ammonia-fueled vessels from 2025 onward. | * Because of new commitment, review will be conducted from the next fiscal year. |
| | | | 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 been participating in a small electric truck demonstration experiment since January 2019 in Japan. We are deepening efforts with a company into which we invested in FYE 2018 in China where electric vehicles are spreading rapidly - Dishangtie Car Rental, an electric commercial vehicle rental and maintenance service. We have invested in a ride sharing service company called Via (2019). This is a convenient and cost-effective means of transportation. At the same time, it also contributes to alleviating urban congestion and reducing CO₂ emissions. We have been conducting a ride sharing service demonstration experiment on approximately 2,500 ITOCHU employees since October 2019 in Japan. In addition, we have introduced a system focused on transportation operators and logistics operators. We are currently promoting collaboration with a major logistics company (providing a system for new logistics services). This is improving the efficiency of movement and transportation to contribute as an aid in reducing our environmental burden. |
| |   | 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. | <p>Water Field We are developing 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. We are currently constructing a municipal solid waste incineration and power generation plant (waste to energy plant) and a new leachate-controlled landfill in Serbia. We aim to start full commercial operations in 2022. We acquired a 20% stake in Environment Development Company Ltd. (EDCO) in November 2020. EDCO is providing integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia. We are aiming to enhance the functions of our efforts 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. |

Climate Change

Action Plan

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|--|---|--|--|--|--|---|--|
| Metals & Minerals Company | | | | | | | |
| Address Climate Change (Contribute to Realization of Decarbonized Society) |  | 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 efforts 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 efforts 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 efforts 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 efforts 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 decided to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu together with NIPPON COKE & ENGINEERING CO., LTD. and a Belgian maritime transportation company Compagnie Maritime Belge B.V. for the early social implementation of hydrogen. We are promoting a collaborative examination on the manufacturing of metal resources in an environmentally-friendly scheme with a major resource supplier. We are continuing to conduct a large overseas demonstration project to culture of euglena together with euglena Co., Ltd. as an effort to contribute to the promotion of carbon dioxide capture and utilization (CCU). We undertook this as a New Energy and Industrial Technology Development Organization (NEDO) project in October 2020. We are promoting the examination of other carbon dioxide capture, utilization and storage (CCUS) technologies and various efforts that will lead to a reduction in CO₂ emissions. We are continuing to examine a development plan to realize the Platreef project in the PGM/nickel business where demand is expected to grow significantly due to the worldwide spread of electric vehicles and fuel cell vehicles. 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 efforts in venous industries. This includes the reuse and recycling of FamilyMart 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 general recycling company we invested into last year. We conducted a continuous review of our thermal coal mine interests, based on our thermal coal business efforts policy that we announced in February 2019. As a result, we decided to divest our Drummond thermal coal mine interests in Colombia that accounts for the majority of the ITOCHU's thermal coal interests. We did this based on our new policy to completely withdraw from thermal coal mine interests with a perspective of strengthening contribution and efforts to SDGs as per the Outline of Medium-Term Management Plan that we announced in January 2021. We are currently promoting business in North America with Nikkeikin Aluminium Core Technology Company, Ltd. which we invested into in FYE 2020 for the manufacturing of aluminum parts for automobiles. 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 | | | | | | | |
| Address Climate Change (Contribute to Realization of Decarbonized Society) |  | 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 LNG projects with a relatively low environmental burden in fossil fuels while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society. | We are continuing to hold discussions with superior partners to realize participation in new LNG projects. |
| |  | 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 43,000 units (430 MWh) of energy storage systems as of the end of March, 2021. Our customers are making the maximum use of the solar power they generate in their homes for their own consumption with our grid share service (AI control) that we have been equipping as standard and selling in systems since November 2018. We started an effort to collect and resell rare metals (e.g., nickel and cobalt) contained in failed batteries in collaboration with an external recycling company. This is currently at the demo plant level. However, we are continuing to promote it with a view to commercialization. We procured approximately 1,300 kWh and are currently building a reuse scheme in this fiscal year in our reuse battery utilization business. |

Climate Change

Action Plan

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|--|--|--|---|---|--|---|---|
| Address Climate Change (Contribute to Realization of Decarbonized Society) |   | Working on new fuel efforts 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 greenhouse 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. | * Because of new commitment, review will be conducted from the next fiscal year. |
| |  | Working on efforts in carbon dioxide capture and storage (CCS) business toward the realization of a carbon-neutral society and inclusive and sustainable economic growth | Building of CO ₂ capture chains using CCS | We will aim to build CO ₂ capture chains to contribute to the reduction of greenhouse gases toward the realization of a sustainable society. | Refine CO ₂ storage technologies - an application of petroleum development technologies - and enhance access to CO ₂ capture chains (e.g., collection and transportation) to link them to CO ₂ storage technologies. | Build a CO ₂ transportation and storage business model by uncovering CO ₂ capture needs at places where CO ₂ is emitted in client industries across our companies. | * Because of new commitment, review will be conducted from the next fiscal year. |
| |  | Working on efforts to optimally and continually supply renewable energy | Renewable energy independent power producers (IPPs) / renewable energy-related materials procurement / dispersed power source efforts | <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 | * Because of new commitment, review will be conducted from the next fiscal year. |
| Food Company | | | | | | | |
| Address Climate Change (Contribute to Realization of Decarbonized Society) |  | 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. | Starting of the plant operation was delayed due to restrictions of the movement of overseas engineers due to the COVID-19 pandemic. We expect full-scale operation to start at the beginning of 2022. |
| General Products & Realty Company | | | | | | | |
| Address Climate Change (Contribute to Realization of Decarbonized Society) |  | 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 efforts 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. |

Climate Change

Policy and Basic Concept

Climate change is one of the most pressing global issues today. Lack of urgency and commitment to addressing climate change concerns can potentially threaten not only the earth's ecosystems, but also the survival of humankind. Given the global nature of our operations, it is a top management priority for us to address these issues such as climate change. As stipulated in item (2) of our Environmental Policy, we shall reduce greenhouse gas emissions and increase the efficiency of energy use within our own operations, as well as externally provide products and services that contribute to the mitigation and adaptation to climate change. And as such, ITOCHU will fulfil its social responsibility by promoting responses to climate change.

The TCFD* Recommendations published in June 2017 encouraged companies to effectively disclose climate-related financial information in a consistent, comparable, reliable and clear manner to promote appropriate investment decisions by investors. This comes from the observation that climate change related risks and opportunities will increase in the future. ITOCHU regards climate change as one of the most important issues facing the world. In May 2019, we publicly announced our commitment to support the TCFD recommendations. As such, we are undergoing a comprehensive review of our climate change initiatives along the core elements outlined in the TCFD recommendations: governance, strategy, risk management and business evaluation metrics (Indicator) and targets (Goal). Where possible, we are continuously updating our climate-related information disclosure to better align with the recommendations.

This undertaking is providing us with insight into what climate-related risks and opportunities are material to ITOCHU Group as a whole. Moving forward, we will leverage the TCFD recommendations and its recommended tools such as scenario analysis to prioritize climate change actions and initiatives, as well as consider strategic directions on how we wish to evolve and adapt our portfolio.

* TCFD stands for the Task Force on Climate-related Financial Disclosures. The TCFD was established by the Financial Stability Board (FSB) at the request of the G20 to examine how to best disclose climate-related information and how financial institutions should address climate-related risks and opportunities.

deliberation at the Sustainability Committee. The Committee also assigns relevant responsibilities to the ESG Officers and Managers in each unit to carry out aspects of the plan.

We furthermore regularly engage in dialogue with internal and external stakeholders such as through the Sustainability Advisory Board to gain a better understanding stakeholder expectations and general trends. Feedbacks received through these engagements are leveraged in updating our climate change program.



Governance

At ITOCHU Corporation, the Sustainability Committee, which is one of our core internal committees, is assigned the highest level of executive responsibility regarding climate change issues. The Committee, chaired by our Chief Administrative Officer (CAO), deliberates and makes decisions on important items such as our policy and strategy on climate-related risk and opportunity management, greenhouse gas (GHG) emissions reduction targets, and other relevant initiatives. The CAO sits on the Board of Directors, and regularly reports on developments in our sustainability program to the Board, allowing the Board to have oversight of our social and environmental sustainability initiatives. The CAO also participates in the HMC and the Investment Consultative Committee, providing climate-related input into the business strategies and investment strategies we pursue.

ITOCHU Corporation's climate-related policies and company-wide action plans are planned and drafted by the Sustainability Management Division, and following the CAO's approval, is finalized upon

| Committee and Reporting to the Board of Directors | Frequency of Meetings and Reports | Main Items Deliberated or Reported on (FYE 2019 to FYE 2021) |
|---|--|--|
| Sustainability Committee | <ul style="list-style-type: none"> Usually held 1 ~ 2 times a year Results <ul style="list-style-type: none"> Once in FYE 2019 2 times in FYE 2020 Once in FYE 2021 | <ul style="list-style-type: none"> FYE 2019: Announcement of support for the TCFD recommendations FYE 2020: Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions FYE 2021: GHG reduction target, Disclosure based on the TCFD recommendations |
| Reporting to the Board of Directors | <ul style="list-style-type: none"> Periodic reports are made at least once a year Results <ul style="list-style-type: none"> Once in FYE 2019 2 times in FYE 2020 Once in FYE 2021 | <ul style="list-style-type: none"> FYE 2019: Announcement of support for the TCFD recommendations FYE 2020: Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions FYE 2021: GHG reduction target, Disclosure based on the TCFD recommendations |

Climate Change

Strategy

ITOCHU considers the climate change problems as one of the important challenges facing the world. Accordingly, we are examining the transition and physical risks concerning climate change. We then utilize scenario analysis of the TCFD recommendations as a tool when examining our business strategies and portfolio reorganization.

We analyze scenarios in the following steps.

Climate Change-related Risks and Opportunities

Major Climate Change-related Risks and Opportunities

| Short, Medium and Long-term Climate-Related risks and Opportunities | | Impact of Climate-related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning |
|---|------------------------|--|
| Transition Risks and Opportunities | Policy and Legal Risks | If countries around the world take a more aggressive approach in their GHG emissions reduction targets and subsequently strengthen laws and regulations regarding corporate emissions, fossil fuel demand may see a sharp decrease |
| | Technology Risk | Business opportunities that contribute to combatting and adapting to climate change are expected to increase (e.g. renewable energy) |
| | Market Risk | Demand for certain products and services may decrease due to market risks related to public policy, laws and regulations, or technological advancements (e.g. clean technology) |
| Physical Risk | Acute Risk | Operations may be impacted or damaged by increased occurrences of abnormal weather patterns (e.g. droughts, floods, typhoons, hurricanes, etc.) We may be able to strengthen customer retention and/or attraction by strengthening our supply chain resilience to extreme weather patterns and promoting stable supply as a value proposition |
| | Chronic Risk | Our capability to maintain and increase the quantity of agricultural and forestry-related harvests, as well as products manufactured using these yields, may be impacted by climate-related changes such as increasing temperatures and likelihood of droughts. |

Scenario Analysis

Scenario Selection

We conducted a scenario analysis for our business segments that are likely to be heavily affected by regulatory and physical climate change impacts, regardless of the size of the segment business. Selection of business segments with high climate-related risk exposure was conducted by referencing the TCFD recommendations' list of non-financial industries potentially most affected by climate change and the transition to a lower-carbon economy (i.e. energy, transportation, materials and buildings, and agriculture, food, and forest products).

Following the first round of scenario analyses we conducted in FYE 2019, which were conducted for the coal business and the power generation business, in FYE 2020 we decided to cover the oil and gas upstream development business due to its exposure to transition risks (i.e. public policy and legal risks). In addition, in FYE 2020, we newly selected the Dole business and the pulp business as projects subject to scenario analysis due to their high exposure to climate-related physical risks.

Definition of Scenario Groups

We established the two scenarios below with reference to the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) when examining scenario analysis.

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

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

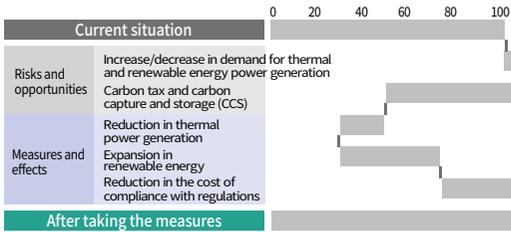
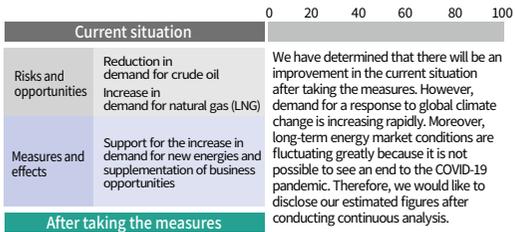
Climate Change

Scenario Analysis Results

We identified the mid-to-long term (short-term to beyond 2030) risks and opportunities relevant to each business type, broken down by items pertaining to procurement, business operations, and market demand. We then prioritized these risk and opportunity items by severity of impact. Regarding items of high importance, we identified variables that have a large impact on the transition and physical aspects and conducted a scenario analysis using financial models that reflect the conditions. Financial impacts were analyzed by measuring the potential impacts of climate change, as well as the outcomes of mitigation and counter-measures we plan to implement. The quantitative information referenced in the scenario analysis leverages data from scenario-based forecasts provided publicly such as by the IEA, but in doing so also reflects our own assumptions and expectations. We are committed to upholding the best analytic accuracy where we can, and will continue to improve upon our scenario analysis approach moving forward.

1. Businesses for Which Transition Risks Are the Main Issues

The main issues for fossil fuel-related businesses are transition risks in the <2°C temperature band scenario.

| Company / Business Profile | | Machinery Company / Power Generation Business | Energy & Chemicals Company / Energy (Crude Oil, Gas and LNG) Development Business |
|---|------------|---|--|
| Timeframe | | By 2040 | By 2050 |
| Temperature band scenario | | <2°C scenario | |
| Main risks and opportunities | Transition | <p>Risk: Thermal power generation costs may increase due to the impact of carbon taxes and mandatory capture and storage of carbon dioxide (CCS).</p> <p>Opportunity: The competitive advantage of renewable energy may increase. This also includes technological progress and cost reduction.</p> <p>Opportunity: It may be necessary to increase investment in storage batteries and grids for a significant shift to renewable energy.</p> | <p>Risk: Countries may introduce regulations on fossil fuels (e.g., carbon taxes). This may lead to global demand for crude oil shrinking.</p> <p>Opportunity: Demand for LNG may increase centered on Asia as a transition fuel to realize a low-carbon society and as a fuel to support industrial development. This is because it has a relatively low environmental impact for a fossil fuel.</p> <p>Opportunity: Demand for new energies other than fossil fuels (e.g., hydrogen, ammonia and renewable fuel) may increase.</p> |
| | Physical | <p>Risk: Power generation facilities may be damaged by natural disasters (abnormal weather).</p> | <p>Risk: Upstream development is focused on projects with excellent partners (e.g., major oil companies in the Middle East and Russia). Accordingly, the impact on outdoors work may be limited because of the measures. We also assume the possibility of increasingly serious climate disasters due to climate change will be low.</p> |
| Business environment under the scenario Business impact assessment | | <p>Transition risks will greatly squeeze income with carbon taxes and carbon capture and storage (CCS) costs. Therefore, the income of thermal power generation may decrease. However, cumulative income is expected to improve due to an increase in renewable energy sales and a decrease in carbon taxes and CCS costs by switching to measures emphasizing renewable energy.</p> | <p>Global demand for crude oil is expected to shrink under the 2°C scenario. Nevertheless, we may be able to maintain earnings by seizing opportunities in the worldwide increase in demand for LNG and the increase in demand for new energies (e.g., renewable fuels). (We have examined multiple scenarios with respect to energy price fluctuations up to 2050.)</p> |
| | | <p>Analysis according to the EBITDA indicator (%)*</p>  | <p>Analysis according to the EBITDA indicator (%)*</p>  |
| Measures and policies Business opportunities | | <ul style="list-style-type: none"> We will aim to achieve a renewable energy ratio of more than 20% (equity interest basis) by FYE 2031. We will reflect this in future efforts. We will not develop any new coal-fired power generation business. Part of the reason we will do this is to contribute to the development of a sustainable society. | <ul style="list-style-type: none"> We will accelerate our shift to new energies in our energy business portfolio. We will do this by seizing business opportunities through pursuing synergies with group companies and participating in initiatives in the new energies (e.g., hydrogen, ammonia and renewable fuels) field. We will strengthen efforts on carbon capture and storage (CCS) toward the realization of a carbon-free society in addition to shifting to new energies. We will carefully consider switching to excellent assets with the intention of improving the efficiency of our assets in relation to upstream oil and gas development. We will do this in consideration of the environment. |

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

[Efforts in the Coal Business]

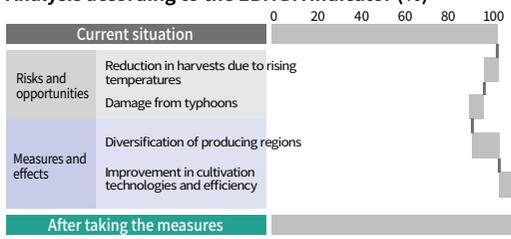
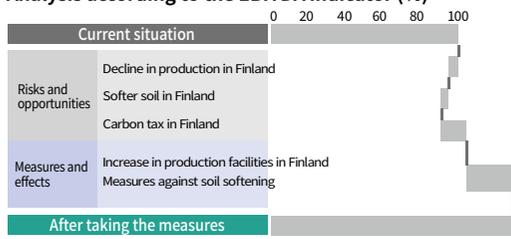
The business environment and measures under the 2°C scenario in the coal business is as below.

| | |
|--|--|
| Business environment under the scenario | The amount of thermal coal used may decrease in response to technological innovation and regulatory trends under the 2°C scenario. |
| Measures and policies | <ul style="list-style-type: none"> We will not acquire new thermal coal mining business. We have already sold our interests in Drummond to realize a carbon-free society ahead of others in the industry even in our existing thermal coal mining business. We did this from the point of view of strengthening our contribution and efforts for SDGs. We will aim to sell our other thermal coal interests by FYE 2024 to completely withdraw from thermal coal interests. We will strongly promote efforts toward technological development and social implementation to contribute to a reduction in greenhouse gas emissions. This includes carbon capture and storage (CCS) and carbon capture and utilization (CCU). On the other hand, there will continue to be a need for thermal power generation as regulated power supplies and backup power supplies for the time being for the large-scale spread of renewable energy. Therefore, we will continue to fulfill our duty to stably supply resources through thermal coal trading. |

Climate Change

2. Businesses for Which Physical Risks Are the Main Issues

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

| Company / Business Profile | | Food Company / Dole Business | General Products & Realty Company / Pulp Business |
|---|------------|---|---|
| Timeframe | | By 2030 | |
| Temperature band scenario | | 4°C scenario | |
| Main risks and opportunities | Transition | <p>Opportunity: An expansion in the introduction of recycled clean energies (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana and other food residues, and waste factory liquids) and renewable energies (e.g., solar power generation) may help to lower carbon levels and protect water resources. This may lead to us obtaining the support of consumers with a high level of environmental awareness and to improving our brand value. Furthermore, we may then secure a price advantage when carbon taxes and emission trading systems are introduced.</p> | <p>Opportunity: If a carbon tax is introduced in Finland, we will have a competitive advantage. That is because we already use 100% biomass energy in pulp manufacturing.</p> |
| | Physical | <p>Risk: There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) in banana and pineapple plantations in the Philippines.</p> | <p>Risk: The suitable areas for growing trees change for each species with a rise in temperature. In addition, the amount produced decreases depending on the type of tree and region (pine trees in Finland and spruce trees in the south of the country). Risk: Heavy machinery farming in the winter in Finland is premised on frozen soil. However, the soil may soften due to the rise in temperature and harvesting costs may increase.</p> |
| Business environment under the scenario Business impact assessment | | <p>Decreases in yields due to abnormal weather will be compensated for by an increase in unit yields through improved production methods. Moreover, we will start pineapple production business in West Africa (e.g., Sierra Leone) as part of the diversification of our producing areas in preparation for weather risks. This will allow us to increase earnings.</p> <p>Analysis according to the EBITDA indicator (%)*</p>  | <p>The amount produced is expected to decrease in some areas due to the rise in the global average temperature. Nevertheless, we can continue to improve earnings by increasing the amount of pulp we produce with the augmentation of facilities in afforestation regions where the amount produced is expected to increase and by curtailing the rise in harvesting costs with measures against soil softening.</p> <p>Analysis according to the EBITDA indicator (%)*</p>  |
| Measures and policies Business opportunities | | <ul style="list-style-type: none"> • We will diversify producing areas in preparation for weather risks (e.g., Sierra Leone in West Africa). • We will increase unit yields by improving production methods (e.g., improving seedling cultivation methods and introducing irrigation facilities). • We will use drones and ICT (agricultural chemical spraying location identification, yield prediction and timely and accurate fertilization) to increase the efficiency of production. | <ul style="list-style-type: none"> • The impact on the amount produced will vary between the north and south in Finland. Therefore, we will enhance monitoring of yield changes and examine a flexible production structure including the construction of a new factory. • We will give training on the use of special heavy machinery for soft soil and examine even more efficient methods for harvesting in Finland. |

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

Impact on Existing Strategies and Future Initiatives

As a result of the scenario analyses we conducted on projects likely to be subject to high climate-related risks, we identified no critical impacts that warrant drastic changes in our business strategy. We are also aware that the scope of our scenario analysis comes with limitations, and that we engage in various other business activities subject to climate-related risks worldwide. However, in the current social and environmental climate, we believe that the impact of risks associated with these individual business activities on the Group's overall performance is limited.

Moving forward, we plan to analyze the transition and physical risks of climate change on all projects in our company. We will then further identify and prioritize businesses and projects where particularly significant impacts are anticipated. Based on findings from this exercise, we plan to devise specific measures and initiatives to address climate-related risks across ITOCHU as a whole.

Climate Change

Risk Management

As a global company, ITOCHU continuously monitors the risks and opportunities relevant to its business. This requires following the developments of climate change-related public policies in various countries, abnormal weather conditions around global business sites, and long-term changes in average temperatures. Climate change risks and opportunities are identified based on information on climate change regulations, abnormal weather, and other information obtained through risk analysis process within the Group, including internal companies. Identified climate change risks are incorporated into the overall risk management framework as one of our 18 key risks (Environmental & Social Risk) and are considered and evaluated during business & investment decision process. Thereafter, we respond to them by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis.

Identification of Climate Change Risks

At ITOCHU Corporation, the Sustainability Management Division and each company collects information on climate-related risks and opportunities in our relevant geographies such as those related to regulatory changes, abnormal weather, technology trends and clean tech market trends. Findings are shared with internal companies, Group companies, and subsidiaries in the supply chain to assess the potential size and scope of the risks and opportunities. Finally, we engage with the Sustainability Advisory Board to receive advisory input, and finally report on our overall findings to the Sustainability Committee, which identifies key climate-related risks upon deliberation.

Corporate Risk Management

The ITOCHU Group is exposed to various risks (e.g. market risk, credit risk, and investment risk) due to the wide-ranging nature of its business. In order to manage these risks, we have established various internal committees and departments. We have also developed an enterprise risk management system and relevant protocols to manage risks comprehensively and individually, such as investment standards, risk and transaction limits, and reporting and monitoring systems.

As part of risk management at the corporate level, the Sustainability Committee engages with other internal committees and responsible departments on the identified climate change risks, such as those related to natural disasters, and ESG investments. The Committee focuses on gathering input on the company's climate change policy, its response plan, its awareness and assessment of climate change impacts on its enterprise risks (e.g. market risks, credit risks, investment risks, etc.), and the cultural integration of risk management systems. Based on deliberations at the Committee regarding the input it gathered, the Sustainability Committee chairman (the CAO) reports to the Board of Directors on major developments more than once a year.

Please refer to P168 for risk management relating to company-wide business including climate change.

Business Investment Management

ITOCHU has established a multilayered decision-making process that seeks to realize swift decision-making by delegating discretionary power to each internal company, while pursuing investment returns and controlling investment risks. Depending on the size and terms of a project, a review is conducted at the internal company level or by the HMC (Headquarters Management Committee) and the Investment Consultative Committee. In all cases, ESG risk assessments, including climate change risk, are incorporated into considerations when making investment decisions in the business investment process, which includes climate change risks.

As a member of the HMC and the Investment Consultative Committee, the CAO (Chief Administrative Officer), who chairs the Sustainability Committee, participates in the screening of projects that exceed the authority of the company president. This system reflects the content of deliberations at the specific stage of climate change risk and at the assessment stage of climate change risk for company-wide risk management.

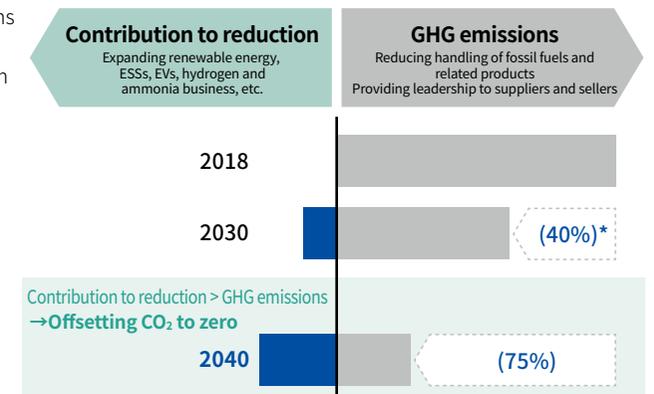
Please refer to P170 for details of our activities.

Metrics and Targets

ITOCHU sets target values for a reduction in our GHG emissions and electricity consumption. The targets are as below.

GHG Emissions Reduction Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government's target. In addition, aiming to offset CO₂ to zero by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government's interim target by achieving a 40% reduction from 2018 levels by 2030.



Scope: Scopes 1/2/3 + Fossil fuel businesses and interests (affiliates and general investments)

* The Japanese government's target of a "46% reduction" from the 2013 level by 2030 is a "39% reduction" based on the year 2018.

Climate Change

Energy Consumption Reduction Targets

| | FYE 2021 Results | Single Year Target | Target for the Year Ended March 2022 |
|--|---|-----------------------------------|--|
| Electricity Consumption of Tokyo and Osaka Headquarters, Branches in Japan and Other branches and business facilities in Japan | Reduction of 4.6% compared with FYE 2020 levels | Reduction of at least 1% annually | Reduction of 30% compared with FYE 2011 levels |
| | Reduction of 47% compared with FYE 2011 levels | | |

ITOCHU Group's Clean-tech goals

ITOCHU has set the following targets for 2030 for the ITOCHU Group's clean tech-related businesses and projects.

- In the power generation business as a whole, we aim to increase the ratio of renewable energy based on equity capacity from 14.5% in FYE 2021 to over 20% by FYE 2031.
- By the end of FYE 2031, we aim to sell Energy Storage System (ESS) that functions as a regulator in stabilizing renewable energy supply, with a total electric power capacity 5GWh or more.
Please refer to P79 for details of our activities.

Initiatives

Initiatives in Business tackling Climate Change

Toward Sustainable Plantation Operation in Response to Climate Change

ITOCHU acquired the Asian fruits and vegetables business and processed foods business, which supplies canned food and beverages around the world, from Dole Food Company in the U.S. in April 2013.

Since this acquisition, typhoons, drought, and damage from disease and harmful insects have struck the Philippines – our largest production base of major products, which resulted in decrease of the production volume of bananas compared with that of the pre-acquisition. We have continuously looked to restore and increase this production volume by taking various countermeasures such as introduction of new irrigation facilities, expansion of farmland, measures against damage from disease and harmful insects for bananas. In addition, we have invested in facilities for plantations and reviewed cultivation methods for pineapples to improve productivity. We have also been promoting the diversification of production areas to prepare for the risk of unpredictable weather. Furthermore, we have proactively improved our business management through the selection and concentration of businesses and products, and the disposal of unprofitable businesses.

We will continue to aim to be the largest agricultural product integrator in Asia. We will achieve this by developing a structure to increase production of bananas and pineapples in the Philippines.

We are proactively introducing recycled clean energies (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana and other food residues, and waste factory liquids) and renewable energies (e.g., solar power generation). This serves as a measure against climate change necessary for sustainable business operations. We plan to operate renewable energy facilities with a total capacity of 16 MWe using biogas and solar power generation by the end of FYE 2022. We aim to provide environmentally-friendly products adapted to the low-carbon society of the future.



Banana Field



Utilization of Solar Power Generation in a Joint Venture with Teys in Australia

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

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

Climate Change

Full Switchover to Real CO₂-free Electricity at Tokyo Head Office

ITOCHU is sourcing its real CO₂-free electricity, together with a Non-Fossil Fuel Energy Certificate showing the environmental value of not emitting CO₂, from TEPCO Energy Partner, Incorporated, which supplies electricity to the Tokyo Head Office since January 2020. The Non-Fossil Fuel Energy Certificate includes the tracking information (information about type of energy sources and power plant location) of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture), which is operated by a subsidiary of Kandenko Co., Ltd., and is used at the Tokyo Head Office building in combination with purchased electricity. This initiative can also be used to prove compliance with "RE100," a global initiative of businesses committed to 100% renewable electricity, in response to the global trend towards decarbonization.

For more information:

ITOCHU Announces Full Switchover to Real CO₂-free Electricity at Tokyo Head Office (<https://www.itochu.co.jp/en/csr/news/2019/191217.html>)

Contributing to Emissions Reductions in the Value Chain through Projects and Investments

Renewable Energy Initiatives

ITOCHU is working to resolve social issues through investments in power generation assets and storage batteries utilizing renewable energy sources such as geothermal and wind power, which are expected to grow in the future as key players in energy supply.

Please refer to P79 for details of our activities.

CCS (Carbon Dioxide Recovery and Storage)

We recognize that CCS is an indispensable technology for achieving a decarbonized society. We have invested in Japan CCS Co., LTD. which is conducting a demonstration test in Tomakomai, and are pursuing the commercialization of CCS technology. (By November 2019, cumulative injected CO₂ volume reached the target volume of 300,000 tons, and it is currently in the monitoring phase of such injected CO₂ under the reservoir.)

Moreover, ITOCHU has entered into an agreement with the Australia-based company Mineral Carbonation International ("MCI") to collaborate on projects to apply carbon utilization technology. MCI's carbon utilization technology produces calcium carbonate, magnesium carbonate, Silica and other useful solid products by combining by-products of the steelmaking process (slag), coal ash produced by thermal power plants or other industrial wastes containing magnesium or calcium such as waste concrete with CO₂ to permanently lock away CO₂ in a solid form. Carbon utilization has attracted attention from the steel, cement and electricity industries as a technology that could accelerate the global trend towards decarbonization. The materials such as the calcium carbonate manufactured using this technology also serve as raw material for cement, concrete and other construction materials, and are thus expected to cut CO₂ emissions in the building, construction and manufacturing industries.

Initiatives for the Tokyo Metropolitan Government Program to Prevent Global Warming

ITOCHU submitted a plan to the Tokyo Metropolitan Government to reduce the CO₂ emissions in our Tokyo Headquarters by approximately 15% from the reference value (average value from FYE 2003 to FYE 2005) over five years from FYE 2016 to FYE 2020 based on the Ordinance on Environmental Preservation. Our emissions in FYE 2020 were 6,089 t-CO₂. This is an approximately 42% reduction compared to the reference value.

The documents we have submitted to the Tokyo Metropolitan Government so far are as follows.

- * Greenhouse Gas Emission Reduction Plan for FYE 2016 to FYE 2020 (Submitted in November 2016) (Japanese Only) (<https://www.itochu.co.jp/en/files/ondanka-201611.pdf>)
- * Greenhouse Gas Emission Reduction Plan for FYE 2016 to FYE 2020 (Submitted in November 2017) (Japanese Only) (<https://www.itochu.co.jp/en/files/ondanka-201711.pdf>)
- * Greenhouse Gas Emission Reduction Plan for FYE 2016 to FYE 2020 (Submitted in November 2018) (Japanese Only) (<https://www.itochu.co.jp/en/csr/pdf/ondanka-201811.pdf>)
- * Greenhouse Gas Emission Reduction Plan for FYE 2016 to FYE 2020 (Submitted in November 2019) (Japanese Only) (<https://www.itochu.co.jp/en/csr/pdf/ondanka-201911.pdf>)
- * Greenhouse Gas Emission Reduction Plan for FYE 2016 to FYE 2020 (Submitted in January 2021) (Japanese Only) (<https://www.itochu.co.jp/en/csr/pdf/ondanka-202101.pdf>)

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

Climate Change

Cooperation with Stakeholders

Participation in TCFD Consortium

In May 2019, ITOCHU Corporation announced its support for the TCFD, which encourages companies to disclose financial information related to climate change. We also participated in the TCFD Consortium established on May 27, 2019 by Ministry of Economy, Trade and Industry (METI), Ministry of the Environment (MOE), and the Financial Services Agency (FSA) as a body for promoting discussion and deliberation among companies and financial institutions supporting the TCFD mission. By participating in this Consortium, we will engage in the appropriate disclosure of ITOCHU business opportunities and risks associated with climate change.



Initiative Participation (Activities Through Business and Industry Groups)

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

2030 Reduction Targets for Domestic Business Activities (Trading Industry)

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

Participation in CDP (Climate Change)

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

Participation in COOL CHOICE

ITOCHU participates in the Ministry of the Environment-led COOL CHOICE climate change campaign aimed at realizing a decarbonized society. We are striving to adjust our air conditioning in the summer and winter and to switch off unnecessary electricity. We also conduct environmental conservation activities from the things that all employees can do in their daily lives. For example, we encourage separation of waste in offices and promote recycling.



Climate Change

Performance Data

Scope of Aggregation

 in scope of aggregation

| | | Energy Consumption | | | | GHG Emission | | |
|---|--|---|---|---|---|---|---|---|
| | | Energy Consumption in the Japanese Bases of ITOCHU | Energy Consumption Attributable to Business Facilities | Electricity Consumption | Heat and Steam Consumption | Fuel Consumption | GHG Emissions from Business Facilities | Scope1 Total Emissions Breakdown by Greenhouse Gas Type |
| Tokyo headquarters | |  |  |  |  |  |  |  |
| Osaka headquarters | |  | |  |  |  |  |  |
| Branches and business facilities in Japan*1 | The number of offices including domestic branches: FYE 2017: 13, FYE 2018: 11, FYE 2019: 13, FYE 2020: 12, FYE 2021: 11 |  | |  |  |  |  |  |
| Group companies in Japan*2 | The number of target companies: FYE 2017: 65, FYE 2018: 208, FYE 2019: 220, FYE 2020: 238, FYE 2021: 232 | | |  |  |  |  |  |
| Overseas offices | The number of overseas offices: FYE 2017: 16, FYE 2018: 15, FYE 2019: 30, FYE 2020: 29, FYE 2021: 49 | | |  |  |  |  |  |
| Overseas group companies*2 | The number of target companies: FYE 2017: 46, FYE 2018: 299, FYE 2019: 282, FYE 2020: 286, FYE 2021: 274 | | |  |  |  |  |  |
| Exclusion | Companies expected to be sold within the next five years held for investment management purposes are not included in the scope of the data. Moreover, non-manufacturing site offices with 10 or fewer employees are quantitatively insignificant. Accordingly, they are not included in the scope of the data. | | | | | | | |

*1 The other business facilities cover business facilities owned or leased by ITOCHU (except facilities for residences).

*2 The group companies in Japan and overseas cover consolidated subsidiaries directly invested in by ITOCHU for FYE 2017. All consolidated subsidiaries are covered since FYE 2018 (coverage 100%).

Energy Consumption

Energy Consumption in the Japanese Bases of ITOCHU

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------|----------|----------|----------|----------|
| Purchased and consumed non-renewable fuel (Unit:MWh) | 765 | 610 | 525 | 691 | 640 |
| Purchased non-renewable power (Unit:MWh) | 30,282 | 29,558 | 29,306 | 28,747 | 27,320 |
| Other purchased non-renewable energy (e.g., steam, heat and cooling water) (Unit:MWh) | 8,299 | 8,206 | 7,605 | 7,385 | 7,401 |
| Generated renewable energy (solar power generation*) (Unit:MWh) | 58 | 58 | 51 | 54 | 60 |
| Energy consumption cost total (Unit:million yen) | 564 | 576 | 404 | 537 | 571 |

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

Energy Consumption Attributable to Business Facilities

(Unit:GJ)

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|--------------------|----------|----------|----------|----------|----------|
| Tokyo headquarters | 134,076 | 130,977 | 127,824 | 126,135 | 121,290 |

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

Climate Change

Electricity Consumption

Our electricity consumption and CO₂ emissions attributable to business facilities in FYE 2017 to FYE 2021 are as follows. We have been introducing energy saving facilities (e.g., air conditioner inverters and desktop LED stands). At the same time, all employees are switching off unnecessary lighting and office machines. We also started a trial of a morning-focused working system for regular employees working in headquarters and branch offices in Japan from October 2013. The formal introduction of this in May 2014 has led to a reduction in our electricity consumption.

(Unit: Thousand kWh)

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------------|------------------|------------------|------------------|------------------|
| Tokyo headquarters* ¹ | 9,331 | 9,200 | 9,178 | 9,055 | 8,685 |
| Osaka headquarters | 434 | 409 | 396 | 384 | 356 |
| Branches and business facilities in Japan | 1,561 | 1,476 | 1,440 | 1,319 | 1,190 |
| Total of domestic bases of ITOCHU corporation★ | 11,326 | 11,084 | 11,014 | 10,759 | 10,231 |
| Group companies in Japan | 471,432 | 798,054 | 878,025 | 1,204,830 | 1,248,258 |
| Overseas offices | 3,087 | 2,224 | 2,118 | 2,098 | 3,515 |
| Overseas group companies | 143,485 | 500,777 | 590,175 | 447,462 | 437,030 |
| Grand total of ITOCHU Group◆ | 629,329 | 1,312,139 | 1,481,382 | 1,665,148 | 1,699,034 |

* This data has been calculated based on the Ordinance on Environmental Preservation for the Tokyo Headquarters and based on the Act on the Rational Use of Energy for the Osaka Headquarters, branches in Japan, other branches and business facilities. However, companies expected to be sold within the next five years held for investment management purposes are not included in the scope of the data. Moreover, non-manufacturing site offices with 10 or fewer employees are quantitatively insignificant. Accordingly, they are not included in the scope of the data.

*¹ ITOCHU is sourcing its real CO₂-free electricity together with a Non-Fossil Fuel Certificate since January 2020. The Non-Fossil Fuel Certificate includes the tracking information of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture) and is used at the Tokyo Head Office building in combination with purchased electricity.

Heat and Steam Consumption

Heat and Steam consumption of the entire Group is as follows.

(unit: GJ)

| | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|----------------------|----------|----------|----------|----------|
| Industrial steam | 513,564 | 494,035 | 541,932 | 488,429 |
| Non-industrial steam | 17,706 | 13,998 | 14,452 | 15,462 |
| Hot water | 10,566 | 4,781 | 4,860 | 5,710 |
| Cold water | 106,416 | 82,139 | 75,227 | 67,618 |

Climate Change

Fuel Consumption

Fuel consumption of the entire Group is as follows.

| | | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------------------|--|----------|----------|----------|----------|
| Kerosene (Unit:kL) | | 4,001 | 4,468 | 2,609 | 3,387 |
| Light oil (Unit:kL) | | 35,577 | 39,362 | 41,790 | 48,460 |
| Gasoline (Unit:kL) | | 10,774 | 12,598 | 12,759 | 12,688 |
| Heavy oil A (Unit:kL) | | 25,699 | 18,289 | 20,432 | 18,969 |
| Heavy oil B and C (Unit:kL) | | 11,711 | 16,551 | 25,942 | 25,546 |
| Coal (Unit:t) | | 341,192 | 333,176 | 315,148 | 325,431 |
| Petroleum gas | Liquefied petroleum gas (LPG) (Unit:t) | 6,321 | 6,614 | 11,966 | 11,294 |
| | Liquefied petroleum gas (LPG) (Unit:1,000 m ³) | 2,454 | 496 | 472 | 469 |
| | Liquefied petroleum gas (LPG) (Unit:kL) | — | — | 186 | 1,209 |
| | Petroleum hydrocarbon gas (Unit:1,000 m ³) | 2,247 | 1,860 | 340 | 3 |
| Combustible natural gas | Liquefied petroleum gas (LPG) (Unit:t) | 1,645 | 3,161 | 5,698 | 4,524 |
| | Other combustible natural gas (Unit:1,000 m ³) | 5,762 | 14,565 | 14,115 | 12,761 |
| Town gas etc. | Town gas (Unit:1,000 m ³) | 204,481 | 33,552 | 26,692 | 46,793 |
| | Other gas (Unit:1,000 m ³) | 0.017 | 158 | 242 | 404 |

Greenhouse Gas (GHG) Emissions

GHG Emissions Attributable to Business Facilities

(Unit:t-CO₂e)

| | | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|--|----------|-----------|-----------|-----------|-----------|
| Total of all Japanese bases in ITOCHU★ | Scope1 | 98 | 91 | 151 | 152 |
| | Scope2 | 7,174 | 6,969 | 6,740 | 6,466 |
| | Scope1+2 | 7,272 | 7,060 | 6,891 | 6,619 |
| ITOCHU Group◆ | Scope1 | 1,299,390 | 1,213,395 | 1,202,508 | 1,522,339 |
| | Scope2 | 617,818 | 771,204 | 835,916 | 799,562 |
| | Scope1+2 | 1,917,209 | 1,984,599 | 2,038,424 | 2,321,901 |

Climate Change

GHG Emissions by Each Business Facility (Scope1+2)

(Unit:t-CO₂e)

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------------|------------------|------------------|------------------|------------------|
| Tokyo headquarters | 6,459 | 6,307 | 6,168 | 6,089 | 5,846 |
| Osaka headquarters | 221 | 208 | 172 | 135 | 121 |
| Branches and business facilities in Japan | 821 | 757 | 720 | 667 | 651 |
| Total of domestic bases of ITOCHU corporation★ | 7,501 | 7,273 | 7,060 | 6,891 | 6,619 |
| Group companies in Japan | 340,559 | 1,280,241 | 1,174,507 | 1,526,279 | 1,611,214 |
| Overseas offices | 2,238 | 1,674 | 2,769 | 1,523 | 2,860 |
| Overseas group companies | 98,427 | 628,021 | 800,263 | 503,731 | 701,209 |
| Grand total of ITOCHU Group◆ | 448,725 | 1,917,209 | 1,984,599 | 2,038,424 | 2,321,901 |

- * GHG emissions of the ITOCHU Group are calculated according to the Management Control Standards (the control approach).
- * The data has been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation for the Tokyo Headquarters and based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures for the Osaka Headquarters, branches in Japan, other branches and business facilities and group companies in Japan. (We have calculated this data by employing the basic emissions coefficients of the power companies.)
- * From FYE 2021, the data has been calculated based on the CO₂ conversion coefficient according to the data of 2018 by country of the International Energy Agency (IEA) for overseas offices and overseas group companies. The data before FYE 2019 has been calculated based on the average of the CO₂ conversion coefficient between 2010 and 2012.
- * From the FYE 2019 data, GHG emissions other than CO₂ from energy consumption, are also included. GHG emissions other than CO₂ from energy consumption from group companies that emit more than 3,000 t-CO₂e per year are aggregated and disclosed.
- * We initiated collecting data on non-energy related greenhouse gases emissions on a step-by-step basis, starting with FYE 2019 data. Specifically, we started including "CH₄ and N₂O emissions associated with pig breeding and excrement management" and "HFC emissions due to leaks from refrigerating equipment, etc." with FYE 2019 data, and started further including "CH₄ emissions associated with wastewater treatment", "CH₄ emissions associated with composting and landfilling waste" and "N₂O emissions associated with the use of fertilizer on farms" with FYE 2021 data.
- * The calculation of GHG uses the GHG protocol developed by WRI (World Resources Institute) and WBCSD (World Business Council for Sustainable Development).

Intensity Figures

■ CO₂ Emissions from ITOCHU's Domestic Sites and ITOCHU Group (Intensity Unit)

(Unit:t-CO₂e)

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------|----------|----------|----------|----------|
| Per employee (Total of domestic bases of ITOCHU corporation) | 1.737 | 1.660 | 1.622 | 1.596 | 1.538 |
| Per one square meter of all floor space (Total of domestic bases of ITOCHU corporation) | 0.064 | 0.063 | 0.061 | 0.068 | 0.057 |
| Per MWh of Electricity Consumption (Grand total of ITOCHU group) | 0.524 | 0.506 | 0.524 | 0.502 | 0.471 |

- * The denominators of Intensity figures per one square meter of all floor space are as follows:
 FYE 2017 116,528m², FYE 2018 115,905m²,
 FYE 2019 115,842m², FYE 2020 101,545 m²,
 FYE 2021 114,920 m²

■ CO₂ Emissions by Beverage Manufacturing Companies (Intensity Unit)

| Business Profile | Company Name (Boundary) | Unit | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|------------------------|--|--|------------------|----------|----------|----------|
| Beverage Manufacturing | Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business) | (CO ₂ e/production capacity kL) | Non-consolidated | 0.091 | 0.081 | 0.088 |

Climate Change

Scope1 Total Emissions Breakdown by Greenhouse Gas Type

| | | | (Unit:t-CO ₂ e) | | | |
|--|--|--------------|--------------------------------|-----------|-----------|-----------|
| | | | Global Warming Potential (GWP) | FYE 2019 | FYE 2020 | FYE 2021 |
| Scope1 Total emissions | | | — | 1,213,395 | 1,202,508 | 1,522,339 |
| Energy consumption carbon dioxide(CO ₂) | | | — | 1,161,002 | 1,158,283 | 1,233,868 |
| Total GHG emissions other than CO ₂ from energy consumption (t-CO ₂ e) | | | — | 52,393 | 44,225 | 288,471 |
| Breakdown | non-energy consumption carbon dioxide (CO ₂) | 1 | 0 | 0 | 0 | |
| | methane (CH ₄) | 25 | 0 | 1,459 | 118,224 | |
| | dinitrogen monoxide (N ₂ O) | 298 | 17,932 | 18,439 | 119,278 | |
| | hydrofluorocarbon (HFCs) | 7,390~10,300 | 34,461 | 24,327 | 50,969 | |
| | perfluorocarbon (PFCs) | — | 0 | 0 | 0 | |
| | sulfur hexafluoride (SF ₆) | — | 0 | 0 | 0 | |
| | nitrogen trifluoride (NF ₃) | — | 0 | 0 | 0 | |

* GHG emissions other than CO₂ from energy consumption from group companies that emit more than 3,000 t-CO₂e per year are aggregated and disclosed.

* We initiated collecting data on non-energy related greenhouse gases emissions on a step-by-step basis, starting with FYE 2019 data. Specifically, we started including "CH₄ and N₂O emissions associated with pig breeding and excrement management" and "HFC emissions due to leaks from refrigerating equipment, etc." with FYE 2019 data, and started further including "CH₄ emissions associated with wastewater treatment", "CH₄ emissions associated with composting and landfilling waste" and "N₂O emissions associated with the use of fertilizer on farms" with FYE 2021 data.

* The global warming potential (GWP: Global Warming Potential) for the calculation of GHG emissions other than CO₂ from energy consumption is based on GWP 100 of the IPCC 4th Assessment Report (AR4).

* Greenhouse gas emissions other than CO₂ have several tens to several tens of thousands of times of greenhouse effect compared to CO₂, and t-CO₂e is used as a unit for expressing that greenhouse effect equivalent to CO₂.

* In addition to the above greenhouse gas, group companies emit 8,967 t-CO₂e as HCFCs, etc.

Costs Associated with Climate Change

Among the environmental conservation costs disclosed as a part of our environmental accounting, costs (P34) associated with climate change (FYE 2021) are as follows:

- Administrative costs of the power generator installed in the Tokyo Headquarters: 1,770 thousand yen
- Research and development (R&D) expenses for climate change risk aversion (donation to Division of Climate System Research, Atmosphere and Ocean Research Institute, the University of Tokyo): 500 thousand yen

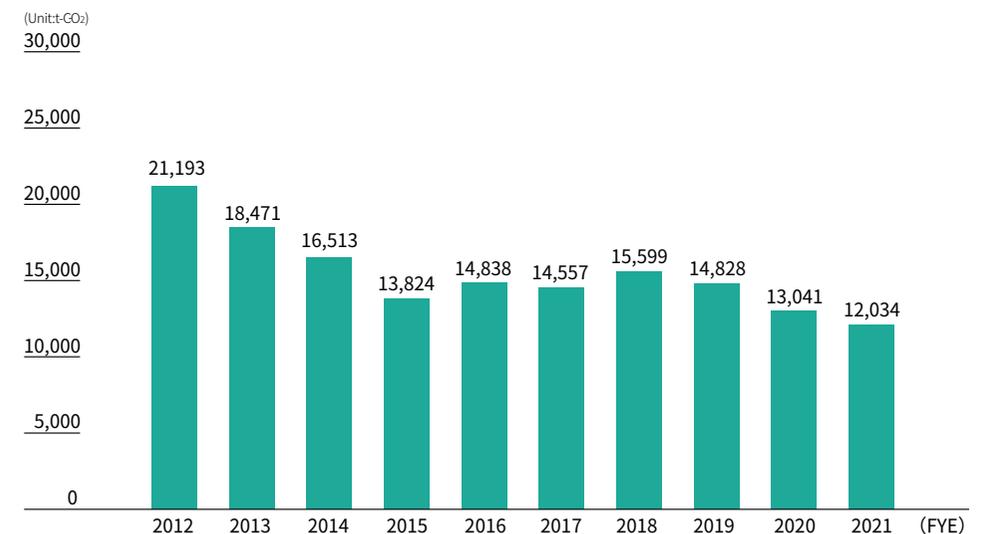
Initiatives Toward Environmental Distribution

ITOCHU is engaged in green distribution to reduce our environmental impact. This is to comply with the Act on the Rational Use of Energy (Energy Conservation Law).

Carbon Dioxide Emissions from Distribution

The carbon dioxide emissions generated due to contracted transport as shippers of ITOCHU is as follows.

CO₂ Emissions Attributable to Distribution★



Climate Change

Energy Saving Measures for Distribution

We have established a company-wide common energy saving measures policy as below in regards to energy saving measures for distribution. On top of that, we have formulated concrete measures for each division company.

| | |
|--|---|
| Transportation Method Selection | Promotion of the use of railroads and domestic shipping |
| Measures to Improve Transportation Efficiency | Use of transportation with the freight of multiple shippers on one vehicle and mixed loading Selection of appropriate vehicle types Increase in the size of vehicles Optimal transportation routes Improvement in the loading ratio |
| Cooperation with Freight Transportation Operators and Recipients of Freight | Review of transportation plans and frequency |

Concrete Measures

- (1) Transportation Method Selection
 - We will survey and analyze the conditions of long-distance truck transportation. We will then consider a change to the transportation method from business that can be switched to railroad and domestic shipping transportation that has a relatively low environmental impact.
- (2) Measures to Improve Transportation Efficiency
 - We will survey the conditions of transportation. We will then consider the selection of appropriate vehicle types and the selection of appropriate transportation routes to further improve loading efficiency and to reduce the energy consumption rate.
- (3) Cooperation with Freight Transportation Operators and Recipients of Freight
 - We have decided to check the initiatives toward environmental distribution with internal criterion concerning the appointment of distribution companies. We recommend the appointment of certified companies.
 - We are building a cooperative system together with our suppliers in addition to distribution companies to realize (1) and (2) above.

Independent Assurance

Independent Assurance Report (P183):

The data below marked with a ★ is independently assured through KPMG AZSA Sustainability Co., Ltd. This assurance conforms to the International Standard on Assurance Engagements (ISAE) 3000 and 3410 of the International Auditing and Assurance Standards Board (IAASB).
 ★: Total electricity consumption and total CO₂ emissions attributable to the domestic bases of ITOCHU corporation (business facilities of the Tokyo Headquarters, the Osaka Headquarters, branches in Japan, domestic branches and other business facilities), and the waste volume, waste non-recycled, waste recycled, recycling rate, water consumption, gray water production volume and wastewater volume for the Tokyo Headquarters, and CO₂ emissions attributable to distribution of ITOCHU Corporation.

Independent Assurance Report (P183):

The data below marked with a ◆ is independently assured through KPMG AZSA Sustainability Co., Ltd. This assurance conforms to the International Standard on Assurance Engagements (ISAE) 3000 and 3410 of the International Auditing and Assurance Standards Board (IAASB).
 ◆: Total electricity consumption and GHG emissions attributable to ITOCHU Group in total.

Prevention of Pollution and Resource Circulation

Action Plan

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

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---------------------------------------|---|--|--|---|---|---|---|
| Textile Company | | | | | | | |
| Ensure stable procurement and supply |  | Reducing our environmental burden in manufacturing processes | Textile products in general | We will promote the building of value chains starting from raw materials focused on sustainable materials. | Promote the RENU project aiming to realize a circular economy in textile industry. Aim to further enhance and expand the handling of sustainable materials. | Contribute to fostering of environmental awareness and reducing our environmental burden by promoting the RENU project and further enhancing and expanding the handling of sustainable materials. | Several well-known brands have adopted the recycled materials of the RENU project we started in FYE 2020. Various media organizations also featured the project. We have contributed to fostering environmental awareness through this. |
| Machinery Company | | | | | | | |
| Ensure stable procurement and supply |   | 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. | Environmental Field <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. We are currently constructing a municipal solid waste incineration and power generation plant(waste to energy plant) and a new leachate-controlled landfill in Serbia. We aim to start full commercial operations in 2022. We acquired a 20% stake in Environment Development Company Ltd. (EDCO) in November 2020. EDCO is providing integrated hazardous waste management services in Jubail Industrial City in Saudi Arabia. We are aiming to enhance the functions of our efforts 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. |
| Energy & Chemicals Company | | | | | | | |
| Ensure stable procurement and supply |  | 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 announced plans to jointly market bioplastics with Borealis AG. (September 2020). We are currently developing this for adoption with brand owners and retailers. We have developed garbage bags and shopping baskets made with marine plastics (November 2020 and February 2021). We are continuing to promote project development and expansion of efforts. We announced development of recycling technology for multi-layer film packing materials in collaboration with Toyo Ink Group (December 2020). We are currently discussing future deployment with brand owners. |

Prevention of Pollution and Resource Circulation

Policy and Basic Concept

Prevention of Pollution

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

Resource Circulation

"Ensure Stable Procurement and Supply" was one of the important ESG issues identified as a material sustainability topic that ITOCHU identified in its April 2018 assessment. As per item (4) of our Environmental Policy, ITOCHU "contributes to the formation of a circular society by promoting the sustainable use of resources (such as fossil fuels, minerals, food, animals and plants), resource conservation measures, and waste reduction and recycling across our business investments and the supply chain of our products and services," pointing to our commitment to promote resource efficiency in accordance with our various business operations.

Ensuring Legal Compliance by the Chemicals Division

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

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

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

Targets

ITOCHU sets qualitative management targets and qualitative performance targets to promote better practices in pollution prevention and resource efficiency. The environmental targets and achievements in FYE 2021 are as follows.

Qualitative Targets

| Item | Boundary | Target | FYE 2021 Results and Evaluation | |
|---|---|--------------------|---|---|
| Prevention of Environmental Pollution and Compliance with Laws and Regulations | Risk Assessment for Investment and Financing Projects | ITOCHU Corporation | Perform pre-investment/financing assessments based on the ESG Checklist, which includes environmental assessment criteria. | Properly implemented |
| | Raising Management Levels through Auditing | ITOCHU Group | Conduct internal audits on environmental management systems to ensure compliance, improved environmental efficiency, and better overall management. | Properly implemented |
| | On-Site investigations of Group Companies | ITOCHU Group | Select appropriate Group companies and conduct on-site environmental management investigations for them. | Properly implemented (Visited on the web) |
| Promotion of Awareness Activities | Raising Awareness of Laws and Regulations | ITOCHU Group | Increase internal awareness on the Waste Management and Public Cleansing Act and the Soil Contamination Countermeasures Act, as well as other relevant regulatory developments by providing learning opportunities such as seminars and courses. We will also monitor and review participation/uptake rates of these trainings in relevant segments of the company. | Properly implemented |
| Resource Conservation, Promotion of Resource Circulation, and Monitoring of performance | Office Waste Reduction | ITOCHU Corporation | Reduce waste and promote recycling in office activities based on ISO 14000. | Properly implemented |
| | Paper Consumption Reduction Target | ITOCHU Corporation | Reduce paper consumption by raising awareness of our targets internally. | Properly implemented |
| | Enhancement of Data Collection | ITOCHU Corporation | Gain a better understanding of our performance by expanding the scope of the environmental performance data that we collect from group companies in Japan and overseas offices. | Properly implemented |

Quantitative Targets

| Item | Boundary | Target Period | Target | Progress in FYE 2021 Against Targets | Assessment | |
|--|--------------------------------|---------------------|-------------------|--------------------------------------|------------------------------------|----------|
| Prevention of Pollution | Serious Environmental Accident | ITOCHU Corporation* | Every Fiscal Year | Zero Serious Environmental Accident | Zero | Achieved |
| Resource Circulation • Waste Discarded | Volume of Waste Discarded | Tokyo Headquarters | March 2025 | 6% Reduction Compared to FYE 2019 | 32% Reduction Compared to FYE 2019 | Achieved |
| | Recycling Rate | | March 2025 | 90% | 93% | Achieved |
| Resource Conservation | Paper Consumption | ITOCHU Corporation | March 2025 | 3% Reduction Compared to FYE 2019 | 38% Reduction Compared to FYE 2019 | Achieved |

* Including domestic and overseas branches and Group companies subject to compliance reporting

Prevention of Pollution and Resource Circulation

Structures and Systems

Due Diligence Regarding Pollution Prevention and Resource Circulation in Business Investment Projects

We assess in advance the impact on the market, society and the environment by business investment projects in Japan and overseas engaged in by ITOCHU and our Japanese subsidiaries. We do this with the ESG Checklist for Investment, which includes assessment criteria to evaluate performance on pollution prevention and resource circulation among potential investments. We make requests to external specialist organizations to conduct investigations in advance for projects requiring a professional point of view. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

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

Compliance with Laws and Regulations in the Divisions Handling Chemical Substances

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

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

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

Management Structure for Emergency Response and Accident Response

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

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

Prevention of Pollution and Resource Circulation

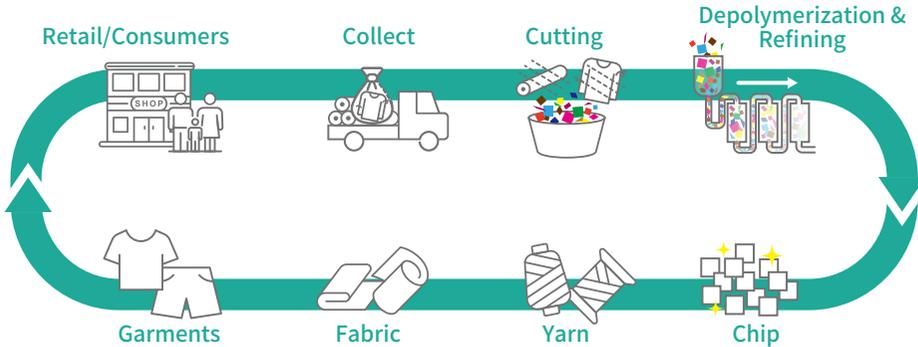
Initiatives

RENU® Project Aims to Realize Circular Economy

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



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



Environmental Impact

The environmental impact of handling recycled polyester at RENU® project in FYE 2021 is as follows.

| | |
|---------------------------------|--------------------------------|
| Feedstock equivalent to T-shirt | 3.5 million pieces of T-shirts |
| Reduced CO ₂ | 521 tons |
| Reduced Water | 875 kilolitre |

ITOCHU Announces Development of Garbage Bag Made From Marine Debris

ITOCHU Corporation and Sanipak Company Of Japan, Ltd., our subsidiary and Japan's largest garbage bag maker developed the world's first*¹ garbage bag including raw materials made from marine debris.*² ITOCHU believes that marine debris is a significant social challenge and has been engaging in material recycling businesses recycling marine debris and turning it into products that are commercialized. In cooperation with Tsushima city, we have succeeded in the recycling. In addition, Sanipak Japan, leveraging the knowledge and technology it possesses as Japan's largest garbage bag maker, has developed the world's first*¹ garbage bag made in part with raw materials made from marine debris.

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

*¹ According to research by ITOCHU

*² Debris that has already flowed into the marine environment



Garbage Bag Made From Marine Debris

Introduction of Shopping Baskets Made Using Marine Plastic Waste as the Raw Material in FamilyMart Stores in Tsushima in Nagasaki Prefecture and Elsewhere

ITOCHU has developed shopping baskets made using marine plastic waste washed ashore in Tsushima in Nagasaki Prefecture as part of the raw materials together with FamilyMart Co., Ltd. and TerraCycle Japan GK. We have introduced these shopping baskets into a total of four FamilyMart stores in Tsushima and Iki in Nagasaki Prefecture in February 2021 to promote community-based SDGs activities.



Prevention of Pollution and Resource Circulation

Waste Reduction Initiatives

Under our environmental management system, ITOCHU adheres to all applicable laws and regulations (Waste Management and Public Cleansing Act, Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Food Recycling Law, etc.) and strives to reduce waste generated through its business activities, as well as maintain a high recycling rate by committing to thorough waste sorting. In recent years, in order to further promote waste reduction initiatives within the company, a small number of employees have been given the opportunity to experience sorting.



Promotion of understanding of Waste Sorting at Underground Waste Storage Sites



Experience Sorting Waste in the Kitchenette

Food Recycling

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

Food Recycling Rate

| | | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|--|----------------------------------|----------|----------|----------|----------|
| Quantity recycled | Waste volume generated (Unit: t) | 1,816.9 | 869.0 | 992.8 | 1,125.8 |
| | Amount of recycling (Unit: t) | 620.6 | 454.9 | 744.4 | 775.5 |
| | Waste volume (Unit: t) | 1,196.3 | 414.1 | 248.4 | 350.3 |
| Target (recycling rate target by individual food related operator) | Reference rate | 76.8% | 77.8% | 78.8% | 79.8% |
| Percentage recycled | Recycling rate | 34.2% | 52.3% | 75.1% | 68.9% |

* In FYE 2018, 1,001.0 tons were discarded due to a warehouse fire.

* FYE 2022 recycling rate target: 80.0%

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

Blast furnace slag is a by-product of the steelmaking process. Mixing and using it with cement as a cement substitute makes it possible to save natural resources (e.g., limestone – the raw material of cement). It is an environmentally friendly product that can reduce the CO₂ generated during manufacturing by about 40%* compared with when making concrete only with cement.

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

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

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



Structure Made with Blast Furnace Slag

Prevention of Pollution and Resource Circulation

Cooperation with Stakeholders

Compliance with the Containers and Packaging Recycling Law

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

The recycling fee we pay every year is as below.

(Unit:Yen)

| Fiscal Year | Recycling Fee / Contribution Fee | Glass Bottles | | | PET Bottles | Paper Containers and Packaging | Plastic Containers and Packaging | Total |
|-------------|----------------------------------|---------------|-------|--------------|-------------|--------------------------------|----------------------------------|-----------|
| | | Colorless | Brown | Other Colors | | | | |
| FYE 2019 | Recycling | 750,030 | — | — | — | 9,045 | 1,197,091 | 1,956,166 |
| | Contribution | 0 | — | — | — | 27 | 0 | 27 |
| | Total amount | 750,030 | — | — | — | 9,072 | 1,197,091 | 1,956,193 |
| FYE 2018 | Recycling | 704,782 | | | | 29,327 | 1,057,941 | 1,792,050 |
| | Contribution | 9,344 | | | | 102 | | 9,446 |
| | Total amount | 714,126 | | | | 29,429 | 1,057,941 | 1,801,496 |
| FYE 2017 | Recycling | 814,414 | | | 708 | 18,306 | 631,798 | 1,465,226 |
| | Contribution | 0 | | | 68 | 168 | 47,052 | 47,288 |
| | Total amount | 814,414 | | | 776 | 18,474 | 678,850 | 1,512,514 |
| FYE 2016 | Recycling | 770,179 | | 158,548 | | 30,825 | 292,375 | 1,251,927 |
| | Contribution | 0 | | 0 | | 315 | 13,395 | 13,710 |
| | Total amount | 770,179 | | 158,548 | | 31,140 | 305,770 | 1,265,637 |

Initiative Participation (Activities Through Business and Industry Groups)

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

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

- [Disposal Amount] reduce 82% compared to FYE 2001
- [Generation Amount] reduce 62% compared to FYE 2001
- [Recycling Rate] 83% or more

Promotion of Resource Recycling in Collaboration with Other Companies

ITOCHU is working to save resources and promote recycling by reducing fossil fuel consumption in collaboration with companies with advanced technologies in Japan and overseas regarding plastics and chemical fiber materials. ITOCHU is working to save resources and promote recycling by reducing fossil fuel consumption in collaboration with companies with advanced technologies in Japan and overseas regarding plastics and chemical fiber materials.

Collaboration to Enable Uptake of Renewable Polypropylene in the Japanese Market

Japan has formulated a basic plan to introduce approximately two million tons of renewable plastic products by 2030 as a countermeasure against climate change. Polypropylene is a principal raw material characterized by its high strength and high heat resistance. It is used extensively, including in food containers, daily commodities and automotive parts. Meanwhile, it has been considered difficult to commercialize polypropylene production from renewable materials due to the many technical difficulties in the production.

Under these circumstances, ITOCHU, Borealis AG and Borouge Pte Ltd. have agreed on the strategic intent to jointly evaluate how to enable uptake of renewable polypropylene (PP) in the Japanese market. Since its foundation in 1994, Borealis has been in business in at least 120 countries as a world-class plastic and resin manufacturer. In March 2020, it embarked on the commercial production of renewable PP and is now working to expand sales in Europe and around the world. ITOCHU targets to commercially launch Japan's first food containers and packaging materials made of Renewable PP as well as other sanitary goods, miscellaneous daily goods, cosmetic containers, office supplies, home electric appliances, automotive parts and other items in many different fields.

Prevention of Pollution and Resource Circulation

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

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

Recently, trends related to the problem of disposable plastic have attracted attention globally, and responses are being hurried. In particular, food packaging, refill pouches for detergent and other sanitary products, and film packaging, known as flexible packaging, feature a multi-layer structure that uses many materials to ensure the required performance, which differs based on use. This includes printed ink and adhesives between the polyolefin or polyester film. A major problem in recycling these materials is the difficulty in separating the layers.

In 2019, Toyo Ink Group developed a technology to separate the ink, adhesive, etc. that make up the multi-layer film or packaging in cooperation with the world's largest environmental solutions company. A demonstration pilot plant will be built in 2021, and, moving forward with LCA (Life Cycle Assessment) appraisals, cost simulations, and other verifications. Toyo Ink Group plans to start a post-industrial recycling business in 2022, and also plans to start a post-industrial and post-consumer recycling business in commercial plants by 2025.

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

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

The Recovery of Nylon Waste to ECONYL® Nylon Products

ITOCHU Corporation and Aquafil S.p.A. have agreed on their strategic partnership to promote and expand the businesses of circular nylon production.

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

In 2011 Aquafil created its ECONYL® Regeneration System that turns recovered nylon waste such as fishing nets, carpets and post-industrial waste back to caprolactam (CPL), a crude raw material. Through its proprietary chemical recycling technology, Aquafil eliminates impurities completely, to achieve regenerated nylon product having the same features of the virgin quality materials. ECONYL® nylon is made completely from waste, which enables up to 90% CO₂ reduction compared to conventional nylon made from petroleum.

ITOCHU will leverage on its Group's diverse network and expand sales for applications in fashion, carpeting, automobiles, and packaging materials. Moreover, ITOCHU plans to enforce Aquafil's nylon waste recovery scheme using its existing sales chain and will also implement the Partnership from the perspective of the stable supply of raw materials to Aquafil. Through its collaboration from the recovery of waste to the sale of Aquafil's products, ITOCHU aims to expand the businesses of nylon circularity.

The License Business of Polyester Chemical Recycling Technology

ITOCHU Corporation, Teijin Limited, and JGC Holdings Corporation have signed a joint agreement on the license business of polyester chemical recycling technology from discarded polyester textile products.

This agreement will bring together Teijin's proprietary chemical recycling technology deployed in the manufacture of polyester, the expertise of JGC derived from its global engineering business, and ITOCHU's extensive network of textile industry players. The three companies intend to establish a system for collecting discarded polyester fiber products and cost-effective chemical recycling technology for using such products as raw materials.

Going forward, ITOCHU, Teijin and JGC aim to expand the range of effective solutions for the mass disposal of used textile products.

Prevention of Pollution and Resource Circulation

Performance Data

Performance Data on the ITOCHU Group's pollution prevention and resource circulation is compiled according to the Management Control Standards (the control approach).

Pollution Prevention

Emissions of NOx, SOx, and VOC (Air Pollutants)

(Unit: t)

| | | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------------------|----------------------------------|----------|----------|----------|----------|
| Grand total of ITOCHU Group | NOx (Nitrogen Oxides) | 1,821 | 1,958 | 13,091 | 11,273 |
| | SOx (Sulfur Oxides) | 425 | 739 | 1,154 | 1,248 |
| | VOC (Volatile Organic Compounds) | 500 | 524 | 520 | 529 |

Resource Circulation

Waste Volume and Waste Recycling Rate

The table below gives the waste volume generated in the Tokyo Headquarters, Osaka headquarters, branches and business facilities in Japan group companies in Japan, overseas offices and overseas group companies from FYE 2017 to FYE 2021. ITOCHU promotes the separation of garbage. Our Tokyo Headquarters has set a single year target of reducing its waste volume by 6% compared with FYE 2019 levels. We are working to reduce our waste volume through initiatives such as 2-in-1 and double-sided printing. The Tokyo Headquarters won the Minato Ward Waste Reducing Business Operator Commendation in FYE 2015.

| | | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|--------------------------|----------|----------|----------|----------|----------|
| Tokyo headquarters★ | Waste volume (Unit: t) | 674 | 698 | 680 | 767 | 465 |
| | Waste non-recycled | 38 | 43 | 48 | 44 | 31 |
| | Waste recycled | 636 | 655 | 632 | 723 | 434 |
| | Recycling rate (Unit: %) | 94.3 | 93.8 | 92.9 | 94.3 | 93.4 |
| Osaka headquarters, branches and business facilities in Japan | Waste volume (Unit: t) | — | — | — | 290 | 258 |
| Group companies in Japan | Waste volume (Unit: t) | 21,947 | 177,526 | 89,210 | 149,620 | 248,465 |
| Overseas offices | Waste volume (Unit: t) | 33 | 5 | 17 | 9 | 41 |
| Overseas group companies | Waste volume (Unit: t) | 10,016 | 141,392 | 364,476 | 461,018 | 504,085 |
| Grand total of ITOCHU Group | Waste volume (Unit: t) | 32,670 | 319,621 | 454,383 | 611,751 | 753,315 |
| | Waste non-recycled | — | — | — | 449,030 | 583,599 |
| | Waste recycled | — | — | — | 162,721 | 169,716 |
| | Recycling rate (Unit: %) | — | — | — | 26 | 23 |

* The waste volume of the Tokyo Headquarters includes the amount sold as valuables.

* Due to the increase in the number of companies subject to aggregation, the figure for FYE 2019 has increased significantly compared to FYE 2018.

Prevention of Pollution and Resource Circulation

Hazardous Waste

(Unit: t)

| | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------------------|----------|----------|----------|----------|
| Grand total of ITOCHU | 1.5 | 1.4 | 1.26 | 1.5 |
| Grand total of ITOCHU Group | — | — | 749 | 45,754 |

Waste Disposal Cost

(Unit: 1,000 yen)

| | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 | |
|--------------------|-----------------------------------|----------|----------|----------|-------|
| Tokyo headquarters | Payment to waste disposal company | 16,330 | 10,448 | 11,998 | 9,067 |

Paper Consumption

The table below gives our paper consumption for FYE 2017 to FYE 2021 (This is for the total of all ITOCHU bases in Japan). ITOCHU has set a target of reducing its paper consumption by 3% compared with FYE 2019 levels. We are working on reducing our paper consumption by going paperless and ending the use of unnecessary paper.

(Unit: Thousand sheets (A4 equivalent))

| | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 | |
|--------------------|------------------------|----------|----------|----------|----------|--------|
| ITOCHU Corporation | Copy paper consumption | 34,940 | 32,949 | 30,711 | 26,913 | 19,167 |

E-learning Concerning Compliance with Chemicals-related Laws and Regulations

Legal Compliance Status

- There were no major violations (e.g., license suspensions)

Results of E-learning on Laws and Regulations Related to Chemical Substances

- We hold chemicals related law and regulation e-learning every year
Chemicals Division alone (participants: 117 / period: October 19 to November 13, 2020)
- We also give information on the same e-learning to the Chemicals Division related Group companies, each division company in ITOCHU other than the Energy & Chemicals Company and also its related Group companies

Handbook on Chemical-related Regulations

The first edition was issued in 2012, and a revised edition was released in 2016 and is currently being distributed. There are 32 laws and regulations covered in this handbook, each of which outlines important aspects of compliance requirements. The purpose of this handbook is to educate our employees, especially new recruits and sales personnel, on the laws and regulations specific to the chemical industry.



Prevention of Pollution and Resource Circulation

Scope of Aggregation

○:in scope of aggregation

| | | Waste Volume and Recycling Rate | Hazardous Waste | Waste Disposal Cost | Emissions of NOx, SOx, and VOC | Paper Consumption |
|---|--|---------------------------------|-----------------|---------------------|--------------------------------|-------------------|
| Tokyo headquarters | | ○ | ○ | ○ | ○ | ○ |
| Osaka headquarters | | ○ | — | — | ○ | — |
| Branches and business facilities in Japan*1 | The number of offices including domestic branches: FYE 2017: 13, FYE 2018: 11, FYE 2019: 13, FYE 2020: 12, FYE 2021: 11 | ○ | ○ | — | ○ | — |
| Group companies in Japan*2 | The number of target companies: FYE 2017: 65, FYE 2018: 208, FYE 2019: 220, FYE 2020: 238, FYE 2021: 232 | ○ | ○ | — | ○ | — |
| Overseas offices | The number of overseas offices: FYE 2017: 16, FYE 2018: 15, FYE 2019: 30, FYE 2020: 29, FYE 2021: 49 | ○ | ○ | — | ○ | — |
| Overseas group companies*2 | The number of target companies: FYE 2017: 46, FYE 2018: 299, FYE 2019: 282, FYE 2020: 286, FYE 2021: 274 | ○ | ○ | — | ○ | — |
| Exclusion | Companies expected to be sold within the next five years held for investment management purposes are not included in the scope of the data. Moreover, non-manufacturing site offices with 10 or fewer employees are quantitatively insignificant. Accordingly, they are not included in the scope of the data. | | | | | |

* 1 The other business facilities cover business facilities owned or leased by ITOCHU (except facilities for residences).

* 2 The group companies in Japan and overseas cover consolidated subsidiaries directly invested in by ITOCHU (as of March 31, 2017) for FYE 2017. All consolidated subsidiaries are covered since FYE 2018 (coverage 100%).

Independent Assurance

Independent Assurance Report (P183):

The data below marked with a ★ is independently assured through KPMG AZSA Sustainability Co., Ltd. This assurance conforms to the International Standard on Assurance Engagements (ISAE) 3000 and 3410 of the International Auditing and Assurance Standards Board (IAASB).

★: Total electricity consumption and total CO₂ emissions attributable to the domestic bases of ITOCHU corporation (business facilities of the Tokyo Headquarters, the Osaka Headquarters, branches in Japan, domestic branches and other business facilities), and the waste volume, waste non-recycled, waste recycled, recycling rate, water consumption, gray water production volume and wastewater volume for the Tokyo Headquarters.

Water Resources Conservation

Action Plan

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|--------------------------------------|--|--|----------------------------------|---|---|---|---|
| Machinery Company | | | | | | | |
| Ensure Stable Procurement and Supply |   | 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. | Water Field We are developing 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. |

Policy and Basic Concept

We understand that water stress and shortages of potable water supply are an increasing global concern. Areas suffering from water shortages are expected to expand due to global economic development and population growth, as well as changes in precipitation patterns due to climate change. However, initiatives to identify new sources of freshwater have yet to see a breakthrough. For example, people have been looking for ways to turn seawater, earth's largest source of water covering approximately 97.5% of all water sources, into freshwater, but at our current technology only 0.01% of seawater can be converted for human use.

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

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

Targets

ITOCHU sets numerical targets for the reduction of water consumption.

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

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

Qualitative Targets

| Item | Boundary | Target | FYE 2021 Results and Evaluation |
|--|--------------------|--|---|
| Risk Assessment for Investment and Financing Projects | ITOCHU Corporation | Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks. | Properly implemented |
| On-Site investigation for Group Companies | ITOCHU Group | Select Group companies involved in businesses where water use is a material risk and conduct on-site investigation on the status of water management. | We selected Group companies in areas where water resources are particularly important, but the visit was postponed due to COVID-19 and a web conference was held. |
| Compliance with Laws and Regulations | ITOCHU Group | Continued awareness and response to domestic and foreign laws and regulations related to water resources (water withdrawal / discharge) | There were no legal violations related to water withdrawal and discharge. |
| Enhancement of Data Collection | ITOCHU Group | Gain a better understanding of our water impacts by expanding the scope and level of detail by which we collect and monitor water-related performance data for domestic and overseas Group companies as well as overseas subsidiaries. | Properly implemented |

Water Resources Conservation

Targets in Water Stressed Regions

| Item | | Boundary | FYE 2021 Target | FYE 2021 Results and Evaluation |
|---------------------------------------|---|--------------------|---|--|
| Initiatives in Water Stressed Regions | Risk Assessment for Investment and Financing Projects | ITOCHU Corporation | Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks. Conduct preliminary risk assessments on water resources for projects and investments in water stressed regions where water resources are critical to operations, such as beverages, agriculture and mining. | Properly implemented |
| | On Site Investigation for Group Companies | ITOCHU Group | Select group companies operating in water stressed regions and conduct on-site investigation on the status of water management. | We selected Group companies in areas where water resources are particularly important and hold web conference. |

Quantitative Targets

| Category | Boundary | Annual Target | FYE 2021 Results | Review | Target | | |
|-------------------------|--------------------------------|------------------------|---------------------------------------|--------------------------------------|----------|------------|-----------------------------------|
| | | | | | Period | Contents | |
| ITOCHU Corporation | Water Withdrawal (Clean Water) | Tokyo Headquarters | Total Volume Reduction Target 1%/Year | 38.4% Reduction Compared to FYE 2019 | Achieved | March 2025 | 6% Reduction Compared to FYE 2019 |
| Water Stressed Regions* | Water Withdrawal (Clean Water) | Water Stressed Regions | Reduction Target 1.5%/Year | 12.6% Reduction Compared to FYE 2020 | Achieved | March 2025 | 9% Reduction Compared to FYE 2020 |

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

Structures and Systems

We assess in advance the impact on the market, society and the environment by business investment projects in Japan and overseas engaged in by ITOCHU and our Japanese subsidiaries. We do this with the ESG Checklist for Investment. (The assessment items include water usage situation.) We make requests to external specialist organizations to conduct investigations in advance for projects requiring a professional point of view. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

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

We conduct an environmental impact assessment, which includes water-related supply chain criteria, for all of the commodities we handle. We have also been conducting annual on-site investigations for Group companies since 2001 to strengthen our environmental risk management. These on-site assessments are conducted for 10 Group companies that we identify as having relatively high environmental impacts. Throughout the assessment, we engage with the senior management team to assess the company's water efficiency performance (water withdrawal and discharge) at facilities such as factories and warehouses as well as the company's compliance with environmental laws and regulations.

We manage water resource risks by using the World Resources Institute's (WRI) Aqueduct for manufacturing bases affiliated with our group.

ITOCHU Group promotes its business activities in compliance with laws and regulations in its business areas related to water usage and discharge. There were no legal violations related to water usage and discharge in FYE 2020.

Water Resources Conservation

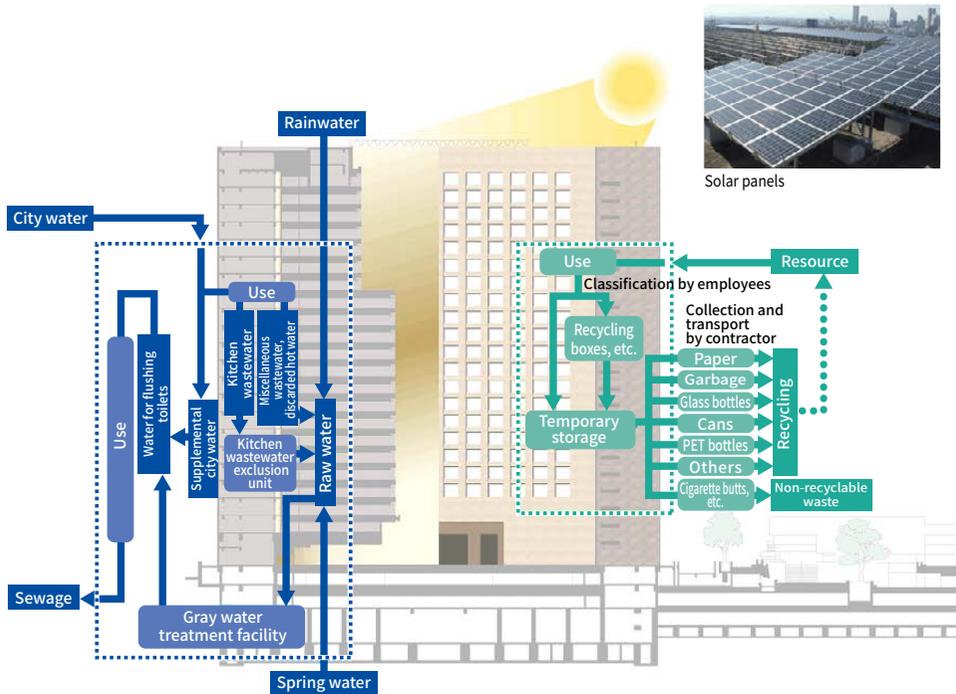
Initiatives for Effective Use of Water Resources

Business Activity

Enhancing Water Efficiency at the Tokyo Headquarter Building

ITOCHU's Tokyo headquarter building has a greywater production mechanism built in since its completion in 1980. This allows for us to recycle kitchen wastewater, rainwater, spring water, and non-fecal wastewater from washbasins and office kitchenettes to utilize it as toilet water.

The amount of greywater production relies, however, on the amount of rainwater we are able to collect. Therefore, in years when rainfall is relatively scarce, we must rely more on tap water than other years. In order to minimize our reliance on tap water, we have installed water saving mechanisms such as in the toilet facility, washbasins, and the toilets themselves.



Solar panels

Business activities in Water Stressed Regions

Understanding Water Risks at Manufacturing Bases

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

Please refer to P68 for water withdrawal at sites identified as high risk in the Baseline Water Stress parameters.

| Overall Water Risk | Number of Sites |
|------------------------------|-----------------|
| Low risk (<10%) | 45 |
| Low to medium risk (10-20%) | 110 |
| Medium to high risk (20-40%) | 61 |
| High risk (40-80%) | 7 |
| Extremely high risk (>80%) | 3 |
| Total | 226 |

Water Resources Conservation

Water Related Business

ITOCHU considers our water related business to be a priority field. We are deploying seawater desalination business and water utility on a global basis. This is to contribute to solving water problems around the world.

List of Water-related Businesses

| Business | Content of Initiatives |
|--|--|
| Water utility business | We invested in the Bristol Water Group in the UK in 2012. This made us the first Japanese company to participate in the UK water services business. The Bristol Water Group provides water services — from water source management to clean water treatment, water supply and distribution, billing and collection, and customer services — to approximately 1.2 million people. |
| Seawater desalination business | We have invested and are participating in a seawater desalination project in Victoria, Australia. This facility is capable of satisfying the water demands of approximately 30% of the population of Melbourne, Victoria. It is a project that has been supporting the stable supply of water to Melbourne since 2012. We have invested and are participating as the largest shareholder in a seawater desalination project with a daily volume of 281,000 m ³ . The Oman Power and Water Procurement Company (OPWP), which is under the umbrella of the Oman government, is promoting this project in Barka in the northern part of the country. This is the largest seawater desalination project in Oman. It involves the construction of reverse osmosis membrane (RO membrane) seawater desalination facilities and surrounding facilities. These will be operated for 20 years. The project has started commercial operation in June 2018. |
| Seawater desalination plant, and osmosis membrane manufacturing and sales | We started delivering multiple seawater desalination plants to Saudi Arabia in the 1970s. We also advanced into the seawater desalination plant rehabilitation business. We established a joint venture company called the Arabian Japanese Membrane Company, LLC with local capital from Saudi Arabia and Toyobo in August 2010. This company manufactures and sells reverse osmosis membrane elements for seawater desalination. |

Examples of Initiatives

[Stable Supply of Drinking Water Connecting to Life]

Largest Seawater Desalination Project in Oman

The demand for water in Oman in the Middle East is expected to grow by approximately 6% a year in the future. The shortage of drinking water has become a challenge together with the increase in the population and urbanization. The Barka Desalination Company in which we are participating entered into a seawater desalination business agreement for a daily volume of 281,000 m³ in Barka in the northern part of Oman toward the stable supply of water in that country in March 2016. This is a public-private partnership project promoted by the Oman government. We have constructed reverse osmosis membrane (RO membrane) seawater desalination facilities and surrounding facilities. These will be operated for 20 years. The facilities started commercial operation in June 2018. This is the largest seawater desalination project in Oman with total operating expenses of approximately 300 million dollars.

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



Seawater Desalination Plant

Cooperation with Stakeholders

Initiative Participation (Activities Through Business and Industry Groups)

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

Participation in the CDP (Water Security)

We participate in the CDP, an NGO with the largest database in the world related to environmental information (e.g., water security management of companies). We do this as part of our work to proactively disseminate information about our initiatives on ESG for various stakeholders around the world. We have been answering the written inquiries of CDP Water Security since FYE 2014.

Water Resources Conservation

Performance Data

Volume of Water Withdrawal and Wastewater Discharge

The table below gives the water consumption, gray water production volume and wastewater discharge in the Tokyo headquarters as well as the water withdrawal and wastewater discharge in Osaka headquarters, branches and business facilities and group companies in Japan, overseas offices and overseas group companies from FYE 2017 to FYE 2021. Our Tokyo headquarters has set a target of reducing its water consumption by 6% compared with FYE 2019 levels. We are reducing our water consumption by introducing devices to save water by using gray water for the water used to flush toilets.

(Unit: thousand m³)

| | | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|--|-----------------------|----------|----------|----------|----------|----------|
| Tokyo headquarters | City water usage★ | 52 | 43 | 47 | 42 | 29 |
| | Gray water usage★ | 31 | 34 | 31 | 34 | 25 |
| | Wastewater discharge★ | 63 | 58 | 59 | 60 | 41 |
| Osaka headquarters, branches and business facilities in Japan* | Water withdrawal | — | — | — | 73 | 61 |
| | Wastewater discharge | — | — | — | 170 | 133 |
| Group companies in Japan* | Water withdrawal | — | — | 32,335 | 21,947 | 24,540 |
| | Wastewater discharge | 847 | 14,629 | 51,913 | 9,594 | 14,269 |
| Overseas offices* | Water withdrawal | — | — | 5 | 5 | 16 |
| | Wastewater discharge | 6 | 6 | 5 | 5 | 15 |
| Overseas group companies* | Water withdrawal | — | — | 106,182 | 72,059 | 48,494 |
| | Wastewater discharge | 207 | 11,832 | 34,380 | 16,394 | 21,723 |

* If we do not know the wastewater discharge, we have calculated it assuming that it is the same as the volume of tap water consumption

* Due to the increase in the number of companies subject to aggregation, the figure for FYE 2019 has increased significantly compared to FYE 2018.

Water Resources Conservation

Water Withdrawal Amount by Withdrawal Source

(Unit:thousand m³)

| | | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------------------|---|---------------|----------------|---------------|---------------|
| Grand total of ITOCHU Group | Supplied water usage, industrial water | 12,952 | 9,560 | 10,649 | 12,119 |
| | Groundwater withdrawal | 17,118 | 92,899 | 46,764 | 20,516 |
| | Water taken from rivers, lakes, rainwater | 43,919 | 31,740 | 26,323 | 31,402 |
| | Water taken from seawater | 0 | 4,339 | 10,269 | 9,068 |
| | Others (produced water, etc.) | 0 | 0 | 11 | 34 |
| | Total | 73,989 | 138,538 | 94,017 | 73,140 |

Discharge Amount by Discharge Destination

(Unit:thousand m³)

| | | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------------------|--|---------------|---------------|---------------|
| Grand total of ITOCHU Group | Water discharged to treatment facility (e.g. sewage) | 57,669 | 3,664 | 7,181 |
| | Water discharged to groundwater | 9,243 | 5,731 | 11,639 |
| | Water discharged to rivers, lakes | 12,992 | 10,464 | 10,251 |
| | Water discharged to sea | 6,453 | 6,130 | 6,679 |
| | Others | — | — | 431 |
| | Total | 86,358 | 25,989 | 36,181 |

Water Resources Conservation

Water Withdrawal in Water Stressed Regions

The amount of water withdrawal at sites with high risk and extremely high risk (>40%) identified using the WRI Aqueduct tool developed by WRI (World Resources Institute) (P65) is as follows.

| | | FYE 2019 | FYE 2020 | FYE 2021 |
|----------------------------|---|----------|----------|----------|
| High risk (40-80%) | Number of sites | 5 | 6 | 7 |
| | Water Withdrawal (thousand m ³) | 188 | 2,201 | 2,786 |
| Extremely high risk (>80%) | Number of sites | 2 | 2 | 3 |
| | Water Withdrawal (thousand m ³) | 583 | 623 | 1,096 |

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

| Category | Boundary | Unit | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|------------------------|--|--|------------------|----------|----------|----------|
| Beverage Manufacturing | Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business) | (Water Consumption m ³ /Production Volume kL) | Not consolidated | 2.01 | 1.95 | 1.85 |

Chemical Oxygen Demand (COD)

| Category | Boundary | Unit | FYE 2019 | FYE 2020 | FYE 2021 |
|----------|------------------------------------|------|----------|----------|----------|
| Chemical | C.I. TAKIRON Corporation (factory) | mg/l | 3.90 | 2.78 | 2.20 |

Environmental Costs Related to Water

Among the environmental conservation costs (FYE 2021) disclosed in the environmental accounting, associated with water are as follows (P34) :

- Cost for water pollution prevention, wastewater treatment cost, grey water production cost, monitoring measurement cost and management cost 10,170 thousand yen
- Research and development expenses for water risk aversion (donation to Division of Climate System Research, Atmosphere and Ocean Research Institute, the University of Tokyo) 500 thousand yen

Water Resources Conservation

Scope of Aggregation

○:in scope of aggregation

| | | Water Consumption and Wastewater Discharge |
|---|--|--|
| Tokyo headquarters | | ○ |
| Osaka headquarters | | ○ |
| Branches and business facilities in Japan*1 | The number of offices including domestic branches: FYE 2017: 13, FYE 2018: 11, FYE 2019: 13, FYE 2020: 12, FYE 2021: 11 | ○ |
| Group companies in Japan*2 | The number of target companies: FYE 2017: 65, FYE 2018: 208, FYE 2019: 220, FYE 2020: 238, FYE 2021: 232 | ○ |
| Overseas offices | The number of overseas offices: FYE 2017: 16, FYE 2018: 15, FYE 2019: 30, FYE 2020: 29, FYE 2021: 49 | ○ |
| Overseas group companies*2 | The number of target companies: FYE 2017: 46, FYE 2018: 299, FYE 2019: 282, FYE 2020: 286, FYE 2021: 274 | ○ |
| Exclusion | Companies expected to be sold within the next five years held for investment management purposes are not included in the scope of the data. Moreover, non-manufacturing site offices with 10 or fewer employees are quantitatively insignificant. Accordingly, they are not included in the scope of the data. | |

*1 The other business facilities cover business facilities owned or leased by ITOCHU (except facilities for residences).

*2 The group companies in Japan and overseas cover consolidated subsidiaries directly invested in by ITOCHU for FYE 2017. All consolidated subsidiaries are covered since FYE 2018 (coverage 100%).

Independent Assurance

Independent Assurance Report (P183):

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★: Total electricity consumption and total CO₂ emissions attributable to the domestic bases of ITOCHU corporation (business facilities of the Tokyo Headquarters, the Osaka Headquarters, branches in Japan, domestic branches and other business facilities), and the waste volume, waste non-recycled, waste recycled, recycling rate, water consumption, gray water production volume and wastewater volume for the Tokyo Headquarters.

Approaches to Conservation of Biodiversity

Policy and Basic Concept

The Aichi Targets for 2020 were determined at the 10th meeting of the Conference of the Parties (COP10) to the Convention on Biological Diversity that was held in Nagoya, Aichi Prefecture in 2010. With this serving as an impetus, the Sustainable Development Goals (SDGs), the Paris Agreement and other international agreements deeply important to biodiversity were also reached after that.

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

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

Biodiversity Declaration

Target: To Realize a Sustainable Society by Building a Society in Harmony with Nature

We will promote actions for biodiversity conservation more than ever before and will aim to further deepen them with our Biodiversity Declaration to make an international contribution.

- We will strive to prevent environmental pollution in order to ensure the conservation of ecosystems and endangered species as well as the human rights of indigenous communities when conducting our business activities.
- We will strive to maintain harmony between the workings of nature and our business activities by committing to the sustainable use of natural resources with regards to the commodities that we handle.
- We will voluntarily and steadily take actions conducive to biodiversity and then disclose information and engage in dialogue.
- We will work on business activities that take into consideration local ecosystems while utilizing the natural capital of each region. We will endeavor to further promote initiatives on nature conservation and biodiversity while linking up and cooperating with related organizations in Japan and overseas.
- We will foster a culture toward creating a society that cultivates biodiversity and improve awareness of this both inside and outside our company.

Targets

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

Targets in Business Activities

| Theme | Target | FYE 2021 Results | SDGs |
|--|---|--------------------------------------|--|
| Biodiversity Conservation Reduce the impact of ITOCHU's products and projects on biodiversity conservation across our supply chain | By 2025, conduct a follow-up ESG risk assessment for all investment projects subject to high biodiversity risk (e.g. hydropower, mines, ships), where biodiversity should be a material risk item assessed, and implement a plan for improvement if necessary. | Identification of biodiversity risks |  |
| Sustainable Use of Natural Resources Implement initiatives to improve the sustainable use of natural resources in order to stably produce and supply commodities related to forestry, fishing, and agriculture in the future | By 2025, we will further strengthen our supply chain management approach that focuses on establishing certification and traceability, in order to prevent deforestation and overconsumption of natural resources. For more details(P139). Timber, Timber Products, Raw Materials for Papermaking, and Paper Products: Aim to achieve 100% coverage of our products that are either certified or confirmed to be under progressive management standards. Achieved the target in FYE 2021 ahead of schedule. Palm oil: Achieve 100% traceability to the mill by 2021 and to switch all palm oil procured by the Company to sustainable palm oil*1 by 2030. In particular, we aim to align our procurement to the NDPE principle (No Deforestation, No Peat, No Exploitation)*2. Marine Products: At present, the MSC*3 certification rate for highly migratory fish (e.g. skipjack and yellowfin) are limited due to lack of capability and technology. Given these circumstances, only 4,500 tons of canned yellowfin we trade per year is MSC-certified. However, we are committed to strengthening our supplier engagement to reach 10,000 tons of MSC-certified canned yellowfin traded per year within 5 years. The rate of pole and line fished*4 canned tuna products we handled in FYE 2014 was 7%. By FYE 2019, we succeeded in doubling this to exceeded 14%. We aim to continue on this trajectory and reach 20%. The usage rate and quantity of pole and line fished raw material in ATI more than doubled from 20% at 8,000 tons in 2013 to 40% at 20,000 tons in 2018. It has become one of the few canned tuna factories in the world that uses pole and line fished raw material. We will continue to secure, maintain and expand pole and line fished raw material. Textile Raw Materials: Make 50% of the textile raw materials that we handle traceable and environmentally friendly by 2025. | | |

*1 Sustainable palm oil: palm oil supplied from supply chains compliant to RSPO and RSPO-equivalent standards
 *2 No Deforestation, No Peat, No Exploitation (NDPE): zero deforestation, zero peatland development, zero exploitations
 *3 The Marine Stewardship Council (MSC) is an international NPO established in 1997 to work on spreading sustainable fishing. It is headquartered in London, England.
 *4 Pole and line fishing is a method of fishing where one fish is caught at a time. It is a sustainable fishing method that does not involve the catching of large quantities of fish at one time. It is said that it is an environmentally friendly fishing method because it is also possible to avoid the bycatch of non-targeted fish.

Approaches to Conservation of Biodiversity

Targets in Business-related Areas

| Targets | FYE 2021 Action Plans | FYE 2021 Results | FYE 2022 Action Plans | SDGs |
|---|---|--|--|---|
| Implementation and follow-up on social contribution programs aimed at environmental conservation [Basic Activity Guidelines 2 Environmental Conservation] | <ol style="list-style-type: none"> Promote the Project for Protecting Green Turtles, An Endangered Species. Continue supporting the project to reintroduce manatees into the wild of the new concept Field Museum ecosystem conservation program in the tropical forests of the Amazon. | <ol style="list-style-type: none"> We launched the Project for Protecting Green Turtles, an Endangered Species in FYE 2019. We gave green turtle conservation tours participated in by employees and their families on Chichijima in the Ogasawara Archipelago in FYE 2019 and 2020. The aim of this was also to foster the environmental conservation awareness of our employees. Since FYE 2017, we have continued to support a survey monitoring the number of green turtle spawns and a post-hatching survey conducted by the Ogasawara Marine Center of Everlasting Nature of Asia certified NPO that is working on marine conservation in the Asian region. The survey results suggest that the number of green turtles in Ogasawara is continuing to increase. In addition, we have supported the construction of a new accommodation facility with improved living environment and convenience. We did this because the mobile home accommodation facility for people visiting Chichijima as volunteers had deteriorated with aging. We continued to support a project to reintroduce manatees into the wild of the new concept Field Museum ecosystem conservation program in the tropical forests of the Amazon. After capture and rearing, 31 manatees (cumulative total) were released into a semi-captive lake. Furthermore, 27 manatees were released into the Amazon River. This project provided more than about 1,000 local residents with learning opportunities. In particular, it encouraged local fishermen to understand the importance of manatee conservation and got them to participate in this project. | <ol style="list-style-type: none"> Promote the Project for Protecting Green Turtles, An Endangered Species. Promote other environmental conservation projects. |   |

Structures and Systems

Assessment of the Impact of Biodiversity on New Businesses

We have established items to assess what impact investment projects will have on the natural environment in the ESG Checklist for Investment — a checklist that must be submitted when entering into new business investment projects. We check whether or not there will be an impact on ecosystems attributable to the applicable project and whether or not there will be an impact on the natural environment (e.g., depletion of resources). If an impact is recognized, we perform risk management in advance of executing the project. For example, upon risk analysis, we make requests to external specialist organizations for additional due diligence if necessary.

Assessment of the Impact of Biodiversity on Existing Businesses

ITOCHU has introduced an environmental management system (EMS) based on ISO14001. We are building a system to evaluate the impact of its business activities on the business it is implementing, as well as the products it handles, in order to recognize the potential impact of its business activities on the global environment and prevent environmental risks. Through this system, we aim to comply with environment-related laws and regulations, prevent environmental risks including biodiversity, and promote environment-friendly businesses. In addition, in order to understand the actual situation of suppliers, seven core subjects of ISO26000 including biodiversity are set as essential survey items, and each company and each company and the handling amount are based on certain guidelines such as high-risk countries, products handled, and amount handled. The relevant group companies select important suppliers, and sales representatives of each company, overseas subsidiaries, and representatives of group companies visit the suppliers and conduct hearings.

Initiatives

Biodiversity Conservation in Business Activities

Consideration for Biodiversity in the Pulp Manufacturing Business

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

For more information, please refer to Wood, Wood Products, Papermaking Raw Material, and Paper Products (P140).

Consideration for Biodiversity in Mine Closure

In our mineral resource development business, we have prepared EHS guidelines based on international standards*, which also stipulate the consideration of biodiversity in the closure of mines. Closure plans are designed not only for physical restoration but also for minimizing the impact and maximizing the benefits on the community by considering the local socio-economy and environment in cooperation with stakeholders. So, it is necessary to prepare funds, ensure the safety of the waterways constructed during the operation, prevent residual chemicals, and conserve ecosystems. Towards future mining closure, we have cooperated with partners, assessed the environmental impact and formulate mine closure plans as stipulated by the countries where projects are, and put the system in order to check the implemented process of the plan.

* EHS Guidelines of the International Finance Corporation (IFC)

Approaches to Conservation of Biodiversity

Biodiversity Conservation in Business-related Areas

ITOCHU is working with stakeholders to protect endangered wildlife.

Support for a Biodiversity Conservation Program in the Amazon

ITOCHU has supported the Field Museum Concept since FYE 2017. This is a biodiversity conservation program in the tropical rainforest of the Amazon being advanced by the Wildlife Research Center of Kyoto University together with the National Institute of Amazonian Research in Brazil for environmental conservation and biodiversity.

The Amazon is an area equivalent to more than half of the tropical rainforests on the earth — it is also known as a treasure trove of ecosystems. However, rapid economic development and local residents cutting down the forest due to their lack of environmental education has led to the gradual loss of this precious ecosystem over the last few years. The Wildlife Research Center of Kyoto University is working together with the National Institute of Amazonian Research to conduct research and dissemination activities to maintain the precious ecosystem of the Amazon. Japan and Brazil have been working together to conduct research and develop facilities for conservation using the advanced technologies that are the specialty of Japan.

We supported the construction of the Field Station. This is a base for the natural observation and research of the diverse creatures and ecosystem of the Amazon in the Cuieiras region at a branch of the Amazon River. This facility was developed through industry, government and academia collaboration. In addition to a multipurpose building with a facility where visitors gather for seminars and research presentations (visitor center), there is also an accommodation building. The opening ceremony for this facility was held in May 2018. The station has made the long-term monitoring of animals and plants possible in an excellent region where a submerged forest and terra firme (solid ground) both exist. This has seen it attract attention both in Brazil and elsewhere around the world. In the future, advanced research will be conducted on the Amazon's tropical rainforest in the medium-to-long term. At the same time, environmental educational activities will be further simulated. It is hoped that this will lead to the conservation of the biodiversity in the Amazon. In addition to research on the Amazon's aquatic life (river dolphins and manatees) and upper reaches of the tropical rainforest that were difficult to study until now, many plans are being considered for the future.

In addition, for the purpose of saving the vulnerable species of the Amazon manatee, ITOCHU supports a program to reintroduce the Amazon manatee into the wild. The number of manatees being protected due to injuries associated with poaching is increasing. On the other hand, autonomous reintroduction into the wild is difficult. Accordingly, there was a pressing need to establish a project to reintroduce manatees into the wild. This project was aiming to reintroduce into the wild nine or more manatees and to semi-reintroduce into the wild 20 or more manatees during the period of the project over three years from FYE 2017. In reality, it has reintroduced into the wild 27 manatees and semi-reintroduced 31 manatees.



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



The logo of Manatee Homecoming Project



Completed Field Station



The Amazonian manatee is a vulnerable species

Approaches to Conservation of Biodiversity

Project for Protecting Green Turtles, an Endangered Species

ITOCHU Corporation support activities for protecting green turtles, designated as an endangered species. The support is provided via Everlasting Nature (ELNA), a certified NPO. The total amount of support so far is 9.5 million yen.

People's lives are deeply connected to the natural environment surrounding green turtles. For instance, coastal development has reduced the availability of sandy beaches used as spawning grounds, the green turtles are caught as bycatch and eat refuse on the coast, mistaking it for food. The probability that a green turtle will reach maturity over a period of around 40 years is between 0.2% and 0.3% (the survival rate of young naturally hatched turtles). In order to cultivate an awareness of the environment on the part of employees, from 2018, ITOCHU conducted a Green Turtle Protection Tour on Chichijima in the Ogasawara archipelago, the largest green turtle breeding ground in Japan. In July 2019, ten ITOCHU employees and family members took part in the tour.

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

Tropical Forest Regeneration and Ecosystem Conservation Activities on Borneo

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



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



Employees participate in conservation activities



Afforestation with Tour Participants



Endangered Species of the Orangutan



Donated a unit house for volunteer stay

Approaches to Conservation of Biodiversity

Hunting World's Borneo Support Activity

Hunting World, a luxury brand deployed by ITOCHU, has been using a logo with the motif of a young elephant without its tusks since the foundation of the brand in 1965. While serving as a symbol of freedom and revival, it also represents the challenge of looking toward the future in terms of the protection of endangered species. It contains the founder's love and respect for nature. Hunting World Japan, which sells Hunting World goods in Japan, has been supporting a biodiversity conservation activity being promoted by an NPO called the Borneo Conservation Trust (BCT) since 2008 to support the realization of coexistence with nature as called for by the founder. The company plans and sells charity goods and then provides 1% of those proceeds to the BCT. This helps with the funds to purchase land for a green corridor and the costs to rescue Borneo elephants that have gone astray in plantations. The company also independently acquired four acres of land in the green corridor project zone with its assistance funds up to that point in the fall of 2011 to create the Hunting World Kyosei no Mori (Symbiotic Forest of Hunting World). These donations have also helped with the funds to establish the Borneo Elephant Sanctuary. This is the first facility in the Wildlife Rescue Center that has been promoted by BCT Japan, which supports the BCT, since September 2013.

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



Endangered Species of the Borneo Elephant (We provide support for the construction of facilities to temporarily protect, treat and acclimatize Borneo elephants until they return to the wild)

Cooperation with Stakeholders

Initiative Participation (Activities Through Business and Industry Groups)

We participate in the Japan Business Federation (Keidanren). We support nature conservation projects in developing areas mainly in the Asia-Pacific region and in Japan through the Keidanren Committee on Nature Conservation that was established in 1992 when the United Nations Conference on Environment and Development (Earth Summit) was held in Rio de Janeiro in Brazil. The Keidanren Committee on Nature Conservation has been working to build an environment in which the business community strives to conserve nature. This has included exchanges with NGOs, the holding of seminars and symposia, and the announcement of the Declaration of Nature Conservation by Keidanren, the Declaration of Biodiversity by Keidanren and the action guidelines for them (revised in October 2018). In addition, in recent years, the committee has also undertaken a tree-planting activity in the Tsunami Memorial Park Nakanohama (Miyako, Iwate Prefecture) that was affected by a tsunami as reconstruction support for Tohoku through the restoration of nature.

In addition, we have declared our approval of the Keidanren's Biodiversity Initiative announced on June 11, 2020.

Cooperation with External Organizations toward Sustainable Palm Oil

ITOCHU joined the Roundtable on Sustainable Palm Oil (RSPO) in 2006. We have set a target of handling only RSPO certified palm oil or palm oil equivalent to that by 2030. We are working on the procurement and supply of sustainable palm oil through cooperation and collaboration with other member companies.

We are also participating in the Sustainable Palm Oil Transparency Toolkit (SPOTT). This is a project by the Zoological Society of London (ZSL) that assesses major palm oil related companies in terms of more than 50 indicators based on data released to the public. We disclose information to stakeholders relating to the palm oil industry through two-way communication.

Participation in the CDP

We participate in the CDP. This is an NGO with the largest database in the world related to environmental information (e.g., climate change measures of companies). We do this as part of our work to proactively disseminate information about our initiatives on ESG for various stakeholders around the world. We have been answering the written inquiries of CDP Forests to assess forest management in the supply chain of companies since FYE 2014.

Aside from our business activities, the ITOCHU Group also conducts activities to conserve biodiversity through activities to contribute to society.

Approaches to Conservation of Biodiversity

Sponsorship of Shiga Prefectural Lake Biwa Museum Renewal Project

ITOCHU donated 5 million yen for the 2020 renewal project of the Shiga Prefectural Lake Biwa Museum for the purpose of environmental conservation and regional promotion of the founding site.

Shiga Prefecture, where our company was founded, is one of the “SDGs Future City” and has Lake Biwa, the largest lake in Japan. Lake Biwa is one of only about 20 ancient lakes in the world. More than 1,700 species of animals and plants live there, and more than 60 species of native species also exist. It is also an important wetland for waterfowl and a registered wetland under the Ramsar Convention. Since its opening in 1996, the museum has attracted more than 11 million visitors, with the mission of deepening our understanding of the nature, history and life of Lake Biwa and building a better relationship between people and the lake.

In May 2019, we received a letter of appreciation from the governor of Shiga Prefecture, Taizo Mikazuki, for our support. The exhibition room which was renewed in October 2020 explains the transition of the forest and the climate around Lake Biwa.



Lake Biwa Museum and Canopy Trail



From Governor Mikazuki (right)
Receipt of a letter of appreciation



Exhibition room explaining the transition of the forest and the climate around Lake Biwa

Performance Data

Performance Data in Business Activities

- Performance Data (P141) Regarding Forest Certification and Legal Compliance, Sustainable Procurement Performance Data of Raw Materials for Papermaking (P141)
- Performance Data Regarding Sustainable Palm Oil Procurement (P143)
- Performance Data of Traceability of Meat (P146)
- Performance Data Related to Certification of Marine Products (P147)
- Performance Data of Organic Cotton Procurement (P148)

Approaches to Conservation of Biodiversity

Performance Data on Business-related Areas

Conservation Project for Endangered Green Turtles

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

| | | Unit | | 2017 | 2018 | 2019 | 2020 | 2020 Compared to the Previous Year | 2020 Compared to 2000 | Notes | Review |
|--------------|---|--------|--------------------|--------|--------|--------|--------|------------------------------------|-----------------------|---|----------|
| Survey Scale | Number of Surveyed Coasts | Coast | Chichijima Islands | 30 | 30 | 30 | 30 | — | | | |
| | | | Hahajima Islands | 10 | 10 | 10 | 10 | — | | | |
| | | | Mukojima Islands | 10 | 10 | 10 | 10 | — | | | |
| | Total Number of Surveys Conducted | Times | | 364 | 280 | 168 | 172 | 102% | | The Increasing Trend of Green Turtles in Ogasawara (Conjecture) | |
| | Total Survey Personnel | Person | | 1,178 | 1,078 | 732 | 692 | 95% | | | |
| Results | Number of Surveyed Green Turtle Nests | Nest | Chichijima Islands | 2,000 | 1,800 | 1,500 | 1,700 | 113% | 378% | In the Chichijima Islands, we succeeded in temporarily stopping the 3-year decrease since 2016. | Increase |
| | | | Hahajima Islands | 500 | 500 | 600 | 400 | 67% | | The decreases in 2020 are partially due to insufficient surveys conducted on the Hahajima and Mukojima Islands. | |
| | | | Mukojima Islands | 50 | 30 | 40 | 28 | 70% | | | |
| | Number of Surveyed Post-hatching Nests (Conducted only on Chichijima) | Nest | | 1,900 | 1,200 | 1,000 | 1,200 | 120% | | Increasing trend with repeated increases and decreases | |
| | Baby Turtles Returning to the Sea (Conjecture) | Head | | 63,700 | 55,000 | 43,700 | 55,000 | 126% | | Trend in Escape Rate | |
| | Escape Rate (Number of Escaped Turtles / Number of Eggs) | % | | 36 | 25 | 32 | 36 | 113% | | Good | |

* Figures are approximate due to unpublished data. Table based on ELNA activity report (<https://www.elna.or.jp/support/%e4%bc%8a%e8%97%a4%e5%bf%a0%e5%95%86%e4%ba%8b/>) (Japanese Only).

Approaches to Conservation of Biodiversity

Support for a Biodiversity Conservation Program in the Amazon

■ Amazonian Manatee Reintroduction Performance Indicators

| Theme | Activities | Three-year (FYE 2017-2019) Performance Indicators | FYE 2017 Performance Indicators | FYE 2017 Results | FYE 2018 Performance Indicators | FYE 2018 Results | FYE 2019 Performance Indicators | FYE 2019 Results |
|---|--|--|--|--|---|--|---|--|
| Return to semi-captive environment | Release of manatees into a semi-captive lake (Manacapuru) or a preserve established in a river (Rio Cuieiras). | <ul style="list-style-type: none"> • Release of 20 or more manatees into semi-captive lake. • Establishment of a lake and preserve for return to a semi-captive environment. | <ul style="list-style-type: none"> • Launch of establishment of lake for return of manatees to a semi-captive environment in Manacapuru. • Health check of 13 manatees living in the semi-captive lake. • Release of 6 manatees in semi-captive lake. | <ul style="list-style-type: none"> • Began meeting for setting up a lake in Manacapuru. • Conducted health checks of 12 manatees. • Released nine manatees into the lake to keep them in a semi-wild state. | <ul style="list-style-type: none"> • Conduct health checks of 17 manatees. • Release eight manatees into the lake to keep them in a semi-wild state. | <ul style="list-style-type: none"> • Conducted health checks of 24 manatees. • Released 12 manatees into the lake where they remain in a semi-captive state. | <ul style="list-style-type: none"> • Release five manatees into the lake to keep them in a semi-wild state. | <ul style="list-style-type: none"> • Released 14 manatees into the lake where they remain in a semi-captive state. |
| Return to the wild | <ul style="list-style-type: none"> • Release of manatees into the Amazon River. | <ul style="list-style-type: none"> • Release of 10 or more manatees into the Amazon River. | <ul style="list-style-type: none"> • Release of 3 or more manatees into the Amazon River. | <ul style="list-style-type: none"> • Conducted a health check on a manatee that was recaptured after being released into the Amazon River and confirmed that both the length of its body and its weight had increased and that the manatee had adapted to the natural environment after being released into the river. • Released five manatees into the Amazon River. | <ul style="list-style-type: none"> • Release five manatees into the Amazon River. | <ul style="list-style-type: none"> • Released 10 manatees into the Amazon River. • Recaptured one manatee that had been released into the Amazon River and conducted health checks on it. Confirmed through the health checks that the recaptured manatee had grown in both body length and weight and that it had adapted to the natural environment smoothly after its release into the River. | <ul style="list-style-type: none"> • Release five manatees into the Amazon River. | <ul style="list-style-type: none"> • Released 12 manatees into the Amazon River. |
| Providing environmental training for local residents and raising their environmental awareness | Raising awareness of biodiversity conservation among local residents through a project for returning manatees to the wild. | <ul style="list-style-type: none"> • Provide at least 100 local residents with learning opportunities every year. • Have local fishermen understand the importance of protecting manatees, aiming to have two of them participate in this project. | — | <ul style="list-style-type: none"> • Asked more than 200 local residents to join us when we released the manatees. Through the protection of manatees, we raised their awareness of the importance of preserving biodiversity. • Encouraged local fishermen to understand the importance of protecting manatees and had two of them participate in this project. | <ul style="list-style-type: none"> • Provide 100 local residents with learning opportunities. • Have local fishermen understand the importance of protection of manatees, aiming to have two of them participate in this project. | <ul style="list-style-type: none"> • Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 301 and 370 local residents participated, respectively. • Two local fishermen took part in this project, continuing their practice from the previous year. | <ul style="list-style-type: none"> • Provide 100 local residents with learning opportunities. • Have local fishermen understand the importance of protection of manatees, aiming to have two of them participate in this project. | <ul style="list-style-type: none"> • Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 350 and 500 local residents participated, respectively. • Two local fishermen took part in this project, continuing their practice from the previous year. |

ITOCHU's Clean-tech Business

We engage in environmental clean-tech businesses that are projected have sustainable growth from a business perspective and are projected to contribute to society's shift toward decarbonization and circular economy. In doing so we employ a mid-to-long-term perspective in our business outlook and aim to leverage the latest technology available.

- 1. Renewable Energy (P79~P81)
- 2. Ammonia Fuel (P82)
- 3. Hydrogen Related Business (P83)
- 4. Energy Storage Systems (ESS) (P84~P85)
- 5. Water Infrastructure (P85)
- 6. Green Buildings (P86)
- 7. Clean-tech Businesses (P86)

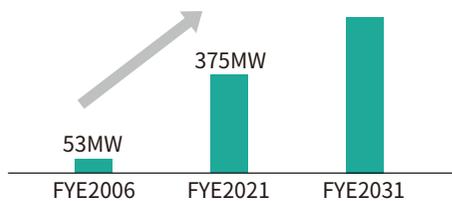
1. Renewable Energy

ITOCHU is involved in various aspects of power generation projects, aiming to optimize and maximize power generation efficiency. These include construction and refurbishment projects for all types of power plants worldwide, Independent Power Producer (IPP) businesses, as well as the operation and maintenance of power plants.

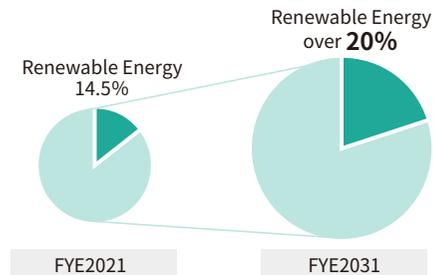
Within the business activities introduced above, we are proactively promoting power generation methods that leverage renewable energy sources such as geothermal, wind, solar, and biomass. We are aiming for a renewable energy ratio of over 20% (equity interest basis) by FYE2031 from 14.5% in FYE2021 within our overall power generation business.

ITOCHU will continue to proactively promote power generation businesses that utilizes renewable energy in and outside of Japan. This will allow us to contribute to global sustainability agreements that aim to create a decarbonized economy to mitigate climate-related impacts.

■ Renewable Energy Generation (Equity Interest Basis)



■ Target for Renewable Ratio of Total Generation



■ Breakdown of ITOCHU's Total Generation in FYE2020 and Breakdown Target for FYE2031

| | FYE2020 | FYE2021 | FYE2021 | FYE2031 (Target) |
|---------------------------------|---|---|-------------|------------------|
| | Generation Capacity on Equity Interest Basis (MW) | Generation Capacity on Equity Interest Basis (MW) | Ratio (%) | Ratio (%) |
| Wind | 185 | 179 | 14.5% | 20%< |
| Solar/PV Power | 83 | 80 | | |
| Geothermal | 83 | 83 | | |
| Biomass | 20 | 33 | | |
| Renewable Energy (Total) | 369 | 375 | | |
| Natural Gas | 1,621 | 1,258 | 85.5% | 80%> |
| Coal-fired Power | 315 | 315 | | |
| Oil-fired Power | 640 | 640 | | |
| Thermal Power (Total) | 2,576 | 2,213 | | |
| Grand Total | 2,945 | 2,588 | 100% | 100% |

For a list of our renewable energy-related businesses please refer to P88. We have announced a policy to not engage in new coal-fired power plant developments or the acquisition of interests in coal-fired power plants*.

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

ITOCHU's Clean-tech Business

Renewable Energy Highlights

Wind Power

ITOCHU has continued involvement in wind power (offshore and onshore) from the late 1990s. Currently, ITOCHU has interests in six power plants in Japan, the United States, and Germany, some of which are currently under development.

[Butendiek Offshore Wind Farm in the North Sea of Germany]

The demand for renewable energy is increasing. Against this backdrop, we have signed a strategic business and capital alliance with the CITIC Group to cooperate in a top-scale offshore wind farm (288MW) operating in the North Sea of Germany. The wind farm supplies power to approximately 370,000 standard German households, contributing to the transition to a low-carbon society.



The Butendiek Offshore Wind Farm

Aomori Mutsu Ogawara Onshore Wind Farm

ITOCHU is planning to build an onshore wind farm (57 MW) in a suitable site with favorable wind conditions in Rokkasho, Kamikita in Aomori Prefecture as a joint project with Hitachi Zosen Corporation and ENEOS Corporation. We are aiming to start operating it during FYE 2025. We expect this wind farm to generate approximately 138 million kWh of power a year. That is equivalent to the annual power consumption of approximately 24,000 ordinary households.

Solar Power/PV Power

ITOCHU is involved in six large-scale solar power plants in Japan, the United States, and in Spain.

[Utility Scale Solar Projects]

Following on from the start of the commercial operation of a mega-solar power plant in Ehime in 2015, ITOCHU started operating mega-solar power plants in Oita in 2016, Okayama in 2017 and Saga in 2018. This means we now operate four mega-solar power plants in Japan (total power generation output: approximately 130,000 kW). The knowledge and experience we have gained through operating these power plants is contributing to the expansion of our renewable energy business. We will continue to aim to stably operate these power plants.



Oita-Hiyoshibaru Solar Power Plant

[Distributed Solar Power Supply Business]

ITOCHU operates one of the largest distributed power plants in Japan focusing on the roofs of supermarkets and logistics facilities through the operating company VPP Japan, Inc. VPP Japan, Inc. deploys the Off-grid Power Supply Service (third-party ownership model for solar power). It installs self-consumption solar power generation systems with zero initial investment by customers and then supplies power at low cost over a long period of time directly to facilities.

Furthermore, it is aiming to develop to regional virtual power plants (VPP) focused on customer facilities by integrating and controlling distributed power supplies (e.g., storage batteries and electric vehicles).



VPP Japan Distributed Power Supply

ITOCHU's Clean-tech Business

Geothermal Power

ITOCHU has interests in an IPP project for Indonesia's Sarulla Geothermal Power Plant, one of the largest of its kind in the world. The financial closure of the \$1.17 billion project was announced in May 2014, being co-financed by the Japan Bank for International Cooperation (JBIC), the Asian Development Bank (ADB), and other commercial banks. This the first of its kind aimed at the IPP of a geothermal power plant.

Biomass Power

The Ichihara Biomass Power Plant (power generation output: 49,000 kW) in which ITOCHU is participating started commercial operation in December 2020. We expect this power plant to generate approximately 350 million kWh of power a year. That is equivalent to the annual power consumption of approximately 120,000 ordinary households. In addition, we established Hyuga Biomass Power Co., Ltd. through joint investment in April 2021. We have decided to build a biomass power plant (power generation output: 50,000 kW) in Hyuga in Miyazaki Prefecture.



Ichihara Biomass Power Plant

Biomass Fuel Related Business

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



Biomass Fuel (Wood Pellets)

Operation and Maintenance for Renewable Power

ITOCHU offers operation, maintenance as well as asset management services for solar power plants in US principally through our subsidiary Bay4 Energy Services, LLC. It serves approximately as many as 1,400 sites (as of Dec 2020) throughout US by utilizing its remote monitoring system.

ITOCHU's Clean-tech Business

2. Ammonia Fuel

With international momentum towards the transition to a decarbonized society since the Paris Agreement came into effect in 2016, the International Maritime Organization (IMO) adopted a strategy for the reduction of greenhouse gas (GHG) emissions within the shipping industry in 2018. This strategy sets targets to reduce CO₂ emissions per transport work - as an average across international shipping - by at least 40% by 2030 (compared to 2008 levels), by 50% by 2050, and to phase them out entirely (zero-emissions) during this century. In order to achieve these goals, the early adoption of ammonia as a suitable zero emission, alternative fuel for marine fuel in ships is one of the key elements. Also, in order to achieve the development of ships that use ammonia as their main fuel, the stable supply of marine ammonia fuel and the development of supply sites are essential elements.

Developing Ships Equipped with a Main Engine Using Ammonia as Its Main Fuel

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

Developing an Infrastructure to Support the Use of Ammonia as an Alternative Marine Fuel for Ships

ITOCHU Corporation, ITOCHU ENEX Co. Ltd. and VOPAK Terminals Singapore Pte Ltd. signed a non-binding memorandum of understanding to jointly study the feasibility of developing an infrastructure on 8 June 2020, to support the use of ammonia as an alternative marine fuel for ships in Singapore.

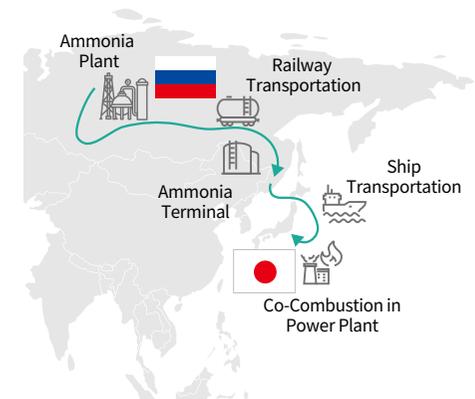
In addition, ITOCHU Corporation and ITOCHU ENEX Co., Ltd. announced in March 2021 that they have reached an agreement with Ube Industries, Ltd. and Uyeno Transtech Ltd. to supply marine ammonia fuel and jointly develop supply sites in Japan.

These latest joint development efforts are not only focused on the development of ships equipped with an Ammonia-fueled Engine and developing supply sites for marine ammonia fuel at Singapore and Japan, but also positioned as part of an integrated project that includes the ownership and operation of these ships, the introduction of marine ammonia fuel and the establishment of worldwide supply chain of that fuel, which ITOCHU and ITOCHU ENEX has been pursuing in parallel. Working in cooperation with companies in Japan and overseas as well as related government agencies, the companies will pursue initiatives aimed at reducing greenhouse gases.

Joint Feasibility Study of an Ammonia Value Chain Between Eastern Siberia and Japan

ITOCHU and TOYO Engineering Corporation have received a commission from Japan Oil, Gas and Metals National Corporation (JOGMEC) to conduct a joint feasibility study of a value chain to produce blue ammonia in Eastern Siberia in Russia and to then transport it to Japan.

ITOCHU will provide our knowledge on logistics optimization cultivated through our rich track record of business in the energy field. We will realize the production and efficient transportation of ammonia, expected to be a new market as a low carbon fuel in the future, to achieve the stable supply of blue ammonia to the Japanese market.



Flow Diagram (Schematic) of the Ammonia Value Chain Between Eastern Siberia and Japan

ITOCHU's Clean-tech Business

3. Hydrogen Related Business

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

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

Strategic Collaboration to Build a Hydrogen Value Chain

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

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



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

Business Model Development of a Local Hydrogen Production for Local Consumption

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

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

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



ITOCHU's Clean-tech Business

4. Energy Storage Systems (ESS)

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

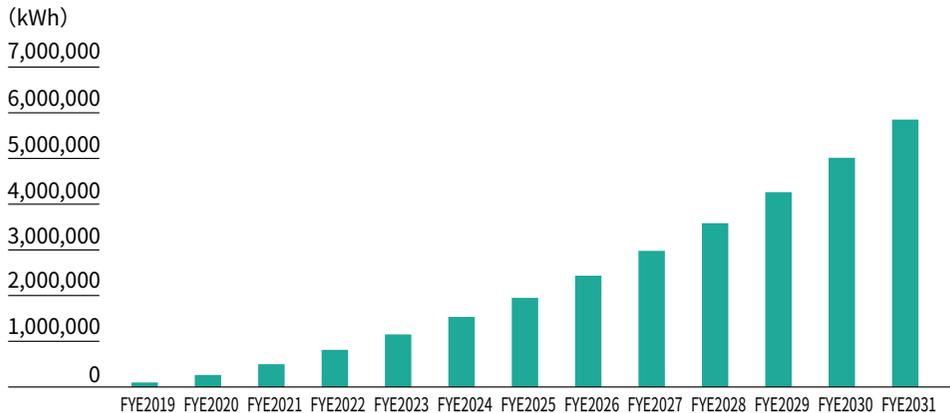
Moving forward, ITOCHU will strengthen our global battery procurement and dealer network to further deploy household storage batteries. At the same time, we will look to develop AI-equipped energy storage systems and to then launch them onto the market (especially, we assume, the U.S. and Australian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

Sales and Cumulative Energy Capacity of Our ESS Products

In cooperation with NF Blossom Technologies, Inc.*, ITOCHU developed Smart Star, a unique ESS approximately 43,000 units as of March 2021. With Smart Star being one of our main product lines, we have shown a steady increase in sales and cumulative energy capacity of the ESS products we have sold.

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

Cumulative Capacity of ESS Units Sold



Other Initiatives

[The Launch of Next-generation ESS Products Using AI Technology]

Smart Star L

ITOCHU signed a capital partnership with UK company Moixa Energy Holdings Ltd., NF Corporation and TRENDE Inc. to create a next-generation ESS that utilizes AI technology. This project has allowed for us to build upon the high performance of our Smart Star L during power-outages, and further enhance it by employing an AI system that analyzes weather forecasts, fluctuations in power consumption rates, and fluctuations in solar power generation to optimize its control mechanisms and maximize efficiency.

For more details(<https://www.smartstar.jp/>)(Japanese only).



External view of the Smart Star L

Smart Star 3 (Released in May 2021)

ITOCHU started selling a new product called Smart Star 3 in May 2021. This product is the first in the world to convert environmental value into a point system through a household energy storage system and it also has an electric vehicle charging function.



External View of the Smart Star 3

ITOCHU's Clean-tech Business

[Equity Participation in TRENDE Inc. and Future Collaboration]

TRENDE Inc. provides an energy retail service with a concept of being easy to understand and economical (Ashita Denki) and an energy retail service to realize solar power generation and reasonable electricity rates with zero initial investment (Hot Denki). It does this under its mission to realize a society which actively utilizes renewable energy. The company is also conducting a demonstration experiment toward the realization of P2P energy trading to contribute to the efficient use and popularization of renewable energy.

ITOCHU and TRENDE Inc. deepened our relationship through the joint development of a power plan only for energy storage systems in 2018. We released Marumaru Denki power plan in April, 2021 as a collaborative model. This is a solar power generation TPO*¹ model with no initial cost, energy storage system and flat-rate electricity bill plan. In the future, we will aim to increase environmental value trading utilizing the non-fossil value*² possessed by renewable energies and to realize P2P energy trading*³ between the customers to whom we provide our services.

*1 TPO is the abbreviation for third party ownership.

*2 Non-fossil value is the environmental value given to power sources which do not use fossil fuels when generating power. A trading market was established in May 2018 to promote the introduction of renewable energies in Japan.

*3 P2P is the abbreviation for peer to peer. P2P power trading refers to direct trading between energy consumers and power generation facility owners.

[Capital and Business Alliance in the Automotive Battery Reuse and Recycling Business with PAND in China]

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

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

We will utilize the knowledge in the stationary storage battery business we have accumulated thus far to provide competitive energy services to new market areas. These areas will include ancillary services that used to be difficult to install into storage batteries due to cost issues and microgrids for power in underpopulated areas. The core of this will be stationary storage batteries utilizing reused batteries.

[Capital and Business Alliance with Sunnova Energy Corporation to Promote the Service and Capabilities of Energy Storage Systems in the United States]

ITOCHU has made an equity investment in Sunnova Energy Corporation, the leading privately-held residential solar power and storage services provider in the United States. ITOCHU's investment in Sunnova, and the two company's proposed strategic partnership, furthers both company's support of solar plus storage services and products that can be deployed at scale.

As more utilities seek to decrease net metering credits offered to customers in the United States, ITOCHU believes that ESS demand will increase for households that need to store solar-powered energy generated and for households that require energy savings in the event of a short or long-term grid outage. Against this backdrop, Sunnova and ITOCHU intend to collaborate on the development of ESS solutions suitable for the U.S. market. Together, we intend to leverage "GridShare Client," the AI software of Moixa Energy Holdings Ltd. (U.K.) in which ITOCHU owns an equity stake, for Sunnova's solar systems.

5. Water Infrastructure

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

Water Utility in Europe

In 2012, ITOCHU acquired an equity position in the Bristol Water Group (U.K.), making us the first Japanese company to participate in water service businesses in the U.K. The Bristol Water Group provides comprehensive water services from water source management to clean water treatment, water supply and distribution, billing and collection, and customer services to approximately 1.2 million people.

Seawater Desalination

We have invested and are participating in a seawater desalination project in Victoria, Australia. This facility is capable of satisfying the water demands of approximately 30% of the population of Melbourne, Victoria, supporting the stable supply of water in the area since 2012.

We have invested and are participating as the largest shareholder in a seawater desalination project with the Oman Power and Water Procurement Company (OPWP), which is under the umbrella of the Oman government. The project, situated in Barka, a northern region of the country, is the largest seawater desalination project in the country, subject to a daily volume of 281,000 m³. The facilities involved use reverse osmosis membrane (RO membrane) to desalinate the water and are projected to operate for 20 years. The plant has started commercial operation in June 2018.

Other Initiatives

[The Development and Sales of Seawater Desalination Plants and Reverse Osmosis Membranes Stable Supply of Life-sustaining Water] – Seawater Desalination Business Largest in Oman –

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Seawater Desalination Plant

ITOCHU's Clean-tech Business

6. Green Buildings

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

Real Estate Business in Japan

ITOCHU engages in real estate primarily through its subsidiaries. Advance Residence Investment Corporation, a listed residential real estate investment trust (REIT) that is a subsidiary to ITOCHU, identifies sustainability as a top priority and is well regarded for its performance. For example, it participates in GRESB, a sustainability rating framework for real estate investors, and has 23 real estate assets with DBJ Green Building certifications, which accounts to 30.1% in surface area, and 8.5% in number of units among its entire portfolio. At ITOCHU Advance Logistics Investment Corporation, a listed REIT focused on logistics assets, we own 6 assets with DBJ Green Building certifications, which accounts to 78.2% in surface area, and 60.0% in number of units among its entire portfolio.

Overseas Housing Complex Business

ITOCHU is involved in housing complexes throughout Asia, from the development, management, and operation of assets. In Indonesia, we are involved in the Karawang International Industrial City (KIIC) project, which covers a surface area of 1,400ha with residents from more than 150 companies. The KIIC is equipped with infrastructures to ensure its stability, such as an industrial water plant, effluents water plant, and an emergency backup water reserve. Furthermore, we have taken measures to ensure the safety and security of the residents by implementing 24-hour security, maintaining a cooperate and communicative relationship with the local police authorities, securing emergency lines to request fire and medical related assistance. We have also considered an environmental sustainability perspective in the design of the KIIC by implementing smart street lights*, the first of its kind in Indonesia's housing complexes.

* Smart street lights: An IoT solution that maximizes the efficiency and efficacy of LED its brightness adjustments. To date approximately 1,200 have been installed in KIIC.

7. Clean-tech Businesses (Links)

Renewable Energy

- Investment in Wind Power Generation Plants in Nebraska and Minnesota (https://www.itochu.co.jp/en/news/press/2020/200317_2.html)
- ITOCHU Announces Joint Development of Mutsu Ogawara Onshore Wind Farm Project (https://www.itochu.co.jp/en/news/press/2021/210317_2.html)
- ITOCHU Announces Investment in US-Based Bay4 Energy Services, LLC (<https://www.itochu.co.jp/en/news/press/2020/201208.html>)
- Announcement of Commercial Operation of Biomass Power Generation in Ichihara City, Chiba Prefecture (<https://www.itochu.co.jp/ja/news/press/2020/201217.html>)(Japanese only)
- ITOCHU Announces Biomass Power Generation Business in Hyuga City, Miyazaki Prefecture (<https://www.itochu.co.jp/en/news/press/2021/210415.html>)

CCS • Carbon Fixation

- ITOCHU Announces Collaboration with Australia-Based MCI on the Utilization of Mineral Carbonation Technologies (<https://www.itochu.co.jp/en/news/press/2021/210506.html>)

Alternative Fuels

- ITOCHU Announces Launch of Microalgae Euglena Cultivation Demonstration Project in Overseas Country (<https://www.itochu.co.jp/en/news/press/2020/201005.html>)
- ITOCHU Announces the Realization of the First Commercial Supply of Sustainable Aviation (https://www.itochu.co.jp/en/news/press/2020/201026_2.html)

ITOCHU's Clean-tech Business

Zero-Carbon Emission Fuels (Ammonia, Hydrogen)

- Joint Agreement Reached for GHG Zero-Emission Ship (<https://www.itochu.co.jp/en/news/press/2020/200430.html>)
- ITOCHU group and Vopak Singapore to sign Memorandum of Understanding to study ammonia marine fuel supply chain in Singapore (<https://www.itochu.co.jp/en/news/press/2020/200612.html>)
- ITOCHU Announces Supply of Marine Ammonia Fuel in Japan and Joint Development of Supply Sites (<https://www.itochu.co.jp/en/news/press/2021/210312.html>)
- Agreement Reached on Joint Feasibility Study of the Ammonia Value Chain between Eastern Siberia and Japan to Achieve a Decarbonized Society (https://www.itochu.co.jp/en/news/press/2020/201224_2.html)
- ITOCHU Announces Strategic Joint Venture with Air Liquide on Hydrogen Value Chain Development (<https://www.itochu.co.jp/en/news/press/2021/210226.html>)
- ITOCHU Announces the Building of a Local Hydrogen Production for Local Consumption Model Business in Northern Kyushu (<https://www.itochu.co.jp/en/news/press/2021/210224.html>)

Power Management

- Initiative for Distributed Solar Power Supply Projects in Japan and Asia (<https://www.itochu.co.jp/en/news/press/2019/190328.html>)
- Expansion of Energy Storage Systems in North America, Australia and Europe :Investment in Eguana Technologies Inc. (<https://www.itochu.co.jp/en/news/press/2020/200316.html>)
- Strategic Investment in Winch Energy Limited Promoting Development of Non-Electrified Regions (<https://www.itochu.co.jp/en/news/press/2020/200210.html>)
- ITOCHU Announces Establishment of a Joint Venture Company on Energy Storage Systems (<https://www.itochu.co.jp/en/news/press/2019/191125.html>)
- Capital and Business Alliance with Automotive Battery Reuse and Recycling Company (<https://www.itochu.co.jp/en/news/press/2019/191028.html>)
- ITOCHU Announces Acquisition of an Equity Stake in TRENDE Inc. for Realizing a Next-Generation, Renewable Energy-Oriented Society (<https://www.itochu.co.jp/en/news/press/2020/200618.html>)
- ITOCHU Announces Launch of New Product in the Smart Star Series of Next-Generation Residential Energy Storage Systems (<https://www.itochu.co.jp/en/news/press/2021/210303.html>)
- ITOCHU Announces Closer Capital and Business Alliance with VPP Japan and Promotion of Sustainable Energy Business (<https://www.itochu.co.jp/en/news/press/2020/200304.html>)

Fuel & Resources Economy

- Itochu Announces Investment in SkyDrive (<https://www.itochu.co.jp/en/news/press/2020/200828.html>)
- ITOCHU Announces Rollout of Demand Forecasting Service for Apparel Through Business Alliance with Japan Weather Association (<https://www.itochu.co.jp/en/news/press/2020/201125.html>)
- Next-Generation Mobility Business in China
Capital Contribution to Singulato, an EV Manufacturer, and DST, a Company Providing Rental and Maintenance Service for Commercial EVs (<https://www.itochu.co.jp/en/news/press/2018/180829.html>)
- Family Mart begins demonstration tests using electric trucks (https://www.family.co.jp/company/news_releases/2018/20181217_01.html)(Japanese only)
- Family Mart begins demonstration tests using small fuel-cell trucks (https://www.family.co.jp/company/news_releases/2020/20201208_03.html) (Japanese only)

Water Infrastructure & Distribution

- Equity Position in the UK's Bristol Water (<https://www.itochu.co.jp/en/news/press/2012/120511.html>)
- Equity Position in CANARAGUA CONCESIONES S.A. in Spain (<https://www.itochu.co.jp/en/news/press/2014/140226.html>)

Water Treatment & Purification

- PPP Desalination Project in Victoria, Australia (<https://www.itochu.co.jp/en/news/press/2009/090803.html>)
- Start of Commercial Operation of Oman's Largest Seawater Desalination Plant in Barka (<https://www.itochu.co.jp/en/news/press/2018/181031.html>)

ITOCHU's Clean-tech Business

Resources Circulation

- ITOCHU, Borealis and Borouge announce collaboration to enable uptake of renewable polypropylene in the Japanese market (<https://www.itochu.co.jp/en/news/press/2020/200925.html>)
- ITOCHU Announces Development of Garbage Bag Made From Marine Debris (<https://www.itochu.co.jp/en/news/press/2020/201126.html>)
- ITOCHU Announces the Cooperative Development of Material Recycling Technology for Multi-layer Film Packaging (<https://www.itochu.co.jp/en/news/press/2020/201216.html>)
- Introduction of Shopping Baskets Using Marine Plastic Debris as Raw Materials to FamilyMart stores in Tsushima City, Nagasaki Prefecture, etc. (<https://www.itochu.co.jp/ja/news/press/2021/210209.html>) (Japanese only)
- ITOCHU and Aquafil announce a Strategic Partnership to support and to expand the nylon circular business (<https://www.itochu.co.jp/en/news/press/2021/210212.html>)
- ITOCHU Announces Use of New Material PAPTIC in Packaging of ROSE GALLERY's Mother's Day Rose Bouquets (<https://www.itochu.co.jp/en/news/press/2021/210414.html>)
- ITOCHU, Teijin, and JGC Conclude Joint Agreement on the License Business of Polyester Chemical Recycling Technology (<https://www.itochu.co.jp/en/news/press/2021/210421.html>)

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

| Details of Effort | Name of Business Operator / Investment Project | Country | Generating Capacity / Size | Greenhouse Gas Reduction Figures |
|--|---|------------------------|--|----------------------------------|
| Wind Power Generation Business | Aspenall Wind Power Generation Project | USA | 43MW | Approx. 120,000 tons / year |
| | Cotton Plains Wind and Solar Power Generation Business | USA | 217MW | Approx. 560,000 tons / year |
| | Mutsu Ogawara Wind Power Generation Project (Under Development) | Japan | 57MW | Estimated 72,000 tons / year |
| Offshore Wind Power Generation Business | Butendiek Offshore Wind Power Generation Project | Germany | 288MW | Approx. 750,000 tons / year |
| Waste Management Projects | ST&W Waste Management Project / South Tyne & Wear Energy Recovery Holdings Limited | England | Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes | Estimated 62,000 tons / year |
| | Cornwall Waste Management Project / Cornwall Energy Recovery Holdings Limited | England | Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes | Estimated 60,000 tons / year |
| | Merseyside Waste Management Project / Merseyside Energy Recovery Holdings Limited | England | Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes | Estimated 130,000 tons / year |
| | West London Waste Management Project / West London Energy Recovery Holdings Limited | England | Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes | Estimated 83,000 tons / year |
| | Serbia Waste Management Project / Beo Cista Energija (Under Construction) | Serbia | Incineration treatment of 340,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 30,000 homes (planned) | Estimated 120,000 tons / year |
| | Dubai Waste Management Project / Dubai Waste Management Company P.S.C. (Under Construction) | UAE | Incineration treatment of 1,900,000 tons / year Generating Capacity: 200MW (planned) | Estimated 2,170,000 tons / year |
| | Geothermal Power Generation | Sarulla Operations Ltd | Indonesia | 330MW |
| Photovoltaic Power Generation | Oita Hiyoshiharu photovoltaic power plant large-scale solar power plant | Japan | 44.8MW | Estimated 32,000 tons/year |
| | Shin-Okayama photovoltaic power plant large-scale solar power plant | Japan | 37MW | Estimated 26,000 tons/year |
| | Saijo Komatsu photovoltaic power plant large-scale solar power plant | Japan | 26.2MW | Estimated 17,000 tons/year |
| | Saga-Ouchi photovoltaic power plant large-scale solar power plant | Japan | 21MW | Estimated 11,000 tons/year |
| Biomass Power Generation | Ichihara Biomass Power Plant | Japan | 49.9MW | N/A* |
| | Hyuga Biomass Power Plant (Under Development) | Japan | 50.0MW | N/A* |

* The lifecycle GHG calculation methodology has not been established

Society



Labor Practices: Employment and Benefits

Action Plan

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

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

Policy and Basic Concept

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

Structures and Systems

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

Risk Assessment for Labor Practices in Business Investments and Financing Projects

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

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

Labor Practices: Employment and Benefits

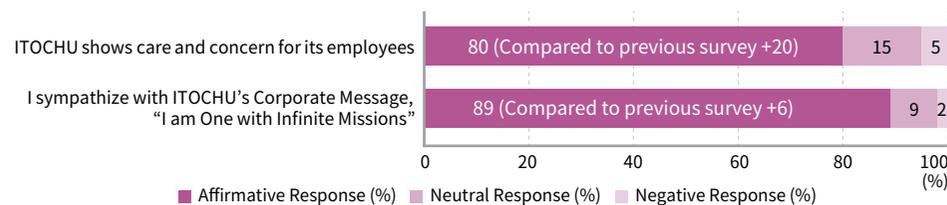
Ensuring Compliance to Labor Standards

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

Employee Engagement

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

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



Promotion of Working-Style Reforms

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

Working Hours Management / Morning-Focused Work

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

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

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

Labor Practices: Employment and Benefits

Outline of Initiatives

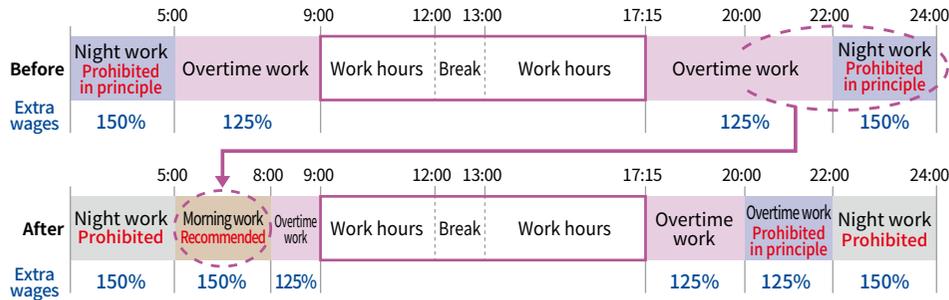
- Night work (10 p.m. - 5 a.m.) is prohibited. Working between 8 p.m. and 10 p.m. is prohibited in principle. However, work after 8 p.m. may be allowed in special circumstances after prior approval if it is unavoidable.
- We pay increased wages at the same rate as for night work to encourage employees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



Providing light meals to employees

■ Morning-Focused Work System Diagram

Time Schedule: Employees subject to time management



Dress-down Days

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

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

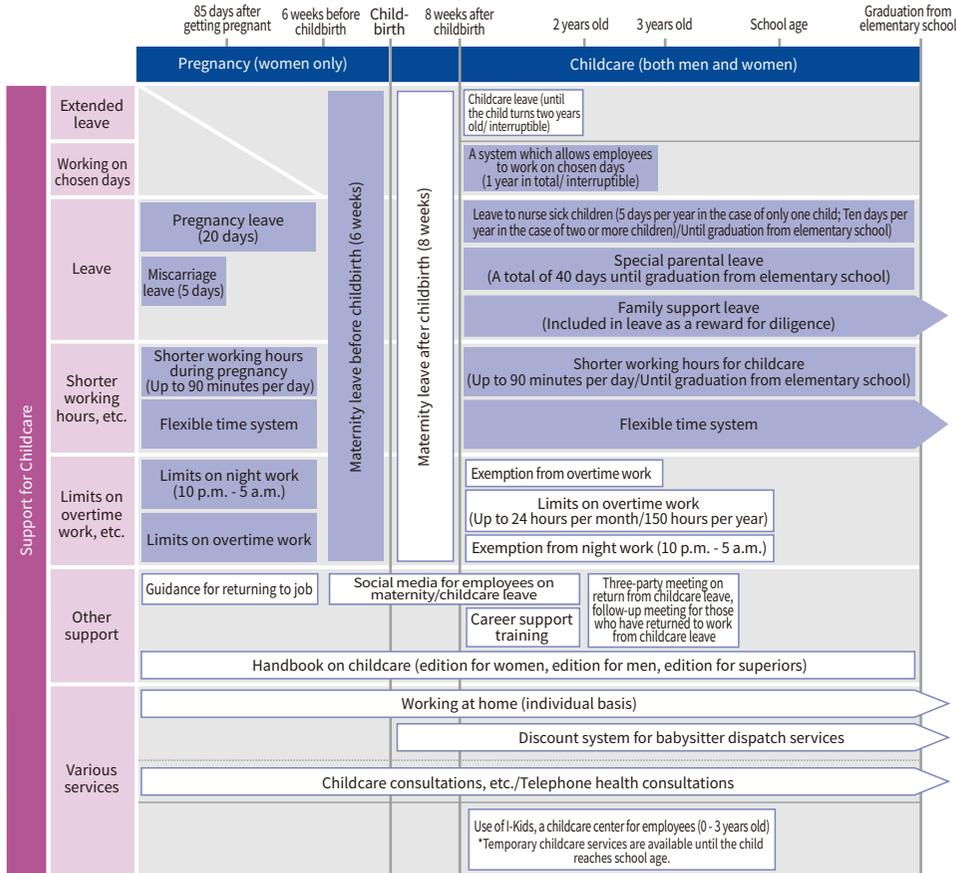
Labor Practices: Employment and Benefits

Balancing Work with Childcare and Nursing Care

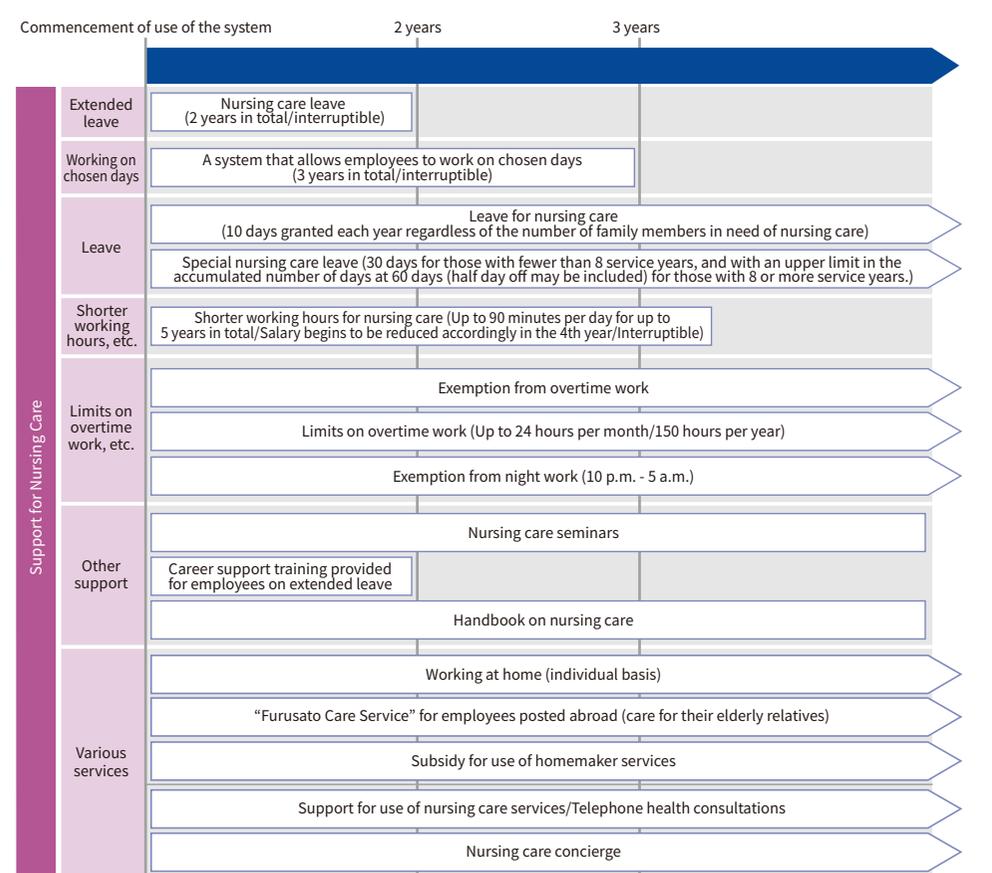
ITOCHE Corporation goes above and beyond the requirements of the law to arrange programs regardless of gender that help employees balance work with their childcare and nursing care obligations. This allows them to continue making full use of their skills during their careers at the company, while resting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

Support Programs for Balancing Work with Childcare & Nursing Care

■ Support for Childcare



■ Support for Nursing Care



Labor Practices: Employment and Benefits

Use of Childcare & Nursing Care Programs

■ Use of Childcare & Nursing Care Programs★

(Unit: people)

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

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

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

Reemployment System

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

ITOCHU Kids Day for Visiting Mom & Dad at Work

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

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

Employee Benefits

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

Employee Cafeteria

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

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

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

Labor Practices: Employment and Benefits

Cooldown Rooms

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

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

Shower Lounge and Shower Room

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

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



The Hiyoshi Dormitory

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

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

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

* Intended only for full-time employees

“SOGO-KAI” Associations

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

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

Labor Practices: Employment and Benefits

Employment and Benefits Data

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

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

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

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

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

(Unit: people)

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

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

(Unit: people)

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

* Employees assigned to overseas subsidiaries and overseas branches/offices

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

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

Turnover — Non-Consolidated Employees★★

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

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

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

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

Labor Practices: Labor Union

Policy and Basic Concept

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

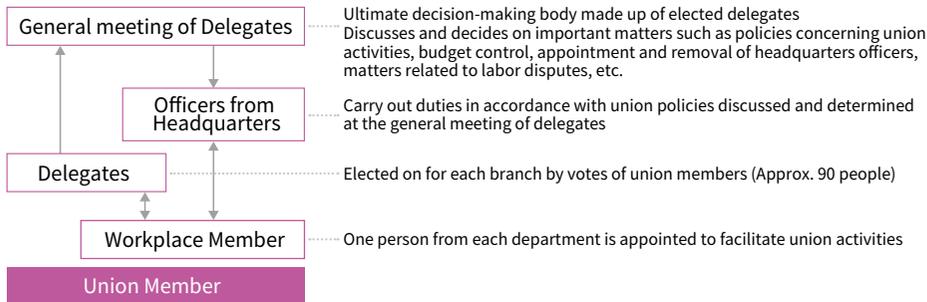
ITOCHU has established a labor union with which we hold constructive discussions to improve the working conditions as well as economic status of its constituents.

Structures and Systems

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

(Article 3, Rules of the ITOCHU Labor Union)

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



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

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



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

Initiatives Together With ITOCHU Labor Union in FYE 2021

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

Activities by the Headquarters of the Labor Union in FYE 2021

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

Labor Practices: Labor Union

Comments from the ITOCHU Labor Union President



Masato Ikehata
President,
ITOCHU Labor Union

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

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

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

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

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

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

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

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

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

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

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

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



Dialogs with the Labor Union

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

Dialogs with the President

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

Dialogs with the Division Company President

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

Labor Practices: Diversity

Action Plan

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

Policy and Basic Concept

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

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

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

Targets

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

Issues to Address

Provide an environment where diverse talent can thrive.

Commitment

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

Specific Approaches

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

Labor Practices: Diversity

Success Indicators

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

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

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

Support for Diverse Talent

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

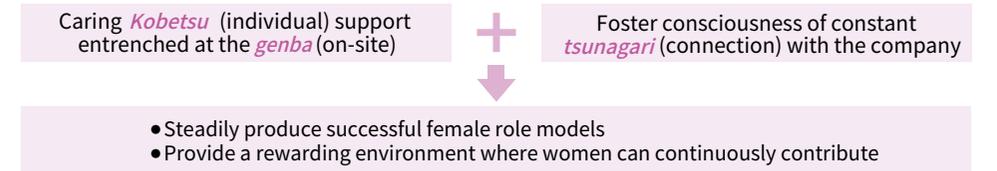
Support for Female Employees

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

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

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

Gen Ko Tsu Reform



Areas of focus



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

Fostering Career Awareness Among Career-Track Women

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



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

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



Labor Practices: Diversity

Measures to Support Career-Track Women

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

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

(Unit: people)

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

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

Clerical Career Support

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

Support for LGBT and Other Sexual Minorities

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

Labor Practices: Diversity

Support for Diversity

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

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

Social Inclusion Support for Disabled Persons

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

Initiatives by ITOCHU Uneedus Co., Ltd.

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



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



Work in the cleaning department

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

Employment of Disabled Persons

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

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

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

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

Labor Practices: Diversity

Support for Middle-aged and Older Employees' Success

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

Initiatives Conducted Overseas

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

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

Accolades for ITOCHU Corporation

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

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

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



Platinum Kurumin Authorization

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



New Diversity Management Selection 100

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



2017 Award for Excellence from the Minister of Health, Labour and Welfare for "Excellent Equal Opportunity/Work and Family-Life Balance Companies" ("Family-friendly Companies" Category)

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

〇ファミリー・フレンドリー企業部門
平成29年度



Eruboshi Certification (Stage 2)

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



Ministerial Award for Women Empowering Companies 2020

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

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

Employee Training

Action Plan

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

Policy and Basic Concept

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



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

Targets

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

Issues to Address

Sustained employee skill development

Commitment

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

Specific Approaches

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

Employee Training

Success Indicators

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

Structures and Systems

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

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



Training System

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

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

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

Training Available to Employees of Group Company

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

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

Employee Training

Training Results

Time/Cost Allotted for Employee Skills Development Training

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

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

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

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

Attendance in Major Training

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

Key Points for Better Training

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

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

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

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

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

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



Training in the Global Development Program

* Equivalent to headquarters management positions

Employee Training

Talent Synergy with CP & CITIC

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

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

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

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



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

ITOCHU Morning Activity Seminar

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

■ Morning Activity Seminar Results

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



An ITOCHU Morning Activity Seminar

Employee Training

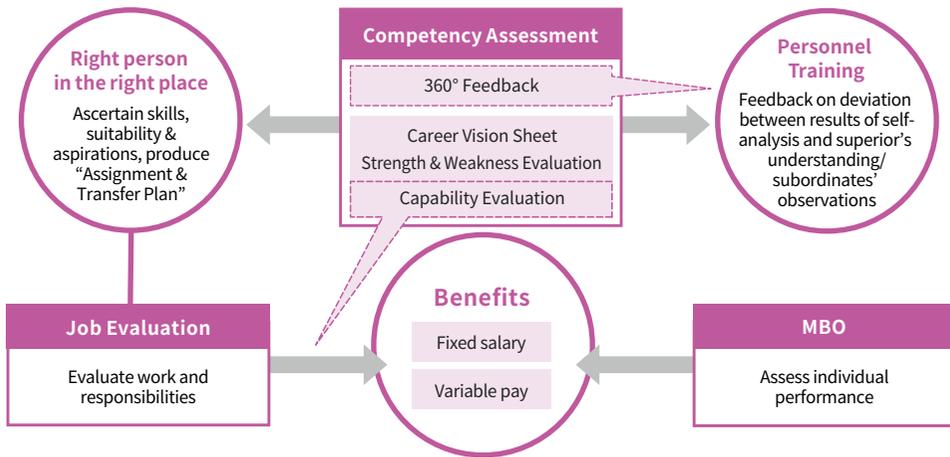
HR Appraisal & Assessment System

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

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

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

Overall Picture of the Personnel Evaluation Systems



Management By Objectives (MBO) Flow



Competency Assessment Flow



Career Support

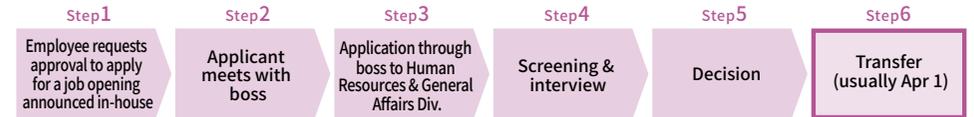
Career Counseling

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

Formal Introduction of the Challenge Career System

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

Challenge Career System Process



Employee Training

Promotion of Rotation

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

ITOCHU Internship

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

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

Occupational Safety and Health Management

Action Plan

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

Policy and Basic Concept

Occupational Safety and Health Management for our Employees

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

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

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

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

Occupational Safety and Health Management

Occupational Safety and Health Management along the Supply Chain

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

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

Safety and Health Related Risk Assessments for Investment Projects

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

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

Combating Global Health Issues

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

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

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

Targets

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

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

Issues to Address

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

Commitment

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

Specific Approaches

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

Success Indicators

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

Occupational Safety and Health Management

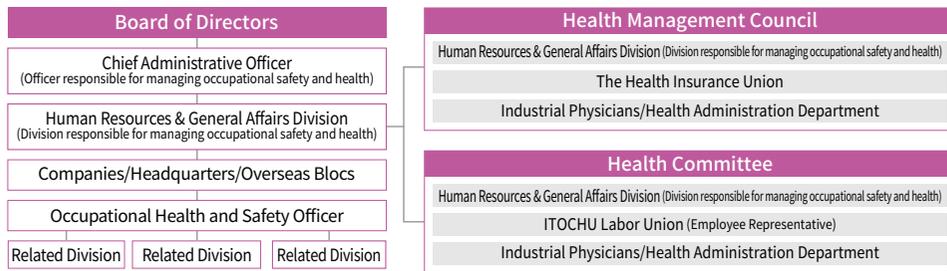
Structures and Systems

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

Health Administration Center

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

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

Occupational Safety and Health Management

Mental Health

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

Safety Measures for Employees on Travel or Stationed Overseas

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

Measures to Address Medical Issues and Prevent Infectious Diseases

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

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

Basic Health Management Support

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

Health-Related Emergency Support

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

Addressing Health and Disease Related Issues in Local Communities

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

* Dole Philippines’s Pineapple Division

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

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

Occupational Safety and Health Management

Occupational Health and Safety Data

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

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

(Unit: People)

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

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

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

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

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

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

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

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

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

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

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

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

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

FYE 2021 Number of Employees that Received Our Main Health and Safety-related Trainings

(Unit: People)

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

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

Initiatives for Health Management

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

Our Health Insurance Union operates two recreation centers in Japan, and implements initiatives which include cooperating with the Health Administration Center to fully cover the cost of treatment that helps employees stop smoking. Moreover, in August 2017 we began to lead the way in Japan with company initiatives to support balancing cancer care and work from the three perspectives of prevention, treatment, and coexistence. We are striving to create a workplace in which all employees, regardless of whether they suffer from cancer or long-term illness, can continue to work without concern toward their fullest potential, all the while maintaining motivation and finding meaning in their work.

Occupational Safety and Health Management

Policies for Living with Cancer

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

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

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

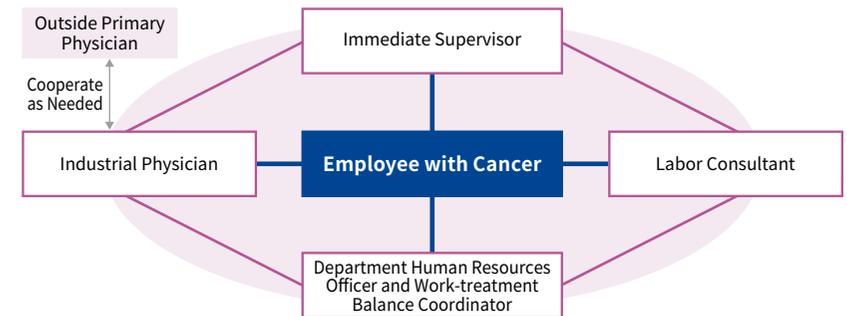
We are newly promoting the following policies as support to balance cancer care and work from the three perspectives of prevention, treatment and coexistence. This is in addition to developing a support structure for long-term illnesses that includes the health management structure we have enhanced up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

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

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

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

■ ITOCHU Corporation Support System for Balancing Work and Cancer Treatment



Application to Group Companies

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

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

Occupational Safety and Health Management

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

1. Labor management case study workshops

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

2. ITOCHU Group Human Resources and General Affairs Liaison Council

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

3. Human resources and labor management assessments

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

4. ITOCHU Group Human Resources and Labor Management Portal Site

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

External Appraisal/Assessment

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

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

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

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



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

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



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

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



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

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

The Best Practice Enterprise

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



Nihon no Jinjibu HR Awards 2018

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



1st gan-ally-bu Awards

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

Respect and Consideration for Human Rights

Action Plan

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

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

Respect and Consideration for Human Rights

Policy and Basic Concept

The ITOCHU Group Human Rights Policy

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

1. Policy Scope and Our Expectations Toward Business Partners

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

2. Endorsement of International Agreement

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

3. Legal Compliance and Respect for Internationally Recognized Human Rights

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

4. Management Approach

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

5. Human Rights Due Diligence

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

6. Remedy and Rectification

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

7. Dialogue and Consultations

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

8. Education and Awareness

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

9. Communication on this Policy and Our Relevant Initiatives

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

April 2020

Fumihiko Kobayashi

Member of the Board

Executive Vice President

Chief Administrative Officer

Respect and Consideration for Human Rights

Individual Policy

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

Response to Modern Slavery and Human Trafficking

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

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

Consideration for Foreigners

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

Respect for the Rights of Children

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

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

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

Security Company Appointment Concept

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

Respect for the Rights of Indigenous People

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

Structures and Systems

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

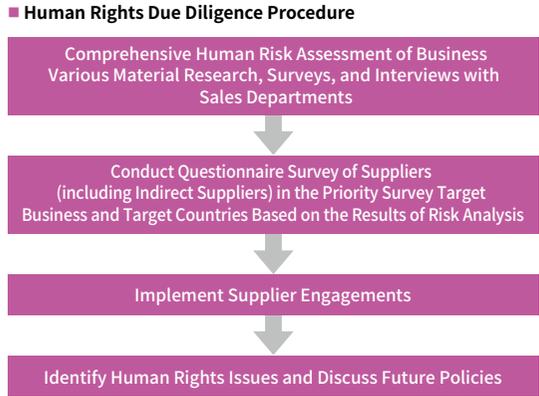
* Reference: Sustainability Promotion Structure Chart (P12)

Respect and Consideration for Human Rights

Human Rights Due Diligence

Initiatives

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



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

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

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

New Business Investment Projects

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

Existing Business

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

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

Supply Chain Management

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

Risk Assessments

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

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

Consultation Desk

Employee Consultation Desk

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

「所属部署では相談しづらいこと」
相談窓口 03-XXXX-7830

私たちにご相談・お問い合わせ下さい！
身近な総合相談・所属の人総担当

HR Help Guide Book on the Intranet

Career Counseling Center

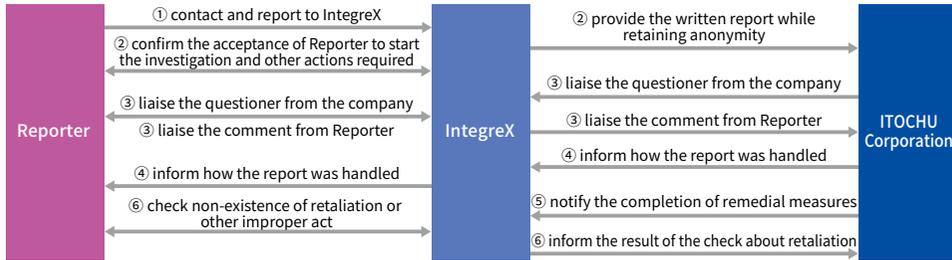
ITOCHU established our Career Counseling Center ahead of other companies. This office accepts workplace culture, human relations, treatment and harassment related consultations in addition to consultations on the careers of individuals by telephone, fax, e-mail and the post. Full-time career counselors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

Respect and Consideration for Human Rights

Hotline

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

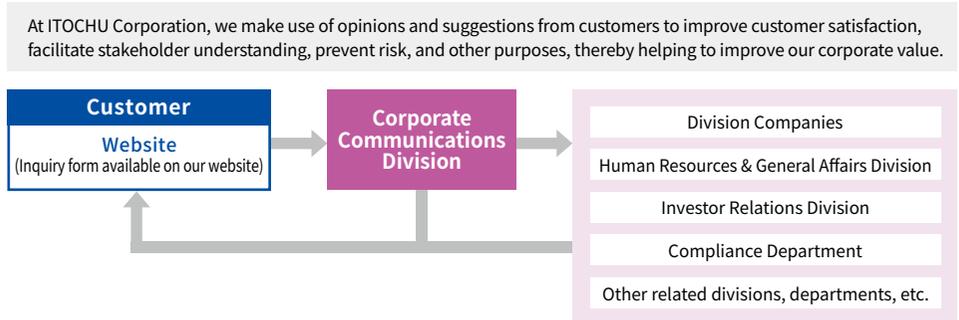
Flow When Received a Report by the Japanese External Report Reception Desk (IntegreX Inc.)



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

Consultation Desk for the General Public (including Stakeholders)

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



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

Initiatives

Implementation of Fair Recruitment

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

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

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

* The figures as of April 1st, 2021

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

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

Respect and Consideration for Human Rights

Training Programs

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

■ **FYE 2021 Human Rights Training Record** (Unit:People)

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

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

Sustainability Seminars

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

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

Seminar Details (P27).

Various Publications

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

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

Respect and Consideration for Human Rights

Countermeasures Against Harassment

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

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

Foreign Technical Intern Trainee Survey on Working Environment

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

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

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



Seminar on "Sustainability Promotion and Foreign Technical Intern Trainees"

Cooperation with Stakeholders

Participation in Workshops on Human Rights Issues

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

Responsibilities to Customers

Action Plan

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

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

Responsibilities to Customers

Policy and Basic Concept

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

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

Product Safety

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

Responsible Marketing

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

Advertising

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

Marketing

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

Individual Policy

Safety of Food Products

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

Philosophy

FOR THE NEXT GENERATION

Mission

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

Activity Guidelines

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

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

Responsibilities to Customers

Responsible Food Business: Commitments and Policies

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

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

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

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

Improving Access to Better Nutrition

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

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

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

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

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

Safety of Pharmaceuticals and Responsible Marketing

Pharmaceutical Quality and Safety

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

Pharmaceutical Ads and Labels

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

Responsibilities to Customers

Structures and Systems

Quality Management

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

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

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

Supplier Management Audits for our Food Business

Due Diligence for New Suppliers

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

Securing the Safety of Food through Regular Audits of Overseas Suppliers

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

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

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

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

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



Food Audit

*International Register of Certificated Auditors

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

Factory Audit Procedure

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

Regular Audits to Ensure Food Safety

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

Responsibilities to Customers

Subsidiaries that have ISO22000 or FSSC22000 Certifications

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

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

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

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

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

Attendance Record

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

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

Participation in Food Safety-Related Initiatives and Organizations

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

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

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

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

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

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

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

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

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

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

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

Responsibilities to Customers

Quality Management in our Pharmaceutical Business

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

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

Regular Site Visits for Foreign Suppliers

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

Contribution to Improving QOL in the Pharmaceutical Field

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

Initiatives

Initiatives to Support Socially Vulnerable Groups

FamilyMart

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

[Responsible Advertising, Marketing, and Promotion of Alcohol]

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

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

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

[Reducing Negative Impact of Food Products]

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

Examples of Health-supporting Products and Services

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

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

Responsibilities to Customers

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



Products Using Soy Meat

[Food Safety and Reliability]

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

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

[Community Engagement for a Brighter Future]

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

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

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

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

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

Responsibilities to Customers

Initiatives to Ensure Responsible Labeling

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

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

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

Involvement in Industry Initiatives to Ensure the Safety of Alcohol Consumption

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

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

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

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

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

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

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

Responsibilities to Customers

Contributive Initiatives to Alleviate Hunger and Poverty in Developing Countries

World Food Programme (WFP)



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

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



ITOCHU Employees Participating in the Walk the World Event

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



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

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

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

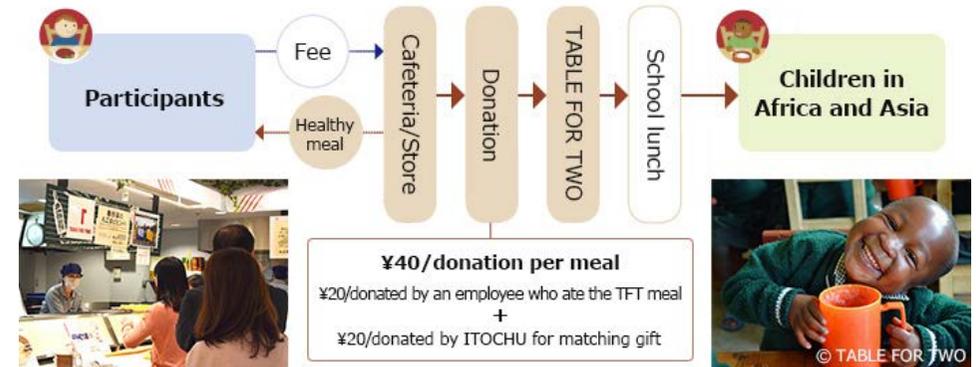


Table for Two is an international NPO that was founded by an affiliate of the World Economic Forum’s Young Global Leaders. The organization aims to right the imbalance between the 1 billion people in the world who suffer from undernutrition, and the 1 billion people in the world who suffer from obesity.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

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

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

Currently, our Tokyo Headquarters provides TFT meals.



Sustainability in the Value Chain: Action Plan

Action Plan

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

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

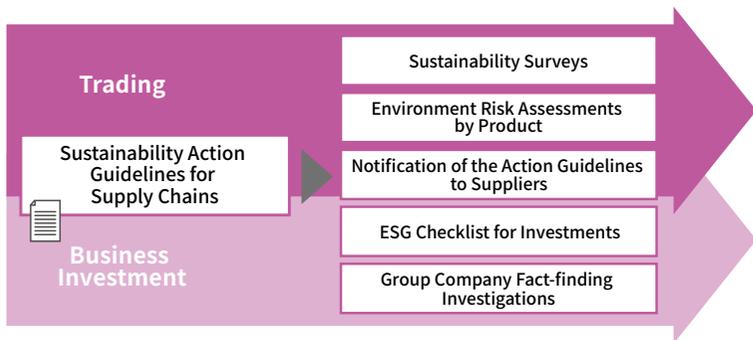
Sustainability in the Value Chain: Policy and Basic Concept

Supply Chains

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

Notifying Suppliers of the Sustainability Action Guidelines for Supply Chains

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



Sustainability Action Guidelines for Supply Chains

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

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

Sustainability in the Value Chain: Structures and Systems

Supply Chain

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

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



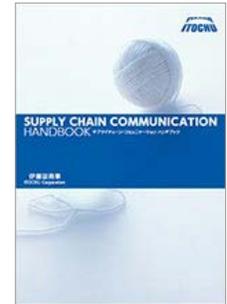
Sustainability Surveys

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

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

Sustainability Checklist

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



Supply Chain Communication Handbook

■ Outline of Sustainability Survey

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

■ Department and Product Specific Supplementary Sustainability Items

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

Sustainability in the Value Chain: Structures and Systems

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

Example Excerpt from the Handbook



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

Reference

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

FYE 2021 Sustainability Surveys

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

Number of Suppliers Surveyed

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

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

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

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

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

Sustainability in the Value Chain: Structures and Systems

Human Rights Audits in the Poultry Industry in Thailand

Inspection of the CPF Saraburi Factory

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

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

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

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

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



CPF Saraburi Factory



Those from CPF Who Cooperated with the Audit



Interview with a Cambodian Worker on His Actual Working Conditions



All Signs in Cambodian on Fire Prevention Facilities



Advice Not to Over-stack Auxiliary Feedstock

Regular Visits and Surveys of Food Processing Factories

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

Response to Suppliers in Violation of This Policy

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

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

Sustainability in the Value Chain: Structures and Systems

Business Investment Management

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

ESG Risk Assessment for New Business Investment Projects

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

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

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

Group Company Fact-finding Investigations

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

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

Visit and Survey Report: DOLE PHILIPPINES Fact-finding Investigation

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



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

Resource Sourcing that Requires Forest Conservation Initiatives

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

Commodities Relevant to Forest Conservation

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

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

Sustainable Procurement Policy on Natural Forests and Forest Resources

[Organizational Scope]

ITOCHU Corporation and its group subsidiaries

[Sustainable Procurement Policy on Natural Forests and Forest Resources]

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

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

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

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

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

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

Management Approach

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

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

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

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

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

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



Metsä Fibre (Certification by FSC® and PEFC)

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



New Äänekoski Plant commissioned in 2017

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

Certification of Traceability for Chinese Timber

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

Sustainability Survey and Supplier Engagement

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

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

[Sarawak, Malaysia]

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

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



Interview with Indigenous Community in Anap Muput Forest Management

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

Performance Regarding Forest Certification and Legal Compliance

[Performance of Timber and Timber Products]

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

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

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

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

Sustainable Procurement Performance of Raw Materials for Papermaking

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

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

* License No. FSC® C009841

Natural Rubber

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

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

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

Participation in the GPSNR

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

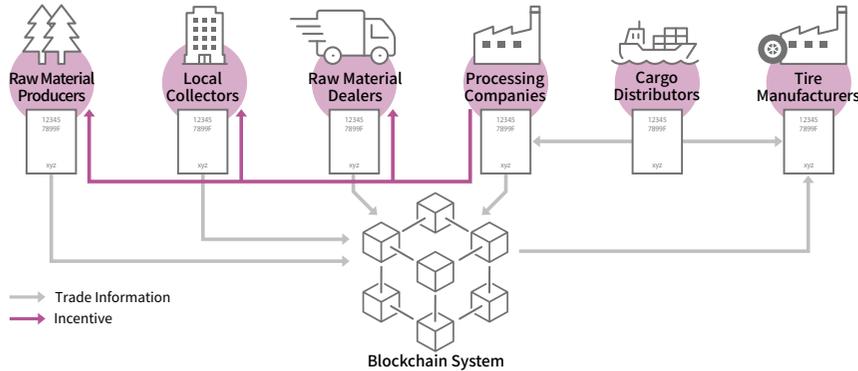
Initiatives for Demonstration of Traceability Using Blockchain

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

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

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

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



Palm Oil

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

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

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

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

Establishing Traceability

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

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

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

Membership to the Roundtable on Sustainable Palm Oil (RSPO)

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

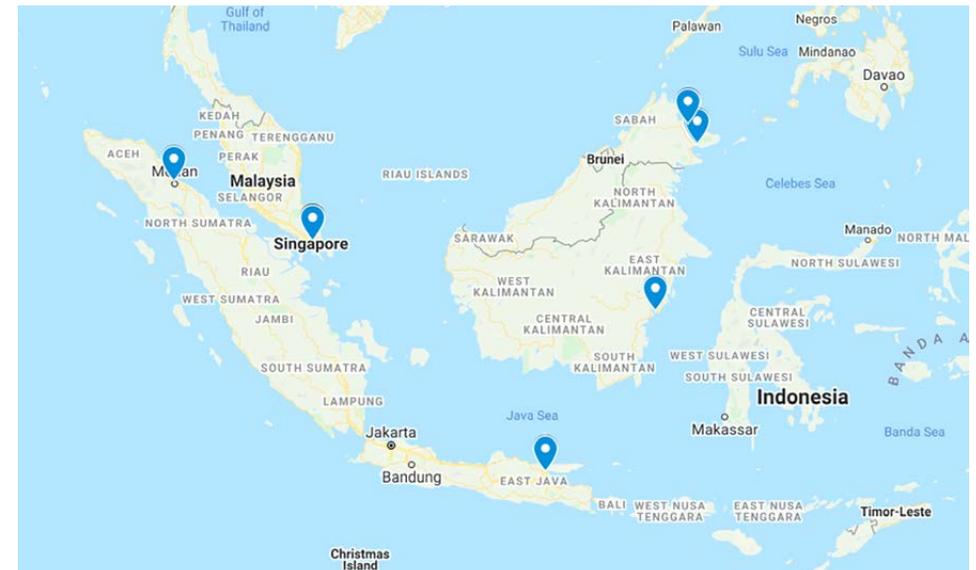
We confirm priority items and utilize them in procurement through sustainable procurement surveys, including on-site examinations, and direct engagement with suppliers.

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

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

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

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



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

Performance Data Regarding Sustainable Palm Oil Procurement

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

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

Food

Cocoa Beans and Coffee Beans

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

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

Cocoa Bean and Coffee Bean Trading Supply Chain

Cocoa Beans



Coffee Beans



Overview of Cocoa Bean and Coffee Bean Dealings

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

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

Sustainable Cocoa Bean Sourcing Program

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

Sustainable Coffee Bean Sourcing Program

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

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

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

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

Project with Farmer Connect SA

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

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

Dairy Products

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

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

Ensuring the Safety of Raw Milk

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

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

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

Initiatives for the Sustainability of Ranches

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

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

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

Meat

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

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

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

Ensuring Traceability at HyLife Group Holdings

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



Teys Australia Condamine's Cattle Fattening Farm



Pork Processing Process

Teys Australia Condamine's Global Warming Countermeasures

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

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



Installed Solar Panels

Initiative Participation

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

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

Performance Data of Traceability

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

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

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

Animal Welfare

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

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

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

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

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

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

Marine Products

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

Targets

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

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

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

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

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

Sustainability Surveys for Marine Resource Suppliers to Ensure Responsible Procurement Practices

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

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

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

Certifications and External Stakeholder and Initiative Participation

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

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

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

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



Pole and Line Fishing

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

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

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

Performance Data Related to Certification

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

Textile Raw Materials

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

* The textile raw material section

Organic Cotton Procurement in India

Traceability in Organic Cotton Procurement in India



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

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

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

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

Expansion of Environmentally Friendly Materials

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

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

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

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

* Commitment of Protecting Forests through Material Sourcing of MMCF
 (https://www.itochu.co.jp/en/csr/pdf/commitment_of_protecting_forests_2019.pdf)

* RENU Project (P56)

* Participation to Textile Exchange "the 2025 Recycled Polyester Challenge"
 (<https://textileexchange.org/wp-content/uploads/2021/04/News-Release-Textile-Exchange-Leads-on-rPET-Challenge-with-UNFCCC.pdf>)

Performance Data of Organic Cotton Procurement

All organic cotton is GOTS certified and traceable.

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

Governance



Corporate Governance

Action Plan

| Risks | Opportunities |
|---|---|
| Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control. | 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. |

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---|---|--|----------------------|---|---|--|---|
| Maintain Rigorous Governance Structures |  | 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 (always a one third or higher percentage of outside Directors; currently four out of 10 Directors) and the ratio of women (currently two out of 10 Directors). We have maintained a majority of the members of the Governance and Remuneration Committee and Nomination Committee coming from outside the company (four out of seven members). We have mostly completed the establishment of a structure in each listed subsidiary in accordance with our Policy on the Governance of Its Listed Subsidiaries. |

Policy and Basic Concept

ITOCHU Group adopts the spirit of “Sampo-yoshi” (in Japanese, “yoshi” means “good”, and “sampo” means three sides, and these three sides consist of (1) the seller (“urite”), (2) the buyer (“kaite”) and (3) society (“seken”). “Sampo-yoshi” is therefore “urite-yoshi” (meaning “good for the seller”), “kaite-yoshi” (meaning “good for the buyer”) and “seken-yoshi” (meaning “good for society”) as our corporate mission, which spirit originates from the message of our founder Chubei Itoh I (the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “Sampo-yoshi” is the business spirit by which we aims to bring a positive effect into the world and to contribute to sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future.

It is the fundamental management policy of ITOCHU Corporation (“ITOCHU” or the “Company”) to build a fair and good relationship with various stakeholders based on our corporate mission and our guideline of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

A strong leadership and a transparent decision-making system are pillars of good corporate governance. ITOCHU adopts an organizational structure with the presence of an Audit & Supervisory Board (kansayaku secchi kaisha). In recent years, ITOCHU has gradually shifted to a governance model where executive officers decide and carry out the day to day business under the direction and supervision of the Board of Directors, along with implementing measures to strengthen monitoring.

In order to separate execution by and monitoring over management, we reduced several executive Directors and the percentage of outside Directors in our Board of Directors was increased to one-third or more from April 2017. We keep this percentage of outside Directors also in FYE 2020 and onwards. Additionally, ITOCHU has established a Governance and Remuneration Committee and a Nomination Committee as advisory committees to the Board of Directors. Each committee is chaired by an outside Director and the majority members of each committee are outside Directors and Audit & Supervisory Board Members. In appointing outside Directors and Audit & Supervisory Board Members, ITOCHU places great importance on their independence, and in this connection, ITOCHU has adopted its own independence criteria, augmenting the independence criteria established by the Tokyo Stock Exchange.

This highly independent Board of Directors monitors execution by management as well as deliberates the execution of business that is of high quantitative or qualitative importance. The Company believes this arrangement facilitates not only appropriate monitoring over execution by management but also the consideration of important business execution from an external perspective.

It is also vital that ITOCHU discloses its financial and non-financial information to the stakeholders as part of good governance. For this purpose, ITOCHU adopts a “Basic IR Policy” to further promote a multi-party stakeholder dialogue, and uses our best effort to timely and adequately disclose such information. Through the communication with its stakeholders, ITOCHU aims to enhance its corporate value on a long-term basis.

Corporate Governance

Compliance with Corporate Governance Code

As of June 2021, ITOCHU complies with all principles set forth in Corporate Governance Code.

For details, please refer to Corporate Governance Report (https://www.itochu.co.jp/en/files/CG_e.pdf).

- Establishment of the Governance and Remuneration Committee and the Nomination Committee as advisory committees to the Board of Directors
- Establishment of policy and process for appointing executive officers, candidates for Directors and candidates for Audit & Supervisory Board Members
- Adoption of our own independence criteria regarding the judgement on the independence of outside Directors and outside Audit & Supervisory Board Members

Reason for Adopting the Current System

The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed outside Directors the percentage of which is one-third or more of the total number of the Directors, and keep this percentage of outside Directors also in FYE 2021 and onwards. And, the Company has already appointed independent outside Directors and established the Governance and Remuneration Committee and the Nomination Committee, as voluntary advisory committees to the Board which are chaired by outside Directors and which comprise of majority outside members, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and strengthening and improving the transparency of decision making. In the process of appointing the outside Directors and outside Audit & Supervisory Board Members, the Company focuses securing independency of the outside Directors and the outside Audit & Supervisory Board Members, and in addition to the independence criteria established by the Tokyo Stock Exchange ITOCHU has adopted its own independence criteria.

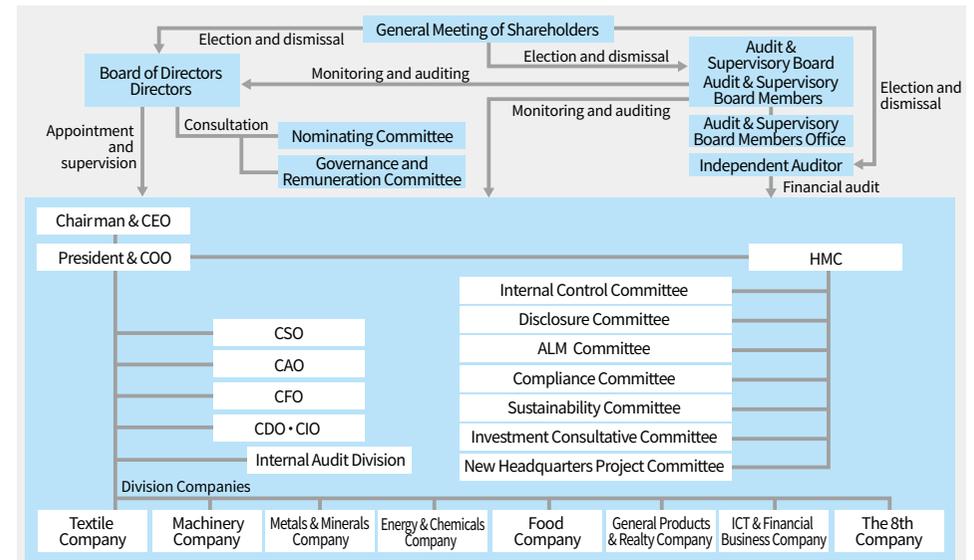
The Company believes that its current corporate governance system—which is based on the Board of Directors consisting with the independent outside Directors for one-third or more of all Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, more than half of whom are outside Audit & Supervisory Board Members— accords with ITOCHU’s Basic Policy stated in this report.

Structures and Systems

Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the Directors.
2. Each Director is to carry out such Director’s functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative Directors.
4. The Audit & Supervisory Board Members are to oversee the performance of the Directors based on the “Audit & Supervisory Board Regulations” and “Auditors’ Auditing Standards.”

Overview of ITOCHU’s Corporate Governance and Internal Control System (As of April 1, 2021)



*1 HMC=Headquarters Management Committee CEO=Chief Executive Officer COO=Chief Operating Officer CSO=Chief Strategy Officer
 CAO=Chief Administrative Officer CFO=Chief Financial Officer CDO · CIO=Chief Digital & Information Officer ALM=Asset Liability Management
 *2 CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.
 *3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Corporate Governance

Board of Directors

Overview

- The Company is a company with the Board of Directors and Audit & Supervisory Board Member (the Audit & Supervisory Board).
- As from 1 April, 2018, Chairman of the Company is Chief Executive Officer and President of the Company is Chief Operating Officer.
- The Board of Directors, comprising 11 Directors including 4 outside Directors, is chaired by the Chief Executive Officer. The Board of Directors is held, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors. Two of the outside Directors are female, and the average term of overseas assignment period of our internal Directors is 5.8 years (as of 18 June, 2021).
- Each Director carries out functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and the other internal regulations.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, executive officers implement their designated duties delegated by the Board of Directors and representative Directors. As of 18 June, 2021, the Company has 31 executive officers (some of whom concurrently serve as Directors), comprising 29 male executive officers and 2 female executive officers.
- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.

Corporate Governance System (As of June 18, 2021)

| | |
|---|---|
| Type of System | Company with the Board of Directors and the Audit & Supervisory Board |
| Number of Directors (Of which, Number of Outside Directors) | 11 (4*) |
| Number of Audit & Supervisory Board Members (Of which, Number of Outside Audit & Supervisory Board Members) | 5(3) |
| Term of Office for Directors | 1 year (the same for outside Directors) |
| Adoption of an Executive Officer System | Yes |
| Organization to Support CEO Decision-making | Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues |
| Advisory Committees to the Board of Directors | Governance and Remuneration Committee, Nomination Committee |

*Two of the outside Directors is female, and the average term of overseas assignment period of our internal Directors is 5.8 years.

Members of the Board

◎Chair ○Member ★Observer

| Name | Current Position and Responsibility in ITOCHU Corporation | Number of Attendance at Meetings of the Board of Directors | Number of Years in Office | Governance and Remuneration Committee | Nomination Committee |
|---|---|--|---------------------------|---------------------------------------|----------------------|
| Masahiro Okafuji Reelection Male | Chairman & Chief Executive Officer | 12 / 12 (100%) | 17 years | ○ | ○ |
| Yoshihisa Suzuki Reelection Male | Vice Chairman | 12 / 12 (100%) | 5 years | — | — |
| Keita Ishii New election Male | President & Chief Operating Officer | — | — | ○ | ○ |
| Tomofumi Yoshida Reelection Male | Member of the Board, Executive Vice President, General Products & Realty Company | 12 / 12 (100%) | 6 years and 9 months | — | — |
| Yuji Fukuda Reelection Male | Member of the Board, Executive Vice President CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations | 12 / 12 (100%) | 5 years and 9 months | — | — |
| Fumihiko Kobayashi Reelection Male | Member of the Board, Executive Vice President Chief Administrative Officer | 12 / 12 (100%) | 6 years | ★ | ○ |
| Tsuyoshi Hachimura Reelection Male | Member of the Board, Executive Vice President Chief Financial Officer | 12 / 12 (100%) | 6 years | — | — |
| Atsuko Muraki Reelection Outside Female Independent | Member of the Board | 12 / 12 (100%) | 5 years | — | ◎ |
| Masatoshi Kawana Reelection Outside Male Independent | Member of the Board | 12 / 12 (100%) | 3 years | ◎ | ○ |
| Makiko Nakamori Reelection Outside Female Independent | Member of the Board | 12 / 12 (100%) | 2 years | — | ○ |
| Kunio Ishizuka New election Outside Male Independent | Member of the Board | — | — | ○ | — |

Corporate Governance

Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman, President, officers in charge of headquarters administrative functions, one appropriate Division Company president, and such several outside Directors that the percentage of outside Directors in our Board of Directors is one-third or more to improve supervisory function of the Board of Directors. In nominating outside Directors, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent Directors" prescribed by the Tokyo Stock Exchange, and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. Proposal on candidates for Directors is created by the Chairman and Chief Executive Officer taking into consideration diversity such as knowledge, experience, gender and international experience, and submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

| Name | Independent Directors | Reason for Appointment as Outside Director (For Independent Directors, Including Reason for Designation as an Independent Director) |
|------------------|-----------------------|--|
| Atsuko Muraki | ○ | Ms. Muraki is appointed as an outside Director in the anticipation that she will use her wealth of experience and high-level knowledge she accumulated as a government official and also monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Muraki qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director. |
| Masatoshi Kawana | ○ | Mr. Kawana is appointed as an outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and as an important post such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director. |
| Makiko Nakamori | ○ | Ms. Nakamori is appointed as an outside Director in the anticipation that, based on her high level expertise regarding finance and accounting as a certified public accountant as well as her extensive experience as a corporate executive, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Nakamori qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director. |
| Kunio Ishizuka | ○ | Mr. Ishizuka is appointed as an outside Director in the anticipation that, by utilizing his extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation), he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Ishizuka qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director. |

Outline of Limitation of Liability Contracts

Pursuant to Article 427, Paragraph 1, of the Companies Act, ITOCHU has entered into limitation of liability contracts with respect to liability as set forth in Article 423, Paragraph 1, of the Companies Act with outside Directors and outside Audit & Supervisory Board Members. Under these contracts, their liabilities are limited to the lowest amount of liability pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties.

Outline of Directors and Officers Liability Insurance Policy

ITOCHU has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the losses, such as damages payable and litigation costs in damage suits, incurred by all of ITOCHU's directors and Audit & Supervisory Board Members, etc. who are the insureds. However, the scope of compensation does not cover the damages and litigation costs of a director or officer involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of director or officer duties is not lost. The full amount of the insurance premiums is borne by ITOCHU.

Corporate Governance

Remuneration

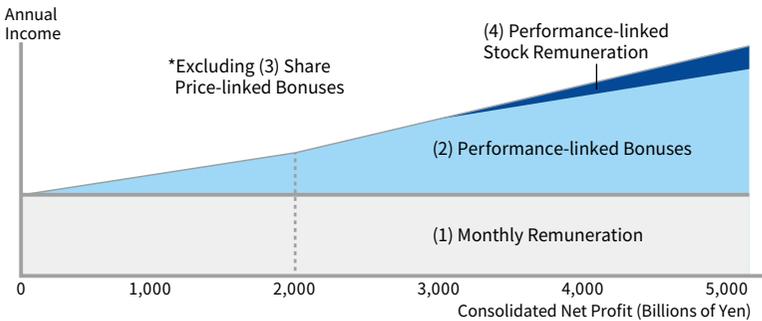
Overview of the Remuneration Plan for Directors

ITOCHU Corporation's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration is approximately 75% of overall remuneration (FY2021), which is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. More specifically, the remuneration plan consists of (1) monthly remuneration, (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the increase of corporate value in the medium to long term.

Monthly remuneration, which is approximately 25% of the total amount of remuneration is evaluated and determined according to factors that include the degree of contribution to ITOCHU Corporation based on a standard amount for each position. The degree of contribution to ITOCHU Corporation in FY2021 includes newly addressing the response to climate change, ESG and SDGs.

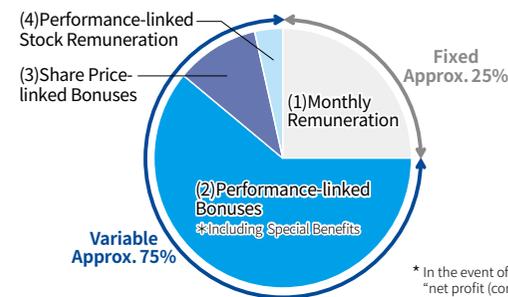
Furthermore, performance-linked bonuses and performance-linked stock remuneration are calculated based on the calculation formula determined by the Board of Directors using net profit attributable to ITOCHU (consolidated) as the linked indicator. Share price-linked bonuses are calculated based on the calculation formula determined by the Board of Directors using ITOCHU Corporation's share price as the linked indicator.

■ Remuneration Image of Directors (Excluding Outside Directors)



| Type of Remuneration | Details | Fixed / Variable | Remuneration Limits | Resolution at General Meeting of Shareholders |
|---|---|--------------------------------|--|---|
| (1) Monthly Remuneration | Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position | Fixed | ¥0.8 billion per year as total amount of monthly remuneration (of that amount, ¥0.1 billion per year for Outside Directors) | |
| (2) Performance-linked Bonuses | Total amount of payment is determined based on net profit (consolidated), and the each individual payment amount is determined in relation to the position points, etc. for the Director | Variable (single year) | ¥2.0 billion per year as the total amount of bonus * Not paid to Outside Directors | June 21, 2019 |
| (3) Share Price-linked Bonuses | Calculated by adding the evaluation of the relative growth rate of ITOCHU Corporation's share price and Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU Corporation's share price for two consecutive fiscal years | Variable (medium-to long-term) | | |
| (4) Performance-linked Stock Remuneration | Total payment amount is determined based on net profit (consolidated), and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus | | The amounts below are limits for two fiscal years, for Directors and Executive Officers <ul style="list-style-type: none"> • Limit on contribution to trust by ITOCHU Corporation: ¥1.5 billion • Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors | June 24, 2016 |

■ Remuneration Composition Ratios Image of Directors (Excluding Outside Directors) (FYE 2021)



* In the event of net loss attributable to ITOCHU (consolidated) (referred to as "net profit (consolidated)" in this section), Directors will receive neither performance-linked bonuses nor performance-linked stock remuneration.

Corporate Governance

Formulas for Remuneration

Directors' Bonuses for FYE 2022

Performance-linked Bonuses

Director performance-linked bonuses for FYE 2022 will be paid in amounts calculated according to the methods described below, following the conclusion of the 98th Ordinary General Meeting of Shareholders.

a. Total Amount Paid to All Directors:

The total amount paid to all Directors shall be the lesser of the sum of the amount paid to an individual Director in b. below or ¥2.0 billion.

b. Amount Paid to an Individual Director

The formula to calculate the amount paid to an individual Director is below.

Total base amount paid to all Directors=(A+B+C) x Sum of Position points for all the eligible Directors/55

Where:

A=(Consolidated net profit attributable to the Company for FYE 2022 for the portion up to ¥200.0 billion) x 0.35%

B=(Consolidated net profit attributable to the Company for FYE 2022 for the portion more than ¥200.0 billion but up to ¥300.0 billion) x 0.525%

C=(Consolidated net profit attributable to the Company for FYE 2022 for the portion exceeding ¥300.0 billion) x 0.35%(amount of less than ¥1 shall be rounded down)

The amount paid to an individual Director = (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 20% + (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 80% x the Rate (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division/department (amount of less than ¥1,000 shall be rounded up)

Provided, however, that

- The Rate: 100% + (plan achievement rate of the consolidated net profit of the assigned division/department -100%) x 2 (if negative, it will be 0%)
- The assigned division of the Director utilized the Rate is the General Products & Realty Company of which planning of the consolidated net profit for FYE 2022 is 63 billion yen (announced at 10 May, 2021).
- The plan achievement rate shall be 100% for the eligible Director (not being the Division Company President) for whom no plan achievement rate is measurable.

The points assigned to each position are as per below:

| Chairman and Chief Executive Officer | President and Chief Operating Officer | Executive Vice President (Resident in Japan) | Executive Vice President (Resident Outside Japan) | Senior Managing Executive Officer | Managing Executive Officer |
|--------------------------------------|---------------------------------------|--|---|-----------------------------------|----------------------------|
| 10 | 7.5 | 5 | 4 | 4 | 3 |

Notwithstanding the calculation stated above, the amount paid to an individual Director shall not exceed the maximum amount for each position as set forth below:

(Millions of yen)

| | Maximum Amount Paid to an Individual Director |
|---|---|
| Chairman and Chief Executive Officer | 546 |
| President and Chief Operating Officer | 409 |
| Executive Vice President (Resident in Japan) | 273 |
| Executive Vice President (Resident outside Japan) | 218 |
| Senior Managing Executive Officer | 218 |
| Managing Executive Officer | 163 |

Share Price-linked Bonuses

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share-price linked bonuses with ITOCHU's share price as the linked indicator. This bonus is an index linked to the increase in the average daily value of ITOCHU's stock price for each consecutive two fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX) for each fiscal year. The total amount of bonuses during the term of Directors is paid to them after their retirement.

For share price-linked bonuses, the bonus amount for individual Director is calculated for FYE 2022 and FYE 2023 based on the following specific calculation formula for individual payment amounts, and when the Director retires or, in the case of taking on the position of executive officer after retirement of the Director, the executive officer retires, such amount will be paid.

a. FYE 2022

[(The simple average of daily stock closing price of the Company ("Average of Daily Closing Price") in FYE 2022) - (Average of Daily Closing Price in FYE 2021)] x 1,300,000 x (Points assigned to each Director according to the position ("Position Point") / 108.8 points x Relative Stock Price Growth Rate (Note 1)

Note 1 Relative Stock Price Growth Rate = (Average of Daily Closing Price in FYE 2022 / Average of Daily Closing Price of FYE 2021) / (Simple average of daily TOPIX (Note 2) in FYE 2022 / Simple average of TOPIX in FYE 2021)

Note 2 TOPIX = Tokyo Stock Price Index, the principal index consisting of all Japanese common stocks listed on the First Section of Tokyo Stock Exchange.

b. FYE 2023

[(Average of Daily Closing Price in FYE 2023) - (Average of Daily Closing Price in FYE 2021)] x 1,300,000 x (Total Position Points in FYE 2022 and FYE 2023) / (108.8 points x 2 (years)) x Relative Stock Price Growth Rate (Note 3) - (share price-linked bonus for FYE 2022 calculated in the above a.)

Note 3 Relative Stock Price Growth Rate = (Average of Daily Closing Price in FYE 2023 / Average of Daily Closing Price of FYE 2021) / (Simple average of daily TOPIX of in FYE 2023 / Simple average of TOPIX in FYE 2021)

Corporate Governance

Except for the point for Executive Vice President (resident outside Japan) is 5, the Position Points assigned to each position are same as those applied for performance-linked bonuses.

The share price-linked bonuses together with performance-linked bonuses are paid to the eligible Directors within the Director bonuses limit of ¥2.0 billion.

(If the amount of performance-linked bonus and share price-linked bonus based on the above formula exceeds 2.0 billion yen, the performance-linked bonus is preferentially allocated to the limit amount)

Performance-linked Stock Remuneration Plan

- By resolution at the 92nd Ordinary General Meeting of Shareholders held on 24 June, 2016, ITOCHU introduced the performance-linked stock remuneration plan (the “Stock Remuneration Plan”) and, by resolution of the Board of Directors held on 13 May, 2020, we continue this plan from FYE 2021.
- Under this plan, in June of every year during the trust period, Directors who served as Directors from 1 July of the previous year to the last day of June of the said year are granted points based on performance in the fiscal year that ended on 31 March of said year and in accordance with the number of months of service during that period.
- The method of calculating the number of points granted to Directors (excluding outside Directors) in FYE 2022 is described below. One point corresponds to one share in ITOCHU, and amounts of less than one point are discarded.

Points = Individual stock remuneration amount (Note 1) / Average acquisition stock price of ITOCHU shares in the trust (Note 2) × {(Number of months of service from July, the beginning month of the applicable period of payment, to June of the following year (rounding up fractions of less than one month)) / 12} (rounding down fractions)

Note 1: The individual stock remuneration amount is calculated on the basis of the total stock remuneration amount, which is calculated as indicated below.

Note 2: In the event that the trust period has been extended, this is the average acquisition stock price of ITOCHU shares that were acquired by the Trust in accordance with the extension of the trust period. (However, if no ITOCHU shares are acquired by the trust in accordance with the extension of the trust period, then this is the closing stock price of ITOCHU shares on the market of Tokyo Stock Exchange on the first day of the extended trust period).

a. Total Stock Remuneration Amount

= (the amount of consolidated net profit attributable to ITOCHU for FYE 2022 – ¥300.0 billion) x 0.175% x Sum total of position points of eligible Directors / 55 (rounding up fractions of less than ¥1)

b. Individual Stock Remuneration Amount

= Total stock remuneration amount x Position points of each Director / Sum total of position points of Directors (rounding down fractions of less than ¥1,000)

Position points for each Director are the same as the number used for calculating Director bonuses.

The points assigned to each position are as per below:

| Chairman and Chief Executive Officer | President and Chief Operating Officer | Executive Vice President (Resident in Japan) | Senior Managing Executive Officer | Managing Executive Officer |
|--------------------------------------|---------------------------------------|--|-----------------------------------|----------------------------|
| 10 | 7.5 | 5 | 4 | 3 |

- As the Stock Remuneration Plan, ITOCHU has adopted a framework called “Board Incentive Plan Trust (BIP)” (“BIP Trust”). The BIP Trust is a stock incentive plan for executives, based on the performance share and restricted stock plans in the United States. ITOCHU will conduct delivery and payment of ITOCHU shares acquired by the BIP Trust and an amount of money equivalent of the conversion value of said shares (“ITOCHU Shares, etc.”), together with dividends derived from ITOCHU shares, to Directors, etc. following retirement from office (or after death in the event of the death of a Director, etc.; the same applies hereinafter), based on performance, etc.

Outline of the Stock Remuneration Plan is as follows:

1. Persons Entitled to Receive Stock Remuneration: Directors and executive officers of ITOCHU (excluding outside Directors and those who are non-residents of Japan, as of June 18, 2021, the numbers of the Directors applicable is 5 and of the executive officers not being Director is 18)
2. Maximum Amount of Money Contributed by the Company to the Trust: a total of ¥1.5 billion for 2 fiscal years
3. Method for the Acquisition of Shares by the Trust: Scheduled to be acquired on the stock market (thus no dilution of shares is anticipated)
4. Upper Limit on the Number of Shares to be acquired by Directors, etc.: For the trust period, with an applicable period of 2 fiscal years, the upper limit will be 1,300,000 points (an average of 650,000 points per year)
5. Performance Index under the Stock Remuneration Plan: Consolidated net profit attributable to the Company (upon which the amount of total stock remuneration will be calculated. See above for more details)
6. Timing of Delivery of Shares: After retirement from Office
7. Voting Rights Concerning Shares in the Trust: Will not be exercised in order to ensure neutrality toward management

Corporate Governance

Rules for Directors of Non-residents in Japan

A Director of non-residents in Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the Equivalent Amount of Individual stock remuneration. The Equivalent Amount of Individual stock remuneration is calculated in accordance with the above formula (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid following the conclusion of the 97th Ordinary General Meeting of Shareholders as a performance-linked bonus, (round up less than \ 1,000), separately from the performance-linked bonus based on formula above.

This performance-linked bonus (the Equivalent Amount of Individual stock remuneration) will be paid within the limit of 2.0 billion yen (a resolution of the general meeting of shareholders on June 21, 2019), the overall maximum limit of the bonus including this performance-linked bonus, the performance-linked bonus calculated by formula above and the share price-linked bonus. If the total amount exceeds 2.0 billion yen, this performance-linked bonus and the performance-linked bonus calculated by formula above will be preferentially allocated.

Compensation Paid to Directors in FYE 2021

Details of the compensation paid to Directors in FYE 2021 are as follows.

| Type | Number of People | Amount Paid (Millions of yen) | Details |
|-------------------------------|------------------|-------------------------------|---|
| Directors (Outside Directors) | 10 (4) | 2,350 (76) | (1) Monthly Remuneration: ¥651 million (2) Performance-linked Bonuses: ¥1,009 million (3) Share Price-linked Bonuses: ¥268 million (4) Special Benefits: ¥355 million (5) Stock Remuneration: ¥67 million |

(Rounded to nearest million yen)

Notes:

- Maximum compensation paid to all Directors: ¥800 million per year as total monthly remuneration (including ¥100 million per year for the outside Directors) and ¥2.0 billion per year as total bonuses paid to all Directors (resolved at the General Meeting of Shareholders on 21 June, 2019).
- Maximum compensation paid to all Audit & Supervisory Board Members: ¥13 million per month (resolved at General Meeting of Shareholders on 29 June, 2005, as of the date hereof, the numbers of the Audit & Supervisory Board Members applicable is 5)
- Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on April 14, 2021 ITOCHU Corporation resolved to pay special benefits. These special benefits for FYE 2021 were paid within the limit of Director bonuses based on the minimization of earnings reductions caused by the COVID-19 pandemic, the achievement of the income goals in the "FYE 2021 Management Plan" and significant improvement of corporate value, and the Company claiming the top position in the general trading company industry for this first time in terms of annual average stock price and average market capitalization.
- The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust "BIP") was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016. The total amount of stock remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP.

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2021, are as follows.

| Name | Category | Monthly Remuneration | Performance-linked Bonuses | Share Price-linked Bonuses | Special Benefits | Stock Remuneration | Total |
|--------------------|----------|----------------------|----------------------------|----------------------------|------------------|--------------------|--------------|
| Masahiro Okafuji* | Director | ¥165 million | ¥287 million | ¥75 million | ¥100 million | ¥22 million | ¥649 million |
| Yoshihisa Suzuki | Director | ¥98 million | ¥215 million | ¥57 million | ¥75 million | ¥16 million | ¥462 million |
| Tomofumi Yoshida | Director | ¥90 million | ¥156 million | ¥38 million | ¥50 million | ¥11 million | ¥345 million |
| Yuji Fukuda* | Director | ¥75 million | ¥121 million | ¥38 million | ¥50 million | ¥0 million | ¥284 million |
| Fumihiko Kobayashi | Director | ¥73 million | ¥115 million | ¥30 million | ¥40 million | ¥9 million | ¥267 million |
| Tsuyoshi Hachimura | Director | ¥73 million | ¥115 million | ¥30 million | ¥40 million | ¥9 million | ¥267 million |

(Rounded to nearest million yen)

Note:

The remuneration paid to Directors (excluding outside Directors) in FYE 2021 comprised monthly remuneration, performance-linked bonuses, share price-linked bonuses, special benefits, and performance-linked stock remuneration (non-monetary compensation) for Directors (Board Incentive Plan Trust). Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs. The total amount of performance-linked bonuses is determined on the basis of consolidated net profit attributable to ITOCHU, and the amount of the share price-linked bonuses is determined by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price. An overview of the system of performance-linked stock remuneration for Directors is described below in "Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation" below.

(*) Monthly remuneration includes housing allowance.

Evaluation as to the Effectiveness of the Board of Directors

ITOCHU conducted the evaluation as to the effectiveness of the Board of Directors targeting Directors and Audit & Supervisory Board Members in FYE 2021. ITOCHU appoints an external consultant to evaluate the effectiveness of the Board of Directors annually.

As a result of this evaluation, in terms of the structure of the Board of Directors and its advisory committees as well as the roles and duties, operation status, information provision to Directors and Audit & Supervisory Board Members, and training, the Board of Directors of ITOCHU confirmed that the effectiveness of the Board of Directors was secured.

According to an external consultant, in FYE 2021, the Board of Directors held sufficient discussions on matters that are highly consistent with ITOCHU Corporation's mid- to long-term management strategy and that contribute to the implementation thereof, confirming that the Board of Directors is fulfilling its functions. Among other factors, the evaluation stated that the Board of Directors played an appropriate role in enhancing the involvement of Outside Directors in the management selection process and the commitment to the SDGs in the next mid-term management plan, as manifestations of the effectiveness of the Board of Directors.

In regard to the issues identified in the previous evaluation ((1) further diversity, (2) the further enhancement of mid-to long-term discussions, and (3) the strengthening of provision of information to Outside Directors and outside Audit & Supervisory Board Members), steady improvement and progress were observed.

At the same time, the findings also noted that promoting enhanced supervision of business execution and discussions that contribute to further improving corporate value, not in form, but in substance, so that the Board of Directors can further fulfill its role, is an issue to be dealt with going forward.

Based on the above effectiveness evaluation results, ITOCHU Corporation intends to actively work on enhancing discussion and strengthening supervision in order to maintain the effectiveness of the Board of Directors and further improve its functionality.

For your reference, please see the result in our homepage at: https://www.itochu.co.jp/en/files/board_evaluation_2020e.pdf

Corporate Governance

Training Policy

The Company conducts training related to corporate governance and other matters as part of its training for newly appointed internal and outside Directors and Audit & Supervisory Board Members. The Company also provides Directors and Audit & Supervisory Board Members with opportunities for training at third-party institutions, with the Company bearing the costs of such training. Also, to ensure that management supervision by Directors and audit by Audit & Supervisory Board Members are adequately performed, before each meeting we provide to outside Directors and Audit & Supervisory Board Members prior explanations on matters presented to each meeting of the Board of Directors through respective offices of the Board of Directors and the Audit & Supervisory Board. In addition, ITOCHU strives to ensure that outside Directors and Audit & Supervisory Board Members appropriately understand its business environment and challenges through various occasions such as introductory session concerning ITOCHU's business upon election, visits to business premises in or outside Japan, meetings with Audit & Supervisory Board Members, periodical discussions with the managements and explanatory sessions on matters requested by outside Directors and Audit & Supervisory Board Members

Advisory Committees

We have established Governance and Remuneration Committee and Nomination Committee under the Board of Directors as voluntary advisory committees to raise the transparency of the decision-making process and strengthen the supervisory function of the Board of Directors. Each committee is chaired by an outside Director and the majority members of each committee are outside Directors and Audit & Supervisory Board Members.

■ Advisory Committees to the Board of Directors

| Name | Function |
|--|---|
| Governance and Remuneration Committee | To deliberate and advise to the Board on proposals relating to remuneration system for Directors and executive officers and other matters on corporate governance. This committee was held for 3 times in FYE 2021 with the participant of all members, and the remuneration plan for Directors. |
| Nomination Committee | To deliberate and advise to the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and executive officers. This committee was held for 4 times in FYE 2021 with the participant of all members (except two times with Masahiro Okafuji, Chairman & Chief Executive Officer and the outside members limited), and the executive management appointment, and the plan for the successor were deliberated therein. |

■ Composition of the Governance and Remuneration Committee and the Nomination Committee (As of June 18, 2021)

◎Chair ○Member ★Observer

| Name | Title | Governance and Remuneration Committee | Nomination Committee |
|-----------------------|--|---------------------------------------|----------------------|
| Masahiro Okafuji | Chairman & Chief Executive Officer | ○ | ○ |
| Keita Ishii | President & Chief Operating Officer | ○ | ○ |
| Fumihiko Kobayashi | Director | ★ | ○ |
| Atsuko Muraki | Outside Director | | ◎ |
| Masatoshi Kawana | Outside Director | ◎ | ○ |
| Makiko Nakamori | Outside Director | | ○ |
| Kunio Ishizuka | Outside Director | ○ | |
| Shuzaburo Tsuchihashi | Audit & Supervisory Board Member | | ★ |
| Makoto Kyoda | Audit & Supervisory Board Member | ○ | |
| Shingo Majima | Outside Audit & Supervisory Board Member | ○ | |
| Kentaro Uryu | Outside Audit & Supervisory Board Member | | ○ |
| Masumi Kikuchi | Outside Audit & Supervisory Board Member | ○ | |
| | | 7 members | 7 members |

Principal Internal Committees

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 19, 2020).

Corporate Governance

| Name | Chairman | Objectives |
|------------------------------------|----------|---|
| Internal Control Committee | CAO | Deliberates on issues related to the development of internal control systems |
| Disclosure Committee | CFO | Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting |
| ALM Committee | CFO | Deliberates on issues related to risk management systems and balance sheet management |
| Compliance Committee | CAO | Deliberates on issues related to compliance |
| Sustainability Committee | CAO | Deliberates on issues related to sustainability and ESG, including environmental problems and social contribution initiatives, excluding governance related issues |
| Investment Consultative Committee | CFO | Deliberates on issues related to investment and financing |
| New Headquarters Project Committee | CAO | Deliberates on issues related to New Headquarters Project |

Policy and Process for Appointing Executive Officers

Executive Officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as Executive Officers) who are judged to be capable of assuming the role as the Executive Officers. Candidates for Executive Officers are first selected by the Chairman and Chief Executive Officer based on, among others, recommendations from other officers (or in terms of incumbent Executive Officers, based on their respective performance) and submitted to the Nomination Committee for further deliberation. Based on the deliberation and advice of the Nomination Committee, the Board of Directors appoints Executive Officers by its resolution. In case that an Executive Officer breaches the Executive Officers' Regulation of the Company or otherwise his or her performance is judged to be not appropriate, the Chairman and Chief Executive Officer (or the chairman of the Nomination Committee) firstly makes a proposal of dismissal, and the Board of Directors dismisses such Executive Officer by its resolution based on the deliberation and advice of the Nomination Committee.

Audit & Supervisory Board Members

Overview

- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other's audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- Audit & Supervisory Board Members and the Audit Division (internal audit division) endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division and independent external auditors endeavor to cooperate by holding regular meetings to exchange information, etc.
- The Audit & Supervisory Board is comprised of 2 full-time internal Audit & Supervisory Board Members and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of 18 June, 2021), which directly reports to the Audit & Supervisory Board, is set with employees dedicated to the duties of the Audit & Supervisory Board Members.
- Following the Ordinary General Meeting of Shareholders, the Audit & Supervisory Board determines the audit policy, the allocation of audit work, and the audit plan for the period until the next Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the performance of the duties by Directors and Executive Officers in accordance with the "Audit & Supervisory Board Regulations," "Auditors' Auditing Standards".
- Mr. Shingo Majima, Auditor, is qualified as a certified public accountant in Japan and Unites States of America, and has adequate knowledge and experience in the fields of finance and accounting. In addition, Mr. Kentaro Uryu and Mr. Kotaro Ohno, both Audit & Supervisory Board Members, are qualified as a lawyer in Japan and have adequate knowledge and experience in the field of law.
- The results of audits by the Audit & Supervisory Board Members, Audit Department and independent external auditors are reported to the Board of Directors, HMC, internal committees, etc. in a timely and appropriate manner, and are fully taken into account in decision making and used to improve management.

Members of the Audit and Supervisory Boards

○Member ★Observer

| Name | Position in ITOCHU Corporation | Number of Attendance at Meetings of the Board of Directors | Number of Attendance at Meetings of the Audit & Supervisory Board | Number of years in office | Governance and Remuneration Committee | Nomination Committee |
|-----------------------|---|--|---|---------------------------|---------------------------------------|----------------------|
| Shuzaburo Tsuchihashi | Full-time Audit & Supervisory Board Member | 12/12 (100%) | 14/14 (100%) | 3 years | — | ★ |
| Makoto Kyoda | Full-time Audit & Supervisory Board Member | 9/9 (100%) (since his appointment) | 10/10 (100%) (since his appointment) | 1 year | ○ | — |
| Shingo Majima | <small>Outside Independent</small> Audit & Supervisory Board Member | 12/12 (100%) | 14/14 (100%) | 8 years | ○ | — |
| Kentaro Uryu | <small>Outside Independent</small> Audit & Supervisory Board Member | 12/12 (100%) | 14/14 (100%) | 6 years | — | ○ |
| Masumi Kikuchi | <small>Outside Independent</small> Audit & Supervisory Board Member | — | — | — | ○ | — |

Corporate Governance

Policy and Process for Appointing Candidates for Audit & Supervisory Board Members

As Audit & Supervisory Board of a sogo-shosha with broad range of business, for effective monitoring and audit, candidates for Audit & Supervisory Board Members are selected from those with understanding about ITOCHU's management and with high expertise and extensive experience in the relevant area such as accounting, finance, legal and risk management. Among the members of ITOCHU's Board of Audit & Supervisory Board Members, half or more of the members always consist of outside Audit & Supervisory Board Members. In appointing outside Audit & Supervisory Board Members, ITOCHU prioritizes candidates with higher independence based on the independence criteria prescribed by the Tokyo Stock Exchange, and ITOCHU's own independence criteria who are expected to effectively monitor and audit ITOCHU's activities. In addition, ITOCHU selects at least one Audit & Supervisory Board Member with adequate expertise in finance and accounting. Candidates for Audit & Supervisory Board Members are selected by the Chairman and Chief Executive Officer after the discussion with the executive Audit & Supervisory Board Members and submitted to the Nomination Committee for further deliberation before the Board of Directors (with consent of the Audit & Supervisory Board) finally nominates the candidates for election at the General Meeting of Shareholders.

| Name | Independent Auditors | Reason for Appointment as Outside Audit & Supervisory Board Member (For Independent Auditors, Including Reason for Designation as an Independent Auditor) |
|----------------|----------------------|--|
| Shingo Majima | ○ | Mr. Majima is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise on finance and accounting audit as a certified public accountant for many years. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Majima qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor. |
| Kentaro Uryu | ○ | Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor. |
| Masumi Kikuchi | ○ | Mr. Kikuchi is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his extensive executive experience having served as President of Sendai Terminal Building Co., Ltd., and as President and Chairman of Atre Co., Ltd. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kikuchi qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor. |

Outline of Limitation of Liability Contracts

Pursuant to Article 427, Paragraph 1, of the Companies Act, ITOCHU has entered into limitation of liability contracts with respect to liability as set forth in Article 423, Paragraph 1, of the Companies Act with outside Directors and outside Audit & Supervisory Board Members. Under these contracts, their liabilities are limited to the lowest amount of liability pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties.

Outline of Directors and Officers Liability Insurance Policy

ITOCHU has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the losses, such as damages payable and litigation costs in damage suits, incurred by all of ITOCHU's directors and Audit & Supervisory Board Members, etc. who are the insureds. However, the scope of compensation does not cover the damages and litigation costs of a director or officer involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of director or officer duties is not lost. The full amount of the insurance premiums is borne by ITOCHU.

Compensation Paid to Audit & Supervisory Board Members in FYE 2021

Details of the compensation paid to Audit & Supervisory Board Members in FYE 2021 are as follows.

| Type | Number of People | Amount Paid (Millions of yen) | Details |
|---|------------------|----------------------------------|---------------------------|
| Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members) | 6 (3) | 148 (57) | Only monthly remuneration |

(Rounded to nearest million yen)

Corporate Governance

Major Areas of Expertise of Directors and Audit & Supervisory Board Members / Areas in which Particular Contributions are Expected

Ensuring Diversity of Board of Directors and Audit & Supervisory Board Members

ITOCHU's Board of Directors and Audit & Supervisory Board Members appointed in accordance with the policy and process (P153,160), both inside and outside, are engaged in management with their knowledge, experience and high level of insight in their respective fields. With respect to Outside Directors and full-time Audit & Supervisory Board Members, ITOCHU indicates the areas in which they are expected to contribute to the management of ITOCHU, in order to make maximum use of their specialized perspectives and high level of insight. Discussions with each officer are also reflected in deciding the areas. Please see the so-called skill matrix below, which lists the principal specialized area of experience and areas of public potential contributions that should be provided by the Board of Directors.

| Name | Role | Gender | Principal Specialized Area of Experience and Areas of Particular Potential Contribution | | | | | | | | Governance and Remuneration Committee | Nomination Committee | Main Role, Career History, Qualifications, etc. |
|-----------------------|--|--------|---|--------|-----------------|--------------|-------------------------|--|---------------------------|--|---------------------------------------|----------------------|---|
| | | | All Aspects of Management | Global | Marketing/Sales | SDGs and ESG | Health and Medical Care | Finance and Accounting Risk Management | Human Resources and Labor | Internal Control and Legal Affairs /Compliance | | | |
| Masahiro Okafuji | Chairman & Chief Executive Officer Representative Director | Male | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | □ | □ | President, Textile Company; President, ITOCHU Corporation |
| Yoshihisa Suzuki | Vice Chairman | Male | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | | | CEO, ITOCHU International Inc.; President, ICT & Financial Business Company; President & Chief Operating Officer, ITOCHU Corporation |
| Keita Ishii | President & Chief Operating Officer Representative Director | Male | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | □ | □ | President, Energy & Chemicals Company |
| Tomofumi Yoshida | Representative Director | Male | ○ | ○ | ○ | ○ | | ○ | ○ | ○ | | | CEO, ITOCHU International Inc.; President, General Products & Realty Company |
| Yuji Fukuda | Representative Director | Male | ○ | ○ | ○ | ○ | | ○ | ○ | ○ | | | President, Energy & Chemicals Company; CEO for East Asia Bloc; CEO for Asia & Oceania Bloc, ITOCHU Corporation |
| Fumihiko Kobayashi | Representative Director | Male | ○ | ○ | | ○ | ○ | ○ | ○ | ○ | * | □ | General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation |
| Tsuyoshi Hachimura | Representative Director | Male | ○ | ○ | ○ | ○ | | ○ | ○ | ○ | | | General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation |
| Atsuko Muraki | Outside Director | Female | | | | ◎ | ◎ | | | ◎ | | ■ | Vice-Minister of Health, Labour and Welfare |
| Masatoshi Kawana | Outside Director | Male | ◎ | | | ◎ | ◎ | | | | ■ | □ | Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine |
| Makiko Nakamori | Outside Director | Female | | | ◎ | | | ◎ | | ◎ | | □ | Certified Public Accountant |
| Kunio Ishizuka | Outside Director | Male | ◎ | | ◎ | | | | ◎ | | □ | | President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd. |
| Shuzaburo Tsuchihashi | Full-time Audit & Supervisory Board Member | Male | | ◎ | ◎ | | | | | ◎ | | * | President, ITOCHU Australia Ltd.; Chief Operating Officer, Metal & Mineral Resources Division, ITOCHU Corporation |
| Makoto Kyoda | Full-time Audit & Supervisory Board Member | Male | | | | ◎ | | ◎ | | ◎ | □ | | CFO, Food Company |
| Shingo Majima | Outside Audit & Supervisory Board Member | Male | | ◎ | | | | ◎ | | ◎ | □ | | Partner, KPMG (U.S.); Certified public Accountant in Japan and U.S. (New York State) |
| Kentaro Uryu | Outside Audit & Supervisory Board Member | Male | | | ◎ | | | ◎ | | ◎ | | □ | Managing Partner, URYU & ITOGA; Attorney-At-Law |
| Masumi Kikuchi | Outside Audit & Supervisory Board Member | Male | ◎ | | ◎ | | | | ◎ | | □ | | President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director/Director and Chairman, Atre Co., Ltd. |

Notes: Knowledge and experience held by internal directors are indicated with ○, and areas in which full-time Audit & Supervisory Board Members, Outside Directors and outside Audit & Supervisory Board Members are expected to contribute in particular are indicated with ◎ as the above list shows.

■ Chair □ Member ★ Observer

Corporate Governance

Checking and Balancing System by the Independence Executives

Criteria for the Independence of Directors/ Auditors

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed at our homepage. Please refer to the following URL: https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf
- All of the Company's outside Directors and outside Audit & Supervisory Board Members who qualify as an independent Director/ Audit & Supervisory Board Member are designated as independent Directors/ Audit & Supervisory Board Members.

Performance of the Independent Executives

- Ms. Muraki attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, she chaired the Nomination Committee and offered a practical perspective while leading discussions on the appointment and dismissal of key management members and succession plans. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, human resource utilization, and organizational revitalization.
- Mr. Kawana attended all of the 12 meetings of the Board of Directors held since his appointment. He mainly made statements from an objective and neutral position as an outside Director. During the current term, he chaired the Governance and Remuneration Committee and led discussions on executive remuneration and other topics. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and medical care-related business.
- Ms. Nakamori attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, she was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.
- Outside Directors actively advise and provide recommendations, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and ensure and enhance the effectiveness of the monitoring and supervising function of the Board of Directors and transparency of decision-making by appropriately demonstrating to the internal Directors their supervisory functions based on various perspectives and their management advice function of the outside Directors.
- Mr. Majima attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.

- Mr. Uryu attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.
- Outside Audit & Supervisory Board Members actively provide an opinion, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and enhance the transparency of decision-making by appropriately demonstrating their supervisory functions of the outside Directors against the performance of the internal Directors.

Corporate Governance

Significance of Holding and ITOCHU's Policy on the Governance regarding its Listed Subsidiaries

ITOCHU has 199 consolidated subsidiaries (as of the end of FYE 2021) and is expanding our diverse businesses in Japan and all over the world. As the core of the Group, ITOCHU formulates management policies as well as short- and medium-term management plans on a group basis, and regularly monitors the progress of each segment. In order to appropriately deal with various risks as a group, we have the internal control systems on a group basis, which are necessary to ensure that Directors' implementations of duties are in compliance with laws and statutory regulations and the Articles of Incorporation, and to ensure the appropriateness of other operations.

In particular, ITOCHU makes conscientious efforts to ensure execution of duties by directors and employees at each subsidiary to comply with laws and regulations and the Articles of Incorporation by means of the directors and corporate auditors dispatched to each subsidiary supervising and auditing the execution of duties. In addition, in order to deal with various risks such as market risk, credit risk, country risk, investment risk, environmental/social risk etc. of the Group, ITOCHU maintains and manages risks comprehensively and individually. For that purpose, various internal committees and responsible departments have been established, and the necessary risk management system and management method are group-based. Furthermore, ITOCHU formulates a group compliance program, establishes and operates the system required to prevent the occurrence of any violations of laws and regulations, and strives for continuous improvement through regular reviews.

ITOCHU respects the autonomy of listed subsidiaries, ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd., CONEXIO Corporation, C.I. TAKIRON Corporation and Prima Meat Packers, Ltd., and prohibits any acts that contradict the principle of shareholder equality. In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which the independent outside Directors of these listed subsidiaries are well functioned.

At the time of ordinary general meetings of shareholders in 2021, each of the listed subsidiaries mentioned above had established and maintained an effective governance system, including the ratio of Outside Directors and the establishment of an independent advisory committee to the Board of Directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code issued by the Tokyo Stock Exchange.

In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in the case of transactions with each listed subsidiary, fair and appropriate terms and conditions are determined by taking into account market prices, etc., on the premise of pursuing economic rationality with each other.

On the premise of the above-mentioned governance system, the significance of holding a listed subsidiary is including: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group; (3) reduction of the Company's financial burden on the listed subsidiary; and (4) securing excellent human resources.

In addition, the significance of holding each listed subsidiary from the perspective of the Group's management strategy and sales perspective is as follows:

| Company | Significance of Holding |
|--|---|
| ITOCHU Techno-Solutions Corporation | ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU group's investees and business partners, and utilizes our group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value. ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business. |
| ITOCHU ENEX CO., LTD. | Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing ITOCHU group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value. |
| ITOCHU-SHOKUHIN Co., Ltd. | The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its existence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing our group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as contribution to customers through creating sales floors which utilize DX, etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUHIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value. |
| CONEXIO Corporation | CONEXIO Corporation is expanding its business by utilizing ITOCHU group's extensive domestic and international network. It is expanding mobile accessory sales business to overseas, as well as promoting more effective use of store assets and management resources, such as know-hows in selling products and services to individual customers, in cooperation with companies in other industries in our group. ITOCHU and CONEXIO Corporation, as business partners, are mutually contributing to the enhancement of corporate value. CONEXIO Corporation was established and founded by inheriting ITOCHU's mobile device sales business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business. |
| C.I. TAKIRON Corporation | C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I.TAKIRON Corporation utilizes ITOCHU group's extensive domestic and international network for overseas expansion of C.I.TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I.TAKIRON Corporation's various products. ITOCHU and C.I.TAKIRON Corporation, as business partners, are mutually contributing to enhancing corporate value. |
| Prima Meat Packers, Ltd. | The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained. |

To enhance the corporate value of the overall ITOCHU Group, ITOCHU, as their parent company and major shareholder, regularly pays adequate attention to the legal compliance systems and status of these listed subsidiaries. ITOCHU provides appropriate advice and support as needed on specific compliance-related matters, creation of internal control systems, and other managerial issues.

In addition, in order to contribute to the stabilization of management and the expansion of profits at each listed subsidiary, ITOCHU, upon consultation with each listed subsidiary, promotes personnel exchanges mainly by dispatching persons with expertise in financial accounting, legal affairs, etc. and management personnel of overseas expansion and overseas bases of each listed subsidiary, and by accepting personnel from each listed subsidiary to sales and management departments of ITOCHU.

Corporate Governance

Internal Control System

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy and implementation status regarding the Internal Control System as of 18 June, 2021, which the Board of Directors approved on 19 April, 2006 (and partially revised as of 14 May, 2021).

Basic Policy and Development and Operation Status Related to Internal Control System

1. System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

(1) Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the Directors.
2. Each Director is to carry out such Director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative Directors.
4. The Audit & Supervisory Board Members are to oversee the performance of the Directors based on the "Audit & Supervisory Board Regulations" and "Auditors' Auditing Standards."

(2) Compliance

1. Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct.
2. ITOCHU is to designate a representative Director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

(3) Internal Control to Ensure Reliability of Financial Reporting

1. ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO to ensure the reliability of financial reporting.

2. ITOCHU is to establish the Disclosure Committee and regularly review and improve the development and implementation status of the internal control systems to ensure the reliability of financial reporting.

(4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President and Chief Operating Officer. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations." Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

2. System for the Storage and Preservation of Information Related to Director Duties

The Directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the "Information Management Regulations," the "Document Management Rules" and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the Directors and Audit & Supervisory Board Members at any time. Further, the Company will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, Directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

3. Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, investment risk, and environmental/social risk, ITOCHU is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, ITOCHU is to regularly review the effectiveness of the risk management system.

Corporate Governance

4. System to Ensure Efficient Performance of Directors

(1) The HMC and Other Internal Committees

The HMC as a supporting body to the President and Chief Operating Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President and Chief Operating Officer and the Board of Directors.

(2) Division Company System

Under the Division Company System, the position of Division Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

(3) Clearly Define the Scope of Authority and Responsibilities

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

5. System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)

(1) Subsidiary Management and Reporting System

1. ITOCHU is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary to ensure the adequacy of the subsidiary's operations.
2. With respect to subsidiaries that ITOCHU owns indirectly through its directly-owned subsidiaries, ITOCHU is to strive to ensure the adequacy of operations by such indirectly-owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly-owned subsidiaries to provide managerial guidance to indirectly-owned subsidiaries.
3. With respect to important matters on the management of subsidiaries, ITOCHU is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

(2) Rules and Other Systems to Manage the Risk of Loss at Subsidiaries

ITOCHU is to identify the subsidiaries which shall be subject to ITOCHU's Group-wide risk management in respect of each risk category, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted. In addition, ITOCHU is to periodically review the effectiveness of such Group-wide management system.

(3) System to Ensure the Efficient Performance of Duties by Directors, etc. of Subsidiaries

ITOCHU is to formulate a management plan on a consolidated basis and undertake managerial guidance of subsidiaries in order to attain the said management plan as well as to provide support to subsidiaries such as provision of group financing from ITOCHU.

(4) System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries to Laws, Regulations and the Articles of Incorporation

1. In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary and strive to ensure that the performance of duties of Directors, etc. and employees of a subsidiary complies with laws and regulations and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said Directors and Audit & Supervisory Board Members sent from ITOCHU.
2. ITOCHU is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.
3. All of the operations and activities of the subsidiaries are to be subject to internal audits by the Audit Division.

6. Matters Concerning Supporting Personnel to Audit & Supervisory Board Members, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

ITOCHU is to establish the Audit & Supervisory Board Members' Office under the direct jurisdiction of the Audit & Supervisory Board and is to put in place full-time employees with the sole responsibility of supporting the work of the Audit & Supervisory Board Members. The supervisory authority over such employees is to belong exclusively to the Audit & Supervisory Board Members, and evaluation of such employees is to be carried out by the Audit & Supervisory Board Member designated by the Audit & Supervisory Board. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such Audit & Supervisory Board Member.

Corporate Governance

7. System for Reporting by Directors and Employees to Audit & Supervisory Board Members

(1) Attendance at Important Meetings

The Audit & Supervisory Board Members are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the Directors and other relevant persons regarding the performance of their duties. In addition, the Audit & Supervisory Board Members are to have the right to inspect all relevant materials.

(2) Reporting System

1. The Directors and corporate officers are to regularly report to the Audit & Supervisory Board Members about their performance. Furthermore, in addition to the matters required by laws and regulations, the Directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU to the Audit & Supervisory Board Members immediately after such decisions are made.
2. Employees are to have the right to report directly to the Audit & Supervisory Board Members any matters that could cause serious damage to ITOCHU.
3. In the "ITOCHU Group Compliance Program," ITOCHU is to explicitly prohibit disadvantageous treatment of Directors and employees who have reported to the Audit & Supervisory Board Members and to ensure thorough familiarization with this prohibition.

8. System for Reporting by Directors, Audit & Supervisory Board Members and Employees of Subsidiaries or by a Person who Received a Report from Them to Audit & Supervisory Board Members

(1) Reporting System

1. The Directors and Audit & Supervisory Board Members of subsidiaries may report directly to the Audit & Supervisory Board Members of ITOCHU any matters that could cause serious damage to the said subsidiary.
2. A department that oversees compliance is to periodically report to the Audit & Supervisory Board Members of ITOCHU a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.
3. In the "ITOCHU Group Compliance Program," ITOCHU is to explicitly prohibit disadvantageous treatment of persons who have reported to the Audit & Supervisory Board Members under the provisions listed above and to ensure full familiarization with this prohibition.

9. Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Audit & Supervisory Board Members and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When an Audit & Supervisory Board Member claims prepayment, etc. from ITOCHU in relation to the performance of duties under Article 388 of the Companies Act, ITOCHU is to process the relevant expense or claim promptly upon confirmation by the responsible department.

10. Other Relevant Systems to Ensure the Proper Functioning of Audits

(1) Coordination with the Audit & Supervisory Board Members by the Audit Division

The Audit Division is to maintain close communication and coordination with the Audit & Supervisory Board Members with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

(2) Retaining External Experts

When deemed necessary, the Audit & Supervisory Board Members are to independently retain outside experts for the implementation of an audit.

Corporate Governance

Overview of the Operational Status of Internal Control System

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee (FYE 2022), chaired by CAO and with the Corporate Planning & Administration Division as secretariat, consists of CFO, General Manager of Internal Audit Division, and an external expert (attorney) as members. Audit & Supervisory Board Members also attend and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group.

The results of deliberations by the Internal Control Committee are reported once per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

Regarding the meetings of main internal committees related to internal control in FYE 2021, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 10 times.

ITOCHU's internal control systems are constructed on the base of the ITOCHU Group, consisting of ITOCHU and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on 14 May, 2021, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for the FYE 2021 and confirmed that there were no significant deficiencies or defects.

Initiatives to Further Enhance the Reliability of Financial Reporting

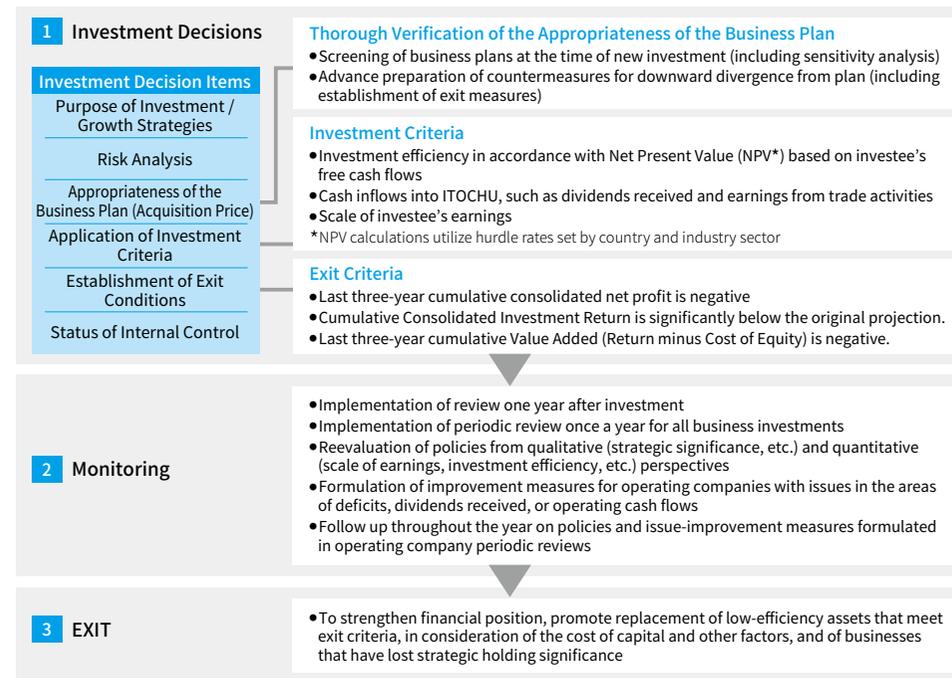
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has been appointed in each organization to design and implement internal control. The Internal Audit Division evaluates the effectiveness of internal control and provides feedback to each organization to ensure the continuous improvement. Overall management of these initiatives is conducted by the Internal Audit Division, and important matters are determined through deliberations in the Disclosure Committee chaired by the CFO. In this way, we are working to reinforce the companywide internal control system.

Strengthening Risk Management on a Group Basis, Including Subsidiaries

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, investment risk, and environmental/social risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis.

Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on Group balance sheet management as well as analysis and management of risk.

Process for Investments



Managing Concentrated Risks

We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Country limits are deliberated by the Asset Liability Management (ALM) Committee and approved by the HMC.

Risk Management

Action Plan

| Risks | Opportunities |
|---|---|
| Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control, and others. | 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, and others. |

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---|---|--|-----------------|---|--|--|---|
| Maintain Rigorous Governance Structures |  | 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. | <ul style="list-style-type: none"> • We reviewed the progress situation for the action plans in the first half of FYE2021 with each department responsible for risk management. The Global Risk Management Division assembled and made a report to the Internal Control Committee in October 2020 to the effect that the risk management structure is functioning. This includes the response to events that occurred during the applicable period. It obtained approval for the report from the committee. • We reviewed the progress of the second half of FYE 2021 and the action plans of FYE 2022 at the meeting of Internal Control Committee in April 2021 and obtained approval from the committee. |

Policy and Basic Concept

The ITOCHU Group is exposed to various risks due to its wide range of business natures, such as market, credit, and investment risks. These risks include unpredictable uncertainties and may have significant effects on the ITOCHU Group's future financial position and business performance.

We acknowledge risk management as a key management issue. Therefore, we have established our basic risk management policy and develop necessary risk management systems and techniques based on the concept of the COSO-ERM framework. Specifically, we have defined the following 18 risks as major risks* and are responding to them by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis. In addition, we periodically review the effectiveness of management systems through our internal committees. Moreover in accordance with the medium-term management plan, we conduct risk assessments across the company to reevaluate the risks we are currently aware of and identify risks comprehensively.

* Major Risks

- | | |
|---|--|
| 1. Compliance Risks | 10. Foreign Exchange Rate Risks |
| 2. Legal Risks (Excluding Compliance Risks) | 11. Interest Rate Risks |
| 3. Risks Associated with Trade Security Policy Management | 12. Financing Risks |
| 4. Risks Associated with Customs | 13. Information System and Security Risks |
| 5. Country Risks | 14. Labor Management Risks |
| 6. Commodity Price Risks (Specific, Important Product) | 15. Human Resources Risks |
| 7. Credit Risks | 16. Risks Associated with the Appropriateness of Financial Reporting |
| 8. Investment Risks | 17. Risks Associated with Internal Control |
| 9. Stock Price Risks | 18. Environmental and Social Risks |

Risk Management

Structures and Systems

Risk Management Structure

Risks associated to business operations are managed under oversight from the board of directors, within the responsibilities mandated to our division companies, Headquarters Management Committee (HMC), and relevant committees.

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems and reports on results and findings to the board of directors.

At the Group level, ITOCHU's structural approach to risk management is overseen by the President and Chief Operating Officer (COO) and the Board of Directors and aims to ensure timely and sound executive decision making. The HMC, which is chaired by the President and COO and comprised of the Chairman and Chief Executive Officer (CEO) and other executives appointed by the President and COO, is the committee that sits at the highest level regarding our risk management system. Subsequent committees that report up to the HMC, also referred to as Principal Internal Committees, which include the Internal Control Committee, Disclosure Committee, ALM Committee, Compliance Committee, Sustainability Committee, Investment Consultative Committee, are responsible for identifying and addressing risks and incidents in their respective fields.

The Sustainability Committee, one of the Principal Internal Committees introduced above, is tasked to promote sustainability in the ITOCHU Group's company-wide risk management. The Committee manages operational ESG risks such as human rights risks, health and safety risks, climate risks, and natural disaster risks, as well as ESG risks related to investments. The Committee cooperates with other Committees as necessary and makes decisions on policies and initiatives to address ESG risks and operational improvements to further mainstream sustainability concerns in our risk management culture. Activities and findings are compiled by the Committee and reported to the Board of Directors annually.

At the individual Company level, each Company's President reports to the Division Company Management Committee (DMC), an advisory body to the Companies. The DMC deliberates on important issues such as those regarding investments, lending, assurance, and business management that have the potential to substantially impact the management of each company. If the risks identified or escalated exceed beyond the responsibilities mandated to the DMC, depending on the gravity of the risk and upon deliberation with other committees as necessary, risk issues may be escalated to the HMC and/or the Board of Directors.

ITOCHU is a company with Audit & Supervisory Board Members and endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. Auditors are therefore independent from the Committees within our risk management structure, including the HMC, but do attend Committees to perform their monitoring/

supervising responsibilities. The executives chairing each respective Committee is also required to report to the HMC and/or the President and COO as necessary. The Audit Department directly under COO and other corporate staff departments oversee risks and our group-wide approach to managing risks as assigned within their mandated responsibility, and are also required to support the HMC and their subsequent Committees.

- Organization chart regarding the ITOCHU Group's corporate governance structure and internal controls system (P151)
- Overview of ITOCHU Group's main internal committees (P158)

With the business environment being filled with rapid changes and uncertainty, the ITOCHU Group recognizes the importance of predicting and preparing for various eventualities. As such, we create and analyze various risk scenarios regarding the various elements of the macroeconomic environment, such as political, legal, economic, socioeconomic, and technological factors, and consider relevant future impacts in our management planning.

Please see Macroenvironmental PEST Analysis page (https://www.itochu.co.jp/en/ir/doc/annual_report/online2021/pest.html) for our non-financial capital PEST analysis reported in the Integrated Report.

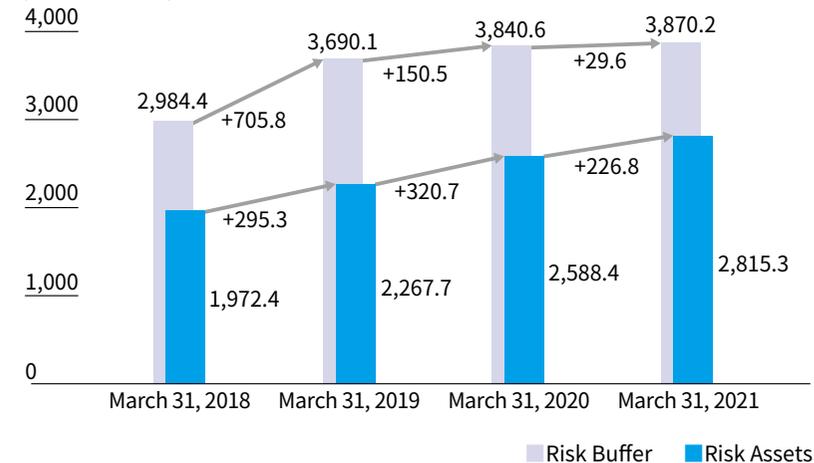
Initiatives

Risk Management

Risk Capital Management*1 and Management of Concentration Risk

■ Risk Assets and Risk Buffer*2

(Billions of Yen)



*1 The cost of shareholders' equity set at 8%

*2 Risk Asset = Total shareholders' equity + Non-controlling interests

Risk Management

Strict Management of Risk Assets

Our basic operational policy involves first calculating risk assets based on the maximum amount of possible future losses from all assets on the balance sheet including investments and all off-balance-sheet transactions. Second, we manage the amount of risk assets within the limits of our risk buffer (Total shareholders' equity + Non-controlling interests). As we promote investments that will lead to evolve existing business moving forward, we will work to maintain risk assets within the limits of our risk buffer, conduct strict risk management, and further strengthen our financial position.

Business Investment Management

Fundamental Approach

Along with strategic business alliances, business investment is an important means of creating new businesses. To actively promote strategic investments in areas of strength in a timely manner, we choose the optimal structure from a wide range of methods, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary.

In principle, we hold investments continuously. After making each investment, we work to maximize the investee's corporate value and to expand trading profit and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as larger-scale investments in recent years, we are rigorously screening the appropriateness of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures, centered on instituting more rigorous exit criteria and thoroughly implementing periodic investment review.

Decision-Making Process for New Investments

A multilayered decision-making process that achieves quick decision-making by giving a certain level of discretion to the Division Companies while striving to pursue investment return and curb investment risk.



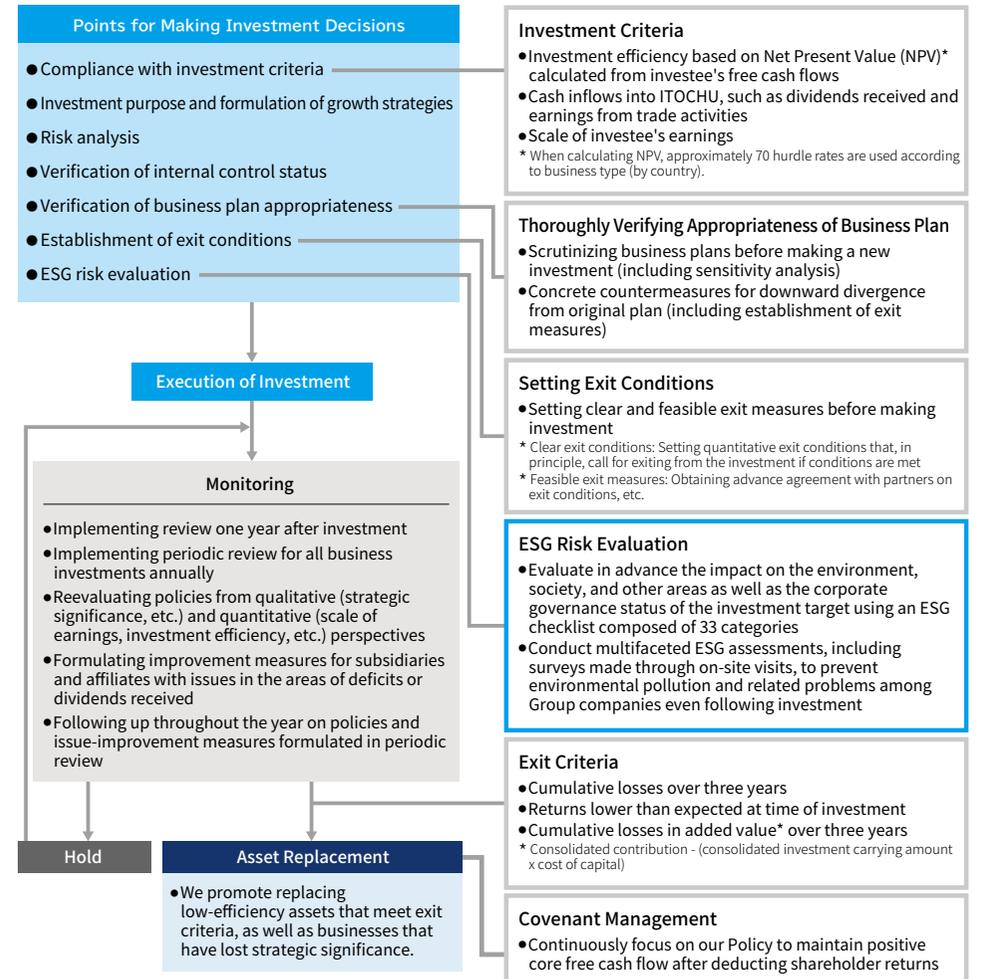
Business Investment Process

Starting with the impact of COVID-19, the business environment changed dramatically in FYE 2021.

Against this background, we steadily implemented strategic investment at the right time and divested businesses which are less efficient or past the peak.

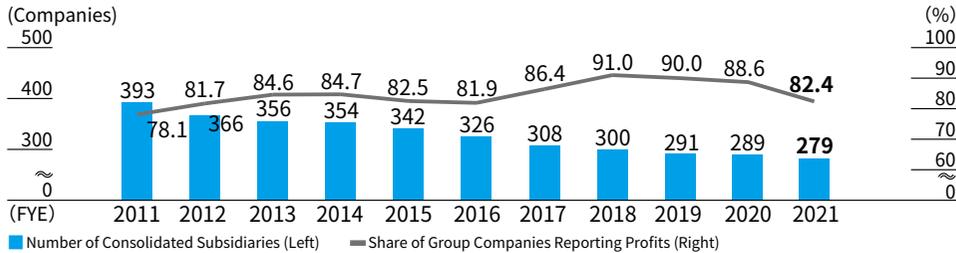
We cleared up business concerns and further strengthened our economy-resilient earnings base.

At the same time, we strictly implemented various processes, including the verification of the validity of business plans at the time of investment decisions, and meticulously monitored those decisions after investing. This allowed us to maintain a high ratio of profit-making group companies at 82.4%.



Risk Management

Number of Consolidated Subsidiaries and Share of Group Companies Reporting Profits

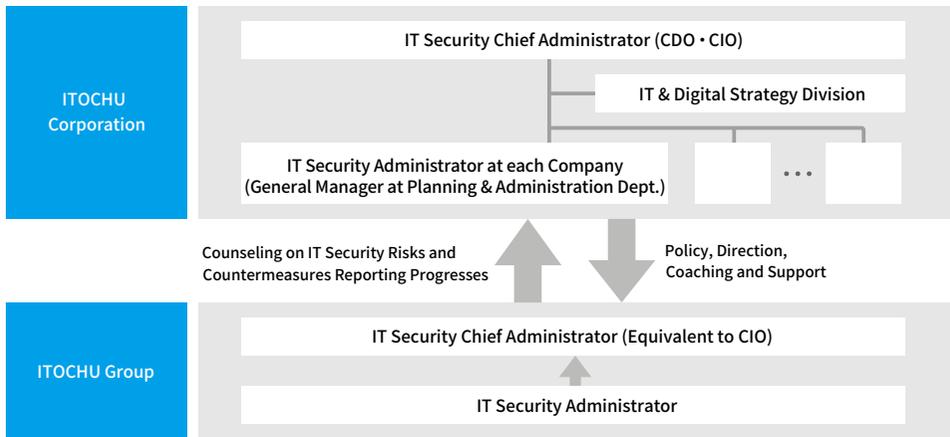


Security Risk Management

Policy and Basic Concept

The ITOCHU Group aims to reduce and avoid information and data security risks by taking a structured approach to ensure a high level of information security. The Information Security Policy (<https://www.itochu.co.jp/en/security/index.html>) is communicated to all of our executives and employees and serves as the overarching policy that guides our information management initiatives. We have also established the Information Management Code, which includes a code of conduct specific to information and data security to which our executives and employees must comply to. More specifically, rules and standards are strictly set regarding the management of personal information, documents, and IT security to prevent information leakage and breaches.

Structures and Systems



| Name | Chairman | Objectives |
|---------------------|-----------|--|
| IT Strategy Council | CDO · CIO | Deliberates regarding IT Strategy (Annual IT Strategic Plan, etc.) |

Initiatives

ITOCHU has formulated a company-wide information strategy for digital transformation (DX) and data-driven management and is aiming for IT-based management.

In order to ensure a high level of information security that supports these management foundations, we continue to take thorough measures for crisis management, including the establishment of security guidelines, the expansion of security infrastructure, and the strengthening of technical security measures for malware, etc.

We routinely collect the latest information regarding potential cyber threats by analyzing system logs and malware. Additionally, when incidents do occur, we respond instantly by investigating their causes, discussing possible countermeasures, and restoring services. This is done by the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCERT) – a cyber security team whose members are senior cyber security analysts. In 2017, we established ITCERT space in our IT & Digital Strategy Division to further enhance security countermeasures across the entire Group and to develop security personnel. We also provide training programs to develop technicians proficient in cyber security. There are few examples of user companies in Japan that are working as actively as we are to develop systems and respond to information security risk. Moving forward, we plan to maintain these initiatives and make enhancements where necessary to ensure sustainable growth that is free from cyber threats.

We periodically engage in the training programs listed below to maintain and improve our information security program.

- We give training to all employees on how to identify and respond to targeted e-mail attacks twice a year.
- All global employees including those in group companies are subject to a mandatory, simultaneous e-learning course on information security, which is held every three years.
- Several times a year, the ITCERT leads an internal cyber security workshop for the ITOCHU Group companies.
- Policies regarding information security and the management of personal information are required to be communicated to employees upon hiring. If amendments or updates are made to these policies, all executives and employees receive a notification of the changes made. Employees are also updated on such amendments in their periodic e-learning trainings.

Cyber security is especially important to us given that our BCP is supplemented by IT solutions which have enabled us to maintain business operations during the COVID-19 pandemic. Such IT solutions include our adoption of thin clients in all of our internal computers, WEB-based teleconferencing systems, and cloud systems. We ensure that cyber security is monitored in these systems by requiring that all company-wide services and tools are subject to prior assessments.

Risk Management

Business Continuity Plan

In order to ensure business continuity under extreme circumstances, including natural disasters (such as major earthquakes), pandemics, terrorist attacks, cyber-attacks and security incidents, the ITOCHU Group establishes a Business Continuity Plan (BCP). The BCP aims to prepare us for unpredictable incidents and minimize disruptions to our business. It is subject to regular reviews and revised as necessary.

The BCP outlines four stages between the occurrences of a major incident to the full recovery of our business: 1. Emergency response and immediate recovery 2. BCP implementation 3. Operational recovery 4. Full recovery. Each stage in the BCP clearly appoints responsibilities to certain personnel and outlines response protocols. The ITOCHU Group's BCP is subject to all group-wide operations and is supplemented by business segment and department-specific provisions.

Regarding the COVID-19 Pandemic that began in late 2019, the ITOCHU Group responded by establishing an emergency response task force. In addition to ensuring the health and safety of our immediate employees and their families, as a trading company that prides itself in consumer goods, it is also important to us that we fulfill our duty to consumers and their livelihoods by maintaining stable operations in our various supply chains. By taking a risk-based approach to handling the COVID-19 Pandemic but also prioritizing business continuity, we continued to do our best in fulfilling our social responsibility.

Compliance

Action Plan

| Risks | Opportunities |
|---|---|
| Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control. | 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. |

| Materiality | SDGs Targets | Issues to Address | Business Area | Commitment | Specific Approach | Performance Indicators | Degree of Progress |
|---|---|---------------------|---------------|--|--|--|--|
| Maintain Rigorous Governance Structures |  | 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"> • We registered with the Whistleblowing Compliance Management System (self-declaration of conformity) as of April 10, 2019, which had been renewed for FYE 2020. For FYE 2021, we got started on the renewal proceedings on February 17, 2021. • 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 62 ITOCHU group companies in the period of September through November 2020. During 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. • We provided e-learning on thorough information management for ITOCHU Corporation employees, temporary employees and seconded employees in total of approximately 5,300 individuals (in the period of July 13 through 31, 2020). • The results of our on-site compliance training seminars in FYE 2021 are as follows (as of March 31, 2021): <ul style="list-style-type: none"> • For ITOCHU Corporation: 2,925 employees (who all watched the training video); and • For ITOCHU group companies: 12,903 employees in total (of which (i) the webinar sessions were provided for 72 companies in 90 occasions with 6,911 attendees; and (ii) the training video were provided for 32 companies with 5,992 viewers. |

Policy and Basic Concept

- All officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct based on high ethical values.
- ITOCHU is to designate a representative director as the Chief Officer for Compliance (Member of the Board • CAO) responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance our compliance system.

Compliance

Structures and Systems

ITOCHU Group's Compliance System

The ITOCHU Group is developing a system for compliance by having the Compliance Department of the Legal Division plan and suggest policies and measures to encourage compliance throughout the entire Group and appointing compliance officers in each organization within ITOCHU Corporation, overseas offices and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter referred to as the “companies subject to compliance management”). The Compliance Department performs these roles under the direction of the Chief Administrative Officer (CAO) who serves as the Chief Officer for Compliance. In addition, the ITOCHU Group Compliance Program provides guidelines to maintain the compliance system. We then periodically monitor and review the implementation situation of these matters. At the same time, we strive to ensure thorough compliance throughout the Group by giving education and training in our group companies as necessary.

Compliance incidents revealed in each organization within ITOCHU, overseas offices or companies subject to compliance management are reported to the Chief Officer for Compliance (CAO) and the Corporate Auditors, while incidences of serious compliance violations are reported to the Board of Directors as appropriate. The Compliance Committee is chaired by the CAO and consists of two external members and heads of relevant administrative divisions and sales division as internal members. It deliberates on matters related to compliance as a permanent organization on business operations. The most recent Compliance Committee meeting was held on February 26, 2021. (The meeting is held two times a year, in principle.)

The ITOCHU Group Compliance Program details the compliance system development policy of the ITOCHU Group so that each organization within ITOCHU Corporation, its overseas offices, and companies subject to compliance management can ensure compliance by taking into account business characteristics, operational formats and local laws. At the same time, the Compliance Committee reviews the effectiveness and validity of the program every fiscal year based on laws/ordinances and social trends. The committee then revises and approves this program as appropriate.

Across the Group, we conduct Monitor & Review surveys once a year to check the status of compliance systems and operations of each organization. In addition, as for key organizations such as overseas offices and companies subject to compliance management, we are implementing activities with a focus on the constant improvement and enhancement of our compliance structure. For example, we have been proactively utilizing the Internet to provide on-site training using compliance incidences that have actually occurred as the teaching materials even during the COVID-19 pandemic. Furthermore, based on trends in former compliance incidences and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures for each organization, and these measures are steadily being implemented.

The ITOCHU Chief Officer for Compliance (CAO) and the compliance officers of each organization, overseas offices and companies subject to compliance management report the situation of compliance system operation and the results of the Monitor & Review surveys in accordance with the ITOCHU Group

Compliance Program to the respective board of directors and top management (e.g., presidents, compliance officers and management councils) once a year in principle. Moreover, the directors of ITOCHU and our group companies are obliged to report any serious compliance incidents with laws/ordinances and our Articles of Incorporation to the Audit & Supervisory Board members of the respective companies. The Internal Audit Division of ITOCHU confirms the compliance system operation in the relevant organizations and overseas blocs as appropriate. It does this in compliance audits to verify that the compliance system in the ITOCHU Group is functioning appropriately and regular audits on organizations (including supervising group companies) and overseas blocs in ITOCHU.

In addition, to ensure compliance throughout the Group, at individual performance evaluations every fiscal year, we confirm in writing that all employees have complied with laws, regulations, and other rules.

Response to Compliance Incidents (Violations)

The compliance officers in the relevant organizations make reports to the Chief Officer for Compliance (CAO) according to the prescribed standards and procedures if violations of laws/ordinances and internal rules – including those on the prevention of corruption – are uncovered or if it is determined there is a risk of a violation occurring in the organizations of ITOCHU, overseas offices and companies subject to compliance management. At the same time, the compliance officers in the relevant organizations play a central role in reporting results when dealing with such concerns (e.g., internal investigations, cause investigations and recurrence prevention measures) to the Chief Officer for Compliance (CAO).

We set up an investigation committee as necessary under the direction of the Chief Officer for Compliance (CAO) for serious compliance incidents requiring consideration from a company-wide perspective. That committee reports the results of the investigation and the recurrence prevention measures to the Board of Directors.

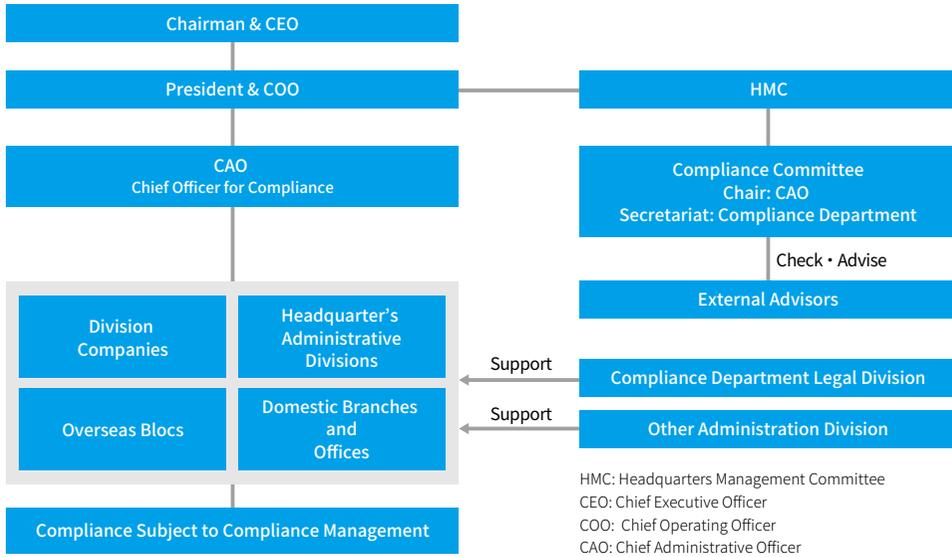
Furthermore, ITOCHU then takes the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations. We verify whether it is necessary to impose internal punishments on officers and employees involved in violations of laws/ordinances, including those concerning bribery, with reference to the internal regulations (e.g., work regulations) of each company. If necessary, we impose appropriate punishments according to the standards and procedures stipulated in the internal regulations upon consulting and cooperating with the relevant departments and experts inside and outside the company.

In FYE 2021, ITOCHU Corporation identified and responded to 71 internal whistleblowing reports, but there was no serious compliance incident (including any breach of customer privacy) which shall require public disclosure.

Compliance

Overview

The ITOCHU Group Compliance System

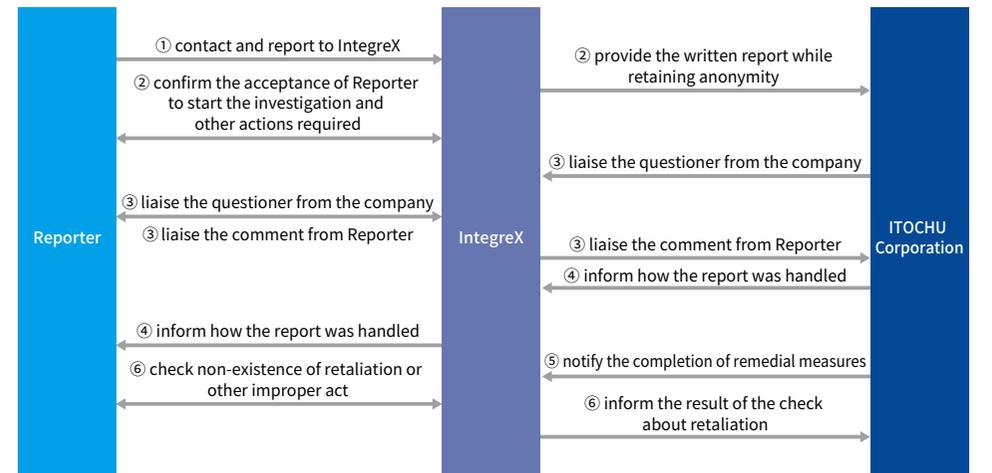


Internal Reporting System (Hotlines)

ITOCHU Corporation has formulated regulations on the Internal Information Reporting System (Hotlines) and instructed the installment of similar hotlines at companies subject to compliance management as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption, including bribery. The Internal Reporting System operation situation is reported to the Compliance Committee periodically.

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

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

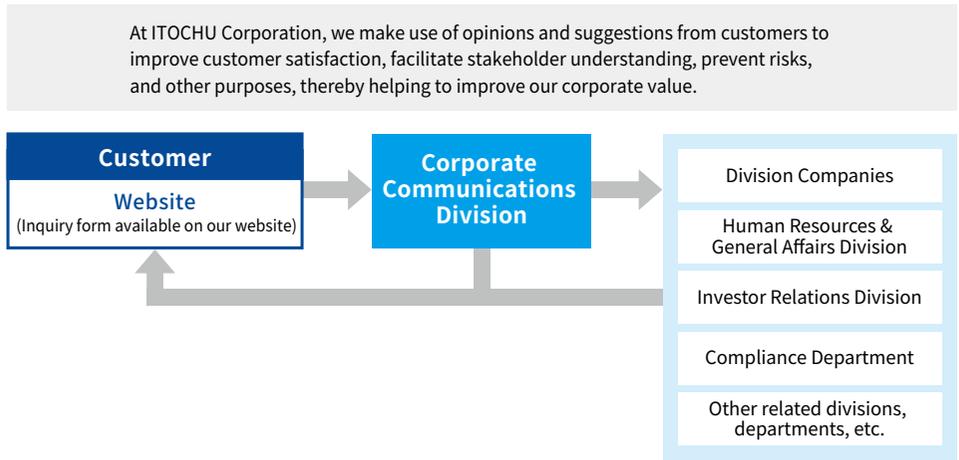


ITOCHU Corporation applied for recognition under the Whistleblowing Compliance Management System (Phase 1: self-declaration of conformity), which was newly introduced by the Consumer Affairs Agency of Japan. Our conformity with certification standards was confirmed and our registration was accepted as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

Compliance

Consultation Desk for the General Public (including Stakeholders)

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



Initiatives

Implementation of Compliance Training

ITOCHU provides ongoing education and training on compliance. The aim is for each one of our officers and employees to understand the purpose of laws/ordinances and social norms and to then comply with these based on high ethical values.

On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as teaching materials while also focusing on the following points.

- Raising awareness of compliance with laws that need to be observed in the course of business
- Raising awareness of prevention of any incidents of corruption, including bribery, insider trading, and money laundering
- Raising awareness of prevention of human rights violations such as power harassment and sexual harassment

In addition, Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats.

In FY2020, on-site training was also provided by the Headquarters for officers and employees of major Group companies for a total of about 10,800 people from 85 companies in Japan and for a total of about 1,450 people from 51 group companies at major overseas blocs. In FY2021, the training was given to approximately 12,900 people from 104 companies in Japan.

We also distribute the Compliance Handbook to all employees. This handbook provides advice on compliance for each potential work setting (in Q&A format) and advises what actions to take in order to prevent corruption. We also conduct separate programs of finely-tuned education and training for each employee layer that are based on actual cases, including training for new recruits, manager training, training for Group company officers and training prior to overseas assignments.

Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees, including the level of understanding of the ITOCHU Mission, and assists the implementation of specific initiatives. In FYE2021, we conducted the survey of 57,781 Group employees, and received response from 54,848 of them (retrieval rate of 94.9%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. In FYE 2022, we plan to conduct our seventh compliance awareness survey.

Compliance

Bolstering Measures to Fight Corruption

The ITOCHU Group has established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

ITOCHU Group Anti-Corruption Policy

1. ITOCHU Group Anti-Corruption Policy

The ITOCHU Group ensures the implementation the compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization that is permitted by society. We do not even need one yen if it is gained through illegal means.

To address the risk of bribery and corruption, the ITOCHU Group has established rules relating applications and approval procedures, and recording method, etc. according to categories of behaviors which are easy to be used for bribery or corruption, and strictly observes those rules. The rules were established based on “Regulations Concerning the Prohibition of Giving Illicit Benefit,” as well as four related guidelines relating to public officers, foreign public officers, business partners, and investment generally.

[ITOCHU Group Anti-Corruption Policy]

- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any public or quasi-public official inside or outside of Japan.
- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any director, officer or employee of any private entity.

2. Requests for All Partners

In order for the ITOCHU Group to implement the above anti-corruption policies, the ITOCHU Group requires the cooperation of all of its business partners and investment partners. In connection with the business partners and the investment targets and investment partners (collectively “Partners”), the ITOCHU Group will request itself conducting due diligence on Partners and entering into contracts containing anti-bribery provisions with Partners. The ITOCHU Group thanks you for your understanding and cooperation.

April 1, 2020

Masahiro Okafuji
ITOCHU Corporation
Chairman & Chief Executive Officer

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined and strictly operates the Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers) to prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position. In December 2015, we revised the guideline regarding agents and consultants to guideline regarding business partners, thereby expanding the scope of application of the guideline, and bolstered measures to fight corruption by establishing investment guideline, which is designed to carefully check investment projects for the risk of bribery. The Regulation Concerning the Prohibition of Giving Illicit Profit includes facility payments, or payments of small amounts of money that are aimed solely at facilitating ordinary administrative services, among the improper advantages it prohibits. It also prohibits commercial bribery, which falls under an improper advantage given to business partners in the private sector. In addition to banning bribery, our internal rules prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (conflicts of interest, etc.).

The guidelines regarding public officers and foreign public officers include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis. The guideline regarding business partners clarifies the process for comprehensive checks and stipulates the process of concluding contracts on new appointments and renewals of contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). Concerning overseas business partners, we use the Corruption Perceptions Index (CPI) published by Transparency International as one of our risk identification criteria.

In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, thereby prohibiting improper payments (bribery or the provision of improper advantages) and clearly state that the contracts may be cancelled immediately if the provisions of the article are violated. The investment guideline includes specific provisions on the implementation of due diligence and procedures for obtaining the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

In the training provided to officers, employees and others, we strive to raise awareness and instill ITOCHU Group Anti-Corruption Policy, the Regulation Concerning the Prohibition of Giving Illicit Profit and four related guidelines. We make certain that the regulation and guidelines are reflected in their daily management work to prevent corruption, including the provision of improper advantages. We also provide training specializing in bribery for organizations where the risk of bribery is particularly high. We also manage our political contributions, charities, and sponsorship activities by referring to internal rules to ensure that they do not constitute corruption, and by following our internally specified routes of application for the approval of donations and sponsorship to ensure that such activities are socially just and meet ethical standards.

The annual Monitor & Review surveys, which are mentioned in the ITOCHU Group’s Compliance System above, include a check on business entertainment and gift-giving to public officers and foreign public officers and on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management. Where necessary, we hold a dialogue on the status with the compliance officer of each organization.

Compliance

Measures to Fight Collusive Bidding and Cartels

ITOCHU established the Basic Regulations on the Compliance with the Antimonopoly Act., etc. and the specific operational guidelines titled the Standard on Prevention of Cartels and Collusive Bidding in November 2017. The purpose of this is to prevent involvement in collusion, cartels and other violations of the Antimonopoly Act. In addition, we thoroughly inform our employees about compliance with the Antimonopoly Act. We do this by preparing the Antimonopoly Act Compliance Manual, various monitor reviews, and education and training. We passed instructions at a meeting of the Board of Directors according to four exclusion measure orders we received from the Fair Trade Commission from FYE 2018 to FYE 2019. We have notified and thoroughly informed all our employees of the content of these resolutions.

ITOCHU Group Tax Policy

7th December, 2017
ITOCHU Corporation

ITOCHU Corporation and the ITOCHU group companies (collectively, “the ITOCHU Group”) have established a Basic Policy: To comply with all applicable tax laws, rules, regulations, and tax treaties (collectively, “Tax Rules”) of each country and region where the ITOCHU Group conducts business.

The ITOCHU Group is committed to respecting the interests of all stakeholders, including all of the countries and regions where the ITOCHU Group conducts business, as well as the ITOCHU Group’s shareholders, creditors, business partners, and employees.

1. Basic Policy - Compliance with Tax Rules

The ITOCHU Group is committed to managing its business operations in full compliance with all applicable Tax Rules and not engaging in transactions that are intended to evade or avoid taxes.

2. Tax Cost Management

In accordance with the Basic Policy, the ITOCHU Group strives to achieve effective tax cost management by eliminating double taxation and utilizing the favorable Tax Rules of each country or region.

3. Maintaining Relationships of Mutual Trust with Tax Authorities

The ITOCHU Group strives to maintain a relationship of mutual trust with all tax authorities by engaging in constructive discussions and preparing documents in an accurate, timely and appropriate manner to ensure overall transparency of the ITOCHU Group’s tax matters.

Measures for Intellectual Property

To completely prevent infringements on intellectual property rights held by other parties in businesses related to such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for employees and by establishing internal rules, regulations and manuals etc., that conform to related laws and regulations. We also define and properly apply internal rules for employees’ inventions and work and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security.

Accordingly ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. The Compliance Program of ITOCHU is annually submitted to the Ministry of Economy, Trade and Industry of Japan as a company that has developed export control and an excellent management system. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also been providing information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Compliance

Basic Policy and Efforts against Antisocial Forces

ITOCHU Corporation makes it a basic policy to block any relationship or transaction with anti-social forces that threatens public order and safety. ITOCHU has established and strengthened the internal systems necessary to achieve this by providing education and awareness-raising activities to employees on a regular basis and ensuring prior confirmation that counterparties of transactions do not fall under anti-social forces such as full investigation of new transactions.

Insider Trading Regulations

ITOCHU Corporation has an internal rule regarding the restriction of insider trading, and formulated the “guideline regarding reporting and management of insider information” in April 2014 in conjunction with the revision of the rule. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity which ITOCHU has capital or contractual relationship, and we are taking action to assure that all employees know about them.

Perspectives on Information Management

ITOCHU Corporation has formulated “Information Security Policy” for all members of the board and employees to handle information with high security level. Also, in order to manage information required for business management activities properly, we also formulated “IT Security Management Policy” for all executives and employees, which is a code of conduct on information handling. More specifically, we have determined rules and standards on personal information management, document management, and IT security, and are striving to prevent the leakage of personal information and other confidential information. We have also established a management system for complying with the My Number Act.

Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management under the auspices of the Corporate Planning & Administration Division, the IT Planning Division and the Legal Division. In the ten survey, which was conducted in FY2020, the personal information management systems of ITOCHU Corporation and 136 companies subject to compliance management were checked from September to November 2019. Based on the results of the checks, we have continued activities to encourage continued improvements at ITOCHU Corporation and Group companies. At the same time, we have established a system and provide support for the operation with advice from external lawyers.

Response to Violations

If an act in violation of the above policies or rules, including policies and rules designed to prevent corruption, should be confirmed, we take corrective action, including an investigation into the cause and education and training of those involved in the act, as well as related individuals. At ITOCHU Corporation, we consider disciplinary action against officers and employees who have been involved in any violation of laws, including bribery, with the aim of imposing harsh penalties when deemed appropriate as a result of internal investigations.

Evaluation by Society

FTSE4Good Index Series • FTSE Blossom Japan Index

ITOCHU has been selected as an index constituent of FTSE4Good Index Series and FTSE Blossom Japan Index.

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

The FTSE Blossom Japan Index is adopted by the Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark for its passive investments.



FTSE4Good



FTSE Blossom
Japan

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements and become a constituent of FTSE4Good Index and FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Also, FTSE Blossom Japan Index is specifically designed to assess the performance of Japanese companies demonstrating strong ESG practices using the globally established FTSE4Good Index Inclusion Rules. The FTSE4Good Indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN)

ITOCHU Corporation has been selected as a constituent of MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN).

The MSCI Japan ESG Select Leaders Index is a free float-adjusted market capitalization weighted index based on the MSCI Japan IMI Top 700 Index, its parent index, which includes large, mid and small-cap securities in the Japanese markets. The Index is designed to represent the performance of companies that have high Environmental, Social and Governance (ESG) performance. The index aims to target sector weights that reflect the relative sector weights of MSCI Japan IMI Top 700 Index in order to limit the systematic risk introduced by the ESG selection process. Overall the index targets coverage of 50% of the parent index.

MSCI Japan Empowering Women Index (WIN) was created as a benchmark for social themes within the framework of ESG by U.S. company MSCI. Index figures are calculated using data disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace, with constituents comprised of those companies which earn a high gender diversity score.

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



The inclusion of ITOCHU Corporation in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of ITOCHU Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Evaluation by Society

Dow Jones Sustainability Indices

ITOCHU Corporation has been selected as an index component of the World and Asia Pacific Index of the Dow Jones Sustainability Indices, a global stock ESG index, for 8th consecutive year.

The DJSI revises the indices every September by an independent survey of economic, environmental and social practices. In FYE 2021, 323 companies including 39 Japanese companies were selected as DJSI World Member among 3,429 targeted companies around the world.

ITOCHU achieved the best score in “Trading Companies & Distributors” Industry (one of the 61 Industries), and has been named as the Industry Leader for the 6th consecutive year. (As of November 2020)

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

S&P Global Sustainability Awards

ITOCHU Corporation was awarded SAM Gold Class at the S&P Global Sustainability Awards 2021, winning the recognition of S&P Global, a U.S. financial research institution that evaluates companies making efforts in sustainability and offers information to investors. ITOCHU has become the top for the sixth consecutive year in the Trading Companies & Distributors sector. (As of February 2021)

Sustainability Award

Gold Class 2021

S&P Global

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is a global environmental stock index adopted by Government Pension Investment Fund (GPIF). Using TOPIX as the universe, this index of S&P Dow Jones Indices, the world's leading independent index provider, overweights companies that have high carbon efficiency within their industry as calculated by Trucost on a market value basis and companies that disclose information on greenhouse gas emissions. It consists of 1,841 companies, including ITOCHU (As of March 2021).



CDP

- **CDP Climate Change**

CDP Climate Change evaluates corporate action on climate change. In FYE 2021, we scored a B.

- **CDP Water**

CDP Water evaluates corporate efforts related to water stewardship.

In FYE 2021, we scored a B.

- **CDP Forests**

CDP Forests evaluates corporate action on risks related to forest destruction within the supply chain.

In FYE 2021, we scored a B in Timber, B- in Palm oil.

- **CDP Supplier Engagement Rating (SER)**

CDP SER evaluates the performance of the CDP Climate Change Questionnaire on governance, targets, Scope 3 emissions, and value chain engagement. In FYE 2021, we scored A-.



Evaluation by Society

SNAM Sustainability Index

Itochu Corporation has been selected as “SNAM Sustainability Index” by the Sompo Japan Nipponkoa Asset Management Co., Ltd. (hereinafter “SNAM”) for the third consecutive year. This index is used as a unique active index in “SNAM Sustainable Management”, for pension funds and institutional investors, which invests widely in ESG-rated companies that SNAM started operation in August 2012.



1st Place, Trading Companies in Institutional Investor’s 2020 All-Japan Executive Team ranking

ITOCHU Corporation won the 1st place among trading companies sector by Institutional Investor’s 2020 All-Japan Executive Team ranking. Institutional Investor is globally known for dealing global financial information to investors and security companies and newly started Best ESG ranking from 2020. This ranking selects the Japanese business enterprises working on outstanding ESG activities, and is based on the voting by institutional investors and securities analysts from all over the world. ITOCHU Corporation is honored to be selected as Best ESG company among Trading companies along with other four categories- Best CEO, Best CFO, Best IR Professional, and Best Investor Relations Team.



Evaluation by Stakeholders

| | | |
|------|------|---|
| 2021 | Jun. | ITOCHU was selected as an index component of SNAM Sustainability Index for the third consecutive year |
| | Feb. | ITOCHU Corporation was awarded as the Gold Class of the S&P Global Sustainability Awards 2021 |
| 2020 | Dec. | ITOCHU Announces It Has Earned an MSCI ESG Rating of AAA |
| | Nov. | ITOCHU Represented as Industry Leader 2020 in the Dow Jones Sustainability Indices |

Independent Assurance Report



Independent Assurance Report

To the President and COO of ITOCHU Corporation

We were engaged by ITOCHU Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ★ and ◆ (the "Indicators") for the period from April 1, 2020 to March 31, 2021 included in its ESG Report 2021 (PDF version) (the "Report") for the fiscal year ended March 31, 2021, except for the 'Number of Hires by Gender', which is as of April 1, 2021.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of C.I. TAKIRON Corporation selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 10, 2021

ITOCHU Corporation

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