

# CSR for ITOCHU Corporation

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

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

## ITOCHU Mission and Values

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

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To embed the ITOCHU Values, ITOCHU has formulated "5 self-tests" that employees can refer to in order to determine that the five values are present in their actions.






### ITOCHU Mission

## Committed to the Global Good



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

### ITOCHU Values & 5 self-tests

	<b>Visionary</b>	Am I communicating vision and moving forward with others?
	<b>Integrity</b>	Am I proud to say I am involved in the work?
	<b>Diversity</b>	Am I including the ideas and skills of a variety of people to create the best result?
	<b>Passion</b>	Am I taking responsibility for and caring intensely about what I am doing?
	<b>Challenge</b>	Am I actively trying new things and pursuing innovative solutions?

# Sampo Yoshi and ITOCHU CSR

## Basic Perspective on CSR at ITOCHU

ITOCHU Corporation is strongly aware that companies are also members of society, and that a company cannot remain sustainable unless it coexists with society as a good corporate citizen, and meets the expectations of society through its business activities. We at ITOCHU Corporation believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This approach ties into a management philosophy of *sampo yoshi* held by the Ohmi merchants, which forms the cornerstone upon which our founder Chubei Itoh built his business. We believe that it is our mission to understand diverse values as a truly global enterprise, meet the expectations of society, and continue to be a company that is needed by society.



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

## Our Founder Chubei Itoh and *Sampo Yoshi*

ITOCHU traces its origins back to 1858, the year in which Chubei Itoh set out from Toyosato Village in Shiga Prefecture on a journey to Nagasaki as a traveling linen merchant.

Chubei Itoh grounded his business in the spirit of *sampo yoshi*, a management philosophy embraced by merchants in the feudal province of Ohmi, where he was born. In adherence with their *sampo yoshi* philosophy, as well as being good for the seller and the buyer, Ohmi merchants contributed to the economies of the regions they visited. In the shogunate era, Ohmi merchants came into existence and their economic activities were permitted because they were regarded as being good for society. This can be said to be the roots of today's idea of CSR, which calls on companies to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of society."



Our founder  
Chubei Itoh  
(1842-1903)



Ohmi merchants  
(courtesy of  
Museum of Ohmi  
Merchant)

## The Roots of a Management Philosophy Passed Down for 150 Years

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



A daifukucho  
ledger from the  
time of ITOCHU's  
founding

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

## | 150 Years of History and CSR

In 2008, ITOCHU Corporation marked its 150th anniversary. Why has ITOCHU continued to develop? Because ITOCHU has over 150 years put into practice the spirit of *sampo yoshi*, a management philosophy trumpeted by Ohmi merchants that is the source of its CSR thinking today. At the same time, as the business environment has changed with the times, ITOCHU has built a corporate culture that anticipates change and turns it into opportunities.

Since its foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and periods of economic volatility. Launched as a trading company mainly handling textiles, ITOCHU Corporation has fulfilled the role of a trading company that has responsively changed according to the demands of each generation while significantly changing its product and business portfolios-expanding its sphere of influence to include areas from upstream raw materials through to downstream consumer sales. As it has grown, ITOCHU Corporation has evolved into a general trading company and from there into a globally integrated corporation.

We are convinced that our history has continued for 150 years because we have surely upheld and passed on the spirit of *sampo yoshi* while remaining an essential component of society by responding to changes in its expectations in different eras.



The headquarters with modern amenities built in 1915

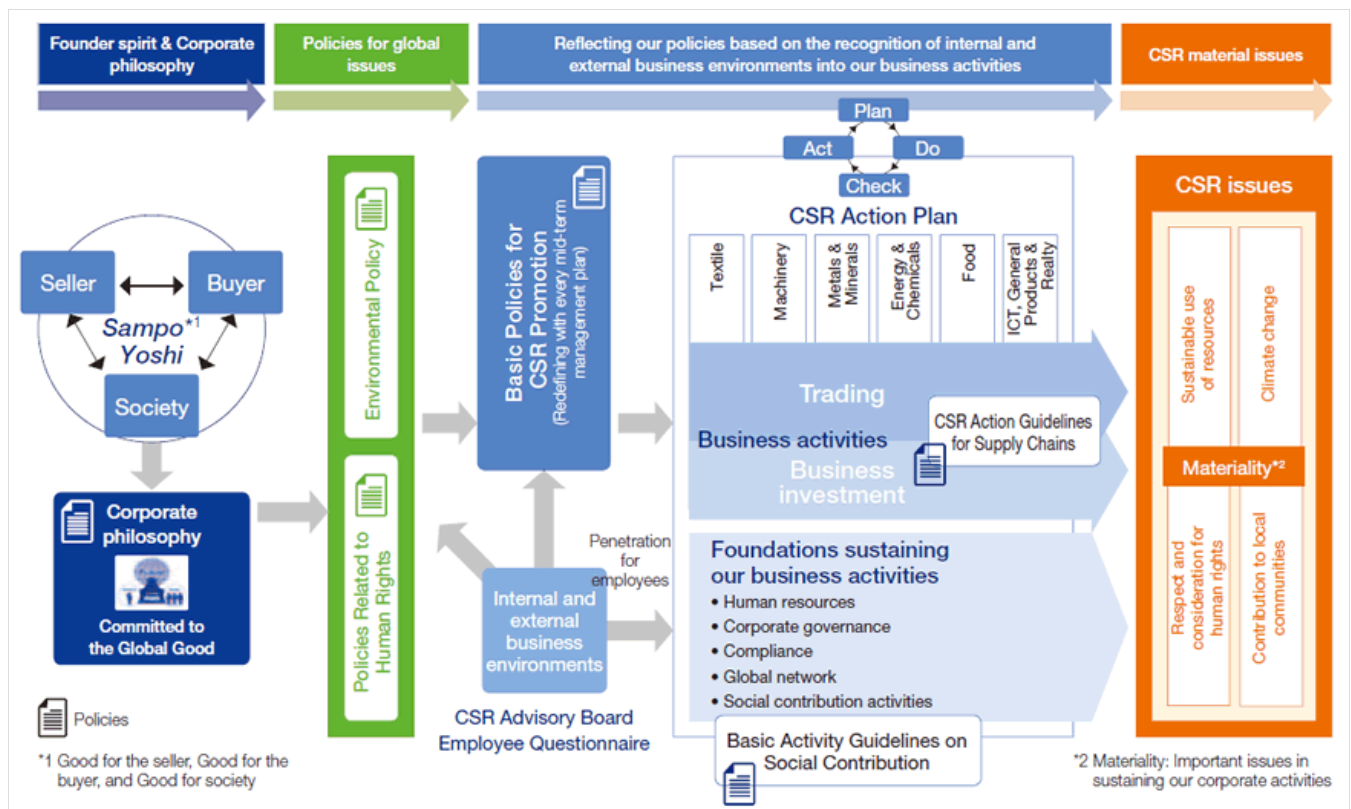
# Basic Policy on CSR and Promotion System

## Approach to CSR Promotion at ITOCHU Corporation

For more than 150 years since its founding in 1858, ITOCHU Corporation has carried on the spirit of *sampo Yoshi* (Good for the seller, Good for the buyer, Good for society), which might be termed the management philosophy of merchants in the province of Ohmi. We at ITOCHU Corporation, in accordance with the ITOCHU Mission "Committed to the Global Good," believe that fulfilling our social responsibility through our business activities is important. While addressing tasks such as environmental conservation and respect for human rights, we have defined the orientation for our promotion of CSR based on changes in the internal and external environments in the form of our Basic Policies for CSR Promotion.

For steady promotion of CSR activities in both an organized and systematic manner, each organizational unit also prepares CSR action plans grounded in the basic policies. These action plans are linked to the resolution of major CSR issues through the business activities of trading and business investment as well as corporate governance, compliance and other components of the foundation supporting our business activities.

In addition, we communicate with our various stakeholders inside and outside the company regularly to grasp the expectations and demands of society towards our company and leverage these for the promotion of CSR.



CSR promotion flow

## Basic Policies for CSR Promotion



Alongside the drafting of its management plan, ITOCHU formulates basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

"Basic policies for CSR promotion" during the period of "Brand-new Deal 2014", which covers fiscal 2014 to fiscal 2015, are as follows.

### 1. Strengthening communication with stakeholders through a front-line approach

At the business front-lines of all division companies, ITOCHU will work to understand the needs of stakeholders through more intensive communication with them by each and every employee, and take advantage of and reflect those needs in businesses and operations.

### 2. Promoting businesses that help solve social issues

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

### 3. Strengthening supply chain management to lead to sustainable use of natural resources with respect for human rights and consideration for the environment

ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each front-line, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into the long-term business strategy. Simultaneously, it is also important to prevent problems from arising in areas such as human rights, labor and the environment in individual supply chain. Both actions are directly linked to sustainability of our business. Based on the "ITOCHU Corporation's CSR Action Guideline for Supply Chains" we established in April 2009, we conduct checking of supplier on human rights, labor and environmental conservation every year, and ask our suppliers to understand and practice ITOCHU's stance.

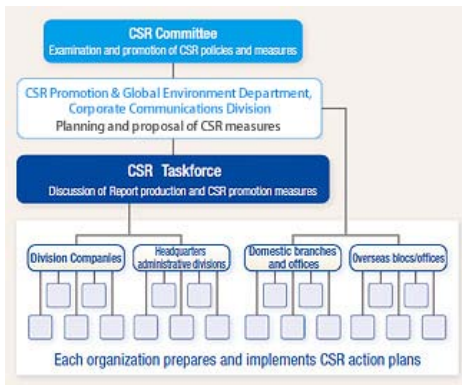
### 4. Promoting education on CSR and environmental conservation

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

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

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

## CSR Promotion System at ITOCHU Corporation



CSR management system

At ITOCHU Corporation, the CSR Promotion & Global Environment Department within our Corporate Communications Division plans and drafts policies and initiatives for companywide CSR promotion based on the internal and external business environment and the opinions of the CSR Taskforce, which is composed of representatives of each Division Company and administrative divisions. These policies and initiatives are discussed and determined by the CSR Committee, which is one of our key internal committees. In addition, various CSR-related policies and initiatives are translated into activities by each organizational unit through the personnel in it assigned to CSR.

## Awareness of Risks and Ongoing Review in Each Business Field

ITOCHU Corporation's business spans a wide range of fields. We regularly make reviews to assess industry-specific risks in each field in the aspects of both internal factors and the external environment. More specifically, we identify CSR risks in each field, ascertain the prospective frequency of incidence and degree of importance, and assess them. Taking account of these assessment results, we develop measures linked to prevention of actualization and curtailment of their influence. We likewise incorporate these methodologies into the CSR action plans and review them on a continuous basis.

## CSR Promotion through the CSR Action Plans

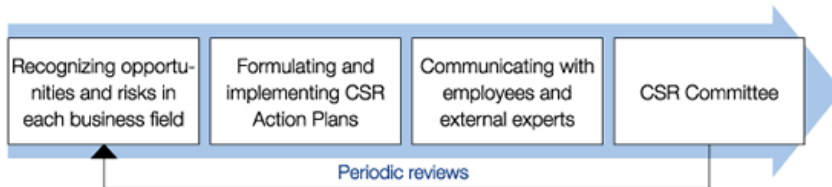
ITOCHU Corporation develops business in a wide range of fields through its six Division Companies. In order to steadily promote CSR through its business activities in trading and business investment, each Division Company formulates CSR action plans setting forth key CSR tasks in its fields, and then promotes CSR in accordance with the PDCA cycle system.

In order to make the foundation supporting our business activities even more solid, our headquarters administrative divisions, domestic branches and offices, overseas sites, and other organizational units also formulate CSR action plans in line with the respective businesses and functions.

We make it a key requirement of our CSR promotion to see that each and every employee understands the action plans and diligently puts them into practice in his or her work.

## CSR Material Issues

At ITOCHU Corporation, each Division Company that promotes our business activities regularly reviews the risks and opportunities encountered in each of its business incorporates the findings into its CSR action plans to help solve CSR issues, and makes ongoing reviews of the results. In 2013, ITOCHU selected material CSR issues in sustainable business activities based on its CSR action plans, and is also making ongoing checks of and additions to these material issues while taking account of our business strategy, international developments, and opinions from inside and outside the company (CSR Advisory Board (page13-14), CSR Employee Questionnaire (page19)). Such checks and additions are implemented for promotion of CSR through our business activities from a long-term perspective.



Process of identifying CSR material issues

### 1. Climate change

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

### 2. Sustainable use of resources

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

### 3. Respect and consideration for human rights

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

### 4. Contribution to local communities

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

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

\* For further information about specific initiatives, please see Highlight (pages21-26).

## CSR management in the Supply Chain and Business Investment

ITOCHU Corporation is developing business in a wide range of fields in regions around the world. In our business activities, which consist of trading and business investment, we ascertain impact in the aspects of human rights, labor, and the environment, and work to construct sustainable value chains.

Related Page: CSR in Our Supply Chain and Business Investment (pages54-57)

# Stakeholder Relations

## Stakeholders of the ITOCHU Group

Approaching CSR through dialogue with our stakeholders.

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. Through these efforts, we promote CSR activities to help solve social issues by comprehending the expectations and concerns that industry and regional society may have regarding ITOCHU and reflecting this understanding in our business activities.



\* Besides those noted above, the list of our major stakeholders includes many other parties, such as NGOs and NPOs, financial institutions, government ministries and agencies, mass media, and the coming generations.



## CSR Advisory Board 2013

ITOCHU Corporation held a meeting of the CSR Advisory Board to host a dialogue between management members of ITOCHU and external experts as regards the promotion of CSR at Tokyo Headquarters.

The CSR Advisory Board was set up to facilitate a dialogue with external stakeholders about whether the direction of ITOCHU's CSR approach matches the needs of society in the context of the diversification and expansion of ITOCHU's business activities. The discussion of this dialogue can then be made use of in CSR promotion going forward. On this occasion, the Board had a lively discussion for about two hours around the two themes of "The further promotion of businesses that help solve social issues" and "Sustainable supply chains and business investment management."

The three external experts who made up the CSR Advisory Board presented a wide array of opinions and proposals as regards the promotion of CSR at ITOCHU going forward. The topics included the building of a value chain that is meaningful and beneficial to a wide variety of stakeholders in fields ranging from materials resources development to production and consumption (recycling), the importance of relationships with stakeholders in local communities around the world, and the creation of more opportunities to explain about CSR issues. Looking ahead, ITOCHU will continue to hold dialogues with stakeholders in order to make use of opinions and ideas from external sources in the promotion of CSR, and to enhance understanding of ITOCHU's activities.

<b>Date</b>	February 28, 2014	<b>ITOCHU members</b>	<ul style="list-style-type: none"> <li>▪ <b>Toru Matsushima</b> Representative Director, Managing Executive Officer, CAO</li> <li>▪ <b>Isao Kubo</b> Executive Officer, General Manager, Corporate Planning &amp; Administration Division</li> <li>▪ <b>Hiroshi Oka</b> General Manager, Planning &amp; Administration Department, Textile Company</li> <li>▪ <b>Masazumi Nishikage</b> General Manager, Planning &amp; Administration Department, Food Company</li> <li>▪ <b>Hiroya Ono</b> Manager, CSR Promotion &amp; Global Environment Department</li> </ul>
<b>Topic</b>	The further promotion of businesses that help solve social issues Sustainable supply chains and business investment management		
<b>CSR Advisory Board members</b>	<ul style="list-style-type: none"> <li>▪ <b>Dr. Seiichiro Yonekura</b> Professor, Hitotsubashi University</li> <li>▪ <b>Mr. Ken Shibusawa</b> Chairman, Commons Asset Management Inc.</li> <li>▪ <b>Ms. Mariko Kawaguchi</b> Senior Researcher, Daiwa Institute of Research Holdings Ltd.</li> </ul>		



## ■ Representative views of participants



**Dr. Seiichiro  
Yonekura**

Social projects have thus far been undertaken mainly by national governments and public entities. On a global scale, private enterprises are being called upon to take a larger part in such projects from now on, through innovative approaches in their own business. In the course of its growth, Japan accumulated know-how in the building and conditioning of diverse social infrastructures. I believe export of this know-how to provide solutions for issues faced by developing countries in the course of their growth is another one of the roles demanded of today's general trading companies.



**Ken Shibusawa**

Efforts to harness global growth will be linked to the creation of corporate value at ITOCHU. One prerequisite here is a long-term perspective on activities to support this global growth. I would also like to see ITOCHU consider the prospect of creating opportunities for presentations that would give investors and other stakeholders a look at business sites and impart an understanding of how this business is linked to the building of sustainable societies.



**Mariko  
Kawaguchi**

As a general trading company involved throughout the product supply chain, I hope that ITOCHU further pursues the construction of schemes that solidly convey added value, including that in the social and environmental aspects, to consumers and gain the empathy and participation of all concerned stakeholders. From now on, I also would like it to squarely address the need for implementation of due diligence extending to the environmental and human rights areas and on a level up to international standards, even in its business in developing countries.

## ■ Reflections from the Dialogue

I am really grateful to the experts for their views on promotion of CSR activities at ITOCHU. We intend to carefully study the issues and proposals emerging from the meeting, and reflect the results in approaches which will make them realize we have achieved another round of advancement. In keeping with the sampo yoshi spirit of trade that is to benefit not only the seller and the buyer but also society as a whole, we are going to work for assimilation of our corporate value with societal value.



**Toru Matsushima**  
Representative  
Director, Managing  
Executive Officer,  
and CAO

# Respect for Human Rights

## Policy on Respect for Human Rights

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

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

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

Guided by this approach, we clearly prohibit the violation of human rights and sexual harassment in our employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

### Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

#### Respecting human rights and individuality

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

### Excerpt from the United Nations Global Compact

#### Human Rights

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

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

- Related Page: The United Nations Global Compact (page18)

## Respect for Human Rights in Business Activities

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

### ■ Respecting the Rights of Indigenous People

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

### ■ Approach to Engaging the Services of Security Firms

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

## Human Rights in Our Supply Chain and Business Investment

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

Related Page: CSR in Our Supply Chain and Business Investment (pages54-57)

### Approach to Conflict Minerals Issues

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

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

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

## Raising Awareness Internally of Respect for Human Rights

### Raising awareness through internal training programs

We work to extensively embed understanding of the relationship between business activities and human rights through in-house training programs. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. Also, training conducted prior to overseas assignments includes the topic of consideration for human rights in the supply chain. In this way, we are working to raise awareness in each region. In fiscal 2014, 370 people participated in human rights training.

### Number of employees participated in human rights training programs

	Number of employees participated
<b>Training for New Recruits</b>	124 people
<b>Training for newly-appointed managers</b>	48 people
<b>Training prior to overseas assignments</b>	198 people

### Enlightenment about "Business and Human Rights"

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

In fiscal 2014, we implemented a program of e-learning on the subject of "business and human rights" for all ITOCHU employees worldwide in order to provide them with CSR-related knowledge they should have at least. The program took up the United Nations Guiding Principles on Business and Human Rights as well as cases involving the corporate responsibility to respect human rights. The program was directed to a total of 6,738 non-consolidated and overseas bloc employees, and was completed by 6,505, or 96.5 percent, of them.

## ■ Establishment of a 24-Hour Employee Consultation Desk System

### ■ Employee Consultation Desk and Hotline

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

### ■ Career Counseling Center

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

## ■ Raising Awareness Through Various Publications

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

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

## ■ Fair and Honest Recruitment

At ITOCHU, recruitment decisions are based solely on an individual's abilities and merits, for fair and honest recruitment practices without regard for age, sex, or nationality. A watchdog system for ensuring fair and honest recruitment is also in place, and employees are selected and notified to serve as watchdogs and to promote awareness of human rights.



The "HR Help Guide Book" posted on the intranet

# The United Nations Global Compact

## ITOCHU's Participation in the United Nations Global Compact

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



## The Ten Principles of the United Nations Global Compact

<b>Human rights</b>	- <b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights; and
	- <b>Principle 2</b>	make sure that they are not complicit in human rights abuses.
<b>Labour</b>	- <b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	- <b>Principle 4</b>	the elimination of all forms of forced and compulsory labour;
	- <b>Principle 5</b>	the effective abolition of child labour; and
	- <b>Principle 6</b>	the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	- <b>Principle 7</b>	Businesses are asked to support a precautionary approach to environmental challenges;
	- <b>Principle 8</b>	undertake initiatives to promote greater environmental responsibility; and
	- <b>Principle 9</b>	encourage the development and diffusion of environmentally friendly technologies.
<b>Anticorruption</b>	- <b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.

## Contribution to Activities of the Global Compact Japan Network

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

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

In FY2014, ITOCHU took part in 5 Working Groups related to Human Rights Due Diligence, Human rights Education, ISO26000, Environmental Management, and BOP & Social Businesses.

Moreover, we play an active role as a co-chair in the Expansion Committee to enlarge the Japan Network and raise the level of its activities.

# Penetration of CSR at ITOCHU

## CSR Employee Questionnaire and Confirmation Test

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



In FY2014, ITOCHU Monthly ran an article that was titled "Exploring Business and Human Rights" as new CSR-related knowledge. The confirmation test presented questions from examples introduced in the article. Non-consolidated employees were requested to take a confirmation test on Waste Management and Public Cleansing Act. Among 6,738 non-consolidated and overseas bloc employees who were covered by the survey and test, a total of 6,505, or 96.5 percent, answered.

As a variety of fixed-point observation, the Employee Questionnaire Survey on CSR, which surveys awareness on the topic, asks employees what CSR issues they think ITOCHU ought to tackle each year. For FY2014, against the backdrop that companies have an increasing responsibility to tackle the issue of the global depletion of resources that is mainly resulting from the development of economies and increase of populations around the world, we see that the CSR issue ranked top is that ITOCHU should address "Sustainable use of natural resources." Furthermore, we see that the CSR issue that ranked second is "Promotion of business contributing to solving social issues." These two results show that we can say that ITOCHU's fundamental thinking about CSR, namely that we can contribute to building a sustainable society through our main business activities, has become firmly established among our employees.

### ■ Response rate of the CSR employee questionnaire and confirmation test 2014

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
<b>Number of employees</b>	4,844	1,894	6,738
<b>Number of respondents</b>	4,818	1,687	6,505
<b>Response rate</b>	99.5%	89.1%	96.5%

### <Questionnaire Results Excerpt> Top 3 CSR Issues ITOCHU Corporation should address over the past three years

	FY2014		FY2013		FY2012	
<b>1</b>	Sustainable use of natural resources	53.7%	Promotion of business contributing to solving social issues	54.8%	Promotion of business contributing to solving social issues	48.3%
<b>2</b>	Promotion of business contributing to solving social issues	52.6%	Employee relation	45.7%	Transparent corporate governance system	40.5%
<b>3</b>	Employee relations	49.3%	Measures to prevent the depletion of resources	40.2%	Employee relations	36.4%

## | CSR Seminars

We regularly organize internal CSR seminars to incorporate the views and opinions on various CSR issues from outside experts. Since FY2014, we have been holding the seminars under the title of the "CSR and Global Environment Seminar" on themes selected for their importance in the pursuit of business activities by ITOCHU employees.

- CSR and Global Environment Seminar

FY 2014 Climate Change: Risk and Business Opportunities (page108)