

Sustainability at the ITOCHU Group

Policy & Basic Approach

The ITOCHU Group Basic Policy on Promotion of Sustainability

ITOCHEU Group, conducting business globally under the spirit of "*Sampo-yoshi*", the management philosophy of merchants in the Ohmi province of Japan (present-day Shiga Prefecture) which is our Corporate Mission, 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 Ethic Conduct, in order to achieve the goals of The ITOCHU Group Corporate Guideline of Conduct, "I am One with Infinite Missions."

(1) Identification of Material Issues and Promotion of Businesses that Address the Social Issues

As a member of the international community, we will identify and assess material issues where we can create the most social and environmental value for that can enhance the sustainable growth of both society and our business.

(2) Establishment of Mutual Trust with Society

We will take necessary measures to ensure that we disclose accurate and clear information and maintain a communicative relationship with our stakeholders. In doing so, we aim to be receptive and responsive to the expectations and demands of society.

(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

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.

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.

(4) Education and Awareness of Employees to Promote Sustainability

We believe that the promotion of sustainability starts with each and every employee. Therefore, we will take necessary measures to educate our employees on the material sustainability issues we have identified and nurture a sustainability mindset among the workforce. Every employee is expected to adhere to this policy by executing respective action plans drafted in alignment to this policy.

April 2020

Fumihiko Kobayashi

Member of the Board

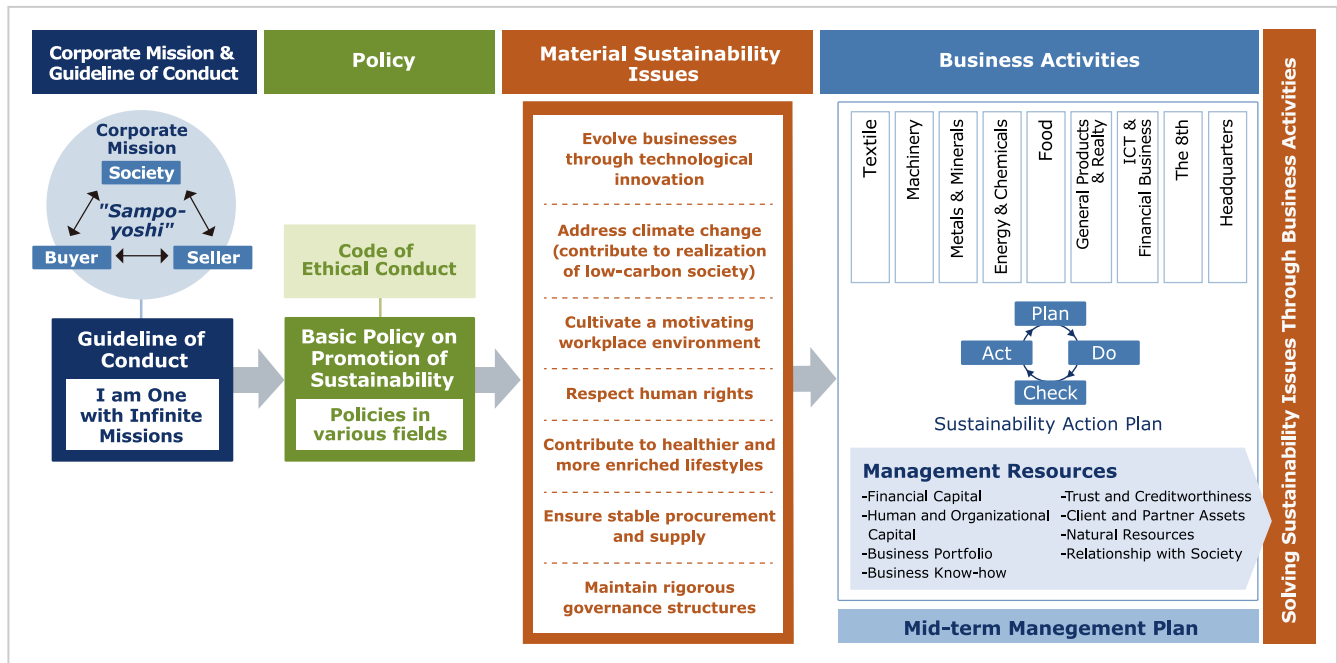
Senior Managing Executive Officer

Chief Administrative Officer

Structure and System

Promoting Sustainability at ITOCHU Corporation

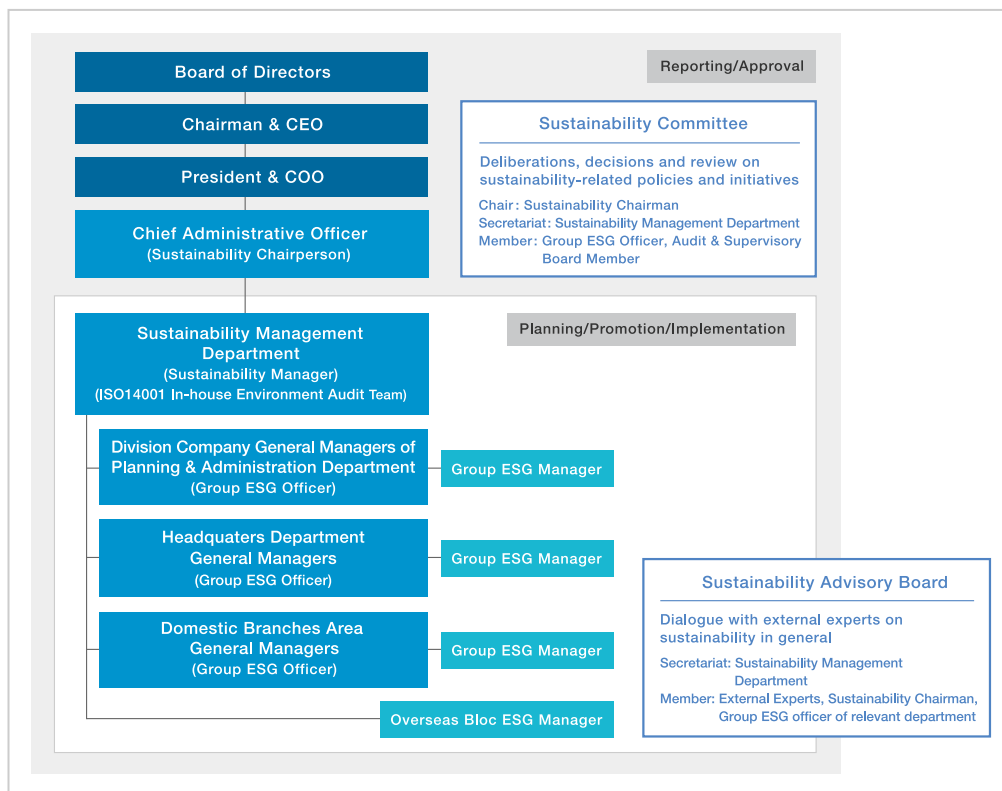
We established the Basic Policy on Promotion of Sustainability (P7) to set ITOCHU Corporation's initiatives to further sustainability in accordance with our corporate mission and the dynamic environment in which we operate. Our implementation of the policy is organized and systematic. In the course of implementation, ITOCHU Corporation determines the critical issues with priority need for a solution, then inserts the material issues into Sustainability Action Plans (P14-22). 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 Sustainability Chairperson served by 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 initiatives at advancing sustainability.



Sustainability Promotion Framework (FYE 2021)

FYE 2020 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	<ol style="list-style-type: none"> 1. Revision of ITOCHU Corporate Mission 2. Formulation of the Corporate Ethical Code of Conduct, Revision of policies in line with revision to the corporate mission, Sustainability action plan review, ISO14001 environmental management review, TCFD progress and disclosure contents, SCOPE3 calculation results and next term issues

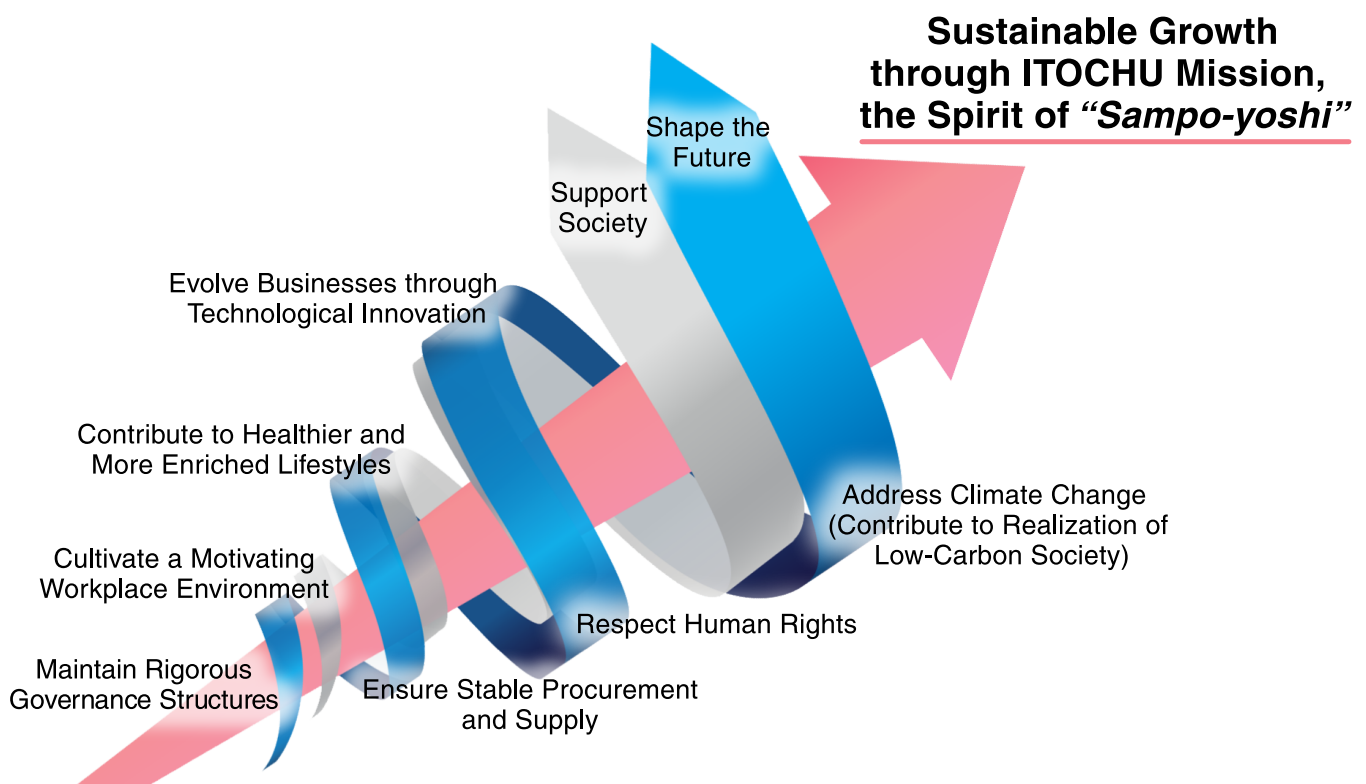
Initiatives: Critical Issues (Material Issues)

In April 2018, ITOCHU put forth material sustainability issues that incorporate an ESG perspective. Addressing these issues through its main business will help ITOCHU accomplish its FYE 2019-2021 Medium-Term Management Plan's goal of achieving ongoing growth through ITOCHU Mission, the spirit of "Sampo-yoshi". ITOCHU's sustainability initiatives, which aim to fulfill our responsibilities for the society of today and the future, also contribute to the achievement of 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 (P12)
- Risks and Opportunities Pertaining to Each Material Issue (P13)
- Sustainability Action Plans (P14-22)

Material Sustainability Issues



Evolve 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 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



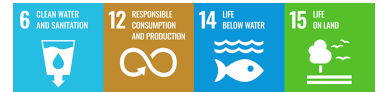
While showing respect and consideration for human rights in our operations, we bring stability to our business and contribute to the development of local communities.

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.

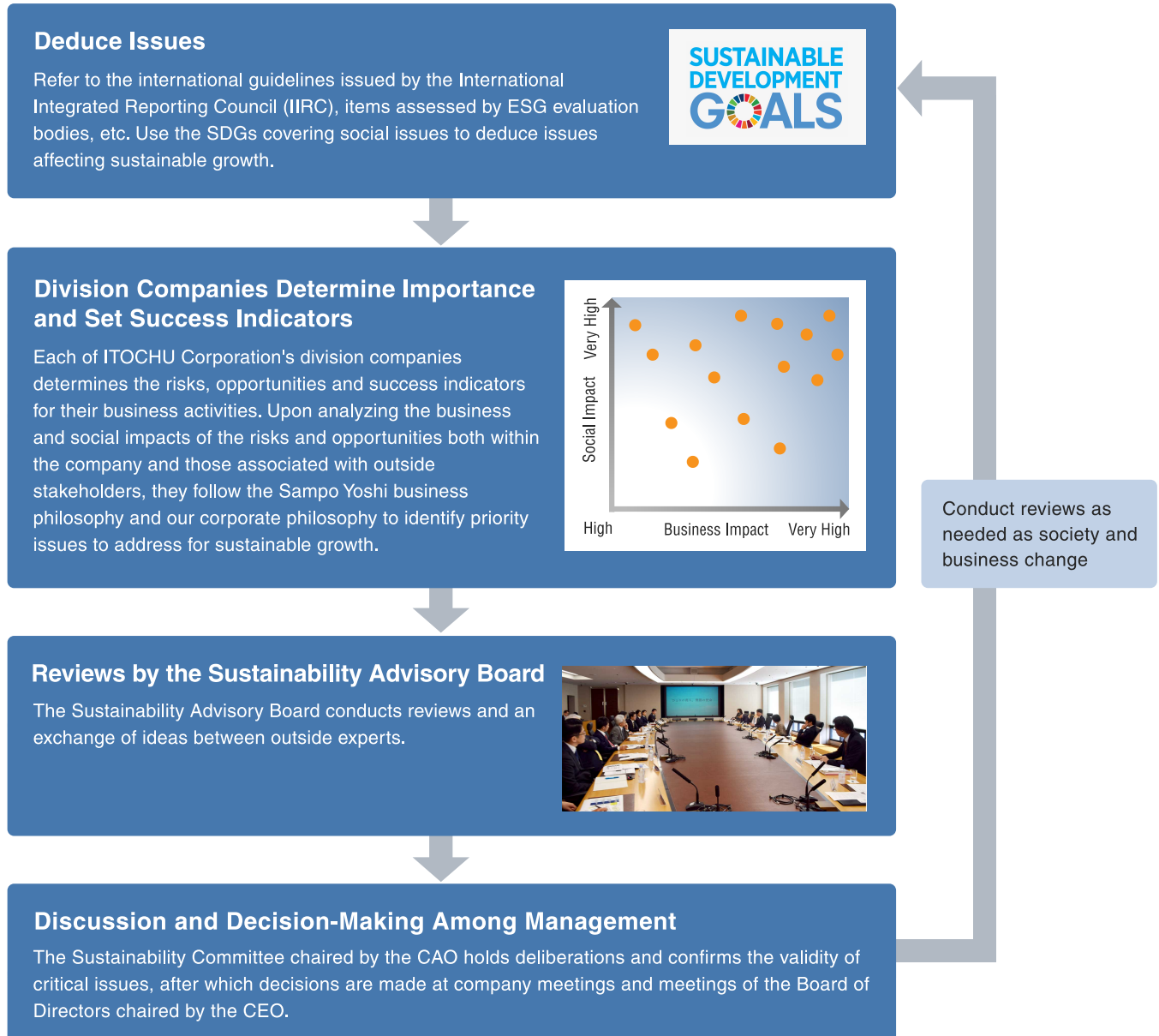
Maintain Rigorous Governance Structures



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.

Initiatives: 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.



Initiatives: Risks and Opportunities Pertaining to Each Material Issue

Material Issues	Risks	Opportunities
Evolve 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

Initiatives: 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









Evolve 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.	We were aiming to start operation in June 2019. However, the installation work and system training took time. Therefore, we actually started operation in January 2020. IPA Hong Kong has started utilizing this with business that utilizes the production background of IPA Vietnam. We plan to roll this out in other areas in sequence.
			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.	We sold 60 million RFID tags in FYE 2020. We gave proposals to improve operational efficiency (e.g., supply chain optimization and an improvement in the accuracy of understanding inventory). We have started examining a partnership with an overseas company concerning the tag material to introduce eco-friendly goods that do not require garbage separation.
		Food Company	Overall food-related businesses	<ul style="list-style-type: none"> ● We will aim to improve productivity and efficiency by utilizing RPA and AI proactively. ● We will aim to create innovative services and new business by integrating resources and new technologies of the ITOCHU Group. 	<ul style="list-style-type: none"> ● We will improve productivity and optimize operations by introducing and utilizing new technologies in the distribution field in which labor shortages are becoming more serious. ● We will create unique new value by combining the wide ranging product lineup, functions and expertise of our group based on retail customer needs. 	<ul style="list-style-type: none"> ● Promotion of further business processing re-engineering utilizing RPA and AI. ● Promotion of the development of new products and new services through the food wholesale business developed by the ITOCHU Group. 	<ul style="list-style-type: none"> ● We are working to improve productivity and to optimize business. For example, we are proactively introducing RPA in the group - including in subsidiaries and associated companies. ● We are promoting the optimization of distribution centers and the computerization of paper information to save labor. In addition, we are working to reduce delivery vehicles by continuously optimizing delivery routes. ● We are providing marketing tools that improve the convenience of consumers to retail customers through our group food wholesale company.
		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.	Realization of new service and business developments.	Continuing from the previous fiscal year, we have increased new overseas VC investments (e.g., in new technology and healthcare fields). We have made over ten investments. We are currently working with these companies to develop new businesses. In particular, this fiscal year, we plan to develop fintech-related services. This will contribute to developing new solutions and increasing profits, by improving operational efficiency of retailers and e-commerce operators.
		The 8th	Consumer related business	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.	Aim to develop new businesses and cultivate new customers by taking full advantage of the business foundations possessed by the ITOCHU Group.	We are currently promoting a digital strategy in FamilyMart - the subsidiary. We released the FamiPay smartphone app with barcode payment in July 2019. We have achieved labor savings in FamilyMart stores. For example, register service time has been reduced to one third of what it was before. In addition, we have already promoted inbound business and released a capital and business alliance with a startup that has independently developed a humanoid AI agent with advanced recognition technology.





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
 	Taking counter-measures against climate change	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.	We achieved a renewable energy rate of 12.5% through capital alliances with Winch Energy, which is a company in the U.K. that is involved in small-scale solar power generation and distribution systems in non-electrified areas such as Africa, and VPP Japan, which is a company involved in the solar distribution power business in Japan.
		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.	<ol style="list-style-type: none"> 1) We have been participating in a small electric truck demonstration experiment since January 2019 in Japan. 2) We are deepening efforts with two companies into which we invested in FYE 2019 in China where electric vehicles are spreading rapidly - Dishangtie Car Rental, an electric commercial vehicle rental and maintenance service, and Zhicheeto Technology (Singulato Motors), an emerging electric vehicle manufacturer. 3) We have invested in a ride sharing service called Via (2019). This is a convenient and cost-effective means of transportation. At the same time, it also contributes to alleviating urban congestion and reducing CO₂ emissions.
 		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"> ● We are working to start an overseas demonstration project to culture Euglena together with Euglena Co., Ltd. This project will help promote Carbon dioxide Capture and Utilization (CCU) technologies. ● This project has potential to be applied over existing thermal power plants and manufacturing plants that emit carbon dioxide and is expected to be rolled out to a wide range of industries. ● We have properly reviewed our asset portfolio to see if it is duly in line with our policy announced in February 2019 (1) not to acquire any new thermal coal mining interest and (2) regarding the existing thermal coal mining business, 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. ● As a result the review, following on from the sale of our interests in the Rolleston thermal coal mine in the previous fiscal year, we have concluded this year an agreement for acquiring the interests in a new coking coal mine (Longview coking coal mine) in December 2019. ● The amount of transactions for aluminum castings/die-cast materials for vehicles has increased by 10% in FYE 2020 over FYE 2019, contributing to the development of light-weight vehicles.
	Taking counter-measures against climate change	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 are holding concrete discussions with regards to participation in new LNG projects.
	Efforts to optimally and continuously supply renewable energy	Energy & Chemicals Company	Storage battery related power and environmental solutions	<ul style="list-style-type: none"> ● We will continue to stably supply the storage batteries that are the key to the efficient and optimal utilization of renewable energy. ● We will aim to strengthen our storage battery business chain and establish a circular model through the battery recycling business in particular. 	We will continue to sell storage batteries equipped with optimal charging/discharging software based on machine learning (AI) and we will establish a recycling and reuse business with repurposed batteries from EV.	<ul style="list-style-type: none"> ● Number of storage batteries sold ● Use of recycled and reused batteries 	* Because of new commitment, review will be conducted from the next fiscal year.
	Taking counter-measures against climate change	Food Company	Fresh food field	We will examine and promote measures that contribute to tackling climate change.	We will utilize green energy in our processed food business.	Utilization as a source of renewable energy for processed food manufacturing plants by generating biogas power using pineapple leftovers generated in the manufacturing process of the Dole processed food business.	We are currently building biogas power plants at two plants in the Philippines. These are scheduled to be completed in the first half of FYE 2021.
		General Products & Realty Company	Cement substitute material such as slag	We plan to expand the use of sustainable byproducts (slag) as a substitute material for the cement which is vital for construction and civil engineering.	Establish continuous, stable business between Steelworks as the supplier of slag and Users.	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.	<ul style="list-style-type: none"> ● We expect a 65% increase year-on-year in the amount we handle to developing countries. ● We are currently in discussions concerning investment and participation in 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></p> <ul style="list-style-type: none"> ● We have reduced annual average overtime hours by 11% compared to before the introduction of the morning-focused working system (achieved in FYE 2018). ● We have 5% of employees leaving the building after 8 p.m. (FYE 2019). ● We have 67% of employees acquiring paid leave (FYE 2019). ● We plan to complete approximately 100 scenarios in FYE 2019 for RPA. We will also introduce a data analysis tool (HANABI). We are currently running 151 scenarios. (As of February 2020) ● In FYE 2019, we plan to implement BPR (business improvement) at the organization level in three divisions (Fresh Food Division, Automobile, Construction Machinery & Industrial Machinery Division and Apparel Division) ● The positive answer rate to the "Employee Engagement" item from the FYE 2019 Engagement Survey was 76%. *We did not conduct a survey in FYE 2020. The latest data is for FYE 2019.
	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 health management web tools for employees and continue to provide special programs for employees at a high 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"> ● Regular medical checkup rate: 100% in FYE 2020. ● Rate of improvement in the health index (e.g., BMI) compared to FYE 2011: -2% in FYE 2019. ● Support for working while receiving cancer care: Job turnover due to cancer and long-term illnesses continues to be 0%. ● Rate of those found to have a high level of stress in the stress check: 2.9% in FYE 2020. ● Health management web tools for employees utilization: We are continuing to run a program for those at a high risk for lifestyle-related diseases among young employees and we expanded the scope to include those who are subject to specific health guidance (a total of 115 participants in FYE 2020). We held a 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 jobs 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. 	<ul style="list-style-type: none"> ● The positive answer rate to the "Education and Training" item from the FYE 2019 Engagement Survey was 71%. *We did not conduct a survey in FYE 2020. The latest data is for FYE 2019. ● We have been continually reviewing and developing training programs (e.g., the trial introduction of next-generation related training). ● We are running a trial to provide video content as part of career vision training with an eye on a learning environment that meets the diverse needs of our employees. <p>Below is the Outlook Current as of February 20 in FYE 2020:</p> <ul style="list-style-type: none"> ● Annual E&D expenses forecast ⇒ Over approximately 1.2 billion yen ● Acquisition rate of business level English skills for career-track employees in up to their eighth year since joining the company ⇒ 100% ● Overseas dispatch rate for career-track employees in up to their eighth year since joining the company ⇒ 80%
  	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"> ● The percentage of female career-track employees among all career-track employees is 9.7% (as of January 2020). ● The percentage of female career-track employees among those in leadership positions is over 8.1% (as of January 2020). ● Proportion of our workforce with disabilities: 2.16% as of February 2020 (insufficient by one person) ● We have been applying to make IHGS applicable as a special subsidiary in our group since February 2020. We achieved the required number of hires as of February 2020 in the three companies of ITOCHU, Unedus and IHGS. We will continue to promote the employment of those with disabilities over our entire group.






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.	We implemented this in 50 companies in Southwest Asia (e.g., Vietnam and Indonesia) compared to the 80 companies that was our target in FYE 2020. Separately, we conducted a fact-finding investigation questionnaire on the status of compliance with the Labor Standards Act and Industrial Safety and Health Act for foreign technical intern trainees in 211 sewing plants in Japan.
 	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.	<p>Water Field</p> <p>We own a water supply service business in the U.K. and Spain and a seawater desalination business in Australia and Oman. We are continuing to work to expand our seawater desalination and water supply/sewerage business.</p> <p>Environment Field</p> <p>We operate four waste incineration and power generation business projects in the U.K. In addition to this, we entered into a financing contract for a public-private partnership (PPP) waste disposal power generation project in Belgrade, Serbia in September 2019. We are aiming for operation in 2022.</p>
	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 are continuing operations to check the core subjects in the guidelines on social responsibility using the company-wide ESG checklist in all development projects where we are investing for the first time. We are conducting due diligence on individual development projects to check their social and environmental safety based on the unique characteristics of each business prior to investment.
 	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%. ● We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. ● We carried out activities that contribute to the local community as part of each project we invest in. ● As a special initiative, our Australian subsidiary, ITOCHU Minerals & Energy of Australia Pty. Ltd., together with other local group companies, contributed A\$200,000 in total to the Australian Red Cross Society as support to recover from the damage caused by the Bushfires.
	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 appropriately complying with the HSE management standards of the government and management body in each country. ● We are managing the number of incidents, their severity and content monthly in accordance with in-house regulations. (There have been no serious operational incidents as of the end of January 2020 in this fiscal year.)
 	Establishing a supply chain reflecting consideration for human rights and the environment	Food Company	Provisions field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	<ul style="list-style-type: none"> ● We will promote procurement compliant with supplier-specific codes of conduct in coffee bean producing countries. ● We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. ● We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> ● Coffee beans: Promotion of procurement compliant with supplier-specific codes of conduct in our bases in producing areas in cooperation with suppliers. ● Palm oil: Promotion of progress information disclosure upon also clarifying the KPI indicators by publishing our procurement policy. 	<ul style="list-style-type: none"> ● We are currently giving guidance to producers in each producing area country to meet the certification standards. The aim of this is to expand transactions for certified coffee beans (e.g., those of the Rainforest Alliance and C.A.F.E Practice). ● We have published our procurement policy with our started target of switching all the palm oil we procure to sustainable palm oil supplied from supply chains compliant with RSPO/MSPO/ISPO by FYE 2026. We are promoting the construction of procurement and supply structures in light of industry trends and the situation in suppliers.
			Fresh food field	We will contribute to increased employment and an improved living environment by fostering local industries.	We will cultivate new producing areas. We will do this to expand employment and improve the living environment through diversification of producing areas in light of weather risks and through the development of local industries in our Dole business.	Aim for the start of the commercial production and export of pineapple processed foods in FYE 2022 by cultivating pineapples in Sierra Leone as the cultivation of a producing area followed by the development program in the Philippines.	We are promoting the expansion of a pineapple farm and the construction of a pineapple processed food manufacturing plant in Sierra Leone.
	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 execution permission).	We appropriately communicated with stakeholders in the examination of the redevelopment and conducted negotiations to obtain the necessary permissions. We plan to submit the application and acquire the permissions from FYE 2021 to FYE 2024.









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 Cutting-Edge medical devices and provision of medical services	We aim to improve quality of life by providing cutting-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.	Currently operating at National Cancer Center and Edogawa Hospital. More than 300 patients are treated including intractable cancer (ex. pancreatic cancer). Since the technology is promising, Edogawa Hospital is now upgrading the system, which expected to operate in December 2020. With joint research with the National Cancer Center, we are on the way to establish the standard procedure to cure 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"> ● We started selling a non-absorptive liquid to protect against oral mucositis (a liquid that controls and relieves the pain of oral mucositis caused by chemotherapy or radiotherapy when treating diseases such as cancer) in group companies (from May 2018 in Japan, from July 2019 in China and scheduled for sale in the future in Korea). ● We started full-scale sales with FDA approval in North America of a pain reliever through group companies (from March 2018). ● We started the sale in China of a percutaneous absorption 5-HT3 receptor antagonist (therapeutic medication for nausea and vomiting during cancer treatment) (from March 2019). This drug has been newly listed as a treatment choice in the Guidelines for the Treatment of Nausea and Vomiting During Cancer Treatment (published by the Chinese Society of Clinical Oncology in June 2019).
		ICT & Financial Business Company	<ul style="list-style-type: none"> ● Support pharmaceutical development projects ● 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.	We will optimize healthcare utilizing medical data.	<ul style="list-style-type: none"> ● Realization of new services and business development relating to medical data ● Expansion of existing business (number of people subject to health checkup data management to reach 1 million by the end of FYE 2021) 	<ul style="list-style-type: none"> ● With the interest to maintain and promote health continuing to grow in company employees, the number of persons subject to health checkup data management is steadily increasing. We expect this to reach 750,000 persons by the end of FYE 2020. ● We have carried out investments including, SaaS for dispensing pharmacies, dentistry-related data, genomic data and pharmaceutical data. We will contribute to improve the quality of life with highly efficient operations by utilizing the aforementioned data.
		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 audit the Food Safety Management System (FSMS) to enhance the capability of human resources for selecting suppliers.	Promotion of the appropriate appointment of the auditors in each sales division under the guidance of the ITOCHU food safety management organization.	The number of people who have acquired the assistant auditor increased by one in FYE 2020. We plan to increase this by two people in FYE 2021. We expect the total number of qualified persons over our entire group to reach nine.
	Maintenance of industrial, logistics, and transportation infrastructure	ICT & Financial Business Company	ICT infrastructure construction business	We will contribute to realize 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 newly located seven sourcing companies which provide ICT solutions and RPA to reinforce information security this fiscal year (e.g., in systems management field).
	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 the number of customers and loan balance.	<p>Growth Rate of Outstanding Lendings: (Changes from end of December 2018 to end of December 2019)</p> <ul style="list-style-type: none"> ● UAF: 107% ● EasyBuy: 106% ● FRF: 114% ● ACF: 722% *Operations initiated in FYE 2019 ● PDP: 481% *Operations initiated in FYE 2019
	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.	We started discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas.
		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.	We have started discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas.

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 strengthened the supply chain from raw materials to products with a focus on sustainable raw materials. We launched the RENU project and are currently expanding the marketing of recycled polyester globally.
		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"> ● For the purpose of acquiring superior interests that will lead to the next generation, we have decided to invest in the Longview coking coal mine in the U.S. owned by North Central Resources, LLC. ● This coal mine will produce high-quality coking coal at strong cost competitiveness.
	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.	We have not entered into a contract with a new brand. However, we have realized cases using the fabric of FOOD TEXTILE that reuses ingredients scheduled to be discarded as dyes in our main brand of CONVERSE shoes.
	Efforts leading to solutions to social problems	Energy & Chemicals Company	Plastic-related environmental response	We will aim to establish a recycling and reuse model.	We will supply recycled resin in collaboration with brand owners.	Establishment of a recycling program and sales of recycled resin.	* Because of new commitment, review will be conducted from the next fiscal year.
	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 certified or under high-level management materials that we handle.	<ul style="list-style-type: none"> ● Wood products & materials: We are continuing to encourage and review suppliers. We established a path to achieving ahead of schedule a rate of 100% for certified or under high-level management wood products & materials that we handle in FYE 2021. ● Pulp and woodchips: We achieved a rate of 100% for certified or under high-level management materials that we handle.
 	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.	We are developing a traceability system using blockchains. We plan to introduce this around the second quarter of FYE 2021.
 	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.	We implemented this in 50 companies in Southwest Asia (e.g., Vietnam and Indonesia) compared to the 80 companies that was our target in FYE 2020. Separately, we conducted a fact-finding investigation questionnaire on the status of compliance with the Labor Standards Act and Industrial Safety and Health Act for foreign technical intern trainees in 211 sewing plants in Japan.
 	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%. ● We checked the proper compliance to the EHS guideline by one new project and eight existing projects in our mining business, and also by one another resource-related project. ● We carried out activities that contribute to the local community as part of each project we invest in. ● As a special initiative, our Australian subsidiary, ITOCHU Minerals & Energy of Australia Pty. Ltd., together with other local group companies, contributed A\$200,000 in total to the Australian Red Cross Society as support to recover from the damage caused by the Bushfires.

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	Food Company	Provisions field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	<ul style="list-style-type: none"> ● We will promote procurement compliant with supplier-specific codes of conduct in coffee bean producing countries. ● We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. ● We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries. 	<ul style="list-style-type: none"> ● Coffee beans: Promotion of procurement compliant with supplier-specific codes of conduct in our bases in producing areas in cooperation with suppliers. ● Palm oil: Promotion of progress information disclosure upon also clarifying the KPI indicators by publishing our procurement policy. 	<ul style="list-style-type: none"> ● We are currently giving guidance to producers in each producing area country to meet the certification standards. The aim of this is to expand transactions for certified coffee beans (e.g., those of the Rainforest Alliance and C.A.F.E Practice). ● We have published our procurement policy with our started target of switching all the palm oil we procure to sustainable palm oil supplied from supply chains compliant with RSPO/MSPO/ISPO by FYE 2026. We are promoting the construction of procurement and supply structures in light of industry trends and the situation in suppliers.
			Fresh food field	We will contribute to increased employment and an improved living environment by fostering local industries.	We will cultivate new producing areas. We will do this to expand employment and improve the living environment through diversification of producing areas in light of weather risks and through the development of local industries in our Dole business.	Aim for the start of the commercial production and export of pineapple processed foods in FYE 2022 by cultivating pineapples in Sierra Leone as the cultivation of a producing area followed by the development program in the Philippines.	We are promoting the expansion of a pineapple farm and the construction of a pineapple processed food manufacturing plant in Sierra Leone.

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	Head-quarters	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 compliance attitude 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"> ● Registered with the Whistleblowing Compliance Management System (self-declaration of conformity) on April 10, 2019. ● We monitored all ITOCHU Corporation for bribery and corruption in July and August 2019. We confirmed the application status under the Public Officer and Foreign Public Officer Guidelines, Business Partner Guidelines and Investment Guidelines based on certificates. We found no major problems as a result of that. ● We conducted compliance attitude survey on 57,781 employees in ITOCHU Corporation and group companies in August and September 2019. The number of employees subject to this survey increased by approximately 14,000 compared to the previous survey (FYE 2018). The response rate was 94.9%. This exceeded the response rate for the previous survey (93.4%). ● We provided e-learning on dealing with bribery and corruption and organized crime for ITOCHU Corporation employees (January 31 to February 29, 2020). ● The situation concerning the implementation of training tours in FYE 2020 is as follows. For ITOCHU Corporation : Implemented 53 times with 2,198 attendees For ITOCHU group companies (implemented in 84 companies): Implemented 195 times with 10,715 attendees
	Maintaining and reinforcing a governance system for achieving sustainable growth	Head-quarters	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.	<p>(1) The diversity of the Board of Directors (always a one third or higher percentage of outside Directors; currently four out of 10 Directors) and the ratio of women (ratio in the previous fiscal year + 10%; currently two out of 10 Directors) have improved.</p> <p>(2) We have increased the number of independent outside members of the Board of Directors and outside Audit & Supervisory Board Members in the Nomination Committee to a majority (four out of seven members; +7.1% compared to the previous year). (Four out of eight Directors: 50% → Four out of seven Directors: 57.1%)</p> <p>We have almost completed the strengthening of governance in structural terms with the implementation of (1) and (2). From the next fiscal year onward, we will monitor the implementation of our Policy on the Governance of its Listed Subsidiaries formulated in this fiscal year and also deal with listing problems involving ITOCHU and our subsidiaries.</p>
			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"> ● We reviewed the progress situation for the action plans in the first half of 2019 with each department responsible for risk management. The Global Risk Management Division assembled and made a report to the Internal Control Committee in October 2019 to the effect that the risk management structure is functioning. This includes the response to events that occurred during the applicable period. It obtained approval for the report from the committee. ● We reviewed the progress of the second half of FYE 2020 and the action plans of FYE 2021 at the meeting of Internal Control Committee in April 2020 and obtained approval from the committee.

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

Initiatives: Sustainability Advisory Board

FYE 2020 Sustainability Advisory Board

Overview

The Sustainability Advisory Board convened at Tokyo headquarters on December 6 to hold a dialog on sustainability issues between the ITOCHU Corporation management and outside stakeholders. The Sustainability Advisory Board was established to engage outside stakeholders in a dialog to determine whether the direction we are taking with regards to sustainability is aligned with the needs of society as ITOCHU Corporation's business grows more diverse and widespread, and then to apply the insights to promoting sustainability.

In FYE 2020, we welcomed three experts on the latest trends in the international community concerning circular economy to address the theme of "Sustainable Business Direction in a Circular Economy" from different perspectives of 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 comments received referred to the expectation of "the Japanese society to have a leading general trading company like ITOCHU to build a new business style promoting coexistence with society." We value the opinions of the experts and all the participants and hope to reflect them in our efforts to further advance sustainability on a company-wide basis.



Sustainable Business Direction in a Circular Economy

- Sustainability Advisory Board Members (Job Titles at the Time)
 - Mr. Eiji Hosoda Professor of Business Administration and Information Science, Chubu University, Professor Emeritus, Keio University
 - Ms. Mami Fukuchi Associate Professor of Graduate School of Interdisciplinary Information Studies, The University of Tokyo
 - Mr. Hidemi Tomita Director, Lloyd's Register Japan K.K.
- ITOCHU Members (Job Titles at the Time)
 - Fumihiko Kobayashi Member of the Board, Senior Managing Executive Officer, Chief Administrative Officer
 - Noriya Hashimoto General Manager, Planning & Administration Department, Textile Company
 - Tatsuya Hirano General Manager, Planning & Administration Department, Machinery Company
 - Yoshihiko Ogura General Manager, Planning & Administration Department, Metals & Minerals Company
 - Isao Nakao General Manager, Planning & Administration Department, Energy & Chemicals Company
 - Kuniaki Abe General Manager, Planning & Administration Department, Food Company
 - Tsutomu Yamauchi General Manager, Planning & Administration Department, General Products & Realty Company
 - Tadayoshi Yamaguchi General Manager, Planning & Administration Department, ICT & Financial Business Company
 - Tetsuya Mukohata Manager, Planning & Administration Section, The 8th Company
 - Yoshihito Tabe General Manager, Sustainability Management Department (served as Moderator)

FYE 2020

<p>FYE 2019</p>	<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.
<p>FYE 2018</p>	<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.

Initiatives: Sustainability Awareness Activities at ITOCHU

While pursuing sustainable activities, ITOCHU raises awareness within the Company so as to further ITOCHU 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.

	Theme	Participation
FYE 2019	"ESG – Climate Change Response, Business & Human Rights"	99.9%
FYE 2018	"ITOCHU's Further Growth – ESG Investment"	99.5%
FYE 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

Initiatives: 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. ITOCHU will fulfill our corporate mission of "Sampo-yoshi" in accordance with the United Nations Global Compact's 10 principles covering human rights, labor, the environment and anti-corruption.

- United Nations Global Compact (<https://www.unglobalcompact.org/>)



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 FYE 2020, ITOCHU participated in the following subcommittees.

- ESG Subcommittee
- Environmental Management Subcommittee
- Supply Chain 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.

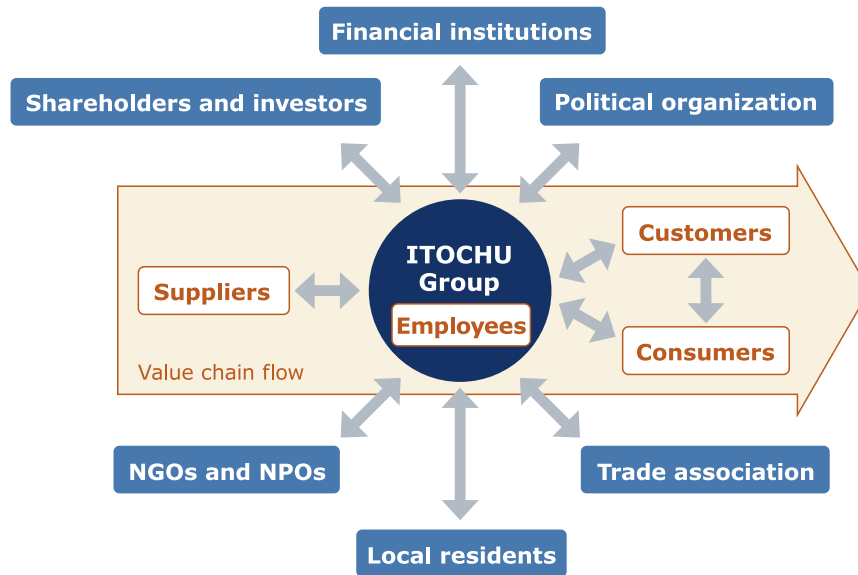
- United Nations Global Compact (participant)
- GRI Guidelines
- UN Declaration of Human Rights
- International Integrated Reporting Council (IIRC)
- UN Guiding Principles on Business and Human Rights
- Keidanren: Charter of Corporate Behavior
- Sustainable Development Goals (SDGs)*
- Japan Foreign Trade 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, ITOCHU Group place strong emphasis on dialogues with various stakeholders. We provide information about the ITOCHU Group activities, and we value the opinions of our stakeholders, both expectations and concerns. For our sustainable growth, we reflect measures in our business activities to further advance sustainability on a company-wide basis.



* 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 Sustainability Action Guidelines for Supply Chains Quality control and Sustainability Surveys on supply chains 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 2020: The Expense of Trade Association and Social Contribution

(Unit: 1 million yen)

Trade association	63	Social contribution (donation)	109 (108)
Economic association	151		
Political association	30		
Other association	114		
Total	358		