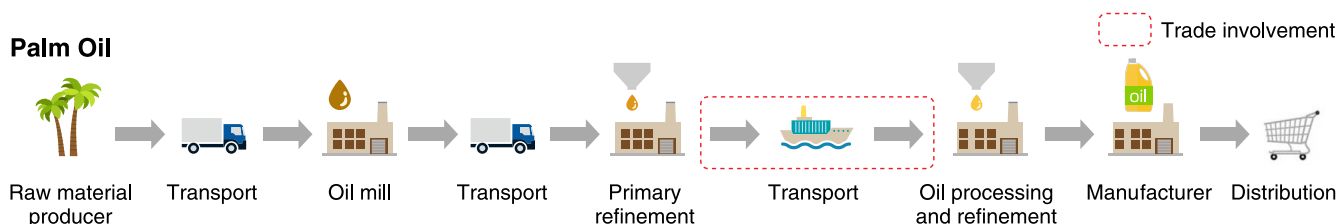


# Support for the Sustainable Procurement of Palm Oil

## 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

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: the palm oil procured from the supply chain comply with the NDPE policy and to have the RSPO, MSPO, ISPO 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<sup>\*4</sup>
- 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<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