

Sustainability in the Value Chain

ITOCHU understands that on top of realizing the stable and sustainable procurement and supply of raw materials, it must also respond appropriately to environmental and human rights risks in its increasingly wide-ranging and complex supply chains. Through dialogue with stakeholders, we will work to achieve even greater transparency across the entire supply chain, including suppliers and customers, and make efforts on risk management.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Decrease in creditworthiness when safety and health issues occur for consumers and service users 	<ul style="list-style-type: none"> Increase in demand for food safety and security as well as health promotion Building of a secure and stable product supply system through consideration for human rights and improvement of working environments in the supply chain Acquisition of customer trust and creation of new businesses through stable supply of environmentally friendly resources and materials

Food Supply Chain in the COVID-19 Pandemic



Plant audit in China

Our supply chain is growing more wide-ranging and complex as our business domains expand, making it more important to manage risks in raw materials procurement and in our supply chains related

to human rights, working environment, and other aspects. For example, in the Food Company, we are promoting sustainable purchasing activities over the long term, mainly in upstream businesses such as palm oil, marine products, dairy products, fresh meat, and coffee. These efforts include participation in international certification organizations and initiatives to increase the procurement ratio of certified products, and through initiatives to promote greater supply chain transparency utilizing blockchains.

In addition, at food manufacturing plants, which are positioned in the midstream section of the supply chain, we have made use of our existing initiatives for increasing transparency across the entire supply chain even under the COVID-19 environment. For example, since January 2015, we have had a food safety management team in China, and have regularly dispatched Japanese experts to sites there. From a perspective of preventative management, we have conducted regular plant audits in accordance with international standards, and fostered communication with our business partners' plants. In addition to reducing the risk of accidents and issues arising, these initiatives also helped us to get a timely grasp of the status of suppliers infection prevention management systems and operating status during the COVID-19 crisis, which enabled us to avoid any interruption in the supply chain. Furthermore, preliminary preparation of crisis response manuals through preliminary surveys regarding BCP measures also contributes to the stable supply of food.

Initiatives in the Supply Chain Going Forward

As a general trading company that operates businesses globally, ITOCHU takes essential measures to fulfill its responsibilities to reduce the risk of human rights violations in its supply chain and provide a stable supply of goods to support people's lives. Specifically, we will reiterate the Sustainability Action Guidelines for Supply Chains* and continue to implement annual sustainability inspections at

our suppliers in an effort to ascertain their true status.

Looking ahead, we plan to build processes for conducting more thorough human rights due diligence to identify and assess risks, and to remedy them.

* The Sustainability Action Guidelines for Supply Chains can be found here:
https://www.itochu.co.jp/en/csr/society/value_chain/policy/