

Sustainability at the ITOCHU Group

Policy & Basic Approach

The Basic Policy on Promotion of Sustainability sets the direction for ITOCHU Corporation's efforts to further sustainability. It is written in the spirit of our core philosophy, *Sampo Yoshi*. Meanwhile, we adopted an ESG mindset in organizing and integrating the Basic Policies for CSR Promotion and the Environmental Activities Policies.

The ITOCHU Group Basic Policy on Promotion of Sustainability

[I] Basic Philosophy

ITOCHU Group, conducting business globally under the spirit of *Sampo Yoshi*, the management philosophy of merchants in the province of Ohmi, considers that addressing global environmental and social issues is one of the top priority issues in its management policy. We contribute to the realization of a sustainable society based on the ITOCHU Group Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, "Committed to the Global Good."

[II] Action Guidelines

In keeping with the basic philosophy presented above, the ITOCHU Group sets out the following action guidelines to promote its sustainability.

(1) Identification of material issues and promotion of businesses that address the social issues	As a member of the international community, we seek to identify critical sustainability issues whose resolution will lead to the sustainable growth of society as well as our businesses, and aim to enhance corporate value through our operations.
(2) Establishment of mutual trust with society	We continue to address society's expectations and requests by increasing the disclosure of information and facilitating two-way dialogues with stakeholders. By pursuing these initiatives, we aim to become a trusted Group.
(3) Strengthening supply chain and business investment management to lead to sustainable use of natural resources with respect for human rights and consideration for the environment	<p>While engaging in business activities, we respect the legal systems of each country and international rules, and strive to prevent the occurrence of environmental pollution and/or human rights and labor issues that threaten our lives. In addition, we give due consideration to the mitigation of and adaption to climate change, the preservation of the global environment, such as through the conservation of biodiversity and ecosystems, and human rights issues.</p> <p>We endeavor to understand how natural resources are utilized (such as air, water, land, food, minerals, fossil fuels, animals, and plants) and what consideration is given to human rights and labor issues, both in the businesses where we invest and in the supply chains related to the products we handle. We request our business partners to understand and implement our concept of sustainability, and aim to build a sustainable value chain.</p>

(4) Education and awareness of employees to promote sustainability

Since promoting sustainability rests in the hands of individual employees, we conduct employee training and awareness activities to deepen their awareness about solving social issues. Along with other conditions to which we have agreed, all employees observe domestic and foreign laws and regulations. They also follow this policy when executing action plans for their respective units. With this approach, ITOCHU aims to contribute to society through its business.

April 2018

Masahiro Okafuji

Chairman & Chief Executive Officer

Our Founder Chubei Itoh and *Sampo Yoshi*

The foundation of ITOCHU Corporation traces back to 1858, the year in which Chubei Itoh set out from Toyosato Village, in Shiga Prefecture, to Nagasaki as a traveling linen merchant.

The base of Chubei Itoh's business was the spirit of *sampo yoshi*, which was a management philosophy of merchants in Ohmi, a province where he was born. The philosophy started in the shogunate era. Due to the merchants' contributions to the society, they were permitted to promote business activities in the region. Since then, not only good for the seller and the buyer, but also for the society became the management philosophy. This can be said to be the roots of today's idea of sustainability, which requires corporations to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society."



Our founder
Chubei Itoh
(1842 - 1903)



Ohmi merchants
(courtesy of
Museum of Ohmi
Merchant)

The Roots of a Management Philosophy Inherited Since the Foundation

Our founder Chubei Itoh established a "store law" in 1872, and adopted a meeting system. The store law was a set of house rules covering what in modern parlance called management philosophy, a human resources system and employment regulations, which subsequently became the foundation of ITOCHU Corporation's management philosophy. Emphasizing communication with employees, Chubei Itoh chaired meetings himself. Moreover, he incorporated a series of what were at the time groundbreaking management systems, including the codification of "sharing of profit by three parties"^(*) and western bookkeeping methods. Those initiatives built the foundations of mutual trust between the store owner and the employees. Since that era, we have based our corporate management on sustainability.

* Sharing of profit by three parties: In a predominately feudal era, this was an extremely progressive philosophy of sharing profits with employees. The store's net profit was divided among three parties: the store owner, the store's reserve fund, and store employees.



A daifukucho ledger
from the time of
ITOCHU's founding

160 Years of History and Sustainability

In 2018, ITOCHU Corporation marked its 160th anniversary. Why were we able to keep developing for such a long period of time? We believe that it is because we have put into practice the spirit of *sampo yoshi* for 160 years, which is the root of sustainability. At the same time, as the business environment has changed with the times, we have established a corporate culture that anticipates changes and turns it into opportunities.



The headquarters with modern amenities built in 1915

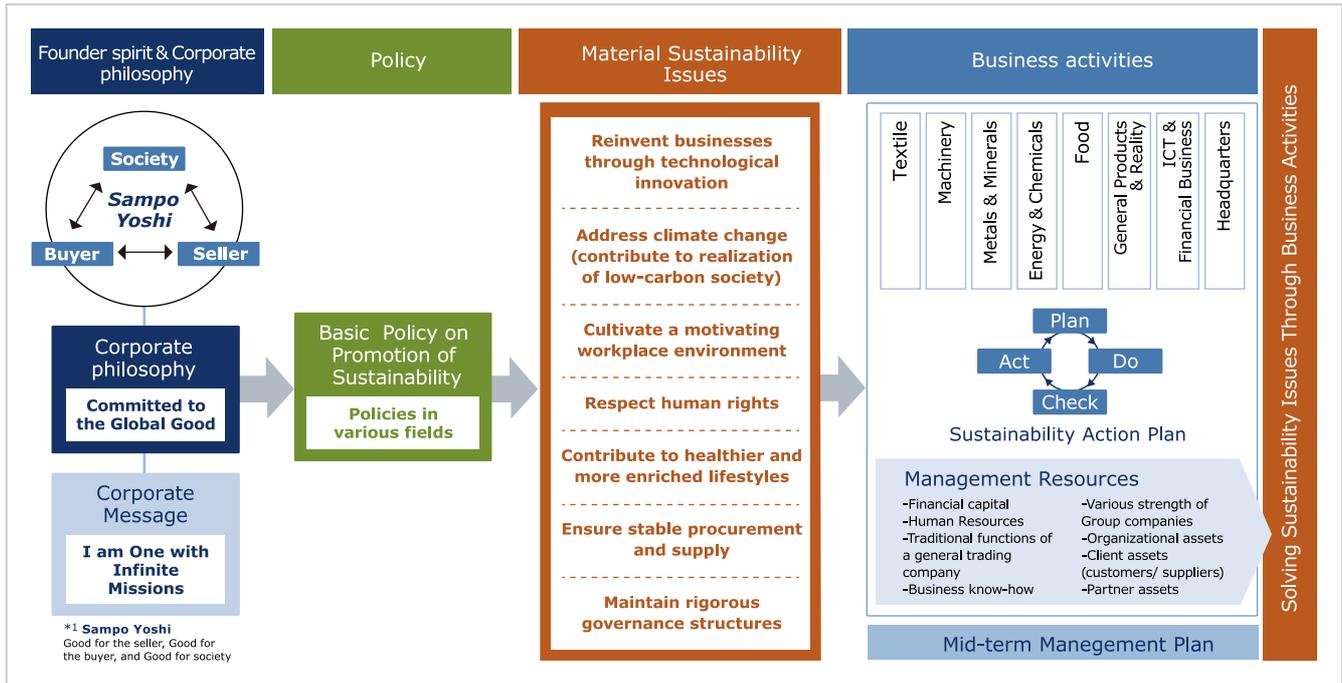
Since the foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and economic volatility. Starting as a trading company mainly handling textiles, we have fulfilled the role of a trading company that has responsively changed according to the demands of each generation. Furthermore, while significantly changing its products and business portfolios, we have expanded our sphere of influence from upstream raw materials to downstream consumer sales. ITOCHU Corporation has evolved into a general trading company, and from there into a globally integrated corporation.

We are convinced that our history has continued for more than 160 years because we have surely upheld and passed on the spirit of *sampo yoshi* while remaining an essential component of society by responding to changes, in its expectations in different eras.

Structure and System

Promoting Sustainability at ITOCHU Corporation

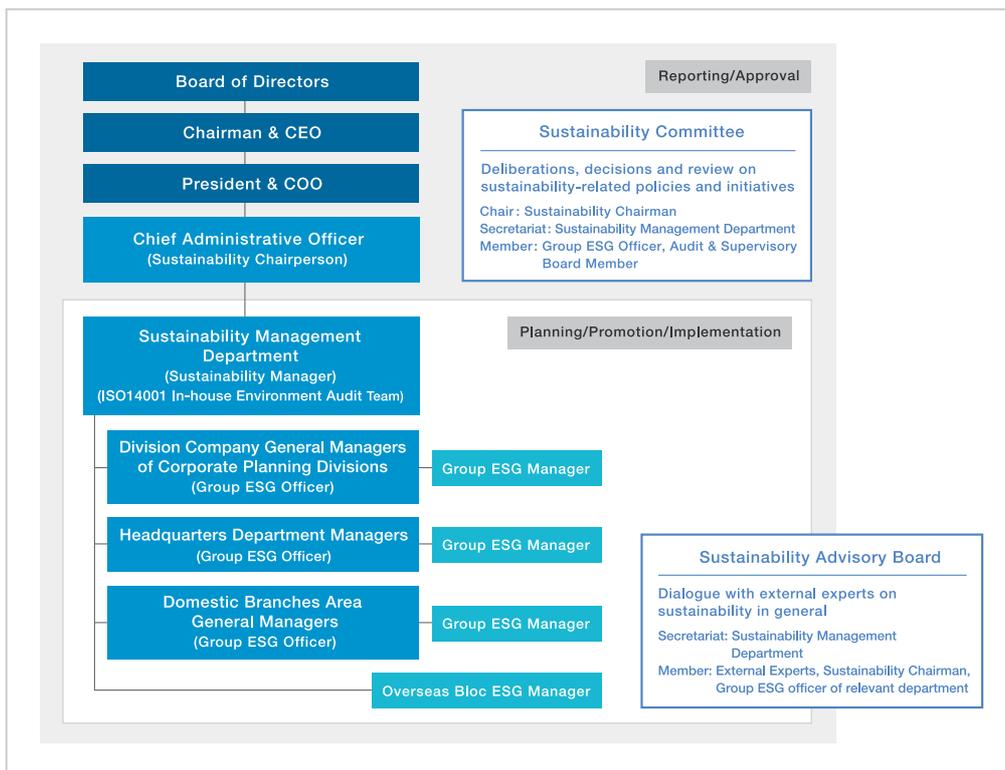
We established the Basic Policy on Promotion of Sustainability (P7) to set ITOCHU Corporation's efforts to further sustainability in accordance with our corporate philosophy and the dynamic environment in which we operate. Our implementation of the policy is organized and systematic. In the course of implementation, ITOCHU Corporation determines the critical issues with priority need for a solution, then inserts the material issues into Sustainability Action Plans (P16-23). These plans guide operations in our trading and business investments as we carry out the policies in the mid-term management plan, thus helping to solve the aforementioned issues.



Sustainability promotion flow

Structure for Promoting Sustainability

The Sustainability Management Department plans and formulates company-wide action to further sustainability at ITOCHU Corporation, which the department's leader, the Chief Administrative Officer, finalizes. Meanwhile, the ESG Officers and Managers in each unit carry out sustainability actions. The Sustainability Committee, one of the company's key committees, holds deliberations and makes decisions concerning policy formulation and important matters. In addition to a role in heading the Sustainability Committee, the committee's chair joins meetings of the Board of Directors, the HMC and the Investment Consultative Committee, and also engages in decision-making based on the company's impact on the environment and society by reporting regularly to the Board of Directors to brief them on our promotion of sustainability. We furthermore engage in dialog with stakeholders within and outside the company. One example of this is our regularly convened advisory board. This dialog provides an understanding of what society expects of and desires from the company, which we can then apply to our efforts at advancing sustainability.



Sustainability promotion framework (FYE 2020)

Fiscal 2019 Sustainability Committee

Members	Chair: CAO. Members: General Manager of the Corporate Planning & Administration Division, General Manager of the Corporate Communications Division, General Manager of the Human Resources & General Affairs Division, General Manager of the Legal Division, General Manager of the Sustainability Management Department, General Manager of the Investor Relations Department, general managers of the Planning & Administration Departments of each Division Company, corporate auditors
Primary Purview	Sustainability action plan review, ISO14001 environmental management review, ESG related correspondence report

Efforts: Critical Issues (Material Issues)

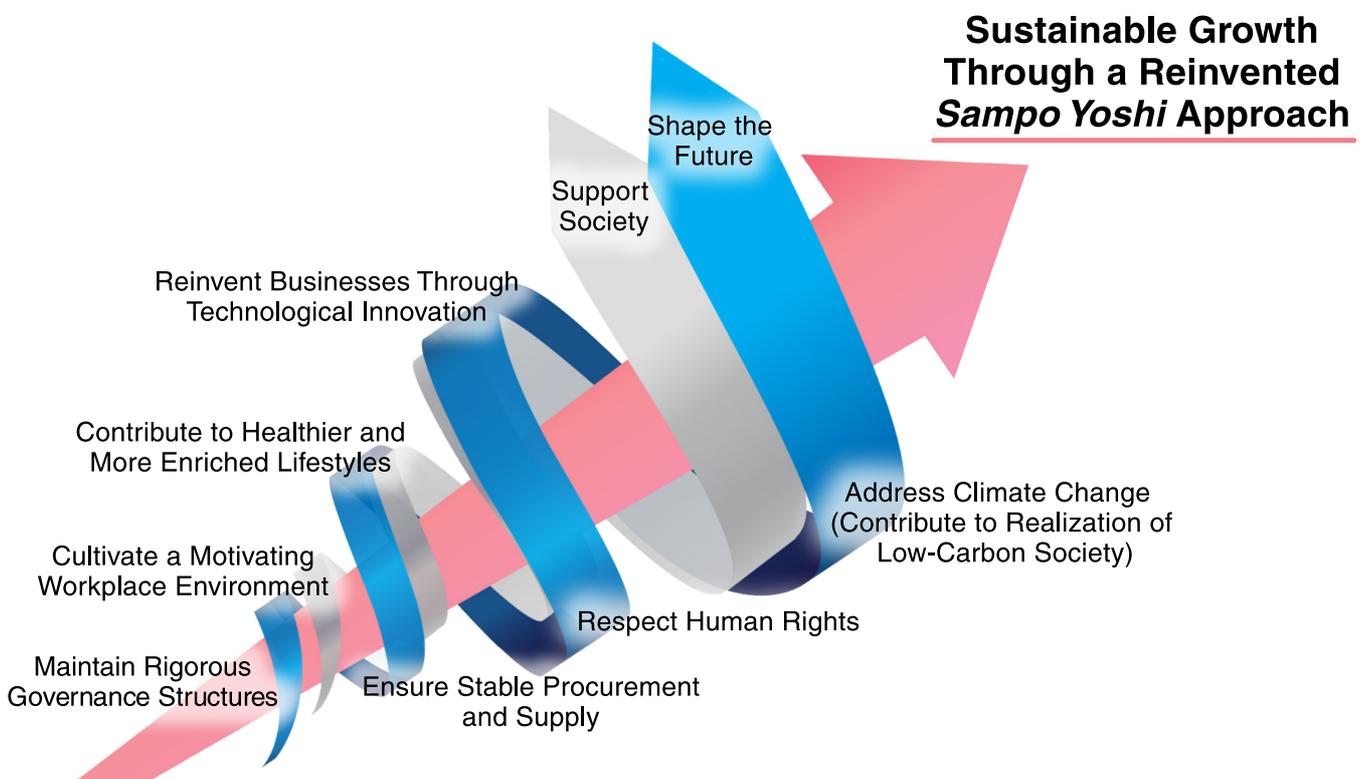
In April 2018, ITOCHU Corporation adopted an Environmental, Social and Governance (ESG) mindset to identify material sustainability issues. Addressing these critical issues through our primary business operations is how we are working toward sustainable growth through a reinvented Sampo Yoshi approach that will achieve the goals of Brand-new Deal 2020.

In a sustainability effort to carry out the company's responsibilities for the society of today and the future, we are also helping to achieve the Sustainable Development Goals (SDGs)* adopted by the United Nations in 2015.

* Sustainable Development Goals (SDGs): Targets for sustainable development to achieve by 2030, adopted in September 2015 by member states of the United Nations

- Identification and Review Process for Material Issues (P14)
- Risks and Opportunities Pertaining to Each Material Issue (P15)
- Sustainability Action Plans (P16-23)

Material Sustainability Issues



Reinvent Businesses Through Technological Innovation



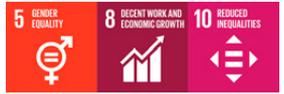
We create new value by proactively exploring new technologies as we adapt to a transforming industrial establishment by venturing beyond the framework of our existing business.

Address Climate Change (Contribute to Realization of a Low-Carbon Society)



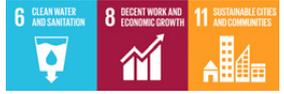
As we endeavor to adapt to climate change's impact on business, we further business activities that contribute to a low-carbon society and work to reduce greenhouse gas emissions.

Cultivate a Motivating Workplace Environment



We provide a setting where employees are proud and motivated, and where we can leverage diversity so they can fully exhibit their capabilities.

Respect Human Rights



While showing respect and consideration for human rights in our operations, we bring stability to our business and contribute to the development of local communities.

Contribute to Healthier and More Enriched Lifestyles



With the intention of raising quality of life for all people, we help make healthy, bountiful living possible.

Ensure Stable Procurement and Supply



With aspirations for a recycling-oriented society, we give consideration to biodiversity and other important aspects of the environment to engage in effective use and steady procurement and supply of resources in line with their demand in each country.

Maintain Rigorous Governance Structures



We ensure proper and efficient execution of operations through the Board of Directors' independent, objective and highly effective oversight of management and highly transparent decision-making.

Efforts: Identification and Review Process for Material Issues

Since ITOCHU Corporation first identified material issues in 2013, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. In fiscal 2019, when the latest mid-term management plan kicked off, we identified seven new critical issues based on the recent adoption of the SDGs, the Paris Agreement on climate change coming into effect and other social developments and changes affecting business.



Efforts: Risks and Opportunities Pertaining to Each Material Issue

Material Issues	Risks	Opportunities
Reinvent businesses through technological innovation	<ul style="list-style-type: none"> ● Obsolescence of existing business models accompanying the rise of new technologies such as IoT and AI ● Labor shortages in developed countries; flight of excellent talent from businesses that are slow to streamline 	<ul style="list-style-type: none"> ● Creation of new markets; provision of innovative services ● Optimization of human resources and logistics by utilizing new technology; enhanced competitiveness by reforming how we work
Address climate change (contribute to realization of a low-carbon society)	<p>Transition risk</p> <ul style="list-style-type: none"> ● Reduction in demand for fossil fuels due to business restrictions on greenhouse gas emissions <p>Physical risk</p> <ul style="list-style-type: none"> ● Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons and hurricanes) 	<ul style="list-style-type: none"> ● Increase in renewable energy and other business opportunities which will contribute to alleviating climate change ● Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather
Cultivate a motivating workplace environment	<ul style="list-style-type: none"> ● Failure to handle the issue properly could lower worker productivity, cause excellent talent to leave, erase business opportunities, and add to health-related expenses 	<ul style="list-style-type: none"> ● Providing a motivating workplace environment raises worker productivity, improves health and motivation, retains excellent talent, and enhances adaptability to change and new business opportunities
Respect human rights	<ul style="list-style-type: none"> ● Human rights problems occurring in more geographically expansive business activities could delay operations or pose a continuity risk ● Insufficient provision of social infrastructure services could erode trust in the company 	<ul style="list-style-type: none"> ● Co-existence with local communities stabilizes business and retains excellent talent ● Consideration for human rights in the supply chain and improved working environments will build a safer and steadier product supply network
Contribute to healthier and more enriched lifestyles	<ul style="list-style-type: none"> ● Safety and health issues affecting consumers and service users could erode trust in the company ● Changes in government policy could impact business by destabilizing markets or social insurance systems 	<ul style="list-style-type: none"> ● Advancing food safety/reliability and health will boost demand ● Growth in individual consumption and the spread of the internet will expand services in information, finance and distribution
Ensure stable procurement and supply	<ul style="list-style-type: none"> ● Impact from a backlash accompanying the outbreak of environmental problems or worsening relations with local communities ● A price-cutting war in consumer goods could structurally batter the entire industry 	<ul style="list-style-type: none"> ● Higher demand for resources due to population growth and higher living standards in emerging countries ● A steady, environmentally-friendly supply of resources and materials wins client trust and creates new business
Maintain rigorous governance structures	<ul style="list-style-type: none"> ● Business continuity risks and unanticipated losses arising from dysfunctional corporate governance or internal controls 	<ul style="list-style-type: none"> ● Establishing robust governance will raise decision-making transparency, enable proper adaptation to change, and lay the foundation for steady growth

Efforts: Sustainability Action Plans

As a concrete initiative to address the material issues we have identified, we embed these issues into the Sustainability Action Plan for each business sector. Each company deduces the risks and opportunities associated with critical sustainability issues in each business sector, formulates a Sustainability Action Plan that stipulates the approach and success indicators to achieve their medium- and long-term commitments, and holds semi-annual review meetings for each unit affected by the plan. This implementation of the PDCA cycle advances sustainability. In addition, each unit—headquarters administrative divisions, domestic branches and offices, overseas locations, etc.—formulates a Sustainability Action Plan according to its business and function, the goal being to further entrench the foundations supporting business activities.

After the Materiality is identified, we reflect it in sustainability action plans in each business area as specific measures for contributing to the solution of social issues.

We promote sustainability by defining the Commitment, which shows how we achieve medium- and long-term growth and provide value to society, and specific approach and performance indicators for achieving the Commitment.

Narrow down by Materiality

Reinvent businesses through technological innovation

Risks	Opportunities
<ul style="list-style-type: none"> ● Obsolescence of existing business models resulting from the emergence of new technologies, such as IoT and AI. ● Labor shortage in developed countries, loss of excellent human resources in businesses in which efficiency improvement is delayed. And others. 	<ul style="list-style-type: none"> ● Creation of new markets and provision of innovative services. ● Utilizing new technologies for optimizing human resources and logistics, increasing competitiveness by promoting work style reform. And others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
	Next-generation business Development	Textile Company	State-of-the-art technologies (IoT)	We will build a production IT infrastructure that will be a common platform of the supply chain and strive to improve added value and promote sustainable industrialization.	Introduce the production IT infrastructure to the main bases of the Group and contribute to the improvement of Product, Lifecycle and Management.	Visualize the supply chains of the overall Group to reduce costs, improve quality, and reduce lead time, thereby developing a supply system that can cater to market needs.	Multiple overseas group companies have prepared Product Life-cycle Management (PLM) software and we plan to begin using it from June 2019. We plan to start looking into expanding it to supplier factories and the ITC Sales Department from FYE 2020.
			State-of-the-art technologies (IC tag, RFID, and EC businesses)	We will utilize next-generation technologies, such as Radio Frequency Identification (RFID) tags, to contribute to improved efficiency, not only in the apparel industry but also in the associated logistics industry.	Improve production and sales efficiency by making use of AI, and in addition, accelerate the dissemination of RFID tags in the clothing industry, in an effort to increase the trading volume.	Make use of AI and disseminate the use of RFID tags, thereby improving production and operating efficiency in the supply chain, traceability, and sales capabilities.	In FYE 2019 we reached 87 million RFID tags sold (a 24% increase over the previous year). We have partnered with a leading manufacturer in Hong Kong in hopes of encouraging their further spread in the domestic market.
		Food Company	Overall food-related businesses	We will aim to improve productivity and efficiency by utilizing RPA and AI proactively.	Introduce and utilize new technologies, especially in the sectors around retail that are facing a serious labor shortage, thereby maintaining social convenience. At the same time, disperse human resources to new services with the aim of further improving convenience in the consumer-related sector.	FYE 2019: Start experimental operations that apply RPA and AI.	All of us, including our subsidiaries and related companies are actively introducing Robotic Process Automation (RPA) in order to improve productivity and efficiency.
				We will aim to create innovative services and new business by integrating assets and new technologies of the ITOCHU Group.	Increase contact with consumers by promoting the retail business in our efforts to understand consumer behaviors, and combine the wide range of products, functions, and expertise of the Group to create unique new value that will be profitable for consumers and communal society.	Promote the deployment of new products and new services through collaborations with the retail business operated by the ITOCHU Group.	We are promoting new projects related to electronic money etc. with group companies like UFHD.
		ICT & Financial Business Company	Business incubation through venture investment, focused on FinTech, IoT, AI and etc.	We will try to create new industries with acquiring cutting-edge innovations and business models such as IoT, AI, and FinTech.	Seeking chance to invest in and make partnerships with startups, in order to develop new businesses.	Achieve success new service and business development.	We have invested in just over 10 startups in the fields of FinTech and health care. By implementing new cashless services, we are helping to improve the distribution efficiency of home delivery companies, and the store management efficiency of retailers.

Address climate change (contribute to realization of low-carbon society)

Risks	Opportunities
<p>Transition risk</p> <ul style="list-style-type: none"> ● Reduction in demand for fossil fuels due to business restrictions on greenhouse gas emissions <p>Physical risk</p> <ul style="list-style-type: none"> ● Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons and hurricanes) 	<ul style="list-style-type: none"> ● Increase in renewable energy and other business opportunities which will contribute to alleviating climate change ● Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
 		Machinery Company	Overall power generation business	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	In FYE 2019, we accomplished followings in the field of development of renewable energy. Launching commercial operation of the final unit (No. 3 unit) of the Sarulla Geothermal IPP Project in Indonesia, Completion of the Saga-Ouchi Solar Power Plant in Saga Prefecture.
		Machinery Company	Sales of passenger cars and commercial vehicles	We will achieve the eco-friendly mobility society by strengthening businesses of electric vehicles (EVs), hybrid vehicles (HVs), vehicles with a reduced environmental impact, and those related.	Contribute to spread of eco-friendly vehicles by increasing business of eco-friendly and high-efficiency products, such as EVs, HVs, vehicles with a reduced environmental impact, and related parts.	Expand sales of eco-friendly products in response to the expanded lineup of EVs, HVs, vehicles with a reduced environmental impact, and similar vehicles from automakers as our business partners.	In Japan, we participated in the field test of light electric trucks. We invested in two projects in China where the sales of electric vehicles is increasing drastically. <ol style="list-style-type: none"> 1) EV rental and maintenance service company Dishangtie Car Rental (Shenzhen) Co., Ltd., 2) Chinese emerging EV manufacturer ZHICHEAUTO Technology (Shanghai) Co., Ltd.
 	Taking counter-measures against climate change	Metals & Minerals Company	<ul style="list-style-type: none"> ● Mining business ● Environmental business ● Material-related business 	<ul style="list-style-type: none"> ● We will realize stable energy supply as our social mission and responsibility while fully considering its environmental impact. ● We will contribute to reducing greenhouse gases through businesses related to lighter-weight vehicles and Electric Vehicles (EVs). 	<ul style="list-style-type: none"> ● Continue to be involved in the development of technologies that contribute to the reduction of greenhouse gases emissions, including technologies for carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU). ● Aim to develop an appropriate portfolio of coal assets by fully considering its environmental impact. ● Strengthen initiatives in businesses that contribute to the development of lighter-weight vehicles and shift to EVs (aluminum, copper, and other businesses). 	<ul style="list-style-type: none"> ● Contribution to the development of a low-carbon society by committing to technologies that help reduce greenhouse gases emissions. ● Development of an optimal asset portfolio by fully considering social requirements, including those related to the shift to a low-carbon society. ● Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs. 	<ul style="list-style-type: none"> ● Carbon Capture and Storage (CCS): We continue to carry out information collection and analysis through observation and interviews with Japan CCS Co., Ltd. and companies conducting CCS projects overseas. ● Carbon Capture and Utilization (CCU): Along with joining research organizations and collecting information, we are also engaged in specific projects. ● We have considered our policy towards the coal business through actions such as analyzing multiple scenarios based on suggestions made by the Task Force on Climate-related Financial Disclosures (TCFD). ● Consequently, we publicly announced our policy commitment in February 2019. This is: 1) - We will not acquire new thermal coal mining interest., and 2) - Regarding the existing thermal coal mining projects, we will continue to review it and contribute to the development of a sustainable society while responding to the social demands of stable supply of energy to domestic and overseas customers. ● The amount of transactions for aluminum castings/die-cast materials for vehicles increased 6% in FYE 2019 over FYE 2018, contributing to the development of light-weight vehicles.
		Energy & Chemicals Company	Oil & Gas LNG (Liquefied Natural Gas) Projects	Development and production of natural resources with consideration in the reduction of greenhouse gases.	Partnering with experienced operators with high technical strength in the development and production of natural resources.	Pursuing opportunities to take part in LNG projects (i.e. LNG or natural gas emits less greenhouse gases than the other fossil fuels).	We have begun concrete discussion concerning participation in a new liquefied natural gas (LNG) project.
		Food Company	Provisions Fresh foods	We will reduce the impact of abnormal weather on the business with the aim of ensuring the stable supply of agricultural crops.	Decentralize production areas by collaborating with Group companies.	FYE 2021: Aim to develop other areas following the Philippines in the Fresh Produce Business.	In FYE 2019 we selected candidates for new production areas. From FYE 2020 on, we plan to specifically promote the fruits and vegetables business in new production areas.
		General Products & Realty Company	Cement alternatives such as slag	We plan to expand the use of sustainable byproducts (slag) as a substitute material for the cement which is vital to fields like construction and civil engineering.	Establish continuous, stable business flow between ironworks as the supplier of slag and other byproducts and demanders.	Consider investment, participation, etc. in the slag business and focus efforts on creating demand, especially in developing countries, with the aim of establishing continuous, stable business flow.	<ul style="list-style-type: none"> ● The volume of transactions to developing countries is expected to increase by 50% from the previous year. ● We are engaged in continued consultation concerning planning and investment for the slag business.

Cultivate a motivating workplace environment

Risks	Opportunities
<ul style="list-style-type: none"> ● Decline in labor productivity, loss of excellent human resources, missed business opportunities, increase in health-related expenses, and other events that would result from failure to take appropriate measures, and others. 	<ul style="list-style-type: none"> ● Improvement of labor productivity and health and motivation, securing of excellent human resources, enhanced capability of responding to changes and business opportunities, and other events that will result from the creation of a workplace that provides job satisfaction, and others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
	Improving operating efficiency and addressing the issue of long-working hours through work style reform	Head-quarters	Human Resources Affairs	We will promote a well-balanced working style and reduce the total number of working hours, aiming to improve employee engagement.	<p><ITOCHU Corporation></p> <ul style="list-style-type: none"> ● Promote the morning focused working system. ● Conduct regular monitoring of employees' work situations. ● Promote work automation with IT tools, including the robotic process automation (RPA), as well as mobile work. ● Promote projects for improving the operating efficiency at each organization. <p><ITOCHU Group></p> <ul style="list-style-type: none"> ● Efficient way of working, appropriate working hours management, and educational and awareness-raising activities at the ITOCHU Group. 	<ul style="list-style-type: none"> ● FYE 2021: Reduce the annual average overtime hours by at least 10% compared to the period prior to the introduction of the morning-focused working system. ● FYE 2021: Percentage of employees who leave the office building at 20:00 or later at 5% or fewer. ● FYE 2021: Paid leave acquisition rate at 70% or higher. ● Rate of positive responses to the "employee engagement" item in the engagement survey: 70% or higher. 	<p><ITOCHU Corporation Itself></p> <ul style="list-style-type: none"> ● Hours of overtime per person: 11% reduction(FYE 2018) compared to prior to introduction (FYE 2013) ● Workers left 8:00 p.m. or later: 5% (FYE 2018) ● Leave utilization rate:66%(FYE 2018), 36% (in first half of FYE 2019) ● Planned to complete approximately 100 scenarios for RPA in FYE 2019. Also introduced the data analysis tool (HANABI). ● Three divisions (the Fresh Food Division, Automobile, Construction Machinery & Industrial Machinery Division, and Fashion Apparel Division) are planned to implement BPR (Business Process Re-engineering) on an organizational level in FYE 2019. ● Positive response rate of 76% to "employee engagement" items on the the FYE 2019 engagement survey.
	Improving the health of employees	Head-quarters	Human Resources Affairs	We will improve the health of employees to create an environment that will enable individual employees to better demonstrate their capabilities. We will build a system that helps employees with cancer or long-term illness to create a balance between treatment and work, thereby fostering a culture of mutual support.	<ul style="list-style-type: none"> ● Keep the percentage of employees who receive regular medical checkups at 100%. ● Establish well-equipped in-house clinics and a system for supporting each employee in receiving personalized medical care. ● Promote measures for helping employees create a balance between cancer treatment and work. ● Offer healthy dishes in the employee cafeteria. ● Promote the program for supporting smoking cessation treatment expenses. ● Utilize Re: Body, a health management website for employees, and continue to provide special programs for employees at risk for lifestyle-related diseases. 	<ul style="list-style-type: none"> ● Percentage of employees who receive regular medical checkups: 100%. ● FYE 2021: Improve health indicators (such as BMI) compared to FYE 2017 values. ● FYE 2021: Percentage of employees who leave work due to cancer or long-term illness at 0%. ● FYE 2021: Rate of employees found to have a high level of stress in the stress check at 5% or lower. 	<ul style="list-style-type: none"> ● 100% participation in medical checkups (FYE 2018). ● Improvement of health indices (such as BMI) : -3.1% compared to FYE 2011(FYE 2018). ● Support for living with cancer: maintained a 0% rate of job separation due to cancer or long-term illness. Our goal of "balancing work and illness" has been reflected in our performance indicators from FYE 2019. ● Rate of high-stress individuals according to stress checks: 3.1% (FYE 2019). ● "Re:Body" usage: continued implementation of special program for those at risk of a lifestyle disease (117 participants in FYE 2019). Held company-wide walking event.
	Sustainable development of employees' capabilities	Head-quarters	Human Resources Affairs	We will develop training programs on a global basis that respond to the changing times and business needs. We will also utilize training programs to continuously produce excellent human resources.	<ul style="list-style-type: none"> ● Continue to develop and provide training programs at all job levels. ● Continue and enhance overseas deployment of interns and language trainees. ● Offer diverse career path options and experience in diverse works through regular rotation. ● Foster career awareness among employees by enhancing personnel assessment, career vision training, career counselling systems and other programs/systems. 	<ul style="list-style-type: none"> ● FYE 2021: Annual E&D expenses exceeding one billion yen. ● Rate of positive responses to the "education and training" item in the engagement survey: 60% or higher. ● FYE 2021: Percentage of career-track employees who acquire business-level English skills in their first eight years at the company at 100%. ● FYE 2021: Percentage of career-track employees who are deployed overseas in their first eight years at the company at 80% or higher. 	<p>Positive response rate of 71% to "education & training" items on the the FYE 2019 engagement survey.</p>
  	Creating an environment that allows diverse human resources to exercise their potential	Head-quarters	Human Resources Affairs	We will prohibit all types of discrimination, including those based on age, gender and nationality, and respect human rights. We will create an environment that will permit the active participation of employees whose work hours are limited due to childcare, nursing care, diseases or similar circumstances.	<ul style="list-style-type: none"> ● Continue fair and equitable recruitment and promotion. ● Create a work climate of mutual respect and support. ● Reasonable accommodations concerning the work environment of people with disabilities. ● Respond to LGBT considerations and provide employee training on LGBT. ● Enhance on-site day-care centers and nursing care support services. ● Enhance individual support for employees provided in accordance with their life stage and career. ● Promote flexible ways of working by making use of mobile work. ● Support the active participation of senior human resources over 65 years old. 	<ul style="list-style-type: none"> ● FYE 2021: Percentage of female career-track employees among all career-track employees: 10%. ● FYE 2021: Percentage of female career-track employees among employees in leadership positions at 10%. ● FYE 2021: Proportion of our workforce with disabilities at 2.3%. 	<ul style="list-style-type: none"> ● 9.5% of career-track employees are female (as of January 2019). ● 7.7% of supervisory positions are female (as of January 2019). ● Promoted human rights by carrying out training programs with the Tokyo Metropolitan Human Rights Promotion Center (TMHRPC). Also shared information within the company aimed at maintaining fair employment screening (July 2018). ● Percentage of disabled employees: 2.19% (as of January 2019).

Respect human rights

Risks	Opportunities
<ul style="list-style-type: none"> ● Business delay or business continuity risk resulting from the occurrence of a human rights problem in business activities that expands (geographically). ● Decline in credibility that may result from defects in the social infrastructure services we provide. And others. 	<ul style="list-style-type: none"> ● Stabilization of business or securing of excellent human resources resulting from harmonious coexistence with local communities. ● Establishment of safe, stable supply system for product enabled by the consideration of human rights and improvement of work environment in the supply chain. And others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
 	Establishing a supply chain reflecting consideration for human rights and the environment	Textile Company	Supply chain management	We will promote information-sharing in the overall Group and establish a safe, secure supply chain, thereby helping customers with risk reduction and contributing to sustainable economic development.	Make Group-wide efforts to review the social and environmental safety of the supply chain and make improvements as necessary, thereby promoting the establishment of a safe, secure commodity supply system.	FYE 2024: Establish and visualize the supply chain of the overall Group, from material procurement to sales, to ensure a responsible procurement policy.	In FYE 2019 we conducted an investigation of 50 of our suppliers from the standpoint of Environmental, Social and Governance (ESG) criteria. In FYE 2020 we plan to increase this to 80 companies, and continue to work to establish a healthy supply chain.
 	Improving water and hygiene infrastructures	Machinery Company	Water and environmental projects	We will contribute to improving the hygiene environment, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the environmental impact.	Expand and diversify the investment portfolio in the water and environment field.	Water Sector We are participating in Water Supply and Sewerage Treatment Companies in the UK and Spain, Seawater Desalination Projects in Australia and Oman. Our Project in Oman started commercial operation in 2018. We continue to invest in portfolio in the water sector. Environment Sector We invested in four Waste Management Projects in the UK and awarded a 25-year Waste Management and Resource Recovery Project in Belgrade, the republic of Serbia in 2017.
	Establishing a supply chain reflecting consideration for human rights and the environment	Machinery Company	Overall electric power and plant projects	We will contribute to improving the quality of life of all stakeholders in the supply chain and business investment destinations.	Set rules on due diligence related to social and business environmental safety for suppliers and business investment destinations based on the distinctive characteristics of each business, implement due diligence, and strengthen monitoring continuously.	FYE 2020: Aim to implement the due diligence described on the left in all new development projects.	We observed ESG checklist for all new investment of development and also checked 7 main issues on guideline of social responsibility. (Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, and Community participation and Development.)
 	Sustainable mine development that reflects consideration of the risks in occupational safety and health and environmental risks, and that contributes to local communities	Metals & Minerals Company	Mining business	<ul style="list-style-type: none"> ● We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which we operate. ● We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> ● Ensure the thorough application of the EHS guidelines. ● Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> ● Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. ● Donations to medical care, education and build infrastructure in local communities. 	<ul style="list-style-type: none"> ● We held internal EHS (Environment, Health and Safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. ● In FYE 2019, we checked five existing projects and one new project under EHS guidelines using the check sheet, and set follow-up items. ● We carried out CSR activities that contribute to the local community as part of each project we invest in. ● As an original initiative, our Australian subsidiary, ITOCHU Minerals & Energy Australia Pty. Ltd., co-sponsored citizen awards in the communities surrounding the port of our iron ore projects.
	Establishment of an energy resources development system that goes well with local society and environment	Energy & Chemicals Company	Exploration & Production of Oil & Gas	Contributing in the development of local society by advancing exploration & production projects that accommodate social and environmental concern.	Implementation of projects in compliance with the laws and regulations of the respective government and internationally-recognized administrative body.	<ul style="list-style-type: none"> ● Be compliant with HSE (Health, Safety and Environment) standards in the respective government and the ones set by internationally-recognized administrative body. ● Reduction of HSE issues that involve serious damage to human beings and/or environment. 	<ul style="list-style-type: none"> ● We are duly complying with the HSE management standards set by the governments and relevant authorities. ● In accordance with our internal regulations, we monitor the number of incidents, seriousness and contents of the cases on a monthly basis. (In FYE 2019, no major operational incidents have been reported as of the end of February.)
 	Establishing a supply chain reflecting consideration for human rights and the environment	Food Company	Provisions	We will establish a procurement system that conforms to third-party certification criteria and unique codes of conduct of manufacturers as our customers.	<ul style="list-style-type: none"> ● Start procuring coffee beans in Latin America in a way that conforms to the unique codes of conduct of manufacturers as our customers. ● Participate in conferences of RSPO, a third-party certification body on palm oil, and start supplying RSPO-certified oil. 	Proceed with discussions of targets for the sustainable procurement of palm oil by collaborating with the trading industry organization based on customers' situations and industry trends.	By 2025 we aim to switch the palm oil we handle to sustainable palm oil (RSPO/MSPO/ISPO, etc.). On the basis of the industry trends and customers' circumstances, we are going to improve our procurement system to provide sustainable palm oil with industry groups.
	Providing an environment that enables the focus to be placed on stable production activities	General Products & Realty Company	Construction	We will operate industrial estates in a high-quality manner that will permit tenant companies to focus on stable production activities.	<ul style="list-style-type: none"> ● Establish a safe, secure, environmentally-friendly infrastructure, including facilities such as those for power supply, industrial water/wastewater treatment, security and fire prevention systems, or improve the existing infrastructure to make it like the above. ● Create employment by inviting companies, and in addition, promote locally-based contribution activities. 	Undertake further improvements of infrastructure facilities and the service system in industrial estates and continue diverse local contribution activities.	We continue to carry out the following initiatives at the Karawang International Industrial City <ul style="list-style-type: none"> ● Provide a service structure that takes into account safety, security and the environment ● Activities that contribute to neighboring areas. <ol style="list-style-type: none"> 1) Support for establishment of a pediatric health contact center; supplying baby food, providing medical equipment to midwives. 2) Provision of scholarships to Jr. high and high school students. 3) Afforestation/donating saplings to local governments and establishing agricultural parks.
	Urban development in the Jingu Gaien district	Head-quarters	Rebuilding of our Tokyo headquarters by participating in the Jingu Gaien District City Area Redevelopment Project	We will strive to contribute to the community through the realization of prosperous complex urban development focused on sports, culture and communication.	Communicate appropriately with stakeholders and acquire permissions in the redevelopment study process.	Submit the necessary applications and acquire the necessary permissions (e.g., plan proposal, execution permission application and redevelopment construction permission).	* Because of new commitment, review will be conducted from the next fiscal year.

Contribute to healthier and more enriched lifestyles

Risks	Opportunities
<ul style="list-style-type: none"> ● Decline in credibility that would result from the occurrence of a problem related to the safety or health of consumers and service users. ● Impact on business of destabilization of the market or social security system based on policy change. And others. 	<ul style="list-style-type: none"> ● Increase in demand for food safety and security and health improvement. ● Expansion of information, financial and logistics services resulting from an increase in consumer spending or penetration of the Internet. And others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
	Promoting good health among people	Machinery Company	Sales of leading-edge medical devices and provision of medical services	We aim to improve quality of life by providing leading-edge medical devices and advanced medical services in the field of medical care, where technologies are innovated rapidly.	Promote sales of advanced medical devices, such as MRI-guided radiation therapy systems, and the business of supporting the operation of designated regional cancer care hospitals.	Increase the penetration of advanced medical devices in Japan, such as MRI-guided radiation therapy systems.	We delivered radiation therapy equipment to Edogawa Hospital in August 2018, our second facility in Japan after the National Cancer Center Hospital in March 2017. We are pursuing collaborative research with National Cancer Center to establish national standard treatment. Also, with equipment's new technology, we are able to challenge for pancreatic cancer as well as other intractable cancers.
		Energy & Chemicals Company	Pharmaceutical products	Contributing to the improvement of people's health and working environment through accelerating the development of pharmaceuticals and other products in fields with significant needs including cancer-related fields.	Actively promoting to support the development and marketing of new pharmaceutical and other products.	Aiming to obtain approvals in Asia and North America for new pharmaceutical and other products of which we are engaged in supporting the development, and to launch them into the market.	<ul style="list-style-type: none"> ● In May 2018, our operating company began selling non-absorptive liquid for protecting oral mucositis, under the approval we received for the production and distribution of medical device in Japan. (This liquid control and relief pain of oral mucositis caused by chemotherapy or radiotherapy when treating diseases such as cancer.) In February 2019 we also gained approval for the production and distribution of medical device in China with regards to the same medicine. ● We began full-scale sales of the pain reliever in North America after acquiring FDA approval through our operating company in February 2018.
		ICT & Financial Business Company	<ul style="list-style-type: none"> ● Business of clinical development support and pharmaceutical marketing support ● Business of providing health care management solutions for individuals 	We will provide value-added services for pharmaceuticals and medical sites, and will contribute to improvement of people's Quality Of Life (QOL) by utilizing cutting-edge ICT tools.	Store and utilize health data obtained from health checkup, wearable devices, and body composition scales.	FYE 2021: Managing the health data of 1,000,000 people.	The number of people targeted for health data management is increasing steadily, and is projected to reach 700,000 people by the end of FYE 2019. We are helping to promote people's health by working to make vital data visible and increasing health consciousness.
	Supplying safe, secure food	Food Company	Overall food-related businesses	We will select and concentrate on suppliers who are capable of manufacturing and supplying safe, secure food stably.	Increase the number of persons with international certifications/qualifications related to judgment on the Food Safety Management System (FSMS) to enhance the capability of human resources for selecting suppliers.	Proceed with the appropriate allocation of human resources as judges mentioned on the left to business departments, with the leading role played by the food safety management organization of ITOCHU Corporation.	In FYE 2019 three more personnel were certified as ISO22000 Provisional Auditors. We expect a similar increase in the qualified personnel in next fiscal year.
	Establishing a logistics network that is adapted to changes in consumer behaviors	General Products & Realty Company	Distribution	We will provide logistics services adapted to changes in distribution that have resulted from the expansion of the e-commerce market in emerging countries.	Establish and promote the operation of high-value added logistics services for business operators who sell goods using e-commerce.	Aim to increase the trade volume of products in the e-commerce logistics markets in emerging countries.	<ul style="list-style-type: none"> ● In FYE 2019, we forecast a 20% increase in EC logistics transactions for China's ITOCHU Logistics (China) CO., LTD. based on number of orders. ● We have started applying the EC logistics business model deployed in China in India as well. We are considering introducing it in Indonesia as well.
	Maintenance of industrial, logistics, and transportation infrastructure	ICT & Financial Business Company	ICT infrastructure construction business	We will contribute to maintain safe, secure, and highly convenient social infrastructure through providing various ICT solutions.	Continue to enhance the value of ICT solutions with maximizing new product/service sourcing functions.	Increase the number of procurement partners.	We have started to deal with five new suppliers in the field of system management, etc. By providing ICT solutions to strengthen information security, we contribute to the realization of safe, secure and convenient social infrastructure.
	Providing financial services	ICT & Financial Business Company	Domestic and overseas retail finance business	We work on expanding and creating the retail financial market and providing financial services to individuals to contribute to enriching people's lives.	Increase the number of customers and loan balance by expanding and creating the retail financial market.	Increase of the number of customers and loan balance.	We started retail financial business in Philippines. Also, we started working on P2P lending platform in Indonesia. Loan balance in each existing business is expanding as well.
 	Energy use that takes into consideration local communities and the environment	Head-quarters	District heating and cooling	We will promote efforts toward environmentally friendly regional energy use.	Communicate appropriately with neighboring stakeholders in the Jingu Gaien district.	Submit a plan proposal that gives our specific energy plan in the redevelopment to the Tokyo Metropolitan Government.	* Because of new commitment, review will be conducted from the next fiscal year.
		Energy & Chemicals Company				Maintain the stable operations of district heating and cooling in the Jingu Gaien district and promote the spread of it to neighboring areas.	* Because of new commitment, review will be conducted from the next fiscal year.

Ensure stable procurement and supply

Risks	Opportunities
<ul style="list-style-type: none"> ● Impact of opposition movement resulting from the occurrence of an environmental problem and worsening relationship with local communities. ● Structural exhaustion of the overall industry caused by the occurrence of price competition, mainly in the consumer-related sector. And others. 	<ul style="list-style-type: none"> ● Increase in resource demand attributed to an increase in population and improvement of living standard in emerging countries. ● Winning customer trust or creating new businesses with a stable supply of environmentally friendly resources and materials. And others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
	Stable supply of industrial resources and materials	Textile Company	Environmentally friendly materials (sustainable materials) such as recycled fibers	We will accelerate initiatives for the recycled fiber business, not only to create new businesses but also to help solve the global problem of apparel waste and reduce petroleum-derived materials.	Work aggressively on the recycled fiber business and lead the industry in promoting the use of sustainable materials.	Commercialize the recycled fiber business as soon as possible. Increase the ratio of sustainable materials to materials we trade.	We are aiming to strengthen our supply chain from raw materials to finished products, with a focus on sustainable raw materials. Thus, we have conducted multiple investment and planning projects for suppliers of Lyocell and recycled polyester and these are progressing well.
		Metals & Minerals Company	Mining business	We will contribute to the stable operation of various industries by maintaining and developing reliable supply chains for essential raw materials and fuels.	Acquire equity interests in superior projects to secure resources to form the basis for the steady supply of raw materials and fuels.	Acquisition of superior resource projects to pass on to the future generations, in addition to maintaining and expanding our existing portfolio of highly resilient mining projects.	<ul style="list-style-type: none"> ● We have approved capital expenditure to develop the South Flank iron ore project in western Australia, in cooperation with our partner BHP, with the goal of maintaining and expanding our existing superior mining project. It is an excellent mining area that can sustain operations for 25 years or more starting in 2021. ● We have promoted and participated both existing and new copper and coking coal exploration projects. This will allow us to secure excellent interests tied to next-generation prospects.
	Provision of commodities that help achieve a sustainable lifestyle	Textile Company	Brand marketing business	We will contribute to increasing the visibility of a sustainable lifestyle by taking advantage of our strengths as a marketing company.	Raise awareness of an ethical, sustainable lifestyle through brand business, thereby promoting awareness-raising not only in the overall industry but also among consumers.	FYE 2021 : Take initiatives with new brands. Have a sustainable lifestyle understood and instilled more widely.	This has not led to closing any contracts on a new brands that appeal to ethical lifestyles. But we see a need in the market and are continuing to work to achieve this.
	Using sustainable forest resources	General Products & Realty Company	<ul style="list-style-type: none"> ● Wood products & materials ● Pulp ● Woodchips 	We deal in sustainable forest resources to reduce the impact on the environment and prevent the increase of greenhouse gases.	<ul style="list-style-type: none"> ● Continue to request suppliers who have yet to obtain certifications to obtain them. ● Conduct sustainability surveys of suppliers and visit them. 	FYE 2026: Aim to achieve a rate of 100% for materials under high-level management or certified ones that we handle.	<ul style="list-style-type: none"> ● We also continue to carry out the following for suppliers ● Verifying traceability by conducting individual on-site inspections. ● Expanding the handling of products subject to "timber traceability verification by third-party organizations.
 	Realization of sustainable supply of natural rubber	General Products & Realty Company	Natural Rubber	We shall use our best efforts to establish measures to identify any suppliers developing on High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland, in order to avoid procuring rubber from them.	We will establish a traceability system to make uncertain raw material procurement supply chain transparent.	We aim to procure raw materials with traceability and sustainability ensured in natural rubber processing business.	* Because of new commitment, review will be conducted from the next fiscal year.
 	Establishing a supply chain reflecting consideration for human rights and the environment	Textile Company	Supply chain management	We will promote information-sharing in the overall Group and establish a safe, secure supply chain, thereby helping customers with risk reduction and contributing to sustainable economic development.	Make Group-wide efforts to review the social and environmental safety of the supply chain and make improvements as necessary, thereby promoting the establishment of a safe, secure commodity supply system.	FYE 2024: Establish and visualize the supply chain of the overall Group, from material procurement to sales, to ensure a responsible procurement policy.	In FYE 2019 we conducted an investigation of 50 of our suppliers from the standpoint of Environmental, Social and Governance (ESG) criteria. In FYE 2020 we plan to increase this to 80 companies, and continue to work to establish a healthy supply chain.
 	Sustainable mine development that reflects consideration of the risks in occupational safety and health and environmental risks, and that contributes to local communities	Metals & Minerals Company	Mining business	<ul style="list-style-type: none"> ● We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which we operate. ● We will improve local infrastructure such as medical care and education. 	<ul style="list-style-type: none"> ● Ensure the thorough application of the EHS guidelines. ● Contribute to local communities through activities for improving medical care, education and infrastructure. 	<ul style="list-style-type: none"> ● Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. ● Donations to medical care, education and build infrastructure in local communities. 	<ul style="list-style-type: none"> ● We held internal EHS (Environment, Health and Safety) training courses for supervisors and company employees belonging to sections engaged in resource development. The attendance rate of those subject to this training was 100%. ● In FYE 2019, we checked five existing projects and one new project under EHS guidelines using the check sheet, and set follow-up items. ● We carried out CSR activities that contribute to the local community as part of each project we invest in. ● As an original initiative, our Australian subsidiary, ITOCHU Minerals & Energy Australia Pty. Ltd., co-sponsored citizen awards in the communities surrounding the port of our iron ore projects.
							Establishing a supply chain reflecting consideration for human rights and the environment

Maintain rigorous governance structures

Risks	Opportunities
<ul style="list-style-type: none"> ● Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control, and others. 	<ul style="list-style-type: none"> ● Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system, and others.

SDGs Targets	Issues to address	Co	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
	Ensuring compliance	Headquarters	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> ● Based on the results of the Compliance Attitude Survey conducted in FYE 2018, we exchanged opinions with all Company Presidents regarding issues and conditions relating to individual and group companies. ● In May 2018 we carried out e-learning for all employees of ITOCHU Corporation concerning the Antitrust Act. ITOCHU also conducted monitoring from October to December 2018 concerning application of the Basic Regulations on the Compliance with the Antimonopoly Act, etc. that we have established, one year after their introduction. We are currently requesting that principle group companies introduce similar regulations (implementation expected to be completed during FYE 2019). ● The state of the cyclic training conducted in FYE 2019 is as follows (as of February 28, 2019). ● For ITOCHU Corporation: Held 42 times with 1,265 attendees. ● For group companies (conducted for 91 companies): Held 177 times with 10,246 attendees.
	Maintaining and reinforcing a governance system for achieving sustainable growth	Headquarters	Corporate governance	We will implement highly effective supervision over the management from an independent and objective standpoint and ensure the appropriate and efficient execution of business operations by improving the transparency of our decision-making, aiming to our sustainable growth as well as the medium- and long-term improvement of our corporate value.	<ul style="list-style-type: none"> ● Appoint several outside directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields. ● Maintain a highly transparent and objective directors' and officers' remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company's performance and the improvement of our corporate value. 	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ul style="list-style-type: none"> ● We have decided to always keep 1/3 or higher percentage of outside directors. ● We conducted the evaluation as to the effectiveness of FY 2019 Board of Directors, and released the result in April 2019.
			Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	<ul style="list-style-type: none"> ● Each functional department responsible for risk management has reviewed the state of progress of the action plans for the first half of FYE 2019. ● The Global Risk Management Division has compiled information on the risk management system—including handling of events that occurred within the relevant period—to the effect that it is functional. The Division reported this to the October 2018 Internal Control Committee, which has acknowledged the report. ● Moreover, the Division plans to report to the same committee, when it is held in the first half of FYE 2020, concerning the review of the latter half of FYE 2019 and the FYE 2020 action plan.

SDGs (Sustainable Development Goals)



Goal 1. End poverty in all its forms everywhere



Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Goal 3. Ensure healthy lives and promote well-being for all at all ages



Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Goal 5. Achieve gender equality and empower all women and girls



Goal 6. Ensure availability and sustainable management of water and sanitation for all



Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all



Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Goal 10. Reduce inequality within and among countries



Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable



Goal 12. Ensure sustainable consumption and production patterns



Goal 13. Take urgent action to combat climate change and its impacts



Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Efforts: Sustainability Advisory

2018 Sustainability Advisory Board

Overview

The Sustainability Advisory Board (formerly the CSR Advisory Board) convened at Tokyo headquarters on January 10 to hold a dialog on sustainability between ITOCHU Corporation management and outside stakeholders. The Sustainability Advisory Board was established to engage in dialog with outside stakeholders to determine whether the direction we are taking with sustainability as ITOCHU Corporation's business grows more diverse and widespread is aligned with the needs of society, and then to apply the insights to promoting sustainability. In FYE2019, we welcomed three experts familiar with the latest trends in the international community concerning climate change to address a main theme of "how the trading house business can help adapt to climate change" from different perspectives: industry, academia and government. In a frank exchange of ideas, they offered candid advice based on the business' impact on society and trends at other companies. One of the participants said, "It's important to consider what kind of business model to aim for next, and to propose it with the long term in mind. A trading house is exactly the kind of company that can do this." Such high expectations toward ITOCHU shared in the participants' views will be applied to promoting sustainability company-wide.



FYE 2019	<p>Climate Change</p> <ul style="list-style-type: none"> ● Sustainability Advisory Board Members (Job Titles at the Time) <ul style="list-style-type: none"> ● Mr. Kenichi Suganuma Ambassador Plenipotentiary and Extraordinary (in charge of climate negotiations), Ministry of Foreign Affairs ● Mr. Tsuyoshi Mizuguchi Professor of Economics, Takasaki City University of Economics ● Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K. ● ITOCHU Members (Job Titles at the Time) <ul style="list-style-type: none"> ● Fumihiko Kobayashi Member of the Board, Senior Managing Executive Officer, Chief Administrative & Information Officer ● Yoshihiko Ogura General Manager, Planning & Administration Department, Metals & Minerals Company ● Isao Nakao General Manager, Planning & Administration Department, Energy & Chemicals Company ● Takumi Imai Acting General Manager, Planning & Administration Department, Machinery Company ● Yoshihito Tabe General Manager, Sustainability Management Department (served as Moderator)
FYE 2018	<p>Review of material sustainability issues (materiality) External environment related to sustainability and promotion of sustainability by ITOCHU</p> <ul style="list-style-type: none"> ● Sustainability Advisory Board Members (Job Titles at the Time) <ul style="list-style-type: none"> ● Ms. Mariko Kawaguchi Senior Researcher, Daiwa Institute of Research Holdings Ltd. ● Mr. Takeshi Shimotaya Managing Director, Sustainavision Ltd. ● Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K.

The Impact of Climate Change on Business Activities

FYE 2017

- Sustainability Advisory Board Members (Job Titles at the Time)
 - Ms. Masako Konishi Deputy Director, Conservation Department and Climate Change Energy Project Leader, World Wildlife Fund Japan
 - Ms. Mariko Kawaguchi Senior Researcher, Daiwa Institute of Research Holdings Ltd.
 - Mr. Yoshihiro Fujii Visiting Professor, Graduate School of Global Environment Studies, Sophia University and Representative Director, Research Institute for Environmental Finance

Efforts: Spreading Sustainability at ITOCHU

When running sustainability activities, ITOCHU Corporation raises awareness within the company so as to further Group employees' understanding and to apply solutions to social issues in our business in a manner that conforms to the latest global trends.

Raising Awareness with "ITOCHU Monthly"

"ITOCHU Monthly," our in-house magazine issued every month in three languages (Japanese, English and Chinese) presents information, terminology and initiatives relating to sustainability. There is also an annual feature on sustainability to further embed sustainable practices at the company.



Sustainability Test and Employee Questionnaire

The online Sustainability Test and Employee Questionnaire are conducted every year for all ITOCHU Corporation executives and employees worldwide to further spread sustainability in the company and gauge our awareness of the subject.

Fiscal Year	Theme	Participation
2019	"ESG – Climate Change Response, Business & Human Rights"	99.9%
2018	"ITOCHU's Further Growth – ESG Investment"	99.5%
2017	CSR in the New Era for the Sogo Shosha	99.8%

Sustainability Seminars

We have been holding in-house sustainability seminars on a continuous basis since 2007 to bring in outside insights and ideas on various sustainability issues.

Recent Seminars

For the sustainability seminar on "Business and Human Rights" on December 13, we invited Japan NGO Center for International Cooperation (JANIC) Secretary-General Hideki Wakabayashi and Lloyd's Register Japan K.K. Director Hidemi Tomita. During the first session, Mr. Wakabayashi gave a keynote address in which he shared discussions at the UN Forum on Business and Human Rights that convened in Geneva at the end of November 2018. In the second session, Messrs. Wakabayashi and Tomita joined a lively panel discussion guided by questions on issues people face in business settings to consider how trading houses operating worldwide should handle human rights issues. Holding the seminar provided a fine opportunity to reexamine the responsibilities our company should uphold in each of our businesses.



The panel discussion

FYE 2019	Business and Human Rights (in the Supply Chain)
FYE 2018	Business and Human Rights (Development)
FYE 2017	What Companies and Consumers Can Do to Create a Sustainable Society
FYE 2016	Global Initiatives and Innovations to Implement Bold Global Warming Countermeasures
FYE 2015	Running a Business to Solve Global Issues

Efforts: The United Nations Global Compact

Involvement in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth for the international community. The company is "Committed to the Global Good" as part of our corporate philosophy and in line with the United Nations Global Compact's 10 principles covering human rights, labor, the environment and anti-corruption.



The Ten Principles of the United Nations Global Compact

Human Rights	<ul style="list-style-type: none"> ● Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and ● Principle 2 make sure that they are not complicit in human rights abuses.
Labour	<ul style="list-style-type: none"> ● Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; ● Principle 4 the elimination of all forms of forced and compulsory labour; ● Principle 5 the effective abolition of child labour; and ● Principle 6 the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> ● Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; ● Principle 8 undertake initiatives to promote greater environmental responsibility; and ● Principle 9 encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<ul style="list-style-type: none"> ● Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Work with Global Compact Network Japan

ITOCHU Corporation is the corporate director of Global Compact Network Japan (GCNJ), the local network for the United Nations Global Compact in Japan. Our proactive participation in this work also includes sending employees to provide assistance with their activities.

The GCNJ learns from other companies' practices and academics, and also consists of subcommittees for deliberations and exchanging ideas on specific topics concerning approaches and initiatives for sustainability. In FYE2019, the company participated in the following subcommittees.

- Human Rights Education Subcommittee
- ESG Subcommittee
- Environmental Management Subcommittee

Other Sources of Reference

When advancing sustainability, we refer to the following kinds of international guidelines and principles, such as the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015.

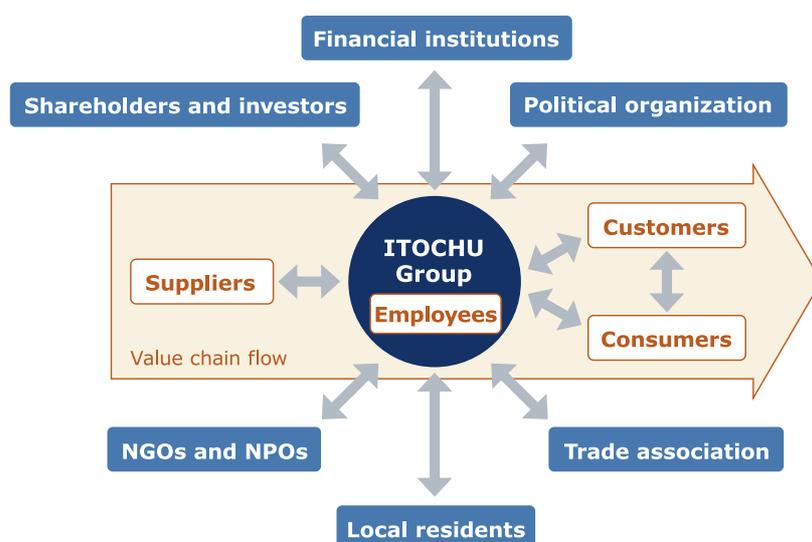
- United Nations Global Compact (participant)
- GRI Guidelines
- UN Declaration of Human Rights
- International Integrated Reporting Council (IIRC)
- UN Guiding Principles on Business and Human Rights
- Keidanren: Charter of Corporate Behavior
- Sustainable Development Goals (SDGs)*
- Japan Foreign Trade Council: "Shosha's Corporate Environmental Code of Conduct," "Supply Chain CSR Action Guidelines"
- Declaration on the Rights of Indigenous Peoples
- CDP
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
- OECD Guidelines for Multinational Enterprises
- ISO 26000

* Sustainable Development Goals (SDGs): Following the 2015 deadline for the Millennium Development Goals (MDGs), the SDGs set goals for sustainable development by 2030. The 17 goals address issues such as poverty, starvation, energy, climate change and social equality.

Stakeholder Relations

Policy & Basic Approach

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. By engaging in dialogue with our stakeholders in the manner described below, we provide them with information about the activities of the ITOCHU Group, and identify their expectations and concerns regarding ITOCHU. We will continue to promote our sustainability by reflecting measures for addressing issues within our business activities, with the aim being to improve our corporate activities.



* Besides those noted above, the list of our major stakeholders includes many other parties.

Stakeholders	Main methods of dialogue
Suppliers, Customers, and Consumers	Provision of information through the Annual Report and official website Notification of CSR action guidelines Quality control and fact-finding investigations about the status of CSR at suppliers Contact for inquiries
Shareholders, investors, and financial institutions	General meeting of shareholders Investors meeting on business results Provision of information through the Annual Report and official website Response to investigations and ratings performed by socially responsible investors Debt IR
Political organization, trade association	Participation in the government, the ministries related committees and councils Activity through the trade association (Japan Business Federation, Japan Foreign Trade Council)
Local communities, NGOs, and NPOs	Social contribution activities and volunteer activities Stakeholder dialogue Dialogue with residents of areas around project sites Regular communication with NGOs and NPOs
Employees	Provision of information via the intranet and in-house magazines Communication via training sessions and seminars Provision of career counseling Establishment of a 24-hour employee consultation desk system Implementation of employee awareness surveys Labor-management meetings (including management meetings and settlement of accountings meetings) General employee meetings at each company

Reference data FYE 2019: The expense of trade association and social contribution

(Unit: 1 million yen)

Trade association	77	Social contribution (donation)	169 (163)
Economic association	95		
Political association	29		
Other association	158		