

ITOCHU Chemicals America Inc.'s **Modern Slavery Act Report for 2023 Financial Year**

ABOUT THIS REPORT

ITOCHU Chemicals America Inc. has prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year that ended [enter end date of company fiscal year end]. All references in this Report to "**ICAI**", "**we**", "**us**", or "**our**" refer to ITOCHU Chemicals America Inc. unless otherwise indicated. This Report constitutes the first report prepared by ITOCHU Chemicals America Inc., pursuant to the Act. This Report has not been externally assured.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

ITOCHU Chemicals America Inc. does not report under similar legislation in any other jurisdiction.

INTRODUCTION

As a member of the ITOCHU Group, we are guided by our corporate mission, *Sampo-yoshi* (Japanese for "good for all three sides": good for the seller, good for the buyer, and good for society). In accordance with *Sampo-yoshi*, we are committed to serving all stakeholders – including respecting human rights and adhering to all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Company Structure

ICAI is a wholly owned subsidiary of ITOCHU International Inc. ("III"), which is headquartered in New York, NY. ICAI is a wholesale distributor of chemicals with US office locations in New York (NY), Houston (TX), Farmington Hills (MI) and Torrance (CA). ICAI also stores product inventory at various US locations.

ICAI distributes chemical products to chemical manufacturers in Canada but does not maintain a physical presence or inventory within Canada. Examples of these products include aluminum paste for paints and coatings; iodine for animal feed; and filtration media for chemical, food or water applications.

III is wholly owned by ITOCHU Corporation ("**ITOCHU**"), which is a publicly traded company headquartered in Tokyo and Osaka, Japan. ITOCHU is listed on the Tokyo Stock Exchange

(Ticker Symbol: TYO 8001) and specializes in trading of various products, including textiles, machinery, chemicals, food, IT, and realty.

ICAI employs approximately 43 people, all of whom reside in the United States.

Activities and Operations

ICAI is engaged in the import/export distribution business of inorganic, organic, functional, and specialty chemicals along with rubber and plastics, including, but not limited to aluminum paste for paints and coatings; iodine for animal feed; and filtration media for chemical, food or water applications.

Some of these products are purchased from suppliers in Canada and some are sold to customers in Canada. This business is limited to distribution as ICAI is not involved with manufacturing.

Our Supply Chains

ICAI's supply chain includes suppliers in various countries. These suppliers are subject to a registration process that includes an assessment of prospective suppliers intended to identify the origin of applicable goods and to mitigate the risk of forced labour (or child labour) being used in the production of goods or materials.

This assessment is based on a program – CTPAT (Customs Trade Partnership Against Terrorism) – that requires security measures for international supply chains.

ICAI is subject to an annual CTPAT certification, which includes internal assessment criteria and a questionnaire.

POLICIES AND DUE DILIGENCE

It is our goal to provide a positive work environment and a solid economic foundation upon which all employees may build a future. This is solidified in the policies applicable to ICAI including our Code of Conduct and Human Rights Policy, set out in further details below.

Code of Conduct

As a member of the ITOCHU Group, we embrace and support the ITOCHU Group's mission and goals, such as embracing a wide range of social responsibilities including legal compliance and implementing corporate ethics through our practices and policies. ICAI's Code of Conduct (the "**Code**") solidifies this commitment. We expect all employees, including management, to execute business with a thorough comprehension of our Code and underlying corporate mission. Further, all employees and officers are expected to read, understand and abide by the Code, as well as ICAI's other policies and applicable laws and regulations.

Our Code solidifies our commitment to respecting human rights and all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We aim to promote full and productive employment, in accordance with the ITOCHU Group's Human Rights Policy,

as described in more detail below. Where appropriate, we also ask our business partners to abide by this Policy and cooperate with us to conduct human rights due diligence.

At ICAI, safe and respectful workplaces are a priority. As such, we seek to maintain diverse workplaces that are discrimination and harassment-free with a safe working environment that protects the health and safety of our employees.

ITOCHU Group Human Rights Policy

The ITOCHU Group Human Rights Policy (the "**Human Rights Policy**") is applicable to ICAI as it is imposed upon and adopted by ITOCHU's subsidiaries in various regions around the world, including ICAI.

Under the Human Rights Policy we support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009. We comply with all laws and regulations of the countries in which we perform our business activities, and if there are any contradictions between internationally recognized human rights and the laws and ordinances of a country or region, we will seek to maximize respect for international human rights principles.

Due Diligence

As part of our due diligence efforts, ICAI has embedded responsible business conduct into its policies and management systems along with its supplier registration process and CTPAT compliance, which includes forced/child labor in its overall objectives for international supply chains.

Compliance Hotline

Any action that may conflict with our Code or other internal policies will promptly be reported to the Chief Compliance Officer, the Legal & Compliance Division, or other available resources through ICAI's Compliance Hotline (the "**Hotline**"). The Hotline can be accessed online or by phone 24 hours a day, seven days a week.

ICAI will not engage in or permit retaliation of any kind against any person who seeks legal or ethical advice, reports known or suspected misconduct in good faith or cooperates in an investigation. ICAI will investigate all claims of retaliation and take appropriate corrective action.

POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

ICAI aims to take every precaution to research and identify issues for vetting potential vendors before they are added to our supply chain. ICAI's registration process includes an assessment of prospective suppliers intended to identify the origin of applicable goods and to mitigate the risk of forced labour (or child labour) being used in the production of goods or materials.

Potential Risks in Our Operations

ICAI considers the risk of Modern Slavery occurring within our operations to be low due to internal policies regarding supply chain management and labour standards along with CTPAT assessments.

Potential Risks in Our Supply Chains

We understand that geographic considerations, the nature of some of the raw material and particular industries can carry a higher risk of Modern Slavery. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. However, ICAI has not found forced or child labor in any of our supply chains.

ICAI does acknowledge risk in a segment of inorganic based products and their chemical derivatives that could be of concern due to the countries where their raw materials are mined (cobalt). However, ICAI does not currently deal with these products and therefore assesses the potential risk as low at this time.

Under the Human Rights Policy, if any of our business activities induce a negative impact on human rights or if involvement of such becomes clear, we strive to remedy and rectify the situation through appropriate procedures and dialogue. However, through our assessment of our operations and supply chains regarding the risk of Modern Slavery being used, we did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, or the loss of income associated with remediation efforts.

Management and Mitigation of Potential Risks

Our Code of Conduct, Compliance Hotline, and other due diligence measures offer a reporting mechanism for our employees and suppliers to report ethical or legal violations, among other concerns. In accordance with our principles and policies, if a situation of non-compliance is identified, ICAI will work to develop and implement a corrective plan to improve and remedy the situation. To date there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

TRAINING

ICAI employees receive regular training on various ethical topics and internal policies. A benefit to being part of the ITOCHU family is that our employees receive training from ITOCHU on the Human Rights Policy in order to raise human rights awareness and incorporate and implement the Human Rights Policy in our business activities. Presidents, directors, and employees are expected to submit written confirmations declaring that they have reviewed and shall "observe laws and internal rules" annually.

ASSESSING EFFECTIVENESS

We intend continue to reevaluate the need to implement measure to assess the effectiveness of the processes we have in place based on the evaluation of our risks as described in this Report.

APPROVAL & ATTESTATION

This Report was approved pursuant to section 11(4)(a) by the Board of Directors of ICAI on May 23, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Yoichiro Urata

I have the authority to bind ITOCHU Chemicals America Inc.
Yoichiro Urata, President & CEO
ITOCHU Chemicals America Inc.
May 30, 2024