

Progress of Human Rights Due Diligence FYE 2021

ITOCHU Group is involved in a diverse range of business activities in various regions around the world. This makes ensuring due respect and consideration of human rights a critical issue for our Group. From FYE 2020 through FYE 2021 we worked to establish processes for conducting human rights due diligence. These efforts included comprehensive assessments of Food Company business contributing to ensuring stable food supplies to consumers. Through these assessments, we identify and select among major products (palm oil, coffee beans, fruits, marine produce, livestock goods, and grains) that pose actual or potential adverse impacts on the human rights of stakeholders.

■ Human Rights Due Diligence Overview

◇Implementation Procedure: With cooperation of third-party agency

- (1) Based on various material surveys and interviews with sales departments, ascertain products that pose actual or potential adverse impacts on the human rights of stakeholders as well as identify the procurement countries for those products. Then, identify products and target countries to prioritize for surveys related to Food Company business activities.
- (2) Create a survey system for product suppliers. Request cooperation from not only direct suppliers but also from indirect suppliers (secondary, tertiary suppliers).
- (3) Analyze the survey results to identify as engagement targets where actual or potential adverse impacts on human rights are unclear, then hold interviews (*) in order to conduct more detailed investigation. (*Originally planned surveys based on direct visits to the sites in question but due to impact of COVID-19, we switched to web-based interviews and additional paper-based surveys.)
- (4) Use the results of the above surveys and interviews to ascertain the status of engagement targets as any actual or potential adverse impacts on the human rights of stakeholders, and deliberate future response measures.

◇Scope:

Target business (products)	Trade (palm oil)	Trade (coffee beans)	Investment business (pineapples)
Target country/region	Malaysia, Indonesia	Brazil (*particularly the State of Minas Gerais), Guatemala, Mexico, Colombia, Vietnam	Sierra Leone
Human rights issues indicated as survey targets	Child labor, fair wages, fair work hours, workplace discrimination, forced labor, freedom of association and right to organized negotiations, migrant worker rights, occupational safety and health, existence of native residents or minority people, status of establishing and operating a complaint help desk, and status of human rights issue confirmation by an external entity		
Surveyed parties	-Target country primary suppliers (oil refineries) -Secondary and tertiary	-Suppliers in the survey target country operating agriculture associations,	-Primary suppliers in the target country involved in the

	suppliers (oil mills) to applicable suppliers	loading sites, and plantations -Primary suppliers with product procurement transactions exceeding a certain amount in the previous fiscal year -Secondary and tertiary suppliers to applicable suppliers	construction of a new plantation in the startup phase (Construction companies, security companies)
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■ Survey Implementation Status and Identified Issues

-Surveys conducted based on the abovementioned scope covered 63% of trade business palm oil primary suppliers and 25% of primary coffee bean suppliers. Surveys also covered certain secondary and tertiary suppliers of the above primary suppliers as well as primary suppliers related to investment businesses.

-The results of this human rights due diligence did not indicate any designated human rights issues but we did discover the following potential human rights issues that were common to both products handled by the trade business.

Operating status and enlightenment methods for grievance mechanism at plantations
Although all surveyed suppliers have established some form of a help desk to handle inquiries and process complaints, some survey targets only have a limited number of workers who are able to read and write. As a result, it can be difficult for such workers to use the provided opinion submission boxes and thus requires consultation via telephone (preserving anonymity is an issue). There were also cases of help desks with no record of having received any complaints. ITOCHU believes it is important to ensure that workers are aware of the existence of such help desks and to provide an environment that enables proactive use. ITOCHU Corporation has also established a help desk for use by all stakeholders and the general public but it is likely that it would be difficult for plantation workers along our supply chain in each country, particularly workers who struggle to read or write their native language, to use the ITOCHU help desk. As such, we will work with local direct suppliers to constantly confirm the status of grievance systems at affiliated plantations and engage the opinions we do receive. At the same time, we will evaluate optimal measures to pursue an effective grievance system for each country.

■ Guidelines for Future Measures

ITOCHU Corporation will continue working to quickly identify negative impact on human rights and diligently work to address these issues. As part of these efforts, we will include the parties subject to the abovementioned human rights due diligence to the annual supply chain sustainability survey we have conducted since 2008. We also will have additional human rights related criteria issues to existing survey content and engage in continuous follow-up through surveys and on-site visits. Furthermore, we will gradually expand the scope of human rights due diligence to the operating activities of other companies.