

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 4,000 tons (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



Environmentally Friendly Uniform of ITOCHU ENEX Co., Ltd

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.

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