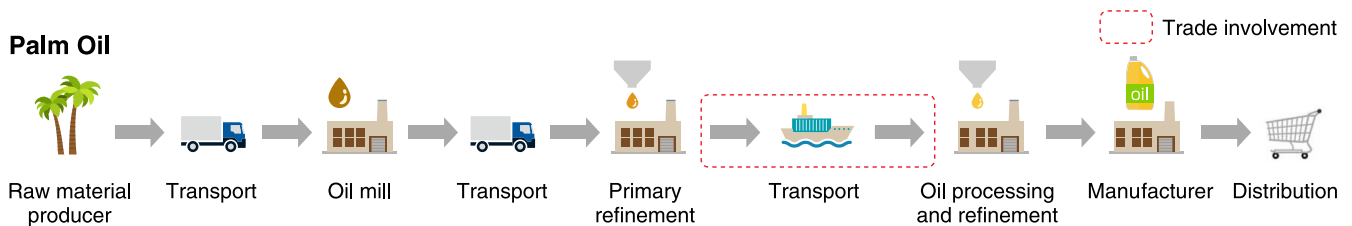


Support for the Sustainable Procurement of Palm Oil

Business Overview

Supply chain

Palm Oil



Policy and Basic Concept (Sustainable Palm Oil Procurement Policy)

Purpose and Background

It has been identified that palm oil business has a relationship with environmental destruction and human rights issues concerning plantation development and production of palm oil. ITOCHU pays particular attention to these issues, and recognizes our responsibility for them from the viewpoint of connecting producers and end users. Therefore, we have established the Sustainability Action Guidelines for Supply Chains to fulfill our corporate social responsibility. We have also established the following procurement policy in order to achieve our goal for procuring sustainable palm oil.

Applicable Organizations

ITOCHU and our subsidiaries

Applicable Products

Palm oil

ITOCHU is involved in trading for our palm oil business. We do not own any palm plantation.

Targets

To realize the stable procurement and supply of sustainable palm oil, ITOCHU will verify our supply chains based on evaluations of the following priority items to fulfill our corporate social responsibility. We will then find problems and make improvements. In doing this, we will achieve our stated target of 100% traceability to mill level by 2021, and switching all the palm oil we procure to sustainable palm oil*¹ by 2025. In particular, ITOCHU are aiming to realize procurement based on the No Deforestation, No Peat, No Exploitation (NDPE)*² principle.

*¹ Sustainable palm oil: the palm oil procured by the suppliers to have the RSPO standard or the sustainable standards admitted by the other certified organizations

*² No Deforestation, No Peat, No Exploitation (NDPE): Zero deforestation, zero peatland of any depth development and zero exploitation

Priority Items

- Transparency in palm oil supply chains where there is involvement by many stakeholders (e.g., small holders (small plantations), interim dealers and oil mills)
- Collaboration with Suppliers and Stake Holders to improve and facilitate the inclusion of small holders into their supply chain
- No Deforestation, No Peat, No Exploitation (NDPE) principle
- Prevention of development in High Conservation Value (HCV*¹) regions, High Carbon Stock (HCS*²) regions and peatland of any depth*³

- Conducts of HCV assessments, SEIAs^{*4}
- No burning, and best management practices (BMPs) for peatland of any depth and soil principle
- Minimum use of chemicals, no use of paraquat, World Health Organization (WHO) Class 1A and 1B pesticides and chemicals listed under the Stockholm Convention and Rotterdam Convention
- Compliance with the laws/ordinance of the countries/regions where we perform business activities and international norms established by the International Labor Organization (ILO) and other organizations in relation to labor conditions (e.g., employee minimum wage and abolition of all forms of discrimination including gender)
- Inclusion of women across palm oil operations
- Illegal labor (including child labor and forced labor), and provision of working environments with excellent safety, hygiene and health for employees
- Free, Prior and Informed Consent (FPIC^{*5}) principle and respect for the rights of indigenous people
- Effective implementation, valuation and improvement of grievance mechanisms

*1 High Conservation Value (HCV) region: Region defined by the High Conservation Value Resource Network (HCVRN)

*2 High Carbon Stock (HCS) region: Region defined by the High Carbon Stock Approach Network (HCSA)

*3 Peatland: This is land where a large amount of carbon is found in the ground. The development of this would result in large amounts of greenhouse gases being emitted into the atmosphere.

*4 SEIAs: Social and Environmental Impact Assessments

*5 FPIC: Protection and conservation of regions and consideration for local residents and society