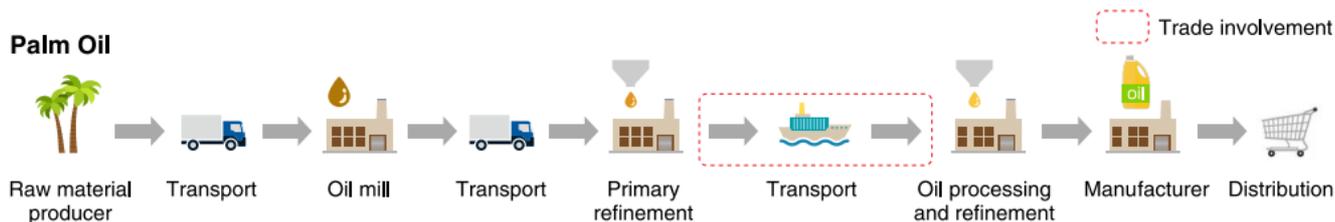


# Support for the Sustainable Procurement of Palm Oil

## Business Overview

### Supply chain



## 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

ITOCHU inspected our supply chain as a way to fulfil our corporate social responsibility. In doing so, we identified issues and solved them with the aim to achieve sustainable procurement and supply of palm oil. That allowed us to achieve one of our goals of achieving 100% traceability at the mill level by 2021. Going forward, we will aim to achieve our other goal of switching all the palm oil we procure to sustainable palm oil\*1 by 2030. In particular, ITOCHU are aiming to realize procurement based on the No Deforestation, No Peat, No Exploitation (NDPE)\*2 principle.

\*1 Sustainable palm oil: palm oil produced in a responsible manner which comply with NDPE policy and RSPO, MSPO, ISPO or any other equivalent standards

\*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
- ◆ Compliance with laws and regulations in the countries and regions which business is conducted
- ◆ 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<sup>\*3</sup>

- ◆ Conducts of HCV assessments, SEIAs<sup>\*4</sup>
- ◆ No burning, and best management practices (BMPs) for peatland of any depth and soil principle
- ◆ Reduction in greenhouse gas emission intensity
- ◆ 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 international norms established by the International Labor Organization (ILO) along with laws/regulations of the countries/regions where we perform business
  - Freedom of association and right to collective bargaining
  - Zero tolerance for child and forced labor
  - Free from discrimination based on nationality origin and gender Ensuring a fairer and more inclusive workplace for women
  - Promoting and safeguarding the health, safety, and well-being of the work force
  - Equal employment opportunities
- ◆ Zero tolerance for corruption, bribery or any form of intimidation and criminalization
- ◆ Free, Prior and Informed Consent (FPIC<sup>\*5</sup>) 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

Established in 2019  
Revised in April 2024