Our Initiatives for 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 materiality 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 Basic Policy on Promotion of Sustainability which includes the idea of the Group's 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 Basic Policy on Sustainability

From April 2018, we adopted the Basic Policy on Promotion of Sustainability as a new policy based on the spirit of *Sampo Yoshi*, by integrating and consolidating Environmental Policy and Basic Policy for CSR Promotion.

More details on the Basic Policy on Promotion of Sustainability are available P10～11.

ITOCHU Corporation's Stance on the Environment

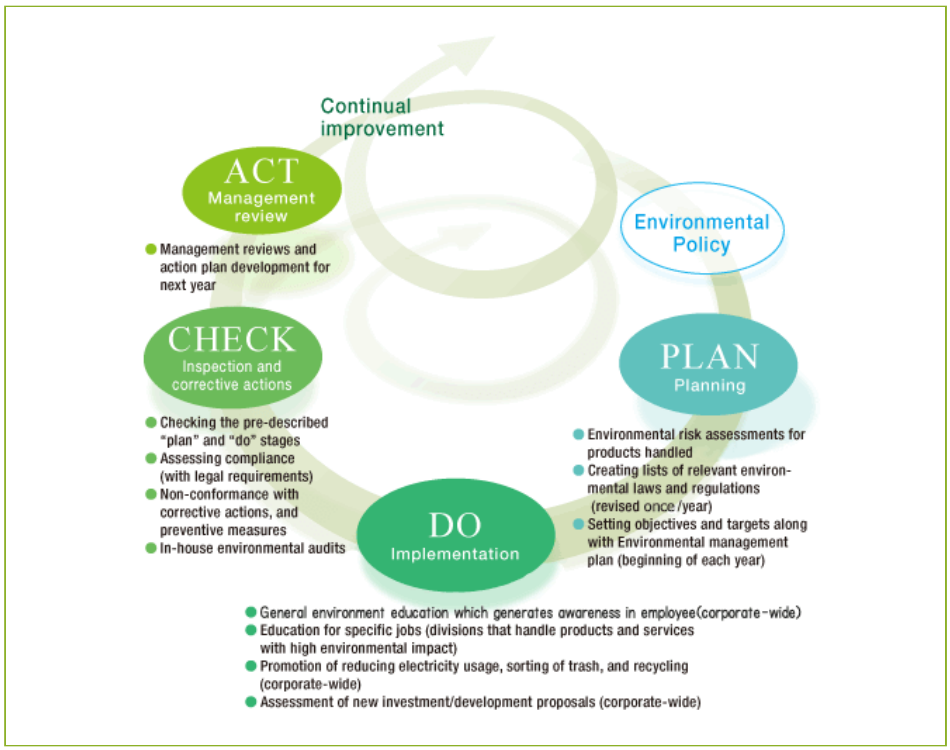
ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems.
We believe that a company cannot grow sustainably without awareness of these 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.

Environmental Management

ITOCHU Corporation has formulated the Basic Policy on Promotion of Sustainability 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, including those related to climate change, 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, for promoting environment conserving businesses, and concerning climate change risks, such as energy conservation, resource saving and CO_2 emissions; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's Environmental Management Organization

From April 2018, we adopted the Sustainability Promotion System by integrating and consolidating Environmental Management System and Sustainability Promotion System.

More details on the Sustainability Promotion System (P18).

* Subsidiary companies included:
CI Textile Service Co., Ltd.
ITOCHU Automobile Corporation
ITOCHU Metals Corporation
Food Management Support Corp.
ITOCHU Orico Insurance Services Co., Ltd.
ITOCHU Financial Management Inc.
ITOCHU Treasury Corp.
ITOCHU Human Resources & General Affairs Services Inc.
ITOCHU Taiwan Corporation

Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2017, they were carried out in all 59 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 Sustainability Management Department, and carried out their work with an emphasis on auditing legal compliance.

Results of External Inspections

Each year, ITOCHU is inspected by BSI Group Japan KK (BSI) in connection to ISO 14001 certification. The fiscal 2018 inspection was a surveillance audit. The outcome of the inspection was an overall "improvement" grade and continued 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 2018 Environmental Targets	Review	Fiscal 2018 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. (The items subject to assessment include the state of energy consumption and CO_2 emissions.) 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 conducted internal audits in 59 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 four Group companiesto 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), 65 domestic operating companies and 46 overseas operating companies.
	Set and review targets based on the Sustainability 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.

Item	Fiscal 2018 Environmental Targets	Review	Fiscal 2018 Implementation Details
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	We held summer vacation environmental classes (July 25, 100 participants) and operated the ITOCHU Pavilion Eco Shop at Kidzania Tokyo (experienced by approximately 21,782 participants a year).
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	We conducted 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, 400 participants). Thesustainability seminar titled "Human rights seminar?" was held on March 1, with 250 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 sustainability e-learning program (October - November 2017, 4,853 participants) and Environmental and Social Risk Response Seminar (including the Soil Contamination Countermeasures Act) (July 12, 250 participants).

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

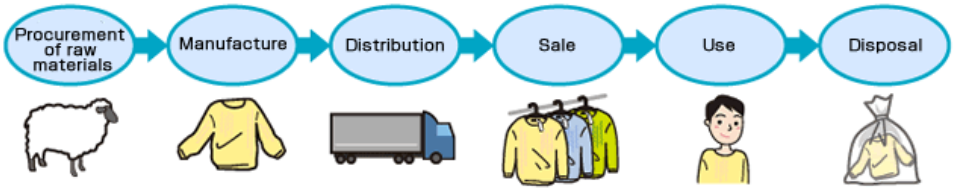
Precautionary Approach to Environmental Risks

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. For assessing the risks relating to climate change, shrinkage of rain forests, desertification, global warming and other factors related to climate change are included in the items subject to assessment in this analysis. 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, 2018) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 of them per year. Over the 17 years to the end of March 2018, we did on-site investigation at 282 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.

Evaluating the Environmental Risks of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ an ESG checklist for investments (The items subject to assessment include the state of understanding of energy consumption and CO_2 emissions in association with climate change risks.) 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, 2018, we received a total of 39 inquiries from outside the Company, which were broken down as follows: industry (15), government and industry groups (8), and media and research firms (2), requirement of ISO14001 certification from customers (14). 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: 84 inquiries regarding laws including Japan's Waste Management and Public Cleaning Law, and 5 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 Sustainability Action Plan and promotes initiatives according to the PDCA cycle. ITOCHU also recognizes consideration for the environment (climate change, preserving biodiversity, etc.) and sustainable resource utilization as materiality 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	Approx. 1,480,000tons / year
	Cotton Plains Wind and Solar Pear Generation Business	USA	217MW	Approx. 580,000 tons / year
Offshore Wind Power Generation Business	Butendiek Offshore Wind Power Generation Project	Germany	288MW	Approx. 750,000 tons / 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
	Serbia Waste Management Project / Beo Cista Energija (Construction will begin in 2019)	Serbia	Incineration treatment of 340,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 30,000 homes (planned)	Estimated 120,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year

Details of Initiative	Name of Business Operator / Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Photovoltaic Power Generation	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	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, this project supports the stable supply of water to the city from 2012.
	ITOCHU has become the largest shareholder in a seawater desalination project with a capacity of 281,000 m^3 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 June 2018.
Supply of seawater desalination plants and manufacture & sales osmosis membranes	ITOCHU began delivering large numbers of seawater desalination plants in Saudi Arabia from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura (Sasakura Middle East Company, present) with local capital in the country. We also expanded into rehabilitation projects for seawater desalination plants with APS. 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.

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	131,310ha
ANCHILE	Chile	26,562ha
Southland Plantation Forest Co.	New Zealand	8,777ha
Acacia Afforestation Asia	Vietnam	1,520ha
South Wood Export Ltd.	New Zealand	1,422ha

Other Environmental Businesses

Project Name	Details of Initiative
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., its domestic area franchise company locations, and Circle K Sunkus stores (collectively, "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 CO_2 emissions. The results in FY 2017 (Comparison with previous full shrink packaging) Cutting the amount of plastic materials: Approx. 430 tons Lowering CO_2 emissions: Approx. 1,540 tons

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 environment as part of our Activity Guidelines under the ITOCHU Group Basic Policy for Sustainability Promotion. 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 (P57)

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 Biodiversity Conservation Program

Starting in FY2017, ITOCHU Corporation has been supporting the new concept of "Field Museum," a biodiversity 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 is the largest in the world and is said to supply one-third of all the oxygen on earth.

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 have conducted joint conservation research and facilities development by using the advanced technologies at which Japan excels.

ITOCHU Corporation supported the construction of the Field Station, a base for natural observation and research into the diverse species and ecosystem of the Amazon. This facility was constructed in the Cuieiras region, through which a tributary of the Amazon River flows. An inaugural ceremony for this facility, which was constructed through industry-academia-government collaboration, was held on-site in May 2018. The Field Center has lodging facilities as well as a multi-purpose building including a visitor center to welcome seminar and conference guests, permitting long-term monitoring of flora and fauna in an optimal region with both inundated forests and terra firme (non-flooded areas). The facility has thus attracted attention in Japan and other countries.

It is anticipated that the Field Station will facilitate medium- to long-term advanced research on the tropical forests of the Amazon, while helping to stimulate environmental education activities to help conserve Amazonian biodiversity. A large number of projects are being planned in addition to those for 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, a vulnerable 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 aimed to have at least nine manatees return to the wild and at least 20 return to semi-captive environment within the three-year project period from FY2017. By May 2018, 15 manatees had returned to the wild and 21 had returned to a semi-captive environment.

The completed Field Station

The Amazon manatee, an endangered species

Support for Purchasing Milk for Amazon Manatees at Eco Shop Pavilion in KidZania Tokyo

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children hands-on experience with eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. In FY2018, this pavilion was renovated under the theme of "Amazon Ecosystem Conservation" as a promotional measure for the Amazonian manatee reintroduction project (Manatee Homecoming Project). For each child visiting, the pavilion donates 10 yen as financial support for purchasing milk for Amazon manatees. Based on the number of children who visited this pavilion in FY2018, ITOCHU donated an amount equivalent to the amount needed to feed one manatee for 968 days.

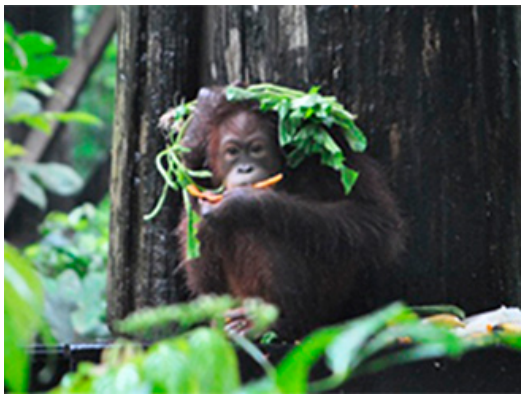
Eco Shop pavilion

An Amazon manatee drinking milk

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 tour 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.

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 (FY2018 results)

Content		Timing	Target	Participant
Environmental Managers Conference		24th April 2017 (Tokyo)	Employees and Group Company Employees	116
General Education		From May to July 2017 58 times in total	Employees and Group Company Employees	Approx.4,000
Education of staff in specific operations		From May 2017 to March 2018 31 times in total	Employees and Group Company Employees	Approx.400
Environment and Social Risk Response Seminar		22nd July 2017	Employees and Group Company Employees	Approx.200
The Waste Management and Public Cleansing Law	e-learning	October - November 2017	Employees	Approx.4,380
Sustainability Seminar		1st March 2018	Employees and Group Company Employees	Approx.200
CSR Seminar for the specific departments and ITOCHU group companies		at any time	Employees and Group Company Employees	20

Sustainability Seminar Held

For Sustainability Seminars, please see the Penetration of Sustainability at ITOCHU (P30～31).

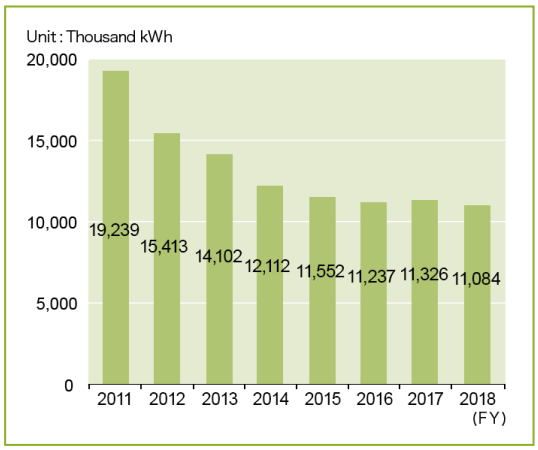
Environmental Performance Data

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

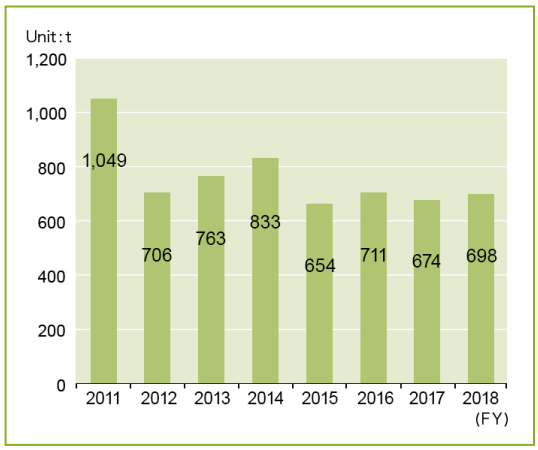
Environmental Performance Data at the offices

Electricity Consumption★



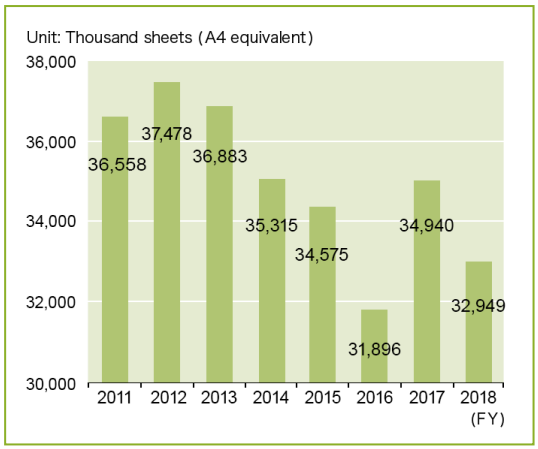
Scope: Tokyo headquarters, Osaka headquarters, Branches in Japan, Other branches and business facilities in Japan

Waste Volume★



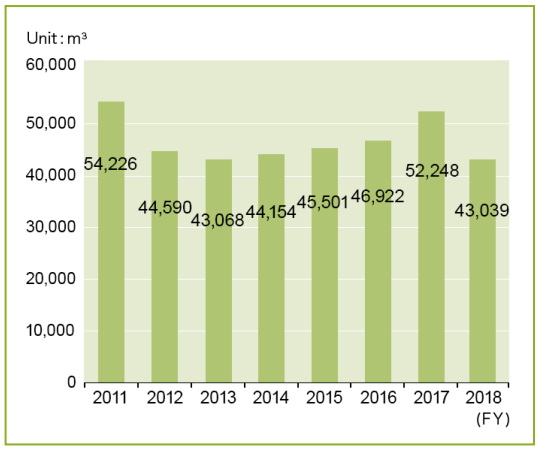
Scope: Tokyo headquarters

Paper Consumption



Scope: FY2011-FY2016 Tokyo headquarters, FY2017-FY2018 Total of domestic bases of ITOCHU corporation

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 (P124): 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 CO_2 emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, domestic branches and other business facilities, along with data of CO_2 emissions attributed to distribution, waste volume, recycling rate and water consumption, gray water production and wastewater discharge for the Tokyo headquarters.

Independent Assurance Report (P124): 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 CO_2 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.

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.

	FY2018 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	Decrease of 2.1% compared with FY2017 levels	Reduction of at least 1% annually	Reduction of 30% compared with FY2011 levels
Tokyo Headquarters Waste Volume	33% reduction compared with FY2011 levels	10% reduction compared with FY2011 levels	20% reduction compared with FY2011 levels
Tokyo Headquarters Recycling Rate	94%	90%	90%
Tokyo Headquarters Paper Consumption	9% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels
Tokyo Headquarters Water Consumption (City Water)	20.6% 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	CO_2 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: FY2015: 12 offices, FY2016: 8 offices, FY2017: 8 offices, FY2018: 6 offices

*3 From FY2015 to FY2017, the Group companies in Japan cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31). The number of companies: FY2015: 73 companies, FY2016: 70 companies, FY2017: 65 companies. For FY2018, all consolidated subsidiaries (208) are covered.

*4 The overseas offices cover main offices. The number of offices: FY2015: 16 offices, FY2016: 16 offices, FY2017: 16 offices, FY2018 15 offices

*5 From FY2015 to FY2017, the overseas group companies cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31). The number of companies: FY2015: 49 companies, FY2016: 44 companies, FY2017: 46 companies For FY2018, all consolidated subsidiaries (299) are covered.

However, companies that are held for investment purposes that are expected to be sold within the coming five years are not included in the scope of data. The CO_2 emissions of places of business that are not manufacturing sites and have no more than 10 employees are not included in the scope of data because the amount of CO_2 emissions is insignificant.

Electricity Consumption

The table below shows electricity consumption and CO_2 emissions from business facilities from FY 2015 to FY2018. 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

	FY2015	FY2016	FY2017	FY2018
Tokyo headquarters	9,297	9,169	9,331	9,200
Osaka headquarters	455	442	434	409
Branches in Japan	415	326	291	292
Other branches and business facilities in Japan	1,385	1,300	1,270	1,184
Total of domestic bases of ITOCHU corporation★	11,552	11,237	11,326	11,084
Group companies in Japan	503,558	484,755	471,432	620,621
Overseas offices	3,466	3,424	3,087	2,224
Overseas group companies	149,151	147,665	143,485	500,777
Grand total of ITOCHU Group◆	667,727	647,081	629,329	1,134,705

- 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. However, companies that are held for investment purposes that are expected to be sold within the coming five years are not included in the scope of data. The CO_2 emissions of places of business that are not manufacturing sites and have no more than 10 employees are not included in the scope of data because the amount of CO_2 emissions is insignificant.

CO_2 Emissions from Business Facilities

Unit:t-CO_2

	FY2015	FY2016	FY2017	FY2018
Tokyo headquarters	5,133	6,229	6,459	6,307
Osaka headquarters	238	235	221	208
Branches in Japan	272	208	180	175
Other branches and business facilities in Japan	741	664	641	582
Total of domestic bases of ITOCHU corporation★	6,383	7,336	7,501	7,273
Intensity figures per employee (Total of domestic bases of ITOCHU corporation)	1.498	1.714	1.737	1.660
Intensity figures per one square meter of all floor space (Total of domestic bases of ITOCHU corporation)	0.054	0.063	0.064	0.063
Group companies in Japan	364,772	369,775	340,559	1,186,179
Overseas offices	1,940	1,907	2,238	1,674
Overseas group companies	103,181	102,372	98,427	955,559
Grand total of ITOCHU Group◆	476,226	481,389	448,725	2,150,685

- 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 CO_2 conversion factors for each countries (average 2010-2012) found in the International Energy Agency (IEA)'s statistics.
- For the total of domestic bases of ITOCHU Corporation, CO_2 emission of Scope 1 is 98t-CO_2★ and CO_2 emission of Scope 2 is 7,175t-CO_2★
- For all ITOCHU Group, CO_2 emission of Scope 1 is 1,540,041t-CO_2◆ and CO_2 emission of Scope 2 is 610,644t-CO_2◆

CO_2 Emissions per MWh from electricity generation

Unit:t-CO_2/MWh

	FY2017	FY2018
Grand total of ITOCHU group	0.524	0.506

Energy consumption of Business Facilities

Unit : GJ

	FY2015	FY2016	FY2017	FY2018
Tokyo headquarters	130,393	129,084	134,076	130,977

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation.

All domestic bases of ITOCHU Corporation Energy consumption

	FY2015	FY2016	FY2017	FY2018
Non-renewable fuels purchased and consumed (Unit:MWh)	903	805	765	610
Non-renewable electricity purchased (Unit:MWh)	26,481	25,955	30,282	29,558
Steam / heating / cooling and other energy (non-renewable) purchased (Unit:MWh)	11,286	11,286	8,299	8,206
Total renewable energy generated (PV) (Unit:MWh)	106	87	58	58
Total costs of energy consumption (Unit:million yen)	587	580	564	576

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 FY2015 to FY2018. 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.

		FY2015	FY2016	FY2017	FY2018
Tokyo headquarters building★	Waste volume (Unit: t)	654	711	674	698
	Recycling rate (Unit: %)	95	95	94.3	93.8
Group companies in Japan*	Waste volume (Unit: t)	21,825	23,470	21,947	177,526
Overseas offices	Waste volume (Unit: t)	7	9	33	5
Overseas group companies	Waste volume (Unit: t)	14,271	14,569	10,016	141,392

- The waste volume of Tokyo headquarters includes waste sold as valuable resources.

Paper Consumption

The table below shows the paper consumption from FY2015 to FY2018.(FY2015-2016 Tokyo headquarters, FY2017-2018 All domestic bases of ITOCHU Corporation) 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)

	FY2015	FY2016	FY2017	FY2018
Copy paper consumption	34,575	31,896	34,940	32,949

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 FY2015 to FY2018. 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:m^3

	FY2015	FY2016	FY2017	FY2018
City water usage by the Tokyo headquarters★	45,501	46,922	52,248	43,039
Gray water production by the Tokyo headquarters★	36,658	35,729	30,736	33,830
Wastewater discharge by the Tokyo headquarters★	64,329	62,857	63,446	58,129
Wastewater discharge by group companies in Japan*	1,042,686	981,549	846,700	14,628,762
Wastewater discharge by overseas offices*	9,679	5,932	5,722	5,863
Wastewater discharge by Overseas group companies*	339,543	205,394	207,267	11,831,598

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

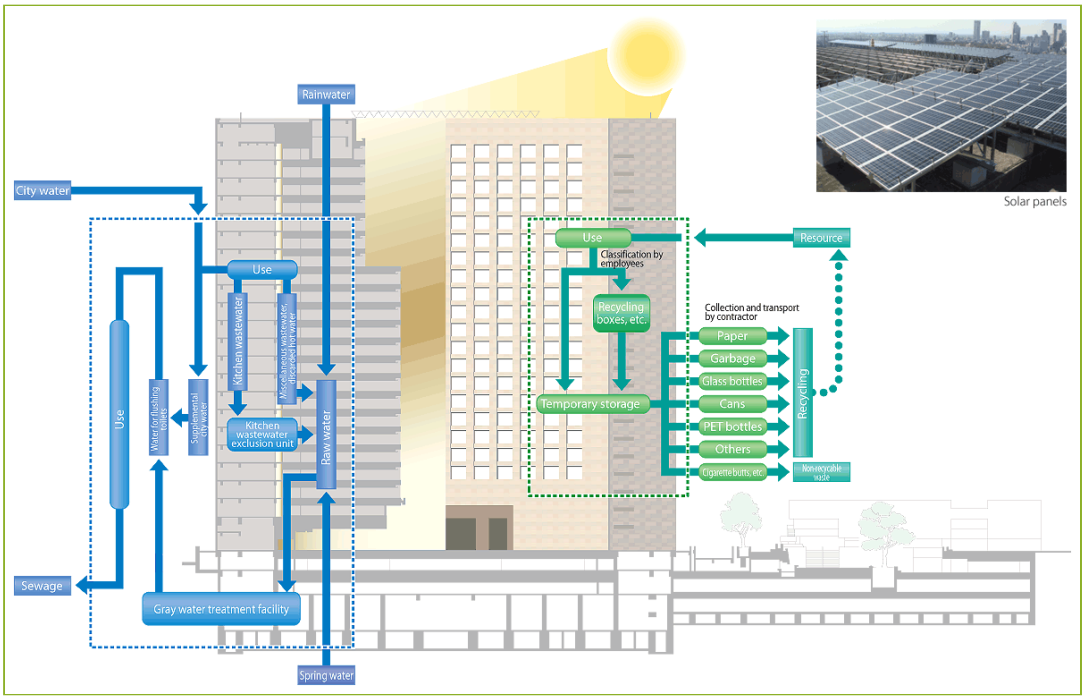
Environmental conservation at the Tokyo Headquarters Building

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 FY2016 to 2020 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental Preservation. In the plan, we committed to reduce CO_2 emissions in the Tokyo headquarters by 15%, compared to the benchmark (the average of annual CO_2 emissions from FY2003 to 2005). Emissions in FY2017 came to 6,459 tons CO_2, down around 39% 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)
- Greenhouse Gas Emission Reduction Plan for FY2016 to 2020 (Submitted in November 2016) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2016 to 2020 (Submitted in November 2017) (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 FY2018 are as follows.

(Unit: 1,000 yen)

Classification	Amount
Costs inside business areas	690,574
Up/downstream costs	14,676
Management activity costs	131,935
Research and development costs	500
Social activity costs	7,810
Costs to address environmental damage	8,457
Total	853,952

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, 2017 to March 31, 2018

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2018 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	1,991,000sheets	1,413
Electricity Usage	300,000kWh	6,002
Waste Emissions	-24t	-1,200
Water Usage	14,526m^3	5,762

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 2018, ITOCHU will continue to promote the sharing of related information through various training (P71) such as training sessions on the Soil Contamination Countermeasures Act.

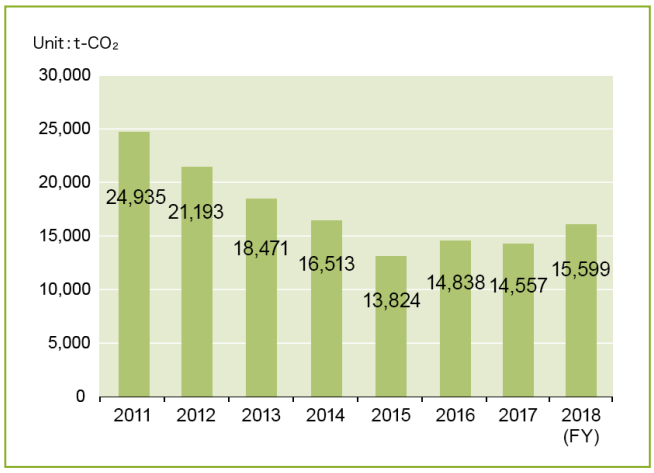
Initiatives toward Environmental Distribution

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 CO_2 emissions associated with the outsourced shipment of goods consigned by ITOCHU Corporation.

Change in CO_2 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.
- FY2016 data was corrected because there was an error.

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.