



ITOCHU-SHOKUHIN Co., Ltd.



ITOCHU-SHOKUHIN Co., Ltd.

■ **Osaka Head Office** 2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka 540-8522
Tel: +81-6-6947-9811

■ **Tokyo Head Office** Akasaka K Tower, 1-2-7 Motoakasaka, Minato-ku, Tokyo 107-8450
Tel: +81-3-5411-8511

■ **Contact information for inquiries regarding this Report**

Sustainability Team,
Corporate Planning Department, Corporate Planning Division
Tel: +81-3-5411-8512

CORPORATE REPORT 2024

About ITOCHU-SHOKUHIN

- 03 History of ITOCHU-SHOKUHIN
- 05 Business Model

Message from the President

- 07 Message from the President



- 10 FY2023 Financial Summary

Medium-term Management Plan

- 11 Medium-term Management Plan
"Transform 2025 - Creation and Circulation"
"Catch the Market"

Sustainability

- 13 Approach to and Initiatives for Sustainability

Environment

- 15 Initiatives for an Environmentally Friendly Society

Social

- 17 Stable Supply of Safe and Secure Food
- 19 Realizing a Rich Dietary Life
- 21 Enhancing Human Capital Management

Governance

- 23 Strengthening Corporate Governance
- 25 Messages from Outside Directors
- 27 Directors, Audit & Supervisory Board Members, and Executive Officers

Data Section

- 29 Financial Highlights
- 31 Company Information/Stock Information

Management Vision

To become a "Good Company" that evolves to create value

Corporate Philosophy

Always grasp the changes and needs of the times in advance, and help consumers and society to develop a rich and healthy dietary life

Corporate Value

To be reliable, to always treat business partners with integrity and without arrogance, to value good faith, to follow the spirit of harmony, and to make unremitting efforts to develop business

[Editorial Policy]

The purpose of ITOCHU-SHOKUHIN's Corporate Report is to communicate to stakeholders in an easy-to-understand way the Group's initiatives toward sustainable growth and improvement of corporate value, as well as its medium- to long-term strategies. This Corporate Report focuses on the Company's approach to the Medium-term Management Plan, as well as its initiatives for each focus area and material issues.

[Website]

▷ Corporate Website
<https://www.itochu-shokuhin.com>
(available only in Japanese)



▷ IR Information

<https://www.itochu-shokuhin.com/ir/>
(available only in Japanese)



[Scope of the Report]

This report covers ITOCHU-SHOKUHIN, but some items also report on activities of the entire ITOCHU-SHOKUHIN Group.

[Reporting Period]

FY2023 (April 1, 2023 - March 31, 2024). However, parts of the report also include information on previous events, activities in FY2024, and future planned activities.

[Publication Date]

September 2024



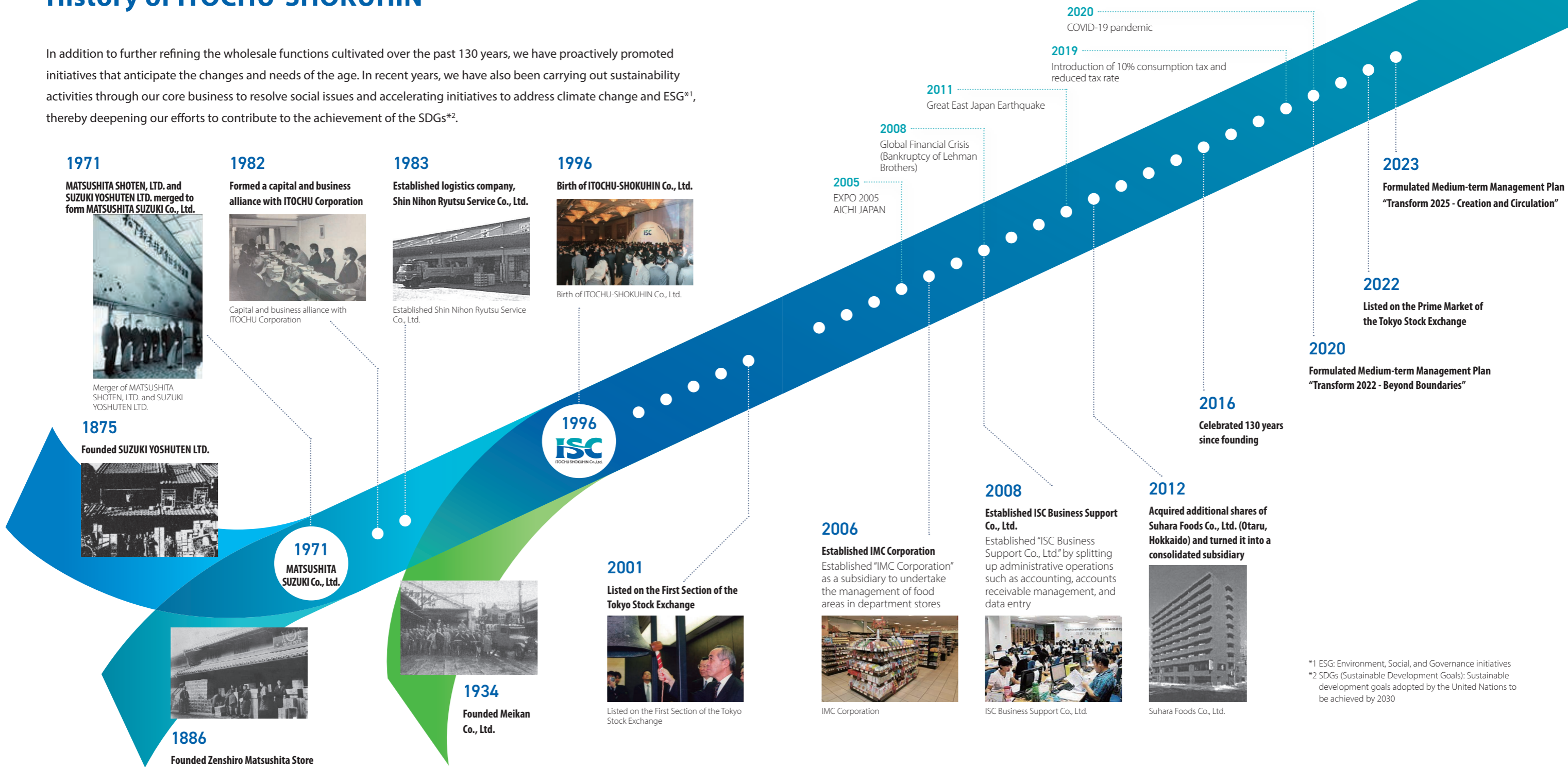
Our Company Logo



The logo, the green on top represents the "freshness," "safety," and "health" that are essential for food, as well as the "soft side of the company," centered on human resources. The blue on the bottom represents "intelligence" and "smartness," as well as the "hard side of the company," including facilities and systems. The line in the middle represents "activeness," "sharpness," and "speediness" within the broad flow of "distribution."

History of ITOCHU-SHOKUHIN

In addition to further refining the wholesale functions cultivated over the past 130 years, we have proactively promoted initiatives that anticipate the changes and needs of the age. In recent years, we have also been carrying out sustainability activities through our core business to resolve social issues and accelerating initiatives to address climate change and ESG*1, thereby deepening our efforts to contribute to the achievement of the SDGs*2.



1971
MATSUSHITA SHOTEN, LTD. and SUZUKI YOSHUTEN LTD. merged to form MATSUSHITA SUZUKI Co., Ltd.

Merger of MATSUSHITA SHOTEN, LTD. and SUZUKI YOSHUTEN LTD.

1982
Formed a capital and business alliance with ITOCHU Corporation

Capital and business alliance with ITOCHU Corporation

1983
Established logistics company, Shin Nihon Ryutsu Service Co., Ltd.

Established Shin Nihon Ryutsu Service Co., Ltd.

1996
Birth of ITOCHU-SHOKUHIN Co., Ltd.

Birth of ITOCHU-SHOKUHIN Co., Ltd.

1875
Founded SUZUKI YOSHUTEN LTD.

1971
MATSUSHITA SUZUKI Co., Ltd.

1886
Founded Zenshiro Matsushita Store

1934
Founded Meikan Co., Ltd.

2001
Listed on the First Section of the Tokyo Stock Exchange

Listed on the First Section of the Tokyo Stock Exchange

1996
ISC
ITOCHU-SHOKUHIN Co., Ltd.

2006
Established IMC Corporation

Established "IMC Corporation" as a subsidiary to undertake the management of food areas in department stores

IMC Corporation

2008
Established ISC Business Support Co., Ltd.

Established "ISC Business Support Co., Ltd." by splitting up administrative operations such as accounting, accounts receivable management, and data entry

ISC Business Support Co., Ltd.

2012
Acquired additional shares of Suhara Foods Co., Ltd. (Otaru, Hokkaido) and turned it into a consolidated subsidiary

Suhara Foods Co., Ltd.

2005
EXPO 2005 AICHI JAPAN

2008
Global Financial Crisis (Bankruptcy of Lehman Brothers)

2011
Great East Japan Earthquake

2019
Introduction of 10% consumption tax and reduced tax rate

2020
COVID-19 pandemic

2020
Formulated Medium-term Management Plan "Transform 2022 - Beyond Boundaries"

2022
Listed on the Prime Market of the Tokyo Stock Exchange

2023
Formulated Medium-term Management Plan "Transform 2025 - Creation and Circulation"

*1 ESG: Environment, Social, and Governance initiatives
*2 SDGs (Sustainable Development Goals): Sustainable development goals adopted by the United Nations to be achieved by 2030

1870s-1970s

Merger of MATSUSHITA SHOTEN, LTD. and SUZUKI YOSHUTEN LTD.
In 1971, MATSUSHITA SHOTEN, LTD. in the west and SUZUKI YOSHUTEN LTD. in the east merged to form MATSUSHITA SUZUKI Co., Ltd. By this merger to become a national wholesaler, MATSUSHITA SHOTEN, LTD. and SUZUKI YOSHUTEN LTD. were able to leverage each other's strengths and traditions in their businesses to provide an even wider range of products to customers across the country.

1970s-1990s

Becoming a nationwide wholesaler to respond to rapid growth in the retail business
MATSUSHITA SUZUKI Co., Ltd. established a sales base as a liquor and food wholesaler by signing special distribution contracts with numerous manufacturers. However, the President at the time, Zenshiro Matsushita, believed that a time would come when functions are necessary. In order to survive, the company entered into a capital and business alliance with ITOCHU Corporation in 1982 to strengthen its sales and management functions.

1990s-2010s

Expanding business areas to meet diversifying needs
With the approach of the 21st century, diversifying and expanding distribution functions were becoming the key to survival in the industry. With the aim of establishing a solid distribution base, MATSUSHITA SUZUKI and Meikan, both of which were part of the ITOCHU Group, merged to form ITOCHU-SHOKUHIN Co., Ltd. on October 1, 1996. With the aim of becoming a true leading company that can contribute to society, ITOCHU-SHOKUHIN was listed on the First Section of the Tokyo Stock Exchange in 2001.

2010s-2020s

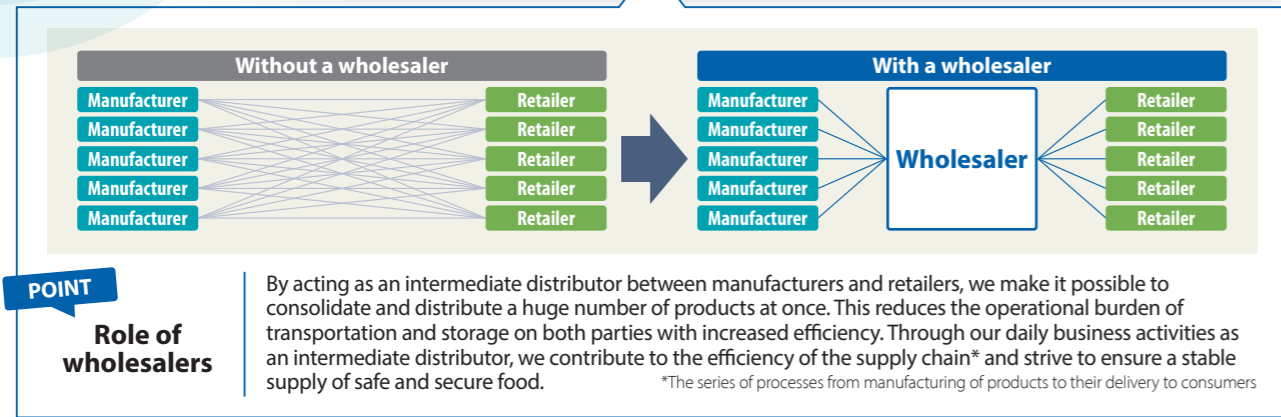
Further improving our value as a listed company and contributing to the resolution of social issues
In 2012, we strengthened our sales base in the Hokkaido area by acquiring Suhara Foods, a company that distributes Hokkaido's unique products nationwide. We celebrated our 130th anniversary in 2016, and have been contributing to consumers and society more than ever by adapting to changes in the social environment as well as consumers' values. Based on our corporate philosophy of "developing a rich and healthy dietary life," we will continue to contribute to the realization of a sustainable society through our business activities going forward.

Business Model

Providing a Stable Supply of Products Nationwide through our Food Wholesale Business

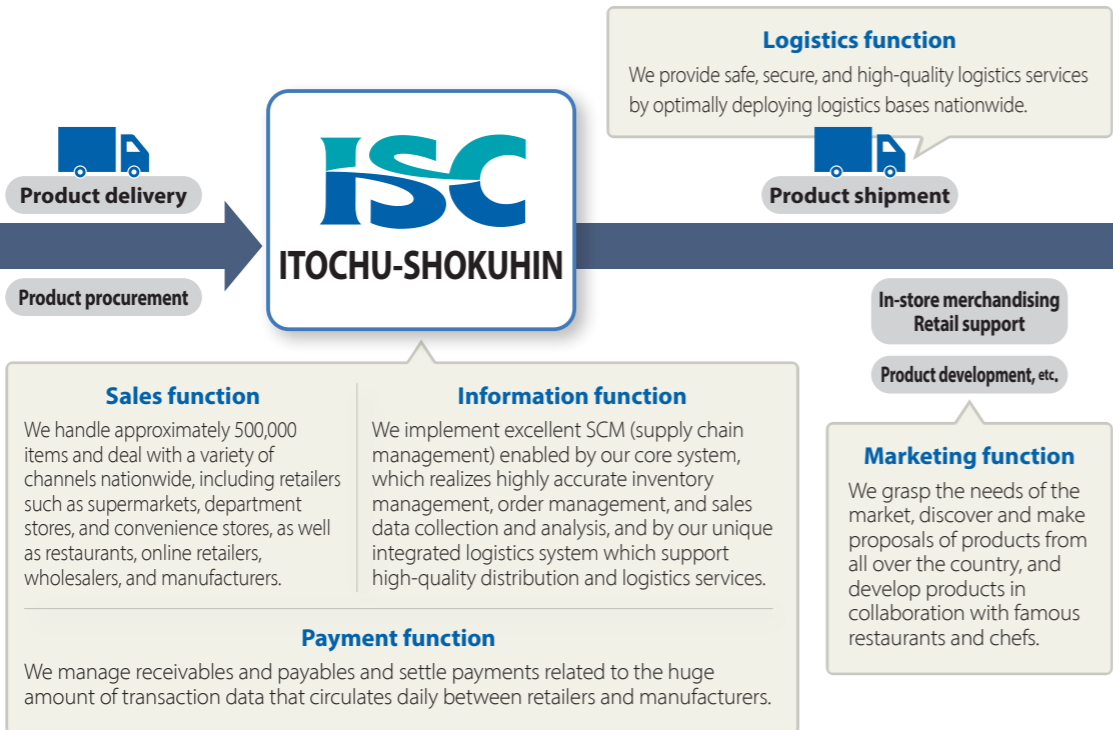
Since its founding in 1886, ITOCHU-SHOKUHIN has been a liquor and food wholesaler which purchases products from approximately 4,000 manufacturers nationwide and delivers about 500,000 items to about 1,000 retailers across the country.

We have been developing its main business activities, which include storage and transportation of products, provision of information on various products, and merchandising related to product distribution. By making full use of these functions, we are able to ensure a stable supply of products and streamline the entire distribution process, allowing us to serve as a lifeline that supports a rich dietary life.



Approx. 4,000 companies nationwide
Approx. 500,000 items

Manufacturers



ITOCHU-SHOKUHIN's Main Initiatives

● New Customer Experiences by In-store Digital Signage (Information)

We support retailers by proposing attractive in-store merchandising with digital signage installed in retail stores. By displaying recipe videos, product advertisements, or sale information on the screens, we provide information that stimulates consumers' desire to make purchases. Furthermore, we will analyze the data obtained through our digital signage business to help create attractive in-store merchandising that offers richer customer experiences.



● Expanding Products to Meet a Wide Range of Consumer Needs (Product Development)

In addition to proposing ready-made meals for retailers, we are developing products that meet the needs of value-conscious consumers. We are also developing frozen ready-made meals and sweets supervised by famous brands and restaurants, as well as seasonal products such as New Year's dishes and Christmas cakes.

For our original frozen food brand "TOMIN ICHIBA," we have developed and launched the "Tomin Fruit" series, which is made by freezing domestic fruits when they are in season. We will continue to develop market-oriented products and expand our lineup in the frozen foods category to meet a variety of needs. [See page 20 for details](#)



"Hokkaido Beef Hamburger Steak" (overseen by Gotoken)



"Hokkaido Fluffy Potato Gratin" (overseen by MACHIMURA FARM)

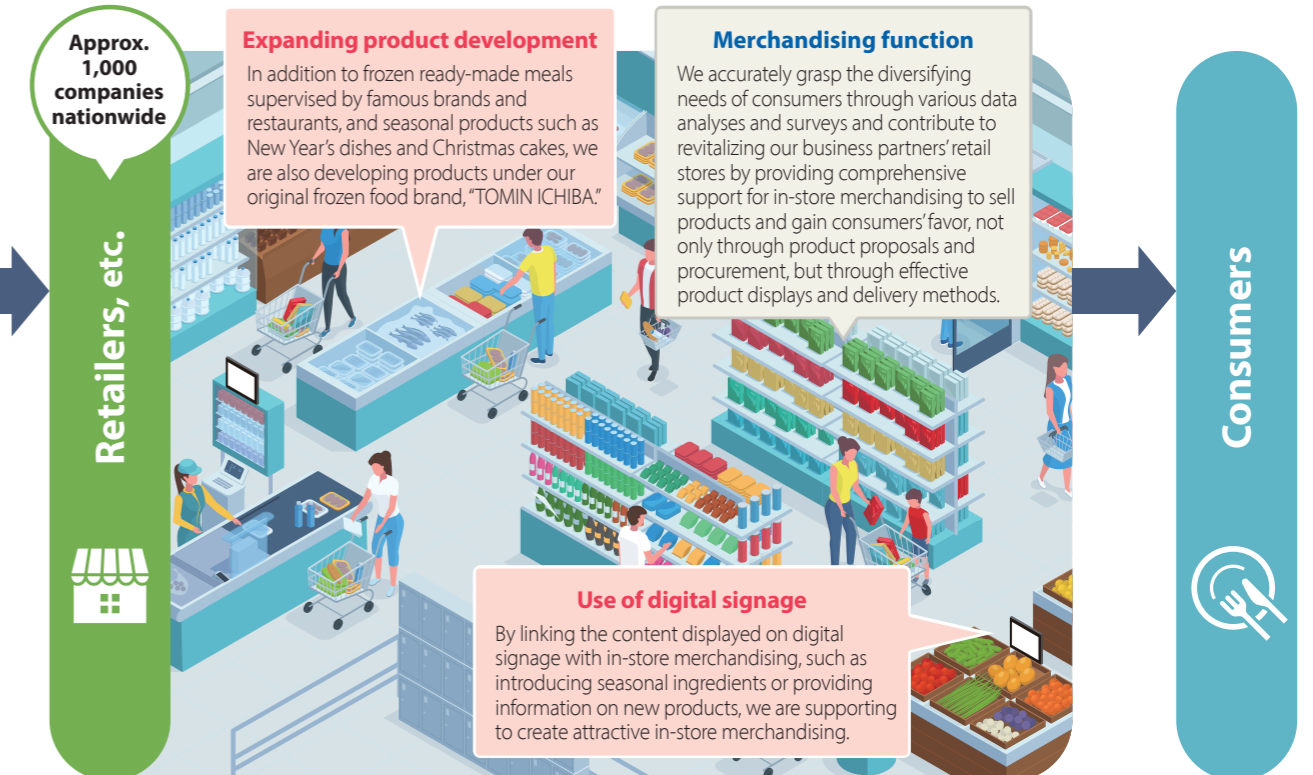


"Tomin Fruit" series, made from frozen domestic fruits

● Solving Logistics Issues (Logistics)

We strive to provide reliable logistics services.

To address social issues such as the "2024 problem" with concerns about the restrictions on truck drivers' overtime work and labor shortages resulting in congestion on transport routes and delivery delays, as well as the need to reduce greenhouse gas emissions, we will work to improve the efficiency of the entire supply chain by using digital technology to further improve the efficiency of warehouse operations and truck loading efficiency. [See pages 17-18 for details](#)



Message from the President



“Catch the Market” Further Strengthening Market-oriented Awareness

Hitoshi Okamoto

ITOCHU-SHOKUHIN Co., Ltd.
Representative Director and President & CEO,
Chief Corporate Officer

Review of FY2023

In FY2023, after COVID-19 was reclassified as a “Category V” infectious disease, the flow of people and inbound demand increased, leading to the further normalization of economic activities. Moreover, the economy gradually recovered as personal consumption has increased due to rising wages and increased demand for leisure activities. On the other hand, prices of goods continued to rise slowly, due in part to the impact of the record low yen, and consumers remained frugal in their daily lives. The food distribution industry also saw trends such as a decrease in the number of items purchased and higher demands for low-priced and private label products. Conversely, the polarization of consumption became even more pronounced, as spending on value-added products that meet diversifying consumer needs increased.

In this environment, we honed our existing functions as an essential worker involved in the intermediate distribution of food products, while also executing lean management and consumer-oriented initiatives. As a result, we achieved a year-on-year increase in revenue as well as an increase in profits for the fifth consecutive fiscal year.

Progress of the Medium-term Management Plan and Direction for FY2024

This fiscal year marks the second year of our Medium-term Management Plan “Transform 2025 - Creation and Circulation,” which began in FY2023. Our vision is as follows: “Creating and circulating shared value in the food sector - balancing social and economic value.” We aim to achieve sustainable growth by creating “shared value” within the supply chain, which includes consumers, and “circulating” said value, while balancing both social value through revitalization of regions and the reduction of food loss and waste, and economic value through the expansion of information-related functions and improved logistics efficiency. Our basic strategy is to create an

ecosystem of manufacturers, wholesalers, retailers, and consumers in which we circulate the experiences gained through thinking about consumers, consolidating our knowledge, and realizing our ideas, into creating new value.

Of the three areas we have named, in the “information” area, we are focusing on sales promotion proposals that utilize digital signage to revitalize physical in-store sales. In addition to proposing content for digital signage, we also make full use of our wholesale functions to support the in-store merchandising, taking advantage of the information and networks we can obtain as a wholesaler. We are highly evaluated from retailers and manufacturers for our consistent efforts, from proposing sales promotion ideas aligned with 52-week merchandising* to delivering items to stores, displaying them in-stores, and providing feedback on results. Our goal of providing information to consumers through digital signage and stimulating their desire to make purchases has gradually been successful.

In “product development” area, we are promoting development in the ready-made meals category that precisely meets the needs of retailers, including development concepts and operational efficiency. In the frozen food category, we are enhancing and expanding sales of the lineup of our original brand “TOMIN ICHIBA,” which uses high-quality domestic ingredients that are frozen in a fresh state. These are products that can be enjoyed regardless of time and distance, as they are not affected by issues such as being out of season or losing quality when transported over a long distance. In addition to home delivery and gift services, these products are being increasingly adopted by supermarkets and general merchandise stores, and TOMIN ICHIBA is growing into a brand that contributes to expanding the product lineup in frozen food sections and satisfying consumer needs for added value.

*A method of dividing a year into 52 weeks and implementing product development and sales promotion measures appropriate to each season and event

Message from the President

In the “logistics” area, we are striving to ensure a stable supply of safe and secure food, while also implementing measures to cope with social issues such as the “2024 problem” and the reduction of greenhouse gas emissions. The measures include improvement of the efficiency of warehouse operations through the use of digital technology, improvement of truck loading efficiency, and reduction of the workload of drivers. These initiatives will not only contribute to the lean management we are promoting, but will also contribute to improving the efficiency of the entire supply chain.

The sub-theme for FY2024 is “Catch the Market.” We have long emphasized, both inside and outside the Company, that we take a consumer-oriented approach to business. However, amid such circumstance where the future remains uncertain due to many concerns, including the current international situation and financial trends, I feel that we need to be even more conscious of market-oriented thinking in order to respond appropriately to ever-changing needs.

Towards the Realization of a Sustainable Society

In Japan, the business areas of retailers and manufacturers are dispersed, which has allowed a wide range of food distribution system to be maintained and has led to a fusion of traditional and modern food cultures. Japan’s food culture is supported by a value chain made up of manufacturers, wholesalers, and retailers. Manufacturers, wholesalers, and retailers have strengthened the functions in each domain by eliminating many overlapping operations and sometimes working alongside partners to resolve issues. This has enabled Japan’s food distribution industry to realize an extremely stable industrial structure.

In this industry, since our founding in 1886 and throughout our long history of more than 130 years, we have responded to all kinds of changes in social structures and values, and striven to maintain and develop the food value chain. Currently there is a number of issues piling up, including international climate change and environmental problems, a low birthrate and aging population in Japan, labor shortages, and disparities of income or among regions. The food distribution industry is also experiencing major impacts and changes due to supply chain disruptions and natural disasters. In order to resolve these issues and realize a sustainable society, we need to build a resilient and flexible supply chain that remains unaffected regardless of the external environment.

To achieve this goal, we will obviously fulfill our role as an essential worker that supports consumers’ dietary lives, but on top of that, we will hone our ability to connect manufacturers and retailers more stably and efficiently. We will continue to pursue our corporate philosophy of “always grasp the changes and needs of the times in advance, and help consumers and society to develop a rich and healthy dietary life,” while also contributing to the further evolution of the food distribution industry.

FY2023 Financial Summary

In the food distribution industry, factors such as rising product prices led to a decline in consumer demand partially, but overall personal consumption gradually recovered due to rising wages and increased demand for leisure activities. The food service industry and convenience stores saw recovery and expansion due to a full-scale recovery in the flow of people and an increase in average customer spending caused by price increases. In supermarkets, the polarization of consumption intensified, with a decline in the number of items purchased and a rise in popularity of low-priced and private label products, while value-added products that satisfy consumer needs also grew.

Under these circumstances, net sales in FY2023 were generally favorable in terms of revenue due to rising commodity prices, the acquisition of new transactions with convenience stores and supermarkets, expansion of transactions with drugstores, and recovery in demand for restaurant and food services.

In terms of profits, gross profit increased due to increased revenue from expanded transactions and efforts to improve profitability, and revenue from the logistics business also increased due to favorable market conditions for convenience stores. As a result, profit attributable to owners of parent increased to 6.6 billion yen, which is approximately 36% increase compared to FY2022, marking the fifth consecutive year of increased profits.

FY2023 Financial Summary (P&L Highlights)

(Unit: billions of yen)

	FY2022 Results	FY2023 Forecast	FY2023 Results	Change (YoY)	Change (vs Forecast)
Net sales	643.0	680.0	672.5	+29.5	(7.5)
Operating profit	7.5	7.5	7.7	+0.2	+0.2
Operating profit margin	1.17%	1.10%	1.14%	(0.03)pt	+0.04 pt
Ordinary profit	8.9	9.0	9.2	+0.3	+0.2
Ordinary profit margin	1.39%	1.32%	1.37%	(0.02)pt	+0.05 pt
Profit attributable to owners of parent	4.8	6.0	6.6	+1.8	+0.6

In addition, based on our Medium-term Management Plan “Transform 2025 - Creation and Circulation,” which began in FY2023, we focused on the three focus areas: “information,” “product development,” and “logistics.” Going forward, we will strive to sustainably improve our corporate value by promoting a consumer-oriented business model, with greater emphasis on our sub-theme “Catch the Market,” in order to realize our vision, which is “creating and circulating shared value in the food sector - balancing social and economic value.”

Progress of “Transform 2025 - Creation and Circulation”

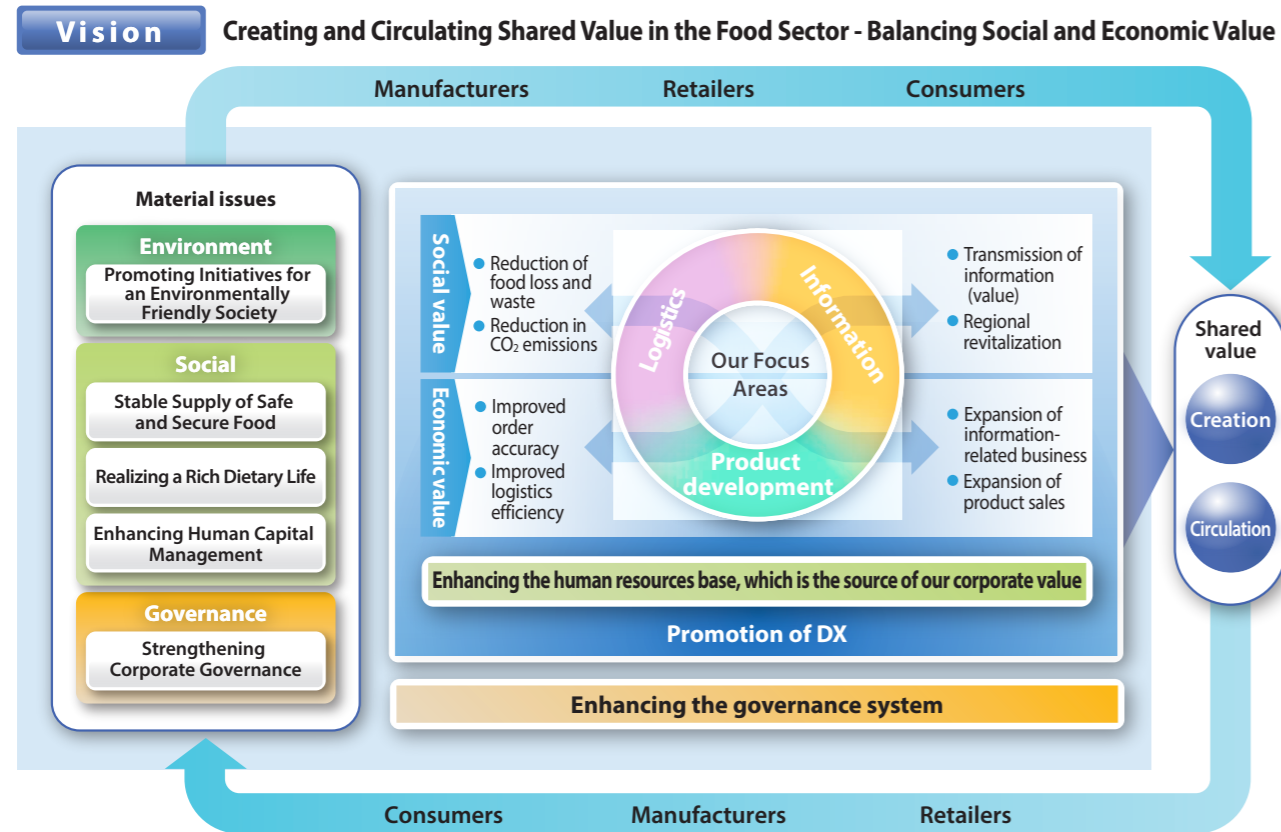
1	Information	<p>New customer experiences generated from linkage between manufacturers, wholesalers, retailers, and consumers</p> <ul style="list-style-type: none"> Promoting a gift campaign using digital signage An increase in the number of companies proactively participating in the campaign to boost their sales
2	Product development	<p>Expanding products to meet a wide range of consumer needs</p> <ul style="list-style-type: none"> Expanding sales of original products that combine the convenience of frozen foods with a higher level of tastiness Establishing a processing base equipped with freezing functions
3	Logistics	<p>Solving social issues such as the 2024 problem and decarbonization while also making economic contributions</p> <ul style="list-style-type: none"> Implementing measures that emphasize efficiency across the supply chain Improving delivery efficiency and warehouse productivity through DX

Medium-term Management Plan “Transform 2025 - Creation and Circulation” “Catch the Market”

Transform 2025 (Period: FY2023-FY2025)

We uphold “creating and circulating shared value in the food sector - balancing social and economic value” as our vision and strive for sustainable growth through the creation and circulation of “shared value” within the supply chain. In addition, in order to achieve “creation and circulation,” we believe it is important to be more conscious of market-oriented thinking and to respond appropriately to changes that occur in the market. Thus, we have chosen “Catch the Market” as our sub-theme for this fiscal year.

Going forward, we will further promote customer-oriented business.



Evolution of Focus Areas and Enhancement of Human Capital

<p>Information Building an information ecosystem that communicates value</p> <p>New customer experiences generated from linkage between manufacturers, wholesalers, retailers and consumers</p> <ul style="list-style-type: none"> Forming an ecosystem for value transmission through collaboration with digital media Data-based policy planning, implementation, and effectiveness measurement 	<p>Product development Developing products that capture market needs</p> <p>Expanding products to meet a wide range of consumer needs</p> <ul style="list-style-type: none"> Deepening consumer-oriented initiatives for ready-made meals (expanding manufacturing and development functions, developing production areas) Refining frozen and chilled products (providing freezing functions) 	<p>Logistics Solving logistics issues</p> <p>Solving social issues such as the 2024 problem and decarbonization while also making economic contributions</p> <ul style="list-style-type: none"> Promoting supply chain efficiency and mutual complementarity through cooperation between manufacturers, wholesalers, and retailers as well as cooperation within each industry Achieving more enhanced and efficient operations through the promotion of DX
<p>Human resource development Improving labor productivity</p> <p>Enhancing the human resources base, which is the source of increasing corporate value</p> <ul style="list-style-type: none"> Creating a rewarding work environment and improving engagement Active investment in human resources (expanding training programs) 		

FY2024 Quantitative Plan

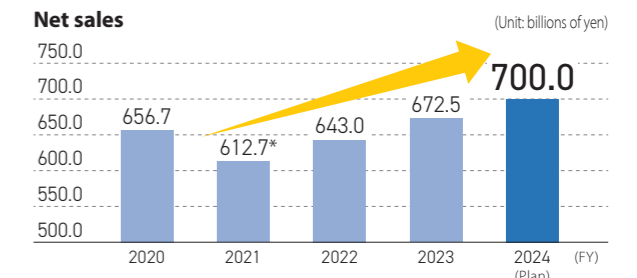
For FY2024, the second year of the Medium-term Management Plan, we are targeting net sales of 700.0 billion yen, operating profit of 9.0 billion yen, ordinary profit of 10.0 billion yen, and profit attributable to owners of parent of 7.0 billion yen. Going forward, we expect to be affected by a variety of uncertain factors, including international situations and financial trends. Moreover, we are currently facing a number of issues, including the 2024 logistics problem, intensifying competition and restructuring among retailers, and a decline in consumption and changes in consumer behavior caused by rising prices. Therefore, we recognize that now, more than ever, it is necessary for us to evolve from our traditional business model to a more consumer-oriented business model. Under these circumstances, in FY2024, we will strive to sustainably improve our corporate value by promoting our business in a consumer-oriented way, with greater emphasis on our sub-theme of “Catch the Market,” in order to realize the vision set out in our Medium-term Management Plan “Transform 2025 - Creation and Circulation,” which is “creating and circulating shared value in the food sector - balancing social and economic value.”

● Second Year Forecast for Medium-term Management Plan “Transform 2025” (Unit: billions of yen)

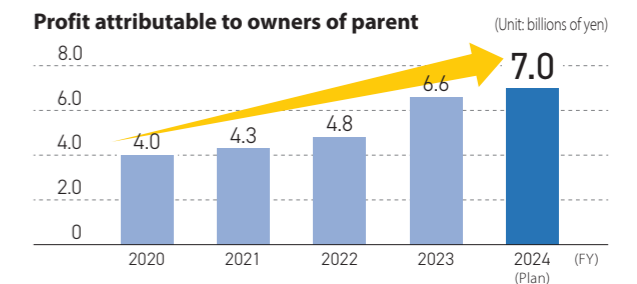
	FY2023 Results	FY2024 Plan	Change (YoY)	YoY Comparison
Net sales	672.5	700.0	+27.5	+4.1%
Operating profit	7.7	9.0	+1.3	+17.5%
Operating profit margin	1.14%	1.29%	+0.15 pt	—
Ordinary profit	9.2	10.0	+0.8	+8.5%
Ordinary profit margin	1.37%	1.43%	+0.06 pt	—
Profit attributable to owners of parent	6.6	7.0*	+0.4	+6.1%

*Including a loss buffer : (0.5)

● Performance Trends



*The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020): applied starting at the beginning of the fiscal year ended March 31, 2022.

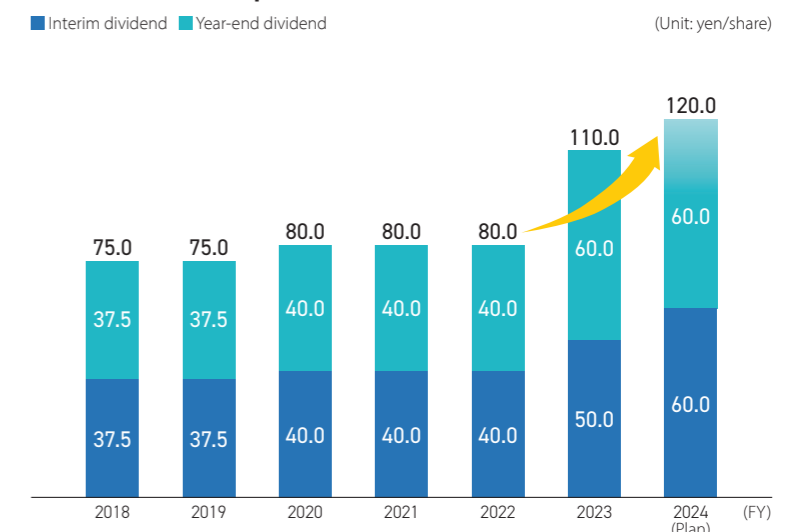


FY2024 Dividend Plan

To date, we have paid stable and continuous dividends with a view to improving the level of shareholder returns, and since our listing in 2001, we have never reduced dividends. In addition, we have decided to make progressive dividend payments, increasing dividends aligning with profit growth, during the period of the current Medium-term Management Plan.

Taking the expansion of core profitability into account, the dividend for FY2023 was set at 110 yen, an increase of 30 yen compared to FY2022. In FY2024, we plan to set an annual dividend of 120 yen, representing a 10 yen increase in line with further improvements in core profitability. We plan to consider further dividend increases in line with the expansion of profitability after assessing progress during the fiscal year. Going forward, we will strive to steadily increase revenue and stably enhance shareholder returns in line with profit growth.

● Trends in Dividends per Share



Approach to and Initiatives for Sustainability

Message from Officer in Charge of Sustainability

We aim to balance social and economic value and achieve sustainable growth by “developing a rich and healthy dietary life.”

We have established a Basic Sustainability Policy based on our corporate philosophy of “developing a rich and healthy dietary life,” and we are working alongside our stakeholders to realize a sustainable society.

Since FY2020, we have been announcing and working on material issues that cover each area of ESG, but in FY2023, we announced a review of our material issues in light of societal demands and changes in our circumstances. Moreover, in FY2022, we announced long-term sustainability-related targets for FY2030.

Going forward, we will continue to respond to the expectations and demands of society, and by having all employees practice the idea of “developing a rich and healthy dietary life,” we will work to resolve material issues and achieve long-term targets, aiming for sustainable growth.

Masanori Omori Director and Executive Officer, Chief Executive, Administration & Management Group; in charge of Compliance; in charge of Sustainability

Basic Sustainability Policy

Based on its corporate philosophy of “always grasping the changes and needs of the times in advance, and helping consumers and society to develop a rich and healthy dietary life,” the ITOCHU-SHOKUHIN Group will work to resolve social issues through its business activities and contribute to the realization of a sustainable society.

1. Identifying material issues and working to resolve social issues through business activities
2. Building mutual trust with society
3. Strengthening sustainable supply chains
4. Educating and raising awareness among employees to promote sustainability



See here for details (available only in Japanese)

Our Approach and Response to Climate Change

We recognize that environmental, social and governance issues, including climate change, are important management issues that affect the sustainable growth of our business activities. Since 2022, we have been disclosing information on “governance,” “strategy,” “risk management,” and “metrics and targets” based on the TCFD* framework. Going forward, we will strive to maintain the food supply chain and respond to risks and opportunities in line with our long-term sustainability-related targets for FY2030 in order to contribute to creating rich dietary lives for people.



See here for details (available only in Japanese)

*TCFD: Task Force on Climate-related Financial Disclosures

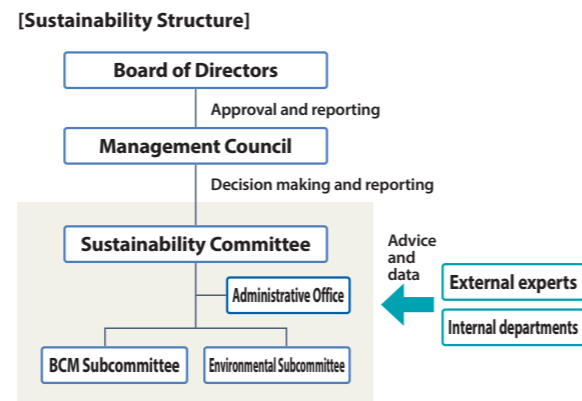
Sustainability Promotion Structure

The promotion of sustainability throughout the entire company is overseen by the Sustainability Committee, which is chaired by the officer in charge of sustainability. In addition, two subcommittees, the Business Continuity Management (BCM) Subcommittee and the Environmental Subcommittee, have been established under the Sustainability Committee, and are working to consider and promote company-wide measures in line with their respective themes.

The Sustainability Committee identifies material issues and manages the status of initiatives, in addition to discussing policies, targets, and measures related to various sustainability issues. Important policies, measures, and progress are approved by and reported to the Board of Directors.



See here for details on the identification process (available only in Japanese)



ITOCHU-SHOKUHIN's Material Issues

	Material Issues	Themes	
Environment	Promoting Initiatives for an Environmentally Friendly Society	<ul style="list-style-type: none"> Reducing greenhouse gas emissions Reducing food loss Reducing plastic waste and promoting recycling 	See page 15
Social	Stable Supply of Safe and Secure Food	<ul style="list-style-type: none"> Stable supply of products Thorough quality assurance 	See page 17
	Realizing a Rich Dietary Life	<ul style="list-style-type: none"> Providing information to enrich dietary lives Food education for students and regional revitalization through food 	See page 19
	Enhancing Human Capital Management	<ul style="list-style-type: none"> Developing self-reliant human resources for sustainable growth Creating a rewarding work environment 	See page 21
Governance	Strengthening Corporate Governance	<ul style="list-style-type: none"> Enhancing the corporate governance system 	See page 23

Non-financial Targets

We have set non-financial targets linked to our material issues that should be resolved with priority, and we aim to resolve social issues through our business activities, which we shall lead to economic value. Going forward, we will continue to promote effective measures to achieve each of our targets.

	Themes/Measures	Indicators*1	Non-financial Targets	Status in FY2023
Environment	Reducing greenhouse gas emissions	CO₂ emissions reduction rate (Compared to FY2018, Scope 1 and 2)*2	40% reduction by FY2030	14.5% reduction compared to FY2018
	Reducing food loss	Food loss reduction rate (Compared to FY2018)	50% reduction by FY2030	55.4% reduction compared to FY2018
	Reducing plastic waste Promoting plastic waste recycling *3	1) Plastic waste reduction rate (Compared to FY2021) 2) Effective utilization rate	By FY2030 1) 40% reduction 2) 95%	1) Compared to FY2021 58.4% reduction 2) 81.8%
Social	Providing reliable logistics services	1) Rate of truck waiting time over 30 minutes 2) Store delivery loading rate	1) 5% or less 2) Improvements every year	1) 15.0% 2) 80.6%
	Promoting diversity, equity, and inclusion	Percentage of female managers*4	25% by FY2030	13.8% as of April 1, 2024
	Developing self-reliant human resources (Improving employee performance)	Labor productivity (Added value ÷ number of employees)	Improvements every year	19 million yen/person
	Improving employee health	Selected as a Certified Health & Productivity Management Outstanding Organization	Continue to receive certification	Selected as a 2024 Certified Health & Productivity Management Outstanding Organization
Creating a rewarding work environment	1) Employee engagement score 2) Percentage of men taking childcare leave	1) Improvements every year 2) 85% by FY2030	1) 64.8 2) 36.4%	

*1 Within the items “Environment” and “Social,” “Developing self-reliant human resources” is an indicator and target for ITOCHU-SHOKUHIN Group. All other items are indicators and targets for ITOCHU-SHOKUHIN alone.

*2 Scope 1: Fuel used by the Company, Scope 2: Electricity used by the Company

*3 The indicators and targets for promoting plastic waste recycling were reviewed in FY2023.

*4 The figures for percentage of female managers are as of April 1, 2024.



Initiatives for an Environmentally Friendly Society

Our corporate philosophy “developing a rich and healthy dietary life” is premised on the realization of a sustainable society, thus the promotion of business that takes the environment into consideration is essential.

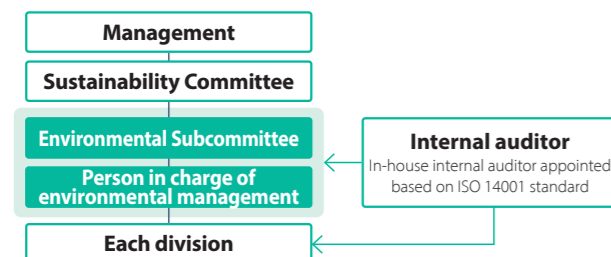
By proactively responding to climate change and making effective use of resources, we will contribute to the creation of a low-carbon, recycling-oriented society.

Themes	Targets	Measures
Reducing greenhouse gas emissions	CO ₂ emissions (Scope 1 and 2)*1 40% reduction by FY2030*2 PICK UP 1	<ul style="list-style-type: none"> Promoting energy saving in offices and logistics centers Considering the introduction of renewable energy
Reducing food loss	Amount of food loss 50% reduction by FY2030*2 PICK UP 2	<ol style="list-style-type: none"> [Don't create waste] Improving forecast accuracy and strengthening internal information sharing [Sell out] Actively partnering with companies working to reduce food loss [Distribute] Distributing to food banks, within the company, etc. [Recycle] Promoting recycling (as animal feed and fertilizer)
Reducing plastic waste and promoting recycling	Amount of plastic waste 40% reduction by FY2030*3 PICK UP 3 Effective utilization rate*4 95% by FY2030	<ul style="list-style-type: none"> Promoting the sale of plastic as valuable materials*5 and recycling

*1 Scope 1: Fuel used by the Company, Scope 2: Electricity used by the Company *2 Compared to FY2018 *3 Compared to FY2021
*4 Effective utilization rate: The percentage of plastic waste that are effectively reused as raw materials for products (material recycling, chemical recycling) or through heat recovery (thermal recycling) out of the total amount of plastic waste generated
*5 Selling items to businesses as “products of value” rather than disposing

Environmental Management

In 2012, we obtained ISO 14001, an international standard for environmental management systems, and have continued to maintain this certification. The Group aims to be an environmentally friendly company that contributes to creating a low-carbon, recycling-oriented society. Based on the basic philosophy and three action guidelines stipulated in the “ITOCHU-SHOKUHIN Environmental Policy,” the Environmental Subcommittee meets three times a year to report and discuss on the progress of activities.



In 2022, we have included the reduction of greenhouse gas emissions as one of our long-term sustainability-related targets for FY2030, and we are working to resolve social issues and achieve sustainable growth.



See here for details (available only in Japanese)

Specific responses to environmental issues (examples)

- Reducing food loss
- Promoting the recycling of food loss (as fertilizer and animal feed)
- Introducing LEDs, peak shaving through demand management*, introducing solar power generation, etc.
- Reducing plastic waste and promoting recycling
- Reducing truck waiting time through the introduction of a reservation system
- Promoting joint shipping with manufacturers from which we procure products

*Average power consumption for 30 minutes

We will continue working to resolve social issues through our food distribution business.

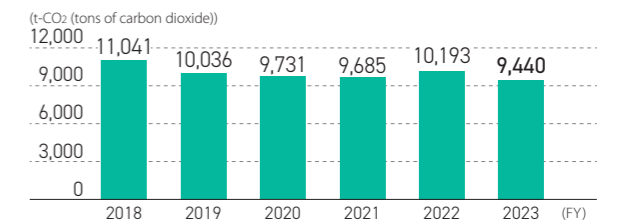
PICK UP 1 Initiatives to Reduce Greenhouse Gas Emissions

By FY2030, we aim to reduce CO₂ emissions (Scope 1 and 2) by 40% compared to FY2018. We are taking measures to reduce greenhouse gas emissions, including energy saving measures such as switching to LED lighting and implementing demand management at some of our logistics centers, installing solar power generation systems and using electricity derived from sunlight, and switching to power companies with low CO₂ emissions.

We are also implementing initiatives such as switching company cars to hybrid vehicles. Moreover, we continue to raise awareness within the company through measures such as e-learning and the monthly disclosure of electricity usage at each location on the company’s in-house portal site.

We will continue to install solar power generation systems and promote energy saving and efficiency in our offices and logistics centers in order to reduce greenhouse gas emissions.

CO₂ Emissions (Scope 1 and 2)*1



*As of FY2023, we have reviewed our non-consolidated emissions locations and changed them to a consolidated basis, therefore the figures have been recalculated going back to the base year.

PICK UP 2 Initiatives to Reduce Food Loss and Improve Recycling Rates

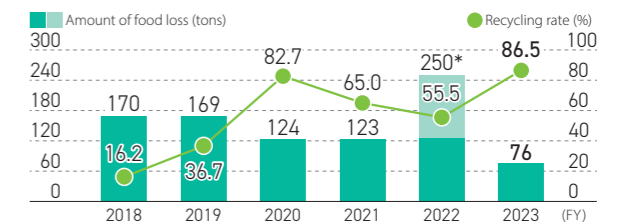
In order to reduce food loss, the sales and administration groups are working together to promote measures such as reviewing internal rules.

In FY2023, we signed contracts with nearby food bank organizations to enable donations to food banks at any time from all locations where food loss is generated. As a result of these initiatives, we were able to achieve our FY2030 target of reducing food loss by 50% (compared to FY2018) ahead of schedule.

We have also been actively promoting the recycling of industrial waste generated as food loss (through conversion into fertilizer, animal feed, etc.), and our recycling rate for FY2023 was 86.5%.

We will continue to work towards resolving issues in an environmentally friendly way.

Amount of Food Loss/Recycling Rate



*Of the 250 tons of food loss generated in FY2022, 125 tons were generated due to irregular reasons.

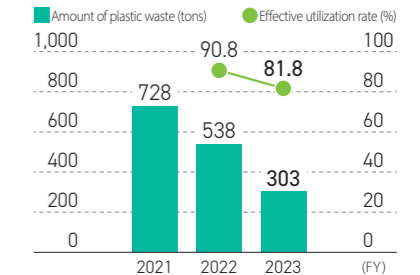


PICK UP 3 Initiatives to Reduce Plastic Waste and Recycle

The Plastic Resource Circulation Act came into effect in April 2022, and we have incorporated the reduction of plastic waste and the promotion of recycling into our targets on material issues. We are gradually signing contracts with companies that can collect valuable materials as resources rather than as waste. Regarding industrial waste (plastic waste), we will work to recycle plastic by gradually entering into contracts with industrial waste disposal companies capable of recycling industrial waste.

By reducing plastic waste and promoting recycling, we will create both social and economic value.

Amount of Plastic Waste/ Effective Utilization Rate





Stable Supply of Safe and Secure Food

As a company engaged in wholesale, which plays a central role in food distribution, it is our responsibility to steadily deliver safe and secure food to consumers.

To fulfill this mission, it is essential that we guarantee product quality so that consumers can make purchases with confidence, reduce risks that could hinder a stable supply, such as disaster risks and cyber risks, and provide stable logistics services. Accordingly, we will work to build a stronger and more resilient system.

Themes	Targets	Measures
Stable supply of products	<ul style="list-style-type: none"> Providing reliable logistics services PICK UP 1 	<ul style="list-style-type: none"> Improving the trucking business environment and increasing productivity Improving logistics efficiency through collaboration between manufacturers, wholesalers, and retailers
	<ul style="list-style-type: none"> Strengthen cybersecurity PICK UP 2 High resilience against disasters, pandemics, and cyber incidents 	<ul style="list-style-type: none"> Regularly reviewing BCM and BCP and improving their effectiveness Strengthening response capabilities and identifying/improving issues through regular training
Thorough quality assurance	<ul style="list-style-type: none"> Preventing product incidents PICK UP 3 	<ul style="list-style-type: none"> Conducting factory inspections and logistics center inspections Identifying the cause of product incidents, and implementing countermeasures Conducting regular employee training on quality assurance

Solving Logistics Issues

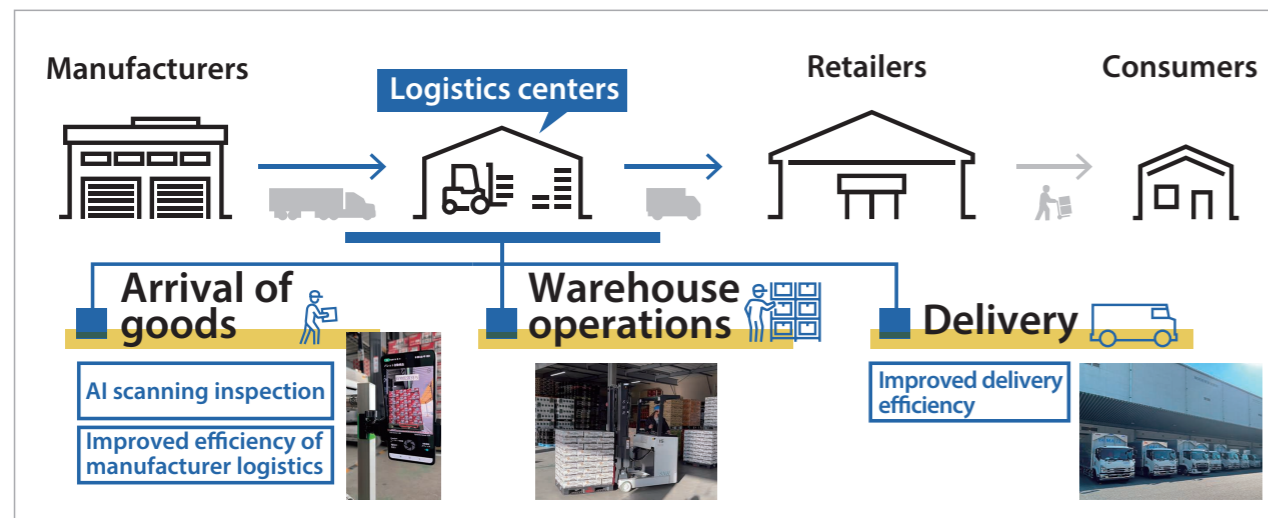
We are working to solve logistics issues such as the “2024 problem,” which limits truck drivers’ overtime working hours.

Specifically, by utilizing a reservation system and an application we developed in-house, we are working to reduce waiting time for truck drivers at logistics centers and simplify delivery operations. Moreover, in order to improve productivity, we are promoting the visualization of warehouse operations using digital technology.

The entire industry will work together to improve truck loading efficiency and reduce the workload of logistics operations, thereby striving to improve the efficiency of the entire supply chain.

Main initiatives

- Reducing waiting time for delivery
- Improving vehicle efficiency during round-trip transportation
- Improving work efficiency and reducing manpower with an AI scanning inspection system
- Improving delivery vehicle loading rate



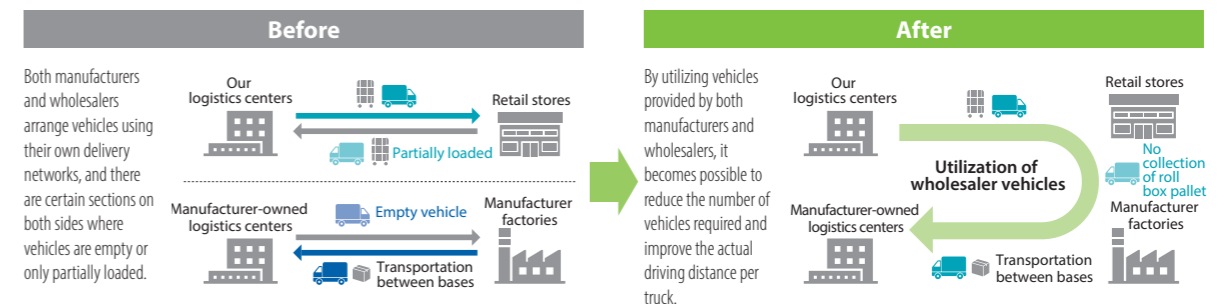
PICK UP 1 Providing Reliable Logistics Services

Vehicle sharing initiative

We are working to improve the trucking business environment, increase productivity, and improve logistics efficiency through collaboration between manufacturers, wholesalers, and retailers. In 2021, we began an initiative to transport products from manufacturer factories to manufacturer bases by utilizing

the reverse logistics of trucks that make deliveries from our logistics centers to retail stores. By effectively utilizing previously empty vehicles to reduce the number of vehicles and improve transportation efficiency, we are working to address the driver shortage and reduce CO₂ emissions.

- Vehicle Sharing Initiative (example) Vehicles provided by manufacturer Vehicles provided by wholesaler



PICK UP 2 Strengthen Cybersecurity

In response to the recent increase in cyber attack threats, we have strengthened our detection functions for targeted attack emails and conducted a comprehensive inspection of vulnerabilities across our network, server environment, system backups, etc. We formulated a business continuity plan (BCP) to respond to cyber attacks in March 2024 and are working to strengthen our cybersecurity response.

In addition, we conducted targeted attack email training for employees on multiple occasions. Those who open the emails participate in a training session to prevent recurrence. As such, we are working to raise employee awareness of cyber attacks.

PICK UP 3 Preventing Product Incidents

The Food Quality Assurance Department regularly inspects the manufacturing factories of our private label product manufacturing contractors and suppliers, and also checks the labeling of products handled by us. In addition, employee training on quality assurance is conducted regularly to strengthen our quality assurance system and prevent product incidents.

In terms of logistics, we collaborate with the Logistics Division to further improve logistics quality by inspecting the functions of logistics centers.

If a complaint related to a product incident arises, we determine who is responsible and how serious the incident is, then coordinate with relevant departments and take measures to prevent recurrence. If a product incident occurs at a logistics center, we promptly visit the site to understand the circumstances of the incident, identify the cause, and follow up with the formulation of appropriate measures to prevent recurrence. We also revisit the site at regular intervals to monitor and verify the implementation status of the preventive measures.

Manufacturing factories where on-site inspections were conducted

(FY2023)

164 locations

Regular implementation of employee training (examples)

- Conducting food labeling-related training for new employees
- Educational support for food labeling examination candidates in the Company and Group companies
- Informing employees of the latest information on amendments to food-related laws and regulations



Realizing a Rich Dietary Life

For ITOCHU-SHOKUHIN to achieve sustainable growth and increase its corporate value, it is essential that we provide economic and social value to our stakeholders and be needed by society.

Not only will we continue to steadily conduct existing businesses, but we will also create shared value through a variety of businesses that are unique to the Company.

Themes	Targets	Measures
Providing information to enrich dietary lives	<ul style="list-style-type: none"> Creating rich customer experiences by resolving consumer concerns about menu planning and providing opportunities for new discoveries 	<ul style="list-style-type: none"> Providing recipes and product information through digital signage and in-store merchandising PICK UP 2
Food education and regional revitalization through food	<ul style="list-style-type: none"> Developing food-related human resources Discovering products that contribute to regional communities PICK UP 3 Realizing food upcycling using freezing technology PICK UP 4 	<ul style="list-style-type: none"> Supporting food education at commercial high schools PICK UP 1 Strengthening cooperation with Hokkaido and Suhara Foods Collaborating with suppliers struggling with food loss

PICK UP 1 Supporting Food Education at Commercial High Schools

As part of our sustainability activities that leverage our core business, we provide educational support to commercial high schools where students learn about product development and distribution, with a view to developing human resources and revitalizing regional food cultures. We provide opportunities for commercial high school students to promote products they have developed at exhibitions hosted by the Company, in which professional buyers participate. We also host Commercial High School Food Grand Prix*. Furthermore, we provide tours of our logistics center for students, and also provide opportunities to sell products that contribute to regional revitalization.

In FY2023, the 10th Commercial High School Food Grand Prix was held offline for the first time in four years. The number of sponsoring companies for this competition is increasing year by year, and a variety of educational opportunities are provided,

such as special classes by sponsoring companies. Going beyond conventional CSR activities, we aim to create shared value that contributes to the revitalization of the entire food industry, such as by "developing young talent in the food industry" and "preserving regional food cultures."

*A product contest for "foods" produced by commercial high school students across the country



See here for details (available only in Japanese)



10th competition finalist products



The 10th competition was held at a commercial facility

PICK UP 2 Supporting to Create Attractive In-store Merchandising through Digital Signage

We are supporting to create attractive in-store merchandising with the use of digital signage installed in retail stores.

The aim of displaying recipe videos, product advertisements, or sale information on digital signage is to encourage consumers to discover or be aware of new information, thereby motivating consumers to visit stores and stimulating their desire to make purchases.

As a specific initiative, we are running a gift campaign that customers can enter by scanning the QR code displayed on digital signage. This initiative also makes it possible to narrow down the targets of campaign planning by each store and area, which strengthens sales promotions by manufacturers and attracts more customers to retail stores.

Digital signage is being introduced in chain stores, and a cumulative total of 10,000 units are expected to be installed by

FY2024. We will continue to support creating attractive in-store merchandising by utilizing digital signage that is directly linked to physical in-store sales, and we aim to realize rich dietary lives by circulating this as shared value throughout the supply chain of manufacturers, wholesalers, and retailers.



An entry-based gift campaign using in-store signage

PICK UP 3 Discovering Products that Contribute to Regional Communities

Promoting local products from various regions of Japan all over the country

We are working to revitalize regional industries by selling safe, secure, and delicious local products from various regions of Japan all over the country. We are discovering and developing products based on the concept of "rediscovering and re-recognizing the goodness about Japan," taking into account the food cultures rooted in the various regions of Japan, each with their own unique sense of "hometown." FY2024 marks the 10th anniversary of our initiative for regional products.

We are aiming to be the number one wholesaler of regional products in order to further convey the charm of "hometowns" through food.

What is Furusato Shokumusubi?

An initiative aimed for local production and nationwide consumption of regional products



Main initiatives

Promoting various initiatives to create sales opportunities

See here for details (available only in Japanese)

- Individual meetings with business operators
- Study session for business operators in the prefecture (start-up businesses)
- Holding in-house exhibitions and business meetings
- Follow-ups on participation in our general exhibitions for external parties



PICK UP 4 Proposing Rich Foods Using Freezing Technology

We are working to expand the range of items available under our high-quality frozen food brand, "TOMIN ICHIBA," which uses "Tomin" quick-freezing machines. This brand freezes fresh produce and products that could only be enjoyed at limited times and places, delivering the freshness of freshly picked and prepared foods and the excitement of being able to enjoy certain foods even after their season has passed. Recently, "Tomin Fruit," made from domestic fruits that are harvested in season and then frozen, as well as "Frozen Sake," made by freezing freshly squeezed and bottled unpasteurized sake that could only be enjoyed at the brewery, are being well received.

By developing products frozen with "Tomin," we will provide consumers with value-added eating experiences while strengthening the branding of "TOMIN ICHIBA."



"Tomin Fruit" series, made from frozen domestic fruits

"Frozen Sake" gift set, made by freezing unpasteurized sake

Social



Enhancing Human Capital Management

We recognize that “human resources who can think flexibly, take on challenges without fear of failure, and grow independently in a workplace that is healthy and energetic both physically and mentally” are the driving force and main asset to maintaining sustainable growth while responding flexibly to a highly uncertain society. Based on this belief, we will work to enhance human capital management by utilizing the diversity and creativity of each individual (diversity, equity, and inclusion), developing self-reliant human resources, and creating a rewarding work environment.

Themes	Targets	Measures
Developing self-reliant human resources for sustainable growth PICK UP 1	● Percentage of female managers of 25% by 2030	<ul style="list-style-type: none"> ● Creating a work environment where women can thrive ● Implementing training to develop female managers
	● Improving employee performance	<ul style="list-style-type: none"> ● Disseminating a new personnel system and raising wages for non-managerial positions ● Enhancing training (reskilling by level/theme, etc.) ● Expanding new graduate/career recruitment ● Introducing a job matching system to promote the active participation of senior human resources
Creating a rewarding work environment	● Improving employee health	<ul style="list-style-type: none"> ● Enhancing support for employees’ physical and mental health care, and improving the work environment ● Continuously chosen as a Certified Health & Productivity Management Outstanding Organization PICK UP 2
	● Promoting diverse work styles	<ul style="list-style-type: none"> ● Promoting work-life balance ● Strengthening support for childcare and elderly care, and follow-ups for those who are sick or injured ● Newly establishing area-limited management track positions

Human Resources Strategy

We view our human resources as our asset to function as the driving force to sustainably improve our corporate value, and the basic policy of our human resources strategy is to develop “human resources who can think flexibly, take on challenges without fear of failure, and grow independently in a workplace that is healthy and energetic both physically and mentally.”

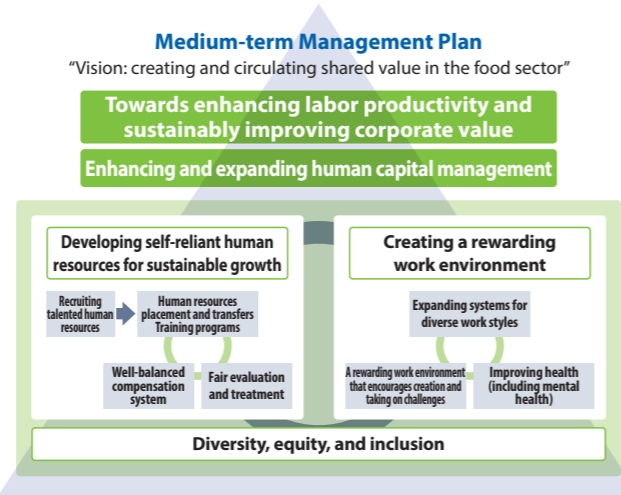
- (1) Utilizing the diversity and creativity of each individual (Diversity, equity, and inclusion)
- (2) Developing self-reliant human resources
- (3) Creating a rewarding work environment

Through these, we aim to enhance human capital management.

Specifically, we are working to further improve labor productivity by proactively investing in human resources, such as through the introduction of a well-balanced compensation system and the expansion of training programs, as well as by implementing measures to improve the work environment and enhance engagement, such as through the promotion of diverse and flexible work styles and improved health.

Moreover, we introduced an engagement survey in FY2022, which has enabled us to visualize the status of employee engagement and use the results to implement various measures.

[Human Resources Strategy Basic Policy Diagram]



PICK UP 1 Developing Self-reliant Human Resources for Sustainable Growth

Initiatives for diversity, equity, and inclusion

We are organizing an environment and systems that accept the diversity of all employees and allow them to demonstrate their capabilities. Specifically, by significantly revamping our ranking system, evaluation system, and wage system in FY2022, we have built a well-balanced personnel system based on job responsibilities and performance. Moreover, we have set a non-financial target linked to material issues of “25% or more female managers by 2030,” and we are implementing measures to further encourage the active participation of female employees, such as developing female managers and leaders and supporting the balance between work and childcare. As of April 1, 2024, the percentage of female managers was 13.8%. In addition, we have been strengthening our efforts to address diversity, equity, and inclusion, such as by establishing a new “job matching system” in FY2024 as a measure to encourage senior human resources aged 55 and over to play active roles.

Other initiatives

- Creating an environment where women and seniors can thrive
- Newly establishing area-limited management track positions
- Institutionalizing remote work and staggered working hours
- Enhancing training for female leaders (including candidates)
- Implementing diversity training for all employees
- Implementing programs for returning to work after childcare leave, etc.

[Training by Level and Purpose]

	Training by level		Training by purpose				Self-improvement					
	Strengthening roles	Strengthening skills	By job	Developing the next generation of leaders	By theme							
Officers	● Officer training											
Managers	● Professional training	● Management training	Ready-made meal manager training [for applicants] Food labeling examination [for new employees + applicants]	DX basic training (e-learning) DX training [selection system]	Training to develop female leaders Pre-management training for new managers	Strategy promotion training camps	Health management	Engagement	Personal information, ISO, BCP	Compliance	Diversity	Self-reliant online video learning [for applicants]
Mid-level employees	● On-the-job training ● 6th year training	● Critical thinking ● Accounting										
Young employees	● 3rd year training ● 2nd year training ● Training after six months of employment ● New employee training (2 months)	● 1st-3rd year Self-reliant online video learning										
Senior employees	● Active senior training											

PICK UP 2 Chosen as a “2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)” for the Third Consecutive Year

In March 2021, we formulated and announced the “ITOCHU-SHOKUHIN Health Management Declaration.” Our basic policy for health management is to “improve employee health awareness,” “enhance health management,” and “create a healthy work environment.” We have appointed the President & CEO as the CWO* and are promoting the creation of a workplace that is healthy and energetic both physically and

mentally. Specifically, we are working to strengthen cooperation with public health nurses and health insurance associations, and to raise awareness by enhancing seminars. Health management is defined as a sustainability measure, and we will continue to implement measures to maintain and improve the health of our employees.



See here for details (available only in Japanese)

Major health-related measures in FY2023

1. Creation and announcement of health management reports and strategy maps
2. Implementation of theme-specific seminars (health literacy, sleep, women’s health)
3. Implementation of mental health training (line care, self-care)

[Trends in Major Health-related Figures]

		FY2021	FY2022	FY2023
Prevention	Regular health check-up attendance rate	100.0%	100.0%	100.0%
	Complete medical check-up attendance rate *Age 40 and over	78.9%	90.4%	95.8%
Promotion of women’s health	Gynecological examination attendance rate *Age 30 and over	76.2%	80.9%	81.9%
Health maintenance management	Rate of people with regular exercise habits	70.8%	68.3%	69.2%
Mental health measures	Stress check participation rate	96.9%	98.5%	99.2%
Health promotion measures such as improving exercise habits	Number of participants in the walking campaign	183	176	183
	Participation rate for health promotion e-learning	96.5%	97.7%	96.6%

*CWO: Chief Wellness Officer



Strengthening Corporate Governance

Strengthening governance is essential for us to earn the trust of stakeholders, achieve sustainable growth, and improve corporate value. As a company listed on the Prime Market, we will maintain transparency and strive for appropriate corporate governance in accordance with the Corporate Governance Code.

Theme	Target	Measure
Enhancing the corporate governance system	● Sustainable growth and medium- to long-term improvement in corporate value	● Appropriate compliance with the Corporate Governance Code

Corporate Governance System

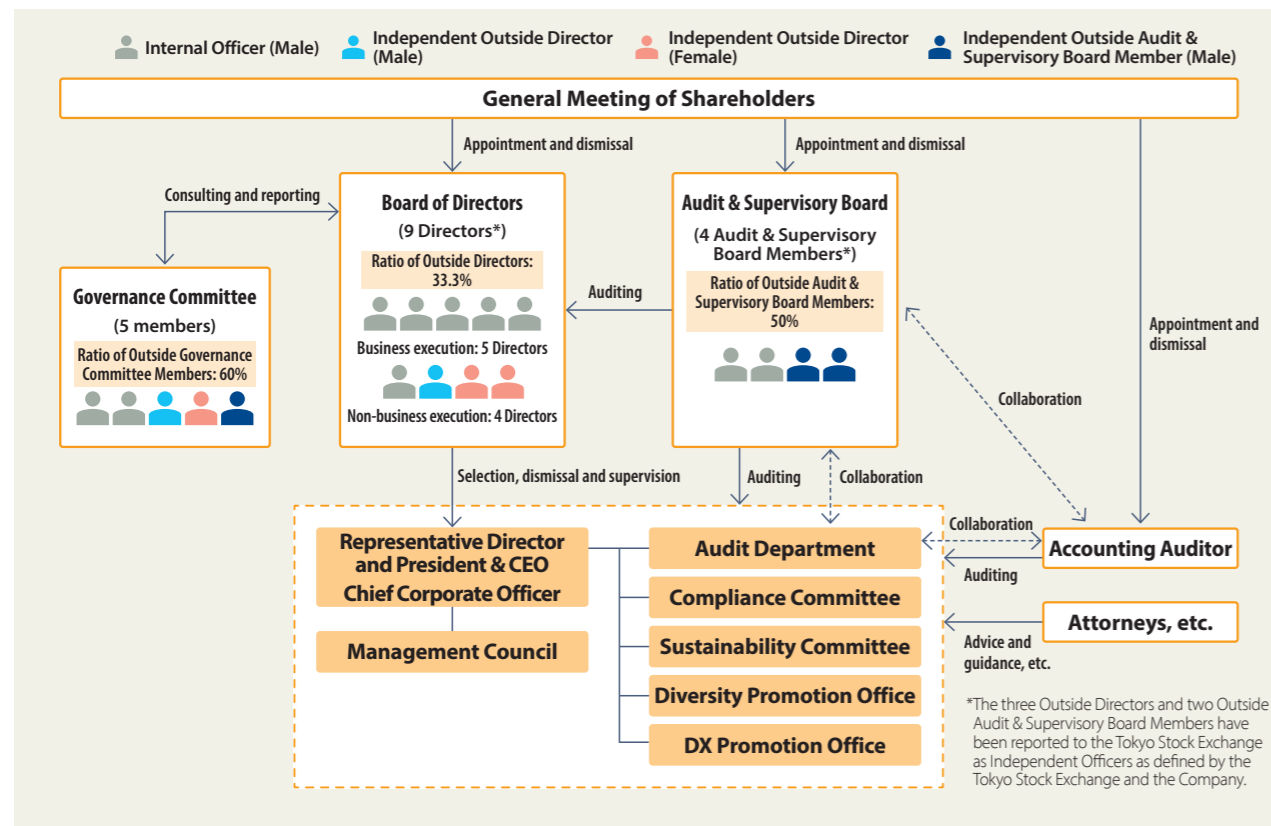
As a company with an Audit & Supervisory Board, we have established a Board of Directors as well as an Audit & Supervisory Board, and have introduced an Executive Officer system. By separating monitoring and supervision of business execution by the Board of Directors and the Audit & Supervisory Board from business execution by Executive Officers, we aim to “improve management transparency,” “clarify the responsibilities of management,” and “accelerate decision-making.” In light of growing demands for diversity on the Board of Directors,

we appointed our first female Director in FY2019, and as of June 20, 2024, we have appointed two female Directors, with the aim of building an optimal corporate governance system. The Board of Directors and the Audit & Supervisory Board will ensure diversity and effectiveness, as well as strive to achieve sustainable growth, enhance corporate value, and strengthen corporate governance.



See here for details (available only in Japanese)

[Corporate Governance Structure (as of June 20, 2024)]



Governance Committee

The Company established the Governance Committee on April 1, 2020 with the aim of enhancing the functions of the Board of Directors regarding corporate governance, and meetings are held as necessary. The Committee serves as a voluntary advisory body to the Board of Directors, strengthening the supervisory function of the Board of Directors and offering objective opinions and suggestions on matters relating to the Company's corporate governance.

Composition and Roles of the Governance Committee

Composition	The Committee consists of five members. The majority of the members are Independent Outside Directors and Independent Outside Audit & Supervisory Board Members.
Roles	In response to requests from the Board of Directors, the Committee deliberates and reports on the following matters: <ul style="list-style-type: none"> ● Matters concerning nomination, compensation, etc. ● Matters concerning governance (related party transactions, policy on cross-shareholdings, etc.)

Evaluation of the Effectiveness of the Board of Directors

An evaluation of the effectiveness of the Board of Directors (questionnaire + interview) is conducted for all Directors and Audit & Supervisory Board Members, and the effectiveness of the Board of Directors is analyzed and evaluated every year.

In FY2023, the Board of Directors' structure (member composition) and operations were deemed appropriate. The issues identified through this evaluation will be continuously reviewed and addressed, and efforts will be made to further improve the effectiveness of the Board of Directors.

Compliance with the Corporate Governance Code

With regard to “compliance with the Corporate Governance Code,” which is one of our initiatives for “strengthening corporate governance,” we are following the principles of the Corporate Governance Code. Moreover, in terms of management considering the cost of capital, we appropriately recognize the Company's cost of capital and reflect it in our investment criteria and management decisions.

For more details, please refer to our Corporate Governance Report using the link below.

Corporate Governance Report
<https://www.itochu-shokuhin.com/ir/library/cg.html>

(available only in Japanese)



See here for details (available only in Japanese)

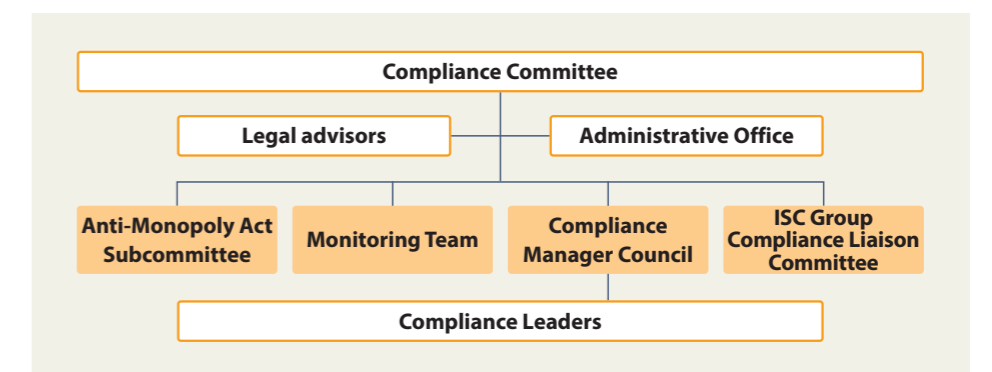
Compliance System

We have established the “ITOCHU-SHOKUHIN Group Compliance Regulations,” which stipulate basic matters regarding compliance initiatives. The Compliance Committee, chaired by the officer in charge, meets twice a year to work on improving the compliance system.

Based on the “ITOCHU-SHOKUHIN Group Internal Reporting System (Hotline) Regulations,” we have posted information on how to use the reporting system, etc. on the portal websites of the Company and Group companies, and are working to detect issues early and take corrective measures. In addition, we hold a “Group Compliance Liaison Committee” meeting twice a year, attended by general managers from Group companies, to instill awareness of compliance.

To ensure that all employees are fully aware of relevant laws and regulations, such as the Anti-Monopoly Act and the Act on the Protection of Personal Information, we provide group training and e-learning activities for employees as appropriate. Moreover, we continue to issue a “Compliance Newsletter” to all employees and implement harassment training for full-time officers and managers in order to ensure thorough compliance.

[ITOCHU-SHOKUHIN Group Compliance Structure (as of April 1, 2024)]



Governance

Messages from Outside Directors



With society beginning to stabilize following the COVID-19 pandemic that began in 2019, social and economic conditions have undergone major changes, including a recovery in inbound demand, changes in lifestyles due to advances in digital transformation, rising stock prices and the weakening yen, and successive price hikes on food and other items. During this time, the Company achieved remarkable results, increasing its profits for five consecutive years.

In terms of business formats, the Company aims to create new added value that goes beyond the scope of simple food wholesale, and is engaged in business activities under the subtitle of its Medium-term Management Plan "Transform 2025," which is "creating and circulating shared value" among stakeholders such as manufacturers, retailers, and consumers, such as by creating consumer-oriented in-store merchandising through the analysis and provision of information using digital signage.

As a person who has observed the Company over the past few years as an Outside Director, I have been amazed at the remarkable improvement in business performance figures since I assumed my position, and I have the deepest respect for the Company's management team and employees. I believe that the factors behind this growth in business performance are the strong leadership and flexible thinking of top management, and the corresponding attitudes and efforts of employees. Creating the new business model mentioned above requires a change in awareness that goes beyond conventional business practices and ideas, and it is important to build a strong organization that combines flexibility and agility.

Two years ago the Company introduced a new personnel system and revised its salary system. Since then the Company has also implemented various work style reforms, which I believe have led to increased employee motivation.

In the food distribution industry, restructuring of retailers and changes in business formats are progressing, and we are also seeing changes in the logistics industry in response to the 2024 problem and changes in consumer behavior. How quickly the Company can respond to these changes will likely be the key to future growth in business performance. I would like for all employees to maintain a sense of urgency and strive to reach even greater heights, rather than remaining satisfied with the current favorable performance.

In FY2023, despite favorable factors such as an increase in the flow of people due to the reclassification of COVID-19 as a Category V infectious disease and an increase in inbound demand, the market environment changed rapidly due to factors such as changes in consumer behavior caused by rising prices and restructuring of retail formats. Nevertheless, the Company has been able to achieve increased profits for five consecutive years. I believe this is a sign that the management vision "Transform" is gradually realized. Management vision "Transform" was established under the strong leadership of President & CEO Okamoto in 2020 with the intention of "going beyond the scope of the traditional wholesale business" while thoroughly maintaining lean management. In particular, the Medium-term Management Plan "Transform 2025 - Creation and Circulation" established last year places emphasis on how the Company will create and propose new value to retailers, manufacturers, and consumers. All employees are required to think, act, take notice, and put their ideas into action independently. Currently, with the market environment changing so rapidly, the awareness and initiative of employees who engage in daily work on the front lines of consumption are key. At the Company's exhibition I recently attended in the Kansai region, I was able to see many examples of the various ideas proposed. Furthermore, in order to improve our ability to make customer-oriented proposals, it is essential to accurately evaluate proposed services or products, and use the insight gained from this to develop further improvements and new proposals.

To achieve this, I believe it is important to create an environment that leads to the improvement of all employees' well-being, while also improving employee job satisfaction and productivity, and providing opportunities for them to independently develop their careers. I believe that improving the soft side of the Company, such as by encouraging employees to take on new challenges and promoting opportunities for active communication in all directions, will contribute to the improvement of corporate value over the medium- to long-term. As an Outside Director, I will support these efforts.

Since assuming my position in June 2021, I have deeply sympathized with the Company's corporate philosophy of "helping consumers and society to develop a rich and healthy dietary life," and I have worked with the desire to bring about a different atmosphere and new insight from an objective standpoint and perspective. As my understanding of the Company deepens year by year, I have realized that the Company has built an extremely good governance system, and that the change towards taking proactive, consumer-oriented action is spreading from the top to the management, and from the management to employees. This change can be seen in many ways, including in the way that discussions at Board of Directors meetings, management strategy meetings, and business report sessions with business managers have become freer and more open than before, as well as in the way that, when I have the opportunity to interact with employees, I feel their enthusiasm and determination.

In order to achieve the targets of the Medium-term Management Plan "Transform 2025 - Creation and Circulation," it is time to transform the wholesale business into a model that creates and circulates not only products, but also value and experiences. To achieve this, I highly expect that the Company will put its retail media business on a growth trajectory by leveraging the wholesale knowledge and management assets it has cultivated thus far, and create new services by utilizing accumulated data.

The "Transform" aimed for by the Company involves not only business transformation, but also transformation that incorporates non-financial elements such as human resources, organizational culture, and environmental value. To realize this, some of the Company's key priorities going forward will be to foster a highly engaging and inclusive organizational culture where employees think by themselves and act independently, to develop human resources who proactively challenge themselves with generative AI and data utilization, and to further collaborate with diverse stakeholders. I would like to contribute as an Outside Director through constructive discussions so that the Company may continue to improve its corporate value and contribute to society as a good company that evolves to create value.

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company has established criteria for independence of Outside Officers, as described below, for the purpose of objectively determining the independence of Outside Directors and Outside Audit & Supervisory Board Members (hereinafter, "Outside Officers"). The Company determines that an Outside Officer is independent of the Company if the person meets the requirements for Independent Officers stipulated by Tokyo Stock Exchange, Inc. and does not fall under any of the criteria below.

See here for details on our independence criteria.

https://www.itochu-shokuhin.com/company/pdf/governance/governance_20200401.pdf

(available only in Japanese)



Main Activities of Outside Directors and Outside Audit & Supervisory Board Members

Classification	Name	Main activities (Summary of duties performed in relation to the roles expected to be performed)
Directors	Yasuyuki Miyasaka	Mr. Yasuyuki Miyasaka has been properly supervising the management of the Company and offering accurate advice on ensuring validity and appropriateness in decision-making by the Board of Directors primarily from his expert perspective as a certified public accountant. In addition, as a member of the Governance Committee, he contributes to strengthening the supervisory function of the Board of Directors, such as by actively providing advice on the decision-making process of the nomination and compensation as well as corporate governance. Furthermore, he attended all 13 Board of Directors meetings held during the fiscal year under review and made necessary remarks on agenda as appropriate.
	Takako Okuda	Ms. Takako Okuda has been making a contribution to ensuring appropriateness in decision-making by the Board of Directors and supervising business execution from diverse standpoints. In addition, she has been appropriately fulfilling her role such as by actively offering opinions and advice as a member of the Governance Committee, while offering advice on the Company's diversity promotion, efforts to sustainability, etc. Furthermore, she attended all 13 Board of Directors meetings held during the fiscal year under review and made necessary remarks on agenda as appropriate.
	Kaoru Chujo	Ms. Kaoru Chujo has been offering advice on ensuring validity and appropriateness in decision-making by the Board of Directors and properly supervising business execution from an objective and practical standpoint. She also has been appropriately fulfilling her role such as by actively engaging in the Company's diversity and DX promotion. Furthermore, she attended all 13 Board of Directors meetings held during the fiscal year under review and made necessary remarks on agenda as appropriate.

Classification	Name	Main activities
Audit & Supervisory Board Members	Kensuke Masuoka	Mr. Kensuke Masuoka attended all 13 Board of Directors meetings and all 15 Audit & Supervisory Board meetings held during the fiscal year under review, and made necessary remarks on agenda as appropriate, mainly from his professional perspective as an attorney. In addition, he has been offering accurate opinions and suggestions as a member of the Governance Committee.
	Shinichiro Yamaoka	Mr. Shinichiro Yamaoka attended 11 of the 13 Board of Directors meetings and all 15 Audit & Supervisory Board meetings held during the fiscal year under review, and made necessary remarks on agenda as appropriate, mainly from his professional perspective as a certified public accountant.


Reference: Notice of the 106th Annual General Meeting of Shareholders

Governance




Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 20, 2024)





Directors

 Hitoshi Okamoto Representative Director and President & CEO	 Mitsuo Kawahara Director Assistant Chief Corporate Officer	 Naoyuki Uozumi Director Chief Executive, Sales & Marketing Group
 Yoshihiro Fukushima Director Deputy Chief Executive, Sales & Marketing Group; Executive General Manager, Purchasing Policy Management Division; General Manager, Diversity Promotion Office	 Masanori Omori Director Chief Executive, Administration & Management Group; in charge of Compliance; in charge of Sustainability	 Hiroyuki Nakamura Director Non-executive

Outside Directors

 Yasuyuki Miyasaka Director Outside Independent Non-executive	 Takako Okuda Director Outside Independent Non-executive	 Kaoru Chujo Director Outside Independent Non-executive
--	---	---

Audit & Supervisory Board Members

 Hideaki Nagashima Full-time Audit & Supervisory Board Member	 Ryuta Seike Audit & Supervisory Board Member Non-executive	 Kensuke Masuoka Audit & Supervisory Board Member Outside Independent Non-executive	 Shinichiro Yamaoka Audit & Supervisory Board Member Outside Independent Non-executive
---	--	---	---

Please refer to the notice of convocation for further details.

https://www.itochu-shokuhin.com/ir/pdf/notice/shoshu202405_en.pdf



Executive Officers

Chief Corporate Officer	Vice President	Managing Executive Officers	
Hitoshi Okamoto	Mitsuo Kawahara Assistant Chief Corporate Officer	Naoyuki Uozumi Chief Executive, Sales & Marketing Group	Yoshihiro Fukushima Deputy Chief Executive, Sales & Marketing Group; Executive General Manager, Purchasing Policy Management Division; General Manager, Diversity Promotion Office
Executive Officers			
Yoshiyuki Yamamura President, IMC Corporation	Tsuyoshi Otsuka Executive General Manager, East Japan Marketing & Sales Division	Taichi Sato Executive General Manager, Tokai Marketing & Sales Division	Manabu Ogata Executive General Manager, West Japan Marketing & Sales Division; Diversity Promotion Office
Masanori Omori Chief Executive, Administration & Management Group; in charge of Compliance; in charge of Sustainability	Yasumasa Saeki Executive General Manager, Corporate Planning Division; General Manager, DX Promotion Office; Diversity Promotion Office	Kanji Fukui Executive General Manager, Marketing & Sales Division; General Manager, Drugstore Department	Noriyuki Sakamoto President, ISC Business Support Co., Ltd.
Masahide Kitagawa Deputy Chief Executive, Administration & Management Group; Executive General Manager, Administration Division; General Manager, Examination Department	Takeshi Hagiwara Executive General Manager, Logistics Division	Hideo Namimoto Executive General Manager, Information Systems Division; DX Promotion Office	

Skills Matrix for Directors and Audit & Supervisory Board Members

	Name	Gender	Knowledge and experience expected by the Company						
			Overall management/management strategy	Sales/marketing	Finance/accounting	Legal affairs/risk management	HR training/diversity	ESG/sustainability	Governance/internal control
Directors	Hitoshi Okamoto	Male	●	○	○	○	○	○	○
	Mitsuo Kawahara	Male	○	●		○	○	●	●
	Naoyuki Uozumi	Male	○	●		○	●	●	●
	Yoshihiro Fukushima	Male	○	●		○	●	○	
	Masanori Omori	Male	○		●	○	●	●	○
	Hiroyuki Nakamura	Male		●		○		○	
	Yasuyuki Miyasaka	Male Outside Independent	○		●	○		●	
	Takako Okuda	Female Outside Independent		○		○	●	●	○
Audit & Supervisory Board Members	Kaoru Chujo	Female Outside Independent				○	●	●	●
	Hideaki Nagashima	Male			○	●		○	
	Ryuta Seike	Male			○	●		○	
	Kensuke Masuoka	Male Outside Independent				●		●	
	Shinichiro Yamaoka	Male Outside Independent			●	●		●	

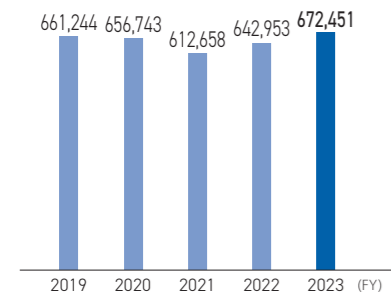
*1 The above matrix does not represent all the knowledge and experience possessed by Directors and Audit & Supervisory Board Members.

*2 ● indicates knowledge and experience particularly expected.

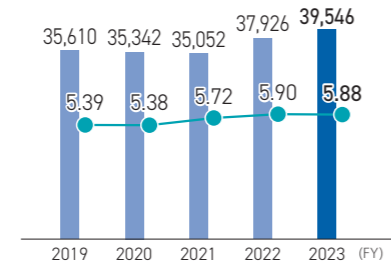
Financial Highlights

Net sales
672,451 million yen

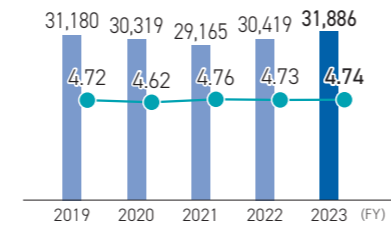
(Millions of yen)

Gross profit/margin
39,546 million yen/5.88%

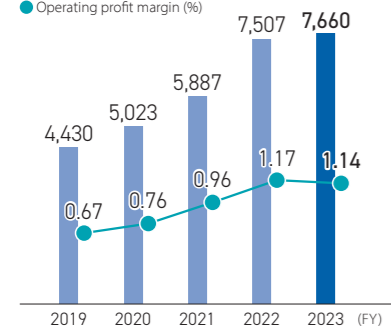
■ Gross profit (Millions of yen)
● Gross profit margin (%)

SG&A expenses/ratio
31,886 million yen/4.74%

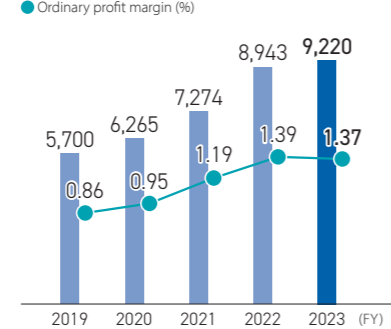
■ SG&A expenses (Millions of yen)
● SG&A expenses ratio (%)

Operating profit/margin
7,660 million yen/1.14%

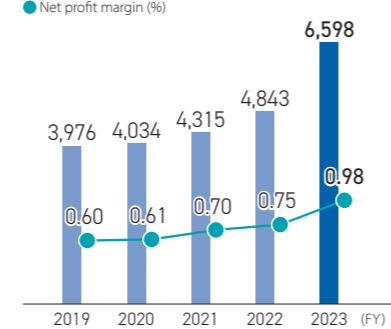
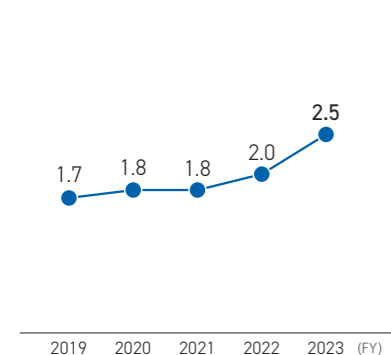
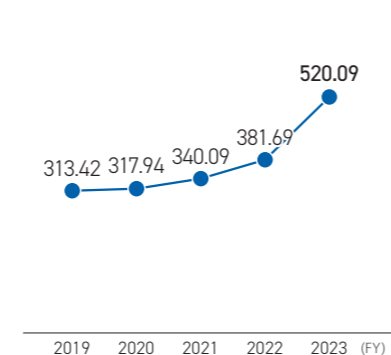
■ Operating profit (Millions of yen)
● Operating profit margin (%)

Ordinary profit/margin
9,220 million yen/1.37%

■ Ordinary profit (Millions of yen)
● Ordinary profit margin (%)

Profit attributable to owners of parent/margin
6,598 million yen/0.98%

■ Profit attributable to owners of parent (Millions of yen)
● Net profit margin (%)

ROA
2.5%ROE
6.3%EPS
520.09 yen

*1 Amounts listed are rounded to the nearest million yen.

*2 Percentages (%) are rounded to the first or second decimal place.

*3 Due to the above, the totals may not add up.

*4 We have been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of FY2021, and all figures for FY2021 and onwards are based on the application of the relevant accounting standards.

Supplementary Data

	FY2019	FY2020	FY2021	FY2022	FY2023
Total assets (Millions of yen)	228,437	231,183	236,668	246,617	274,496
Net assets (Millions of yen)	86,204	93,337	95,249	99,781	109,268

Net Sales and Composition Ratio by Product Category

Product Category	FY2022 Results		FY2023 Results			
	Net sales (Millions of yen)	Composition Ratio (%)	Net sales (Millions of yen)	Composition Ratio (%)	Change (Millions of yen)	Percent Change (%)
Beer-type beverages	150,722	23.4	154,328	22.9	3,605	2.4
Japanese and foreign liquors	102,871	16.0	106,322	15.8	3,451	3.4
Seasonings and canned foods	104,370	16.2	110,446	16.4	6,075	5.8
Luxury foods and beverages	154,854	24.1	167,805	25.0	12,951	8.4
Noodles and dried foods	45,797	7.1	48,129	7.2	2,332	5.1
Frozen and chilled foods	26,283	4.1	27,786	4.1	1,504	5.7
Gifts	34,618	5.4	33,587	5.0	(1,031)	(3.0)
Others	23,438	3.7	24,048	3.6	610	2.6
Total	642,953	100.0	672,451	100.0	29,498	4.6

(Note) Net sales of happoshu and new genre are included in "beer-type beverages."

Net Sales and Composition Ratio by Business Format

Business Format	FY2022 Results		FY2023 Results			
	Net sales (Millions of yen)	Composition Ratio (%)	Net sales (Millions of yen)	Composition Ratio (%)	Change (Millions of yen)	Percent Change (%)
Wholesalers	34,335	5.3	35,504	5.3	1,170	3.4
Department stores	18,437	2.9	17,734	2.6	(703)	(3.8)
GMS/SM	345,826	53.8	357,467	53.2	11,641	3.4
CVS	73,955	11.5	76,001	11.3	2,046	2.8
Drugstores	66,572	10.3	75,340	11.2	8,768	13.2
Other retailers	75,611	11.8	81,349	12.1	5,737	7.6
Others	28,216	4.4	29,056	4.3	840	3.0
Total	642,953	100.0	672,451	100.0	29,498	4.6

(Notes) GMS: General Merchandise Store

SM: Supermarket

CVS: Convenience Store

Company Information/Stock Information (As of March 31, 2024)

Company Profile

Company name	ITOCHU-SHOKUJIN Co., Ltd.
Date of foundation	February 11, 1886
Date of incorporation	November 29, 1918
Capital	4,923,464,500 yen
Number of employees	Consolidated: 1,179 Non-consolidated: 888
Business description	Our main business operations are the wholesale of liquors and foods, storage and transport of these goods, provision of information on various goods, and merchandising related to product distribution.
Location of headquarters	2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka
Osaka Head Office	2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka Tel: +81-6-6947-9811
Tokyo Head Office	Akasaka K Tower, 1-2-7 Motoakasaka, Minato-ku, Tokyo Tel: +81-3-5411-8511
Internet Homepage	https://www.itochu-shokuhin.com (available only in Japanese)

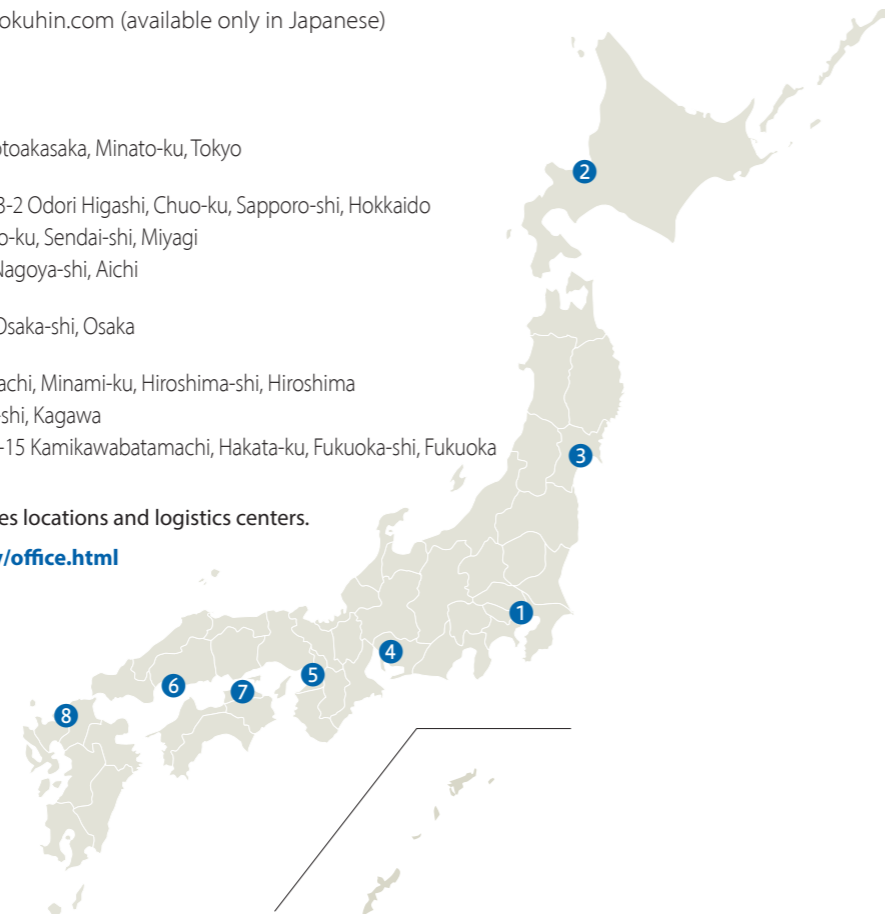
Main Business Locations

- 1 East Japan Marketing & Sales Division Akasaka K Tower, 1-2-7 Motoakasaka, Minato-ku, Tokyo
- 2 Hokkaido Branch Suhara Odori Building 2F, 3-2 Odori Higashi, Chuo-ku, Sapporo-shi, Hokkaido
- 3 Sendai Sales Office 4-3-10 Ogimachi, Miyagino-ku, Sendai-shi, Miyagi
- 4 Tokai Marketing & Sales Division 1-6-9 Shinoto, Atsuta-ku, Nagoya-shi, Aichi
- 5 West Japan Marketing & Sales Division 2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka
- 6 Chu-Shikoku Branch Royal Tower 4F, 1-1 Inarimachi, Minami-ku, Hiroshima-shi, Hiroshima
- 7 Shikoku Sales Office 1-34 Okinohama, Sakaide-shi, Kagawa
- 8 Kyushu Branch Yasuda 7th Building 2F, 13-15 Kamikawabatomachi, Hakata-ku, Fukuoka-shi, Fukuoka

Please see here for information on our main sales locations and logistics centers.

<https://www.itochu-shokuhin.com/company/office.html>

(available only in Japanese)



Subsidiaries and Associates

Consolidated subsidiaries

- Shin Nihon Ryutsu Service Co., Ltd. Cargo transportation and handling business
- ISC Business Support Co., Ltd. Service business
- Suhara Foods Co., Ltd. Liquor and food wholesale business
- IMC Corporation Retail business

Non-consolidated subsidiaries

- Horai Shoten Co., Ltd. Liquor and food retail business

Associates

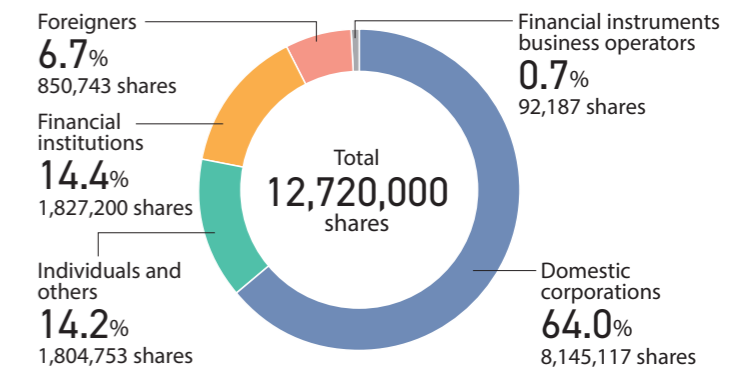
- CHUBU MEIKAN Co., Ltd. Food wholesale business
- Y&I Holdings Ltd. Investment business

Stock Information

Total number of shares and number of shareholders

Total number of issued shares	12,720,000 shares
1. Total number of authorized shares	40,000,000 shares
2. Number of shares per unit	100 shares
Number of shareholders	12,622
Tokyo Stock Exchange Prime Market Securities code	2692

Share distribution status (by owner)



Number of Business Partners

Manufacturers Approx. 4,000 companies nationwide	Number of items Approx. 500,000 items	Retailers, etc. Approx. 1,000 companies nationwide
--	---	--

ITOCHU-SHOKUJIN is a liquor and food wholesaler which deals with approximately 4,000 manufacturers nationwide and delivers about 500,000 items to about 1,000 retailers across the country. By delivering a vast number of products to sales areas quickly, accurately and safely, we serve as a lifeline that supports a rich dietary life in Japan.

External Evaluation

Certified Health & Productivity Management Outstanding Organization



Digital Transformation Certification



PrivacyMark System



ISO 14001 (Environmental Management Systems)



ISO 14001:2015 認証取得
(Tokyo Head Office/Sagamihara IDC)



For a wide range of IR information, please visit our IR (Investor Relations) webpage.

<https://www.itochu-shokuhin.com/ir/>

(available only in Japanese)



- Trends in business performance and financial indicators
- Financial statement announcements (summary of financial results, etc.)
- Timely disclosure information
- Stock information (shareholder information)
- Notices of annual general meetings of shareholders, etc.