

Sustainability Management

Through sustainability management that aligns with its various business activities, ITOCHU makes a concerted effort to address issues related to human rights, labor rights, and the environment in its supply chains and business investments.

Supply Chain Sustainability Survey

Prior to commencing business with a supplier, ITOCHU notifies all its suppliers of its Sustainability Action Guidelines for Supply Chains. After commencement of business, it conducts sustainability surveys every year as a means of enhancing communications about its sustainability policies.

This survey contains questions based on the seven core subjects\* of ISO26000 that must be answered. ITOCHU selects important suppliers based on guidelines regarding high-risk countries, handled products, and handled monetary amounts, for example. After obtaining answers to survey questions from these suppliers, sales representatives from each Division Company and sales representatives from overseas offices and Group companies meet with suppliers and conduct hearings (approximately 300 suppliers every year) based on their answers to the survey.

Based on the outcomes of these interviews, if violations of the Sustainability Action Guidelines for Supply Chains are discovered and verified, the offending supplier is asked to take corrective action. At the same time, if deemed necessary, the Company conducts an on-site inspection of the supplier and provides instructions while supporting their efforts to improve.

By conducting these surveys and reviews, etc., ITOCHU aims to assess the state of affairs and to prevent problems from occurring.

\* Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development

Number of Suppliers Surveyed, by Region, in FYE 2023

Europe / CIS	Africa	Middle East	China	Asia (excluding China)	Oceania	Latin America	Japan
8 companies	8 companies	6 companies	78 companies	170 companies	3 companies	23 companies	24 companies

Please refer to ITOCHU's website for more information about the supply chain sustainability survey.

[https://www.itochu.co.jp/en/csr/society/value\\_chain/system/](https://www.itochu.co.jp/en/csr/society/value_chain/system/)



Grievance Mechanism

We joined the general incorporated association Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides an Engagement and Remedy Platform in compliance with the United Nations "Guiding Principles on Business and Human Rights," from 2022 onwards. JaCER accepts reports on cases that violate international codes of conduct and national codes of conduct brought by all stakeholders in the supply chain, as well as cases of suspected violations, while securing the anonymity of whistleblowers and the confidentiality of reports. By accepting grievances through third-party channels, it ensures fairness and transparency in grievance handling and promotes engagement and remedies, contributing to the fundamental resolution of human rights issues.

Formulation of Procurement Policies for Individual Product Type

Based on the ITOCHU Group Sustainability Policy and Sustainability Action Guidelines for Supply Chains, ITOCHU endeavors to sustainably procure raw materials and products. For the sake of responsible procurement, the Company has formulated the following procurement policies for individual products and engages in activities based on these policies.

Sustainable Procurement Policy on Natural Forests and Forest Resources	Natural Rubber Procurement Policy	Sustainable Palm Oil Procurement Policy	Cocoa Bean Procurement Policy
Coffee Bean Procurement Policy	Raw Material Tuna Procurement Policy	Commitment of Protecting Forests through Material Sourcing of MMCF	

Please refer to ITOCHU's website for more information about procurement policies for each product.

[https://www.itochu.co.jp/en/csr/society/value\\_chain/activity/](https://www.itochu.co.jp/en/csr/society/value_chain/activity/)



Human Rights Due Diligence

The ITOCHU Group is fulfilling its responsibility to respect human rights based on the ITOCHU Group Human Rights Policy established in April 2019. Specifically, we identify and evaluate the negative impact from the corporate activities of the ITOCHU Group on human rights that may affect society. We then work to prevent and mitigate such impact by taking the appropriate steps. With the cooperation of external experts, we have identified topics that each Division Company should focus on to prevent human rights risks in their business areas and also conducted risk mapping, referring to international guidelines and indicators such as SA8000.

Risk Map by Business Area:

Desk Research Identifying Human Rights Issues That Require Due Diligence in Each Business Area

Issue	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th
Child Labor								
Forced Labor								
Health and Safety								
Freedom of Association and Right to Collective Bargaining								
Discrimination								
Disciplinary Practices								
Working Hours								
Remuneration								
Migrant Workers								
Human Trafficking								
Indigenous Human Rights								
Impact on Local Communities and Residents								
Land Acquisition and Resettlement								
Implementation Status of Human Rights Due Diligence	Implemented in FYE 2023	To be implemented in FYE 2025 or after	Implemented in FYE 2022	To be implemented in FYE 2025 or after	Implemented in FYE 2021	Being implemented in FYE 2024	To be implemented in FYE 2025 or after	To be implemented in FYE 2025 or after

Based on the risk mapping by business area, we are working on human rights due diligence and have identified clothing, textiles, footwear, cotton, carpets, yarns, bags, etc. in the Textile Company as the subject to be investigated for FYE 2023, and have disclosed the results of human rights due diligence. There were no issues identified as human rights issues that have already occurred or are immediately of concern, but regarding the confirmed issues, we engage with suppliers through interviews, additional survey questionnaires, etc., and discuss and request corrective actions regarding future response policies. We also follow up on progress in our supply chain sustainability surveys conducted every year. In FYE 2024, we are conducting human rights due diligence for the General Products & Realty Company and plan to implement this in other business fields in the future.

Human Rights Due Diligence Flow Chart



Please refer to ITOCHU's website for more information about human rights due diligence.

[https://www.itochu.co.jp/en/csr/society/human\\_rights/](https://www.itochu.co.jp/en/csr/society/human_rights/)



Overview of Human Rights Due Diligence in the Textile Company (FYE 2023)

Subjects	Details	Issues
Issues Covered by the Survey	Child labor, forced labor, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, migrant workers, and impact on local communities and residents	As items were discovered that could become human rights issues in the future, including items related to health and safety, discrimination, and a lack of policies and manuals, we will continue conducting follow-ups through such measures as supply chain and sustainability surveys.
Countries Covered	22 countries and regions including India, Thailand, Pakistan, Bangladesh, and China	
Amount Criteria	Purchase amounts of ¥100 million or more (overseas) / Purchase amounts of ¥300 million or more (domestic)	
Surveyed Companies (First Screening)	Primary or secondary suppliers located in the target countries	
Surveyed Companies	112 companies (covering about 70% of all Textile Company suppliers based on purchase amounts)	
Additional Survey Target (Second Screening)	21 companies	
On-Site Visit Targets and Investigative Interview Targets	12 companies	