

Progress of Human Rights Due Diligence FYE2022

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.

In FYE 2022, we conducted a comprehensive assessment of Metals & Minerals Company business. Its business domain is mining development and mineral trade, both of which require due consideration for the safety of workers and the people living in the local communities. Through this assessment process, we worked to identify products and materials that may have negative impacts on the human rights of stakeholders and conducted a human rights due diligence.

■ Human Rights Due Diligence Overview

◇ **Implementation Procedures:** With cooperation of a third party agency

- (1) Based on various document reviews and interviews with sales departments, ascertain products and the procurement countries that pose actual or potential adverse impacts on the human rights of stakeholders through our business activities, and selects the businesses and target countries that should be prioritized. (First Screening)
- (2) Conduct a questionnaire survey on the suppliers of project and trade products selected in the first screening. Analyze the survey results, and identify the suppliers as engagement targets who are expected to confirm the specific status of human rights risks for which a more detailed survey should be conducted. (Second Screening) (Note 1)
- (3) Interview with the targets of engagement. (Conduct remote interviews due to COVID-19)
- (4) Use the results of the above surveys and interviews to ascertain the current status of human rights risks and discuss future action plans.

(Note 1) "Project" refers to the investment business, "trade" refers to the business form of trade itself, and "supplier" is a generic term for businesses that include both. The expressions "the products of project" and "the products of trade" refer to the products themselves, and "the products" is a generic term that includes both.

◇ **Scope: General Project Trade of Metals & Minerals Company**

	Number of Target Products			Number of Suppliers		
	Total	Project	Trade	Total	Project	Trade
List all products of Metals & Minerals Company	64 products	(10)	(54)			
Conduct a questionnaire survey on the suppliers (First screening)	13 products (Note 2)	(6)	(7)	19 companies	(5)	(14)
Conduct a detail survey on the suppliers (Second screening)	4 products	(3)	(1)	4 companies	(3)	(1)

(Note 2) Covering 20% of the Metals & Minerals Company's overall project trade (64 products)

Selected Businesses and Target Regions based on the First Screening

Target Business	Project	Trade
Products	Coal, Aluminum, Iron Ore, Platinum, Nickel	Coal, Silicon Metal, etc.
Target Countries/Regions	Southeast Asia, South America, South Africa	All of Asia
Human Rights Issues indicated as Survey Targets	Forced Labor, Child Labor, Discrimination, Freedom of Association and Collective Bargaining , Land Use, Working Hours and Wages, Health and Safety, Community Impact (include Infringement of Indigenous People Right, Problems caused by Security Personnel in the Facility), Water and Hygiene (Note 3)	
Surveyed Parties	Projects located in the study area	Primary customers located in the study area

(Note 3) The four human rights issues listed in bold are items related to core labor standards set out in the ILO Declaration on Fundamental Principles and Rights at Work.

■ Survey Implementation Status and Identified Issues

- As a result, we did not identify items that indicate human rights infringement or adverse impacts on human health and safety already occurred or where there is imminent concern.
- However, the following two findings may evolve into human rights issues in the future (the level at which monitoring

is recommended) :

(1) Overtime work during busy season

It was confirmed that there were cases in which the number of working hours including overtime work was up to 16 hours/day (scheduled working hours: 8 hours) during the peak season when workers' holidays overlap. While we acknowledge credit should be given to workers for being able to take leaves at their desired time, we also recognize due consideration should be given to occupational health and safety of workers who are required to work overtime as a consequence of such a situation.

Therefore, we believe it is necessary to observe and duly consider the physical and mental health conditions of employees through annual health checkups, etc., and to consider the best measures to diversify the workload by securing adequate human resources, and we would like to continue monitoring.

(2) Clarification of contact points from local residents

Although it was confirmed that several suppliers are conducted the survey communicated with local residents, including indigenous people, and the local government, by ensuring occasions to explain operational mining to them, there was a tendency that contact points for consultation and complaint reporting channels were not clearly defined, or that the systems that had been introduced had just begun to operate.

Our company believes that respect for the rights of local people, including indigenous peoples, in the extractive sector is very important. We consider that it is important for local residents to be aware of the existence of contact points and to have an environment in which they can actively use them.

In our company, we have established a contact point for the general public including stakeholders. In order to make it easier for local residents of the supply chain in the country concerned to consult in their native language, we will continuously confirm the operation status of the grievance mechanisms and the feedback received, and discuss the best measures for the establishment of an effective grievance mechanism in each country concerned.

■ Our Way Forward

In order to identify human rights issues as early as possible and respond to them with sincerity, we will continue to include the companies for which we conducted human rights due diligence mentioned above in the scope of supply chain sustainability surveys as we move forward. We will continue to follow up by additional survey items for human rights risks to our existing Sustainability Survey, or by confirming the status of findings at interviews.

Due to the spread of the infection in COVID-19, remote interviews were conducted during the due diligence. On-site confirmation and interviews with workers cannot be conducted, and feasible interviews are limited to staff in charge. On our way forward, we plan to conduct on-site surveys to confirm risk factors and reduce risks. We will also conduct human rights due diligence in the areas of business domains of other division companies in ITOCHU.