

Sustainable Procurement Policy

on Natural Forests and Forest Resources

■ Organizational Scope

ITOCHU Corporation and its group subsidiaries

■ Sustainable Procurement Policy on Natural Forests and Forest Resources

1. We shall aim to make improvements in the transparency and traceability of our supply chain in order to ensure that we can take necessary measures to prevent sourcing activities that can contribute to deforestation.
2. We support the conservation and preservation of High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas, and peat areas. Additionally, we are committed to respecting the Community and Social Considerations (free, prior and informed consent – FPIC), and will continually strive to reduce our impact on the environment.
3. We will not procure from suppliers involved in major environmental and social issues, such as deforestation of areas with high conservation value.
4. We support the standardization of a reliable forest certification systems and will proactively seek opportunities to prioritize certified products when procuring timber, timber products, raw materials for papermaking, paper products, and woody biomass fuel.
5. Regarding natural rubber, raw materials for papermaking, and paper products, which requires extensive water use, we commit to complying with all applicable wastewater laws and regulations at minimum. We will also commit to properly treating wastewater to exceed legal requirements where possible and strive to reduce total water consumption by recycling water resources where possible.
6. In carrying out palm oil-related projects, we will strive to procure from suppliers taking necessary measures to minimize and eliminate chemical substance use, especially those related to paraquat, 1A/1B class insecticides as defined by the World Health Organization (WHO), and chemicals listed in the Stockholm Convention and the Rotterdam Convention.

Items related to forest conservation and the corresponding "Sustainable procurement policy on natural forests and forest resources" are as follows.

Items Under the Policy	Items Related to Forest Conservation				
	Timber, Timber Products	Raw Materials for Papermaking and Paper Products	Natural Rubber	Palm Oil	Woody Biomass Fuel
1. Zero Deforestation and Traceability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Protection and Preservation of Production Areas and Consideration for Local Residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Elimination of Suppliers Involved in Major Environmental and Social Issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Standardization of Forest Certification Systems	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
5. Consideration for Wastewater and Water Resources		<input type="radio"/>	<input type="radio"/>		
6. Minimization or Non-use of Chemical Substances				<input type="radio"/>	

In cooperation with our Group companies and suppliers, we will engage in sustainable procurement of forestry resources based on the Sustainability Action Guidelines for Supply Chains and this Policy, especially by taking necessary measures to ensure the traceability of procured items.

In order to promote this Policy, each company and corresponding Group companies are required to conduct a sustainability survey on critical suppliers. If any non-compliance with this Policy is identified, we will conduct supplier engagements to resolve the issue and request measures for improvement. If timely improvements are not made by suppliers, we will re-consider any business agreements with them.

As for the survey results obtained through the supplier survey, we will regularly disclose information to our stakeholders. We will also promote sustainable use of forest resources to the wider society through appropriate communication with stakeholders, particularly our suppliers and customers.