



Sustainability Report 2016



I am One with Infinite Missions

ITOCHU Corporation

Editing Policy

ITOCHU Corporation's Perspectives on CSR

ITOCHU Corporation believes that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This report presents the role we must discharge and our initiatives for it.

Highlight

ITOCHU Corporation regards "Climate change," "Sustainable use of resources," "Respect and consideration for human rights" and "Contribution to local communities" as CSR material issues. In Highlight, we will introduce our business activities that solve those issues.

① Pork Meat Business in Canada

Introducing HyLife business, which respects human rights and contribute to the local community.

② Industrial Park Business Growing with the Local Community

Introducing Karawang International Industrial City business which has been prospecting together with the society, by creating employment and contributing to the local community.

From the cover

A furoshiki wrapping cloth dyed to display the name of a store is, in one sense, an expression of a passion for trading, as well as a method of promotion. The cover photo shows a furoshiki with the actual "Itoh" store name on it, which is currently preserved at Shiga University.

In the past, as now, the starting point of trade has always been carrying a product to a buyer. ITOCHU traces its origins back to 1858, the year in which Chubei Itoh set out from Toyosato Village in Shiga Prefecture on a journey to Nagasaki as a traveling linen merchant.

Chubei Itoh I started out on his journey in trade at age 15, carrying on his back linen cloth wrapped in a furoshiki as he traversed a path crossing over mountain ranges. ITOCHU was able to develop until now, because it has cascaded the spirit of sampo yoshi, the philosophy of Ohmi merchant, for all those years.

We have used the photo of furoshiki for the cover of this year's sustainability report, as a symbol of our origin, sampo yoshi.



Disclosure of CSR-related Information

To make information on ITOCHU's CSR initiatives widely accessible, information is disclosed through the following media.

Corporate Website CSR Pages

Information is disclosed regarding ITOCHU Corporation's CSR activities in a format that provides detailed coverage across a wide range of themes. Moreover, information on activities conducted during the current year is disseminated on a timely basis.

www.itochu.co.jp/en/csr/



Sustainability Report

Wide-ranging information covered in detail on the website CSR pages is published in PDF format as an annual CSR report. The reports provide an ongoing perspective of ITOCHU's CSR activities.

www.itochu.co.jp/en/csr/report/



Annual Report

Aimed at investors and other stakeholders, we provide particularly important reporting on ITOCHU's CSR activities, along with information such as management results and future growth strategies, in a comprehensive manner from a perspective based on the characteristics of the business activities of a sogo shosha.

www.itochu.co.jp/en/ir/



Referenced guidelines

Sustainability Reporting Guidelines (G4) issued by Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2012 version) issued by the Ministry of the Environment of Japan
ISO 26000 (Guidance on social responsibility)



A side-by-side comparison of GRI guidelines and the UN Global Compact can be found at:<http://www.itochu.co.jp/en/csr/report/gri/>

* This report conforms with the GRI Sustainability Reporting Guidelines.

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2015, and ended on March 31, 2016 (FY2016).

However, some of the most recent information on our activities and initiatives are also included.

Publication information

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Reporting boundary

This report covers ITOCHU Corporation (9 domestic offices and 112 overseas offices) and its major group companies.

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President's Commitment



A handwritten signature in black ink, reading "M. Okafuji".

Masahiro Okafuji

President and
Chief Executive Officer

The Path to Continuous Growth

Our Neverending Mission

Since our founding by Chubei Itoh, ITOCHU Corporation has conducted business grounded Sampo Yoshi⁽¹⁾, the spirit of the Ohmi merchant⁽²⁾. Our mission is not simply to earn profits, but respond to the needs of an ever-changing society and provide enrichment that transcends commerce. Embracing “Committed to the Global Good” as part of our corporate philosophy, we seek to grow together with society. In 2014, we adopted the corporate message, “I am One with Infinite Missions” . This phrase embodies our commitment to this corporate philosophy and our commitment to society. To demonstrate our intent to honor this approach to the international society, since 2009 we have participated in the UN Global Compact and proactively promote CSR throughout our business activities.

Engaging All Employees to Lead a New Era for the Sogo Shosha

Amid global market changes that have seen the leveling of once skyrocketing resource prices, general trading companies are on the cusp of a new age. In FY2016, ITOCHU Corporation took decisive action related to loss treatments and asset replacement, which enabled us to begin FY2017 in a more balanced position. While we have continued to achieve growth primarily in non-resource domains where we perform well, this fiscal year we also will expand profits by working together with powerful strategic partners in Chinese and Asian markets as we seek to lead this age of a trading industry represented by two powerful competitors.

This year marks the second year of Brand-new Deal 2017, our Medium-Term Management Plan. Seeking to further increase the individual capabilities of each employee, we are embracing the slogan “Engaging All Employees to Lead a New Era” . ITOCHU Corporation boasts the industry’ s highest profits despite having around 4,300 employees, the smallest number of employees among the top five trading companies (nonconsolidated). To achieve further growth, it will prove vital that each of our employees increase their individual capabilities and furthermore maximize the potential of their capabilities. We will ensure the development of a workplace environment that provides numerous opportunities for growth through both work and social activities. We will optimize workflow and use those time savings to strengthen relationships with customers, develop new proposals, and enhance both corporate research and the private lives of our employees. To ensure that all employees are able to work in a state of good physical and mental health, we drafted the “ITOCHU Health Charter” and outlined improving employee health as one of our management strategies. Through these strategies and policies, each employee will be able to put forth continuous effort and demonstrate their potential, which will in turn help us achieve growth.

Achieving Sustainable Growth

With corporate growth, comes the expansion and diversification of business domains and greater influence on society. This in turn increases risks related to disruption of the supply chain environment and human rights infringement. As such, it is extremely important that we create a clear framework for avoiding such risks. In addition to risk management, ITOCHU Corporation also bears the important responsibility of resolving social issues through our business activities. With this in mind, we define and implement initiatives related to CSR material issues. Last year, the United Nations adopted Sustainable Development Goals (SDGs), which identify goals necessary for the creation of a sustainable society. ITOCHU Corporation will contribute to the achievement of these goals through our existing water and renewable energy projects.

Although ITOCHU Corporation has existed for over 150 years, we understand that corporate arrogance can lead to our demise. In addition to resolute initiatives related to legal compliance and the prevention of corruption, we will apply strong ethics towards further reinforcing our corporate compliance. To further promote corporate governance, the foundation for sustainable growth, beginning from FY2017 we appointed the chairperson of our advisory committee to serve as an outside director and ensure that more than half of members are outside officers. Furthermore, we welcomed Atsuko Muraki, former Vice Minister of Health, Labour and Welfare, as an outside director as part of our commitment to creating an environment represented by a diverse range of personnel. To further develop the trust we have cultivated among our stakeholders, we will continue to increase our value as a member of society and continue to work towards growth and expansion.

(1) Sampo Yoshi literally means “all good in three directions” with the three directions in this philosophy referring to the trinity comprising the seller, the buyer, and the society.

(2) The region Ohmi is represented by modern-day Shiga Prefecture. As early as the 12th century, merchants of Ohmi traded in all kinds of goods and were at the key figures in trade and commerce up to the early 20th century.

CSR for ITOCHU Corporation

ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields, and as such, ITOCHU is well aware of how significant its impact on society is.

We believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. We also believe that our mission is to fulfill our Corporate Social Responsibility as a global enterprise, always working from the viewpoint of whether we are contributing to the countries of the world and to society.

ITOCHU Group Corporate Message

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of sampo yoshi (good for the buyer, seller and society), a management philosophy embraced by Ohmi merchants that is the source of its CSR thinking today.

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy.

The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To embed the ITOCHU Values, ITOCHU has formulated "5 self-tests" that employees can refer to in order to determine that the five values are present in their actions.

In June 2014, we formulated our corporate message, "I am One with Infinite Missions," which clarifies our corporate philosophy of "Committed to the Global Good" and is a promise to society that we will fulfill our responsibilities.

The Corporate Message incorporates our promise to society, that we will continue to provide the abundance that results from business activities, and it also incorporates diverse aspects "typical to ITOCHU," such as the rich personalities of our employees, our free spirited corporate culture, and "individual capabilities." In this way, the Corporate Message expresses the values that must be shared by all employees as we take on further challenges.

ITOCHU Mission Committed to the Global Good



The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.

I am One with Infinite Missions

Mistake me not for just any ordinary person. I am one with countless missions. My workplace is the entire world. I engage in business across borders, touching people's lives and creating new lifestyles. Through my business, I bring about a brighter tomorrow for all around me. I dedicate myself to our common future, mindful of my responsibility to promote the prosperity of all earthly beings. In the end, I believe this leads to my own betterment. I am Itochu, with infinite missions around the world.

Sampo Yoshi and ITOCHU CSR

Basic Perspective on CSR at ITOCHU

ITOCHU Corporation strongly believes that corporations are members of the society, and that they cannot remain sustainable unless they coexist and meet the expectations of the society through its business activities as good corporate citizens. We also believe that corporate social responsibility (CSR) is to think about how corporations can play a role, in order to achieve sustainable society through business activities. This concept ties into our management philosophy of *sampo yoshi*, which was the foundation of our founder, Chubei Itoh, to build his business. We believe that our mission is to understand diverse values as a global enterprise, meet the expectations of the society, and continue to be a corporation that is needed by the society.



"Itoh Itomise"
thread and yarn
store at the time
of its opening in
1893

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 CSR, 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 CSR.



A daifukucho
ledger from the
time of ITOCHU's
founding

* 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.

150 Years of History and CSR

In 2008, ITOCHU Corporation marked its 150th 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 150 years, which is the root of CSR philosophy today. 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.

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 150 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.



The headquarters with modern amenities built in 1915

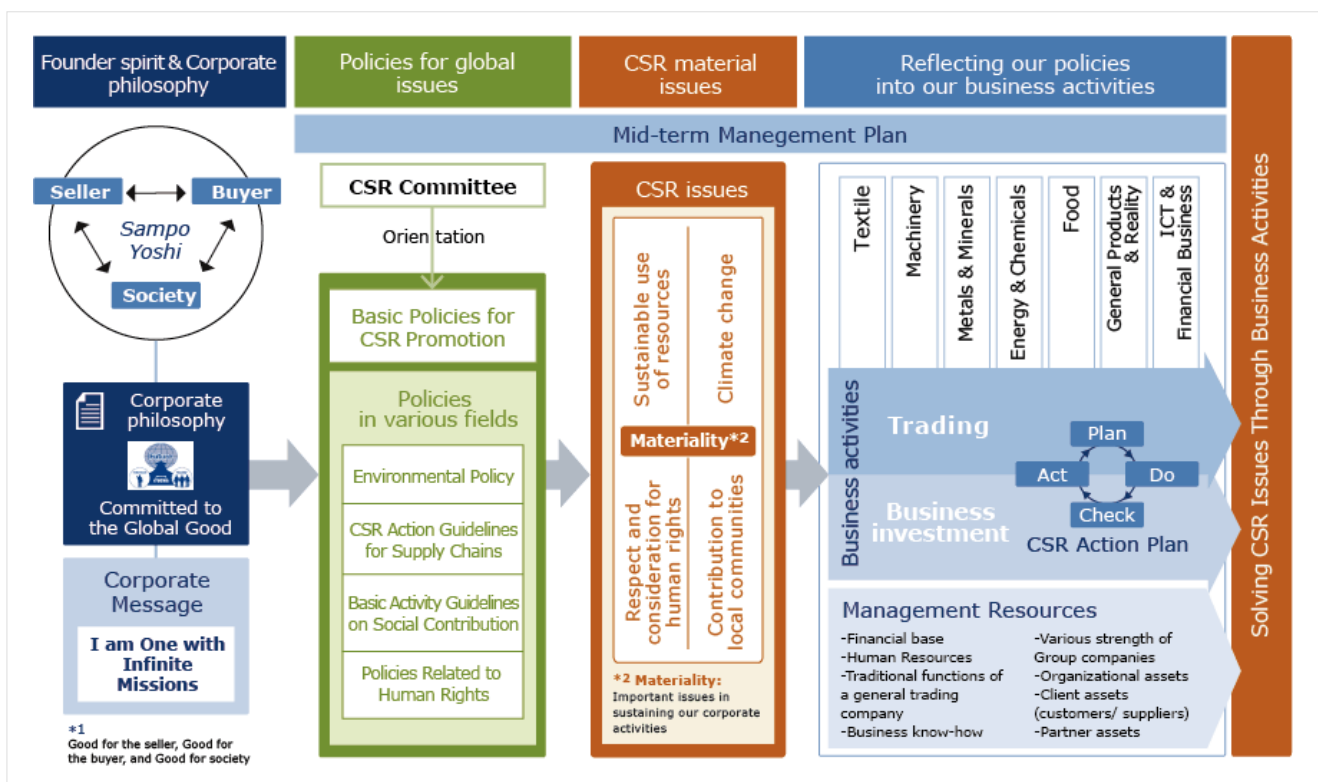
Basic Policy on CSR and Promotion System

CSR Promotion at ITOCHU Corporation

For nearly 160 years, since its founding in 1858, ITOCHU Corporation has followed the spirit of Sampo Yoshi (Good for the seller, Good for the buyer, Good for society), which was the management philosophy of merchants in the province of Ohmi. We believe that fulfilling our social responsibility, in accordance with the ITOCHU Mission "Committed to the Global Good," through our business activities is important.

The Corporate Message is an expression that defines the corporate philosophy of "Committed to the Global Good."

We have defined our Basic Policies for CSR Promotion, which is the orientation of our CSR activities, based on the corporate philosophy and the external environment changes. Under these policies, we promote CSR in an organized and systematic manner. Each organizational unit develops CSR action plans, according to material issues, which we set as the priority CSR issues to be solved through our business activities. These action plans are business activities of trading and business investment, which were planned along with the Mid-term Management Plan.



CSR promotion flow

CSR Promotion System

CSR Promotion & Global Environment Department, Corporate Communications Division takes initiatives to plan and propose companywide CSR policies to the CSO, the Chief Officer of CSR. Individual organizational unit in Japan and other countries promote CSR in accordance with the CSR Policies. The establishment of policies and key issues regarding CSR are discussed and determined by the CSR Committee, which is one of the key internal committees. Major CSR activities are reported to the Board of Directors on a regular basis. We also hold dialogues with internal and external stakeholders every year, to understand what is expected and requested by the society, and reflect them to our CSR activities.



CSR promotion system

CSR Committee meetings held in FY2016

Members	Chairperson: CAO, General Manager of Human Resources & General Affairs Division Members: General Manager of Corporate Communications Division, Corporate Auditors, General Manager of Planning & Coordinating Department of each Division Company
Main Resolutions	Environment management review, materiality review

Basic Policies for CSR Promotion



ITOCHU Corporation reviews the basic policies for CSR promotion with the formulation of the new management plan.

“Basic policies for CSR promotion” during the period of “Brand-new Deal 2017”, which covers fiscal 2016 to fiscal 2018, are as follows.

1. Strengthening communications with stakeholders and the disclosure of CSR information

ITOCHU will work to understand the needs of stakeholders through more intensive communications with them, and will take advantage of and reflect those needs in its businesses and operations. We will also aim to deepen our understanding of stakeholders by disclosing more information.

2. Promoting businesses that help solve material issues

A sustainable society is essential for ensuring the continuity of businesses. In order to ensure the continuation of one's businesses, a company must do what it can for society through its businesses to help solve social issues such as climate change and human rights abuses. ITOCHU selects material issues that are linked to the sustainable growth of both the company and society, and aims to help resolve those issues through its businesses.

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

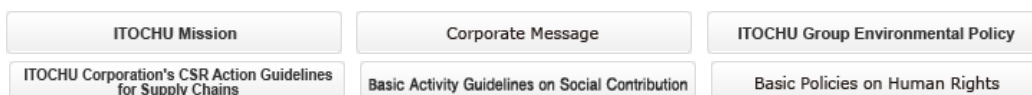
ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each front-line, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into the long-term business strategy. Simultaneously, it is also important to prevent problems from arising in areas such as human rights, labor and the environment in individual supply chain. Both actions are directly linked to sustainability of our business. We conduct sustainable value chain by asking suppliers and companies which we invest to understand and practice ITOCHU's thought.

4. Promoting education and edification on CSR and environmental conservation

The expression of CSR rests in the hands of each individual employee. This is why it is critical that all employees correctly understand the kind of CSR that the ITOCHU Group should engage in. In a bid to have a CSR mindset take root among all employees, ITOCHU conducts education on CSR and environmental conservation through a wide range of training and other programs, and all organizations conduct lively discussions about CSR action plans.

5. Involving in and contributing to development of local and global communities

ITOCHU is a member of the local communities where it has a business base. At the same time, it is a member of the global community. Accordingly, ITOCHU aims to actively participate in society as a member of the local community and the global community and contribute to development at both levels. ITOCHU aims to grasp the social issues local to the areas where we operate, and contribute to the medium- to long-term development of the region through its business as well as social contribution activities.

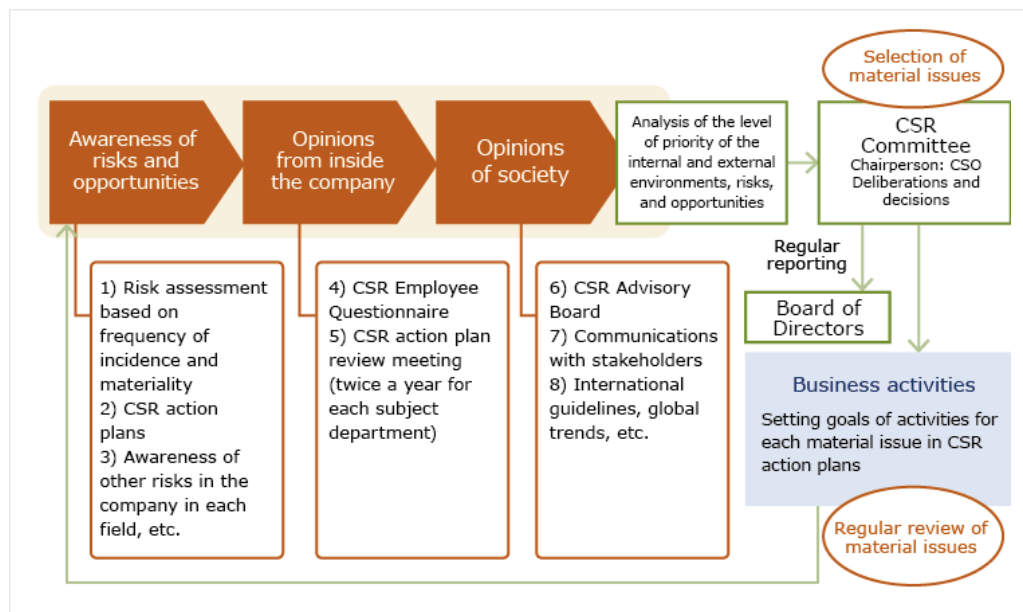


CSR Promotion through the CSR Action Plans

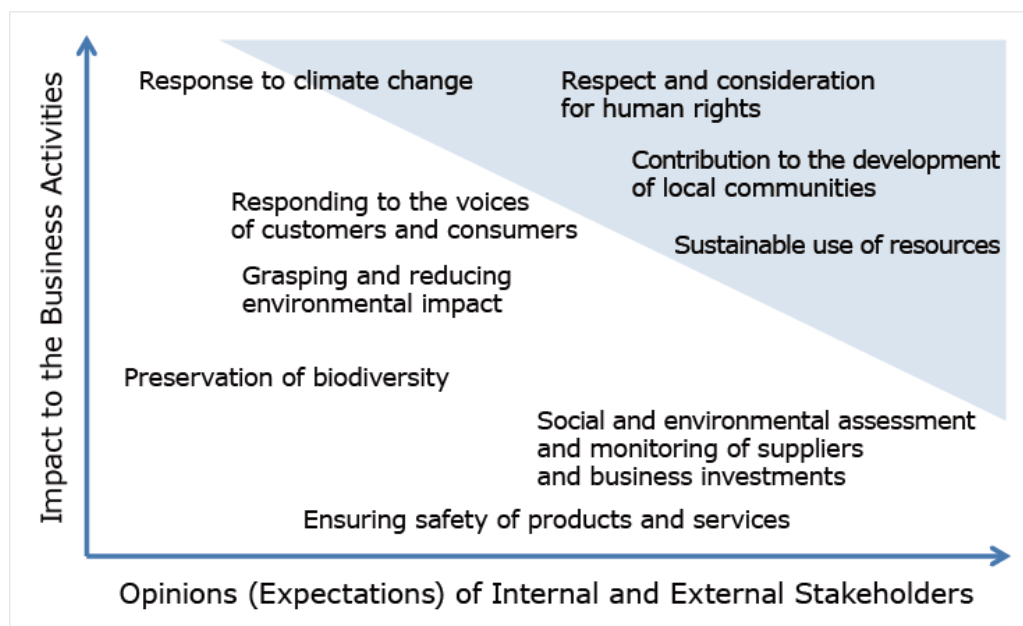
ITOCHU Corporation develops business in a wide range of fields through its seven Division Companies. In order to ensure the promotion of CSR through business activities in tradings and business investments, each Division Company formulates CSR action plans, by setting key CSR tasks and objectives in its fields. We promote CSR in PDCA cycle system, and this cycle is monitored by CSR Promotion & Global Environment Department, by holding review meetings twice a year with each organization units.

In order to make the support of business activities even more solid, our headquarters administrative divisions, domestic branches and offices, overseas sites, etc. also develop CSR action plans, in line with the respective businesses and functions.

Selection and Review Process of the CSR Material Issues



Selection and Review Process of Material Issues



Materiality Matrix

In 2013, the CSR material issues were determined at the CSR Committee. It was determined by identifying risks and opportunities in each of the business fields, taking account of our business strategy, international trends, and opinions from inside and outside the company, and analyzing the level of priority of each one. Specific measures for resolving those material issues are transformed into the CSR action plans of each organizational unit. They are examined, and reviewed by the CSR Committee on a regular basis, and continuously supplemented. In addition, the contents of CSR Committee meetings are reported to the Board of Directors by the CSO. In such way, we align the material issues with management policies with long term perspective, and work to resolve them through our business activities.

1. Climate change

Climate change is an issue capable of affecting all sorts of business activities. We are going to assist the resolution of this issue through measures in each of two aspects: adaptation to risks such as natural disasters induced by climate change, and mitigation of impact by solutions-oriented business in areas such as reduction of greenhouse gas emissions from, and use of renewable energy in, our business activities.

2. Sustainable use of resources

The wide-ranging business activities of ITOCHU Corporation depend on diverse resources from the natural world and their circulation. Amid increasing apprehensions about resource depletion, we have positioned resource conservation as a major task to be approached from both the risk and opportunity aspects in all phases, from development to utilization, with consideration for sustainability.

3. Respect and consideration for human rights

As our business physically broadens and becomes more complex, the influence of our business activities is widening in scope. With an awareness of this situation, we consider it vital to view our business activities as a value chain, ascertain who can possibly be impacted, and thereby make full provisions for respect and consideration for the human rights of the people involved.

4. Contribution to local communities

While developing business in various regions around the world, we take actions on issues and needs faced by host societies in both our business activities and social contribution initiatives. By so doing, we hope to assist the advancement of those societies and cultivate the development of new markets that will lead to growth for us.

In accordance with our operating strategy and with international guidelines, such as the Global Reporting Initiative 4.0 and the IIRC Framework, we will continue working to verify and enhance our initiatives to resolve these important issues, and, from a long-term perspective, we will strive to advance CSR through our business activities.

* For further information about the specific initiatives, please see the CSR and Our Business (P38~63) and the Highlight (P25~37).

Awareness of Risks and Opportunities

ITOCHU Corporation operates businesses in a wide range of fields. Accordingly, we regularly review the industry-specific risks faced in each business field from the viewpoints of both internal factors and the external environment. Specifically, we identify the CSR risks in each business field and assess them by analyzing the frequency of incidence and materiality. By taking these assessments into account, we formulate countermeasures that lead to the prevention of the incidence of the risks and the reduction of their impact. We translate them into CSR action plans and review them continuously.

Opinions from Inside and Outside the Company

ITOCHU Corporation puts emphasis on communications with various stakeholders, when selecting the material issues. Opinions and suggestions from outside the company that are received via our website are referred to by the relevant departments. In addition, we also hold dialogs with our stakeholders. For major initiatives, please see Stakeholder Relations (P14), Penetration of CSR at ITOCHU (P22~24), and CSR Advisory Board 2015 (P15).

In promoting CSR, we also refer to the following international guidelines, principles, etc.

United Nations Global Compact (ITOCHU participates in this)	ISO26000
United Nations Universal Declaration of Human Rights	GRI Guidelines
United Nations Guiding Principles on Business and Human Rights	IIRC (International Integrated Reporting Framework)
United Nations Sustainable Development Goals *	Charter of Corporate Behavior by KEIDANREN
United Nations Declaration on the Rights of Indigenous Peoples	Shosha's Corporate Code of Conduct and Supply Chain CSR Action Guidelines by the Japan Foreign Trade Council, Inc.
United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials	Carbon Disclosure Project (CDP)
	OECD Guidelines for Multinational Enterprises

*Sustainable Development Goals (SDGs): Sustainable Development Goals for 2030, which replaces Millennium Development Goals, terminated in 2015. It consists of 17 goals, which aims to solve poverty and hunger, energy, climate change, peaceful society, etc.

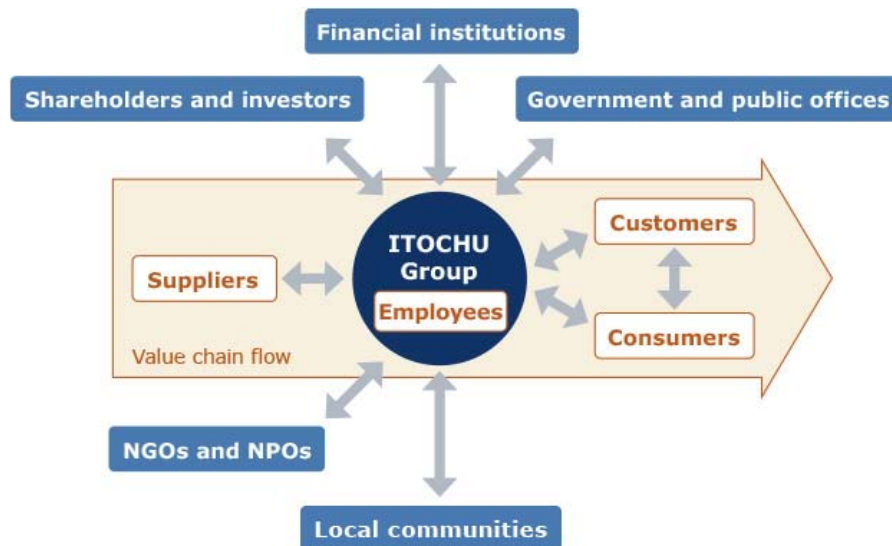


- Goal 1. End poverty in all its forms everywhere
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3. Ensure healthy lives and promote well-being for all at all ages
- Goal 4. Ensure inclusive and equitable quality education and promote lifelong 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

Stakeholder Relations

Stakeholders of the ITOCHU Group

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 CSR activities 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
Clients and business partners	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
Local communities	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

CSR Advisory Board 2015

ITOCHU Corporation's management and outside stakeholders held CSR Advisory Board meeting at the Tokyo Head Office on February 10th to discuss about CSR issues. The purpose of CSR Advisory Board is to hold a dialogue with external stakeholders about whether the direction of CSR approach matches the needs of society in the context of the diversification and expansion of the business activities.

Theme of this year's board discussion was "The Impact of Sustainable Development Goals (SDGs) on Business Activities." The United Nations has adopted the 17 Sustainable Development Goals (SDGs) to be achieved by 2030, in September 2015. The discussion centered on several SDGs goals, quality education, affordable and clean energy and decent work and economic growth.

Specialists from the financial sector, the United Nations, and an academic sector provided opinions on environmental investment and other companies' trends during the lively discussion. They also stated the importance of tying initiatives for the SDGs to corporate strategies, under the spirit of *sampo yoshi*, because contributing to the achievement of the SDGs through business shows that the Company will grow together with society, in the medium to long term. The opinions and input that the advisors provided will be reflected in future CSR promotion. We will continue to communicate our CSR activities to our stakeholders.

Date	February 10, 2016
Topic	The Impact of Sustainable Development Goals (SDGs) on Business Activities
Panelists	<ul style="list-style-type: none"> ▪ CSR Advisory Board members <ul style="list-style-type: none"> ▪ Mr. Tetsuo Kondo, United Nations Development Program Representation Office in Tokyo ▪ Dr. Katsuhiko Harada, Professor, Meiji Gakuin University ▪ Ms. Mariko Kawaguchi, Senior Researcher, Daiwa Institute of Research Holdings Ltd. ▪ ITOCHU members <ul style="list-style-type: none"> ▪ Fumihiko Kobayashi, Executive Advisory Officer, Senior Managing Executive Officer, CAO ▪ Hiroyuki Kaizuka, Executive Officer, General Manager, Corporate Planning & Administration Division ▪ Shoji Miura, General Manager, Planning & Administration Department, Textile Company ▪ Kenji Seto, General Manager, Planning & Administration Department, Metals & Mineral Company ▪ Tanaka Masaya, General Manager, Planning & Administration Department, Energy & Chemical Company ▪ Hiroya Ono, Manager, CSR Promotion & Global Environment Department (moderator)



Representative views of participants

The greatest change that resulted from replacing MDGs with SDGs is the shift from the theme of overcoming issues, such as poverty in developing countries to the greater theme of solving global economic, environmental, and social issues, both in developing countries and in other nations around the world. It is important to take initiatives that create a profit structure for expanding job opportunities. I request that ITOCHU continue working to expand business operations based on the idea that SDGs are a form of business activity, an example of which is the Pre Organic Cotton (POC) Program.



**Mr. Tetsuo
Kondo**

The SDGs, which aim to solve worldwide problems, possess many business seeds that help to improve corporate value. Expanding opportunities by viewing business from diverse perspectives based on SDGs will enable the company to survive in a highly competitive age. While the idea of zero-carbon world is generating interest, moving forward I believe ITOCHU will continue to actively promote businesses such as the solar power generation business, geothermal power generation business, wind power generation business, rechargeable battery business, and operate new businesses in Africa.



**Dr. Katsuhiro
Harada**

ESG investment (investment that takes into consideration the environment, society, and governance) is poised to become the mainstream thinking internationally. For example, ESG constitutes 60% of all the invested assets in Europe. Interest in ESG has been growing rapidly among Japanese investors as well. It will be beneficial for a company to continue to take action to address social issues, such as POC and the use of renewable energy for tackling climate change, and explain this action to investors by associating its long-term strategies with SDGs.



**Ms. Mariko
Kawaguchi**

Respect for Human Rights

Policies Related to Human Rights

The ITOCHU Mission “Committed to the Global Good” stands at the heart of the ITOCHU Group's corporate philosophy. The “Global good” refers not only to improved living standards, but also a general sense of well-being. ITOCHU, as a company with diverse operations worldwide, respect human rights and individuality, and is committed to the global good of society and individuals alike.

Accompanying this corporate philosophy, the ITOCHU Values consist of five values important for fulfilling the ITOCHU Mission “Committed to the Global Good.” One of those values is “Diversity,” under which the Group holds the human rights and individuality of every person as important.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009 which is derived from this Declaration and other international standards.

We apply the concepts of the United Nations Guiding Principles on Business and Human Rights, which were adopted in June 2011, to our risk management and other activities. We also take steps to raise awareness of these principles among our employees.

Guided by this approach, we clearly prohibit the violation of human rights (prohibit discrimination on the basis of race, gender, religion, creed, nationality, physical condition, illness, age or other unreasonable causes) and sexual harassment in our employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

We value the rights and individuality of each person. We show respect and are attentive to others regardless of gender, race, religion, or position. We don't discuss matters that cause discomfort; we don't discriminate or harass; we respect basic labor rights and eliminate forced labor and child labor.

Excerpt from the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Business should make sure that they are not complicit in human rights abuses.

- See P21 for the full text of the United Nations Global Compact.

Respect for Human Rights in Business Activities

ITOCHU Corporation engages in business activities all over the world and conducts its business while respecting people's human rights in each of the regions in which it operates.

▪ Respecting the Rights of Indigenous People

As part of its commitment to respecting human rights, when conducting business activities in regions that are home to indigenous populations, ITOCHU will recognize the unique cultures and histories of such peoples and endeavor to respect and consider their human rights in accordance with the laws of the country or region concerned as well as international agreements such as the United Nations Declaration on the Rights of Indigenous Peoples and Convention No. 169 of the International Labour Organization (ILO). Further, when considering investing in new business projects, ITOCHU will enforce prior checks on how such projects might impact the rights of indigenous people.

▪ Approach to Engaging the Services of Security Firms

In December 1979, the United Nations adopted the Code of Conduct for Law Enforcement Officials to compel member states to thoroughly enforce and promote appropriate roles for law enforcement officials such as police officers and the military, and to facilitate the respect and safeguarding of people's dignity in the execution of said officials' duties. For its part, ITOCHU Corporation supports the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials in which the United Nations established basic principles governing the use of firearms by law enforcement officials based on the above Code of Conduct, and will engage in the selection of security firms in accordance with such principles.

Human Rights in Our Supply Chain and Business Investment

Consideration for human rights and labor practice in our supply chain and business investment is an important CSR issue for ITOCHU Corporation with business activities in various regions around the world. We regularly make checks to see that our suppliers and investment subjects are properly managing things in this respect. See P64 to read more about CSR in Our Supply Chain and Business Investment.

■ Considerations for foreigners

Along the supply chain, when conducting the acceptance of foreign workers, trainees, and interns, these people are more susceptible to illegal practices due to various factors including social and/or economic standing. From the perspective of respecting and protecting human rights, we shall comply with the labor laws of the relevant country and give due consideration to ensuring that no acts are conducted that violate the intended purpose of the acceptance system.

■ Approach to Conflict Minerals Issues

Some of the minerals produced in the Democratic Republic of the Congo and neighboring countries where conflicts are taking place can potentially provide sources of funding to armed groups which engage in inhumane acts, foment conflict or bring about human rights violations. The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the United States in July 2010, required that U.S. listed companies disclose information such as their use of "conflict minerals*" produced in the Democratic Republic of the Congo and neighboring countries in their products.

While ITOCHU Corporation is not bound by the reporting requirements of the United States' Securities Exchange Act, to fulfill its social responsibility in procurement activities, ITOCHU Corporation will coordinate with its business partners in keeping with the spirit of this legislation and promote initiatives to ensure that it does not help armed groups that engage in human rights violations.

* "Conflict Minerals" as defined by the law refer to tantalum, tin, gold, tungsten and other minerals specified by the U.S. Secretary of State.

■ Correspondence about modern slavery and human trafficking

The Company's Structure and Our Supply Chain Complexity

With approximately 120 locations in 63 countries, ITOCHU, a Japanese sogo shosha, is engaging in domestic trading, import/export, and overseas trading of products such as textiles, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, as well as business investment in Japan and overseas.

Our Policy on Modern Slavery and Human Trafficking

ITOCHU is committed to ensuring that no modern slavery or human trafficking exists in our supply chains or in any part of our business. We participate in the United Nations Global Compact and apply the concepts of the United Nations Guiding Principles on business and human rights. Our existing policies contain provisions aimed at ensuring that there is no slavery or human trafficking in any part of our global business or supply chain.

Our relevant policies include:

- ITOCHU group's Corporate Philosophy and Code of Conduct (P5)
- Policies Related to Human Rights (P17)
- Respect for Human Rights in Business Activities (P17)
- Human Rights in Our Supply Chain and Business Investment (P18)
- The United Nations Global Compact (P21)
- ITOCHU's CSR Action Guidelines for Supply Chains (P64)
- Internal Information Reporting System(Hotlines) (P147)

Due diligence processes for modern slavery and human trafficking

ITOCHU provides notice of ITOCHU's CSR Action Guidelines for Supply Chains to all new suppliers before engaging in any transactions. When discovering a case that does not comply with these guidelines, we will request the relevant supplier to take remedial action. If progress has not been achieved after requests for remedial action, we will reexamine its business dealings with such commercial counterparty.

We also conduct due diligence in respect of significant suppliers and new business investments, including research on the seven core fields of ISO26000 (including modern slavery and human trafficking). We do additional due diligence through external specialized institutions in the case of new business investments requiring an expert perspective.

- Supply Chain Management (P64~68)
- Business Investment Management (P69)

Risk Assessment

ITOCHU implements on-site assessments; engages external experts; and conducts fact-finding investigations of its group companies, as needed, to ascertain whether there are any human rights issues such as, modern slavery or human trafficking. We also have established individual procurement policies and measures for products with potentially large impacts on society and/or the global environment, to minimize risk within supply chains.

- Supply Chain Management (P64~68)
- Product-by-Product Approaches to CSR Procurement (P70~71)
- Precautionary Approach to Environmental Risks (P77)

Training

ITOCHU works to spread understanding of the relationship between business activities and human rights through in-house training programs for organizational heads, individuals assigned overseas, and others.

In addition, a handbook on communications with suppliers was created to inform employees how to communicate with their suppliers regarding CSR issues. Along with this handbook, we have set up a check system that enables sales representatives and local ITOCHU employees to undertake more specific checks of the actual status of how key suppliers manage human rights and labor practices, and we help these employees and representatives provide such suppliers with advice on improvement.

▪ Dialogue on business and human rights

The CSR Advisory Board for FY2015 was held under the theme of "Business and human rights : Relationships with local communities."

Raising Awareness Internally of Respect for Human Rights

▪ Raising awareness through internal training programs

We work to extensively embed understanding of the relationship between business activities and human rights through in-house training programs. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family, for example, the basic information for human rights, respect for different nationalities, ages and genders (including LGBT). In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. Also, training conducted prior to overseas assignments includes the topic of consideration for human rights in the supply chain. In this way, we are working to raise awareness in each region. In FY2016, 457 people participated in human rights training.

Number of employees who participated in human rights training programs

	Number of employees who participated
Training for New Recruits	131 people
Training for newly-appointed managers	51 people
Training prior to overseas assignments	275 people

■ Employee Enlightenment about “Business and Human Rights”

As a general trading company that operates around the world and plays an important role in supply chains, we are implementing educational activities about “business and human rights” in each region. The objective of these activities is to keep up with the latest developments relating to business and human rights, and to incorporate this knowledge into our business.

In FY2016, we implemented a program of e-learning on the subject of “business and human rights” for all ITOCHU employees worldwide in order to provide them with CSR-related knowledge they should have at least. The program took up the United Nations Guiding Principles on Business and Human Rights as well as cases involving the corporate responsibility to respect human rights. The program was directed to a total of 6,669 non-consolidated and overseas bloc employees, and was completed by 6,669, 100 percent, of them.

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

ITOCHU has set up an employee consultation desk to allow employees to discuss problems they may be individually confronting. A “HR Help Guide Book” has also been posted to the ITOCHU intranet, and efforts to broadly raise employee awareness of the consultation desk are made as part of a structure that allows employees to consult on issues of concern. An external Hotline System staffed by independent counselors has also been established.

■ Career Counseling Center

ITOCHU was one of the first Japanese companies to establish its own Career Counseling Center, where employees can consult regarding not only their individual careers, but on workplace culture, interaction with colleagues, remuneration, harassment, and other issues. Consultations can take place via phone, fax, email, post, or other means, and are dealt with by expert office staff.



The “HR Help Guide Book” posted on the intranet

■ Raising Awareness Through Various Publications

In an effort to avoid violations of human rights in the workplace, ITOCHU strives to raise awareness of human rights through a variety of publications distributed to all employees.

- ITOCHU's basic stance regarding respect for human rights is conveyed in a booklet explaining the ITOCHU Group's corporate philosophy and code of conduct to all employees.
- The Compliance Handbook has pages on respect for human rights, as well as power and sexual harassment, giving concrete examples of such conduct in an effort to avoid any violations of human rights in the workplace.
- A pocket-sized card on proper workplace etiquette details rules on the strict prohibition of any forms of harassment.

■ Fair and Honest Recruitment

At ITOCHU, recruitment decisions are based solely on an individual's abilities and merits, for fair and honest recruitment practices without regard for age, sex, or nationality. In FY2016, we provided human rights education through a guest lecturer from the Tokyo Metropolitan Human Rights Promotion Center. We reflect the contents of this lecture in our training of interviewers. A watchdog system for ensuring fair and honest recruitment is also in place, and employees are selected and notified to serve as watchdogs and to promote awareness of human rights.

The United Nations Global Compact

ITOCHU's Participation in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth of the international Community. In the compliance of the Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, ITOCHU is striving to fulfill its corporate mission of "Committed to the Global Good."



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.
Anticorruption	<ul style="list-style-type: none"> ▪ Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Contribution to Activities of the Global Compact Network Japan

ITOCHU Corporation actively engages in activities as a Board Member of the Global Compact Network Japan (GCNJ), the local network of United Nations Global Compact in Japan.

The GCNJ organizes the Working Groups by issues related CSR where member companies are able to learn from other companies' best practices and academic experts and to have discussions and exchange opinions regarding CSR initiatives.

In FY2016, ITOCHU took part in following Working Groups.

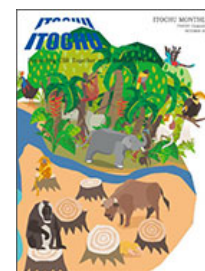
- the Committee of Human Rights Due Diligence
- the Committee of Human Rights Education
- the Committee of Environmental Management
- the Committee of Supply Chains
- the Committee of Disaster Risk Reduction
- the Committee of Stake Holder Engagement

Penetration of CSR at ITOCHU

CSR Confirmation Test and Employee Questionnaire

Each year, we conduct the on-line CSR Confirmation Test and Employee Questionnaire Survey with all ITOCHU employees around the world, in order to promote the in-house penetration of CSR awareness and study the awareness of employees.

More specifically, once a year, our in-house magazine ITOCHU Monthly, which is published in the three languages of Japanese, English, and Chinese, puts out a special CSR issue. This issue presents the minimum requisite CSR-related knowledge and information which every employee should know. The implementation of the confirmation test on-line helps to heighten understanding of CSR among all employees.



In FY2016, ITOCHU Monthly ran an article titled "CSR Promoted with Business Partners," which describes CSR trends in relation to the Olympic Games and risks of business investment. The Confirmation Test presented questions from examples introduced in the article. Non-consolidated employees were requested to take a confirmation test on Waste Management and Public Cleansing Act. Among 6,669 non-consolidated and overseas bloc employees who were covered by the survey and test, a total of 6,669, or 100 percent, answered.

The Employee Questionnaire Survey on CSR, which surveys awareness on the topic, asks employees what CSR issues they think ITOCHU ought to tackle each year. For FY2016, we see that the top-ranking CSR issue is "Contribution to the development of local communities." again. "Respect and consideration for human rights" was ranked 1st in overseas blocs and 2nd overall, showing that they have higher awareness of human rights than in the previous year.

■ Response rate of the CSR employee questionnaire and confirmation test 2015

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	4,853	1,816	6,669
Number of respondents	4,853	1,816	6,669
Response rate	100.0%	100.0%	100.0%

<Questionnaire Results Excerpt> Top 3 CSR Issues ITOCHU Corporation should address

1	Contribution to the development of local communities	48.5%
2	Respect and consideration for human rights	46.2%
3	Ensuring the safety of products and services	45.2%

CSR Seminars

We regularly organize internal CSR seminars to incorporate the views and opinions on various CSR issues from outside experts. Since FY2014, we have been holding the seminars under the title of the “CSR and Global Environment Seminar” on themes selected for their importance in the pursuit of business activities by ITOCHU employees. In addition, beginning in FY2015, we hold “CSR Seminars for Specific Fields” by inviting specialists in each field to provide our employees with a thorough overview of the CSR risks of each field and region. Through these seminars, we will conduct educational activities that provide a detailed look at the industry trends we face.

■ CSR and Global Environment Seminar

On February 8, a CSR and Global Environment Seminar on “Global Initiatives and Innovations to Implement Bold Global Warming Countermeasures” was held with 248 ITOCHU Group employees in attendance. A representative of the International Environment and Economy Institute spoke about various countries’ positions and the meaning of numerical targets in international global warming negotiations, based on her experience working on Japan’s environmental policies. Meanwhile, Toyota Motor Corporation presented the Toyota Environmental Challenge 2050 as an example of a major initiative undertaken by a leading environmentally friendly company. The panel discussion closed with a discussion of the ever-increasing importance of global warming countermeasures, as highlighted by one of the 17 Sustainable Development Goals adopted by the UN General Assembly last September: “Take urgent action to combat climate change and its impacts.” Seminar participants proactively shared their viewpoints on the future businesses of ITOCHU Group companies. Their feedback included the view that integrating environmental targets into management will lead to the development of new businesses.



Ms. Takeuchi of the International Environment and Economy Institute



Ms. Yamato of Toyota Motor (second from the right)

FY 2016	Global Initiatives and Innovations to Implement Bold Global Warming Countermeasures
FY 2015	Business Activities from the Standpoint of Solving Global Issues
FY 2014	Climate Change: Risk and Business Opportunities

■ Internal CSR Seminars in the past

8th seminar	Held on Social Business with a Focus on the Front Lines
7th seminar	Human Rights and Global Business for a General Trading Company
6th seminar	Procedures for assessing environmental and social risk in project finance
5th seminar	Biodiversity and corporate initiatives
4th seminar	Loss and recycling in food distribution
3rd seminar	The social impacts and roles of information technology in Japanese society
2nd seminar	Global warming and the business of general trading companies
1st seminar	Human rights / labor issues

■ CSR Seminars for Specific Fields for FY2016

Field/Region	Theme
Each division company	Explanatory Session on CSR Survey of Supply Chains
PT ITOCHU INDONESIA	CSR for ITOCHU Corporation
ITOCHU Corporation, Yangon Branch	Human Rights Issues in ASEAN Countries



Seminar at ITOCHU Corporation, Yangon Branch



Seminar at PT ITOCHU INDONESIA

■ A workshop on SDGs titled “Social Issues Seen through Familiar Things” held for Group companies

ITOCHU Corporation began holding the Group Liaison Conference on Corporate Communications in 2006. The purpose of this conference is to improve the practical skills of people from Group companies who are in charge of corporate communications and CSR. Aimed at promoting effective corporate communications and CSR activities throughout the ITOCHU Group, the conference is held under one of three themes in rotation: responding to the press, planning and production, and CSR and social contribution activities.

At the 20th conference, which was held in the second half of fiscal 2016, a workshop for learning about the Sustainable Development Goals (SDGs), which were set by the United Nations in 2015, was held by inviting external lecturers, from the Development Education Association and Resource Center (DEAR). A total of 88 people from 51 companies participated in the workshop. Titled “Social Issues Seen through Familiar Things,” the workshop included group work and role-playing themed on palm oil, conducted by using photographs and quizzes. The group work raised the participants’ awareness of human rights issues (rights of indigenous peoples), labor issues (including forced labor, child labor, and labor management), and environmental issues (including deforestation), all of which are important social issues. At the same time, the workshop gave participants the opportunity to discuss the issues and think about what they might be able to do.





Highlight in the Field of
Respect and Consideration for Human Rights



Highlight in the Field of
Contribution to Local Communities

From ginger-fried pork and pork cutlets to “shabu-shabu”, pork meat is a staple of the Japanese diet. However, in reality, Japan’s rate of self-sufficiency for pork meat is approximately 50% (2014 MAFF data), and Japan’s overall food self-sufficiency rate is declining annually. Below we introduce our pork meat business, which is achieving the stable delivery of safe, healthy, and high-quality pork meat to Japan to support the food culture of the Japanese people.

In December 2012, ITOCHU Corporation acquired 33.4% share (worth approx. 5 billion yen) in HyLife Group Holdings (below, HyLife) and currently up to 49.9% by further acquisition. HyLife is one of Canada’s largest hog producers and pork meat processors with full-service operations based mainly in the Manitoba Province.

Manitoba Province, the location of HyLife’s main offices, is positioned in central Canada and its land is considered optimal for agriculture. With relatively cooler summer climate, the region is well-known for the production of high-quality barley and wheat. Boasting the world’s No. 1 water resources per capita, Canada’s balanced water sources are used to raise healthy hog. The land is blessed with conditions that are highly favorable to hog breeding. With Canada’s pork meat self-sufficiency rate exceeding 250%, HyLife is an invaluable long-term partner in our efforts to resolve Japan’s pork meat shortage.



Manitoba Province

Introduction of HyLife

Hytek Corporation, the predecessor of HyLife, was founded in 1994. The company’s history began after a chance encounter between the three Vielfaure brothers and Don Janzen at a gas station, and they agreed to start a pork production business that took advantage of their respective strengths.



Originally, HyLife primarily conducted exporting wean pigs to the U.S.A., but imports from Canada became difficult following revisions to US laws (Country of Origin Law), so the company’s management was forced to change operations. Realizing that by adding slaughter operations to their current production and breeding operations they could establish an unparalleled management system to distinguish themselves and increase both their competitiveness and quality, the company decided to open a pork meat processing plant. In 2008, they completed their current vertically integrated one-stop production system. This increased the company’s competitiveness, helped ensure a high level of safety, and the stable provision of high-quality pork.

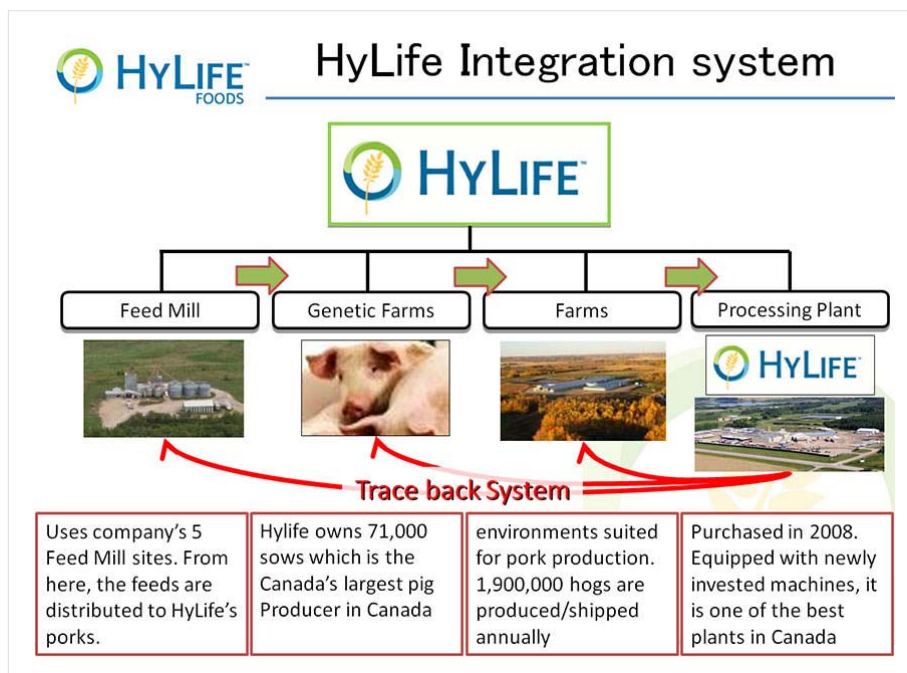


HyLife

Today, the company has 1,800 employees, and annually raises 1.9 million hogs and slaughters 1.6 million hogs, representing one of Canada’s largest pork breeders.

■ The Safe, High-Quality Pork Production Process and Customer Care Achieved by HyLife

HyLife operates a vertically integrated production system comprised of hog breeding, the production of compound feed, and pork meat production. This production system enables the internal management and coordination of the company’s supply chain. HyLife also achieves the stable supply of safe, high-quality product with full traceability. Highly praised on the Japanese market, today HyLife has grown to be Canada’s No. 1 exporter of fresh chilled pork products to Japan.



HyLife Integration system

Process for supplying safe, high-quality pork meat

As part of food safety, HyLife's farm is subjected to annual animal care audits by the Canadian federal government and has earned CQA (Canada Quality Assurance) certification.



- Feed

Made primarily using high-quality barley, wheat, corn, and canola raised in Manitoba, at HyLife, we produce our own compound feed. This enables traceability to determine which feed was eaten by which hogs at what farm. For Japan in particular, compound feed made based on a special feed program is produced under the supervision of an internal nutritionist to ensure the production of high-quality pork meat.



Feed mixing facility



Quality Inspection

- Hog breeding and handling

To ensure animal welfare and maintain high meat quality, HyLife requires that all its truck drivers obtain licenses through the internationally certified TQA (Transport Quality Assurance) program. Through this program, drivers learn how the live pig transport process impacts meat quality and the importance of animal handling grounded in animal protection. Additionally, HyLife farms implement ACA (animal care assessments), through which company veterinarians and expert supervisors conduct on-site inspections of each farm. Placing particular importance on biosecurity, to help avoid the spread of infectious bacteria to hogs, we enforce rules outlining that visitors from overseas may not enter a hog barn for a two-week period following their arrival in Canada. This same rule is also applied to company employees returning from overseas business trips.



Hog breeding

■ Slaughterhouse and processing plant

The HyLife processing plant is managed in accordance with the HACCP Method, the internationally-recognized health and safety management method. Quality management supervisors who have received special training conduct a scientific analysis of the production process to prevent the occurrence or shipment of nonconforming products. Furthermore, quality management supervisors confirm all products at each stage of the process, such as cutting and packing. After packing, quality management supervisors also conduct inspections of packed products by using metal detectors and X-ray machines.

■ Research & Development

Typically in North America, farms and processing plants are separate entities, thus it is uncommon for customer quality feedback to reach the farm. By comparison, HyLife uses its unique characteristic of having a vertical integrated production system to create farms that are specialized in research and development, and has established a regular feedback system for farms and plants. Through this system, HyLife has developed a program that effectively analyzes and researches pork meat quality characteristics to enable continuous quality improvements. Dedicated employees conduct the following inspections and research throughout daily production to ensure food safety and supply that achieves stable quality and that conforms to safety standards.

[Examples of Research and Development]

- Full lot inspections and selection of chilled products for shipment to Japan
- General bacteria testing
- Preservation testing for establishing Use-by Dates
- Cold chain monitoring
- Lean meat ratio testing
- Meat status monitoring, quality inspections
- Chemical residue testing



Analyzing the quality of pork meat

Providing products to meet customer needs

Through the effective use of our vertical integrated production system, the strength of HyLife, we ascertain customer needs and customize products to meet the individual needs of customers. At HyLife, we call this the Specialty Program for Japan (Japan Diet (JD) Program). In addition to this JD program, HyLife produces Herb Sangenton* as a specialty brand for ITOCHU Corporation and Prima Meat Packers.

[Example of Japan Program]

- Program contract defines production requirements for Japan
- Feed mixing by internal nutritionists (developed and implemented special feed based on our low iodine value product (IVP) program, which has a positive impact on fat hardness and meat quality, fed herbs for 60 days)
- Provide approved breeds (maternal line – large white × landrace; paternal line – Duroc)

* Herb Sangenton, offered by ITOCHU Corporation as a specialty brand for major ham and sausage producer Prima Meat Packers. Sangenton are fed an herb-based feed (made from oregano, thyme, cinnamon bark extracts) for 60 days. This supports to limit pork meat odor, and results in the production of pork meat with increased flavor and richness.



■ Partnerships with customers

The Specialty Program for Japan consists of Sangenton hogs, which are selected and bred under the guidance of HyLife’s nutritionists and veterinarians, that are fed feed made primarily of local wheat produced on land in the Manitoba Province. Resident expatriates of ITOCHU Corporation are involved in the daily management and supervision of these breeding and feeding processes.

The HyLife management team personally travels to Japan several times per year to visit customers, plants, and farmers in order to receive feedback. And through our partner companies, we gather information on a daily basis. During visits to Japan, we conduct comparative taste testing using domestic branded pork and imported pork from other countries as part of our efforts towards continuous quality improvements. This Specialty Program for Japan ensures our ability to provide the type of pork preferred by Japanese consumers.

In addition to the Herb Sangenton brand specifically produced for Prima Meat Packers, one of our largest customers in Japan, HyLife hogs are used in other products such as their “Fresh! Pre-cut Roast Ham” of Prima Meat Packers.



Support for sales promotion



Taste testing with domestic pork



Prima Meat Packers “Fresh! Pre-cut Roast Ham”

Environment and Community Activities

HyLife believes in the importance of the mutual prosperity of both the local community and our company. This is why we have positioned environment and community activities as the highest priority among our Core Values. We partake in numerous initiatives aimed at strengthening communication with local residents and being a part of the community. We also diligently implement activities related to minimizing the impact our business activities have on the environment.

■ Environment activities

< Water reuse >

HyLife built a water treatment facility on company grounds. We promote water reuse by turning the wastewater produced at our processing plants into clean water for use during truck washing and other tasks requiring the use of water. The construction of this facility has enabled us to reuse 50% of the wastewater produced at our plants.

< Increasing soil value >

Through a partnership with the Canadian government, hog manure produced at our farms is recycled as fertilizer for use on pasture lands. Recycling this manure for use on pasture lands provides the fertilizing elements necessary for nurturing pastures. Additionally, HyLife also raises cattle on this pasture land. Achieving this cycle ensures the cultivation of nutritional land, which raises land value and promotes the more effective breeding of cattle. Furthermore, this cycle contributes to adding value to waste products produced during hog production.



In-house water waste treatment facility



Water purification process

■ Activities that value community ties

< Community enhancement >

On weekends during the summer, HyLife sponsors various events for not only employees, but also local residents and families (booths at festivals, etc.) to contribute to community enhancement. HyLife also holds HyLife Fun Days, its major annual event. Originally, the event was only for employees and their families but today the event has grown to welcome participation from people in the local community and vendors. This popular event is attended by nearly 500 people each year.

HyLife also sponsors local community sports events and makes donations as part of our proactive efforts to strengthen community relations.



Community reception



Workshop for children



Hamburgers made using HyLife pork

< Accepting and supporting immigrants >

HyLife proactively accepts immigrants from foreign countries. To secure elite human resources, not only does HyLife manage hiring processes internally, which includes traveling to conduct interviews locally, they also provide a wide range of services, including providing support for opening bank accounts and securing housing after immigration and providing introductions to the religious community. Through this support, HyLife helps immigrants quickly adapt to their new environment and ensure a pleasant start to their lives in Canada. Presently, HyLife sees a particularly large number of immigrants from the Philippines. In Neepawa, where our plant is located, HyLife provides rich support for the Philippine community, which in turn helps improve employee retention.

These efforts tie into Goal 8 of the Sustainable Development Goals (SDGs), which is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Immigrant from the Philippines: Rex Toledo (HyLife employee)

For one month after I arrived in Manitoba Province and was looking for a place to live, HyLife paid for my housing and transportation costs as well as provided me with various other forms of support. They were so helpful and I am so grateful. When I was first hired, I was involved in quality management and now I work on customer service for Japanese customers. In this way, HyLife supports employee growth by providing opportunities to expand your work domains. I am actively involved in the social contribution activities sponsored by HyLife, and in 2013, I received the Volunteer of the Year Award. It is another form of motivation to be able to contribute to the local community through my job.



Community partner: Don Walmsley (Responsible for immigrant residency support in Neepawa)

Thanks to HyLife, the number of people attending schools and churches in Neepawa has grown and the number of residency support cases I handle has grown each year. They have brought vitality to the entire town. They also provide support for community events, including by providing pork meat products. Community residents are sincerely happy to have HyLife here.

Expatriate from ITOCHU Corporation: Naoyuki Funakoshi (Vice President of Asia Sales and Market Development, in charge of sales to the Asian market including Japan)

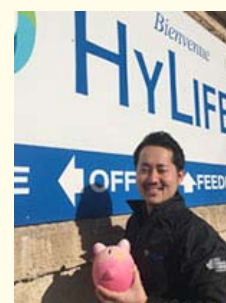
I first met HyLife when I was in charge of pork imports at ITOCHU Corporation. I remember traveling to Canada on an observation tour as part of new supplier development. In early 2010 we began with 7 tons of pork per week to introduce the meat to the Japanese market but because of their management that promises absolute quality, safety, and security, today this has grown to over 500 tons per week handled by ITOCHU Corporation.

Following the capital investment, I came here in 2013 to be the local sales representative. Everyone here was kind and welcomed me as if I were family. I was surprised by their system of flat management that allowed everyone from the president to site workers to bring up serious issues directly. I believe it is this corporate environment and the employees' passion for the product that helps HyLife differentiate itself.

On the living front, they treated my family like members of the HyLife family and the company provided support in a variety of ways, including in relation to school, Canadian life and activities. HyLife members also have taken us on numerous nature experiences unique to Canada, so I think it has been an invaluable experience for my children as well.

As the expatriate of ITOCHU Corporation, I intend to utilize and strengthen the partnership and network between HyLife and ITOCHU Corporation in order to expand our exports and the value to Japan and the rest of the Asia market.

HyLife makes best effort to be Canada's No. 1 food company on the global markets. We will continue to optimize the balance between business activities, employees, the local community, and our environment while working to deliver safe and delicious pork meat to customers and achieve company growth.



Highlight 2016

Industrial Park Business Growing with the Local Community

- Karawang International Industrial City, Indonesia -



Highlight in the Field of Contribution to Local Communities

CSR Reportage Vol.1 Index

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 2. What is Karawang International Industrial City?
 3. Provision of further added value of the ITOCHU Group
 4. Relationship between KIIC and solving social issues as seen from the vantage point of Kopernik
 5. Giving back to neighborhood communities
 6. Significance of KIIC managed by a *sogo shosha*
- After the inspection



Field report: **Toshihiro Nakamura**

Co-founder and CEO of Kopernik, an incorporated non-profit organization

After working for the United Nations and McKinsey & Company, in 2010 Mr. Nakamura founded Kopernik, an NPO, to deliver simple and innovative technologies to people in the Last Mile communities*. In 2012, he was selected as a Young Global Leader of the World Economic Forum (Davos Forum). He also worked as a member of the Global Agenda Council 2014-2016 on Sustainable Development of the World Economic Forum. In 2014, he became an advisor to the UNICEF Indonesia Innovation Lab. He now lives in Indonesia.

*Layers of people in emerging countries with the least access to support.

1. Introduction

A *sogo shosha* is said to be a uniquely Japanese style of business enterprise, and people often have a hard time understanding what it actually does, as it covers a wide range of business domains, including distribution, retailing and telecommunications, in addition to trading. I myself had never seen the daily activities of such a company up close. However, a recent visit to Karawang International Industrial City in Indonesia, which is run by ITOCHU Corporation, made me understand the special role that a *sogo shosha* plays in linking the needs of multiple companies and developing ecosystems for advancing their businesses. Let me explain further.

2. What is Karawang International Industrial City?

Karawang International Industrial City (hereafter, "KIIC") is a joint venture established in 1992 by ITOCHU Corporation and Sinar Mas, a major industrial conglomerate of Indonesia, with each party holding a 50% equity stake. To date, KIIC has expanded in three phases, and it provides land, buildings and other necessary services to tenant companies that plan to start a business or wish to increase their production capacity due to the growth of their business in Indonesia. As such, KIIC enables tenant companies to focus on their core business - manufacturing products. Currently, there are around 140 tenant companies operating in KIIC, of which nearly 85% are Japanese-affiliated.

When I visited KIIC, my first impression was that it was "clean." The roads are well paved. The area has a lot of greenery and is meticulously maintained.



Location of KIIC

So what kind of high-quality infrastructure is provided? First, the vast area of land and buildings. This huge site of over 1,200 hectares (as large as Chiyoda ward of Tokyo) is situated in a convenient location - only about a two-hour drive from Soekarno-Hatta International Airport in Jakarta and one of Jakarta's ports, which are the entrances to the country for international transportation. It is also located close to a major highway exit. The main tenant companies are manufacturers of four wheel/ two wheel vehicles, such as Toyota and Yamaha, and companies which supply parts to the manufacturers. There are also many tenant companies from other industries operating at KIIC, such as consumable manufacturers and food manufacturers.



KIIC administration office

Tenant companies build factories on the lots operated by KIIC and engage in production there. Each company is able to concentrate on its main business in an environment with a stable supply of power and industrial water, a reliable communication environment, and a high level of public safety. Tenant companies can enjoy the stable electricity supply in KIIC because it is designated as the highest power supply priority area by the public power company. KIIC therefore provides its tenant companies with an infrastructure that allows them to set up factories in a country where the annual average power outage lasts approximately 250 minutes (20 minutes in Japan). Recently, KIIC also began offering rental factories for companies who wish to save on the initial costs of building factories.

(Sources: 2014 data from METI on the average length of power outages in Indonesia, and 2014 data from the Federation of Electric Power Companies of Japan for the average length of power outages in Japan)



Rental factory



Firefighting facility



Power substation for KIIC



Water treatment facility that meets the government standards of Indonesia

An eco-friendly business ITOCHU Corporation carries out in Japan is also scheduled to be introduced at KIIC. ITOCHU Corporation will build 1,300 smart street lights in KIIC, using software created by a French company Streetlight.Vision. The business not only allows for a reduction in power consumption and CO2 emissions, but also helps to improve the efficiency of operation, maintenance, and control of street lighting. Once these streetlights have been installed, KIIC is expected to reduce up to 70% of the power consumption every year. This project creates synergy between a business ITOCHU Corporation runs in Japan and its business in KIIC.

In addition to providing a highly resilient infrastructure for tenant companies, KIIC also provides critical services to facilitate the business activities of the tenant companies. For example, an association has been established to create and strengthen the community among tenant companies. Members of the association discuss various topics each month, such as activities for contributing to the local community and a shared farm on the premises described later. Lecturers and talk sessions by external speakers on relevant subject matters, such as financial and labor management are especially popular. In this way, the association helps tenant companies establish the appropriate work environment that complies with local regulations.

KIIC is equipped with a Japanese restaurant, Indonesian restaurant, Italian restaurant, a clinic and a mosque for employees. Serviced apartments that can accommodate people working in KIIC are also located nearby.



Japanese clinic



Japanese restaurant



Mosque

KIIC is one of the few industrial parks in Indonesia that has obtained three international standard certifications (ISO9001, ISO14001 and OHSAS18001). It is highly regarded by outside organizations and governing bodies, having received the Indonesian Government Ministry of Industry’s award for the best industrial park in 2013 and for the excellent industrial park in 2015. These recognitions aside, what impressed me the most was the enthusiasm of the KIIC administration team, who says that the “success of tenant companies’ businesses are the most important things for us.”

3. Provision of further added value of the ITOCHU Group

In addition to offering a comfortable working environment to the tenant companies of KIIC, ITOCHU Corporation offers extra benefits through its group companies. For example, PT. Itochu Logistics Indonesia (ILI), a subsidiary of ITOCHU LOGISTICS CORP. (ITOCHU Corporation's subsidiary providing comprehensive logistic services), handles the customs clearance of products imported to Indonesia from Japan and other countries. Globally expanding companies often face challenges in customs clearance due to frequent law revisions and other unpredictable changes in emerging countries such as Indonesia. The roles of companies like ILI are important as they prepare the required documents and help tenant companies to clear customs as smoothly as possible by leveraging its extensive human network within Indonesia.



The writer (left), Ms. Murakami from ITOCHU Corp. (center), and Mr. Imamura from ILI (right) at the Port of Tanjung Priok in Northern Jakarta

PT. ILC Logistics Indonesia (PT.ILC), another subsidiary of ITOCHU LOGISTICS CORP., provides the optimal inventory management for the tenant companies once goods have been cleared by customs. As the flow of goods today is growing ever more complex in response to changing lifestyles and consumption patterns, PT.ILC manages the sophisticated logistics operations in an integrated manner and helps improve the operating efficiency of its tenant companies, ultimately enabling them to reduce their logistics costs.



Office of PT.ILC on the premises of KIIC

Many manufacturers that have factories in Indonesia struggle with the placement of orders for the materials of their products and inventory control. The inventory control system of PT.ILC enables manufactures to promptly and accurately check inventory whenever they need to. This makes it possible to transport the required quantity of materials quickly whenever needed and this in turn helps client companies reduce their inventory. ITOCHU LOGISTICS CORP. will continue to expand its business to provide efficient, high-quality services.



What caught my eye in the warehouse of PT.ILC was a large number of management manuals with photos on the walls. Various manuals, ranging from one on how to wear a helmet properly to one on how to correctly load cargo, are put up on the walls of the warehouse under the title "ONE POINT LECTURE".



Work safety management manuals put up throughout the warehouse

The ideas of One Point Lecture come from not only PT.ILC executives but also the employees working in the factories. These kinds of efforts are contributing to the efficient inventory control and timely delivery of materials to tenant companies.

About Kopernik

Kopernik, the Non-Profit Organization that I co-founded, is based in Indonesia and aims to reduce poverty with simple technologies, and provides support for people in developing countries to help them become self-reliant. Examples of these simple technologies include solar lanterns and simple water filters.

People who live in areas without electricity (approx. 1.4 billion people in the world) generally burn kerosene for lighting. However, kerosene lamps can be expensive and extremely harmful. First of all, users need to buy kerosene on a regular basis, and the cost of kerosene sometimes accounts for as much as 20% of household expenditures. The lamps also generate harmful black smoke, which in turn increases the respiratory disorders that may become fatal. We focus on solar lanterns because they provide a direct and low cost solution to these problems. In addition, unlike Japan where clean tap water is available everywhere, people in many developing countries drink water contaminated with *E. coli* bacteria or other micro-organisms that cause diarrhea. Statistics released by the United Nations show that 4,000 children die every day due to dehydration. Another part of our work involves delivering simple water filters to these places to reduce health damage.



A man working in a room illuminated by a solar lantern (Photos: Kopernik)



Children drinking filtered water (Photos: Kopernik)

Kopernik delivers these technologies to the poor households in remote rural areas where it is difficult for a company to make a profit. However, the solar lanterns and water filters distributed to the poor communities are all manufactured by private companies. The work of Kopernik would be impossible without the innovation and technologies of those companies. If more technologies that meet the needs of the poor communities are developed at lower cost, they will contribute greatly to improving their quality of life.

4. Relationship between KIIC and solving social issues as seen from the vantage point of Kopernik

Taking a step back and looking at the activities of KIIC in relation to my own work, I can see linkages between Kopernik and KIIC. For example, two wheeled vehicles are among the products manufactured at KIIC. Those vehicles, which are much more affordable than automobiles, are incredibly valuable in the impoverished last mile communities where Kopernik works. In the rural areas of Indonesia, which have poor roads and are sparsely populated, two wheeled vehicles are essential for carrying harvested agricultural crops to the nearest market or going to a hospital. In addition, in most cases solar lanterns, water filters, and other products are delivered to each household by two wheeled vehicles through Kopernik's network. This means that two wheeled vehicles are indispensable to the supply chain of last mile communities.



Kopernik's partners delivering solar lanterns on a two-wheeled vehicle (Photo: Kopernik)

Another example is mosquito coils. A Japanese company manufacturing mosquito repellent products is operating in KIIC and has been enjoying its steady growth in Indonesia. According to 2013 data from the government of Indonesia, there were 350,000 cases of mosquito-borne malaria and 100,000 cases of mosquito-borne dengue fever, including cases in which infants and children died. Malaria and dengue fever have a profoundly negative impact on the economy. According to an estimate by The Economist magazine, the economic damage of these diseases is as much as 38 billion yen per year. Thus, mosquito repellent products are essential. Manufacturing these products not only helps prevent the discomfort of itchiness but also prevent fatal infections. This ultimately helps to reduce the economic burden on Indonesia.

The elimination of poverty, spread of renewable energy, securing of clean water, and eradication of infectious diseases (such as malaria and dengue fever) are all included in the 17 sustainable development goals (SDGs) that were adopted by the United Nations in September 2015, and are recognized as important international goals. These goals should not only be tackled by international organizations or the governments of member countries alone, but through the collaboration of private enterprises, the public sector, and other groups on the global level. The delivery of solar lanterns and water filters to last mile communities by two wheeled vehicles and the steady supply of mosquito repellent products at affordable prices can also be viewed as efforts towards achieving these SDGs in Indonesia.

5. Giving back to neighborhood communities

As we saw above, the main business of KIIC contributes to solving social issues through the activities of tenant companies. At the same time, KIIC is also actively supporting the six neighbouring villages through its CSR program together with its tenant companies.

One example is agricultural support. As most residents of Karawang are small-holder farmers, KIIC has partnered with Bogor Agricultural University, one of the leading universities in Indonesia, to provide local residents with agricultural best practices. For example, proper use of fertilizers and new farming methods which help them to improve their lives and be financially independent. KIIC also farms catfish, which are highly nutritious, and provides them to local residents. These activities provide local residents with new seeds for business while at the same time contribute to nutritional improvement.

The other CSR activities of KIIC include support for the establishment of community baby health centers, free medical support, monthly supply of baby food, growing more than 10,000 saplings for forestation every year, and the provision of scholarships. Approximately 50,000 people work at KIIC – providing a significant employment opportunities for local residents.



Agricultural workshop for local women's organizations



Farm jointly operated by KIIC tenant companies

6. Significance of KIIC managed by a *sogo shosha*

What is the value of a *sogo shosha* running an industrial park business? When starting a new business in a new country, many Japanese companies turn to a *sogo shosha* because of its extensive overseas network, local expertise, financial resources, and experience of running business outside Japan. KIIC business indeed takes advantage of these strengths of *sogo shosha*. For ITOCHU Corporation, a joint venture with an influential local enterprise ensures compliance with local legislation and smooth negotiations with local governments. At the same time, ITOCHU Corporation attracts tenant companies by leveraging its network and provides additional services, in the areas of logistics and smart street lighting. Tenant companies can make use of the tangible and intangible resources the *sogo shosha* possesses to expand their businesses while keeping initial investments low. It is a win-win relationship.

Japanese companies as seen through the eyes of an Indonesian partner

How do Indonesian companies perceive Japanese companies that have entered the Indonesian market and have been expanded there via KIIC and other similar industrial parks? I met with Mr. Shingo Kobayashi, who is responsible for technology investment and serves as an advisor on partnerships with Japanese companies at Sinar Mas Group, the Indonesian joint venture partner in the KIIC business.

Over the last 20 years, the Sinar Mas Group has formed 20 joint ventures with Japanese companies in various business domains. It has a much deeper relationship with Japanese companies than other Indonesian conglomerates. The benefits of partnerships with Japanese companies for an Indonesian company go beyond economic gain, and include learning from the diligent, professional and ethical attitude of Japanese work culture and the common long-term perspective on business. Partnering with Japanese companies takes a long time, but once formed it goes very smoothly.

Indonesia suffered immensely from the currency crisis in 1997 and its external environment has not always been conducive to businesses, due in part to the impact of the Lehman's collapse and currency fluctuations. However, in the coming years, we would like to see ITOCHU Corporation and the ITOCHU Group to enhance their presence in Indonesia as a Japanese partner that is extremely reliable from a long-term perspective and one of the most trusted Japanese partners.



Mr. Kobayashi from Sinar Mas Group

After the visit

I visited every corner of the industrial park, and at the port in Jakarta, I saw the customs clearance process. ITOCHU Corporation works on many other businesses, so what I saw this time was only a part of what the company does. Still, I was impressed with the scale of the businesses and the synergy between the businesses among its group companies. To me, KIIC nicely complements the support provided by public institutions, such as METI, JETRO, and JICA for Japanese companies to expand overseas. Imagine a company, which conducted marketing research on an emerging country with support from JETRO or JICA and is convinced that there is a great potential for expanding its business to Indonesia. This company decides to manufacture products in Indonesia, but wants to minimize the initial costs for finding a site and constructing a building. For such a company, a facility like KIIC might lower its business risks. If many companies use facilities like KIIC as a foothold for developing and manufacturing products and services needed by the poor, our work at Kopernik will be able to expand further.

CSR at the Textile Company

Medium to Long-Term Growth Strategies

Our scope of business spans all lifestyle categories as a customer-oriented marketing company and we have developed our business around a value chain that covers the entire textile industry, from raw materials / fabrics to garment manufacturing, brands, and industrial materials, demonstrating group-wide strengths.

In Japan, we are working to ascertain changing consumer trends, including inbound consumption, promote high-value-added manufacturing, and expand the number of brands under development. In addition, by forming capital alliances we are working to expand our fields of business in the retail and healthcare sectors. We are also augmenting our asset portfolio overseas and working to reinforce our operations in growth markets, including China, other parts of Asia, and emerging countries where consumption is expected to increase. One initiative involves a joint business with CITIC and CP Group. Further tariff liberalization should lead to more opportunities for us to respond to global consumers' needs as we begin to address the pan-Asia market. We will further reinforce manufacturing in the most suitable areas, remaining cognizant of customs benefits, and expand our value chain from materials procurement to sewing throughout China and the rest of Asia. Meanwhile, we will respect human rights and labor customs, protect the environment, and maintain harmony with communities.

As the Company plays a key role in the consumer-related sector and utilizes its position as the leading company in the textile business, we will steadily work on initiatives to strengthen our existing businesses and expand synergies within the ITOCHU Group as well as accelerate the accumulation of superior assets and the replacement of others. These efforts will enable us to solidify the Textile Company's earnings platform.



Shuichi Koseki
President, Textile Company

CSR at this Division Company

- A marketing company that adopts a social perspective





The Textile Company places a high priority on further improving the safety of its products and services as well as customer satisfaction. It is promoting sustainable manufacturing that takes full account of labor customs in the supply chain and the environment in its global setup for production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company.



Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ▪ Create a stable structure for manufacturing products through a supply chain that values human rights and achieves improvements in the working environment ▪ Meet new consumer demand for sustainability and ethical practices by creating environment-friendly businesses, such as those using recycled textiles 	<ul style="list-style-type: none"> ▪ Improve the precision of supply chain management and conduct more in-depth and broader initiatives ▪ Ensure business sustainability by responding swiftly and positively to environmental legislation




CSR Action Plans

Key points of our FY2017 action plans

We will pursue further advancement in supply chain management through employee education as well as group-wide implementation of monitoring surveys to overseas manufacturing factories. We will also continue to promote socially and environmentally friendly businesses.

Div./Dept.	CSR Issues/ Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Apparel Division 1	Promotion of environmental conservation- oriented business	Propose environmentally friendly and ethical materials such as recycled polyester fibers and organic cotton, as well as recycling-oriented businesses such as recycling, in the uniform business.		We proposed fabrics that use recycled polyester as materials of uniforms such as office uniforms and work clothes and continued to deliver them throughout the year.	Propose environmentally friendly and ethical materials such as recycled polyester fibers and organic cotton, as well as recycling- oriented businesses such as recycling, in the uniform business.	2.	1.	12.
Apparel Division 2	BOP business	In order to spread the usage of Organic Cotton (OC),we will expand the range of handling yarns from 100% Pre Organic Cotton (POC) to blended yarns such as with OC, with Polyester etc.		Total amount of POC and OC produced through "Pre Organic Cotton Program" has become approximately 4,000tons (accumulated amount) since the beginning. The value of our OC gradually increased, due to the promotion of traceability. Therefore we will expand the usage of OC in the Japanese market.	We will try to expand the usage of OC by handling both POC and our new yarn brand "ONE (Organic natural Ethical) COTTON," which was launched in May 2016.	2.	4.	1. 3. 4. 12.
Brand Marketing Division 1	Consideration of social issues, promotion of environmental conservation business	Expand the categories of products equipped with self-lighting LEDs that generate power from vibrations, from bags that are already equipped with them to shoes and other related goods to develop new customers, while retaining existing ones to achieve widespread adoption of the LEDs.		Continued use by the existing customer was finalized, enabling us in FY2016 to deliver 20,000 self-lighting LEDs that generate power from vibrations. The brand we handle collaborated in the ITOCHU Children's Dream Fund.	Carry out social contribution activities related to the brands and products we handle.	2.	1. 2.	4.
Brand Marketing Division 2	Stake holder engagement	Continue support of Borneo Conservation Trust through Hunting World Japan (including activities to preserve 1.6 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts.)		In FY2016, domestic and overseas sales of charity goods were approximately 200 million yen (on a retail basis). Hunting World Japan diverted 1% of the sales to Borneo Conservation Trust to support its activities.	Continue support of Borneo Conservation Trust through Hunting World Japan (including activities to preserve a total of 3.1 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts.)	2.	2.	13. 15.

All Divisions	Supply chain management	Conduct CSR checks of suppliers, share the issues facing the textile industry and seek solutions to social issues.		Conducted fact-finding surveys of 65 suppliers, identified problems that are cause for apprehension, and responded to them meticulously.	Conduct CSR checks of suppliers, share the issues facing the textile industry and seek solutions to social issues.	3.	3.	5. 6. 8. 13.
		Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and industry lectures.		Took part in multiple Headquarters-organized seminars and deepened employees' knowledge.	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and industry lectures.	4.	1.	5. 6. 8. 13.

- *1  :Achieved  :Nearly achieved  :Unachieved
- *2 For further information about Basic Policies for CSR Promotion, please see P10.
- *3 For further information about CSR Material Issues, please see P11~12.
- *4 For further information about SDGs, please see P13.

Major CSR Initiatives

- Promoting an Environmentally Friendly Uniform Business

In the corporate uniform business, ITOCHU Corporation is striving to improve its ability to suggest total solutions, including planning, fabric development, production, and distribution system. As part of these activities, UNICO CORPORATION, a subsidiary of ITOCHU Corporation engaged in the planning, manufacturing, and sales of uniforms, was recognized under the Industrial Waste National Permit System in 2009. Unlike general clothing items, uniforms are produced in high volume by using the same materials and with the same specifications. Therefore, uniforms are attracting attention as a textile product that is most appropriate for recycling. Uniforms, which generally contain synthetic fibers, are regarded as industrial waste. Accordingly, if companies establish recycling mechanisms by using the above system, it becomes possible to collect uniforms from multiple prefectures. The benefits of establishing such a mechanism also include permission to indicate the Eco Mark on uniforms. In addition, in its initiative with Rebirth Project, ITOCHU Corporation is strengthening measures for suggesting uniforms that use ethical materials, by collaborating with the All Japan Uniform Committee that was established in January 2014. This committee has set a target of changing uniforms for 10 million people into eco-friendly ones by 2020. As the first project toward this target, ITOCHU Corporation renewed the uniform for gas stations of ITOCHU ENEX Co., Ltd. In this project, ITOCHU Corporation planned and produced an environmentally friendly uniform using recycled polyester by collaborating with a textiles manufacturer. ITOCHU Corporation also supports the WORK 4 BANGLA Project, which is promoted jointly by Rebirth Project and BONMAX Co., Ltd. as the one of main business partner, through the commissioned production of organic cotton T-shirts. We will continue to promote environmentally friendly businesses aimed at creating a sustainable society as a measure for strengthening our ability to make suggestions in our corporate uniform business.



Environmentally Friendly Uniform of ITOCHU ENEX Co., Ltd

■ Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. Besides symbolizing freedom and rebirth, this logo expresses the issue of protection of endangered species, and underscores the love and respect for nature felt by the brand's founder. To realize its dream of coexistence with nature, Hunting World Japan Co., Ltd., an ITOCHU Group company that sells the products of the brand in Japan, has been supporting activities for conservation of biodiversity by the NPO Borneo Conservation Trust (BCT) since 2008. The company designs and sells charity goods, and donates 1% of the proceeds from these sales. The donation is used for various conservation activities by the BCT. The fall of 2011 saw the birth of the first site of the Hunting World Kyosei no Mori (Symbiotic Forest of Hunting World) in four acres of land within the Green Corridor Plan* zone in Sabah, Malaysia, using the financial aid provided up to that point. In addition, an additional 1.5 hectares of land was purchased as the second site in February 2016. The financial aid was also used for establishing the Borneo Elephant Sanctuary, the first facility in the Wildlife Rescue Center project promoted by BCT Japan, which is supporting BCT.

* Green Corridor Plan: An initiative for conservation of biodiversity, by buying back land, separating forest preserves and protected forests in order to create a corridor for wild animals to move between those forests.



Charity bag by Hunting World



Panoramic view of the rescue center

■ Supply chain management system aimed at sustainable manufacturing

Our optimal global location sourcing system, which is at the roots of the Textile Company, also takes into account labor practices and the environment in the supply chain to promote sustainable manufacturing. We think it is important to gain the understanding and cooperation of suppliers with regard to our procurement policies, and to that end we pursue initiatives with suppliers that are consistent with ITOCHU Corporation's CSR Action Guidelines for Supply Chains. We also conduct ongoing monitoring surveys of Japanese and overseas production plants, including those of Group companies. In FY2016, we conducted field surveys of ROYNE Co., Ltd., which manufactures inner wear in Japan, and TI GARMET COMPANY LIMITED, a shirt production base in Myanmar, with external specialists. We will continue striving to improve the accuracy of supply chain management.



Field survey of TI GARMET COMPANY LIMITED

CSR at the Machinery Company

Medium to Long-Term Growth Strategies

In IPP, water supply, environmental, energy, transport and other infrastructure businesses, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in developing countries. We will endeavor to expand trade in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery, and reconfigure and reinforce the value chain business. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical device value chain to meet anticipated future growth in medical device businesses, aiming to further enhance business investment and trade in Japan and other parts of Asia.

We will maximize earnings from existing investments, promoting the accumulation of superior assets and asset replacement, and conducting trade in related and ancillary fields.

In promoting infrastructure projects in emerging countries, we will give due consideration to environmental protection and local communities to ensure projects proceed smoothly. The world faces such issues as climate change, waste management, and water resource securement; the Machinery Company views these as promising medium- to long-term business opportunities. As such, we are taking part in renewable energy-related businesses involving wind and geothermal power, as well as waste management projects. We are also involved actively in seawater desalination and other water-related projects.

Furthermore, based on our strategic business and capital alliance agreement with CITIC and CP Group, we are considering joint investment and trade expansion that will leverage that group's characteristics, particularly in China and the ASEAN region.



Kazutaka Yoshida
President, Machinery Company

CSR at this Division Company

- Enriching future generations in local communities through social infrastructure projects





The Machinery Company aims to facilitate development in local communities, enriching lives through social infrastructure projects. We are also committed to environmental businesses, which aim to pass on a better global environment to future generations, and aspire to develop healthy societies through our healthcare businesses.


Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ▪ Participation in renewable energy projects, including geothermal and wind generation ▪ Initiatives in water-related businesses in response to increasing demand for water ▪ Contribution to local communities through transportation infrastructure (automobiles, railways, etc.) 	<ul style="list-style-type: none"> ▪ In infrastructure-related businesses, consideration for environmental protection, local communities, and human rights in development regions ▪ In medical businesses, response to the rapid aging of society ▪ Response to a low-carbon society by utilization of renewable energy




CSR Action Plans

Key Points of the FY2016 Action Plan

In FY2017, we will consider the impact on the environment as we continue to actively develop our social infrastructure businesses, including renewable energy-related businesses such as wind and geothermal power, waste treatment and power generation businesses, water-related businesses such as seawater desalination and railway-related businesses. In addition, we will join with Japanese automakers to hold seminars on subjects such as accident reduction and fuel-efficient driving, contributing to society through improved CS and other initiatives related to safety and energy conservation.

Div./Dept.	CSR Issues/ Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Work on desalination, water supply and sewage projects.		<ul style="list-style-type: none"> Received an order for a seawater desalination project in the Sultanate of Oman and agreed to acquire a recycled wastewater treatment business in Australia. Currently taking part in a Melbourne seawater desalination project, a water supply project for Bristol Water in the United Kingdom, and a water supply and sewage project in the Canary Islands, Spain. 	Contribute to addressing water shortage and improving life infrastructure by working on desalination, water supply and sewage projects	2.	2. 4.	3. 6. 12.
	Effective use of renewable energy	<ul style="list-style-type: none"> Target plant construction at the stable operation of the geothermal power generation project Supply clean electricity through wind power generation projects 		<ul style="list-style-type: none"> Construction underway for geothermal power generation project in Indonesia Wind power generation projects in Keenan and Shepherds Flat are both under stable operation. 	<ul style="list-style-type: none"> Target plant construction at the stable operation of the geothermal power generation project Supply clean electricity through wind power generation projects 	2.	1. 2. 4.	7. 13.
	Maintain and improve public health	Help reduce direct landfill waste and greenhouse gases through initiatives for waste incineration power generation projects		Currently participating in four projects in the UK (South Tyne & Wear, Cornwall, West London and Merseyside).	Contribute to reduce direct landfill waste and greenhouse gases through initiatives for waste incineration power generation projects	2.	1. 2. 4.	3. 7. 13.
Automobile Division	Better communication with stakeholders	Improve CS by conducting training sessions on fuel-efficient and safe driving, and strengthen coordination with suppliers.		Contributed to society through improved CS, safety and energy efficiency by holding a seminar on ways to improve transportation efficiency, reducing accidents, and fuel-efficient driving at a test course of Isuzu Motors Limited in Hokkaido and a training session on the safety of cargo handling operation with Isuzu Motors Tohoku, Limited.	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving and other topics	2.	1. 2.	13.

<p>Construction Machinery & Industrial Machinery Division</p>	<p>Continuation of environmental conservation-oriented businesses and contributions to local communities.</p>	<ul style="list-style-type: none"> • Begin mass production of drive units for electric power-assisted bicycles • Begin introducing non-metallic wheelchairs to improve convenience for persons requiring care. 		<p>Planning to begin mass production and marketing of drive units for electric power-assisted bicycles in FY2017</p>	<p>Advance preparations for mass production and sales activities, aiming to begin marketing the products in the second half of FY2017.</p>	<p>3.</p>	<p>4.</p>	<p>3. 11. 13.</p>
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- *1  :Achieved  :Nearly achieved  :Unachieved
- *2 For further information about Basic Policies for CSR Promotion, please see P10.
- *3 For further information about CSR Material Issues, please see P11~12.
- *4 For further information about SDGs, please see P13.

Major CSR Initiatives

■ Participation in geothermal power generation project in Indonesia

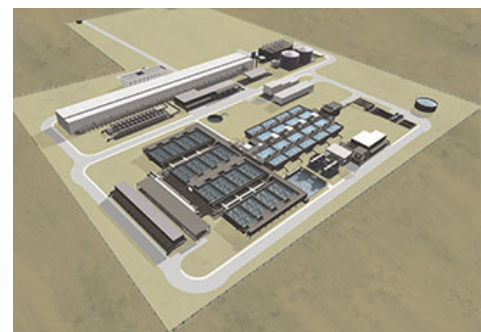
ITOCHU Corporation has concluded a 30-year Energy Sales Agreement to sell electric power to Indonesia’s state-owned electricity company (PLN), in which ITOCHU will sell electricity generated by a geothermal power plant with an output of 320.8MW, to be constructed in the Sarulla region of North Sumatra, Indonesia. Finance Close was achieved in May 2014, with the first unit scheduled to commence operation in 2016. Geothermal power generation is a technology for generating electricity by extracting high-temperature, high-pressure steam and hot water from geothermal reservoirs deep underground. By returning the extracted underground water back into the ground in an appropriate way, geothermal energy can be semi-permanent, making it a source renewable energy with enormous promise worldwide. As only a small amount of CO2 is emitted during power generation, geothermal has a minimal impact on the environment, and since it is not influenced by the weather, it poses the advantage of more stable year-round output compared with other forms of renewable energy. Indonesia boasts the world’s geothermal resources, at 40% of the global total, and its government has positioned geothermal resources as a strategic power source. With this project, ITOCHU will contribute to the Indonesian government’s policy of promoting geothermal energy. We will also continue to be active in the power generation business, developing renewable energy resources such as geothermal energy and wind power, with consideration to the environment and local communities.



Drilling site of geothermal well

■ A stable supply of water, essential for life: The largest seawater desalination project in the Sultanate of Oman

Water demand in the Sultanate of Oman is expected to rise by around 6% per annum. A shortage of potable water arising from population growth and urbanization has become a serious issue for the country. In March 2016, Barka Desalination Company, whose shareholders include ITOCHU Corporation, agreed to conclude a contract to build and operate a new seawater desalination plant with a capacity of 281,000 m³ per day at Barka, located in the northern part of Oman. This project is a joint public-private project involving the government of the Sultanate and provides for the construction and operation for 20 years of a reverse osmosis desalination plant with surrounding facilities. The plant will begin supplying drinking water in April 2018. It will be the largest seawater desalination project in the Sultanate, with a total project cost of approximately \$300M. ITOCHU sees the water business as a promising business area in light of soaring water demand arising from rapid worldwide population growth, economic development, global warming and other factors, and has been expanding seawater desalination, water and sewage utilities, and other water businesses. We are keen to promote projects that contribute to the effective utilization of water resources in regions around the world.



Rendering of the plant

CSR at the Metals & Minerals Company

Medium to Long-Term Growth Strategies

We will grow by striking a balance between investment and trade, creating a stable earnings base, and taking advantage of new growth opportunities.

In the resource development business, we will strengthen our resistance to fluctuations in market prices through acquisition of prime projects that are cost competitive and have other superior characteristics, as well as continuous improvement in production efficiency of existing projects. Also, we will further expand and optimize our asset portfolio, including through the acquisition of non-ferrous resources and rare metal interests, where stable supply is an issue.

In the trading business, we will expand resource and fuel trading based on our equity interests. We will also create a value chain including manufactured product fields and leverage the collective strengths of the ITOCHU Group to create added value. Through these measures, we will develop a broad and deep flow of trade spanning upstream and downstream categories.

By strengthening ties with our strategic partner, the CITIC and CP Group, we will promote collaborative projects on the resource development and trading fronts by leveraging each other's strengths.

To ensure a stable supply of metals and mineral resources, we will work with our business partners to develop metals and mineral resources in a sustainable manner, taking into consideration the environment at development sites and harmony with local communities, and giving thorough consideration to safety in the workplace.

Furthermore, we will aggressively take up the challenge of environmentally friendly businesses, including the mega-solar, biomass-related trade, and recycling businesses.



Eiichi Yonekura
President, Metals & Minerals Company

CSR at this Division Company

■ Sustainable development and stable supply of metals & mineral resources

ITOCHU is promoting sustainable development of metals & mineral resources together with our business partners to ensure stable supply by respecting environment at development sites, harmony with local communities, and safety at working places.

We are also committed to building recycling-oriented societies through the effective use of natural resources and our pursuit of renewable energy projects.



Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ■ Proliferation and gain in momentum of solar and other types of renewable energy ■ Progress in the biomass generation business and expansion of the market for biomass fuels ■ Development of resource recycling toward the creation of a recycling-oriented society 	<ul style="list-style-type: none"> ■ Harmony with local communities in resource development projects ■ Sustainable resource development with consideration for impacts on the environment and ecology and health and safety at the workplace ■ Thorough enactment and ongoing monitoring of supply chain management



CSR Action Plans

- Key points of our FY2017 action plans

As a global company, we will promote environmental management both domestically and at overseas Group companies. In concert with our partners, we are accelerating eco-friendly businesses through various activities to enhance sustainable use of natural resources such as solar businesses, biomass fuel businesses, and recycling business, and also promoting harmony with local communities and consideration for safety, health, environment.

Div./Dept.	CSR Issues/ Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Mineral Resources Division	Strengthening and improvement of safety and security in resource development projects.	Share the thorough implementation of safety management during ore mining and exploration with JV partners.		Full implementation of safety management was confirmed at JV partners at quarterly JV meetings.	Share the thorough implementation of safety management during coal mining and exploration with JV partners at quarterly JV meetings.	2. 3. 4.	2. 3. 4.	8.
	Appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		Continued with initiatives for promoting introduction at new business partners and penetration to existing client companies. A database on fluorocarbon recovery and destruction was established and shared with stakeholders.	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and continue monitoring. 	2.	2.	13.
Steel, Non- Ferrous & Solar Division	Exploring environment- friendly energies and providing a stable supply of them	Contribute to the prevention of global warming through solar business inside and outside Japan.		Promoted trading of solar panels, materials for solar power generation, and biomass fuels. In the domestic solar power business, construction is underway in two new projects in addition to the two projects in operation.	Contribute to measures against climate change through domestic and overseas solar power projects and bio- fuel trading.	1. 4.	1. 2. 4.	11. 12. 13.

All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	<ul style="list-style-type: none"> Continue to examine and check supply chains and conduct enlightenment activities for business partners Raise awareness of CSR among domestic and overseas Group companies. 		Conducted written and on-site surveys of suppliers. Continued to raise awareness of CSR among domestic and overseas Group companies.	<ul style="list-style-type: none"> Continue to examine and check supply chains and conduct enlightenment activities for business partners. Raise awareness of CSR among domestic and overseas Group companies. 	1. 2. 3. 4.	1. 2. 3. 4.	8. 12. 16.
	Thorough safety in resource development, production and mining operations	Continued operation of EHS guidelines		Held seminars and promoted awareness-raising activities based on specific case examples.	Continued operation of EHS guidelines	3. 4.	1. 2. 3. 4.	8. 12.

*1  :Achieved  :Nearly achieved  :Unachieved

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*3 For further information about CSR Material Issues, please see P11~12.

*4 For further information about SDGs, please see P13.

Major CSR Initiatives

EHS guidelines (mining business)

The Metals & Minerals Company has established its own EHS(Environmental, Health, and Safety) guidelines (for mining business). EHS guidelines have been introduced to avoid and/or mitigate the risks related to environment, health and safety issues. These risks include environmental pollution due to exploration, development and production of metals, coal and uranium resource , and health issues or accidents suffered by those involved with business activities. We respect preservation of biodiversity as well as harmony with local communities under the guidelines.

The guidelines are used when we assess new mining projects and also for existing projects as necessary. The guidelines will be kept compliant with international standards always, and shared throughout our group by educational campaign with specific case examples.

Start of commercial operation of the Oita Hiyoshibaru Mega-Solar Power Plant

In March 2016, we commenced the commercial operation of the Oita Hiyoshibaru Mega-Solar Power Plant, a joint project with Kyudenko Corporation and Mitsui Engineering & Shipbuilding Co., Ltd. The Oita Hiyoshibaru Mega-Solar Power Plant is a large-scale solar power plant, which was built on about 460,000 square meters of land on the premises of Mitsui Engineering & Shipbuilding Oita Works. The facility is designed to generate 44,800 kilowatts. The annual electricity-generating capacity is 52,500,110 kilowatt-hours, which is equivalent to the annual power consumption of about 9,300 regular homes. This is expected to reduce approx. 32,000 tons of CO2. The generated power will be sold to Kyushu Electric Power Co., Inc. for twenty years. In addition, ITOCHU is now working on construction of large-scale solar power plants in Okayama and Saga Prefectures. The plant in Okayama is scheduled to be completed in December 2016 and will have an output of 37,000 kilowatts approximately, while the Saga facility will be completed in April 2018 with an output of 21,000 kilowatts approximately. ITOCHU will contribute to the establishment of a recycling-oriented society and environmental conservation such as prevention of global warning, by renewable energy business in Japan and other countries.



Panoramic view of the Oita Hiyoshibaru Mega-Solar Power Plant

■ Merger of Assets Related to Iron Ore Mining Business in Brazil

In November 2015, ITOCHU Corporation, together with other shareholders, integrated Nacional Minérios S.A. (hereinafter "NAMISA"), a Brazilian iron ore producer in which ITOCHU already owned an equity stake, with the mining division of Companhia Siderúrgica Nacional (hereinafter, "CSN"), a local partner of NAMISA. The mining division of CSN consists of not only Casa de Pedra Mine, which is renowned worldwide for its scale and quality, but also shares in a railway company transporting iron ore and a port terminal for shipping the ore. This merger created the new mining company, which owns completely integrated operations from a world-class mine to logistics facilities. This merger is not merely an integration of tangible assets, but a strategic project in which influential companies in Asia and Brazil provide their individual strengths in management, operation, and sales, aiming for business synergy and growth. ITOCHU will continue to contribute to the economic development in Brazil and stable supply of resources.



Casa de Pedra Mines

CSR at the Energy & Chemicals Company

Medium to Long-Term Growth Strategies

With regard to the energy trading, we are going to expand conventional flows of business—importing and wholesaling products between two countries in Asia. At the same time, we aim to take business chances based on new product flows from North America to Asia.

In energy projects areas, we utilize our accumulated expertise and experience in the industry to expand existing projects while we try to curtail risk together with excellent partners, and to enlarge our business base for future earnings through participation in cost-competitive new projects. We recognize that factors such as considerations for the environment, symbiosis with local communities, and safe working environments are essential to sustainability. Accordingly, we and our partners take necessary measures to these considerations.

In chemicals areas, we endeavor to expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We aim to advance projects in various areas to secure competitive raw materials, while taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, electronic materials, and fine chemicals. With regard to handling of chemical products, we make sure compliance with chemical-related laws in any jurisdiction by appropriate education as well as strengthened control over the supply chain, from raw materials to our products that reach end purchasers. Furthermore, we plan to continue creating synergies with CITIC and CP Group in line with the strategic business alliance and capital participation agreement.



Masahiro Imai
President, Energy & Chemicals Company

CSR at this Division Company

■ Pursuit of stable supply of diversifying energy resources and materials

The Energy & Chemicals Company aspires for the stable supply of energy and materials at the foundation of modern living, and is tightening measures for concerning for the environment, harmony with communities, and safety in product handling throughout its wide-ranging value chains for oil, gas, and chemicals. The company is also committed to the building of an enriched society through the development of diverse energy resources and the environment preservation business.

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ■ Response to higher demand for food products in accordance with expected global population growth (such as fertilizer business) ■ Efforts to curtail electricity consumption in response to global warming 	<ul style="list-style-type: none"> ■ Establishment of a compliance system for changing chemical-related legislations ■ Consideration for HSE (health, safety, and the environment) in energy development projects ■ Symbiosis with local communities




CSR Action Plans

Key points of our FY2017 action plans

While working for the stable acquisition and supply of energy resources by conventional development of oil fields, ITOCHU is simultaneously developing new businesses that are gentle to the global environment, as exemplified by businesses related to lithium-ion batteries, which have good prospects for demand expansion as a form of clean energy. Meanwhile, we continue to implement programs of education and training in laws, regulations, and safety related to energy and chemicals.

Div./Dept.	CSR Issues/ Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Energy Division	Further enhance employee training to prevent accidents, achieve environmental measures.	Implement tanker training (twice) and notification of all personnel about safety management		Outside experts on tanker operations were brought in to conduct training sessions, and knowledge on tanker operations and chartering was obtained. Training was provided in areas including tanker-related safety management and how to respond to accidents.	Implement tanker training about twice a year to notify all personnel about safety management.	2. 4.	1. 2. 4.	6.
	Strengthen the supply chain with a focus on the environment and local communities	Help protect the environment by increasing efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.		Took part in project meetings and encouraged HSE management and environmental conservation appropriate to each project.	Help protect the environment by increasing efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.	3.	2. 3. 4.	3. 6.
	Contribution to local society	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations		Offered scholarships of 1.5 million dollars, an amount for 45 students, through the Qatar Foundation. Donated money and goods worth 10,000 dollars to Azerbaijan for orphanages and children with disabilities.	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations	5.	4.	2. 4.

Chemicals Division	Management of hazardous and harmful chemical substances	<ul style="list-style-type: none"> • Provide exhaustive information about laws and regulations relevant to chemicals (including study sessions) and confirmed the relevant laws and regulations before starting to offer new products. • Share information on GHS response in each country, including China, Taiwan and South Korea, and facilitated sharing of information about these countries within the Group. 		Held training sessions on laws and regulations related to chemicals and reviewed consultants on industry laws, thereby strengthening management.	<ul style="list-style-type: none"> • Provide exhaustive information about laws and regulations relevant to chemicals (including study sessions) and confirmed the relevant laws and regulations before starting to offer new products. • Share information on GHS response in each country, including China, Taiwan and South Korea, and facilitated sharing of information about these countries within the Group. 	3.	♣	3.
	Procure safe and reliable products	In addition to the existing lithium-ion batteries related business, contribute to the development of sustainable infrastructure through the new ESS energy-saving business in North America.		Developed an ESS energy-saving business in North America. Also promoted ESS business in Japan and received orders for ESS for houses.	Develop sustainable environmental conservation businesses by expanding sales of ESS in Japan and other countries.	2.	1. 2.	13.

*1  :Achieved  :Nearly achieved  :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P10.

*3 For further information about CSR Material Issues, please see P11~12.

*4 For further information about SDGs, please see P13.

Major CSR Initiatives

- Reducing the environmental footprint with the introduction of side shrink packaging

As an initiative to reduce its environmental footprint, ITOCHU PLASTICS INC. ("CIPS" hereafter) has supported the introduction of "side shrink film" at all stores operated by FamilyMart Co., Ltd. and its domestic area franchise company locations (collectively, "FamilyMart"), with the exception of Hokkaido FamilyMart. Side shrink film is a style of packaging in which the plastic film around a package for a boxed lunch, sushi or noodle product only covers the area where the container and lid meet.

FamilyMart has introduced" side shrink packaging" to nationwide stores in February 2015. The switch to side shrink packaging from full shrink packaging, where an entire container is covered with cling film, has made packages easier to open, improved the visibility of contents and offered advanced blocking properties. The new packaging also plays a major role in reducing the burden on the environment by decreasing waste, cutting the amount of plastic materials used in packaging and lowering CO2 emissions



Bento Box with Side Shrink Packaging

* The results in FY 2016(Comparison with previous full shrink packaging)

Cutting the amount of plastic materials: Approx. 400 tons, Lowering CO2 emissions: Approx. 1,450 tons

CIPS has corporate philosophy "Providing lifestyle comfort and convenience with chemical and plastic materials. A corporate culture of integrity propelling us forward, together. ITOCHU Plastics." Through support for the introduction of shrink film and other endeavors, CIPS promotes corporate activities that balance a better global environment with economic growth and strives to preserve the environment, helping to realize a sustainable society.

- Oil field development in the Caspian Sea aimed at ensuring the stability of resources

ITOCHU Corporation has, through its wholly owned subsidiary ITOCHU Oil Exploration (Azerbaijan) Inc., been involved in a project in the ACG field in the Caspian Sea in Azerbaijan.

ACG Field is located in the Caspian Sea in Azerbaijan, which is approx. 100 kilometers to the east of the capital city Baku. ITOCHU Oil Exploration acquired a 3.9205% interest in the ACG field in 1996. In August 2010, the company acquired an additional interest in the project, increasing its operating interest to 4.2986%, and has since been striving to ensure the stability of the resources.

In 2010, additional production of crude oil began in the Chirag Oil Project, a large-scale project covering Chirag oil field and the deepwater portion of the Gunashli oil field, including those shallow parts, where ITOCHU had been undertaking developing work in the ACG Field.

Crude oil produced in the ACG project is being supplied to countries including those in the European market via the BTC Pipeline, in which ITOCHU has a stake through its subsidiary ITOCHU Oil Exploration (BTC) Inc.

ITOCHU will continue to be involved in development projects aimed at maximizing the value of the ACG project and will strive to secure crude oil supply sources.



- Acquisition of ISO 22301 certification aimed at making the tank terminal safe, secure, and resilient to disaster

Chemical Logitec Co., Ltd. manages and operates Nagoya Chemport, which is engaged in work centered around the storage, receipt, and supply of liquid chemicals at the No. 9 lot in the Port of Nagoya. It is an important link in our supply chain in the Nagoya and surrounding areas. Learning from the Great East Japan Earthquake that struck on March 11, 2011, the company has since been preparing its facilities for the anticipated Nankai Trough Earthquake. It worked for two years on initiatives in the areas of employee education and training, facility improvement and systemic arrangements, aiming to make the chemical port safe, secure, and resilient to disaster. As a result, the company obtained certification under ISO 22301-2012 effective on May 1, 2014.



ISO 22301 is a standard for management systems for maximizing an organization's ability to continue to provide services in the event of a disaster or accident that causes a discontinuation or inhibition of business, by resuming the business quickly and minimizing the impact on customers and other stakeholders. This was a milestone event, because Chemical Logitec Co., Ltd. became the first company in Japan's chemical tank industry and the ITOCHU Group to be given such certification.

The company continuously reviews internal and external issues, striving to make improvements accordingly. In FY2016, it conducted a safety drill in the presence of cargo owners by assuming an accident took place when only a few people are ready to respond to it, such as at night and on a holiday. It thus checked for problems in their response to the accident. The company continues striving to ensure safety in the event of a disaster, placing maximum priority on human life, and provide education and training to its organizations repeatedly to retain the trust of customers.

CSR at the Food Company

Medium to Long-Term Growth Strategies

In Japan, the environment in which the Food Company operates is characterized by lackluster personal consumption stemming from such factors as sluggish growth in household income. Furthermore, since the start of 2016, yen appreciation and a decrease in stock prices are sapping consumer sentiment, rendering the environment to become even more difficult. On the other hand, business opportunities are increasing overseas, as growing populations and rising levels of income in Asian and other emerging countries drive demand higher. Against this backdrop, and in line with the companywide policy of “reinforcing our financial position,” the Food Company will work to further improve the quality and efficiency of its assets through asset replacement. We will also continue building a value chain that is high-value-added in Japan, China, and other parts of Asia, as well as throughout the world, concentrating specifically on the Dole business and joint business development with CITIC and CP Group.

Simultaneously, we will endeavor to ensure a stable supply of food resources, thereby addressing food issues that affect all of humankind. Also recognizing that ensuring food safety and security is our topmost objective, the Food Company will undertake a wide range of measures to ensure safety in the foodstuffs business. For example, we will identify overseas suppliers for on-site inspections and determine inspection frequency according to their control systems, product characteristics, sanitation risks during processing, and other individual circumstances. Going forward, the Food Company will continue working with investees and partners to further enhance its management system.



Koji Takayanagi
President, Food Company

CSR at this Division Company

■ Construction of value chains for food safety and security




Developing diverse food-related business on a global scale, the Food Company has made rigorous provisions for assurance of food safety and security as well as concern for the environment. It endeavors to deliver healthy and rewarding lifestyles to all people through value chains with high value-added levels encompassing all processes, from stable supply and food resources to their processing, manufacture, wholesaling, and retailing.


Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ■ Further increase in consumer awareness toward food safety and security ■ Reinforcement of the structure to supply sustainable raw materials 	<ul style="list-style-type: none"> ■ Contributing to food safety and security in countries around the world, particularly in Asia ■ Contributing to local communities ■ Responding to the risk of climate change




CSR Action Plans

- Key points of our FY2017 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as ensuring the stable supply of food resources, protecting the environment, strengthening convenience store functions as social and lifestyle infrastructure, developing healthier foods and improving inspection systems to ensure food safety.

Div./Dept.	CSR Issues/Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Provisions Division	Ensure a stable supply of safe and reliable raw materials	Promotion of business in food resource procurement and establishment of stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.).		We expanded the sites for pickup and supply in South America and the Australian area in addition to CGB and EGT in North America	Promote business in food resource procurement and establish a stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.)	3.	1. 2. 4.	2.
Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Have the Agricultural Production Department support the following CSR activities undertaken by Dole. 1) Activities to plant trees, conduct river improvements and preserve scenery in production regions 2) Activities to donate learning materials, facilities and school lunches to local schools 3) Provision of water supply facilities to regional communities and healthcare support		Through the Dole business, we were able to promote the CSR activities listed on the left by cooperating effectively with local communities.	Support the following CSR activities undertaken by Dole as ITOCHU Corporation. 1) Activities to plant trees, conduct river improvements and preserve scenery in the production regions 2) Activities to donate learning materials, facilities and school lunches to local schools 3) Provision of water supply facilities to regional communities and healthcare support	4.	2. 4.	3. 4.
Food Products Marketing & Distribution Division	Provided a food environment in response to the aging society and to changes in the household structure.	<ul style="list-style-type: none"> Development of products using euglena ingredients as a sustainable food resource, expanded sales and awareness-raising activities. Coordinate with famima Retail Service Co., Ltd. to select waste disposal operators and implement the introduction of a food recycling loop at stores that apply. 		<ul style="list-style-type: none"> Continued to develop euglena-related products and expanded their sales at 15,000 stores of FamilyMart/UNY Group. Aiming to introduce a food recycling loop, we applied for the approval of our Recycling Project to the Ministry of Agriculture, Forestry and Fisheries, Ministry of the Environment, and Ministry of Economy, Trade and Industry. However, the application process did not complete. 	<ul style="list-style-type: none"> Development of products using euglena ingredients as a sustainable food resource, expanded sales and awareness-raising activities. Continue to implement disaster prevention and control programs in Thailand, Vietnam, and Indonesia by making use of the Global Children's Fund and promote programs for developing the next generation with recipients through project-specific donations. 	2.	2. 3. 4.	2. 11.

<p>All Divisions</p>	<p>Improve the level of food safety and compliance management</p>	<ul style="list-style-type: none"> • Conduct audits to confirm the state of compliance with the Food Safety Management Manual and compliance program at each division in ITOCHU Corporation. • Visit each Group company and conduct audits with the aim of improving the state of food safety and compliance management. • Seek to further improve the food and hygiene management level of China suppliers through support of the China Food Safety Management Team. 		<ul style="list-style-type: none"> • Conducted food safety and compliance audits of business divisions. • We provided instructions to the China Food Safety Management Team by sending qualified auditors on a regular basis. As a result, the auditing of China suppliers' plants was strengthened and the food and hygiene level was improved. 	<ul style="list-style-type: none"> • Conduct audits to confirm the state of compliance with the Food Safety Management Manual and compliance program at each division in ITOCHU Corporation. • Conduct audits of Group companies with the aim of improving the state of food safety and compliance management. • Conduct audits of Group companies with the aim of improving the state of food safety and compliance management. 	<p>1.</p>	<p>♣</p>	<p>2.</p>
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- *1  :Achieved  :Nearly achieved  :Unachieved
- *2 For further information about Basic Policies for CSR Promotion, please see P10.
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- *4 For further information about SDGs, please see P13.

Major CSR Initiatives

■ Contribution to local communities as a part of growth strategies

ITOCHU Corporation holds a 100% stake in Dole International Holdings, Inc. ("Dole"), which operates the Asian fresh food business and worldwide packaged foods business. Dole focuses its efforts on CSR activities based on its belief that people, environment, and society are the most important resources for the survival and development of a company.

In 2015, Dole spent approximately 2 million dollars on CSR activities in the Philippines, Sri Lanka, Japan, South Korea, China, North America, etc. These activities included the donation of textbooks, desks, chairs, computers, and other equipments to about 60 schools, the maintenance of school buildings, the granting of 300 scholarships, and the provision of opportunities to receive education to children with disabilities. The company also provided daily necessities and healthcare support to areas affected by natural disasters, implemented initiatives for maintaining and promoting good health such as blood donations, hygiene education, and food aid, and helped revitalize local communities through housing and infrastructure development, the donation of agricultural equipment, the provision of technical instructions to farmers, and support for local events. What is more, Dole also promoted environmental activities such as the provision of resource-recycling programs, river protection, and monitoring of CO2 emissions.



Children with learning goods donated from Dole

■ Production of safe, secure, delicious pork meat

ITOCHU Corporation holds a 49.9% share in HyLife Group Holdings Ltd. (hereafter, "HyLife"), which conducts the pork meat production business in Manitoba, Canada. HyLife undertakes integrated production covering live production, food mill, and pork processing. This enables the company to manage and coordinate the supply chain on its own. Taking advantage of this integrated production system, HyLife ensures the stable supply of safe, secure, high-quality products with established traceability. In addition, the integrated production system has enabled the individual needs of customers to be provided to hog farms, and HyLife has established a specialty program for providing customized products to the Japanese market. This program is highly evaluated in the market, and as a result, HyLife has become No.1 in Canada in the export of refrigerated pork meat to Japan. In the specialty program for Japan, under the supervision of its in-house nutritionists and veterinarians, HyLife produces hybrid hogs bred from three different breeds it has selected and gives them feed produced mainly from wheat and barley from Manitoba, which is a renowned production area of high-quality wheat and barley. The company undertakes comprehensive daily management and supervision of the processes by involving expatriates from ITOCHU Corporation.



Pork meat processing process

■ Ensuring food safety through regular auditing of overseas suppliers

Against a backdrop of increasingly diverse dietary lifestyles, the globalization of food distribution and increased awareness of health, consumers are taking an even greater interest in the safety and security of food. Meanwhile, incidents and problems have been occurring that threaten the safety and security of food, such as the BSE problem, violations of residue standards with pesticides and other substances and the distribution of foods using additives untested for safety. In FY2003, ITOCHU Corporation set up the Food Safety and Compliance Management Office and has since taken broad measures to ensure safety in the trading of food. Since FY2012, as part of these measures, ITOCHU has been regularly visiting and auditing food processing plants of overseas suppliers for imported food.

ITOCHU determines the subjects and frequency of audits in correspondence with various factors, including the management setup in the host country, product characteristics and sanitation risks in processing steps. Our employees, local staff and/or Group company employees make on-site visits to carry out audits based on our own Plant Audit Check Sheet and make proposals for improvements as necessary. In FY2016, we conducted a total of 153 on-site audits for a total of 148 suppliers. In addition to these measures, in January 2015 we set up the China Food Safety Management Team in Beijing to bolster safety management on foods imported from China. We have dispatched dedicated Japanese staffs who are highly experienced in factory audits (ISO 22000 Lead Auditors accredited by IRCA*) in our efforts to create a management structure comparable to the one we have in operation in Japan. In addition to having several Chinese staff dedicated to conducting regular audits, we have increased the opportunities for mutual checks through follow-up audits and similar, thereby making continuous improvements. In FY2016, we conducted regular audits and follow-up audits of 47 companies, having increased the cumulative total to 89 companies.



A food audit underway

* International Register of Certificated Auditors

CSR at the General Products & Realty Company

Medium to Long-Term Growth Strategies

This company, which is active in the consumer-related sectors of ITOCHU’s operations, comprises the Forest Products & General Merchandise Division, which handles products closely linked to people’s lives—paper and pulp, natural rubber and tires, wood resources and housing materials, etc.—and the Construction, Realty & Logistics Division. This division is involved in housing, logistics facilities, and other development projects, as well as the logistics business, including 3PL and international transport. We work to provide new value to society through the comprehensive strengths and global networks these divisions possess, thereby contributing to more bountiful lifestyles. We will expand our portfolio through aggressive asset replacement, proactively develop our business to meet expected rises in consumption in China and other Asian markets, and promote collaboration with the CITIC and CP Group.



Yasuyuki Harada
President, General Products & Realty Company

Meanwhile, we view societal and environmental issues as business opportunities. For instance, we consider ensuring stable forestry resources in the paper and pulp field and building businesses that achieve harmony with local communities to be priority issues. Accordingly, we strive toward sustainable forest management. In the condominium business, we take a customer/consumer viewpoint in providing environmentally conscious housing (energy-saving technologies, design, equipment, etc.) and offering universal design that suits housing to use by multiple generations. In addition to quality control of products, we cultivate an energy-saving awareness among condominium inhabitants and take a proactive stance toward developing communities that foster connections between communities and residents.

CSR at this Division Company

■ Contribution to concerns for the environment and creation of enriched communities



The General Products & Realty Company has adopted the mission of contribution to establishment of safe and rewarding lifestyles. It provides products and solutions that are closely intertwined with people’s lives and adapted to societal needs. We are working to build a more recycling-oriented society by pursuing the stable procurement and efficient use of forest resources in sustainable ways and the provision of environmentally friendly commodities and buildings.

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ■ Demand for environmentally conscious products and construction materials ■ Needs for certified forestry products 	<ul style="list-style-type: none"> ■ Use of sustainable resources ■ Harmony with local communities ■ Assurance of traceability in raw materials handled

CSR Action Plans

Key points of our FY2017 action plans

Our development of environment-friendly business may be exemplified by transactions for lumber from certified forests linked to sustainable resource use, energy management solution business utilizing IT, and development of environment-friendly condominiums. In the fields of construction and finance, we will contribute to the revitalization of local communities in Japan and other countries.

Div./Dept.	CSR Issues/ Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
Forest Products & General Merchandise Division	Enhance the traceability of raw materials/ protect natural forest/ensure the observance of labor laws and regulations	Conduct new questionnaires on CSR and on-site surveys to review traceability and the status of compliance with laws and regulations on the protection of natural forests as well as those on labor, and provide education for personnel with specific duties as an opportunity to learn about issues.		Conducted questionnaires and on-site surveys of all the 59 subject suppliers and reviewed how they address the issues. Also provided education for personnel with specific duties, in which they learned about the operational management of work with a significant environmental impact in which each division is involved.	Conduct questionnaires on CSR and on-site surveys of suppliers to review traceability and the status of compliance with laws and regulations on the protection of natural forests as well as those on labor, and provide education for personnel with specific duties as an opportunity to learn about issues.	1.	2. 3.	8. 12. 15.
	Handle internationally certified forest products as well as health-safe products	Maintain and increase the ratios of internationally certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification.		Encouraged non-certified suppliers to acquire certification, which resulted in ratios of internationally certified materials of 88% for pulp and 42%* for wood chips. The target value of pulp was maintained. *Wood chips are limited to FSC-certified products. The failure to achieve the target is attributed to the reduction in the trade volume of products from North America.	Maintain and increase the ratios of internationally certified materials handled (around 90% for both pulp and wood chips) by continuing to request that non-certified suppliers acquire certification. *Starting from FY2017, all internationally certified materials are included in the subjects.	3.	2.	12. 13. 15.

Construction, Realty & Financial Business Division	Care extensively for the environment	Actively promote projects that contribute to the environment and local communities in condominiums and elsewhere.	🌱🌱🌱	At CREVIA Kotake-Mukaihara, which is being developed by ITOCHU Property Development, Ltd., pedestrian-vehicle separation was realized by constructing a sidewalk. We also created a center garden and an urban farm and promoted the formation of a community of residents.	Actively promote projects that contribute to the environment and local communities in condominiums and elsewhere.	1. 2.	1. 2. 4.	11.
	Participate in local and international communities and contribute to their development	Seek to identify and develop new businesses through enhanced communication with local partners in Asia and around the world.	🌱🌱🌱	Continued with promotions to attract Japanese companies to the Industrial Park in Karawang International Industrial City in Indonesia, which we have invested in and operate. We also enhanced communication with the local community by disclosing our CSR policies and activities.	Seek to develop high-quality facilities as we expand the construction business in Asia.	1. 5.	4.	8. 11. 16.

- *1 🌱🌱🌱 :Achieved 🌱🌱:Nearly achieved 🌱:Unachieved
- *2 For further information about Basic Policies for CSR Promotion, please see P10.
- *3 For further information about CSR Matterial Issues, please see P11~12.
- *4 For further information about SDGs, please see P13.

Major CSR Initiatives

- Stable supply of sustainable forest resources

ITOCHU Corporation holds a 24.9% stake in Metsä Fibre Oy (hereafter, "Metsä Fibre") in Finland, which is one of the world's largest pulp producers. Metsä Fibre boasts annual pulp production of around 2.3 million tons. It commissions sales of the softwood pulp it produces, which is intended mainly for the Asian market, to ITOCHU Corporation as an exclusive agent. Metsä Fibre has decided to increase its production significantly, by around 800,000 tons, and its annual pulp production is expected to reach about 3.1 million tons by 2018. Finland is capable of the long-term stable supply of raw wood because the amount of raw wood growth exceeds its consumption. In addition, Metsä Fibre generates power from its pulp production process for its own consumption and supplies surplus power to the surrounding area, thereby contributing to reducing fossil fuel consumption in the local area. By promoting initiatives with such an excellent partner, we will promote the sustainable use of forest resources and continue to strengthen our business.



Metsä Fibre

■ The World's No.1 Trader of Blast-Furnace Slag, a Cement Alternative

Blast furnace slag, a by-product from iron and steel manufacturing, is commonly perceived as an eco-friendly product being used as a cement alternative and thus helps save natural resources such as cement raw materials and limestone. It also enables concrete manufacturers, who need cement as their prime raw material, to reduce energy consumption and CO₂ emissions by approximately 40%* compared to producing concrete only from cement.

More than 20 years ago, ITOCHU started to handle blast-furnace slag, which was then generated in Japan and some other countries and could not be fully consumed locally. Since then, we have developed and expanded our customer base and now we supply the product to more than ten countries in Asia, Latin America and other parts of the world. Today, we are the No.1 blast-furnace slag trader by volume in the world. In addition to serving our customers with financial and logistics functions as a trader, we are also contributing to the effective use of resources on a global scale, which we are proud of.

* Estimated by assuming a ratio of cement to blast-furnace slag of 55 to 45.



A structure constructed using blast-furnace slag

■ Community formation for condominiums

In its condominium development, ITOCHU Property Development, Ltd. engages in activities for contributing to local communities, promoting urban greening, and forming communities through interactions between existing and new residents.

At the Park Front Terrace Kameido and CREVIA Minami-Suna, the company carries out the Community Garden Activities through Public and Private Cooperation in adjacent parks. It has formed communities involving the condominium residents by holding workshops for beautifying and renovating the parks. In addition, at the CREVIA Toyoda Tamadaira no Mori RESIDENCE, the company has helped form an independent community of condominium residents by: (1) holding a sapling planting event for purchase contractors; (2) planting trees on the premises immediately before the completion of the condominium; and (3) creating a vegetable garden with the residents who have moved into the condominium.

ITOCHU Property Development, Ltd. received the Good Design Award in FY2016 for these initiatives, which were recognized as "sustainable initiatives that can be applied to other properties" and "an ideal way of contributing to local communities in residential development."



Community formation

CSR at the ICT & Financial Business Company

Medium to Long-Term Growth Strategies

The ICT & Financial Business Company is developing its business in markets affected by rapid change. We comprise some of the Group’s leading companies in various sectors of business. We strive to augment synergies between Group companies and undertake new initiatives to proactively provide support for changes in the operating environment, thereby expanding our business foundation.

In the information and communications field, the additional development of leading-edge IT services is required to cultivate new markets. We will introduce some of the world’s leading technologies through venture investment, using these technologies to lead the market and achieve ongoing growth by fostering the development of Group companies’ business foundations.

In the finance and insurance fields, we will further emphasize our forte in the retail business and create a new investment and lending business targeting corporate customers. We also intend to bolster earnings further in our agency, brokerage, and reinsurance businesses.

Viewing societal and environmental issues as business opportunities, in the information and communications field we will provide indirect support to promote preventive medicine, which should help to increase the percentage of people undergoing medical checkups. In the finance and insurance fields, through collaboration with regional banks we intend to contribute to the revitalization of regional economies.



President, ICT & Financial Business Company
Yoshihisa Suzuki

CSR at this Division Company

■ Developing social infrastructure by taking advantage of ICT and BPO



The ICT & Financial Business Company contributes to the provision of solutions and services matching social needs, riding on its strengths in the fields of ICT and BPO. It also takes initiatives for vitalizing regional economies by collaborating with regional banks and other parties.

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ■ Business development using IoT to address a growing global population and falling birthrates and aging populations in industrialized countries ■ Cultivation and support for business development by excellent companies in regional Japanese locations 	<ul style="list-style-type: none"> ■ Thorough information management for ICT, medical, and financial business development ■ Response to various legislation in ICT & Financial business fields

CSR Action Plans

Key points of our FY2017 action plans

In the field of ICT, we will strive to increase the percentage of people who receive medical checkups as a measure for promoting preventive medicine. In the field of finance, we will contribute to revitalizing regional economies by collaborating with regional banks.

Div./Dept.	CSR Issues/Societal Issues	FY2016 action plans	Status *1	FY2016 results	FY2017 action plans	Basic Policies for CSR Promotion *2	CSR Material Issues *3	SDGs *4
ICT Division	Address preventive healthcare		-		Contribute to increase the percentage of those who receive medical checkups by providing medical checkup arrangement services for companies and health insurance associations, and at the same time, providing them with support in awareness-raising activities such as creation and distribution of information booklets. (Annual target number of people who receive medical checkups: Approx. 170,000).	2.	4.	3.
	Creating businesses based on the 3R philosophy	<ul style="list-style-type: none"> Encourage the use of eco-friendly houses through the government's new Sho Ene Jutaku Eco Points (Eco-Point Program for Energy-Saving Houses). Discuss and enact measures to promote the MOTTAINAI philosophy. 		<ul style="list-style-type: none"> Contributed to promoting use of timber from forest thinning as a replacement operator under the Mokuzai RiyoPoints (the Wood Use Points Program). Contributed to promoting use of eco-friendly products as a replacement operator under the Sho Ene Jutaku Eco Points (Eco-Point Program for Energy-Saving Houses). Promoted the MOTTAINAI philosophy through events (flea markets, eco events, etc.) and PR activities (Facebook, blogs, and paper ads). 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	2.	2. 4.	12.
Financial & Insurance Business	Contribution to the local community	Contribute to the activation of local economy by utilizing financial function, together with the local partners.		Established GL Connect Co., Ltd., a business platform for revitalizing regional economies, jointly with regional banks in March 2016.	Contribute to revitalizing regional economies by taking initiatives including collaborations with regional banks as shareholders of GL Connect Co., Ltd. (equity-method affiliate).	2.	4.	8.

*1  :Achieved  :Nearly achieved  :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P10.

*3 For further information about CSR Material Issues, please see P11~12.

*4 For further information about SDGs, please see P13.

Major CSR Initiatives

- Developing businesses that vitalize companies and people by making use of ICT and contact centers

Needs for prevention of diseases and care prevention will increase further due to the aging of population and declining birth rate and continuous rise of medical costs. In response, the ICT and Financial Business Company focuses its efforts on healthcare businesses, which are aimed at promoting good health among companies and people and eventually improving their quality life (QOL), by making effective use of ICT and contact center operation, in which the company has strengths. For example, Wellness Communications Corporation, a wholly owned subsidiary of the ICT & Financial Business Company, serves as a partner of corporate customers by providing health care support for their employees, who play an important role in the development of the companies, and their families. Specifically, it has developed a nationwide network of medical institutions and encourages employees and their families to receive medical checkups, including complete medical checkups, and makes reservations for them. It also provides other services such as provision of support for improving health based on aging management of medical checkup results and healthcare data.



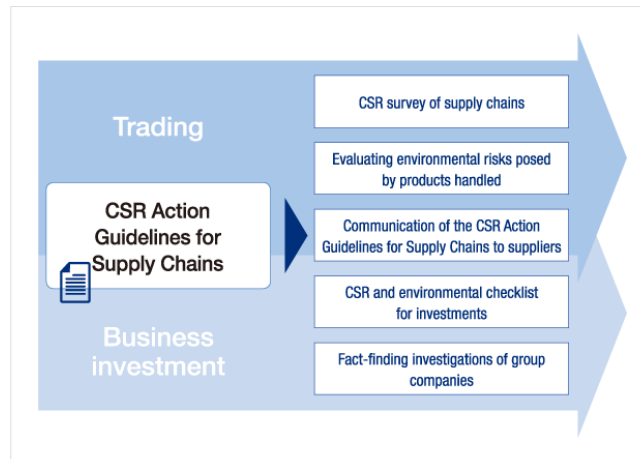
Leaflets encouraging women to receive gynecological exams

The company has also started to take new initiatives for vitalizing companies and people. Female staff members of the company take actions to support the healthcare of working women. For example, as measures for increasing the percentage of women who receive gynecological exams (breast cancer and cervical cancer screening), they created leaflets to raise awareness of the disease, encouraging women to receive screening, among other purposes, and distributed them by enclosing them with documents on information about medical checkups in FY2016. They also held women's-only mini seminars on multiple occasions.

CSR in Our Supply Chain and Business Investment

Engaged in trading and business investment on a worldwide basis, ITOCHU Corporation also takes full consideration for human rights, labor, and the environment etc., through CSR management that is commensurate with respective business activities for its supply chain and business investment.

Through such consideration, the Company is determined to build a sustainable value chain and link this to a heightening of the competitiveness and corporate value of the ITOCHU Group.



Supply Chain Management

Basic stance on supply chain management

In light of the increasing spread and complexity of ITOCHU's supply chains due to its business fields expanding, ITOCHU's business further requires risk management concerning human rights, labor and the environment not only in processes under their direct control but also in areas such as procurement of raw materials, production sites, intermediate distribution, and the regions of consumption. We at ITOCHU Corporation pay particular attention to management on the site of suppliers which occupy a fairly high share of our purchasing, and view our consideration and sense of responsibility for these areas as matters of great importance to be addressed with a high priority. ITOCHU Corporation has set out its CSR Action Guidelines for Supply Chains, and implements the following surveys and reviews. Through these activities, it is striving to prevent the occurrence of any problems. When problems are detected, it aims for improvement in the concerned areas through communication with suppliers.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner including verbal abuse and physical punishment.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

Communication of the CSR Action Guidelines for Supply Chains to suppliers

We believe it is important to win the understanding and cooperation of all our suppliers for our procurement-related policies. In keeping with this belief, in fiscal 2014, we again made notice of the ITOCHU Corporation’s CSR Action Guidelines for Supply Chains to the approximately 4,000 suppliers with whom we have continuing transactions. In January 2015, we established a rule to make notice of the guidelines to any new supplier before we start transactions. We are thus endeavoring to deepen communication with them on our CSR-related policies.

Response to non-compliant supplier

When a case that does not comply with the intent of guidelines has been confirmed, ITOCHU will request the relevant supplier to take remedial action, and will provide support and guidance as needed. If a remedy is deemed difficult despite ITOCHU making continuous requests for remedial action, ITOCHU will reexamine its dealings with the supplier concerned.

CSR Survey of Supply Chains

In order to check the status of our various suppliers, ITOCHU conducts survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the seven core fields of ISO26000.



Conceptual rendering of the promotion of supply chain management

Supplier CSR Checklist

Each of the Division Companies and relevant Group companies of ITOCHU selects significant suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, transaction amounts, etc. Starting from FY2009, sales representatives, locally assigned ITOCHU employees of each Division Company or staffs of subsidiaries in overseas visit the suppliers and survey by providing interviews or questionnaires (using the Supplier CSR Checklist).

In FY2016, we revised the Supplier CSR Checklist based on the seven core fields of ISO26000 (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development). We then added items specific to each field. For example, we added check items related to forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); food safety items for the Food Company; and items related to the protection of intellectual property for the Textile Company.

In addition, we have also published a handbook on communications with suppliers, and use it to inform employees how to communicate with suppliers. Along with the handbook, we have set up a check system that will enable sales representatives and locally assigned ITOCHU employees to undertake more specific checks of the actual status of how key suppliers manage environmental issues, human rights, labor practices, the prevention of



The Supply Chain Communication Handbook

corruption, and other matters, and help them provide suppliers with advice on improvements. Moving forward, we will continue to conduct surveys and communicate with suppliers to raise employee awareness and enhance supplier understanding and implementation.

Example descriptions in the HANDBOOK

Prohibition of forced labor

Companies must not force their staff members to work.

Forced labor means labor forced on a person against their will. Examples include restricting the staff member’s freedom to leave the job until they repay a debt to the company and restricting their freedom to leave the job under the employment contract.

Forced labor may be identified by asking staff members what their work shifts are like, whether they have break times, and whether they have sufficient time to eat meals, or by checking their facial expressions carefully. In a worst-case scenario, staff members are deprived of freedom for their entire lives, forced to live in a dormitory on the factory premises and prevented from going outside the premises. It is also effective to check whether there are any staff members who have come from rural areas or foreign countries to work for the supplier. Employers must be prohibited from taking the passports of staff members or master copies of their IDs or work permits, because such acts lead to forced labor.

Reference

Forced labor needs to be checked for not only at factories in emerging countries, but also at those in Japan. In recent years, the Technical Intern Training Program (TITP) of Japan has been criticized by some overseas countries. You should therefore also check whether suppliers in Japan employ any foreign staff members, and whether there are any problems with the work hours and wages of such staff members.

■ CSR Surveys in fiscal 2016

In fiscal 2016, ITOCHU surveyed 269 companies, including 6 suppliers of overseas offices and 37 suppliers of 6 Group companies. No serious problems requiring immediate response were found in the survey results. Even when surveys have revealed problems that are cause for apprehension, we confirm the initiatives for prompt improvement or countermeasures taken by the supplier. We are going to continue to engage in communication with suppliers to seek their understanding of our thinking. Local employees in charge of the surveys commented, “Through these annual surveys, supply chain management is steadily advancing.”

Surveys conducted in FY2016	Inclusion criteria	Survey subjects	Survey items
Textile Company	- High-risk countries - Countries with specific transaction amounts - Countries where specific products are handled	51	· Main questionnaires that are the same for all division companies: 1) Organizational governance: CSR responsibilities. Establishment of a whistleblowing system. 2) Human rights: Assessment of the risk of human rights violations: Child labor, forced labor, and harassment. Prohibition of discrimination. Payment of appropriate wage amounts. 3) Labor practices: Management of working hours. Management of health and safety. Management of employee health.
Machinery Company		13	
Metals & Minerals Company		18	

<p>Energy & Chemicals Company</p>		<p>30</p>	<p>4) The environment: Waste, treatment of discharged water, handling of hazardous substances, climate change, approaches to the conservation of biodiversity 5) Fair operating practices: Prevention of corruption, information management, prevention of the infringement of intellectual property rights</p>
<p>Food Company</p>	<p>- High-risk countries - Countries with specific transaction amounts - Countries where specific products are handled</p>	<p>75</p>	<p>6) Consumer issues: Quality control system, traceability 7) Community involvement and development: Dialogue with local residents and general consumers •Product-specific questions</p>
<p>ICT, General Products & Realty Company</p>		<p>82</p>	<p>Textile Company: Control of chemical substances, and protection of intellectual property Food Company: Food safety, and checking traceability Forest Products & General Merchandise Division (Paper, wood chips, and wood products): protection of forests, and obtaining or enhancing third-party certification</p>
<p>Total</p>		<p>269</p>	

For significant suppliers, personnel from the CSR Promotion & Global Environment Department of ITOCHU Corporate Communications Division make visits as necessary to undertake on-site surveys together with external experts.

In FY2016, ITOCHU conducted a survey of TI GARMENT COMPANY LIMITED, a subsidiary in Myanmar that operates manufacturing business of dress shirts. The survey covered labor safety, labor management, human rights, and environmental aspects based on the ILO Constitution, the standards of major global apparel brands, and the laws and ordinances of Myanmar.

On-site report: a fact-finding survey at a sewing factory in Myanmar



On February 29, 2016, ITOCHU and an external expert conducted an on-site survey of TI GARMENT COMPANY LIMITED, an ITOCHU subsidiary. The factory is located in the Mingaladon Industrial Park that is just under a 40-minute drive from the city center of Yangon, and 1,150 employees manufacture dress shirts on a single shift basis. In the morning, the survey team interviewed the president and accounting manager, and checked documents concerning human rights and labor management. In the afternoon, the team reviewed, in the presence of the factory director, the production lines, the evacuation routes, the storage of sewing-machine needles, the cafeteria, and the rest of the factory. The external expert complimented the factory that the ages of employees were properly checked with official IDs when hired, that the working hours and payroll were managed appropriately, and that the documents were well organized. In order for the factory to meet global standards, the expert also provided advises from a labor safety and health stand point to take further measures such as posting multilingual evacuation route map and implementing monthly voluntary inspection of fire extinguishers, and the factory immediately carried out these measures in effect. The factory continues to strength a production system for consideration to occupational safety and the environment with further quality control and production efficiency.

■ Regular on-site surveys of food processing plants

Since FY2012, the Food Company has regularly visited and surveyed the food processing plants of overseas suppliers for imported food, under the initiative of the Food Safety and Compliance Management Office. In FY2016, we visited 148 overseas suppliers (a total of 153 visits) and implemented preventive measures for securing the safety of the food we trade with them. In January 2015, we set up the Food Safety Management Office in the Beijing office and established an auditing system for Chinese suppliers. In fiscal 2016, such periodic or follow-up audits were made to a total of 47 companies (a total of 89 visits).

■ Fact-finding investigations of Group companies

To prevent environmental pollution and related problems among the ITOCHU Group companies, personnel from the CSR Promotion & Global Environment Department have been making on-site visits for the purpose of survey work from the third party stand point, together with external experts.

Surveys conducted in FY2016	Subject region	Number of companies visited for on-site surveys	Survey items
Food hygiene audits by the Food Company* (suppliers from which products are imported directly)	Overseas	148	Food hygiene, food defense
Fact-finding investigations of Group companies conducted as on-site fact-finding surveys of suppliers as well	Overseas	3	Soil pollution, water and air discharge control, waste disposal, labor safety, labor management, human rights
	Japan	8	Soil pollution, water and air discharge control, waste disposal, labor safety, quality control

* Of those overseas suppliers, 2 were also the subjects of CSR surveys of supply chains.

Business Investment Management

The business activities at companies in which we invest must take account of and address their possible influence on the global environment and society at large. For this reason, we endeavor to understand the potential CSR risks and to prevent the actualization of CSR risks at the Group companies. We assess their activities by using a checklist and doing on-site visits, and take the requisite measures in response to the assessment results. We do these assessments as part of our environmental management system and try to improve their management level.

Evaluating CSR Risks of New Investment Projects

In approaching prospective new business investment projects, the proposing unit is required to make a due diligence using our CSR and environmental checklist for investments. Specifically, an assessment is made of items such as whether there are the policies and setups at the investment subject set in place as viewed from the standpoint of CSR and the environment and whether there is the possibility of significant adverse environmental impact, legal or regulatory violations, and the risk of litigation by concerned parties. The checklist consists of 33 items, including the seven core subjects in ISO 26000*, the international CSR guideline. (*Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) The proposing unit also takes consideration of the opinions deriving from assessment based on risk analysis by the related administrative division. If any causes for apprehension are identified, a request is made for an additional due diligence study by an external specialized institution in the case of projects requiring an expert perspective. The actual project will commence only after this study confirms the absence of any problems.

Fact-finding Investigations of Group Companies

To prevent environmental pollution and related problems among the ITOCHU Group companies, ITOCHU (the CSR Promotion & Global Environment Department of our Corporate Communications Division) has been making on-site visits for the purpose of survey work continuously since 2001. In fiscal 2016, such visits were made to a total of 10 companies, some involving the participation of external experts, with consideration of the level of environmental and social risks at each company. By the end of March 2015, such surveys had been completed at a total of 270 establishments.

The survey work consists of interviews with management, a survey of facilities such as factories and warehouses as well as drainage into rivers, checks of compliance with environmental laws and regulations, occupational safety, human rights, and communication with local communities. Based on the findings, the survey work team points out problems, indicates measures for prevention, and confirms the status as regards correction.

On-site report: a fact-finding environmental survey at PT. ANEKA TUNA INDONESIA



On February 29 and March 1, 2016, ITOCHU visited Factory-1 and Factory-2 of PT. ANEKA TUNA INDONESIA, a manufacturer of canned tuna in Indonesia. Drawing on the knowledge of an external specialist familiar with local laws and regulations, we conducted a detailed check of the status of risk management and compliance with laws related to the environment and labor safety, such as those for soil contamination control, waste control, chemicals management, and safety measures. We confirmed that the company properly manages these matters. The company carefully considers and complies with the advice that was given concerning the method for storing chemicals, measures for preventing accidents that may result from the operation of food-processing machines and forklifts, and other measures in order to improve their level of management.

Product-by-Product Approaches to CSR Procurement

At ITOCHU Corporation, we handle a broad range of products all over the world. Recognizing the impact of each product on the society surrounding it and on the global environment, we have established individual procurement policies and measures for products with large impacts and reflect them in our daily business activities.

Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials, and Paper Products

■ Objective and Background

In order to fulfill its corporate social responsibility, ITOCHU Corporation (hereafter, "ITOCHU") has established the CSR Action Guidelines for Supply Chains and engages in business activities aimed at achieving a sustainable society. However, natural forests around the world continue to be decreased at high rate. One of the primary drivers of deforestation is unsustainable forest management for production such as large-scale clear-cutting. In response, ITOCHU has established the following procurement policy to conserve natural forests and to continue the sustainable use of forest resources. It was drafted through consultation with WWF Japan.

■ Scope of Application

This policy covers wood and paper products that ITOCHU and its consolidated subsidiaries procure in Japan and overseas. Specifically, it covers raw wood, wood products, paper manufacturing materials such as wood chips and pulp, and paper products (hereafter, "Forest products").

■ Basic Policy

ITOCHU and its consolidated subsidiaries which handle Forest products will work to ensure the traceability of Forest products and procurement based on the following policies.

1. Support expansion of reliable forest management certification systems and give priority to Forest products with reliable certifications.
2. Production and manufacture of Forest products shall not impose an excessive environmental burden on High Conservation Value Forest.
3. Forest products and their materials shall have been produced (or logged) through appropriate procedures by following the laws and regulations of the area where the raw material is produced.
4. Forest products shall not be procured from any suppliers who contribute to serious environmental or social problems, such as the destruction of High Conservation Value Forest.

■ Implementation and Operation

ITOCHU and its consolidated subsidiaries which handle Forest products will strive to implement the above basic policy in a phased manner in consideration of the characteristics of each country and region. In implementing the policy, we will review this policy regularly and cooperate with customers, specialists, and stakeholders, including NGOs, while also considering the provision of support for the shift to production systems which will help improve sustainability of production areas.

■ Information Disclosure and External Communication

To ensure transparency, we will disclose the progress of our initiatives through the CSR Report and promote society's understanding of the sustainable use of forest resources through appropriate communication with customers.

| Approach to Conflict Minerals Issues

Some of the minerals produced in the Democratic Republic of the Congo and neighboring countries where conflicts are taking place can potentially provide sources of funding to armed groups which engage in inhumane acts, foment conflict or bring about human rights violations. The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the United States in July 2010, required that U.S. listed companies disclose information such as their use of "conflict minerals*" produced in the Democratic Republic of the Congo and neighboring countries in their products.

While ITOCHU Corporation is not bound by the reporting requirements of the United States' Securities Exchange Act, to fulfill its social responsibility in procurement activities, ITOCHU Corporation will coordinate with its business partners in keeping with the spirit of this legislation and promote initiatives to ensure that it does not help armed grounds that engage in human rights violations.

* "Conflict Minerals" as defined by the law refer to tantalum, tin, gold, tungsten and other minerals specified by the U.S. Secretary of State.

| Activities for Sustainable Procurement of Palm Oil

To ensure that sustainable procurement can be carried out consistently in consideration of human rights and environmental conservation, ITOCHU Corporation makes notice of its CSR Action Guidelines for Supply Chains to its suppliers and undertakes regular communications with them on CSR procurement through fact-finding surveys and other activities. We recognize that the procurement of palm oil in particular requires consideration for environmental issues, labor safety, human rights, and relationships with local communities, so we became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2006. We participate regularly in its meetings to promote the transparency of our supply chains and trade with suppliers who improve traceability. In this way, we strengthen our system for the sustainable procurement of palm oil.

Our Initiatives for the Environment

As a general trading company, ITOCHU provides various products and services and invests in businesses inside and outside of Japan, and positions global environmental problems as one of the top priority issues in management. In order to contribute to the realization of a sustainable society, ITOCHU is promoting environmental conservation activities.

Environmental Activities Policies

ITOCHU Corporation positions global warming and other environmental problems as one of the top priority issues in its management policy. In addition, to fulfill our corporate philosophy "Committed to the Global Good," we have established the ITOCHU Group Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

The ITOCHU Group Environmental Policy

– I . Basic Philosophy

Global warming and other environmental issues are affecting the future of mankind. As a global enterprise, ITOCHU Group is positioning these issues as one of the most important management policies. ITOCHU Group contributes to the realization of a sustainable society by promoting "Actively addressing the better global environment" based on The ITOCHU Group Corporate Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, "Committed to the Global Good".

– II . Activity Guidelines

In keeping with the basic philosophy presented above, ITOCHU Group pursues a continual improvement of its environmental management system and defines the following guidelines concerning activities of environmental conservation.

(1) Prevention of environmental pollution	In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
(2) Observance of laws and regulations	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
(3) Promotion of environmental conservation activities	Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.
(4) Harmonious coexistence with society	As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.
(5) Promotion of educational activities	Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's Stance on the Environment

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems.

We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

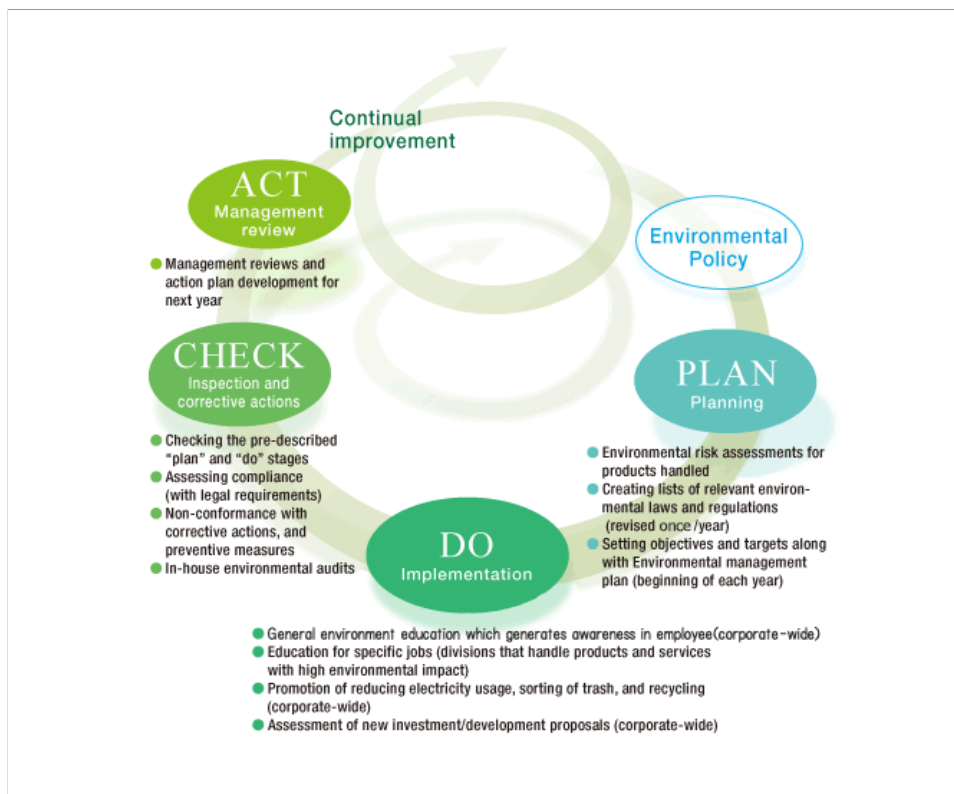
1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines in our current Environmental Policy, in order to make it clear that our commitment goes a step beyond conserving ecosystems, to conserving biodiversity as well. The expression was thus changed from "conserve ecosystems" to "conserve ecosystems and biodiversity."

Environmental Management

ITOCHU Corporation has formulated an Environmental Policy covering the entire ITOCHU Group. ITOCHU is aware of the impact that its business activities may have on the global environment. We have thus built a framework for assessing the impact of the products we handle, and in particular before making new investment, in order to prevent environmental risk. We believe it is important to contribute to sustainable development as a corporation by implementing both the offense of promoting environment conserving businesses and the defense of taking a precautionary approach to environmental risks.

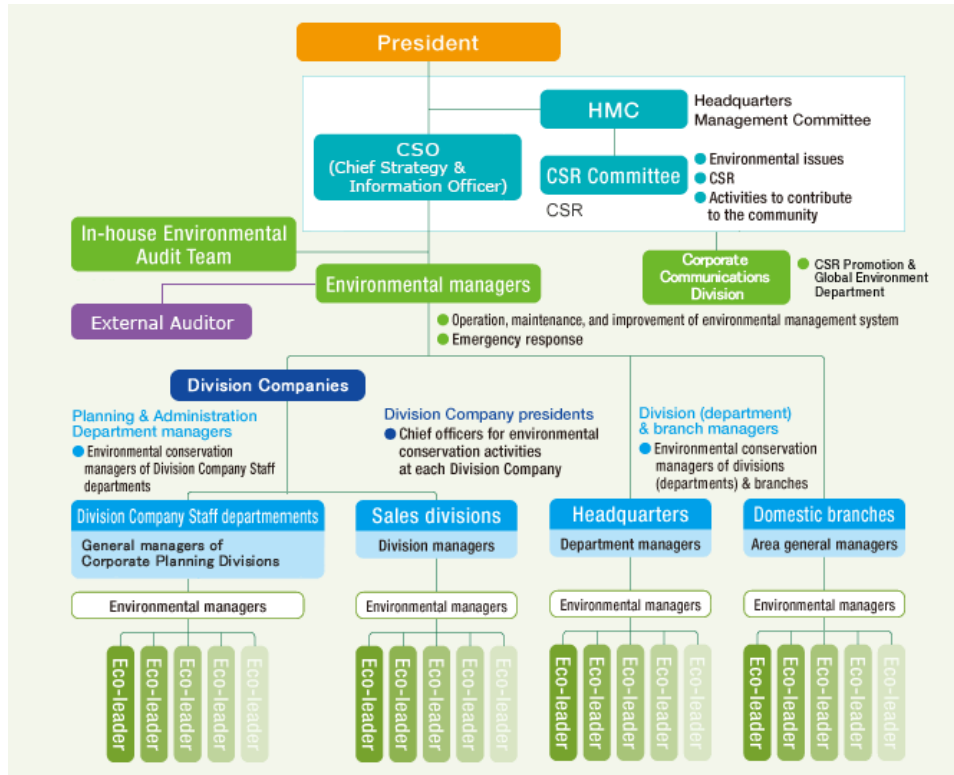
Environmental Management System

In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, take precautionary approaches to environmental risks and promote environment conserving businesses. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk and promoting environment conserving businesses; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's Environmental Management Organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CSO who has complete authority for the environmental management system. Concrete management work is carried out by the CSR Committee, established to review environmental policies and perform annual reviews of corporate-wide activities. The CSR Promotion & Global Environment Department of the Corporate Communications Division serves as the CSR Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (61 total in fiscal 2017), and assisted by eco-leaders (276 total as of April 1, 2016), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2016, they were carried out in all 60 departments (including five departments utilizing a self-check format). Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (333 registered individuals), and carried out their work with an emphasis on auditing legal compliance.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 2016 inspection was to renew certification. The outcome of the inspection was an overall "improvement" grade and renewed certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Environmental Management Targets and Results

With respect to environmental management, ITOCHU establishes environmental objectives to be tackled in the medium-term, and then sets specific targets and conducts performance reviews based on those targets each fiscal year.

Item	Fiscal 2016 Environmental Targets	Review	Fiscal 2016 Implementation Details
Prevention of Environmental Pollution/ Observance of Laws and Regulations	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.	○	For all investment projects, we performed environmental risk assessments in advance through the CSR and Environmental Checklist for Investments. We assessed the environmental risk of new products and conducted reviews of the assessment details for existing products.
	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.	○	We conduct internal audits in 60 departments (including five departments utilizing a self-check format), confirmed the operation of environmental management systems, legal compliance and the state of environmental performance management, and provided advice.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	We conducted onsite surveys and provided advice to 10 Group companies, including two overseas companies, to improve environmental management on site.
Promotion of Environmental Conservation Activities	Expand the scope of monitoring to information such as the energy emissions of overseas Group companies, as well as major domestic and overseas subsidiaries.	○	We collected and disclosed information from 16 overseas branches (including local subsidiaries), 73 domestic operating companies and 49 overseas operating companies.
	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)	○	We planned, executed and reviewed the respective environmental conservation activities of all company divisions and branches.
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	We held summer vacation environmental classes (July 29, 92 participants) and operated the ITOCHU Pavilion Eco Shop at Kidzania Tokyo (experienced by approximately 31,000 participants a year).
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	We conduct events, volunteer activities and other initiatives in coordination with local companies and governments on a per-branch basis.
Promotion of Educational Activities	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.	○	We provided basic environmental education (May to July, 3,960 participants) and education for personnel with specific duties (May to March, 404 participants). The CSR and global environment seminar titled "Global Initiatives and Innovations to Implement Bold Global Warming Countermeasures" was held on February 8, with 248 people attending.
	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.	○	We held a Waste Management and Public Cleansing Law Seminar (September 4, 555 participants), an e-learning program related to Waste Management and Public Cleansing Law (October - November 2015, 4853 participants) and Environmental and Social Risk Response Seminar (including the Soil Contamination Countermeasures Act) (July 17, 192 participants).

* ○: Implemented △: Partially ×: Not yet implemented

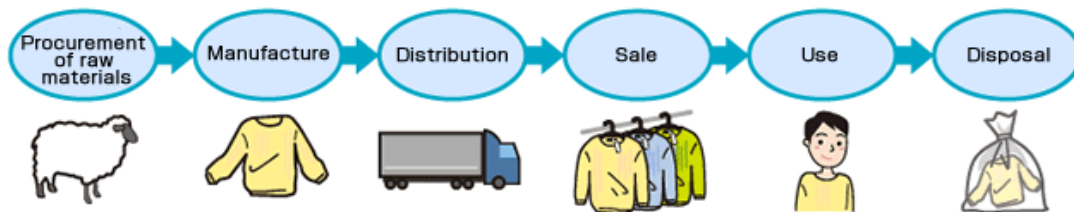
Precautionary Approach to Environmental Risks

In addition to evaluating environmental risks of the products we handle, we are committed to taking a precautionary approach to environmental risks. This commitment also extends to ITOCHU Group companies, reflecting the need to identify the impact on the global environment of the business activities of the Group as a whole.

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We thus carry out our own original environmental impact evaluations on all the products based on our belief that it is vital to evaluate the impact of these products to the global environment, the state of our compliance with environmental laws and regulations, and their relationship with stakeholders. We use a so-called LCA (*) -based analysis method at all stage of product life cycle from procurement of raw materials, production, and use, through disposal of products. If the evaluation shows that the impact on the global environment by particular products exceeds predetermined benchmarks, then we create manuals and the concrete procedures to manage transactions of these products.

* LCA (life-cycle assessment) is a method that evaluates the environmental impact of products at all stages of their life cycle, from raw materials, manufacturing, transport and use through to disposal and recycling or reuse.



Fact-finding Investigations of Group Companies

We analyze about 200 of our 326 Group companies (as of March 31, 2016) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 to 20 of them per year. Over the 15 years to the end of March 2016, we did on-site investigation at 270 worksites. The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



Fact-finding Investigations at a manufacturer of canned tuna in Indonesia

Evaluating the Environmental Risks of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ a CSR and environmental checklist for investments to evaluate in advance the market, social and environmental impact of business investment projects entered via M&A in Japan and overseas. We revised this checklist to reflect the seven core subjects (Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) of ISO 26000, and we began to utilize the new checklist in fiscal 2014. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the presence of no major problems are confirmed.

Internal and External Inquiries and Our Response

In the year ended March 31, 2016, we received a total of 90-inquiries from outside the Company, which were broken down as follows: environmental groups (7), industry (24), government and industry groups (17), and media and research firms (12), requirement of ISO14001 certification from customers (30). There were no environment-related incidents, problems, lawsuits against the Company. Meanwhile, the number of inquiries from within the Company and ITOCHU Group companies was as follows: 126 inquiries regarding laws including Japan's Waste Management and Public Cleaning Law, and 17 inquiries regarding business investments.

Promotion of Environment Conserving Businesses

ITOCHU Corporation is committed to solving environmental issues through its businesses. As a framework for promoting these businesses, each division formulates a CSR Action Plan and promotes initiatives according to the PDCA cycle. ITOCHU also recognizes climate change and sustainable resource utilization as material issues and focuses on finding solutions to these challenges.

Renewable Energy

ITOCHU Corporation is addressing social issues through investment in power generation assets that are expected to grow as a necessary means of energy supply and that make effective use of renewable energy such as geothermal and wind power.



Shepherds Flat wind power plant

Details of Initiative	Name of Business Operator/Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	1,480,000tons / year
Biodiesel Manufacturing Business	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 520,000 tons / year
Waste Management Projects	ST&W Waste Management Project / SITA South Tyne & Wear Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Management Project / SITA Cornwall Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Management Project / SITA Merseyside Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Management Project / SITA West London Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year
Photovoltaic Power Generation	Scatec Solar AS	South Africa	190MW	About 315,000 tons/year
	Oita Hiyoshibaru photovoltaic power plant large-scale solar power plant	Japan	44.8MW	32,000 tons/year
	Shin-Okayama photovoltaic power plant large-scale solar power plant	Japan	37MW	26,000 tons/year
	Saijo Komatsu photovoltaic power plant large-scale solar power plant	Japan	26.2MW	18,000 tons/year
	Saga-Ouchi photovoltaic power plant large-scale solar power plant	Japan	21MW	15,000 tons/year

Water-Related Businesses

About 97.5% of the earth's water consists of sea water. Water available for use by human beings accounts for only 0.01% of the total. Meanwhile, the demand for water worldwide is steadily increasing due to economic development driven by the newly emerging countries, population growth, and changes in precipitation patterns caused by climate change. ITOCHU Corporation has positioned the water-related business as a priority field, and is developing business globally in areas such as sea water desalination, water treatment, and concession projects which started in 2014, with a view to helping solve water problems around the world.

Country	Details of Initiative
Concession project on water supply and sewerage systems	In 2012, ITOCHU invested in the UK-based Bristol Water Group. This made us the first Japanese company to participate in the UK water sector. Bristol Water Group is providing full drinking water services from water resource management to water treatment, water supply and distribution, billing service, and customer service to 1.2 million customers in UK. In 2014, ITOCHU invested in CANARAGUA CONCESIONES S.A., which manages concessions of upstream and downstream water, sewerage network and the integral water cycle in the autonomous of the Canary Islands. This made us the first Japanese company to participate in the Spanish water sector. CANARAGUA CONCESIONES S.A. is currently providing services to an extended total of approximately 1.3 million inhabitants in the Islands.
Seawater Desalination	<p>ITOCHU invested and participated in a seawater desalination project in Victoria, Australia. With the ability to meet around 30% of the water demand in Melbourne, population 4.4 million, this project supports the stable supply of water to the city from 2012.</p> <p>ITOCHU has become the largest shareholder in a seawater desalination project with a capacity of 281,000 m³ per day that is being undertaken by Oman Power and Water Procurement Company (OPWP), a government entity of the Sultanate of Oman, at Barka, located in the northern area of the country. This is the largest seawater desalination project in the Sultanate of Oman, and involves the construction of a reverse osmosis desalination plant and surrounding facilities that will operate for 20 years. The seawater desalination plant will start supplying drinking water in April 2018.</p>
Supply of seawater desalination plants and manufacture & sales osmosis membranes	<p>ITOCHU began delivering large numbers of seawater desalination plants in Saudi Arabia from the 1970s.</p> <p>In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura ("APS") with local capital in the country. We also expanded into rehabilitation projects for seawater desalination plants with APS.</p> <p>In August 2010, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures and sells reverse osmosis membrane elements for seawater desalination, was established with Toyobo and local capital.</p>

Tree Plantation

The earth is rapidly losing its forest coverage. ITOCHU Corporation is attempting to expand its businesses in the field of paper and pulp by developing renewable forest resources on its own. It also promotes tree plantation with a focus on businesses that will contribute to preventing global warming. ITOCHU was the first Japanese *sogo shosha* to obtain CoC certification*1 from the Forest Stewardship Council (FSC)*2 and begin importing certified wood chips.

*1: FSC is an international organization that certifies forests where logs and lumber are produced, as well as the distribution and processing of logs and lumber from the forests.

*2: CoC certification is a certification from FSC regarding the management of processing and distribution process. CoC stands for Chain of Custody.

Name of Business Operator/Tree Plantation	Country	Project Size
CENIBRA (Celulose Nipo-Brasileira S.A.)	Brazil	132,000ha
ANCHILE	Chile	27,000ha
Southland Plantation Forest Co.	New Zealand	10,000ha
Acacia Afforestation Asia	Vietnam	2,000ha
South Wood Export Ltd.	New Zealand	1,000ha

Other Environmental Businesses

Project Name	Details of Initiative
Reducing the environmental footprint with the introduction of side shrink packaging	<p>As an initiative to reduce its environmental footprint, ITOCHU PLASTICS INC. ("CIPS" hereafter) has supported the introduction of "side shrink film" at all stores operated by FamilyMart Co., Ltd. and its domestic area franchise company locations (collectively, "FamilyMart"), with the exception of Hokkaido FamilyMart. Side shrink film is a style of packaging in which the plastic film around a package for a boxed lunch, sushi or noodle product only covers the area where the container and lid meet.</p> <p>The switch to side shrink packaging from full shrink packaging, where an entire container is covered with cling film, has made packages easier to open, improved the visibility of contents and offered advanced blocking properties. The new packaging also plays a major role in reducing the burden on the environment by decreasing waste, cutting the amount of plastic materials used in packaging and lowering CO2 emissions.</p> <p>The results in FY 2016 (Comparison with previous full shrink packaging) Cutting the amount of plastic materials: Approx. 400 tons Lowering CO2 emissions: Approx. 1,450 tons</p>

Approaches to Conservation of Biodiversity

While the business activities of companies are heavily reliant on the supply of the natural bounty produced by biodiversity (ecosystem services), they are also a great burden on the ecosystem. To achieve sustainability for our planet and society, ITOCHU have stipulated consideration for biodiversity as part of our Activity Guidelines under the ITOCHU Group Environmental Policy. Through our business activities and social contribution activities, we will strive to protect biodiversity and ensure the sustainable use of resources.

Concern for Biodiversity in Business Activities

Concern for Biodiversity in Wood Procurement

Natural forests around the world continue to be decreased at high rate. One of the primary drivers of deforestation is unsustainable forest management for production such as large-scale clear-cutting. In response, ITOCHU has established the procurement policy to conserve natural forests and to continue the sustainable use of forest resources.

- Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials, and Paper Products (P70)

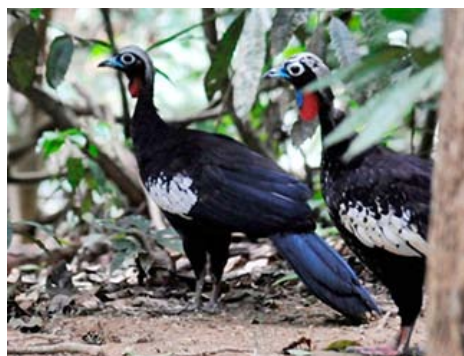
Concern for biodiversity in pulp production projects

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem. The company also addresses the restoration of natural forests. Each year it plants some 70,000 tree samplings of the four varieties that make up the native forests in an initiative that spans as much as 300 hectares each year.

Protective breeding activities for endangered species of bird are also underway at Macedonia Farm in a protected zone of natural forest. Scarce wild birds such as the pheasant family bird, mutum are protected and bred at the farm and later released into the wild.



One of CENIBRA's vast plantations



The rare mutum at Macedonia Farm

Activities for Conservation of Biodiversity

Even apart from its business activities, the ITOCHU Group is working to conserve biodiversity through social contribution initiatives.

Support of Amazon Ecosystem Conservation Program

Starting in FY2017, ITOCHU Corporation has been supporting the new concept of "Field Museum," an ecosystem conservation program in the tropical forests of the Amazon that is being run by the Wildlife Research Center of Kyoto University with the National Institute of Amazonian Research for the purpose of conserving the environment and biodiversity.

The Amazon rainforest accounts for over half of all the rainforest acreage that remains on earth. It is widely considered a treasure-trove of ecosystems. However, the valuable ecosystem is being lost in recent years due in part to the rapid economic development and deforestation attributed to the lack of environmental education for local residents. Working with the National Institute of Amazonian Research, the Wildlife Research Center of Kyoto University conducts research and dissemination activities for maintaining the valuable ecosystem of the Amazon. The Japanese and Brazilian institutes conduct joint conservation research and facilities development by using the advanced technologies at which Japan excels, which is expected to dramatically advance conservation research on various organisms and ecosystems, including research on water-dwelling animals (river dolphins, manatees) of the Amazon and the upper canopies of the rainforest, which have traditionally been challenging to study. The activities also include a program for protecting the Amazon manatee, an endangered species, and ITOCHU Corporation supports a program for reintroducing the manatee to the wild. While an increasing number of manatees are being taken into protective custody after being injured by poachers, it is difficult for the animals to return to the wild on their own. This has made it imperative to establish a project for reintroducing the creatures to the Amazon. The program aims to have at least nine manatees return to the wild and at least 20 return to semi-captive environment within three years, with support from ITOCHU Corporation.



The Amazon rainforest is the largest in the world and is said to supply one-third of all the oxygen on earth.



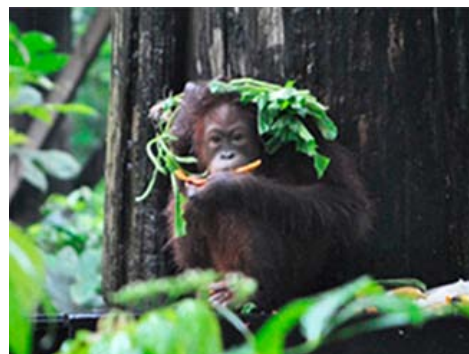
The Amazon manatee, an endangered species

– Activities for Revival of Tropical Forest and Conservation of the Ecosystem on the Island of Borneo

The island of Borneo is largely covered with tropical forests spanning the countries of Malaysia, Indonesia, and Brunei. In area, it is about twice as large as Japan and the third-largest island in the world. It is known as a treasure-trove of biodiversity. However, it is also in the process of development, and some tropical forest areas have been damaged to the point that their ecosystems cannot be conserved on the strength of nature's own powers of revival alone. The ITOCHU Group is supporting activities since 2009 for revival of forests in the district of North Ulu Segama in the Malaysian state of Sabah, in the northeastern part of the island. The World Wide Fund for Nature (WWF), the globally active organization for protection of nature, is engaged in activities for forest revival in an area of about 2,400 hectares, in coordination with the Sabah Forestry Department. The ITOCHU Group is supporting revival over a portion measuring 967 hectares larger than any other zone of forest revival supported by an ordinary private enterprise. The afforestation was completed in 2014, and all on-site operations including maintenance and management operations were completed in January 2016. The district is also a habitat for the orangutan, an endangered species. The revival will help to protect not only the orangutan but also many other species living there.



Tree-planting by four participants



The orangutan, an endangered species

■ Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. Besides symbolizing freedom and rebirth, this logo likewise anticipated the issue of protection of endangered species, and underscores the love and respect for nature felt by the brand's founder. To realize his dream of coexistence with nature, Hunting World Japan Co., Ltd., which sells the brand in Japan, has been supporting activities for conservation of biodiversity by the NPO Borneo Conservation Trust (BCT) since 2008. The company designs and sells charity goods, and donates 1% of the proceeds from these sales to BCT. By so doing, it is defraying part of the cost for purchase of land for the green corridors and rescue of Borneo elephants which have strayed into plantations. In addition, the fall of 2011 saw the birth of Hunting World Kyosei no Mori (Symbiotic Forest of Hunting World) based on independent purchase of four acres of land within the Green Corridor Plan* zone, using the financial aid provided up to that year. Furthermore, BCT Japan, which is supporting BCT, helped out with the funding needed for establishment of the Borneo Elephant Sanctuary, the first facility in the Wildlife Rescue Center project, which began in September 2013.

* Green Corridor Plan: A initiative for conservation of biodiversity by such activities as buying back land separating forest preserves and protected forests, to make a corridor for movement between them by wild animals.



The Borneo elephant, an endangered species Support is also provided for efforts including construction of facilities for temporary protection and treatment of the elephants before returning them to the forest, as well as for taming them.



The Kinabatangan River area in the northeastern part of the island of Borneo is the subject of the Green Corridor Plan. There are plans to acquire a total of 20,000 hectares.

■ Support for Tree-planting Activities in Kenya

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2016, about 120,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 120,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.



Donation to the Green Belt Movement of an amount equivalent to the cost of one seedling for the tree-planting program for each child visitor



Tree-planting activities in Kenya (photo courtesy of the Mainichi Newspapers)

Environmental Education and Awareness

We are committed to improving the environmental awareness of the entire ITOCHU Group. To encourage environmental conservation efforts among our employees we offer a wide range of education programs, as well as seminars on environmental laws, and seminars to raise awareness of global environmental issues, which also target Group employees.

Seminars

We actively hold seminars in order to ensure that all employees of the ITOCHU Group are aware of and comply with the requirements of environmental laws and regulations, and in order to raise environmental awareness.

Internal Seminars and Training Sessions (fiscal 2016 results)

Content		Timing	Target	Participant
Environmental Managers Conference		15th April 2015 (Tokyo) 14th April 2015 (Osaka)	Employees and Group Company Employees	149
General Education		From May to July 2015 59 times in total	Employees and Group Company Employees	3960
Education of staff in specific operations		From May 2015 to March 2016 34 times in total	Employees and Group Company Employees	404
Environment and Social Risk Response Seminar		17th July 2015 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	192
The Waste Management and Public Cleansing Law	Seminar	4th September 2015 (Tokyo/Osaka) ※Group company 2 times	Employees and Group Company Employees	592
	e-learning	October - November 2015	Employees	4853
CSR and Global Environment Seminar		8th February 2016 (Tokyo/Osaka)	Employees and Group Company Employees	248
CSR Seminar for the specific departments and ITOCHU group companies		at any time	Employees and Group Company Employees	76

CSR and Global Environment Seminar Held

On February 8, a CSR and Global Environment Seminar on “Global Initiatives and Innovations to Implement Bold Global Warming Countermeasures” was held with 248 ITOCHU Group employees in attendance. A representative of the International Environment and Economy Institute spoke about various countries’ positions and the meaning of numerical targets in international global warming negotiations, based on her experience working on Japan’s environmental policies. Meanwhile, Toyota Motor Corporation presented the Toyota Environmental Challenge 2050 as an example of a major initiative undertaken by a leading environmentally friendly company. The panel discussion closed with a discussion of the ever-increasing importance of global warming countermeasures, as highlighted by one of the 17 Sustainable Development Goals adopted by the UN General Assembly last September: “Take urgent action to combat climate change and its impacts.” Seminar participants proactively shared their viewpoints on the future businesses of ITOCHU Group companies. Their feedback included the view that integrating environmental targets into management will lead to the development of new businesses.



Ms. Takeuchi of the International Environment and Economy Institute



Ms. Yamato of Toyota Motor (second from the right)

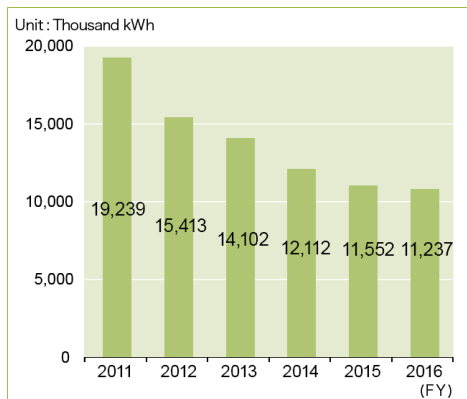
Environmental Performance Data

ITOCHU Corporation strives to achieve environmental conservation not only through business activities, but also through office activities, such as cutting back electricity consumption and the promotion of the recycling of waste, in which all its employees can easily participate. In addition, it has gradually expanded the scope of the collection of environmental performance data on Group companies in Japan and overseas, and overseas offices to understand the actual environmental situation and improve its environmental conservation activities in the future.

Environmental Performance

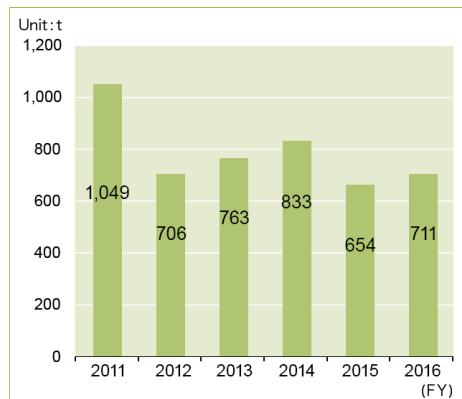
Environmental Performance Data at the offices

Electricity Consumption ★



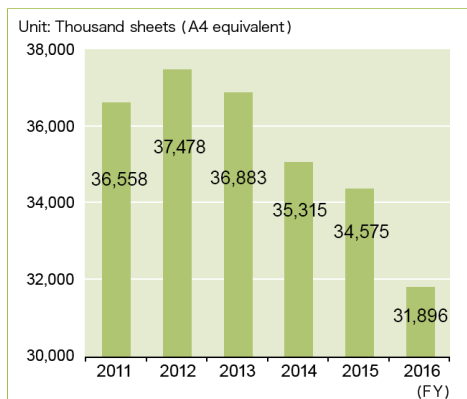
Scope: Tokyo headquarters, Osaka headquarters, Branches in Japan, Other branches and business facilities in Japan

Waste Volume ★



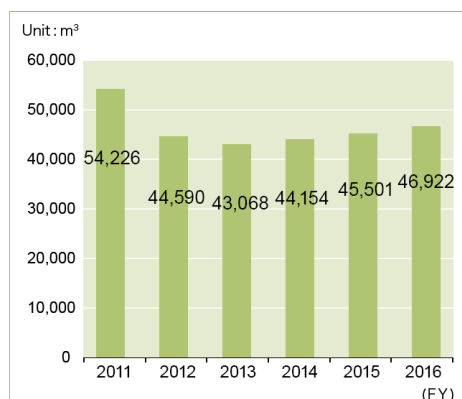
Scope: Tokyo headquarters

Paper Consumption



Scope: Tokyo headquarters

Water Consumption ★



Scope: Tokyo headquarters

Please look at the tables below for the data of group companies in Japan, overseas offices and group companies.

Independent Assurance Report (P153): The following data marked with ★ are assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.

★ : Total value of electricity consumption and CO2 emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, domestic branches and other business facilities, Group companies in Japan, overseas offices and overseas Group companies, along with data of CO2 emissions attributed to distribution, waste volume, recycling rate and water consumption, gray water production and wastewater discharge for the Tokyo headquarters.

■ Target Setting

ITOCHU Corporation has established targets for electricity consumption, reduced generation of waste volume, the promotion of recycling, and reduced paper and water consumption. ITOCHU's target figures are presented in the following table. ITOCHU has announced a goal of reducing specific energy consumption at ITOCHU Corporation itself and its consolidated subsidiaries by an average of at least one percent per year and is striving to reduce greenhouse gas emissions.

	FY2016 Results	Single Year Target	Target for the Year Ended March 2021
Electricity Consumption of Tokyo and Osaka Headquarters, Branches in Japan and Other branches and business facilities in Japan	Reduction of 3% compared with FY2015 levels	Reduction of at least 1% annually	Reduction of 30% compared with FY2011 levels
Tokyo Headquarters Waste Volume	32% reduction compared with FY2011 levels	10% reduction compared with FY2011 levels	20% reduction compared with FY2011 levels
Tokyo Headquarters Recycling Rate	95%	90%	90%
Tokyo Headquarters Paper Consumption	13% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels
Tokyo Headquarters Water Consumption (City Water)	13% reduction compared with FY2011 levels	10% reduction compared with FY2011 levels	15% reduction compared with FY2011 levels

■ Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO2 emissions from business facilities	Waste volume	Paper consumption	Water consumption and wastewater discharge
Tokyo headquarters	○	○	○	○	○
Osaka headquarters	○	○	-	-	-
Branches in Japan *1	○	○	-	-	-
Other branches and business facilities in Japan *2	○	○	-	-	-
Group companies in Japan *3	○	○	○	-	○
Overseas offices *4	○	○	○	-	○
Overseas group companies *5	○	○	○	-	○

*1 The branches in Japan cover all 5 domestic branches of ITOCHU Corporation.

*2 Business facilities cover business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwelling. The number of offices: FY2013: 13 offices, FY2014: 12 offices, FY2015: 12 offices, FY2016: 8 offices

*3 The Group companies in Japan cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31, 2016). The number of companies: FY2013: 69 companies, FY2014: 72 companies, FY2015: 73 companies, FY2016: 70 companies

*4 The overseas offices cover main offices. The number of offices: FY2013: 14 offices, FY2014: 16 offices, FY2015: 16 offices, FY2016: 16 offices

*5 The overseas group companies cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31, 2016). The number of companies: FY2013: 40 companies, FY2014: 48 companies, FY2015: 49 companies, FY2016: 44 companies

■ Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2013 to FY2016. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use. In addition, a morning-focused working system was launched on October 1, 2013 for trial basis and officially introduced on May 1, 2014 for full-time employees at the headquarters and branch offices in Japan, and this has also led to the reduction in our electricity consumption.

Unit: Thousand kWh

	FY2013	FY2014	FY2015	FY2016
Tokyo headquarters	9,914	9,391	9,297	9,169
Osaka headquarters	505	473	455	442
Branches in Japan	446	422	415	326
Other branches and business facilities in Japan	3,237	1,826	1,385	1,300
Total of domestic bases of ITOCHU corporation ★	14,102	12,112	11,552	11,237
Group companies in Japan	494,173	515,258	503,558	484,755
Overseas offices	2,720	3,586	3,466	3,424
Overseas group companies	96,463	148,821	149,151	147,665
Grand total of ITOCHU Group ★	607,459	679,777	667,727	647,081

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, branches in Japan, other branches and business facilities in Japan and group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy.
- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries and calculation methods.

■ CO₂ Emissions from Business Facilities

Unit: t-CO₂

	FY2013	FY2014	FY2015	FY2016
Tokyo headquarters	5,492	5,202	5,133	6,229
Osaka headquarters	227	243	238	235
Branches in Japan	270	278	272	208
Other branches and business facilities in Japan	1,494	964	741	664
Total of domestic bases of ITOCHU corporation ★	7,483	6,687	6,383	7,336
Group companies in Japan	283,492	363,387	364,772	369,775
Overseas offices	1,596	1,979	1,940	1,907
Overseas group companies	51,985	100,812	103,181	102,372
Grand total of ITOCHU Group ★	344,556	472,865	476,226	481,389

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices, other business facilities and Group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- For overseas offices and overseas group companies, the figures are calculated using the CO₂ conversion factors for each countries (average 2010-2012) found in the International Energy Agency (IEA)'s statistics.
- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries and calculation methods.
- For the grand total of ITOCHU Group, CO₂ emission of Scope 1 is 74,962 t-CO₂ and CO₂ emission of Scope 2 is 406,428 t-CO₂.

Waste Volume

The table below shows the waste volume generated in Tokyo headquarters building, group companies in Japan, overseas offices and overseas group companies from FY2013 to FY2016. We have been promoting waste segregation. We, at the Tokyo headquarters, are striving to reduce their waste generation with a target of achieving a 10% reduction of waste generated compared with FY2011 levels. Through initiatives such as 2-in-1 and double-sided printing, ITOCHU has been able to reduce waste volume, and in FY2015 the Tokyo headquarters building received a Minato Ward Waste Reducing Business Operator Commendation.

		FY2013	FY2014	FY2015	FY2016
Tokyo headquarters building ★	Waste volume (Unit: t)	763	833	654	711
	Recycling rate (Unit: %)	88	94	95	95
Group companies in Japan*	Waste volume (Unit: t)	23,546	22,307	21,825	23,470
Overseas offices	Waste volume (Unit: t)	5	26	7	9
Overseas group companies	Waste volume (Unit: t)	1,102	5,318	14,271	14,569

- The waste volume of Tokyo headquarters includes waste sold as valuable resources.
- We have amended the past FY data of group companies in Japan and Overseas group companies, since we revised the boundaries.

Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2013 to FY2016. We, at the Tokyo headquarters, have been promoting the reduction of paper consumption, with a target of reducing paper consumption by 3% compared with FY2011 levels, by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2013	FY2014	FY2015	FY2016
Copy paper consumption	36,883	35,315	34,575	31,896

Water Consumption and Wastewater Discharge

The table below shows the water consumption, gray water production and wastewater discharge in Tokyo headquarters and water discharge in group companies, overseas offices and overseas group companies from FY2013 to FY2016. We, at the Tokyo headquarters, have been promoting efforts to reduce water consumption, with a target of reducing water consumption by 10% compared with FY2011 levels, through the recycling of used water for toilet flushing.

Unit: m³

	FY2013	FY2014	FY2015	FY2016
City water usage by the Tokyo headquarters ★	43,068	44,154	45,501	46,922
Gray water production by the Tokyo headquarters ★	37,212	36,431	36,658	35,729
Wastewater discharge by the Tokyo headquarters ★	46,593	60,837 (*1)	64,329 (*1)	62,857 (*1)
Wastewater discharge by group companies in Japan *2	1,029,232	994,477	1,042,686	981,549
Wastewater discharge by overseas offices *2	15,524	18,884	9,679	5,932
Wastewater discharge by Overseas group companies *2	279,067	292,089	339,543	205,394

*1 We changed the calculation method of wastewater discharge for Tokyo headquarters in fiscal 2014.

*2 Calculation assumes the same volume as water consumption when wastewater discharge has not been ascertained.

- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries.

Environmental conservation at the Tokyo Headquarters Building

■ Solar power generation

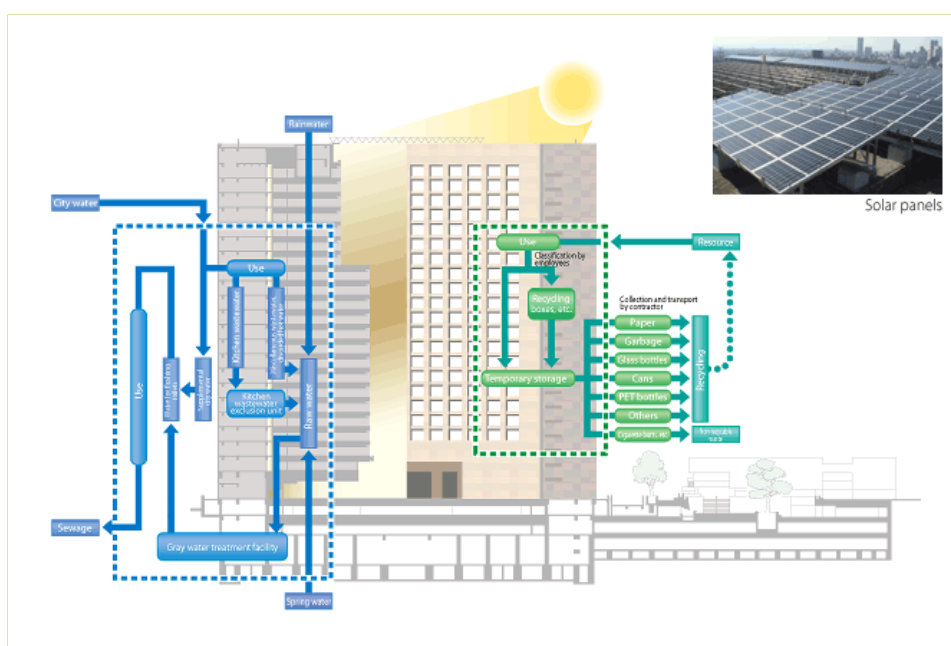
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kW which is equivalent to panels on prevailing 30 detached houses (approximately 3.0kW per detached houses). We make use of all clean energy generated with these solar panels in our TOKYO headquarters and it regards as electric energy (Maximum power generation at moment) covered 3.5 floors lighting.

■ Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets.

The change on amount of securing gray water may be caused by the rainfall every year so that city water usage tends to increase when the rainfall is a little.

Therefore, we take care of saving water to install the devise for economize hand washing water and flushing in toilets.



■ Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental Preservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo headquarters by 6%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005). Emissions in FY2015 came to 5,131 tons CO₂, down 40% from the benchmark.

Those below submitted to Tokyo Metropolitan Government are available in Japanese.

- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2011) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2012) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2013) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2014) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2015) (Japanese Only)

* The plan submitted to Tokyo Metropolitan Government for greenhouse gas emission reduction includes not only the Tokyo headquarters, but also the adjacent commercial facility, "CI PLAZA".

Participation in “COOL CHOICE”

ITOCHU Corporation is participating in “COOL CHOICE,” the campaign aimed at building a low-carbon society to alleviate climate change, led by the Japanese Ministry of the Environment. In keeping with this participation, it is striving to hold down use of air-conditioning in summer and heating in winter, and to turn power off when not needed. It is also promoting other activities of environmental conservation that can readily be performed by all employees in their workplaces, such as rigorous sorting of refuse in the office and extensive recycling.



Environmental Accounting

Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in FY2016 are as follows.

(Unit: 1,000 yen)

Classification	Amount
Costs inside business areas	777,086
Up/downstream costs	5,417
Management activity costs	185,106
Research and development costs	980
Social activity costs	6,004
Costs to address environmental damage	17,610
Total	992,202

Summarized based on the Environmental Accounting Guidelines – 2005 Edition from the Ministry of the Environment.

Scope of Calculation: All domestic branches

Target period: April 1, 2015 to March 31, 2016

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2016 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	2,679,000sheets	1,902
Electricity Usage	315,000kWh	6,293
Waste Emissions	-56t	-280
Water Usage	52m ³	-128

Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.

Scope of Calculation: Paper and Water Usage – Tokyo Headquarters building, Electricity Usage, Waste Emissions- All of domestic branches.

Monitoring the State of Environmental Liabilities

With respect to environmental risks, particularly asbestos, PCB and soil contamination, associated with tangible fixed assets of ITOCHU Corporation itself and its Group companies including land and buildings, ITOCHU not only complies with legal requirements but also conducts monitoring on a voluntary basis and seeks to respond in a way that is conducive to the switch determination and judgment of management policies.

In fiscal 2017, ITOCHU will continue to promote the sharing of related information through various training such as training sessions on the Soil Contamination Countermeasures Act.

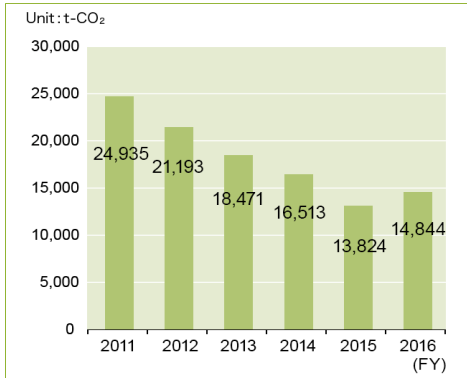
Initiatives toward Environmental Distribution

ITOCHU Corporation is working on green distribution that will reduce the burden on the environment in order to comply with the Act on the Rational Use of Energy.

Carbon Dioxide Emissions Associated with Distribution

The following graph shows the CO2 emissions associated with the outsourced shipment of goods consigned by ITOCHU Corporation.

Change in CO2 Emissions Attributed to Distribution ★



★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.

Environmental Energy-Saving Measures

Environmental Energy-saving measures are set forth in the following measures and policies in effect across the company.

In addition to these, each division company formulates specific measures.

Selection of Modes of Transportation	Promoting utilization of rail and sea transportation
Actions to Improve Transportation Efficiency	Use of partial and consolidated cargo services Selection of appropriate vehicle models and larger vehicles Transportation route ingenuity Improved loading ratios
Coordination between freight carriers and recipients	Review of transportation plans, frequency, etc.

■ Specific Measures

(1) Selection of Modes of Transportation

- Examine and analyze the circumstances of long-haul truck-based transportation and consider changing modes of transportation, starting with businesses able to transition to rail and domestic vessel-based transportation, which place a comparatively lighter burden on the environment.

(2) Actions to Improve Transportation Efficiency

- Examine the circumstances of transportation and consider actions such as appropriate vehicle model and transportation route selection. Further, try to improve loading efficiency and reduce specific energy consumption.

(3) Coordination between Freight Carriers and Recipients

- ITOCHU's internal judgment criteria on the use of distribution companies requires it to check the status of a company's environmental distribution initiatives and recommends the usage of accredited companies.
- To achieve measures (1) and (2) above, ITOCHU will endeavor to build cooperative frameworks with distribution companies as well as partner suppliers and other parties.

Response to the Restriction of Entry of Motor Vehicles by the Osaka Prefectural Government

On January 1, 2009, the Osaka Prefectural Government enforced the Osaka Prefectural Ordinance Concerning Life Environment Preservation (Regulation of Entry of Motor Vehicles), under which it restricts the entry to restricted zones in Osaka Prefecture of trucks and buses that do not satisfy the emission standards stipulated in the Law Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides from Automobiles in Specified Areas. At the same time, freight carriers are required to use motor vehicles that comply with the regulation on vehicle types, and display a mark (sticker) issued by Osaka Prefectural Government indicating that it is a compliant vehicle, etc.

As a specified consigner*, ITOCHU Corporation fulfills its duties to check each of the carriers to which it outsources freight transportation, either directly or via an agent (middleman) or similar party, provide written record that its carriers use compliant vehicles, and report these facts to the governor of Osaka Prefecture on a regular basis.

* A specified consignor is a consignor, etc. who outsources the transportation of freight, etc. to another party, either continuously or repeatedly, or has this party transport the goods it purchases or otherwise handles, whose capital, etc. exceeds 300 million yen, and who owns a business establishment with a total building area exceeding 10,000 square meters or a site area exceeding 30,000 square meters in Osaka Prefecture. (An excerpt from the official website of Osaka Prefectural Government)

- See the official website of Osaka Prefectural Government (Japanese only) for details about this ordinance.

Social Contribution Activities

Viewing issues from a global perspective, we always remain aware of the role to play as a good corporate citizen, see that our activities are at harmony with both local communities and the international community, and contribute to the rise of societies offering a higher quality of life. In order to realize this, we have identified five areas of focus in our basic activity guidelines, and are advancing social contribution activities in partnership with Group companies.

Basic Activity Guidelines on Social Contribution



1. Action on Global Humanitarian Issues

As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.



2. Environmental Conservation

ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.



3. Community Contribution

As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.



4. Growth of Future Generations

ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.





5. Support for Volunteer Work by our Employees



ITOCHU Corporation shall provide positive support for the social contribution activities of each and every one of its employees.






Social Contribution Activities Action Plans

We have identified five “Basic Activity Guidelines on Social Contribution” in order to promote sustainable society, together with the local and international communities. Focusing on the 3 major areas, we promote social contribution activities based on the PDCA cycle. These activities also contribute to the achievement of SDGs (Sustainable Development Goals), which were established by the UN in 2015.

- See P13 for details about SDGs.

CSR Issues/Societal Issues	FY2016 action plans	Status *	FY2016 results	FY2017 action plans	SDGs
Implementation and follow-up on social contribution programs aimed at environmental conservation [Basic Activity Guidelines 2 Environmental Conservation]	Support for maintenance and management of the region where trees were planted as part of the Borneo forest restoration program, and consideration of new projects		We donated a total of 250 million yen (including donations by Group companies) from 2009 to 2016, and completed the planting of trees in a 967-hectare area as well as the maintenance and management of the area. In addition, as a new environmental conservation project, we decided to start providing support in FY2017 for a biodiversity conservation program based on the concept of “Field Museum,” which is promoted jointly by the Wildlife Research Center of Kyoto University and the National Institute of Amazonian Research in the Amazon tropical forest.	Start supporting a project for releasing manatees into the wild under the biodiversity conservation program based on the concept of “Field Museum” in Amazon. • Start setting up a lake for returning manatees to a semi-wild state. • Conduct health checks of 13 manatees. • Release six manatees into the lake to keep them in a semi-wild state. • Release three manatees into the Amazon River.	13. 15.
Facility management and awareness-raising activities aimed at regional contributions [Basic Activity Guidelines 3 Community Contribution]	(1) Support of ITOCHU Medical Plaza (2) Planning and operation of ITOCHU Aoyama Art Square (3) Continued support to disaster affected areas		(1) Provided support in terms of funding and information. Held seminars entitled Medical Business Administration Seminar for local medical professionals, which were useful for the management of clinics, on five occasions. A total of 332 people participated in the seminars. (2) As a way to help solve the various social issues we face, 16 exhibitions based on the theme of “social contribution through art” were planned and implemented in conjunction with exhibitors. Visitor numbers surpassed the previous year, with visitors since the opening exceeding 130,000 people. (3) Held events for supporting the dreams of children from areas affected by the Great East Japan Earthquake through the ITOCHU Children's Dreams Fund on five occasions. As a result of active internal and external PR efforts to support the sale of the Takata no Yume brand of rice launched by Rikuzen-Takata in Iwate Prefecture, an area affected by the earthquake disaster, we received the “ <i>Tabete oen shiyo</i> (Let's eat and cheer)! Prize” in the Food Action Nippon Award 2015. ITOCHU thus contributed to the agricultural development of the city with 33 farmers engaged in production and a harvest of 202 tons.	(1) Continue to provide support in terms of funding and information. • Hold the Medical Business Administration Seminar six times, with 350 participants. • Hold an exchange program with four overseas universities/medical facilities as an international medical exchange program. (2) Planning and operation of ITOCHU Aoyama Art Square (3) Support the disaster-affected area effectively through ITOCHU Children's Dreams Fund. Contribute to the agricultural development of the area by supporting the sale and production of Takata no Yume as part of the activities for supporting disaster-affected areas through business activities, with a target harvest of 260 tons.	3. 4. 10. 11.

<p>Promotion of domestic and overseas social contribution programs aimed at cultivating future generations [Basic Activity Guidelines 4 Growth of Future Generations]</p>	<p>(1) Running of Eco Shop Pavilion at Kidzania Tokyo (2) Continue promoting the mobile project in India</p>	<p>(1) Eco goods including personal chopsticks, recycled soap and pre-organic cotton bags were changed regularly, which resulted in a year-on-year increase in the number of visitors who experienced the pavilion. A total of 120,000 children have participated in the activities since the opening of the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 120,000 seedlings to Kenya.  This contributed to the recovery of about 53 hectares of tropical forest.  (2) A total of 1,269 children, more than double the target of 600 children, participated in activities at the mobile learning center and received opportunities to read and write. In addition, 298 of them were able to return to formal schooling. ITOCHU created a booklet summarizing the achievements of the two-year activities and what children learned through them, and made recommendations to the government.</p>	<p>(1) Running of Eco Shop Pavilion at Kidzania Tokyo (2) Continue promoting the mobile learning center project in India</p> <ul style="list-style-type: none"> • Have 700 children participate in activities at the mobile learning center. • Enable 200 children to return to formal schooling. 	<p>1. 4. 10. 13. 15.</p>
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*    : Achieved   : Nearly achieved  : Unachieved

Social Contribution Activities: Growth of Future Generations

ITOCHU Foundation

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation (which became a public interest incorporated foundation in 2012) in 1974.

The foundation engages in activities for contributing to the healthy growth of children, such as two current major projects: subsidizing development of children's literature collections (including subsidies for library development at schools and supplementary schools for Japanese nationals overseas), and promoting development of an e-book library. In November 2014, to celebrate the 40th anniversary of the ITOCHU Foundation, we worked with the Japanese Boards on Books for Young People (JBBY) to hold a Power of Children's Books Exhibition at the ITOCHU AOYAMA ART SQUARE and display Multimedia Daisy books as part of a project to promote the widespread use of electronic books. The initiative received a favorable reception. During the exhibition period, Her Imperial Majesty the Empress of Japan also visited and offered gracious words of encouragement.

The Multimedia Daisy Library is a project to digitize and distribute children's books for children who have difficulty reading regular books due to a variety of impairments. To date, 243 books have been digitized and donated to a total of 4,327 locations.



The ITOCHU Foundation holds a presentation ceremony once a year for subsidizing the development of children's literature collections



Display of Multimedia Daisy books as part of the Power of Children's Books Exhibition in 2014

■ Subsidizing the Development of Children's Literature Collections (FY2016)

	Number of Subsidies
Children's book purchase subsidies	44 (of which, 3 overseas)
Reading support and purchase cost subsidies for children in hospital facilities	5
100 Children's Books Subsidies	19 (of which, 7 overseas)
Overseas Japanese school and supplementary school book subsidies	4
Award for distinguished service to children's literature collections	3
Support for areas affected by the Great East Japan Earthquake	11
Total	86 (of which, 14 overseas)

■ Promotion of E-book Libraries

	FY2016	Total*
Number of titles produced	61 titles	243 titles
Recipients	1,022 locations	4,327 locations

*Total since FY2012

Development of a project “Mobile Learning Center” in India with Save the Children

Together with Save the Children Japan, ITOCHU has run a project “Mobile Learning Center” in the M-East district of Mumbai, India, in hopes to reach out to children who do not attend school because they are living on the street or engaged in child labor. To support Save the Children Japan, ITOCHU committed 20 million yen in the two years between November 2013 and October 2015. These funds were used to wrap the bus that operates as the mobile library; equip it with benches, blackboard, and bookshelves; and employ two persons (an education facilitator (*1) and a counselor), which mimics the learning environment of an ordinary school classroom. The objective of the project is to serve as a bridge that will lead to children attending mainstream schooling by providing learning opportunities that incorporate audio and video-based teaching materials and are enjoyable for the participating children. Over a two-year period, 1,995 children had the opportunity to learn through the mobile learning center, 382 of whom were able to return to formal schooling.



Because many needs remain in the district, we have decided to continue supporting this project with ITOCHU India Pvt. Ltd. Starting from April 2016. We will undertake the project directly with Save the Children India, which actually operates the project in the district.

*1 Education Facilitator plays a role like a teacher at MLC. The facilitator will encourage children’s active participation in learning activities.

Running of Eco Shop Pavilion in KidZania Tokyo

Since April 2012, ITOCHU has run its Eco Shop environmental pavilion in KidZania Tokyo, a facility for children to experience diverse types of work.

ITOCHU operates the Eco Shop by utilizing the expertise in environmental education it has developed through the MOTTAINAI Campaign, a global environmental effort in which ITOCHU participates. To allow children to experience environmental activities, the pavilion provides visitors with opportunities to create original products such as Eco-Bag for Shopping, and My Chopsticks to Carry Along and recycled soap, all using eco-friendly materials.

In August 2015, Out of KidZania with ITOCHU: Experience the Convenience Store Business, a special program for allowing children to experience work of a trading company on site at the Tokyo Head Office, was held over two days. In this program, children learned about the convenience store business, which is one of the many business activities ITOCHU conducts today. The program provided children with opportunities to use their own perspective to brainstorm ideas for better and more attractive store settings and sales campaigns for FamilyMart, a convenience store business unit of the ITOCHU Group, to transform it into the convenience store of the future and attract many customers from future generations. A sales campaign proposal given by the children was actually applied at the store, giving them a valuable opportunity that is available only from Out of KidZania with ITOCHU. At KidZania Tokyo, a popular venue for children, we will continue to provide them with opportunities to enjoy learning environmental preservation from a global perspective, offer a range of events for children, and help develop young people who will be leaders of sustainable society.



Children making soap from recycled materials



Children taking part in the Out of KidZania program deliver presentations on convenience store of the future

Support the “House for Youth” in Philippines of NGO “Kokkyo naki Kodomotachi(KnK)”

In December 2009, ITOCHU provided support for renovation of the House for Youth, a home that helps young people become independent, located on the outskirts of Manila. Support was provided via Kokkyo naki Kodomotachi (KnK: meaning “children without borders”), an authorized Japanese NPO that supports street children, children who are victims of major disasters, and other children in developing countries. ITOCHU also provided support when House for Youth was again renovated in 2012 into a job training facility that helps children achieve independence. In November 2013, the underground floor and the roof of the house were renovated, enabling the facility to provide more job training courses, which allows more young people to acquire practical skills.

Since FY2016, ITOCHU has been once again providing financial support related to the operation of the House for Youth. The funds are used to provide education, meals, mental health care, job training, and other necessities so as to restore the dignity of children in the House for Youth and help them grow into adults who can contribute to society. The support from ITOCHU is highly evaluated as a great foundation that leads to the stabilization of KnK Philippines’ activities and enables them to continue.



The renovated basement room of sewing machines



Staff of ITOCHU Corporation Manila branch visit KnK at the 15th anniversary of KnK Philippines

Accepting Chinese university students for homestays

Since its inception, ITOCHU Corporation has supported the “Visit Japanese Enterprises and Feel Japan” program organized by the Japanese Chamber of Commerce and Industry in China to give Chinese university students the opportunity to learn more about Japan.

The program aims to promote friendship between Japan and China by having university students from China visit Japan twice a year and engage in citizen-based exchanges. In FY2016, the 16th in May and 17th in November, iterations of the program were run, with three employees (for each 16th and 17th) from the ITOCHU Group accepting Chinese university students as hosts and enjoying citizen-based exchanges with their families.

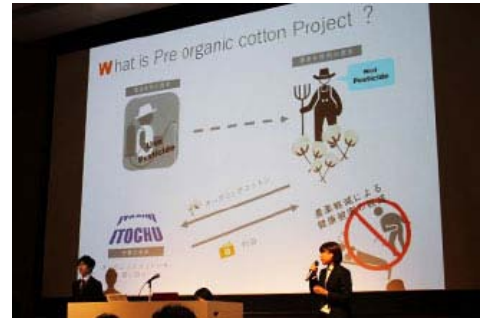


A university student from China wearing kimono and her host family

Supporting the development of university student social entrepreneurs through Nikkei GSR

ITOCHU Corporation has supported the Nikkei GSR (Global Social Responsibility) Student Idea Contest since it was first held, one of the programs at the Nikkei GSR Study Meeting organized by the Japan Center for Economic Research. In the contest, participating schools match two companies and compete to produce business plans designed to tackle social issues on a global scale through business.

At the 6th contest held in 2015, ITOCHU Corporation supported Ushio Seminar from Meiji University and GSR Kenkyukai (GSR study group) from Meiji Gakuin University. The Meiji University team won the Uniqueness Prize for its "Solution to the Infant Mortality Rate in Africa."



Presentation by Meiji Gakuin University Team

Supporting school for Brazilians in Japan

Children attending school for Brazilians in Japan face a variety of problems, among them a lack of Japanese language proficiency, financially challenged facilities, insufficient learning materials and the large number who do not attend school at all. The current situation means that despite living in Japan, these children have little exposure to Japanese culture and the Japanese language.

On October 14, ITOCHU held ITOCHU Festa do Brasil, a Brazil-themed private party at KidZania Tokyo, for which ITOCHU Corporation is an official sponsor. The party commemorated the 120th anniversary of diplomatic relations between Japan and Brazil, and 240 Brazilian children from six elementary and junior high schools in Gunma, Ibaraki and Saitama Prefectures were invited to attend and enjoy a work experience aimed at career education. At the Opening Ceremony, pupils from the Brazilian elementary and junior high schools sang the national anthem and performed a dance. The dress code was yellow and green, connecting with Brazil's national flag colors, and a quiz on Brazil was held, while all pavilions gave greetings in Portuguese. ITOCHU Group employees and their families were among the 920 people who visited the facility and were presented with an opportunity to fully enjoy Brazilian culture. In addition, of the six schools, 23 pupils from the Instituto Educacional Centro Nippo Brasileiro spent the morning visiting ITOCHU's Tokyo Head Office, where they toured the Metals & Minerals Company and learned about ITOCHU's connections to Brazil from an employee who has the experience of working in Brazil as staff on overseas assignment.

On April 17, 2016, a total of 45 Brazilian children from elementary and junior high schools from a wider area, or Ibaraki, Tokyo, Kanagawa, Chiba, and Saitama Prefectures, were invited to KidZania Tokyo.



Pupils from Brazilian elementary and junior high schools performed a dance at KidZania Tokyo.



Visit to Metals & Minerals Company at ITOCHU Corporation's Tokyo Head Office

Holding summer school program on the environment

ITOCHU Corporation has been holding summer school program on the environment focused on elementary school students in Tokyo since 1992.

In FY2016, we worked with Ms. Kagari Asakawa, a certified weather forecaster and "cloud specialist," to hold a program under the theme of "Saving the World Using the Power of the Weather." A total of 92 active elementary school pupils enjoyed learning about things like recent extreme weather, global warming and natural energy mixed in with experiments about clouds and tornado.



Accepting elementary and junior and senior high school students for company visits

In concert with the teaching guidelines of the Ministry of Education, Culture, Sports, Science and Technology incorporating company visits into curriculum, ITOCHU Corporation has accepted company visits by elementary and junior and senior high school students to support "students understanding social roles and occupational lifestyles, and encouraging independence as a full-fledged member of society."

In FY2016, we accepted visits from nine schools in total, including the nearby Aoyama Elementary School and Shiga Prefectural Hachiman Commercial Senior High School, the old school of Chubei Itoh II. We also accepted a company visit by students from Mikata Junior High School in Wakasa Town, Fukui Prefecture, which ITOCHU Chairman Eizo Kobayashi serves as the Furusato Taishi (hometown ambassador), for the second consecutive year. Mr. Kobayashi himself gave a lecture to the students from his home town.



Aoyama Elementary School's extracurricular class "observing the neighborhood from a high place"



Students of Hachiman Commercial High School explaining the attractiveness of local specialties from various parts of Japan, which they purchased on their own



Mr. Kobayashi gave a lecture to third-year students from Mikata Junior High School in Wakasa Town, Fukui Prefecture

Social Contribution Activities: Environmental Conservation

Support of Amazon Ecosystem Conservation Program

Starting in FY2017, ITOCHU Corporation has been supporting the new concept of "Field Museum," an ecosystem conservation program in the tropical forests of the Amazon that is promoted by the Wildlife Research Center of Kyoto University with the National Institute of Amazonian Research for the purpose of conserving the environment and biodiversity.

The Amazon rainforest accounts for over half of all the rainforest acreage that remains on earth. It is called a treasure-trove of ecosystem. However, the valuable ecosystem is being lost in recent years due in part to the rapid economic development and deforestation attributed to the lack of environmental education for local residents. Jointly with the National Institute of Amazonian Research, the Wildlife Research Center of Kyoto University conducts research and dissemination activities for maintaining the valuable ecosystem of the Amazon. The Japanese and Brazilian institutes conduct joint conservation research and facilities development by using the advanced technologies that Japan excels at, which is expected to dramatically advance conservation research on various organisms and ecosystems, including research on water-dwelling animals (river dolphins, manatees) of the Amazon and the upper canopies of the rainforest, which have been challenging to study until now. The activities also include one for protecting the Amazon manatee, an endangered species, and ITOCHU Corporation supports a program for reintroducing the manatees to the wild. While an increasing number of manatees are taken into protective custody after being injured by poachers, it is difficult for the animals to return to the wild on their own. This has made it imperative to establish a project for reintroducing Amazonian manatees into the wild. The program aims to have at least nine manatees return to the wild and at least 20 manatees return to semi-captive environment in three years, with support from ITOCHU Corporation.



The Amazon rainforest is the largest in the world and is said to supply one-third of all the oxygen on earth.



The Amazon manatee is an endangered species.

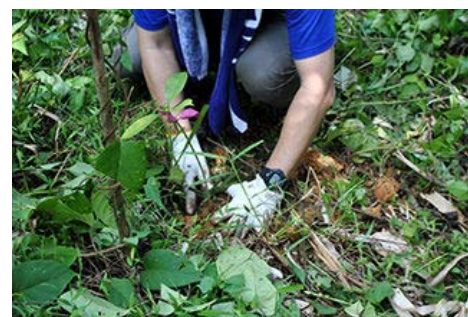
Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

In 2008 ITOCHU Corporation celebrated the 150th anniversary of the company's foundation. To commemorate the anniversary, the Company decided to implement a social contribution program. A questionnaire conducted to determine what type of program to conduct found forest conservation to be the theme employees desired most strongly.

Starting in FY2010, under this program, ITOCHU engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with World Wide Fund (WWF) for Nature Japan.

In northeast Borneo, at North Ulu Segama in the state of Sabah in Malaysia, WWF is collaborating on reforestation with the Forestry Department of the State Government of Sabah. Afforestation and

maintenance and support operations for the entire 967-hectare area, which ITOCHU supported, was completed on January 14, 2016. This is one of the largest forest regeneration programs to be carried out by a private enterprise. Since the land is also a habitat for Bornean orangutans, an endangered species, ITOCHU named the program "ITOCHU Group Forest for Orangutans" and worked together with Group companies to promote it.



Planting of tree saplings

Volunteer employees including ITOCHU Group employees visited the site regularly over a four-year period to take part in reforestation efforts (including tree planting and cutting grass), observe wild animals and conduct other activities.

About seven years of support provided by ITOCHU Group through this program greatly contributed to the conservation of tropical rainforests in Borneo, one of the most valuable forest ecosystems in the world. In recognition of this, CEO Ryuji Tsutsui of WWF Japan granted a certificate of recognition to ITOCHU Group.

Support for Manila Hemp Plantation Rehabilitation Project

To commemorate the 100th anniversary of the establishment of our Manila branch in 1912, in June 2012 we signed a project agreement with the Fiber Industry Development Authority of the Department of Agriculture and the St. Ann's Family Service Cooperative, a local agricultural cooperative. Based on the agreement, ITOCHU donated ¥2 million, the amount needed to plant and grow 90 hectares of Manila hemp (about 144,000 plants), and planting had been completed by June 2016. In addition, the project is expected to absorb approximately 18 tons of CO₂ a year.



Support for tree-planting activities in Kenya through exhibition at the KidZania Tokyo Eco Shop

Since April 2012, ITOCHU Corporation has operated Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2016, about 120,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 120,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.



Donation to the Green Belt Movement of an amount equivalent to the cost of one seedling for the tree-planting program for each child visitor



Tree-planting activities in Kenya (photo courtesy of the Mainichi Newspapers)

Social Contribution Activities: Community Contribution

Establishment of ITOCHU Medical Plaza for Contributing to Development of Kobe Medical Industrial City

In October 2014, ITOCHU Medical Plaza, a facility aimed at conducting international medical exchange, opened in Kobe Medical Industrial City, one of the largest medical clusters in Japan. ITOCHU Corporation has donated 500 million yen for construction to the Foundation for Kobe International Medical Alliance, which is the primary operator of the facility. There is great expectation locally and internationally for the development of the center for human resource development, including education and technical training of overseas physicians and healthcare practitioners mainly from Southeast Asia, projects for accepting trainees from overseas, and a variety of research projects such as joint development of medical equipment with universities and other institutions and seminars for local healthcare business operators. In FY2016, ITOCHU held Medical Business Administration Seminars for local medical professionals, providing useful information for the management of clinics, on five occasions. A total of 332 people participated in the seminars.



ITOCHU Medical Plaza

Local Hub of CSR Activities: ITOCHU AOYAMA ART SQUARE

In October 2012, we opened ITOCHU AOYAMA ART SQUARE in the CI Plaza next to ITOCHU's Tokyo Headquarters. We established the facility as a base for our CSR activities aimed at contributing to the development of future generations, making local contributions through art, and contributing to art and cultural promotion, both in Japan and abroad. In Aoyama, an area that thrives with a variety of cultures, we showcase artwork that reflects fresh perceptions and present exhibitions that serve as a bridge for international exchange. In FY2016, the following 16 exhibitions were held, and as of March 2016, ITOCHU AOYAMA ART SQUARE had welcomed over 130,000 visitors since opening.

ITOCHU will continue to address a range of social issues through art and regularly present exhibitions to contribute to creation of the culture of life in local communities.



ITOCHU AOYAMA ART SQUARE

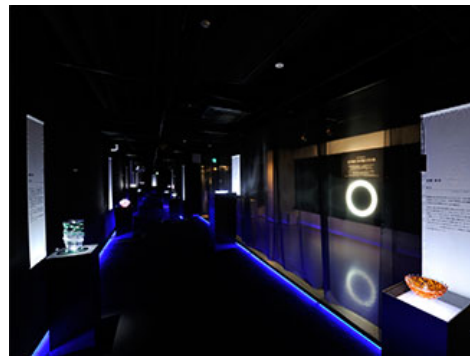
Period	Exhibition	Issues	Summary
April 2, 2015 - April 24, 2015	Get in touch "Warm Blue" MAZEKOZE Art	Social independence of the disabled people	Timed to coincide with World Autism Awareness Day designated by the United Nations, which is April 2, this art exhibition was held on the theme of blue, the concept color for World Autism Awareness Day. Co-sponsored with Get in touch (Chizuru Azuma, Representative), an organization that conducts ongoing PR activities with the objective of raising awareness of all minority areas, including autism.
April 29, 2015 - May 3, 2015	Banana as Art! Make Art with a Banana?	Development of the future generation	Held jointly with Dole Japan, Inc., this exhibiting featured the works of banana sculptor Keisuke Yamada, a next-generation artist who creates works by making sculptures out of bananas. The exhibition also presented bananas depicted from various perspectives, including the process from the time bananas are produced all the way to when bananas are imported to Japan.

May 5, 2015 - May 31, 2015	Bicycle Expo 2015: Bicycle Town Aoyama	Community Contribution	The third annual Bicycle Expo was held in May as bike month. It examined the two major themes of "Aoyama×Bicycle," which was an idea based on cooperation with local cycle shops in the neighborhood of Aoyama, and "Diversity×Bicycle," which highlighted the diversity and potential of bicycles.
June 5, 2015 - June 28, 2015	Power to Attract Each Other	Social independence of the disabled people	Works shown at this exhibition were created at Kobo Yuai on the premises of Social Welfare Corporation Yuai Gakuen, a company dedicated to supporting the lives of people with disabilities from childhood and adolescence to maturity. Exhibits included fashion, hand-made Japanese paper, illustrations, haniwa clay figures, pots, and huge works of figurative art.
July 3, 2015 - July 12, 2015	KENZAN2015	Development of the future generation	The group exhibition of the KENZAN Project is aimed at allowing the next generation of artists to create their art environment on their own. Held for the fourth time in 2015, the exhibition took place at ITOCHU AOYAMA ART SQUARE for the first time. Works of more than 150 young artists were exhibited by splitting the period into the first half (July 3 to 7), when works of artists in the Ao (of Aoyama) group were exhibited, and the second half (July 8 to 12), when works of those in the Yama (of Aoyama) group were exhibited.
July 14, 2015 - July 26, 2015	Depicting Memories of War on Postcards - Exhibition of One Thousand Testimonies	Development of the future generation	Marking seventy years since the end of the Second World War, the Mainichi Newspapers and TBS Television promoted Sen-no-shogen ("One Thousand Testimonies") to pass on experiences of war and wartime to future generations. More than one thousand testimonies collected in the project, including postcards on which the testimonies are written, related articles, photos, footage and records of coverage, were displayed in various dimensions.
August 2 2015 - August 29, 2015	Akihiro Nishino's Picture Book Illustration Exhibition in Otogi-machi Biennale	Development of the future generation	This was a solo exhibition of picture book illustrations of Akihiro Nishino, a member of the manzai comedian duo King Kong, of the Yoshimoto Creative Agency. It displayed a compilation of around 150 picture book illustrations, the largest number ever, which had appeared in all of his exhibitions, held nationwide, by using cloud funding. He thus challenged this exhibition as an artist with fresh ideas beyond boundaries between industries.
September 1, 2015 - September 6, 2015	Akasaka Fire Station Disaster Prevention and First-Aid Fair	Community Contribution	On September 1, to coincide with National Drill Day, Akasaka Fire Station and the local community cooperated to hold an event that offered drills and experiences shared to prepare for unexpected situations, such as an inland earthquake in Tokyo. This fair included an exhibition and sections for hands-on experience, which allowed visitors to deepen their understanding of disaster prevention and first aid. It thus contributed to raising awareness of disaster prevention among local residents and people working for other companies in the area.
September 10, 2015 - September 27, 2015	Maekake (Japanese Apron) Exhibition	International exchange	This exhibition showcased maekake aprons, an element of culture unique to Japan. A large number of maekake aprons, ranging from the traditional to the modern, were exhibited, enabling a perusal of Japanese commercial history.
October 1, 2015 - November 3, 2015	Exhibition of Edokiriko by 15 Young Artists - Japanese traditional crafts	International exchange, Development of the future generation	The third exhibition of Edokiriko by young artists was planned with the goal of increasing the visibility of the traditional handcrafts as a contemporary art, by focusing on large pieces of work that are not seen daily and by specially arranging the lighting and spatial design.
November 11, 2015 - December 20, 2015	Shoko Kanazawa Calligraphy Exhibition - Gratitude -	Social independence of the disabled people	The second exhibition of works by Shoko Kanazawa, a female calligrapher with Down syndrome, which was themed on gratitude. Her activities during the two years following her previous exhibition include overseas activities, such as a speech she made at the United Nations headquarters in New York and a one-person show held in the Czech Republic.

January 5, 2016 - January 17, 2016	Full of Monkeys and Mt. Fuji in Aoyama Exhibition	Development of the future generation	The New Year event themed on the Oriental Zodiac of the year was held in 2016 again. More than 100 young, energetic artists aged 35 or younger exhibited various works as good luck charms featuring monkeys, the Oriental Zodiac of the year, and Mount Fuji.
January 23, 2016 - February 14, 2016	Yuko Nakamura Japanese Painting Exhibition - Gratitude to the Seasons -	Development of the future generation	This was an exhibition of works by Yuko Nakamura, whose works were selected for the ITOCHU calendar featuring Japanese paintings, which is created every year. The exhibition showcased her works depicting the four seasons of Japan and the radiance of creatures in the four seasons, created by employing the classical technique of kirikane.
February 20, 2016 - February 28, 2016	Tokyo Metropolitan Schools for Special Needs - Art Project Exhibition "Coloring the city of Tokyo"	Social independence of the disabled people	This exhibition showcased about 40 pieces of work selected from among 439 pieces, which were solicited by the Tokyo Metropolitan Government Board of Education from pupils and students attending 57 Tokyo Metropolitan Schools for Special Needs and judged by Tokyo University of the Arts Faculty of Fine Arts. Held for the first time to present to the public the artistic capabilities of pupils and students attending those schools.
March 8, 2015 - March 15, 2015	Art wa shinsai wo fuka sasenai [Art does not let the disaster be forgotten]. Photo Exhibition by Magdalena Sole - Since That Day	Great East Japan Earthquake reconstruction support	Held as support for Great East Japan Earthquake reconstruction, this exhibition showcased photographs taken in the affected areas by Magdalena Sole, a photographer living in New York and a joint recipient of an Academy Award. She began visiting Iwate, Fukushima, and Miyagi Prefectures in the immediate aftermath of the earthquake and took the photos there. On March 11, Magdalena Sole held a talk show at the venue.



H.I.H. The Prince Akishino, H.I.H. The Princess Akishino and H.I.H. Princess Kako of Akishino visited ITOCHU AOYAMA ART SQUARE. (Courtesy of the Mainichi Newspapers)



"Japanese Traditional Handicrafts: The Works of 15 Young Edokiriko Artisans"



Tokyo Metropolitan Schools for Special Needs - Art Project Exhibition "Coloring the city of Tokyo"



A workshop for experiencing the technique of kirikane given by Yuko Nakamura at "Yuko Nakamura Japanese Painting Exhibition - Gratitude to the Seasons"

The First ITOCHU Summer Concert Held at Suntory Hall

Starting in 1991, ITOCHU Corporation held Lobby Concert at its Tokyo Head Office, which took place 23 times. In 2015, ITOCHU moved the venue of this concert to Suntory Hall and began to hold it as the ITOCHU Summer Concert, a new series. The commemorative First ITOCHU Summer Concert was held on July 22 and attracted approximately 1,800 people. Members of the New York Symphonic Ensemble (NYSE) performed under the baton of Mamoru Takahara while actress Keiko Takeshita acted as the master of ceremony, ensuring that the concert was a particularly elegant event. For the performance with local high school students, which was started in 2015 with the aim of encouraging future generations, members of the Orchestra Club of Tokyo Metropolitan Aoyama High School performed together with NYSE. The students gave a commanding performance, fully displaying the results of practice sessions, held twice before the concert, and their own daily hard practice. When they finished performing, "Bravo" was heard as the audience gave a ringing applause, and the concert ended as a huge success. ITOCHU is planning to hold this concert at Suntory Hall in 2016 again, to ensure that it is enjoyed by as many people as possible.



Mini talk show by Keiko Takeshita, conductor Mamoru Takahara, and Chairman Kobayashi



The first performance at Suntory Hall

Local Contribution Activities at Overseas Offices

ITOCHU Corporation maintains 107 overseas offices in countries around the world (as of April 1, 2016). In addition to making local contributions through our business activities in each region, as a member of these local communities we consider local issues and how ITOCHU can contribute in its own way, and undertake local contribution activities in each region.

The following is an excerpt of the activities we conducted in FY2016.

United States

Employees Joined the Annual New York Cares Day Spring event

Employees of ITOCHU International Inc. actively volunteer in various local contribution activities throughout the year.

On April 22, 2015, 27 employees and their family members, including then President & CEO Mr. Harada, participated in the Annual New York Cares Day Spring event, and cleaned up Randalls Island Park, located across the East River from Manhattan. The III contingent was one of 245 teams, comprising 4,000 volunteers, who cleaned and spruced up 70 parks across the five boroughs of New York as part of the Annual New York Cares Day Spring event.



Brazil

Participation in Charity Bazaar in Sao Paulo

The volunteers of ITOCHU Brasil S.A. raised a fund for Ikoi-No-Sono, founded by Japanese immigrant in 1958, a facility for elderly people with special needs, by selling Gyoza at the Charity Bazaar in August 2015. The total of R\$12,461 in Brazilian Real were donated to the entity, including the sales from Gyoza, donation from employees of ITOCHU Brasil S.A., and donation from the company.



France

Donations to Medical Institutions in Paris

In FY2016, ITOCHU France S.A.S. donated 20,000 euros for the facility expansion and improvement of the American Hospital of Paris under its strategic plan, Horizon 2020. In addition, the company also made donations to other medical institutions such as a children's hospital and the Pasteur Institute.

United Arab Emirates

Participation in a charity walk Beat Diabetes in Dubai

On November 20 2015, employees and their families of ITOCHU Middle East FZE and Dubai Office participated in Beat Diabetes, a charity walk event to encourage people to stay active, eat healthy foods and have regular health checks.



China

Participation in a Tree-Planting Activity Hosted by the China Environmental Protection Foundation

In April 2015, 32 staff members of ITOCHU (CHINA) HOLDING CO., LTD. (Beijing), including Mr. Ueda, the CEO for East Asia Bloc, participated in a tree-planting activity hosted by the China Environmental Protection Foundation for the purpose of environmental protection. The employees were divided into groups of three and worked together to plant 100 Chinese scholar trees in the tree-planting area of Houshimen Village, which is in the Fangshan District to the south of Beijing.



Singapore

Helping Children with Life-Threatening Medical Conditions Make their Dreams Come True through the Santa Run for Wishes

On November 28, 2015, 31 employee volunteers from ITOCHU Singapore Pte. Ltd. and ITOCHU Plastics Pte., Ltd. took part in the Santa Run for Wishes hosted by the Make-A-Wish Foundation. They lent a hand with fund-raising activities aimed at helping children with life-threatening medical conditions make their dreams come true.



Philippines

A Seminar for Preparing for Disasters

In recent years, the Philippines have suffered from major natural disasters. To better cope with this trend, the Manila Branch of ITOCHU Corporation invited a specialist and held an internal seminar on January 15, 2016. The seminar taught people how to prepare for disasters and what mental attitude to take towards disasters.



Turkmenistan

Co-sponsoring a Japanese Speech Contest

The branch office of ITOCHU Corporation in Ashgabat co-sponsored a Japanese speech contest that was held in March 2015 at Azadi Turkmen National Institute of World Languages named. It helps develop a foundation for Japanese education in Turkmenistan.

Local Contribution Activities at Domestic Locations

Tokyo Head Office

ITOCHU employees take part in community cleanup activities around our Tokyo Headquarters. As members of the local community, they clean up the street and distribute items for raising awareness by cooperating with the local residents' association and staff of other companies in the area.



Osaka Head Office

FY2016 marked the seventh year of activities carried out in conjunction with the Amanosato Zukuri no Kai (Amanosato revitalization group) in Katsuragi-cho, Ito-gun, Wakayama Prefecture. The program involves companies and the residents of rural areas utilizing local resources while engaging in safe and secure rice farming, promoting local production for local consumption, and taking part in collaborative efforts to preserve the local landscape. Young employees of the Textile Company engage in the spring planting and autumn harvest each year as part of their training. In 2015, planting took place on May 30 and the harvest on September 26. Total of around 130 employees and their families took part in rice field works, and helped cleaning and moving of Amano Elementary School, thereby deepening exchanges with members of the Amanosato Zukuri no Kai.



Chubu Branch

The Chubu Branch conducted its annual cleaning activities around the Nagoya ITOCHU Building on November 11, 2015. A total of 20 employees led by General Manager Kawashima took part on the day and picked up empty cans that had been thrown away on the avenue in front of the building, leftover food scattered about the grass, on the walkways, and other waste.



Kyushu Branch

Every year since 2006, the Kyushu Branch has participated in the Kin-Marunohi, or a day of volunteer activities carried out concurrently in Fukuoka Prefecture that is jointly held by the Fukuoka City Social Welfare Council and Fukuoka Employers' Association. On November 14, 2015, the transplantation of flowers and beach cleanup activities were carried out concurrently at 14 locations across Fukuoka Prefecture. Employees of the Kyushu Branch took part in the Fukuoka City Museum Flower Volunteer activities and worked up a good sweat.



Chugoku & Shikoku Branch

The Chugoku & Shikoku Branch actively participates in regional contribution activities including Hiroshima Ekiden Race cleanup volunteer activities, Zero Waste Clean Walk, Flower Festival cleanup volunteer activities, Clean Ota River and the volunteer cleanup of the area around the Mazda Zoom-Zoom Stadium Hiroshima. The branch has also supported cultural events and concerts, and its employees purchase products from local welfare workshops on a voluntary basis, among other activities.



Hokuriku Branch

On October 26, 2015, the Hokuriku Branch took part in the 24th Hohoemi Sports Festa Kanazawa, a sports event held for people with disabilities. Twenty members from the ITOCHU Group participated as volunteers assisting with the running of events and overall operation, and took the opportunity to deepen exchanges with everyone taking part.



Social Contribution Activities: Action on Global Humanitarian Issues

Support for the Great East Japan Earthquake Reconstruction

We undertake long-term support for the reconstruction of areas affected by the Great East Japan Earthquake that struck in March 2011.

See P116~119 for details.

Disaster Relief for Kumamoto Earthquake

In April 2016, we made a donation of 10 million yen to Japan Platform, an international emergency humanitarian aid organization, for disaster relief in respect of damage caused by the earthquake in Kyushu area centering on Kumamoto prefecture. Money donated to this organization is distributed to member NGOs and used for direct onsite support to ensure efficient, prompt emergency aid in the event of a natural disaster.

In addition, during April 18 to 27, we carried out emergency employee fundraising to support the earthquake disaster relief effort in Kumamoto and collected 2,565,754 yen. The company matched the same amount received from employees and donated the total of 5,131,508 yen to the Central Community Chest of Japan. The money will be divided between the community chest of Kumamoto prefecture and its counterpart in Oita prefecture in accordance with the level of the damage, sent to them, and distributed directly to people affected by the disaster via local governments of the affected areas.

In response to a request from Kumamoto City, we provided relief goods needed in affected areas for people in shelters by early May. They include 1,200 portable toilets, 1,700 pieces of underwear and innerwear, and 1,000 pillows (featuring the use of PrimaLoft® that was adopted by U.S. Army and Navy for protection against cold in cold regions).

We are planning to dispatch employee volunteers if they are needed in the future due to conditions in the affected areas.

Aid to Areas Affected by Major Natural Disasters

For humanitarian reasons, we donate money and provide supplies for emergency relief for those affected by natural disasters both in Japan and overseas.

We collaborated with local branch offices and related organizations to provide the following aid.

Recent examples

Ecuador Earthquake (Apr. 2016)	US\$20,000 (Approx. ¥2,130,000)
Kumamoto Earthquake (Apr. 2016)	¥10,000,000
Damages from heavy rainfall which resulted from Typhoon No.18 (Typhoon Etou) (Sept. 2015)	¥5,000,000
Nepal Earthquake (Apr. 2015)	¥2,000,000
Torrential rainfall in Hiroshima (Aug. 2014)	¥5,000,000
China: earthquake in Yunnan (Aug. 2014)	300,000 RMB (Approx. ¥5,130,000)

Support Activities for the World Food Programme (WFP)

With the hope of alleviating hunger and poverty worldwide, we have been serving as a council member of the Japan Association for the WFP, a nonprofit organization that focuses on building support in Japan for the World Food Programme (WFP) and its hunger relief operations.

In May 2016, End Hunger: Walk the World was held in Yokohama and Osaka. A total of 478 employees of ITOCHU Corporation and ITOCHU Group companies participated in Yokohama while 214 took part in Osaka. This is an annual event to raise money and awareness for the WFP's efforts to fight child hunger and malnutrition. Moreover, in order to support the activities of WFP, ITOCHU carried out fundraising and held panel exhibitions for introducing the WFP's activities in December at its Tokyo Head Office.



Participated in End Hunger: Walk the World held in Yokohama (left) and Osaka (right)

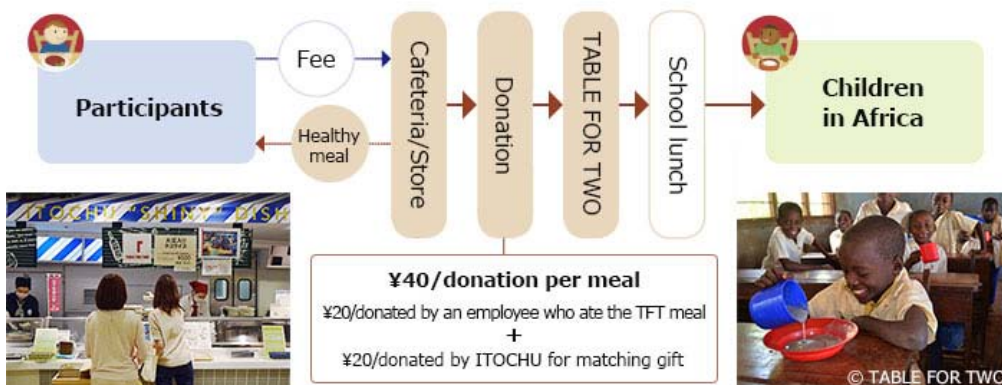
TABLE FOR TWO (TFT) Fighting to Fix the Food Supply Imbalance between Developing and Developed Countries

TABLE FOR TWO (TFT) is a social contribution program based on the concept of people in developed countries sharing a meal with those in developing nations beyond the restrictions of time and space so as to simultaneously work toward solving the problems of hunger faced by developing nations and obesity and lifestyle-related diseases faced by industrialized countries.

TFT was established in Japan in October 2007, and in April 2008 in the corporate cafeterias in Tokyo, Osaka, and Nagoya ITOCHU introduced the TFT program at full-scale ahead of other companies.

For each healthy TFT meal purchased by employees, a donation of 20 yen is automatically made. ITOCHU has introduced a matching gift program under which it donates an additional 20 yen per TFT meal purchased by its employees. This means that a total of 40 yen per meal is used to provide school lunches for children in developing nations via the TFT program.

The cafeteria at the Tokyo Head Office serves TFT dishes daily.



■ Our initiatives in the FY2016

In October 2015, we launched “Takata no Yume wo Tabete Todokeru (Delivering Aid by Eating Takata no Yume)! TFT World Food Day Campaign” to coincide with World Food Day on October 16. We took independent initiatives such as the development of time-limited menu items, which use the Takata no Yume brand of rice launched by Rikuzen-Takata City and supported by ITOCHU Group, providing support for the Great East Japan Earthquake reconstruction and providing international cooperation at the same time, and publicity for TFT through video. In July 2015, the “Delicatessen that can be selected from five dishes: calcium fortification,” a menu developed for the World Food Day campaign in FY2015, was awarded the grand prize in the menu division of the first TABLE FOR TWO General Election as a result of voting by around 180 people, including personnel engaged in CSR in companies that have introduced the TFT program. In FY2016, 22,896 TFT meals were purchased, which led to a donation of 915,840 yen (equivalent to 45,792 school meals) in conjunction with a matching gift program from ITOCHU. In recognition of these activities, ITOCHU was commended as a gold supporter of the program in May 2016.



The “Delicatessen that can be selected from five dishes: calcium fortification,” which was awarded the grand prize in the menu division of the first TABLE FOR TWO General Election



Limited time menu for “Takata no Yume wo Tabete Todokeru (Delivering Aid by Eating Takata no Yume)! TFT World Food Day Campaign”

Social Contribution Activities: Support for Volunteer Work by our Employees

ITOCHU strives to heighten employees' awareness of volunteer activities. In one such effort we have introduced a system that lets employees take up to three days of annual volunteer leave and volunteer programs in which they can participate on holidays or during lunch breaks.

Employee volunteers supporting recovery from the Great East Japan Earthquake

Volunteer efforts to support recovery that were begun immediately following the earthquake were continued during FY2016, with 65 volunteers from the ITOCHU Group taking part. The activities performed have shifted from removing rubble immediately after the earthquake to directly supporting the recovery of those affected by the disaster. Specifically, volunteers have engaged in rice planting, harvesting, other farm work, land-clearing work, support for the holding of local events, an English camp for children, and conducting tournaments of youth baseball clubs. A true recovery of the areas affected by the disaster is still expected to take some time, and moving forward we will continue with volunteer activities fitted to circumstances in the region.



Kitchen service provided by employee volunteers for people affected by the flooding from Typhoon No. 18 (Typhoon Etau)

Employee volunteers of ITOCHU provided a kitchen service to the people of Joso City in Ibaraki, which was among the places most seriously damaged by Typhoon No.18 (Typhoon Etau). The service was arranged by the PEACE BOAT Disaster Relief Volunteer Center, to which ITOCHU donated money collected during the emergency in-house fundraising activities for areas affected by the torrential rain caused by Typhoon Etau. In the citizen's square of Joso City, employee volunteers of ITOCHU distributed warm pizza fresh from the oven to people affected by the disaster. They distributed 150 servings of pizza in about 90 minutes. Many people, including children and elderly, smiled with appreciation at this kind service



Other Volunteer Programs in which Employees can Participate

Support for Child Chemo House through installation of vending machines

To support operation of the Child Chemo House, the Japan's first specialized childhood cancer treatment facility, we have installed beverage vending machines specially designed for Chemo House in our Headquarters in Tokyo and Osaka. We donate an amount equaling 6%-10% of sales from all beverage vending machines installed in the buildings to Child Chemo House. In FY2016, we donated a total of 2,434,650 yen from total sales of 405,775 bottles.



■ Blood drive by the Japan Red Cross Society (Tokyo Head Office) Held in January and July

Twice a year, a blood drive by the Japan Red Cross Society is held in the Tokyo head office. Today, precious donated blood is not only used during surgeries but also widely utilized in the treatment of illnesses such as leukemia, making blood donations even more important. While there are cases where people are unable to give blood due to their physical condition on the day, an overseas stay or local regulations, each time many employees including those from Group companies head to the venue to do their part.

For FY2016, blood drives were held on July 16, 2015 and January 27, 2016, with 84 employees (out of 121 applicants) and 87 employees (out of 113 applicants) giving blood respectively.

■ ITOCHU Baseball Class (Tokyo Headquarters)

As part of nurturing young people, thinking that we want to give disabled children the opportunity to challenge themselves in a variety of activities, and that we would like to help create opportunities for them to explore their own potential, we have sponsored the classes since 2007. The 9th ITOCHU Baseball Class in FY2016 was held on March 6 at a new venue, the Jingu Stadium, which is located close to head office. Fifty children with a variety of disabilities were joined by approximately 80 ITOCHU Group volunteer employees, including members of the Sogokai Baseball Club. The children received instructions from Mr. Tomoyuki Kumada and Mr. Futoshi Yamabe, who were invited as coaches from the Yakult Swallows, with the volunteers supporting each one of them. The class was filled with smiles... Expressing a common sentiment, the guardian of one child said, "I was able to see my child excited in a way I don't see at home or at school." The event is very popular and the number of volunteers is increasing year by year.



■ Campaign to Deliver Picture Books (Headquarters in Tokyo and Osaka, Nagoya Branch, Kanazawa Branch)

Participants in this campaign affix labels bearing text translated into local languages on corresponding pages of Japanese picture books and send the books to children in Southeast Asian countries as gifts.

A room on the fifth floor of the Tokyo Headquarters is offered for these activities during lunchtime every Thursday.



■ Selling Bread from the Swan Bakery

The Swan Bakery was established by the Yamato Welfare Foundation with the aim of encouraging employment for people with disabilities at reasonable wages. Since May 2008, we sell bread from the Swan Bakery every Wednesday in the employee cafeteria at the Tokyo head office. The endeavor has met with a favorable reception. Many employees make a point of purchasing the products, and the members of the bakery are "grateful that so many people buy our products each time."



■ Nature Observation Sessions organized by the Fureai Network

In addition to the regular nature observation session that is held once a month at Aoyama Cemetery, located close to the Tokyo Head Office, employees and their families take part in nature observation sessions throughout the year, including nature observation at Shinjuku Gyoen National Garden in early April, observation of cicada molting in early August and a nature observation tour in Yokosawairi in early October.



■ Book reading by Fureai Network's Reading Aloud Group (held on second Saturday of each month)

Current and retired employees of the ITOCHU Corporation and employees of Group companies visit elderly residents of a nursing home in Shibuya ward once a month as volunteers and interact with them by reading books aloud, singing together, and engaging in other activities. As the activities have been continued for fourteen years, a certificate of gratitude for long-term dedication was received.



Social Contribution Activities: Great East Japan Earthquake Reconstruction Support

The Great East Japan Earthquake that struck in March 2011 wrought severe damage across eastern Japan. ITOCHU Corporation will take a long-term view as it continues to provide support for recovery efforts.

ITOCHU Children's Dream Fund

The ITOCHU Children's Dream Fund is part of the disaster support activities that ITOCHU Corporation has been conducting since March 2013. It is aimed at providing aid to the children in the areas afflicted by the Great East Japan Earthquake. In fiscal 2015, the following support was provided through the ITOCHU Children's Dream Fund. We will continue to support the children's dreams in various ways going forward.

■ Supporting Youth Baseball by Holding the ITOCHU Children's Dreams Cup

To support the efforts of children in Rikuzentakata City, which was devastated by the disaster, the ITOCHU Children's Dreams Cup youth baseball tournament involving all six youth sports groups in the city was held twice, in spring and autumn.

The spring and autumn tournaments, held May 30-31 and September 26-27 respectively, both took place on the grounds of Rikuzentakata Otomo Elementary School, with ITOCHU Group employees also taking part in the events as volunteers. At the autumn tournament, current and former members of the Baseball Clubs from ITOCHU Group companies played friendly games and deepened exchanges with the children.



■ ITOCHU Children's Dream Snowboard School Held

On February 28, 2016, the ITOCHU Children's Dream Snowboard School was held at Grandeco Snow Resort in Fukushima prefecture as a gift to children from Iwate, Fukushima, Miyagi, and Ibaraki prefectures who dream of being snowboarders. ITOCHU invited nine snowboarders from the Japanese training team, including Pyeongchang Olympic hopeful Ikumi Imai, and athletes who competed in the Nagano and Salt Lake City Winter Olympics, as instructors. The children received instruction on snowboarding technique from these athletes in the morning and took part in a jump contest in the afternoon to show off their moves. The athletes grading the performance were overjoyed by the marvelous improvements they saw. Those children with top placings received Japanese snowboard team uniforms by AIRWALK, a brand for which ITOCHU owns the master licensing rights.



■ ITOCHU Kodomo no Yume English Summer Camp in Rikuzentakata held as the Fourth Phase of ITOCHU Children's Dreams Fund

Over two days on July 31 and August 1, 2015, the "ITOCHU Kodomo no Yume English Summer Camp in Rikuzentakata" was held as the fourth phase of the ITOCHU Children's Dreams Fund.

The sports camp was targeted towards fourth year elementary school students through to first year junior high school students living in Rikuzentakata (through general applications) and used the SCOA (Sports Camp of America) program that runs English sports camps. Seventeen university student athletes from the United States visited Japan and guided the children in a range of sports including cheerleading dance, soccer, baseball and Frisbee as English camp counsellors.

Through the universal language of sports and activities often seen at American summer camps such as camp fires, the children had the great opportunity to come into contact with a different culture.



■ TMSO (Tokyo Metropolitan Symphony Orchestra) × ITOCHU Class Concert held as the Fifth Phase of ITOCHU Children's Dreams Fund

Together with the Tokyo Metropolitan Symphony Orchestra (TMSO), ITOCHU cosponsored the TMSO × ITOCHU Class Concert 2016 which was held on January 20–21. Continuing on from last year, the second concert held this year was a way to cheer up children who were hit hard by the earthquake in Fukushima prefecture. Concerts were performed in two schools for the disabled in Iwaki (Iwaki Yogo School and Taira Yogo School) and two junior high schools (Kawauchi Junior High School and Hirono Junior High School) located within 30 km of the Fukushima Daiichi Nuclear Power Station. In total, four string quartet concerts were held by the orchestra.



In addition to pieces from a wide range of genres, the concerts included singing in a chorus with the students. Time was also allotted to give them hands-on experience playing the violin with the musicians. In short, some good cheer was brought to the affected region through music.

The TMSO and ITOCHU Corporation have been collaborating on supports for the affected areas through music since FY2014.

ITOCHU *Takata no Yume* Project

ITOCHU Corporation supports sales of the *Takata no Yume* (Takata's dream) brand of rice launched by Rikuzentakata City in 2012 through its food material sales company ITOCHU Food Sales and Marketing Co., Ltd.

Since the autumn of 2013, the city of Rikuzentakata in Iwate Prefecture, which suffered enormous tsunami damage, has been striving to establish *Takata no Yume* as a local brand of rice to ensure regional competitiveness and symbolize the revitalization of its agriculture. Under the project, volunteer employees from the ITOCHU Group engage in exchanges with local farmers in the production process. We provided ongoing support in FY2016 from planting in May to the harvest in October. In addition, to increase the visibility of *Takata no Yume*, we have instituted a number of PR measures, including one involving restaurants around the Tokyo Head Office. In recognition of these efforts, ITOCHU received the "Tabete oen shiyo! (Let's eat and cheer!) Prize" in the Food Action Nippon Award 2015, which recognizes business and group initiatives that contribute to expanding consumption of Japanese agricultural produce. Utilizing the platforms and expertise of the ITOCHU Group, we support the disaster-affected region through the project by providing assistance from production through to sales to ensure the success of *Takata no Yume*.



■ Provision of Ingredients to JAPAN HARVEST KIMU GHIOTTONE

Yuichi Kimura, an entertainer who is also known as a food connoisseur, Yasuhiro Sasajima, the owner and chef of IL GHIOTTONE, and 17 child chefs chosen from the public developed “menus featuring rice that represent Japan” for the JAPAN HARVEST, an event hosted by the Ministry of Agriculture, Forestry and Fisheries of Japan for promoting food, agriculture, forestry, and fisheries. The event was held on November 7 and 8, 2015, and the menus that used *Takata no Yume* were sold at the KIMU GHIOTTONE Jr. booth. ITOCHU Group provided ingredients including *Takata no Yume* for the menus. The event created an opportunity for *Takata no Yume* to be enjoyed by more people.



■ Running the 3.11 Tabete-Oen-Shiyo [Let’s Support by Eating]! Takata no Yume Project in Aoyama

On March 11, 2016, the “3.11 Tabete-Oen-Shiyo! Takata no Yume Project in Aoyama” campaign to support Takata no Yume took place throughout the Aoyama district, continuing on from last year. Takata no Yume rice was provided to 20 participating restaurants in the Aoyama area that supported the cause and each restaurant added menu items using Takata no Yume rice in their lunchtime rice and bread dishes. By allowing more customers to enjoy Takata no Yume rice, the event supported the disaster-affected region and gave the participating stores and customers a way to come together to support Rikuzentakata.



Activities to Support Disaster-Affected Areas through the ITOCHU Foundation

■ Activities with the ITOCHU Foundation in Tohoku for Sending Picture Books to Southeast Asia

Shanti Volunteer Association engages in activities of sending Japanese picture books to children in Southeast Asia, by affixing labels showing text translated into local languages on the picture books. Every week, employee volunteers of ITOCHU affix the labels on the picture books together with the ITOCHU Foundation by using a dedicated kit purchased from Shanti Volunteer Association. Since FY2015, these activities have been expanded to children in areas affected by the Great East Japan Earthquake. In FY2016, a total of 440 people took part in these activities at 19 locations including family libraries, libraries, and elementary, junior high, and high schools in Fukushima, Iwate, and Miyagi Prefectures with the support of seven organizations promoting children’s book reading locally.



■ The 100 Children's Books Grant Conducted with Shareholders

Since FY2013, ITOCHU Corporation cooperated to ITOCHU Foundation's activity of subsidizing development of children's literature, by donating the money of paper costs and postage fees saved through shareholders' consent to receive shareholder information electronically. In fiscal 2016, a total of 4,961 shareholders agreed to this initiative. By utilizing the money saved and the same amount of money matched by ITOCHU Corporation, ITOCHU Foundation sent new sets of books via local book stores to the following eleven schools in areas significantly damaged by the Great East Japan Earthquake.



Fiscal 2016 recipients

Iwate Prefecture	Takonoura Elementary School (Ofunato City), Kujiminato Elementary School (Kuji City), Sentoku Elementary School (Miyako City), Tsugaruishi Elementary School (Miyako City)
Miyagi Prefecture	Omagari Elementary School (Higashimatsushima City), Shizugawa Elementary School (Minami Sanriku Town), Okuma Elementary School (Watari Town)
Fukushima Prefecture	Takaku Elementary School (Iwaki City), Shinchi Elementary School (Shinchi Town), Harase Elementary School (Nihonmatsu City), Mikawadai Elementary School (Fukushima City)

Other Activities to Support Recovery Efforts

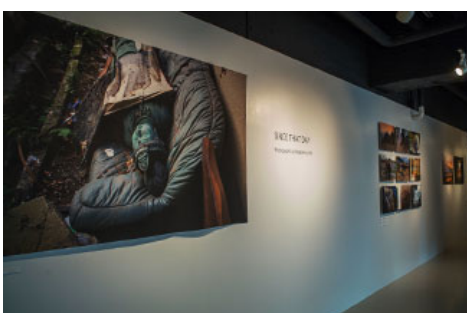
- Support for Education of Children Living in Orphanages in Fukushima

NPO BLUE FOR TOHOKU (Representative: Mari Kogiso) is an organization that was established in response to the Great East Japan Earthquake to support orphanages, including those with orphans from the earthquake. It provides support mainly for education and employment of children from orphanages in Fukushima. ITOCHU Corporation supported the cause and donated BLUE FOR TOHOKU a total of 1,125,128 yen, which was raised in the fourth year in-house fundraising activities since the Great East Japan Earthquake at ITOCHU's Tokyo Head Office in March 2015, with the same amount of money matched by Company. The money was used to hold Come Visit Tokyo! 2015, a project for giving children from orphanages in Fukushima memories of happy summer holidays. This annual event took place on August 17, 2015. In addition to the money, ITOCHU procured tickets to KidZania as it did in 2014. The approximately 40 child participants visited KidZania Tokyo, where they experienced work in the morning. In the afternoon, we held a mini sports festival where foster homes competed with each other in footraces and games of tug-of-war. Many volunteers including sumo wrestlers and foreign nationals participated in the festival and interacted with the children.



- Exhibition of Photos Taken in Tohoku Held at ITOCHU AOYAMA ART SQUARE to Support Disaster-affected Areas

During March 8 to 15, an exhibition entitled "Art wa shinsai wo fuka sasenai [Art does not let the disaster be forgotten]. Photo Exhibition by Magdalena Sole – Since That Day" was held at ITOCHU AOYAMA ART SQUARE as part of activities for supporting the reconstruction from the Great East Japan Earthquake. Magdalena Sole is a photographer living in New York and a joint recipient of the Academy Award for Best Documentary Feature in 2008. In the immediate aftermath of the earthquake she began visiting the stricken area, since which time she has been engaged in ongoing activities to comfort people living in the affected areas through photography. This exhibition displayed photographs as memories of the disaster in Tohoku that must not be forgotten, selected from those taken by Magdalena Sole in Iwate, Fukushima, and Miyagi over a period of four years. On March 11, the day Japan observed the fifth anniversary of the Great East Japan Earthquake, Magdalena Sole held a talk show with Shinpei Nagatomo, an illustrator who works in the affected area. To the approximately 130 visitors to the exhibition, she said "Photographs of the stricken area may remind you of painful events in your past. However, art sometimes saves people from grief. I want to let people know the beauty of Tohoku through photographs so that more people will visit the region."



Employee Relations

As a general trading company that has a diverse range of businesses around the world, ITOCHU believes that the human resources are its greatest management asset. Accordingly, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting the growth of its business activities. We will continue to pursue human resources initiatives, such as cultivating industry professionals and creating systems in which diverse human resources can flourish globally.

Human Resource Development Supporting the “Seeking of New Opportunities”

Ongoing Promotion of Global Human Resources Strategy

Human resources are what support the stable, ongoing growth of ITOCHU Corporation.

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and optimize the talent development of the Group on a global basis. Specifically, in fiscal 2011, we established leadership standards for managers and developed a global human resources database of organization managers*. We also created a Talent Management Process for recruiting, fostering, utilizing and promoting talented personnel who will play key roles in the expansion of revenues and profits overseas, by cooperating with each Division Company and the overseas blocs. In addition, the ITOCHU Mission and Values, which we have passed down since our establishment more than 150 years ago, are reflected in our recruitment standards and in our evaluation and human resources development programs. This enables us to hire and develop human resources around the world who are suited to ITOCHU’s values.

* We are assigning, promoting, and developing human resources on a global basis regardless of nationality, by implementing the ITOCHU Global Classification (IGC) in fiscal 2010 as a common measure of job level / level of responsibility for all jobs and positions worldwide.

- Related page: Number of overseas bloc employees by region (P138)



* Program in which overseas bloc employees are trained through work at the Tokyo Headquarters

Talent Management Process

Development Policy

Our human resource development activities are available to employees throughout the Group, both domestically and in overseas blocs. Based on each employee’s work experience and abilities, we strive to help them develop into professionals who play an active role in their business field and to provide them with the skills necessary to manage business on a global level.

Through individual evaluations and feedback, centered on valuable job experience via on-the-job training (OJT), we help to cultivate the motivation and willingness of employees to increase their career opportunities within the Group. To further support employees’ self-development, we not only provide skills and knowledge through training but also actively support career development. We will continue to invest substantially in our human resources, while at the same time promoting human resources development which is proactively led by the front-lines.



Basic Structure of Human Resource Development

Training System

ITOCHU Corporation’s training system consists of company-wide training structures and independent training structures for each Division Company and administrative divisions, which are designed in light of industry characteristics, specialties, and other elements. We provide opportunities for human resources at all job levels to develop a wide range of capabilities. This includes not only Headquarters employees but also locally hired overseas staff and Group company employees.

In addition to the above, we have established a training system for each overseas bloc based on the characteristics of the business and market and reflecting the required skills and specialties. We focus our efforts on developing management-level employees through training schemes including a bloc workshop in the Asia & Oceania bloc and workshops in other overseas blocs including North America, Europe, and East Asia. We combine these schemes with the training system of ITOCHU Corporation to develop professionals who can manage business on a global level.

Classification	Head Office Employees			Group Company Employees	National Staff	
	Essential	Elective	Select			
Career-track Employee	Officer	Training for Newly Appointed Officer			Training for Newly Appointed Officer	
	General Manager	Training for Newly Appointed General Manager			Organizational Change and Business Execution	GEP Training
		Training for Newly Appointed Administrative Officer of Group Company	Workshop for Organizational Managers			P3 Training
	Section Manager	Short-term Business School in Japan or Overseas			Leading Subordinates	GLP Training
		Training for Newly Appointed Section Managers			Management Essentials	
Mid-Career	Training for Newly Appointed Acting Section Manager	OJT Trainer Training				
		Mid-career Hires Training				
		Cross-Cultural Management Training				
		Pre-Dispatch Training				
Junior Employee	8th Year Training					
	4th Year Training					
		Junior Overseas Training-Multi				
Clerical Staff	Basic Course					
	New Employee Training					
	Training for Newly Appointed Grade B2 Employee					
	Training for Clerical B1 Employee					
	6th Year Training for Clerical Staff					
Prospective Employee	3rd Year Training for Clerical Staff					
	New Employee Training					
	Training for Prospective Employee					

- GEP: Global Executive Program
- GLP: Global Leadership Program
- GNP: Global Network Program
- NS UTR: National Staff U-turn Rotation Training
- GPP: Global Partnership Program for Subsidiary Staff

Key Points of Human Resources Development

As the key points of our human resources development, we focus on consolidation, overseas and front-line capabilities.

First, from the viewpoint of “consolidation,” in fiscal 2014 we built a structure for developing human resources who can play key roles in the business management of Group companies. Specifically, we introduced programs aimed at allowing employees to obtain further basic knowledge of business management and risk management methods. One example is an administrative intern program focused on enabling employees to acquire experience working in in-house administrative units, such as the Audit Division and the Legal Division, for a certain period of time. In fiscal 2015, we also introduced a training program to enable accounting operations to be learned efficiently in a short period of time through hands-on exercises as an essential training program for junior staff. We continue to expand the lineup of training programs for employees of Group companies so that the employees of domestic Group companies will improve their skills and expand their network within the Group.



Global Development Program

Next, from the viewpoint of “overseas,” we provide training in such forms as global development programs (GEP, GLP, GNP and GPP*), dispatch of staff to business schools for short-term programs, and workshops for organizational managers, with a view to nurturing the growth of global management human resources. In addition, in order to develop English language skills and an international perspective among junior staff, we instituted a program for short-term dispatch overseas in 1999, ahead of other companies in our industry. At present, we are developing candidates for future growth into specialists in each market by dispatching our junior staff, in short term, to China and other emerging markets, for training in Chinese and other languages. Above all, given the execution of a strategic cooperation agreement with capital participation with CITIC Limited (CITIC), China’s largest conglomerate, and Charoen Pokphand Group Company Limited (CPG), one of Asia’s leading conglomerates, we concluded a memorandum for strengthening synergy in human resources development with these two companies. Under this memorandum, the three parties jointly develop human resources who will play the leading roles in the strategic cooperation agreement to create a base for improving corporate value in the medium to long run terms. In FY2016, we launched a project for developing 1,000 Chinese-speaking human resources, which is one-third the number of all career-track employees. We have made tremendous efforts to proceeding thoroughly with a foundation of the language. In addition, we are accelerating measures to strengthening the development of human resources that can pursue the maximization of synergies in a wide range of business domains, with a focus on the markets of China and other Asian countries. These measures including exchanges of excellent human resources are to solidify the human resources network of the three companies as a base that supports the strategic cooperation agreement.

	July 2015	March 2016	March 2017 (target)	March 2018 (target)
Number of Certified Chinese Speakers	361	430	700	1,000

From the viewpoint of “front-line capabilities,” we provide diverse object-oriented training such as training to support career visions and independent training based on the human resources strategy of each Division Company and the headquarters administrative divisions, in order to produce professionals with diverse outlooks on value.

- * Global Executive Program (GEP): This core part of the global talent development program provides training to cultivate global executives.
- * Global Leadership Program (GLP): The purpose of this training is to cultivate organization managers who can be active in global business.
- * Global Network Program (GNP): Through training held at Headquarters, this program enables locally hired overseas staff to learn firsthand about the ITOCHU Group’s global operations and build up a network with other participants.
- * Global Partnership Program (GPP): This Program introduces the history and outline of ITOCHU, and communicates and nurtures corporate message to subsidiary staffs. It also helps create network among ITOCHU group members.

Number of employees participated in major training programs

Name of Training program	FY2014	FY2015	FY2016
Administrative intern program	5	94	111
Global development program	135	135	126
Organization manager workshops	325	437	426
Dispatch of staff to business schools for short-term	50	39	41
Junior staff overseas training for Chinese and Junior staff overseas training for multi-language	25	47	52
Chinese lesson	139	86	390
Career vision support training (the total number of participants)	2,025	1,893	2,097

Comments from the Participants



Mikio Hashimoto
Metals & Minerals
Company, Steel,
Non-Ferrous &
Solar Division,
Non-Ferrous &
Metal Materials
Department

Junior staff overseas training for multi-language (Chinese)

I studied in a language training program held at Nanjing, China for a period of six months in 2015. When I departed for the country, I didn't know even basic Chinese words or phrases. However, I was exposed to the language from morning till night every day and traveled to major cities on my weekends and other days off. As a result, I was able to pass the highest level on the Chinese proficiency test by the time I returned to Japan. I really got a lot out of my time in China. While we are in Japan, news reports about China, Japan's most important neighbor, generate a range of speculation and sometimes lead us to have complex feelings about the country. However, by actually spending time in the country, walking around towns, and talking with local people, I developed a more diversified and deeper view of China. ITOCHU Corporation is strengthening joint measures with China, such as investing in the country and further increasing the number of Chinese-speaking human resources. I appreciate that I was given the opportunity to improve my skills as a part of these measures, and am determined to make the best use of my skills for future work.



Mr. John Prijadi
PT. ITOCHU
Indonesia

Global Leadership Program (GLP)

Joining in a training program with participants from 32 companies from 18 countries, with various work-fields and some company backgrounds would definitely give tremendous experience. For me, Global Leadership Program is a well-planned and contented training program yet conducted with best way to fill in every single participant with great experience. It is a truly global leadership program. ITOCHU's next leaders should join this program. Thanks to Management, thanks to HR, thanks to the trainers and special thanks to the committee for all about this GLP! Thanks for giving motivation to achieve ITOCHU Mission!

Personnel Evaluation Systems

Personnel evaluation systems are positioned as the foundation of a personnel system that helps employees realize their full potential with enthusiasm and drive. One of these systems is the management by objectives (MBO) structure, which functions as the driver of management strategy by dividing objectives among individual employees based on the company-wide management plan and verifying their execution. We have also established a human resources assessment system that takes a comprehensive look at the skills, expertise, past careers, aspirations and suitability of individual employees and utilizes this information for placement and transfer plans.

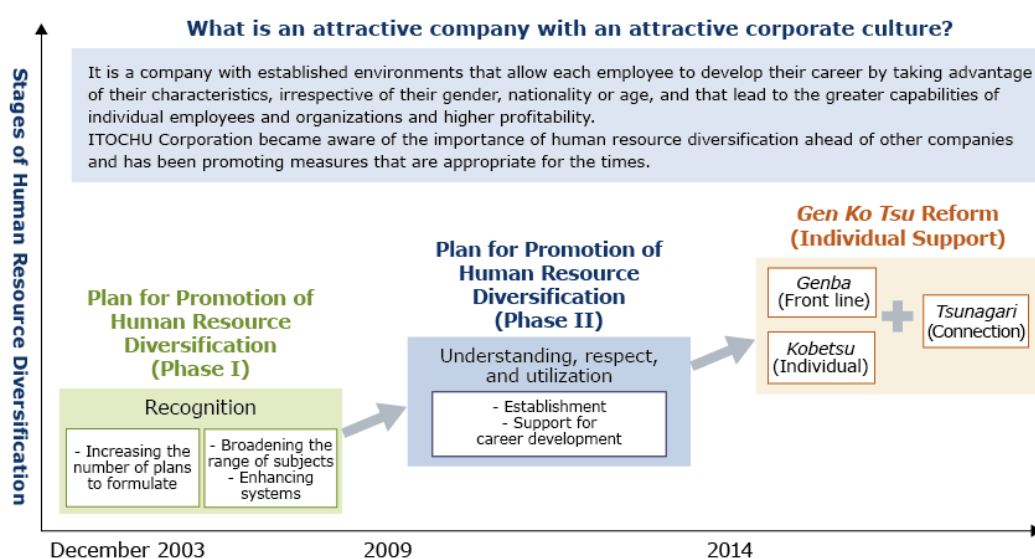
We regard fair and equitable evaluations by supervisors and feedback through interviews with subordinates as critically important to ensure proper functioning of these personnel evaluation systems. We make use of evaluator training and other activities to communicate the importance of encouraging employee growth and development to supervisors.

Creating Environments that Bring Out the Best in Employees

Supporting the Activity of Diverse Human Resources

Amid intensifying global economy, we at ITOCHU Corporation believe that diversity as an organization is indispensable for accurate response to diversifying needs in the global market as well as continuous creation of new business and additional value. Based on this belief, we formulated the Plan for Promotion of Human Resource Diversification in December 2003 and set about efforts to increase the number of diverse personnel and support their acclimation and activity. We are committed to continued efforts to prepare environments enabling each and every employee to exercise his or her unique talents to the fullest, and to strengthen our power on both the individual and organizational levels. By so doing, we are going to make ITOCHU an attractive company with attractive corporate culture.

ITOCHU Corporation's measures for human resource diversification



Supporting the career development of female employees

Among its measures for human resource diversification, ITOCHU Corporation focuses primarily on supporting the career development of women. We have increased the number of female employees by promoting the Plan for Promotion of Human Resource Diversification. We have also expanded and upgraded systems far and above those required by law to help female employees succeed in both work and family life. At present, we are implementing a *Gen Ko Tsu Reform* (*Gen* for *genba*, or "front line," *ko* for *kobetsu*, or "individual," and *tsu* for *tsunagari*, or "connection"). Under this reform, we promote individual support measures based on the life stages and careers of individual employees. At the same time, we strive to create role models of women with successful careers and develop an environment that enables women to work with a sense of job satisfaction, through training programs for nurturing career consciousness among young female career-track employees and various forums.

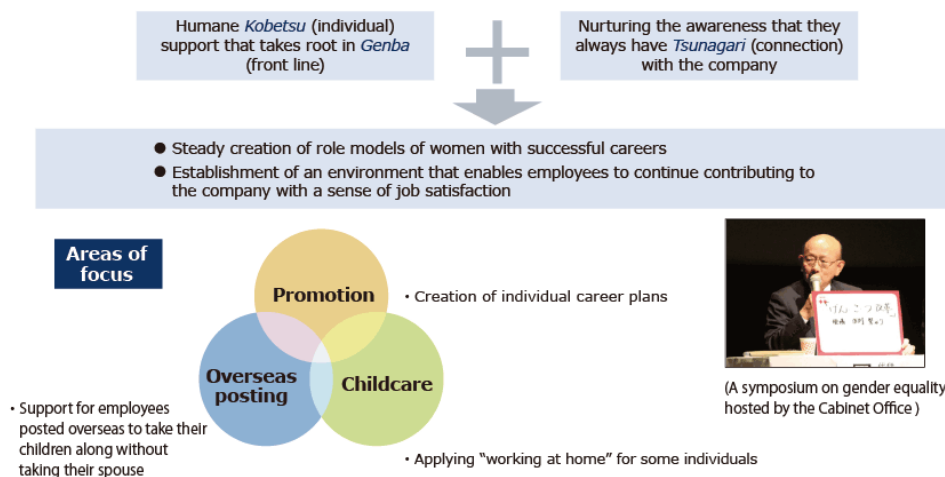
The number of female managements and career-track employees

Year	2014	2015	2016	2020 Target
Female management	4.0%	4.6%	5.2%	Over 10.0%
Female management / All management	97/2,401	111/2,438	130/2,479	
Female career-track employee	8.9%	8.8%	8.8%	Over 10.0%
Female career-track employee / All career-track employee	301/3,401	304/3,444	307/3,490	

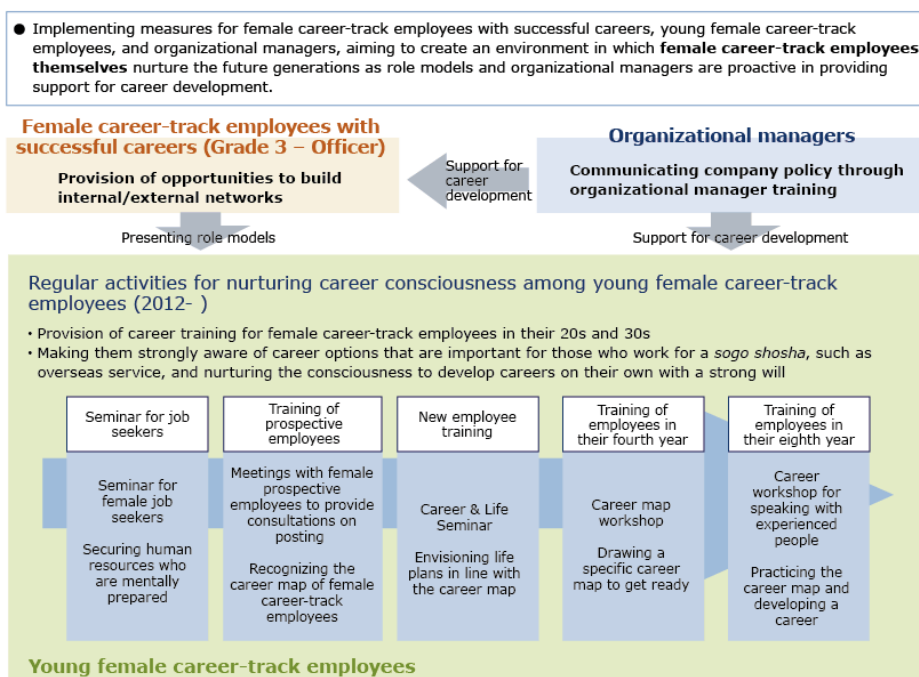
Measures for supporting female career-track employees

Stage	Perceived environments and tasks	Specific measures
Early period (1989-2003) Legal requirement	<ul style="list-style-type: none"> The employment of women is required by the equal opportunity law, which came into force in 1986. 	<ul style="list-style-type: none"> Continuing to hire female career-track employees (several employees every year) Transfers from clerical positions Introduction of childcare support systems
Increase in number and enhancement of systems (2004-2011) Company where female career-track employees enjoy working	<ul style="list-style-type: none"> Formulation of the Plan for Promotion of Human Resource Diversification (December 2003) To promote women to executive positions proactively, it is important to first increase the number of women and utilize them widely in the company. Establishing an environment that allows women to achieve a good balance between work and childcare/nursing care to retain female employees. 	<ul style="list-style-type: none"> Setting numerical targets Introduction of a mentor system Enhancement of childcare support systems Introduction of a system that permits a leave of absence in the event of the overseas transfer of a spouse Establishment of a childcare center for employees Holding various forums
Promotion of individual support (2012-) Company that enables female career-track employees to work with a sense of job satisfaction	<ul style="list-style-type: none"> Systems have been established beyond the level required by law. The populous generations of female career-track workers have entered in their 30s, and their life events are expected to take place in earnest. Support is provided individually under the Gen Ko Tsu Reform to those who try hard to develop careers on their own. 	<ul style="list-style-type: none"> Switch from job transfer/leave to a reemployment system Support for employees posted overseas (permission to take their children along without taking their spouse) Identification and nurturing of candidates for promotion Collecting opinions from the front lines at sectional meetings Support for endeavors to nurture career consciousness (various forums, etc.)

Gen Ko Tsu Reform







Support for nurturing career consciousness among female career-track employees



Major Awards and Certifications

ITOCHU Corporation's initiatives for creating environments that bring out the best in employees have earned high praise from various quarters.

			
Kurumin Certification	New Diversity Management Selection 100	Nadeshiko Brand	Health & Productivity Stock Selection
Companies with excellent initiatives for providing employees with support at work as well as with childcare receive approval to display the Kurumin certification mark. (Received on two occasions in 2011 and 2014 / Ministry of Health, Labour and Welfare)	A project for selecting excellent companies that provide diverse human resources with opportunities and an environment for exercising their potential (Selected in March 2016/ Ministry of Economy, Trade and Industry) *ITOCHU was the first <i>sogo shosha</i> to be selected.	A program under which companies with excellent measures for encouraging women to play active roles in the workplace are evaluated and designated (Selected in March 2016/ Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)	A program that recognizes enterprises which focus on and strategically carry out efforts regarding their employees' health from a management perspective (Recognized in January 2016/ Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)

- Related page:
 - Figures concerning employees (P138)
 - Proportion of female career-track employee, manager, and executive officer (P138)
 - Number of hires by gender (P138)

Initiatives for Work-Life Balance

ITOCHU Corporation regards people as its greatest asset and has pursued a range of initiatives to develop environments that allow all employees to enjoy peace of mind and concentrate on their work by taking advantage of the characteristics of each. Initiatives for work-life balance are included in such measures, and are implemented in the belief that it is important for employees to work in a well-balanced manner by working very hard when they need to and refreshing themselves fully when they need to, thereby further improving work quality and efficiency. To this end, ITOCHU has enhanced and expanded a number of systems, promoted greater understanding of systems among employees themselves and their colleagues, and promoted the development of environments that bring out the best in employees. In addition, ITOCHU believes that the promotion of a morning-focused working style, which commenced in October 2013, will contribute further to enabling employees to work in a well-balanced manner.

Systems for Providing Support for Work as well as Employees' Childcare and Nursing Care

During the course of their working lives, most employees inevitably pass through life stages that require them to render childcare and nursing care. To enable them to continue working with peace of mind and demonstrate their fullest potential, ITOCHU has expanded and upgraded systems to help that are far and above those required by law. These systems are available to both male and female employees, and provide support for them to succeed in their work as well as child and / or nursing care duties. In FY2016, we have implemented a campaign targeting male employees, whose baby was born, to take childcare leave. At this time, we have informed their bosses as well. As a result, 59 male employees took childcare leave (only 1 in FY2015). Also, we have done a trial for work from home system, to those who need to stay home due to childcare or nursing care. From FY2017, we have officially allowed certain employees who meet the criteria, to utilize this system.

Support for Childcare

		85 days after getting pregnant	6 weeks before childbirth	Childbirth	8 weeks after childbirth	2 years old	3 years old	School age	Graduation from elementary school	
		Pregnancy (women only)			Childcare (both men and women)					
Support for Childcare	Extended leave	Pregnancy leave (20 days) Miscarriage leave (5 days)			Maternity leave before childbirth (6 weeks)	Childcare leave (until the child turns two years old/ interruptible)				
	Working on chosen days					A system which allows employees to work on chosen days (1 year in total/ interruptible)				
	Leave	Leave to nurse sick children (5 days per year in the case of only one child; Ten days per year in the case of two or more children)/Until graduation from elementary school)								
		Special parental leave (A total of 40 days until graduation from elementary school)								
	Shorter working hours, etc.	Family support leave (Included in leave as a reward for diligence)								
		Shorter working hours for childcare (By 90 minutes per day/Until graduation from elementary school)								
	Limits on overtime work, etc.	Flexible time system								
		Exemption from overtime work								
	Other support	Limits on overtime work (to 24 hours per month/150 hours per year)								
		Exemption from night work (10 p.m. - 5 a.m.)								
Various services	Guidance for returning to job		Social media for employees on maternity/childcare leave		Career support training		Three-party meeting on return from childcare leave, follow-up meeting for those who have returned to work from childcare leave			
	Handbook on childcare (edition for women, edition for men, edition for superiors)									
	Working at home (individual basis)									
Ticket system for childcare support by babysitters										
Childcare consultations, etc./Telephone health consultations										
Use of I-Kids, a childcare center for employees (0 - 3 years old) *Temporary childcare services are available until the child reaches school age.										

Support for Nursing Care

		Commencement of use of the system	2 years	3 years
Support for Nursing Care	Extended leave	Nursing care leave (2 years in total/interruptible)		
	Working on chosen days	A system that allows employees to work on chosen days (3 years in total/interruptible)		
	Leave	Leave for nursing care (10 days granted each year regardless of the number of family members in need of nursing care)		
		Special nursing care leave (30 days for those with fewer than 8 service years, and 60 days (half days off may be included) for those with 8 or more service years)		
	Shorter working hours, etc.	Shorter working hours for nursing care (By ninety minutes per day for up to 5 years in total/Salary begins to be reduced accordingly in the 4th year/Interruptible)		
	Limits on overtime work, etc.	Limits on overtime work (to 24 hours per month/150 hours per year)		
		Exemption from night work (10 p.m. - 5 a.m.)		
	Other support	Nursing care seminars		
		Career support training provided for employees on extended leave		
	Various services	Handbook on nursing care		
"Furusato Care Service" for employees posted abroad (care for their elderly relatives)				
Working at home (individual basis)				
Subsidy for use of homemaker services				
Support for use of nursing care services/Telephone health consultations				

■ Related page: Acquisition of leave according to child care or nursing care related systems (P139)

ITOCHU Kids Day for Visiting Dad and Mom at Work

Since 2014, we regularly invite elementary school boys and girls to ITOCHU Kids Day—an initiative where the sons and daughters of employees can visit their dads and moms at work. They visit their parents in the office and practice exchanging name cards with people at work, using their own cards printed especially for Kids Day. They also hold a mock conference in the Board of Directors conference room, and enjoy lunch in the employee cafeteria as virtual ITOCHU employees. Kids Day is very favorably received among the parents, who are grateful to see their children develop an interest in their parents' jobs at ITOCHU and have reported that their children said they wanted to work for ITOCHU in the future. The company also considers such measures for strengthening family ties and the understanding of ITOCHU to be very significant, and plans to continue holding ITOCHU Kids Day in the future.



Supporting the Utilization of Senior Human Resources

ITOCHU Corporation is supporting the employment of aged workers even more actively than before. In light of factors such as the declining Japanese birth rate and aging population and support for the utilization of diverse human resources, we have introduced an employment extension system as a new option in addition to mandatory retirement at the age of sixty. This provides an environment in which willing employees can continue to play an active role so that their wealth of knowledge and experience can be utilized. In addition, we give seminars on life planning and other topics to those who have reached the age of fifty-eight, thereby providing them with support in terms of work styles and financial planning following the employment extension. In the future, we will make further efforts to develop environments in which aged employees can continue to work with even greater drive and enthusiasm.

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established ITOCHU Uneedus Co., Ltd., the first special subsidiary in Yokohama in Kanagawa Prefecture for the purpose of giving people with disabilities, such as physical disabilities and intellectual disabilities, a desire to work and places where they find working worthwhile. This company handles three divisions of business involving cleaning, printing services, and photography centers under the motto of strict quality control and cordial service. In the cleaning division, people with disabilities and those without help each other perform all the cleaning-related processes. In November 2015, ITOCHU Uneedus Co., Ltd. was relocated to a new office building in Tsuzuki-ku, Yokohama that boasts a floor area that is 2.4 times wider than the old building and possesses the latest equipment. The purpose of this move was to provide a more comfortable work environment for staff members with various disabilities, as well as expand the business.

As of March 2016, the proportion of our workforce with disabilities is 2.13%, which exceeds the legally stipulated ratio of 2%. We will continue to actively help people with disabilities participate in society.

- Related page: Employment ratio of people with disabilities (P139)



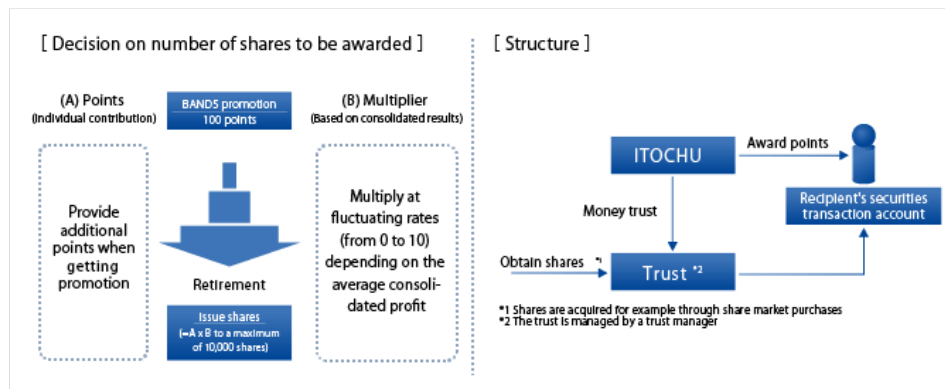
ITOCHU Uneedus Co., Ltd
New office building
(Tsuzuki-ku, Yokohama)
<http://www.uneedus.co.jp/>

Career Counseling

The Career Counseling Center offers a wide range of counseling and support for diverse career stages, ranging from new recruits to organization managers. Staffed by employees, the majority of whom are certified as career counselors, the department touches on an array of topics fit for the circumstances of each individual, including relationships with supervisors, junior staff and peers, approaches to work and considerations about one's own future. A system is in place for all young employees to receive career counseling when they reach certain milestones in their ITOCHU careers, as part of their training. Counseling is also available to mid-career employees as well as middle-aged employees looking to continue working. The number of visits to the Career Counseling Center to undergo counseling exceeds 500 per year. The Career Counseling Center aims to provide ITOCHU employees— through them and their organizations— with the opportunity to develop their careers, as well as a safety net.

“Managers of the Future” Reward System

This system is a trust-type employee incentive plan based on the U.S. Employee Stock Ownership Plan (ESOP). We have established “Managers of the Future” reward system, in order to enhance medium and long-term contribution, by raising awareness of employees to encourage them to participate in the corporate management. This system positions ITOCHU employees at the rank of Section Head or above, who will be the key people responsible for future growth as candidates for “Managers of the Future.” They are provided awarded points, whose number increases as they are promoted to higher job levels. At the time of the retirement of such employees, the accumulated share points are multiplied by a multiplier linked to the company's consolidated results of each employee's tenure after the first award of the share points. In addition, the rate of membership in the employee shareholding association reached 77% (as of February 2016) as a result of measures to enhance the association's system in FY2016. We believe that we will be able to share our achievements with stakeholders as well as shareholders by further elevating our corporate value. To accomplish this, we must ensure that employees share the same perspective as management as they perform their duties.



Initiatives Aimed at Occupational Health and Safety that Support the Activity of Employees

For ITOCHU Corporation, employees are assets, and ensuring the health and safety of employee workplaces is one of the vital responsibilities a company must fulfill so that its employees can reach their full potential. To ensure that ITOCHU Corporation employees stationed around the world and their families can enjoy a meaningful assignment in safety and good health, we have built a full system not only for incidents, accidents, disasters and other emergencies, but also for health management.

Employee Security Management

ITOCHU Corporation maintains global business operations with roughly 800 rotational staffs stationed overseas, and sends a total of ten thousand staffs on overseas business travel from Headquarters in Japan each year. In terms of overseas security management, based on the belief that a close communication between the overseas location and Japan is important, the specialist who are in charge of overseas safety have assigned security management to some staffs in each regional headquarters of nine blocs worldwide. Information concerning politics, economics, public safety and other factors is periodically collected and disseminated internally, at the safety measures meeting, public security seminars, etc. We have also established a system to cover regions where information is more difficult to obtain through contracts with international security consultant firms. We provide seminars regarding safety and medical practices to our employees and their family, before and after dispatch to overseas. To prepare for emergencies such as diseases or injuries, including preventative measures for infectious diseases in the dispatched area, we collaborate with a special medical service company and developed complete support systems for preventative and post-incident measures, such as providing advice in case of sickness and injuries, including emergency transportation.

With regard to safety initiatives in Japan, we implement countermeasures against large-scale disasters that are likely to occur in this country, such as earthquakes. These include the creation of a disaster manual, the preparation of disaster supplies such as drinking water, food, and toilets, emergency drills, and training on responses to the safety confirmation service. Group companies have also formulated various countermeasures on an individual basis.

We encourage our employees and their family to prepare for large-scale disasters every day, such as securing means of communicating with their families, ensuring that they have walking shoes available, and checking the route for walking home.

Employee Health Management

Health management of every single employee is extremely important to ensure that a diversity of employees can freely exert their capabilities.

We have developed an in-house system that allows employees to receive counseling on their health at any time. For example, the Health Administration Center at ITOCHU's Tokyo Headquarters, which also serves as a clinic, has 20 specialist physicians on staff, as well as an X-ray technician and a pharmacist. For more than 30 years, we have been operating a system that can be called a "health concierge without borders." In this system, health maintenance professionals provide individualized healthcare guidance to employees all over the world adapted to their individual conditions by cooperating closely with physicians who specialize in individual lifestyle-related diseases. We provide each employee with the support they need to manage their own health.

In terms of specific services, in addition to the above specialized disease management, we offer general medicine (internal medicine, orthopedics, dental), medical checkups (regular medical checkups, half-day complete medical checkups, medical checkups for employees traveling overseas and those returning temporarily or permanently), various vaccinations, and examinations (VDT examination, adult-onset disease examinations). We also offer medical counseling and provide information. Web services such as the Health Support System (HSS), which allows individuals to view their medical checkup history, are also available. As well as the operating four recreation facilities through our health insurance society, we run quit smoking and other health campaigns.

Moving forward, we will make our approach to health management a written rule in the form of the ITOCHU Health Charter, and further promote the improvement of employee vitality by strengthening our systems for supporting diet and exercise and creating a better workplace environment.

Mental Health

Where mental health is concerned, we have established a stress management room in-house, and offer counseling given by a clinical psychologist. Employees can also seek counseling from a company physician as well as seeing a psychiatrist in-house. Through our health insurance society, we have set up the "Health & Mind Online" health consultation website where employees can seek consultations over the web. The revised Industrial Safety and Health Act came into force on December 1, 2015, and as a result, employers are required to offer stress checks to workers once a year. ITOCHU Corporation carried out stress checks on trial basis in October 2015, and has been making preparations for the full-scale implementation of stress checks in FY2017.

Working Hours Management

We focus our efforts on reducing the total number of working hours, not to mention observing legislation including the 36 Agreement. To achieve more effective working style, ITOCHU Corporation has introduced a morning-focused working system. This initiative is aimed at practicing an effective working style to reduce the total number of working hours. Specifically, the Company reviewed the work style that assumes overtime work and shifted from a night-focused style to morning-focused work centered on the basic hours of 9 a.m. to 5:15 p.m. We believe that this initiative would not only further strengthen the effectiveness of operations and maintain and improve its employees' health, but also help female employees demonstrate their abilities and help employees achieve a good balance between work and family life. We are pursuing a well-balanced reform of work awareness and style among all employees, in order to discharge our corporate mission of "Committed to the Global Good" by always viewing things from the customer's perspective.

See P132 for details of morning-focused working system.

The above initiatives were highly regarded by the Development Bank of Japan (DBJ), and ITOCHU Corporation obtained the highest rank in the DBJ's Health Management Rating System in FY2016 for the first time as a *sogo shosha*. ITOCHU Corporation was also selected as a Health and Productivity Stock in the health and productivity management program jointly carried out by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

We succeeded in these areas because we were highly regarded for introducing a morning-focused working system ahead of other companies, thereby changing the mindset of employees, and for promoting health activities, such as a system for preventing mental health problems, throughout the entire company by cooperating with industrial physicians and the health insurance union.

Introduction of Morning-Focused Working System

Taking Steps to Achieve a More-Effective Working Style

On May 1, 2014, ITOCHU officially introduced a morning-focused working system to achieve a more-effective working style. With a focus on managing employee health and promoting effective operations, ITOCHU has long sought to reduce overtime work. To that end, we decided that it was necessary to implement decisive reforms by reevaluating the traditional working style, which is based on the assumption that employees will work overtime. This progressive approach has made an impact on not only the industrial world but also political and business establishments. It has grown into a big movement that is changing the way Japanese people work.

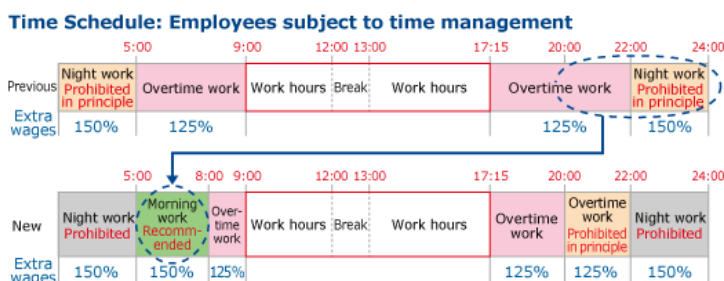
ITOCHU believes that this initiative will help individual employees to reform their approach to their own working styles and to advance well-balanced operational reforms. In this way, the Company will strive to achieve a work environment that further strengthens the effectiveness of operations, supports the maintenance and improvement of employees' health, and helps diverse employees, including female employees, to make full use of their capabilities.

Outline and Effects of Initiatives during Trial Period

Outline of Initiatives (Continued after official introduction)

- Night work (10 p.m.-5 a.m.) is prohibited. Work after 8 p.m.-10 p.m. is, in principle, prohibited, though it is permitted upon prior application when such work needs to be performed due to unavoidable reasons.
- As an incentive for employees who work early in the morning (5 a.m.-8 a.m.), extra wages are provided at the same rate paid for night work (employees subject to time management: 150%; employees not subject to time management: 25%).
 - * When an employee starts working at 7:50 a.m. or before, the extra wage rate is applied not only for 5 a.m.-8 a.m. but also for 8 a.m.-9 a.m.
- From the perspective of managing employees' health, the Company provides light meals to employees who begin work before 8 a.m.

Diagram of Morning-Focused Working System



Providing light meals to employees

Effects of Initiatives (Comparison with same period in the previous fiscal year)

Entering and Leaving Office (Percentage of employees who entered/left the office)

		Prior to introduction FY2013	After half year from introduction	2 years after introduction FY2016
Leaving	8:00 p.m. or after	About 30%	About 7%	About 6%
	(10:00 p.m. or after (within 8:00 p.m. or after))	(About 10%)	(Nearly 0*)	(Nearly 0*)
Entering	8:00 a.m. or before	About 20%	About 34%	About 40%
Electricity consumption		-	-	▲7.5% (since introduction)
Amount of greenhouse gas emissions		-	-	▲8.3% (since introduction)

Hours of Overtime Work per Person (Monthly average)

	Prior to introduction FY2013	2 years after introduction FY2016
Employees in career-track positions	49 hours 6 minutes	46 hours 25 minutes
Employees in clerical positions	28 hours 49 minutes	27 hours 18 minutes

* Overtime is calculated based on exceedance of our working hours (7 hours 15 minutes), instead of statutory working hours (8 hours).

* Includes employees who applied in advance or on-the-spot

Communications with Employees

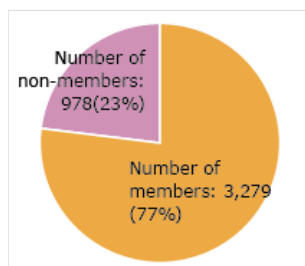
Dialogue Meetings with the President

ITOCHU Corporation is proactive about offering employees opportunities for two-way discussions with the president. In fiscal 2016, the president visited 7 domestic branches, which usually have limited opportunities for direct communication with the president, and held dialogue meetings. Along with these domestic meetings, the president also has dialogue meetings with our staff on overseas assignment, as well as overseas bloc employees when he visits one of our overseas bloc areas. In fiscal 2016, the president held meetings at our business locations in China, Indonesia, Singapore, Vietnam, the UK, Italy and France. In these discussions, the president shares directly with employees, the company's management policies and his passion for their realization, while employees in turn can express their opinions to the president and ask questions. The meetings therefore provide extremely valuable opportunities for deepening two-way communication. Every meeting is held in a very spirited atmosphere, and touches on everything from management policies to more personal topics.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues are discussed with the ITOCHU Labor Union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2016, we held six meetings, including management meetings with the President and similar meetings with Division Companies and the Administrative Headquarters. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.



Ratio of ITOCHU Labor Union members as of April 1, 2016

Initiatives with the ITOCHU Labor Union in fiscal 2016

June 2015	Settlement of accountings meeting
July 2015	Meeting regarding employees' working styles
September 2015	Metals & Minerals Company management meeting
December 2015	ICT, General Products & Realty Company management meeting
January 2016	Meeting regarding salary and compensation
February 2016	Management meeting with the President

Comments from the ITOCHU Labor Union President



Noriko Imamura
President,
ITOCHU Labor Union

The ITOCHU Labor Union is involved in a host of measures designed to realize working environments that allow one of the Company's key stakeholder groups, its employees, to be more enthusiastic and motivated, and bring their individual abilities to the fore. Based on input gathered from a wide array of frontline operations, we hope to encourage communication between the Company and employees through active dialogue with the Company at management meetings, and ultimately to contribute to CSR activities.

Improving the Infrastructure for Employee Communication

ITOCHU Corporation works to revitalize communication between employees and provide opportunities for exchange through a range of welfare facilities and schemes. Revitalized communication helps to foster a sense of belonging and motivation to work in individual employees and also helps to invigorate the organization as a whole.

■ Dormitories for Single Employees

More than 300 junior career-track employees spread across four buildings for males and two buildings for females make use of company dormitories. The dormitories allow employees to interact with junior and senior employees joined the company at different times or who belong to different departments, and also leads to more lively communication among fellow junior employees.

The dormitories for male employees, which are currently scattered in about the suburbs of Tokyo, are scheduled to be integrated into one building sometime around April 2018. The integrated dormitory will be a place for communication between employees, help foster a sense of unity among them, and provide basic training to junior employees.

■ Employee Cafeteria

The employee cafeteria at the Tokyo Head Office underwent large-scale renovations in May 2013 and was transformed into a space that is brighter and a more comfortable meeting place than before. Each day around 1,500 employees make use of the employee cafeteria, which helps promote exchanges between fellow employees during meal times.

In April 2016, we began to make changes to the food served in the cafeteria in an effort to promote the good health of employees. The changes made include the introduction of a menu created under the supervision of Kagawa Nutrition University*.

*Kagawa Nutrition University is a pioneering force in nutrition education. The menu it helped create focuses on daily specials offering healthy dishes which fulfill different conditions, such as an energy value of around 600 kcal, sodium chloride equivalent of 3 g or less, and a vegetable serving of 140 g or more.

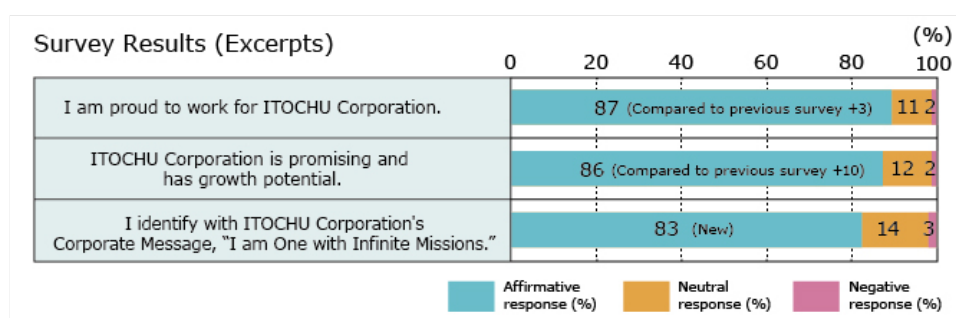
■ "SOGO-KAI" Associations

"SOGO-KAI" associations are organizations in which fellow employees assemble and enjoy the same sports or cultural activities. More than forty such associations are active within the company and boast more than 800 employee members. The associations are not limited to current employees of ITOCHU Corporation. Many former employees and Group company employees also take part. Through sports and cultural activities, these associations promote exchanges and communication across different generations and organizations.

Employee Engagement

ITOCHU Corporation believes that raising the level of motivation, satisfaction and engagement (the degree to which employees with a strong desire to contribute to ITOCHU can capitalize on their own abilities optimally at their own initiative) of employees will improve the corporate value.

In the survey conducted in fiscal 2015, the results exceeded those of the previous survey (conducted in fiscal 2011) in all categories, and the positive answers were 20 points higher than the average of Japanese companies that conducted the survey (about 50 large companies). Above all, the level of engagement remained high, which has allowed us to conclude that many employees are proud of working for ITOCHU Corporation and engage in work with strong motivation to contribute to the company and with the aim of achieving better-than-expected results on a voluntary basis.





CSR Action Plan for Human Resources and General Affairs

We create CSR Action Plan and promote our Human Resources and General Affairs related measures in a PDCA cycle. We promote those measures in order to develop and strengthen our human resources, which is one of the major management resources, and to build the basic policies to support them.

- See P13 for details.

Issues	FY2016 action plans	Status*	FY2016 results	FY2017 action plans
Open, fair recruitment without discrimination based on nationality, race, or gender	<ul style="list-style-type: none"> • Conduct fair recruitment PR and selection activities in accordance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). Provide information to more students through internal and external seminars, internships, etc. • Recruit around 140 new graduates in FY2017 as career-track employees and around 10 as clerical staffs. • Support the recruitment activities of Group companies and overseas branches. 		<ul style="list-style-type: none"> • Carried out recruitment PR and selection activities in compliance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). • Approx. 23,000 students registered for recruitment of new graduates in FY2017 and 141 new graduates joined the Company as career-track employees and 12 as clerical employees. • Supported Group companies in internship programs, seminars, explanatory sessions for prospective employees, etc. • Contributed to recruiting local employees of Yangon Branch (Myanmar) of ITOCHU Corporation in Japan. 	<ul style="list-style-type: none"> • Conduct fair recruitment PR and selection activities in accordance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). • Consider summer recruitment for exchange students. • Recruit around 150 new graduates in FY2018 as career-track employees and around 10 as clerical staffs. • Support the recruitment activities of Group companies and overseas branches.
Supporting career development and activity of diverse human resources	<ul style="list-style-type: none"> • Promote the career development of female employees by strengthening support for individuals (promotion, accumulation of role models, childcare support, and overseas assignment) and raising awareness among organization managers. • Hold internal subcommittee meetings on promotion of career development of female employees to discuss specific measures. • Continue to hold ITOCHU Kids Day for Visiting Dad and Mom at Work. • Inform male employees of systems related to childcare and help them participate in childcare. 		<ul style="list-style-type: none"> • Held subcommittee meetings (2 times with 10 participants) and exchange of opinions about labor and management with the labor union. • Formulated and published an action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace. • Raised awareness in support of the activity for diverse human resources through training sessions for all organization managers working in Japan (421 participants). • Held ITOCHU Kids Day for Visiting Dad and Mom at Work on July 29, and 67 sons and daughters of employees participated in it. • Encouraged male employees to take childcare leave. 50 male employees took the leave in FY2016. • ITOCHU was selected in two commendations: New Diversity Management Selection 100 hosted by the Ministry of Economy, Trade and Industry and Nadeshiko Brand 2016 co-hosted by the ministry and Tokyo Stock Exchange. 	<ul style="list-style-type: none"> • Ensure steady implementation of the action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace and strengthening support for individuals (promotion, accumulation of various role models, childcare support, and overseas assignment) further. • Develop a workplace climate that brings out the best in diverse human resources, by providing training to organization managers and encouraging employees to take childcare leave, etc. • Continue to hold ITOCHU Kids Day for Visiting Dad and Mom at Work.

Supporting career development and activity of diverse human resources	<ul style="list-style-type: none"> • Revise the clerical staffs system (July 2015) and introduce a leader system aimed at enabling clerical workers to be even more active. • Help employees to achieve and maintain balance between work and childcare by holding three-person interviews (superior, the employee, and a person in charge of personnel affairs) of employees returning to work after leave of absence. 	 <ul style="list-style-type: none"> • Developed individual career plans for female career-track employees and carried out monitoring. • Introduced a new system for the personnel affairs of clerical staffs. Measures under this system included appointment of 18 clerical staffs as leaders, promotion of such leaders to recruitment interviewers, and implementation of a project for making recommendations to the company. • Held three-person interviews of employees returning to work after leave of absence for 21 employees. 	<ul style="list-style-type: none"> • Brush up the leader system aimed at enabling clerical workers to be more active. • Implement three-person interviews of employees returning to work after leave of absence, and guidance before maternity leave.
Allowing employees to work in a well-balanced manner (promotion of diversification of human resources, appropriate time management)	<ul style="list-style-type: none"> • Comply with the agreement under Article 36 of the Labor Standards Act, have the morning-focused working style established in the front lines, and promote work efficiency improvement. • Renew the attendance management system and strengthen monitoring of overtime work at each organization. • Maintain effective operation of the I-Kids, a childcare center for employees, and open I-Kids to local companies. • Implement a telecommuting system on trial. 	 <ul style="list-style-type: none"> • There was no violation of the agreement under Article 36 of the Labor Standards Act. A new attendance management system started operating in February 2016. • Promoted establishment of the morning-focused working style on the frontlines and encouraged employees to work in a well-balanced manner by enhancing healthy menus and implementing a program for improving work efficiency through organization manager training. • I-Kids was utilized by 20 children for full-time childcare and a total of 219 children for temporary childcare. • A total of four employees utilized the telecommuting system, which was run on a trial basis. • Encouraged employees to take summer/winter holidays by introducing promotion periods. 	<ul style="list-style-type: none"> • Include targets related to work style reform (e.g., further promotion of morning-focused working style and work efficiency improvement and encouraging employees to use leaves of absence) in the evaluation of organization managers as an item for "Improving capability of managing organization." • Continue to carry out reforms for promoting well-balanced working style by evolving the morning-focused working style. • Apply the telecommuting system individually to employees with time constraints. • Continue to operate I-Kids effectively and keep it open to local companies.
Providing people with disabilities with opportunities for stable, continuous employment.	<ul style="list-style-type: none"> • Create a comfortable working environment at ITOCHU Uneedus Co., Ltd., a special subsidiary of ITOCHU for employing people with disabilities. Relocate the company to a new office. • Maintain the proportion of employees with disabilities at a level exceeding the legally stipulated ratio. 	 <ul style="list-style-type: none"> • The new premises of ITOCHU Uneedus Co., Ltd., which has 2.4 times the total floor area of the previous one and features the latest equipment, was completed on November 25 as a comfortable workplace for people with disabilities. • Held a completion ceremony by inviting people from inside and outside the Group, including the Deputy Director-General of Health, Labour and Welfare and other senior government officials. • Maintained the proportion of employees with disabilities at 2.1%, which exceeds the legally stipulated ratio of 2.0%. 	<ul style="list-style-type: none"> • Study new businesses of ITOCHU Uneedus Co., Ltd. for realizing stable, continuous employment of people with disabilities. • Maintain the proportion of employees with disabilities at a level exceeding the legally stipulated ratio.

<p>Promotion of communications with employees including dialogues with the labor union</p>	<ul style="list-style-type: none"> • Provide employees with opportunities for direct, two-way communication with the president. • Hold consultative meetings with the labor union on a regular basis. • Hold an employee assembly at each division company. 		<ul style="list-style-type: none"> • The president's message was sent via the intranet on 19 occasions. • The president visited 7 domestic branches and offices in remote locations and 7 overseas countries and held dialogues with employees. • Consultative meetings with the labor union were held on a total of 6 occasions, including dialogues with the president and with the presidents of division companies. • Employee assemblies were held on 13 occasions at each division company and with each responsible officer from headquarters. 	<ul style="list-style-type: none"> • Provide employees with opportunities for direct, two-way communication with the president. • Hold consultative meetings with the labor union on a regular basis. • Hold an employee assembly at each division company.
<p>Implementing training and awareness-raising activities related to respect for human rights and appropriate labor management</p>	<ul style="list-style-type: none"> • Raise awareness of relationship between corporate activities and human rights through various internal training sessions. • Establish a 24-hour employee consultation desk system. Have specialized, qualified counselors respond to consultations on individual careers, workplace culture, interaction with colleagues, harassment, and other issues of concern at the Career Counseling Center. • Hold a workshop on labor management compliance for people in charge of personnel affairs at Group companies to improve their capability of handling labor management issues. 		<ul style="list-style-type: none"> • Ensured understanding on human rights through training sessions. (A total of 457 employees participated in the training sessions, with 131 participating in training for new recruits, 51 in training for newly-appointed managers, and 275 in training prior to overseas assignments.) • The employee consultation desk responded promptly to consultations. Held career counseling for 405 career-track employees in their first, fourth, and eighth year in the company and 203 employees in clerical positions. In FY2016, counseling was newly provided to 43 newly appointed deputy managers. Including other employees who sought consultations, the total number of employees who received consultations reached 909. • Held workshops on labor management compliance for Group companies on eight occasions. A total of 42 people in charge of personnel affairs from 25 Group companies took part. 	<ul style="list-style-type: none"> • Promote understanding of the relationship between corporate activities and human rights through training sessions. • Prevent harassment and other problems through counseling at the 24-hour employee consultation desk and the Career Counseling Center. Provide regular counselling to a total of about 500 employees including career-track employees in their first, fourth, and eighth year in the company and employees in clerical positions in their first, third, or sixth year in the company. • Continue to hold workshops on labor management compliance to people in charge of labor management at Group companies. Carry out assessment for checking Group companies' labor management issues.
<p>Harmony with local communities (active participation in disaster prevention and crime prevention activities and social contribution activities)</p>	<ul style="list-style-type: none"> • Continue to participate and cooperate in disaster and crime prevention activities and events held by local communities. • Continue to participate in cleanup activities organized by government or local neighborhood associations. • Continue consultations for establishing a system for mutual assistance through participation in the Akasaka Aoyama Disaster Management Council and others. 		<ul style="list-style-type: none"> • Held a disaster prevention, first-aid fair in collaboration with the Akasaka Fire Station (September 2015). • Participated in the Akasaka Aoyama Disaster Management Council and continued discussions toward the establishment of a system for mutual assistance in the local community. • Employees participated in community cleanup activities organized by the local neighborhood association. Continued to provide support for the Aoyama Kumano Shrine autumn festival. 	<ul style="list-style-type: none"> • Continue to participate and cooperate in disaster and crime prevention activities and events held by local communities. • Continue to participate in cleanup activities organized by government or local neighborhood associations. • Continue consultations for establishing a system for mutual assistance through participation in the Akasaka Aoyama Disaster Management Council and others.

*  : Achieved  : Nearly achieved  : Unachieved

Basic Data

Figures concerning employees ★ (As of March 31)

	Non-consolidated						Consolidated
	Total employees	Male	Female	Average age of employees	Average number of years of service	Average annual salary (JPY)	Number of employees
2014	4,235	3,200	1,035	41	16.1	13,835,551	104,310
2015	4,262	3,232	1,030	42	16.3	13,950,975	110,487
2016	4,279	3,259	1,020	42	16.7	13,829,954	105,800

Number of employees by operating segments ★ (As of March 31, 2016)

(Unit: persons)

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Total
Non-consolidated	426	449	207	329	406	443	1,053	3,313
Consolidated	19,031	9,638	511	11,605	30,249	31,341	3,425	105,800

Number of overseas bloc employees by region ★ (As of March 31, 2016)

(Unit: persons)

North America	Latin America	Europe	Africa	Middle East	Oceania	East Asia	ASEAN & South West Asia	CIS	Total
131	156	200	46	160	33	692	617	82	2,117

Employees working in overseas branches and offices

Number of hires by gender ★

(Unit: persons)

	New-graduates			Mid-career			Total
	Male	Female	Total	Male	Female	Total	
FY2015	107	28	135	5	1	6	141
FY2016	116	24	140	5	1	6	146
FY2017*	124	28	152				

*The figures as of April 1st, 2016

Proportion of female career-track employee, manager, and executive officer ★ (As of April 1)

(Unit: persons)

	Career-track employee			Manager			Executive Officer		
	Total	Female	Proportion of Female	Total	Female	Proportion of Female	Total	Female	Proportion of Female
2014	3,401	301	8.9%	2,401	97	4.0%	43	1	2.3%
2015	3,444	304	8.8%	2,438	111	4.6%	44	1	2.3%
2016	3,490	307	8.8%	2,479	130	5.2%	43	1	2.3%

Acquisition of leave according to child care or nursing care related systems ★

(Unit: persons)

		FY2014			FY2015			FY2016		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Child care	Childcare Leave	3	51	54	1	60	61	59	71	130
	Leave to nurse sick children	43	91	134	51	94	145	47	115	162
	Shorter working hours for child care	0	61	61	0	66	66	0	73	73
	Special parental leave	5	31	36	5	34	39	5	34	39
	Return rate for employees after taking childcare leave	91%			92%			97%		
Nursing care	Nursing care leave	0	1	1	0	0	0	0	0	0
	Special nursing care leave	1	5	6	1	2	3	0	1	1
	Leave for nursing care	14	19	33	9	22	31	9	24	33
	Shorter working hours for nursing care	0	3	3	0	3	3	0	3	3
Family support leave		104	84	188	118	79	197	109	88	197

Employment ratio of people with disabilities ★ (As of March 1)

	Employment ratio of people with disabilities	Legally stipulated ratio
2014	2.16%	2.00%
2015	2.33%	2.00%
2016	2.14%	2.00%

★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000.

* The figures are for non-consolidated unless otherwise indicated as consolidated.

* The number of overseas employees by region is the total of employees hired locally by each overseas subsidiary.

* The figures of employment ratio of people with disabilities are the combined total of ITOCHU Corporation and the certified special-purpose subsidiary, ITOCHU Unedus Co.,Ltd.

Corporate Governance and Internal Control

ITOCHU will aim to achieve sustained gains in corporate value by both showing strong leadership and implementing transparent and fair decision-making.

Fundamental Approach to Corporate Governance

With its corporate mission of “Committed to the Global Good,” ITOCHU strives to respect each individual and to make meaningful contribution towards creating a bright future for all human beings and the environment. In addition, ITOCHU has formulated its corporate message—“I am One with Infinite Missions”—which expresses the purpose of the corporate mission in plain terms and describes the exceptional individual capabilities that are ITOCHU's core strength.

A strong leadership and a transparent decision-making system are pillars of good corporate governance. ITOCHU adopts an organizational structure with the presence of a Board of Corporate Auditors. In recent years, ITOCHU has gradually shifted to a governance model where executive officers decide and carry out the day-to-day business under the direction and supervision of the Board of Directors, as itself monitored and audited by the Board of Corporate Auditors. In order for the Board of Directors to further exercise effective control and management over the corporation, ITOCHU has established a Governance and Remuneration Committee and a Nomination Committee, each of which is chaired by an outside director. In appointing outside directors and corporate auditors, ITOCHU places great importance on their independence, and

in this connection ITOCHU has adopted its own independence criteria, augmenting the independence criteria established by the Tokyo Stock Exchange. The Board of Directors, which includes multiple, highly independent directors, supervises the business execution of “senior managements” and conducts deliberations regarding business execution that is highly important, from both quantitative and qualitative perspectives. The Company believes that, through this type of functioning by the Board of Directors, the supervision of business execution can be handled appropriately and important business execution matters can be considered from an outside perspective.

It is vital that ITOCHU timely and adequately discloses its financial and non-financial information to the stakeholders as part of good governance. In May 2015, ITOCHU adopted the “Basic IR Policy” to further promote a multi-party stakeholder dialogue. Through communication with its stakeholders, ITOCHU aims to enhance its corporate value on a long-term basis.

The Company is aware of the rapid progress of discussions regarding Japan's corporate governance as well as trends in overseas countries. ITOCHU will continue to evaluate and improve its corporate governance structure so that it always best suits ITOCHU in any given moment and time in its corporate history.

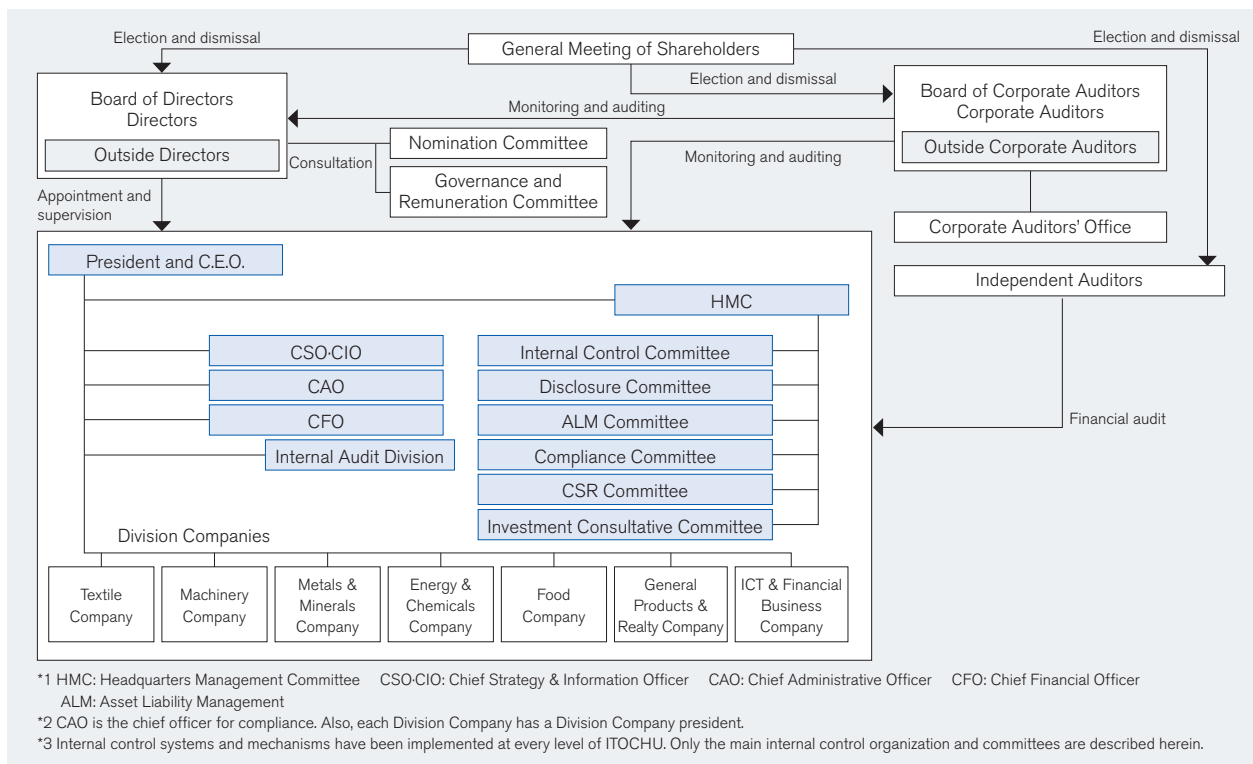
Steps Taken to Strengthen Corporate Governance

1999	Introduced Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision-making
2015	Established the Nomination Committee and the Governance and Remuneration Committee, etc.	To strengthen the Board of Directors' supervision function and increase transparency
2016	Increased the number of outside directors by one, moved to three-person system	To strengthen the Board of Directors' supervision function
	For the Nomination Committee and the Governance and Remuneration Committee, made the chairs outside directors and made outside directors half or more of the committee members	To strengthen the functioning of the Nomination Committee and the Governance and Remuneration Committee
	Implemented Board of Directors' effectiveness evaluation	To consider a future system based on Board of Directors' recognition of issues

Corporate Governance System

Type of system	Company with the Board of Directors and corporate auditors (the Board of Corporate Auditors)
Number of directors	14
Of which, number of outside directors	3
Number of corporate auditors	5
Of which, number of outside corporate auditors	3
Term of office for directors	1 year (the same for outside directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on Companywide management policy and important issues
Advisory committees to the Board of Directors	Nomination Committee, Governance and Remuneration Committee
Corporate Officer Compensation System (⇒ Page144)	(1) Monthly compensation: Monthly compensation determined by the contribution to ITOCHU of each director according to a base amount set by position (2) Performance-linked bonuses: (3) Performance-linked and share-based remuneration plan Total payment amount determined on the basis of consolidated net profit attributable to ITOCHU Note: Outside directors paid monthly compensation only
Independent external auditor	Deloitte Touche Tohmatsu LLC

Overview of ITOCHU's Corporate Governance and Internal Control System



Advisory Committees to the Board of Directors

Name	Functions
Nomination Committee	Deliberates on proposed appointments of executive officers, directors, and corporate auditors
Governance and Remuneration Committee	Deliberates on proposals related to the compensation system for executive officers and directors and to other governance-related matters

Principal Internal Committees

Name	Objectives	Name	Objectives
Internal Control Committee	Deliberates on issues related to the development of internal control systems	Compliance Committee	Deliberates on issues related to compliance
Disclosure Committee	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting	CSR Committee	Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives
ALM Committee	Deliberates on issues related to risk management systems and balance sheet management	Investment Consultative Committee	Deliberates on issues related to investment and financing

Composition of the Nomination Committee and the Governance and Remuneration Committee

Name	Title	Nomination Committee	Governance and Remuneration Committee
Masahiro Okafuji	President & Chief Executive Officer	○	○
Hitoshi Okamoto	Director		○
Fumihiko Kobayashi	Director	○	
Ichiro Fujisaki	Outside Director		○ (Chair)
Chikara Kawakita	Outside Director	○ (Chair)	
Atsuko Muraki	Outside Director		○
Yoshio Akamatsu	Corporate Auditor	○	
Kiyoshi Yamaguchi	Corporate Auditor		○
Shingo Majima	Outside Corporate Auditor		○
Harufumi Mochizuki	Outside Corporate Auditor	○	
Kentaro Uryu	Outside Corporate Auditor	○	

(6 members)

(6 members)

Policies on Holding Listed Shares for Purposes Other than Pure Investment and Standards for the Exercise of Voting Rights

ITOCHU implements a strict policy in regard to the selection of listed shares held for purposes other than pure investment (such as “cross-shareholding”). We apply rigorous investment standards based on the cost of capital, and also conduct reviews annually at the management committee and at meetings of the Board of Directors from the perspectives of both investment efficiency and strategic holding significance. In regard to listed shares held for purposes other than pure investment for which, as a result of a review, the Company has determined that the economic rationale is lacking or that the likelihood of realizing the investment purpose is low, in principle, the Company's policy is to sell the shares. Moreover, in accordance with a policy approved by the Board of Directors, in consideration of our investment objectives and holding policies we will ensure that we exercise the voting rights on such listed shares and will not delegate the exercise of our voting rights to others.

Formulation of “Independence Criteria for Outside Directors and Outside Corporate Auditors”

In consideration of the TSE's Corporate Governance Code, following deliberations by the Nomination Committee, the Board of Directors has decided on the Company's original “Independence Criteria for Outside Directors and Outside Corporate Auditors,” which are stricter than the TSE's conditions for “independent directors / independent corporate auditors.”

In regard to ITOCHU's “Independence Criteria for Outside Directors and Outside Corporate Auditors,” please refer to the Company's website.
http://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf

The Company's current three outside directors and three outside corporate auditors all meet the conditions for “independent directors / independent corporate auditors” as determined by the TSE and the Company's original “Independence Criteria for Outside Directors and Outside Corporate Auditors,” and all are filed with the TSE as independent directors or independent corporate auditors.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was most recently partially revised as of May 6, 2016. ITOCHU intends to revise and improve the internal control system tirelessly in order to build a system that is even more appropriate and efficient.

For an overview of ITOCHU's Basic Policy regarding the Internal Control System and its Operational Systems, please refer to the Company's website.
http://www.itochu.co.jp/en/about/governance_compliance/control/policy/

Compliance

We have established systems and environments that enable each individual employee to study and strictly observe the rules that are related to corporate activities, such as laws and international rules, and to conduct their activities from a highly ethical viewpoint, including the prevention of corruption.

ITOCHU has established a system under which the Compliance Department plans and formulates overall policies and measures, and people in charge of compliance have been assigned to each ITOCHU organizational unit, to overseas trading subsidiaries, and to principal Group companies in Japan and overseas. When cases related to compliance are discovered, reports are made to the director in charge of compliance (CAO), and when ultimately critical cases are discovered, they are reported to the Board of Directors. Furthermore, in regard to the status of the maintenance and operation of this system, we implement Monitor & Review surveys once a year, and with consideration for those results, we are formulating and implementing individual compliance reinforcement measures tailored to each organization. Furthermore, we are implementing employee training with the objective of raising compliance awareness and preventing the occurrence of any cases. In FYE 2016, on-site compliance training was provided for a total of 9,000 people, including all ITOCHU officers and employees as well as employees at 87 Group companies and 6 overseas blocs. This training uses actual incidences of compliance violations as teaching materials. When a compliance violation case has been confirmed, we take steps to determine the cause and implement recurrence prevention measures, such as training of the people involved and related parties. In addition, any officers and employees that participated are treated in a strict and fair manner.

Messages from Outside Directors

Strengthening Corporate Governance through the Governance and Remuneration Committee

I have been given the opportunity to serve as the chair of the Governance and Remuneration Committee. Governance is the foundation of all corporate activities, and society's interest in governance is increasing. Through the Board of Directors and the Board of Corporate Auditors, outside directors and outside corporate auditors participate in corporate management. The principal objective is to check the functioning of governance from a third-party perspective. In other words, outside directors and outside corporate auditors are expected to look at decisions, even those decisions that might be seen as a matter of course internally due to business practices of long-standing, and to determine if they will be accepted by society and if there are any issues with regard to accountability. It is important to take preventive actions before problems arise.

The Governance and Remuneration Committee conducts detailed discussions with a smaller number of members than the Board of Directors. This year, the committee reviewed the report on the evaluation of the effectiveness of the Board of Directors, which was consigned to outside experts. After active discussion, the committee identified issues for future consideration.

The committee also discussed the introduction of the share-based remuneration plan prior to the meeting of the Board of Directors.

In FYE 2016, ITOCHU became the No. 1 general trading company in terms of profits. In the period after a success like this, it is especially important that we do not relax our guard. In consideration of the important mission of the Governance and Remuneration Committee, all of the members have newly resolved to do their utmost to fulfill their duties.



Ichiro Fujisaki

- Apr. 1969 Joined Ministry of Foreign Affairs
Worked in the Embassy of Japan in Indonesia, Permanent Delegation of Japan to the OECD, Budget Bureau, Ministry of Finance
- Aug. 1987 Counselor, Embassy of Japan in the UK
- Feb. 1991 Director, Overseas Establishments Division, Minister's Secretariat, Ministry of Foreign Affairs
- Mar. 1992 Director, Financial Affairs Division, Minister's Secretariat, Ministry of Foreign Affairs
- Feb. 1994 Deputy Director-General, Asian Affairs Bureau, Ministry of Foreign Affairs
- Jul. 1995 Minister, Embassy of Japan in the United States of America (Political Affairs)
- Aug. 1999 Director-General, North American Affairs Bureau, Ministry of Foreign Affairs
- Sep. 2002 Deputy Minister for Foreign Affairs (Economic Affairs), Ministry of Foreign Affairs
- Jan. 2005 Ambassador Extraordinary and Plenipotentiary, Permanent representative of Japan to the International Organizations in Geneva
- Apr. 2008 Ambassador Extraordinary and Plenipotentiary to the United States of America
- Nov. 2012 Retired from Ministry of Foreign Affairs
- Jan. 2013 Distinguished Professor, Chairman of International Strategies, Sophia University (current position)
- Jun. 2013 Outside Director, ITOCHU Corporation
- Jun. 2014 Outside Director, NIPPON STEEL & SUMITOMO METAL CORPORATION (current position)



Chikara Kawakita

- Apr. 1977 Joined Ministry of Finance
- Jul. 2001 Director, Income Tax and Property Tax Policy Division, Tax Bureau, Ministry of Finance
- Jul. 2002 Director, Policy Planning and Research Division, Minister's Secretariat, Ministry of Finance
- Jul. 2004 Director, Management and Co-ordination Division, Minister's Secretariat, Ministry of Finance
- Jul. 2005 Regional Commissioner, Osaka Regional Taxation Bureau, National Tax Agency
- Jul. 2007 Deputy Director-General, Tax Bureau, Ministry of Finance
- Jul. 2008 Deputy Vice Minister for Policy Planning and Co-ordination, Minister's Secretariat, Ministry of Finance
- Jul. 2009 Director-General, Financial Bureau, Ministry of Finance
- Jul. 2010 Commissioner, National Tax Agency
- Aug. 2012 Retired from Ministry of Finance
- Oct. 2012 Professor, Graduate School of Law, Hitotsubashi University
- Jun. 2013 Outside Director, ITOCHU Corporation
- Oct. 2014 Vice President, General Insurance Rating Organization of Japan (current position)

Establishing the Nomination Committee Supervision Process

For companies, the nomination of candidates for senior management is the most fundamental issue that needs to be decided. The Company's Nomination Committee is a voluntary committee for the provision of advice to the Board of Directors. The committee does not have the authority to make final decisions regarding nominations, but it does have the important role of supervision regarding the nomination of senior management and succession planning for the position of president.

To strengthen the supervision function of this committee, in FYE 2017 the Company transitioned to a system under which the proportion of committee members who are outside members has been increased and the committee is chaired by an outside director. The names of committee members are announced, and the outside committee members are independent directors and independent corporate auditors. As a committee chair, under this type of system, which is based on neutrality, transparency, and independence, I recognize that we must conduct deliberations that serve the interests of shareholders while closely exchanging opinions with the president and other senior managements.

The committee will need to accumulate experience moving forward. I believe that this year, in the operation of the committee, it will first of all be important to establish a normative supervision process aligned with the aim of the establishment of this committee.

For the Company to further increase corporate value and fulfill greater responsibilities in a "New Era for the *Sogo Shosha*," the Nomination Committee will conduct appropriate supervision to support appropriate decisions by the Board of Directors.

Evaluating the Effectiveness of ITOCHU's Board

of Directors

With the objectives of confirming the effectiveness of the Board of Directors, identifying issues for consideration by the Board of Directors, and contributing to the improvement of the Company's future corporate governance system, in March 2016 ITOCHU implemented an evaluation of the effectiveness of the Board of Directors for the first time. For the evaluation, an independent, external specialist institution was used to ensure objectivity in the evaluation process. Taking into account the results of the analysis by the external specialist organization, the effectiveness of the Board of Directors and issues for future consideration were discussed.

[Evaluation Items]

- Structure of the Board of Directors
- Structure, etc., of advisory committees to the Board of Directors (Nomination Committee, Governance and Remuneration Committee)
- Roles and duties of the Board of Directors
- Operation status of the Board of Directors
- Information provision and training for Directors and Corporate Auditors

[Evaluation Method]

Based on answers to questionnaires provided to all Directors (13 people) and all Corporate Auditors (5 people) who were serving in those positions as of the end of March 2016, individual interviews with all of the respondents were conducted by an external specialist institution. With consideration for the results of the analysis by the external specialist institution, deliberations were held by the Governance and Remuneration Committee, followed by analysis and evaluation by the Board of Directors.

[Results of the Effectiveness Evaluation]

Based on the results of the evaluation, in terms of the structure of the Board of Directors and its advisory committees as well as the roles and duties, operation status, information provision and training and other items thereof, the Board of Directors of ITOCHU confirmed that it was functioning appropriately as a whole, and the effectiveness of the Board of Directors was secured. Specifically, the evaluation by the external specialist institution concluded that such factors as the prior deliberations at various layers of meetings, clear and concise materials, thorough discussions in crucial situations, and ITOCHU's corporate culture that values substance over form worked effectively to secure the effectiveness of the Board of Directors.

[Issues]

The Board of Directors of ITOCHU confirmed that it needs to continue discussing, following an additional review of the structure of the Board of Directors and matters to be submitted to the Board of Directors, whether the Board of Directors should shift to a governance model where it focuses more on "monitoring (supervision)" of business execution in the future. At a meeting of the Governance and Remuneration Committee held in advance of a meeting of the Board of Directors, active discussions were held regarding the positive and negative aspects of shifting to the governance model where the Board of Directors would focus on "monitoring (supervision)" while maintaining the type of system as a company with corporate auditors.

Corporate Officer Compensation

Actual corporate officer compensation for FYE 2016 was as follows.

Actual Corporate Officer Compensation for FYE 2016

Type	Number of people	Amount paid (Millions of Yen)	Details	Maximum compensation paid
Directors (Outside directors)	13 (2)	1,198 (24)	(1) Monthly compensation ¥751 million (2) Bonuses ¥447 million Please refer to Page 59	(1) ¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors) (2) ¥1.0 billion per year as total bonuses paid to all directors (excluding outside directors) (Both (1) and (2) were resolved at the General Meeting of Shareholders on June 24, 2011)
Corporate auditors (Outside corporate auditors)	7 (4)	117 (36)	(1) Only monthly compensation	(1) ¥13 million per month (Resolved at the General Meeting of Shareholders on June 29, 2005)
Total (Outside directors and corporate auditors)	20 (6)	1,315 (60)		

* The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished.

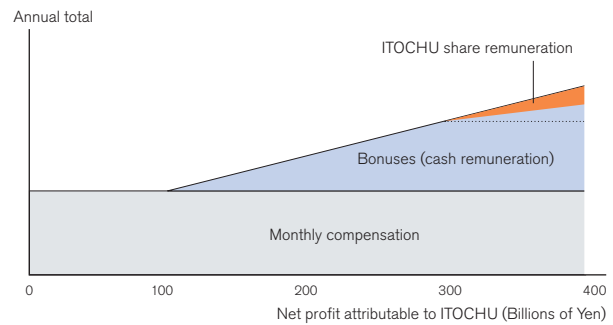
FYE 2016 Corporate Officer Compensation System

The compensation paid to all directors of ITOCHU (excluding outside directors) consists of (i) monthly compensation, (ii) performance-linked bonuses, and (iii) performance-linked and share-based remuneration (trust type), which was newly introduced from FYE 2017. The total amount of (i) monthly

compensation is determined by the contribution to ITOCHU of each director according to a base amount set by position, whereas the total amount of (ii) performance-linked bonuses and (iii) performance-linked and share-based remuneration is determined based on consolidated net profit attributable to

ITOCHU. The performance-linked and share-based remuneration was introduced from FYE 2017 with the aim of heightening awareness toward making contributions to improving our performance over the medium and long term and to increasing corporate value. As a result of the introduction of this share-based remuneration plan, with respect only to the consolidated net profit attributable to ITOCHU exceeding ¥300 billion, 50% of the amount of bonus that would be calculated under the formula for the current performance-linked bonus will be paid by means of share-based remuneration in lieu of bonus in cash. Only monthly compensation is paid to the outside directors and bonuses and performance-linked and share-based remuneration are not paid thereto.

After Revision of Remuneration Plan



	Type of remuneration	Content	Remuneration limit	Resolution of General Meeting of Shareholders
Directors	(1) Monthly compensation	Monthly compensation determined by the contribution to ITOCHU of each director according to a base amount set by position	¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors)	June 24, 2011
	(2) Bonuses	Determination of total payment amount on the basis of net profit attributable to ITOCHU. Refer to the formula below.	¥1.0 billion per year as total bonuses paid to all directors (excluding outside directors)	
	(3) Share-based remuneration (trust type) FYE 2017 introduction		The following is the limit for a two-year period for directors and executive officers <ul style="list-style-type: none"> Upper limit for contribution to trust from ITOCHU: ¥1.5 billion Total points awarded to persons eligible for the plan: 1.3 million points (conversion at 1 point = 1 share) 	June 24, 2016
Corporate Auditors	Only monthly compensation		¥13 million per month	June 29, 2005

Formulas for Performance-linked Bonuses and Share-based Remuneration

In accordance with confirmed results for FYE 2017, directors' bonuses and share-based remuneration for FYE 2017 will be determined according to the calculation method below and paid after the completion of the 93rd Ordinary General Meeting of Shareholders (in regard to share-based remuneration, points will be awarded).

Total Amount Paid to all Directors

Total amount paid to all directors = (A+B) x Sum of position points for all the eligible directors ÷ 55

A = (Of net profit attributable to ITOCHU for FYE 2017, the portion up to ¥300.0 billion - ¥100.0 billion) x 0.35%

B = (Of net profit attributable to ITOCHU for FYE 2017, the portion exceeding ¥300.0 billion) x 0.35%

The total amount paid to all directors shall be the total of (A) 0.35% of the amount after deducting ¥100.0 billion from the portion up to ¥300.0 billion of net profit attributable to ITOCHU for FYE 2017, such amount as provided in the 93rd Annual Securities Report (*yuka shoken hokokusho*); if consolidated net profit attributable to ITOCHU is less than ¥100.0 billion, it shall be treated as zero for the above calculation purposes, and (B) 0.35% of the portion exceeding ¥300.0 billion of consolidated net profit attributable to the Company for FYE 2017, such amount as provided in the 93rd Annual Securities Report (*yuka shoken hokokusho*), which shall be adjusted with due regard to the increase / decrease in the number of eligible directors and the change in position and other factors. (There are limits due to the remuneration limit.)

Amount Paid to an Individual Director

Amount paid to an individual director = Total amount paid to all directors x Assigned position points / Sum of position points for all the eligible directors

Chairman President & Chief Executive Officer	Executive Vice President	Senior Managing Executive Officer	Managing Executive Officer
10	5	4	3

Of the amount paid to an individual director, the portion corresponding to A in the total amount paid to all directors is paid entirely in cash. In regard to the portion corresponding to B, 50% is paid as share-based remuneration and the balance is paid in cash. In regard to share-based remuneration during the term of office, annual points are awarded (1 point = 1 share), and at the time of retirement share-based remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the shares paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

Compliance

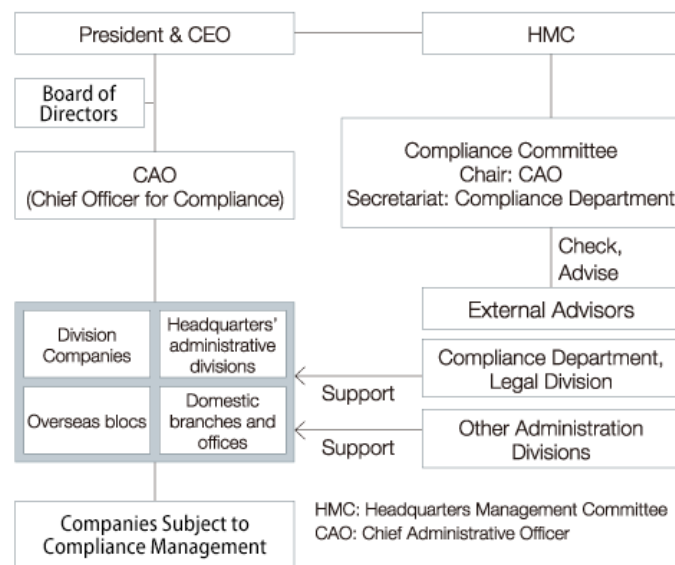
ITOCHU Group's Compliance System

The ITOCHU Group is developing a system for compliance by having the Compliance Department of the Legal Division plan and suggest policies and measures to encourage compliance throughout the entire Group and appointing compliance officers in each organization within ITOCHU Corporation, overseas subsidiaries and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter, the "companies subject to compliance management"). Incidents of compliance violations revealed in each organization within the Headquarters, overseas subsidiaries or companies subject to compliance management are reported to the Chief Officer for Compliance (CAO) and the Corporate Auditors, while incidences of serious compliance violations are reported to the Board of Directors as appropriate. The Compliance Committee is chaired by the CAO and consists of three external members and heads of relevant divisions as internal members. It deliberates on matters related to compliance as a permanent organization on business operations.

The ITOCHU Group Compliance Program details the compliance system of the ITOCHU Group so that each organization within ITOCHU Corporation, its overseas subsidiaries, and companies subject to compliance management can ensure compliance by taking into account business characteristics, operational formats and local laws.

Across the Group, we conduct Monitor & Review surveys once a year to check the status of compliance systems and operations of each organization. In addition, as for key organizations such as overseas subsidiaries and companies subject to compliance management, we are implementing activities with a focus on system operation, including on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Furthermore, based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented.

In addition, to ensure compliance throughout the Group, at personal performance evaluations at the end of each fiscal year we ask all employees to confirm in writing that they have complied with laws, regulations, and other rules.



Internal Information Reporting System(Hotlines)

ITOCHU Corporation has formulated regulations on the Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at companies subject to compliance management as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption, including bribery.

ITOCHU Corporation has established multiple whistleblowing contacts (including external whistleblowing contacts that utilize specialized company and external lawyers). It prohibits the unfavorable treatment of whistleblowers, such as retaliation, and allows whistleblowers to provide information anonymously.

Implementation of Compliance Training

■ On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as teaching materials. In addition, Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats. In FY2016, on-site training was also provided by the Headquarters for officers and employees of major Group companies for a total of 6,000 people from 87 companies in Japan. Training was also provided to 24 group companies at major overseas blocs in FY2016. We also distribute the Compliance Handbook to all employees. This handbook provides advice on compliance for each potential work setting (in Q&A format) and advises what actions to take in order to prevent corruption. We also conduct separate programs of finely-tuned education and training for each employee layer that are based on actual cases, including training for new recruits, manager training, training for Group company officers and training prior to overseas assignments.

■ Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees. The survey ascertains the status in regards to penetration of compliance among the employees, and assists the implementation of specific initiatives. In FY2016, we conducted the survey of about 40,000 Group employees, and received response from 37,610 of them (retrieval rate of 94.7%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. We are planning to implement Compliance Awareness Survey in FY2018.

Bolstering Measures to Fight Corruption

In the ITOCHU Mission and Values, as the corporate philosophy of the ITOCHU Group, we have specified Integrity as one of the Values, under which we declare that each one of us in the ITOCHU Group "will never obstruct competition through illicit means nor develop inappropriate relationships, such as those with public officials, for our own interests.". In addition, the anti-bribery policy of the ITOCHU Group stipulates that money, goods, entertainment, and any other favors must not be granted to public officials or employees or officers of private organizations, either in Japan or overseas, for the purpose of obtaining illicit profit.

ITOCHU Group Anti-Corruption Policy

■ 1. ITOCHU Group Anti-Corruption Policy

ITOCHU Corporation traces its management philosophy back to that of its founder, Chubei Ito, who, as an Ohmi merchant, operated under the philosophy of *sampō yoshi* (good in three ways: good for the seller, good for the buyer, good for society). Reflecting this tradition, ITOCHU Group's corporate philosophy is "Committed to the Global Good," and in order to fulfill this philosophy, ITOCHU Group has adopted as one of its core values "integrity," which includes keeping promises, acting without hypocrisy, and always maintaining strong ethics in all places and with respect to everyone, a concept analogous to adhering to compliance.

ITOCHU Group recognizes that continuing to provide societal good requires obedience to laws and strict attention to compliance. ITOCHU Group does not need any profit, regardless of amount, if such profit is obtained through illicit means such as bribery.

To address the risk of bribery and corruption, ITOCHU Group strictly observes its internal rules, including its "Regulations Concerning the Prohibition of Giving Illicit Benefit," as well as four related guidelines relating to public officers, foreign public officers, business partners, and investment generally. Regarding high-risk activities such as entertainment, gifts, investment, and appointment of business partners, ITOCHU Group has established and requires strict adherence to rules governing approval, decision-making, and record-keeping procedures.

<ITOCHU Group Anti-Corruption Policy>

- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any public or quasi-public official inside or outside of Japan.
- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any director, officer or employee of any private entity.

- 2. Requests for All Partners

In order for ITOCHU Group to implement the above anti-corruption policies, ITOCHU Group requires the cooperation of all of its business partners and investment partners.

In connection with the business partners and the investment targets and investment partners (collectively "Partners"), ITOCHU Group will request itself conducting due diligence on Partners, request Partners to submit the Confirmation in attached form and entering into contracts containing anti-bribery provisions with Partners.

ITOCHU Group thanks you for your understanding and cooperation.

December 1, 2015

Masahiro Okafuji

ITOCHU Corporation

President & Chief Executive Officer

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined and strictly operates the Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers) to prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position. In December 2015, we revised the guideline regarding agents and consultants to guideline regarding business partners, thereby expanding the scope of application of the guideline, and bolstered measures to fight corruption by establishing investment guideline, which is designed to carefully check investment projects for the risk of bribery. The Regulation Concerning the Prohibition of Giving Illicit Profit includes facility payments, or payments of small amounts of money that are aimed solely at facilitating ordinary administrative services, among the improper advantages it prohibits. It also prohibits commercial bribery, which falls under an improper advantage given to business partners in the private sector. In addition to banning bribery, our internal rules prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (conflicts of interest, etc.).

The guidelines regarding public officers and foreign public officers include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis. The guideline regarding business partners clarifies the process for comprehensive checks and stipulate the process of concluding contracts on new appointments and renewals of contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, thereby prohibiting improper payments (bribery or the provision of improper advantages) and clearly state that the contracts may be cancelled immediately if the provisions of the article are violated. The investment guideline includes specific provisions on the implementation of due diligence and procedures for obtaining the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

In the training provided to officers, employees and others, we strive to raise awareness and instill the Regulation Concerning the Prohibition of Giving Illicit Profit and four related guidelines. We make certain that the regulation and guidelines are reflected in their daily management work to prevent corruption, including the provision of improper advantages. We also provide training specializing in bribery for organizations where the risk of bribery is particularly high. We also manage our political contributions, charities, and sponsorship activities by referring to internal rules to ensure that they do not constitute corruption, and by following our internally specified routes of application for the approval of donations and sponsorship to ensure that such activities are socially just and meet ethical standards.

The annual Monitor & Review surveys, which are mentioned in the ITOCHU Group's Compliance System above, include a check on business entertainment and gift-giving to public officers and foreign public officers and on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas subsidiaries, and companies subject to compliance management. Where necessary, we hold a dialogue on the status with the compliance officer of each organization.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. In response, to prevent involvement in any illicit transactions, we regularly revise our Anti-Monopoly Law Manual and the document "A Must-Read! 51 Q&A about the Anti-Monopoly Law", which facilitates referral. Through various Monitor & Review surveys and education and training programs as well, we are making sure all employees are aware of requirements.

Measures for Intellectual Property

To completely prevent infringements on intellectual property rights held by other parties in businesses related to such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for employees and by establishing internal rules, regulations and manuals that conform to related laws and regulations. We also define and properly apply internal rules for employees' inventions and work and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

To prevent the proliferation of weapons of mass destruction and conventional weapons, Japan maintains strict trade-security under the Foreign Exchange and Foreign Trade Act. To observe such laws and regulations, we have implemented our own internal trade-security control program. Further, to ensure that we do not take part in business transactions that threaten international peace and security, not only do we meticulously comply with existing government laws and regulations, but we are voluntarily taking extra measures to ensure that our stakeholders and corporate reputation are adequately safeguarded through our implementation of a comprehensive global security risk management program.

The potential intersection of corporate operations with global terrorism or the development and proliferation of weapons of mass destruction can give rise to reputational and financial risks for ITOCHU and other companies with extensive international business operations.

Accordingly ITOCHU recognizes that, as a responsible member of society and the global business community, we need to manage carefully the potential risks associated with business operations in certain locations. In response to the growing field of corporate governance termed global security risk, ITOCHU has developed and implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence with respect to projects and transactions in which security issues are implicated.

In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also begun to provide information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Basic Policy and Efforts against Antisocial Forces

ITOCHU has set out basic policy to tackle antisocial forces and groups that threaten the order and safety of civic society, stipulating three basic principles plus one - Don't fear, Don't pay, Don't use, and Don't associate - in its stance against antisocial forces and 10-point guideline as a manual to disseminate this information among all employees. We have also established a special department with overall responsibility for countermeasures in relation to antisocial forces within the Human Resources & General Affairs Division. In addition, we are improving systems and promoting enlightenment education in hopes of preventing unintentional entry into transactional relationships with anti-social forces and groups.

Insider Trading Regulations

ITOCHU Corporation has an internal rule regarding the restriction of insider trading, and formulated the "guideline regarding reporting and management of insider information" in April 2014 in conjunction with the revision of the rule. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity which ITOCHU has capital or contractual relationship, and we are taking action to assure that all employees know about them.

Perspectives on Information Management

ITOCHU Corporation has formulated "Information Security Policy" for all members of the board and employees to handle information with high security level. Also, in order to manage information required for business management activities properly, we also formulated "IT Security Management Policy" for all executives and employees, which is a code of conduct on information handling. More specifically, we have determined rules and standards on personal information management, document management, and IT security, and are striving to prevent the leakage of personal information and other confidential information. We have also established a management system for complying with the My Number Act.

■ Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management under the auspices of the Corporate Planning & Administration Division, the IT Planning Division and the Legal Division. In the eighth survey, which was conducted in FY2015, the personal information management systems of ITOCHU Corporation and 80 companies subject to compliance management were checked from February to March 2015. Based on the results of the checks, we have continued activities to encourage continued improvements at ITOCHU Corporation and Group companies. At the same time, we have established a system and provide support for the operation with advice from external lawyers.

Response to Violations

If an act in violation of the above policies or rules, including policies and rules designed to prevent corruption, should be confirmed, we take corrective action, including an investigation into the cause and education and training of those involved in the act, as well as related individuals. At ITOCHU Corporation, we consider disciplinary action against officers and employees who have been involved in any violation of laws, including bribery, with the aim of imposing harsh penalties when deemed appropriate as a result of internal investigations.

Evaluation by Society

ITOCHU was included in the world-famous DJSI World and Asia Pacific index, and became Industry Leader

Dow Jones Sustainability Indices (DJSI) is a family of global socially responsible investment (SRI) indices and ITOCHU is included in both DJSI World and Asia Pacific index for fiscal 2016. This year, ITOCHU achieved the best score in "Trading Companies & Distributors" Industry, and became an Industry Leader for the first time.



DJSI is a global stock index developed jointly by Dow Jones & Company in the U.S. and RobecoSAM in Switzerland. It evaluates the corporate in terms of their social, environmental, and economic performance for composing DJSI.

In the year of 2015, 317 companies (including 20 Japanese companies) were included in DJSI World among 3,470 targeted companies around the world, which was selection of the top 10-15% of the corporations among 59 Industry Sectors.

ITOCHU won 'Gold Class' and was selected as an 'Industry Leader' in RobecoSAM Sustainability Award

RobecoSAM Sustainability Awards 2016, is an award provided to prominent companies conducting sustainable efforts in each industrial sector. ITOCHU Corporation won Gold Class in the Trading Companies & Distributors sector. (Last year, we won Silver Class.)

We were also chosen as an Industry Leader, which is awarded to the top company in each sector. (As of January, 2016)



Morningstar Socially Responsible Investment Index (MS-SRI)



The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. conducts questionnaire and screening quantitative data for approximately 4,000 listed companies in Japan and the MS-SRI is comprised of 150 leading socially responsible companies including ITOCHU Corporation. (as of July, 2015)

Evaluation by Stakeholders

2016	Mar. 17	ITOCHU Receives Incentive Award at the 25th Grand Prize for the Global Environment Award
	Mar. 16	Selected in Two Commendations: New Diversity Management Selection 100 and Nadeshiko Brand 2016
	Feb. 29	Ranked first in the "Toyo Keizai CSR Ranking –most reliable company" Wholesale Category by Toyo Keizai Inc.
	Feb. 24	ITOCHU Receives Excellence Award for Environmental Reporting at the Environmental Communication Awards 2015
	Jan. 20	ITOCHU wins Gold Class and Industry Leader at the RobecoSAM Sustainability Awards 2016
	Jan. 19	ITOCHU Wins Award for Outstanding Performance in the Nikkei Annual Report Awards 2015
2015	Dec. 4	ITOCHU won the WICI Japan award for Excellence in Integrated Reporting for Third Consecutive Year
	Nov. 19	ITOCHU Announces that Takata no Yume Project Received the "Tabete oen shiyo(Let's eat and cheer)! Prize" in the Food Action Nippon Award 2015
	Sep. 11	ITOCHU Included in Dow Jones Sustainability Indices, a Global Socially Responsible Investment (SRI) Index
	May 18	Acquisition of Highest Rank in DBJ's Health Management Rating System



Independent Assurance Report

To the President and CEO of ITOCHU Corporation

We were engaged by ITOCHU Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with a star ★ for the period from April 1, 2015 to March 31, 2016 (the “Indicators”) included in its Sustainability Report 2016 (the “Report”) for the fiscal year ended March 31, 2016, except for the 'Number of hire by gender' and the 'Proportion of female career-track employee, manager, and executive officer', whose figures as of April 1, 2016 are the subject of this assurance engagement (the “Indicators”).

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company's reporting criteria”), as described in the Report, which are derived, among others, from the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to ITOCHU Ceratech Corporation's Yamaji Plant selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

August 12, 2016

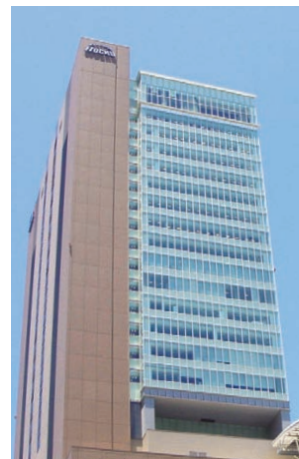
Corporate Profile

Company name	ITOCHU Corporation
Founded	1858
Incorporated	December 1, 1949
Headquarters	Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan Osaka: 1-3, Umeda 3-chome, Kita-ku, Osaka 530-8448, Japan
President & CEO	Masahiro Okafuji
Common Stock	¥202,241 million
Number of offices	Domestic offices 9 Overseas offices 112
Number of employees*	Consolidated 105,800 Non-consolidated 4,279 (As of March 31, 2016)

* The number of consolidated employees is based on actual working employees excluding temporary staff.



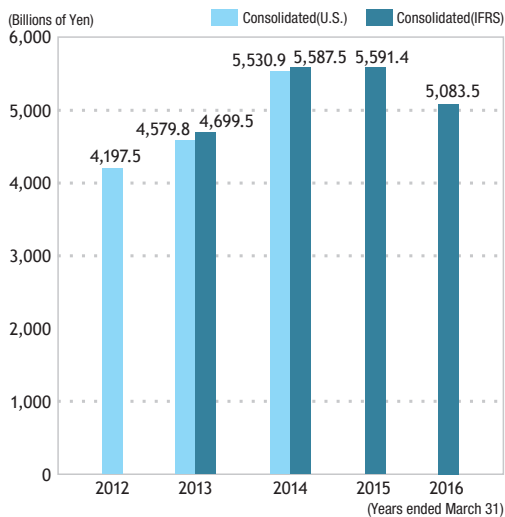
Tokyo Headquarters



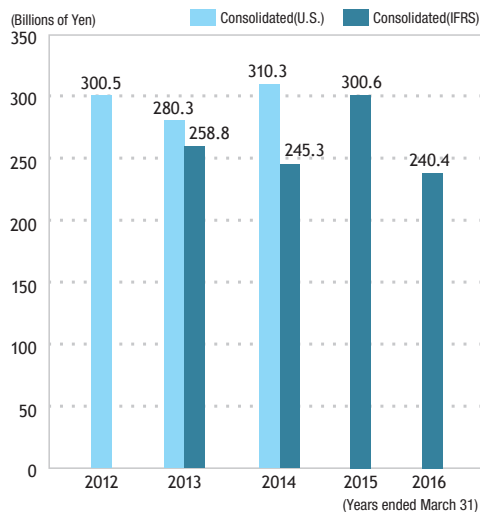
Osaka Headquarters (North Gate Building)

Financial Overview

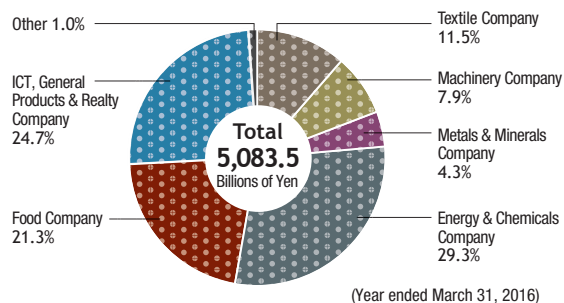
Revenue



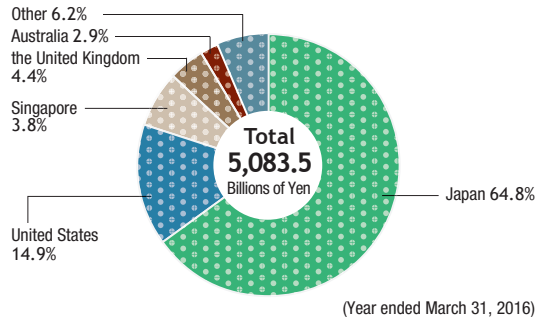
Net Income / Profit Attributable to ITOCHU



Revenue by Division Company (Consolidated·IFRS)



Revenue by Region (Consolidated·IFRS)



ITOCHU Corporation

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