

CSR for ITOCHU Corporation

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

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

ITOCHU Group Corporate Message

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

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

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

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

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

ITOCHU Mission Committed to the Global Good



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

I am One with Infinite Missions

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

Sampo Yoshi and ITOCHU CSR

Basic Perspective on CSR at ITOCHU

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



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

Our Founder Chubei Itoh and *Sampo Yoshi*

The foundation of ITOCHU Corporation traces back to 1858, the year in which Chubei Itoh set out from Toyosato Village, in Shiga Prefecture, to Nagasaki as a traveling linen merchant.

The base of Chubei Itoh's business was the spirit of *sampo yoshi*, which was a management philosophy of merchants in Ohmi, a province where he was born. The philosophy started in the shogunate era. Due to the merchants' contributions to the society, they were permitted to promote business activities in the region. Since then, not only good for the seller and the buyer, but also for the society became the management philosophy. This can be said to be the roots of today's idea of CSR, which requires corporations to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society."



Our founder
Chubei Itoh
(1842-1903)



Ohmi merchants
(courtesy of
Museum of Ohmi
Merchant)

The Roots of a Management Philosophy Inherited Since the Foundation

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



A daifukucho
ledger from the
time of ITOCHU's
founding

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

150 Years of History and CSR

In 2008, ITOCHU Corporation marked its 150th anniversary. Why were we able to keep developing for such a long period of time? We believe that it is because we have put into practice the spirit of *sampo yoshi* for 150 years, which is the root of CSR philosophy today. At the same time, as the business environment has changed with the times, we have established a corporate culture that anticipates changes and turns it into opportunities.

Since the foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and economic volatility. Starting as a trading company mainly handling textiles, we have fulfilled the role of a trading company that has responsively changed according to the demands of each generation. Furthermore, while significantly changing its products and business portfolios, we have expanded our sphere of influence from upstream raw materials to downstream consumer sales. ITOCHU Corporation has evolved into a general trading company, and from there into a globally integrated corporation.

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



The headquarters with modern amenities built in 1915

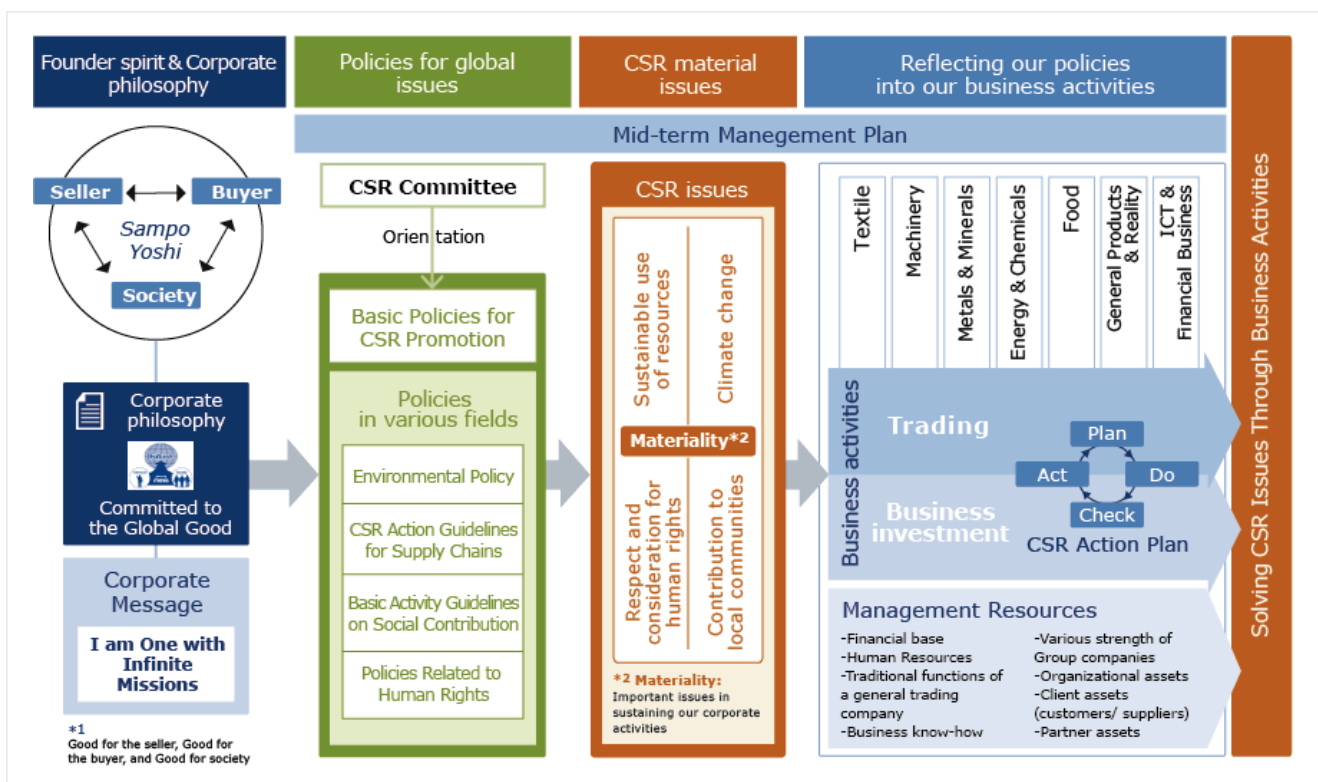
Basic Policy on CSR and Promotion System

CSR Promotion at ITOCHU Corporation

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

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

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



CSR promotion flow

CSR Promotion System

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



CSR promotion system

CSR Committee meetings held in FY2016

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

Basic Policies for CSR Promotion



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

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

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

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

2. Promoting businesses that help solve material issues

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

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

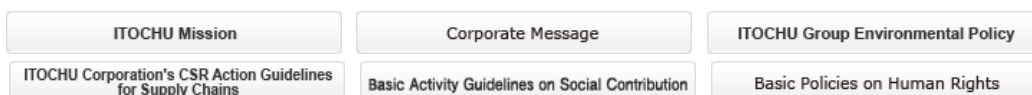
ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each front-line, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into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

4. Promoting education and edification on CSR and environmental conservation

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

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

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

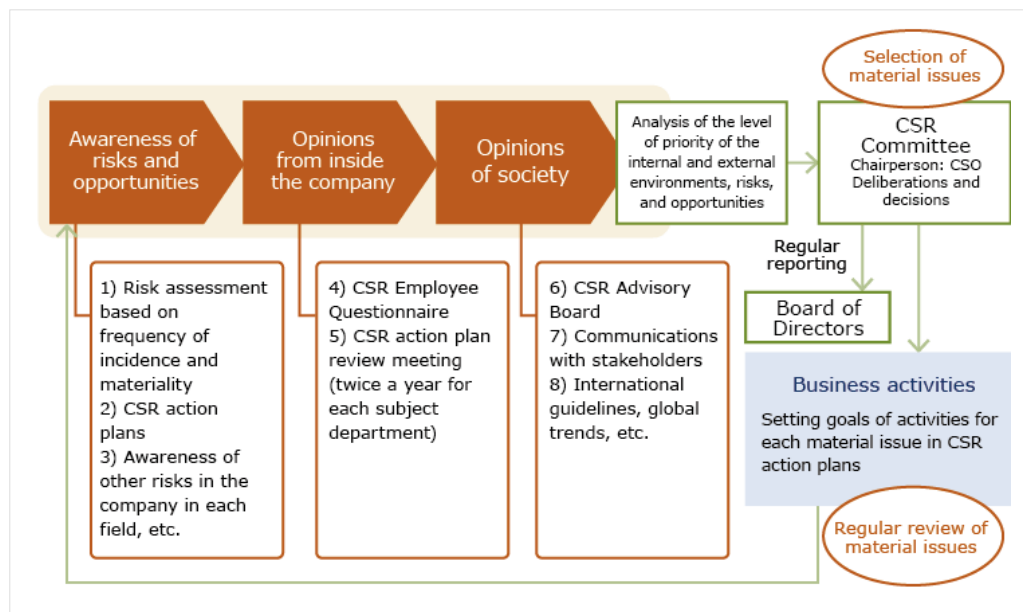


CSR Promotion through the CSR Action Plans

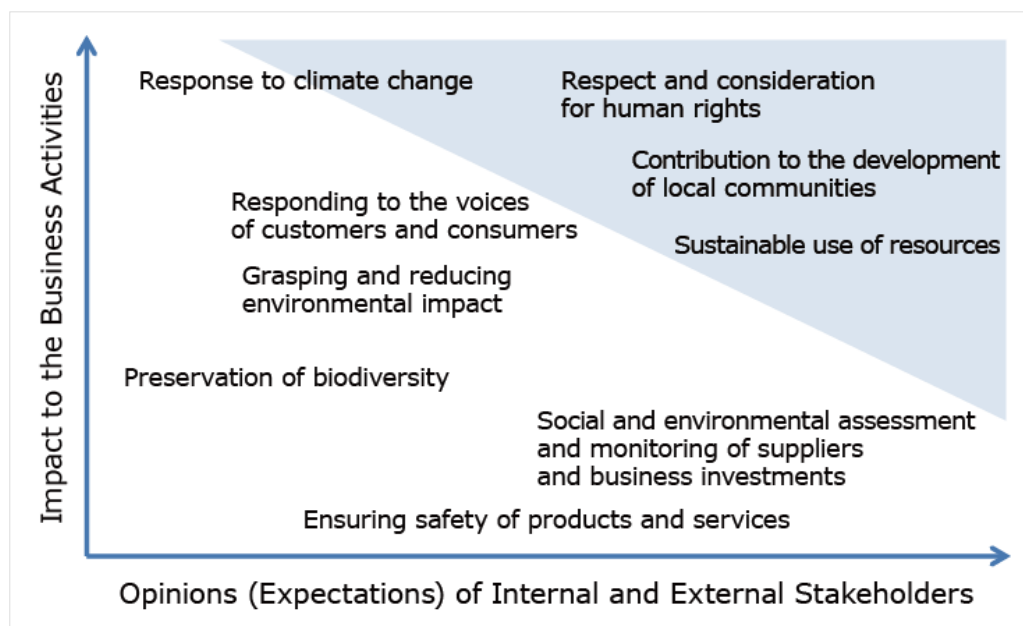
ITOCHU Corporation develops business in a wide range of fields through its seven Division Companies. In order to ensure the promotion of CSR through business activities in tradings and business investments, each Division Company formulates CSR action plans, by setting key CSR tasks and objectives in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

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

Selection and Review Process of the CSR Material Issues



Selection and Review Process of Material Issues



Materiality Matrix

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

1. Climate change

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

2. Sustainable use of resources

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

3. Respect and consideration for human rights

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

4. Contribution to local communities

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

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

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

| Awareness of Risks and Opportunities

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

| Opinions from Inside and Outside the Company

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

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

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

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

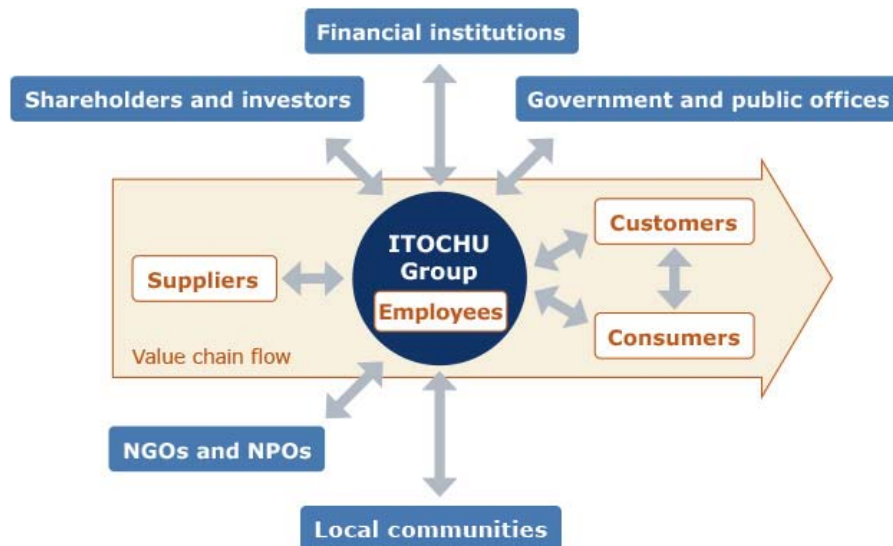


- Goal 1. End poverty in all its forms everywhere
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3. Ensure healthy lives and promote well-being for all at all ages
- Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5. Achieve gender equality and empower all women and girls
- Goal 6. Ensure availability and sustainable management of water and sanitation for all
- Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10. Reduce inequality within and among countries
- Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12. Ensure sustainable consumption and production patterns
- Goal 13. Take urgent action to combat climate change and its impacts
- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Stakeholder Relations

Stakeholders of the ITOCHU Group

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. By engaging in dialogue with our stakeholders in the manner described below, we provide them with information about the activities of the ITOCHU Group, and identify their expectations and concerns regarding ITOCHU. We will continue to promote our CSR activities by reflecting measures for addressing issues within our business activities, with the aim being to improve our corporate activities.



*Besides those noted above, the list of our major stakeholders includes many other parties.

Stakeholders	Main methods of dialogue
Clients and business partners	Provision of information through the Annual Report and official website Notification of CSR action guidelines Quality control and fact-finding investigations about the status of CSR at suppliers Contact for inquiries
Shareholders, investors, and financial institutions	General meeting of shareholders Investors meeting on business results Provision of information through the Annual Report and official website Response to investigations and ratings performed by socially responsible investors Debt IR
Local communities	Social contribution activities and volunteer activities Stakeholder dialogue Dialogue with residents of areas around project sites Regular communication with NGOs and NPOs
Employees	Provision of information via the intranet and in-house magazines Communication via training sessions and seminars Provision of career counseling Establishment of a 24-hour employee consultation desk system Implementation of employee awareness surveys Labor-management meetings (including management meetings and settlement of accountings meetings) General employee meetings at each company

CSR Advisory Board 2015

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

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

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

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



Representative views of participants

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



**Mr. Tetsuo
Kondo**

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



**Dr. Katsuhiro
Harada**

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



**Ms. Mariko
Kawaguchi**

Respect for Human Rights

Policies Related to Human Rights

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

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

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

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

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

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

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

Excerpt from the United Nations Global Compact

Human Rights

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

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

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

Respect for Human Rights in Business Activities

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

▪ Respecting the Rights of Indigenous People

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

▪ Approach to Engaging the Services of Security Firms

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

Human Rights in Our Supply Chain and Business Investment

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

■ Considerations for foreigners

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

■ Approach to Conflict Minerals Issues

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

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

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

■ Correspondence about modern slavery and human trafficking

The Company's Structure and Our Supply Chain Complexity

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

Our Policy on Modern Slavery and Human Trafficking

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

Our relevant policies include:

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

Due diligence processes for modern slavery and human trafficking

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

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

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

Risk Assessment

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

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

Training

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

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

■ Dialogue on business and human rights

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

Raising Awareness Internally of Respect for Human Rights

■ Raising awareness through internal training programs

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

Number of employees who participated in human rights training programs

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

■ Employee Enlightenment about “Business and Human Rights”

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

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

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

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

■ Career Counseling Center

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



The “HR Help Guide Book” posted on the intranet

■ Raising Awareness Through Various Publications

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

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

■ Fair and Honest Recruitment

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

The United Nations Global Compact

ITOCHU's Participation in the United Nations Global Compact

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



The Ten Principles of the United Nations Global Compact

Human rights	<ul style="list-style-type: none"> ▪ Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and ▪ Principle 2 make sure that they are not complicit in human rights abuses.
Labour	<ul style="list-style-type: none"> ▪ Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; ▪ Principle 4 the elimination of all forms of forced and compulsory labour; ▪ Principle 5 the effective abolition of child labour; and ▪ Principle 6 the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> ▪ Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; ▪ Principle 8 undertake initiatives to promote greater environmental responsibility; and ▪ Principle 9 encourage the development and diffusion of environmentally friendly technologies.
Anticorruption	<ul style="list-style-type: none"> ▪ Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Contribution to Activities of the Global Compact Network Japan

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

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

In FY2016, ITOCHU took part in following Working Groups.

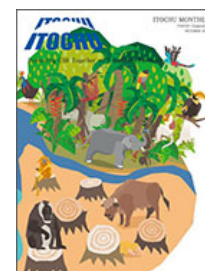
- the Committee of Human Rights Due Diligence
- the Committee of Human Rights Education
- the Committee of Environmental Management
- the Committee of Supply Chains
- the Committee of Disaster Risk Reduction
- the Committee of Stake Holder Engagement

Penetration of CSR at ITOCHU

CSR Confirmation Test and Employee Questionnaire

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

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



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

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

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

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

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

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

CSR Seminars

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

■ CSR and Global Environment Seminar

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



Ms. Takeuchi of the International Environment and Economy Institute



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

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

■ Internal CSR Seminars in the past

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

■ CSR Seminars for Specific Fields for FY2016

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



Seminar at ITOCHU Corporation, Yangon Branch



Seminar at PT ITOCHU INDONESIA

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

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

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

