



Sustainability Report 2017



I am One with Infinite Missions

ITOCHU Corporation

Editing Policy

ITOCHU Corporation's Perspectives on Sustainability

ITOCHU Corporation believes that responding to the expectation of society through business activities keeps our Sustainability and further growth. This report presents our initiatives for promotion of Sustainability.

Highlight

ITOCHU Corporation regards "Consideration for the environment," "Sustainable use of resources," "Respect and consideration for human rights," "Contribution to local communities" and "Improving labor conditions" as Materiality. In Highlight, we will introduce our business activities that solve those issues.

① Initiatives in Preventing Medicine Using IT

Introducing the healthcare IT business that ITOCHU Group is working on to realize an energetic society in Japan where super aging society advances.

② From Upstream to Downstream: Corporate Responsibility "For the Good of Five Parties" –Charoen Pokphand Foods–

Introducing the efforts on health and safety of producers and consumers, from feed to processing and sales, in chicken business of Charoen Pokphand Group in Thailand.

From the cover

The name Aoyama derives from the area being the suburban residence of the Aoyama clan of hereditary feudal lords that served the Tokugawa clan (the shoguns). During the Meiji era (1868-1912), Aoyama became a high-class residential area and with the commencement of streetcar services, stores were built up along there.



The new Tokyo Head Office building was opened in Aoyama on November 25, 1980. At that time, Aoyama was already known as a fashionable district, but despite being located in the heart of Tokyo, the area was also rich in greenery such as Meiji-jingu Gaien, and the expansive Aoyama Cemetery nearby provided a safe haven for employees when it comes to a major natural disaster, making it the ideal location for the Tokyo Head Office building. Then 37 years. Aoyama continues coexisting changes and those that do not change as the times change.

Disclosure of Sustainability-related Information

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



Corporate Website Sustainability Pages

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



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



Sustainability Report

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



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



Annual Report

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



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

Referenced guidelines

GRI Standard 2016 issued by Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2012 version) issued by the Ministry of the Environment of Japan
ISO 26000 (Guidance on social responsibility)



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

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2016, and ended on March 31, 2017 (FY2017). However, some of the most recent information on our activities and initiatives are also included.

Publication information

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Reporting boundary

This report covers ITOCHU Corporation (9 domestic offices and 106 overseas offices) and its major group companies.

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President's Commitment



M. Okafuji

Masahiro Okafuji
President and
Chief Executive Officer

Infinite Missions for Sustainable Growth

Our Neverending Mission

Since our founding in 1858 by Chubei Itoh, ITOCHU Corporation has conducted business grounded Sampo Yoshi^{*1}, the spirit of the Ohmi merchant^{*2}. Our mission is not simply to earn profits, but respond to the needs of an ever-changing society and provide enrichment that transcends commerce. Embracing "Committed to the Global Good" as part of our corporate philosophy, we seek to grow together with society. In 2014, we adopted the corporate message, "I am One with Infinite Missions". This phrase embodies our commitment to this corporate philosophy and our commitment to society. To demonstrate our intent to honor this approach to the international society, since 2009 we have participated in the UN Global Compact.

Initiatives for New Workstyles and a New Corporate Culture

In FY 2017, we achieved a record high for net income attributable to owners of parent. This achievement is the result of our ability to eliminate concerns about the future, of management succeeding in solidifying our foundation, and our success in building an income platform for stable profits. In addition to these efforts to create a solid foundation and improve our existing businesses, this achievement is also the result of the efforts of our employees, who have worked tirelessly without ever letting pride cloud their mission or their commitment. As a major general trading company, in order for us to generate sustainable profits befitting of one of the two giants of the industry while operating with the smallest workforce among trading companies, it is vital that we establish a work environment that continuously promotes increased productivity among employees. To this purpose, Itochu has been a pioneer in the field of initiatives related to new workstyles and new corporate culture. Outlining these initiatives in our management strategy, we were one of the first companies to introduce morning-focused working system and health management.

Through such initiatives, we work to ensure the mental and physical health of each of our employees and their ability to work in their respective positions as merchants who are always focused on the needs of the customer. In the area of corporate governance, in FY 2018, we increased our ratio of outside directors to one-third or more of the total number of directors. While being careful to ensure that our Board of Directors does not lose touch with our business initiatives, we are proactively promoting the separation of business management and business supervision.

Sustainable Growth, Together with Society

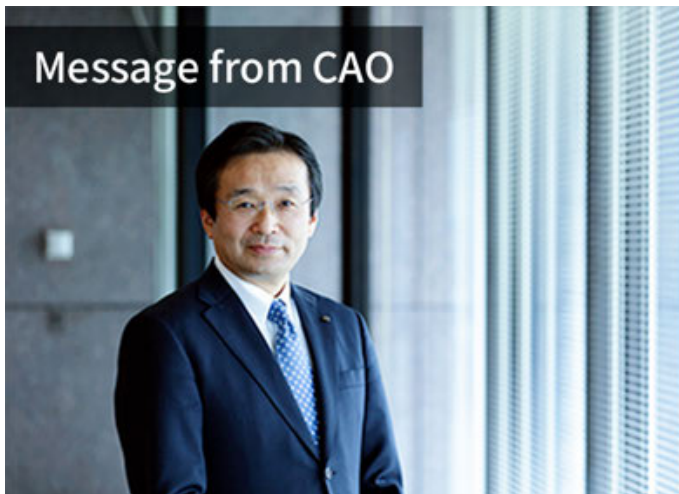
With the Sustainable Development Goals (SDGs) adopted by the United Nations and the conclusion of the Paris Agreement, an international level high expectations are being placed on corporations in terms of their involvement in resolving social issues. This way of thinking is well-aligned with the spirit of the Omi merchants and their philosophy of "Sampo Yoshi", the ideal that business should be good for the buyer, good for the seller, and good for society. The subtitle of for FY 2018, the final year of our Medium-Term Management Plan Brand-new Deal 2017, is "Infinite Missions Transcending Growth". While putting this philosophy of "Sampo Yoshi" into action in our corporate management, in order to Medium-Term Management clearly position sustainable growth as the Company's mission we have adopted the phrase of "Infinite Missions Transcending Growth" to emphasize our strong commitment to sustainable increases—not necessarily quantitatively—in overall corporate value.

As our business domains expand and grow in complexity, Itochu seeks to go beyond building a framework that enables us to avoid imparting a burden on the environment or society. Through efforts such as responding to climate change through our renewable energy business, we will use our business knowhow and global network to fulfill infinite missions for society. At the same time, we will achieve sustainable growth in order to continue meeting the expectations of our stakeholders.

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

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

Message from CAO



Carrying forward our founding spirit of *sampo yoshi*, we will pursue sustainable new corporate value and enhance management quality.

— DNA Inherited from the Merchants of Ohmi

Our Founding Spirit of *Sampo Yoshi* Still Relevant Today

Our management philosophy of *sampo yoshi* (good for the buyer, good for the seller, and good for society) harks back to the merchant roots of our founder, Chubei Itoh. This spirit has been passed on since our founding 159 years ago, and lives on in our DNA today.

At the time of its founding, as the merchants of the Ohmi region (in present-day Shiga Prefecture) our founders peddled their wares by traveling long distances rather than by building large stores where customers would gather. This business style involved negotiating with customers on the basis of samples the merchants carried with them; the resulting product would be shipped later. Given these practices, trust, creditworthiness and information were extremely important. To gain permission to go about their business, I heard that contributing to the regional economy was also important. The philosophy of *sampo yoshi* thus evolved as a natural consequence of business among the merchants of the Ohmi region. Still relevant today, this "ITOCHU way" concept of sustainability with its commerce origins has spurred our growth over 159 years and pulses throughout the Company today. This spirit forms our corporate mission of "Committed to the Global Good" and the corporate message announced in 2014: "I am One with Infinite Missions."

— Aiming for New, "ITOCHU way," Sustainability

Returning Profits to Stakeholders through Initiatives that "Make Employees Happy"

Now that ITOCHU is able to generate profits suitable to an era of two strong *shosha*, to inspire its employees the Company needs to deliver a different sort of value that goes beyond a competition for profits. One such example is the materiality theme we have set, of "improving labor conditions." The working-style reforms we have been pursuing since 2013 have created major waves in society—even influencing policy-making by the Japanese government. We can be confident and proud of our efforts to set this theme. In 2016, we adopted the "ITOCHU Health Charter", and we have stepped up our efforts to be the leading trading company for health. One of our strengths is having a culture in which, even though we are few in number, our people continue to take on challenges without fear of failure. I want us to protect this aspect of our culture. I believe that pursuing initiatives designed to give workers fulfillment and make them happy will help raise labor productivity, as well as returning value to stakeholders. With respect to international requests, such as the Sustainable Development Goals (SDGs) adopted by the United Nations, these initiatives will help employees meet their responsibilities as they go about their "infinite missions" on the front lines and contribute to sustainable growth in tandem with society.

At the same time, our own responsibilities increase as the value chains of suppliers and investees grow wider and more complex. In addition to compliance, we will conduct thorough training for employees on consideration for human rights and the environment. We will also redouble our sustainability management efforts, such as through site visits to key business partners.

— Pursuing a New Corporate Image

Augmenting Management Quality and Working to Sustainably Increase Corporate Value

Management quality is an essential yardstick for measuring increases in corporate value over the medium to long term. In recent years, society's focus on ESG has been growing. In addition to responding conscientiously to external requests, I consider it is important to share throughout the Company an awareness of what needs to be done to achieve sustainable increases in corporate value.

To communicate the president's wish to "encourage people who are working in difficult environments," over the past three and a half years, since 2013, I have been visiting employees working in remote regions on the president's behalf. Going forward, management needs to visit the front lines and engage in dialogue with employees. This approach will build a corporate culture and environment that motivates individual employees and lead to sustainable increases in corporate value.



Visiting employees posted to work on the construction site of one of the world's largest geothermal power plants, in Sumatra, Indonesia

Fumihiko Kobayashi

Member of the Board

Senior Managing Executive Officer

CAO

Sustainability 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, we strongly believe that responding to the expectation of society through business activities keeps our sustainability and further growth.

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 sustainability 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.



Mistake me not for just any ordinary person. I am one with countlessmissions.
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 Sustainability

Basic Perspective on Sustainability at ITOCHU

ITOCHU Corporation strongly believes that responding to the expectation of society through business activities keeps our sustainability and further growth.

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 sustainability, 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 sustainability.

* 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.



A daifukucho ledger from the time of ITOCHU's founding

150 Years of History and Sustainability

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 sustainability. 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.



The headquarters with modern amenities built in 1915

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.

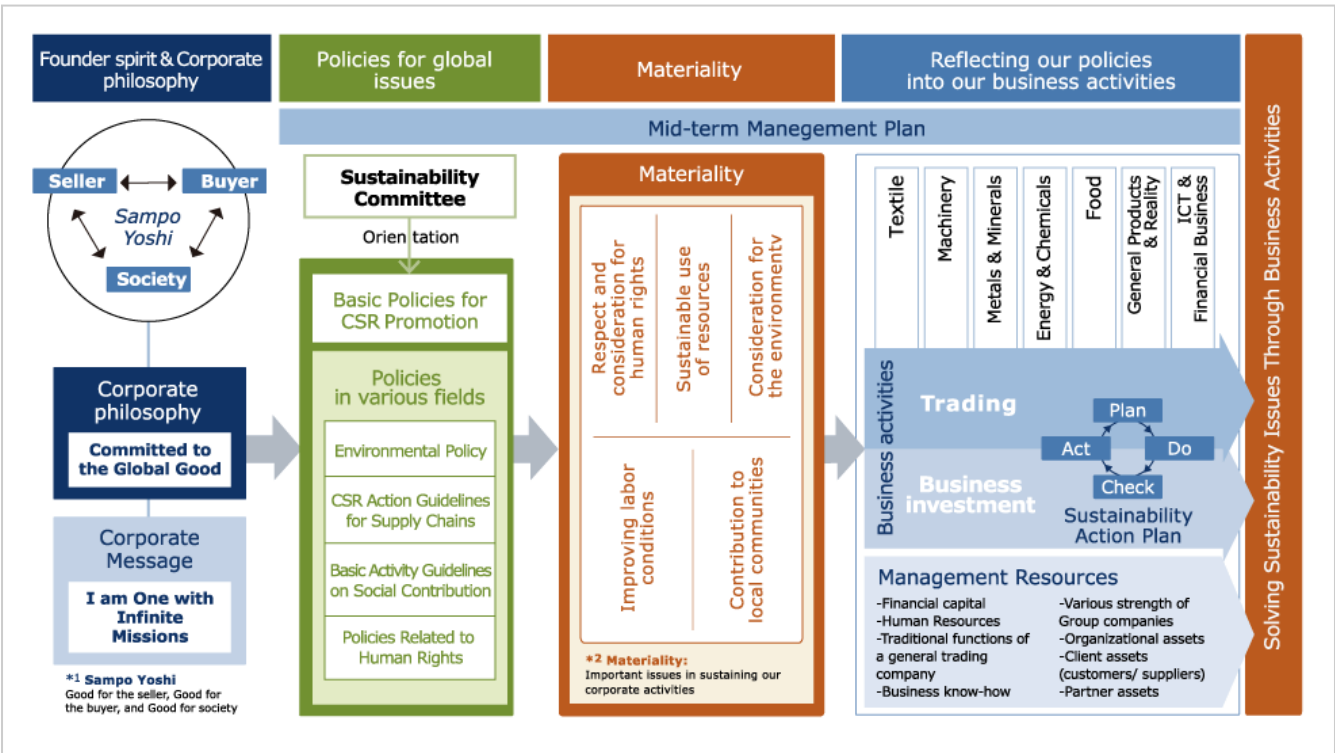
Basic Policy on Sustainability and Promotion System

Sustainability 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."

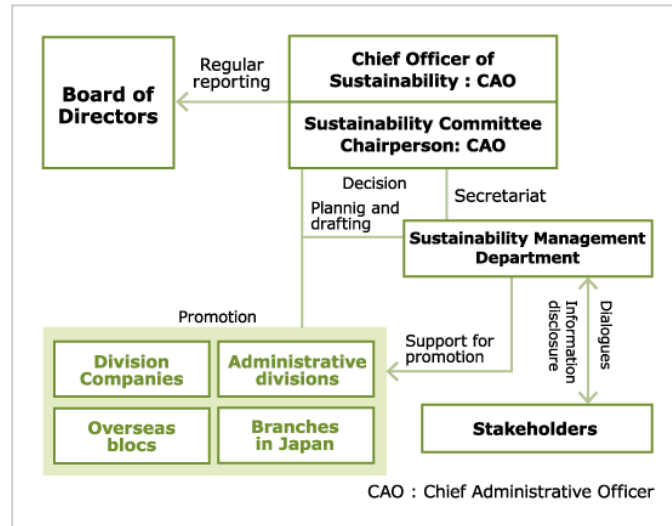
We have defined our Basic Policies for CSR Promotion, which is the orientation of our sustainability related activities, based on our corporate philosophy and changes in the external environment. Under these policies, we promote sustainability in an organized and systematic manner. Each organizational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



Sustainability promotion flow

Sustainability Promotion System

Sustainability Management Department takes initiatives to plan and propose companywide CSR policies to the CAO, the Chief Officer of sustainability. Individual organizational unit in Japan and other countries promote sustainability in accordance with the CSR Policies. The establishment of policies and key issues are discussed and determined by the Sustainability Committee, which is one of the key internal committees. Major 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 society and reflect this in our activities.



Sustainability promotion framework

CSR Committee meetings held in FY2017

※From FY2018 CSR Committee was reorganized to Sustainability Committee.

Members	Chairperson: CSO Members: CAO, General Manager of Corporate Communications Division, Corporate Auditors, General Manager of Planning & Coordinating Department of each Division Company
Main Resolutions	First meeting: Disclosure regarding human rights, review and adjustment on The ITOCHU Group Environmental Policy and Basic Activity Guidelines on Social Contribution Second meeting: Environment management review, materiality review

Basic Policies for CSR Promotion



ITOCHU Corporation reviews the basic policies for sustainability 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 materiality

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 materiality that is 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

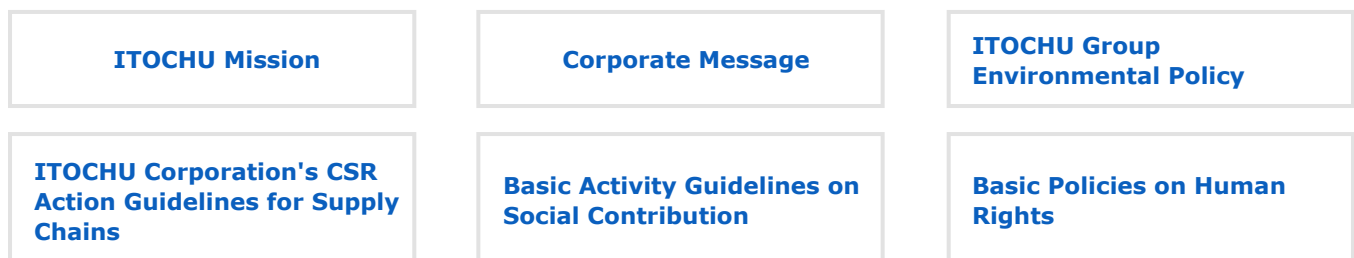
ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each front-line, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into 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.



Promotion of sustainability through the Action Plans

ITOCHU Corporation develops business in a wide range of fields through its seven Division Companies. In order to ensure the promotion of sustainability through business activities in trading and business investments, each Division Company formulates sustainability action plans, by setting key tasks and objectives in its fields. We promote sustainability in PDCA cycle system, and this cycle is monitored by Sustainability Management Department by holding review meetings twice a year with each organizational unit.

In order to further strengthen the support of business activities, our headquarters' administrative divisions, domestic branches and offices, overseas sites, etc. also develop sustainability action plans, in line with their respective businesses and functions.

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 sustainability 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 materiality. 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 (P16), Penetration of Sustainability at ITOCHU (P25~27), and CSR Advisory Board 2016 (P17).

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

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

* SDGs (Sustainable Development Goals): 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.



Materiality (Sustainability Issues)

In 2013, the CSR materiality were determined at the CSR Committee (the Sustainability 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 the materiality is transformed into the sustainability action plans of each organizational unit. They are examined, and reviewed by the Sustainability Committee on a regular basis, and continuously supplemented. In addition, the contents of Sustainability Committee meetings are reported to the Board of Directors by the CAO. In such way, we align the materiality with management policies with long term perspective, and work to resolve them through our business activities.



1. Consideration for the environment (climate change, preserving biodiversity, etc.)



We believe that adapting to risks, such as natural disasters induced by climate change, and giving consideration to the environment, such as preservation of biodiversity, are important for the business continuity. We aim to solve these issues through measures in two areas: reduction of greenhouse gas emissions from our business activities and mitigation of the impact through solutions-oriented business, such as renewable energy business.



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.



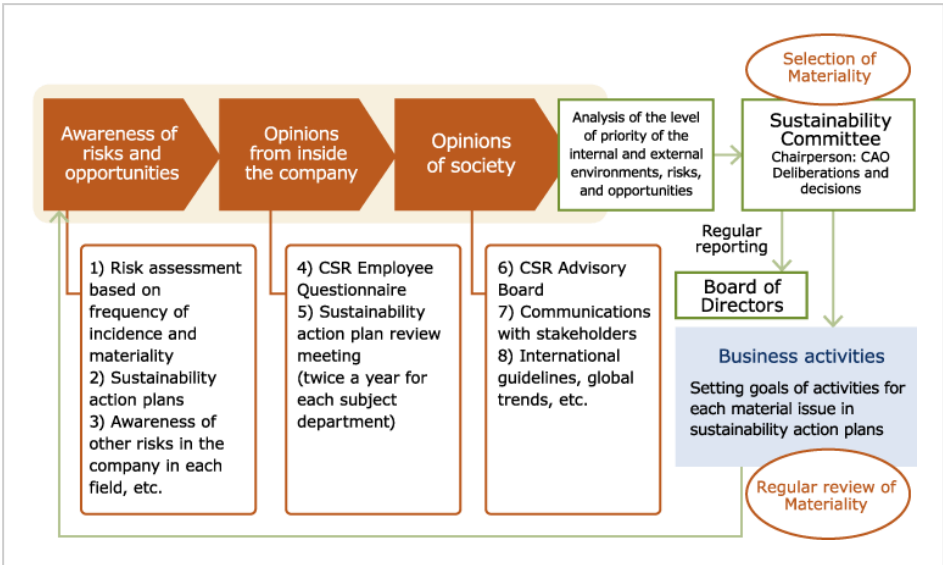
5. Improving labor conditions (attractive working place, human resource development, promotion of diversity, etc.)



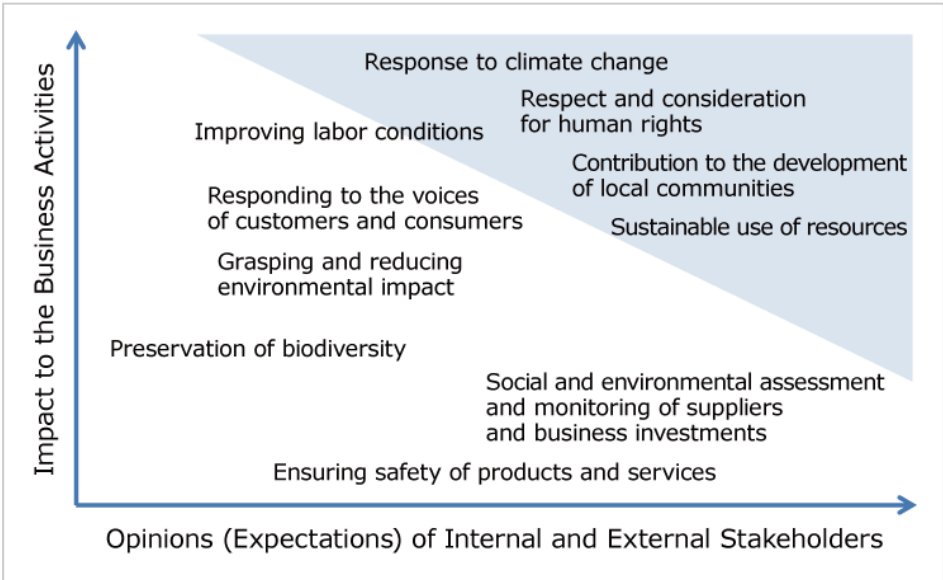
As we see progress in the diversification and globalization of businesses, we believe that it is important to develop diverse human resources as management resources of the company and to improve the workplace environment to enable those human resources to demonstrate their capabilities.

- * The Energy & Chemicals Company and Food Company have determined Materiality of their own in addition to above.
 - The Energy & Chemicals Company: Safe and reliable logistics
 - Food Company: Food safety and security
- * For further information about the specific initiatives, please see the Sustainability and Our Business (P39~67) and the Highlight (P28~38).

Selection and Review Process of the Materiality



Selection and Review Process of Materiality

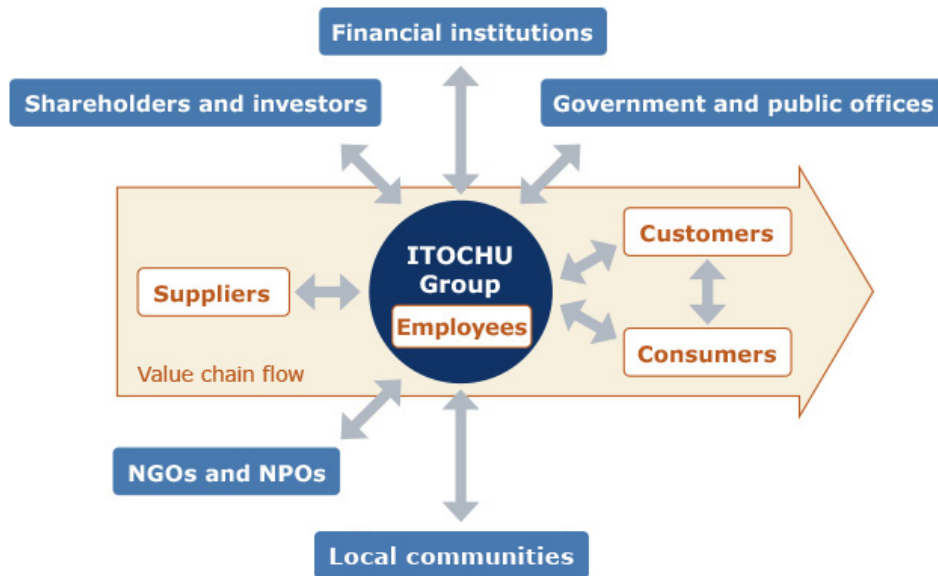


Materiality Matrix

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 sustainability 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 2016

ITOCHU Corporation management and outside stakeholders held a CSR Advisory Board meeting at the Tokyo Head Office on February 17 to discuss sustainability. The CSR Advisory Board was set up to facilitate a dialogue with external stakeholders about whether the direction of ITOCHU's sustainability approach matches the needs of society within the context of the diversification and expansion of ITOCHU's business activities.

Based on effectuation of the Paris Agreement in November 2016 as an international framework for the promotion of measures against global warming, this year's board discussion focused on "Impact of Climate Change on Business Activities," "Material Issues and Promotion of Sustainable Development Goals (SDGs)," "Expansion of ESG Investment" and "Information Disclosure to Stakeholders." Specialists from the financial sector, NGOs and academia provided their frank opinions based on such matters as the investment environment and other companies' trends during the lively discussion. They also expressed their hopes for ITOCHU, stating that ITOCHU Corporation's business activities including those on renewable energy are contributing to the solution of social issues and they hope ITOCHU will continue addressing those issues by expanding its businesses, taking environmental changes, such as climate change, as business opportunities. The opinions and input that the advisors provided will be reflected in future sustainability promotion efforts and, through dissemination of information, lead to enhancing understanding among stakeholders about ITOCHU's business activities.

Date	February 17, 2017
Topic	The Impact of Climate Change on Business Activities
Panelists	<ul style="list-style-type: none"> ● CSR Advisory Board members <ul style="list-style-type: none"> ● Ms. Masako Konishi, Deputy Director, Conservation Department and Climate Change Energy Project Leader, World Wildlife Fund Japan ● Ms. Mariko Kawaguchi, Senior Researcher, Daiwa Institute of Research Holdings Ltd. ● Mr. Yoshihiro Fujii, Visiting Professor, Graduate School of Global Environment Studies, Sophia University and Representative Director, Research Institute for Environmental Finance ● ITOCHU members (Job title at the time) <ul style="list-style-type: none"> ● Hitoshi Okamoto, Executive Advisory Officer, Senior Managing Executive Officer, CSO/CIO ● Fumihiko Kobayashi, Executive Advisory Officer, Managing Executive Officer, CAO ● Hisao Yakushiji, General Manager, Planning & Administration Department, Machinery Company ● Minoru Araki, General Manager, Planning & Administration Department, General Products & Realty Company ● Hiroya Ono, Manager, CSR Promotion & Global Environment Department (moderator)



Representative views of participants

The Paris Agreement is an international treaty that is legally binding and under which PDCA cycle is implemented by organizations on the United Nations' level. It is distinctive in that all nations, including developed and developing nations, make reduction efforts, and corporations and local governments are also involved in the implementation of countermeasures. There are moves which temporarily counteract the global momentum to address global warming, such as the policies of the Trump administration of the U.S. In the long run, however, as a common measure, the Paris Agreement will be more important than the political fluctuations of one country. ITOCHU Corporation's business activities — such as wind power generation in Europe that the company promotes jointly with the U.S. and CITIC, and the Karawang International Industrial City that is resistant to flooding and power outage and creates local employment- contributes to solving climate change and other social issues. I hope that the company will continue such activities by expanding its scale of business.



Ms. Masako Konishi

Initiatives on ESG investment in Japan were delayed compared to Europe. However, it has been making rapid progress, because of the Government Pension Investment Fund (GPIF) that was signed with the United Nations Principles for Responsible Investment (PRI) in September 2015. It has also resulted in growing concern about ESG investment. For example, investment managers evaluate companies based on ESG meeting and SDGs as the international framework. It is important to make quantitative, easy-to-understand explanations about measures for adapting to economic risks, such as the reduction of agricultural crop yield attributed to climate change, and contributions to social issues including the improvement of the quality of life of local residents.



Ms. Mariko Kawaguchi

Disclosure of ESG information is becoming mandatory globally. For example, the EU has put the Non-Financial Reporting Directive (NFRD) into effect and the Financial Stability Board promotes climate-related financial disclosures. It is necessary to aim for solutions to global issues including climate change through our main business and disclose information about the company's strengths to investors and stakeholders in a way that is easy for readers to understand. I believe that the next-generation company workers will not only pursue profit but also try to obtain job satisfaction in view of such aspects as their companies' future visions, value creation and social contribution activities. I think dialogues with such next-generation workers are essential for the sustainable growth of a company.



Mr. Yoshihiro Fujii

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 P24 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 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 P68 to read more about Sustainability Management 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 (P7)
- Policies Related to Human Rights (P19)
- Respect for Human Rights in Business Activities (P19~20)
- Human Rights in Our Supply Chain and Business Investment (P20~21)
- The United Nations Global Compact (P24)
- ITOCHU's CSR Action Guidelines for Supply Chains (P68)
- Internal Information Reporting System (Hotlines) (P153)

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 (P68~72)
- Business Investment Management (P73)

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 (P68~72)
- Product-by-Product Approaches to Sustainable Procurement (P74~75)
- Precautionary Approach to Environmental Risks (P81)

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, 426 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	153 people
Training for newly-appointed managers	52 people
Training prior to overseas assignments	221 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.



The "HR Help Guide Book" posted on the intranet

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. Measures we have taken so far for this purpose include the provision of human rights education through a guest lecturer from the Tokyo Metropolitan Human Rights Promotion Center and the reflection of 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 FY2017, 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 Disaster Risk Reduction
- the Committee of SRI/ESG
- the Committee of SDGs

Penetration of Sustainability at ITOCHU

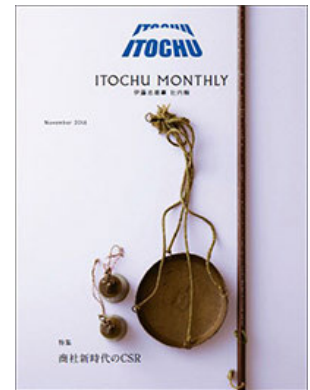
CSR Confirmation Test and Employee Questionnaire

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 FY2017, ITOCHU Monthly ran an article titled "CSR in the New Era of Trading Companies," which described model examples of activities by business partners and recent trends in global CSR. 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 6,481 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 FY2017, we see that the top-ranking CSR issue is "Sustainable use of resources." "Contribution to the development of local communities" and "Respect and consideration for human rights" were ranked 3rd or higher for two consecutive years, showing that employees have high awareness of these issues.



Response rate of the CSR employee questionnaire and confirmation test 2016

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	4,810	1,685	6,495
Number of respondents	4,810	1,671	6,481
Response rate	100.0%	99.2%	99.8%

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

1	Sustainable use of resources	54.0%
2	Contribution to the development of local communities	47.8%
3	Respect and consideration for human rights	47.3%

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 March 8, a CSR and Global Environment Seminar on "What Can Companies and Consumers Do to Create a Sustainable Society?" was held and three lecturers were invited: Ms. Rika Sueyoshi, CEO of the Ethical Association, Ms. Noriko Momose, Executive Officer of UNY Co., Ltd. and Ms. Haruka Yamada, from the CSR & Risk Management Group of FUJI OIL HOLDINGS INC. Ms. Momose and Ms. Yamada introduced their company initiatives and Ms. Sueyoshi talked about consumption activities leading to creating a sustainable society. In particular, many participants commented that they were very impressed with Ms. Momose's talk on how UNY's environmental initiatives have been raised to the present high level and that they want to think about what can be done in their own areas. In recent years, companies and individuals have been strongly urged to actively contribute to a sustainable society, such as through the launch of the Sustainable Development Goals (SDGs) of the United Nations and the coming into effect of the Paris Agreement, an international framework for global warming countermeasures. Participating in this seminar was an opportunity to think again about contributing to a better future on a day-to-day basis in individual businesses and as a consumer.



The three lecturers



Ms. Noriko Momose, Executive Officer of UNY Co., Ltd.

FY 2017	What Can Be Done to Create a Sustainable Society?
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 FY2017

Field/Region	Theme
PT ITOCHU INDONESIA	CSR for ITOCHU Corporation
ITOCHU (Thailand) Ltd.	CSR for ITOCHU Corporation



Seminar at PT ITOCHU INDONESIA



Seminar at ITOCHU (Thailand) Ltd.



Highlight in the Field of
Respect and Consideration for Human Rights



Highlight in the Field of
Contribution to Local Communities

CSR Reportage Vol.2 Index

- ✓ 1. Introduction
- ✓ 2. About the Charoen Pokphand Group
- ✓ 3. Mechanized, highly-efficient feed mills
- ✓ 4. A poultry processing plant where not a single drop of water falls
- ✓ 5. Into the hands of consumers
- ✓ 6. Conclusion



Rika Sueyoshi

CEO, Ethical Association

Rika Sueyoshi has entertained viewers as a "mystery hunter" on the hit TBS show, "Sekai fushigi hakken!" Over time, however, she has become more and more aware of environmental issues, human rights issues, and other problems around the world. As a result, she was moved to establish the Ethical Association in 2015. Since then, Sueyoshi has made it her mission to raise people's awareness and convey the value of "ethical" and "ethical production& consumption" by speaking at companies, high schools, universities, and at events across Japan.

What does it mean to be ethical in our daily lives? It means considering the human, social, environmental, and local implications of both production and consumption, including local development and employment. On a recent visit to Charoen Pokphand Foods (CPF), I learned that this company is deeply engaged with ethical management and production. As consumers, we may be unwittingly complicit in environmental destruction, forced labor, child labor, or animal abuse. More and more, consumers want to know where the products they consume come from and how they are made. Consumers want companies to take more responsibility in reducing risks by making sure the entire supply chain engages in ethical practices. One of the basic challenges facing ethical business is the way that kind of thinking is simply not widespread enough. But if leading global companies like CPF make their products in an ethical way, then consumers can use those products without worrying about whether or not the products are made in an ethical way. As a result, companies will more widely adopt ethical practices and consumers themselves will become more aware of these issues. Let's take a look at how CPF supplies consumers with ethical products.

1. Introduction

One of the most memorable aspects of my visit to Thailand was my visit to the Fresh Mart supermarkets which are part of the Charoen Pokphand (CP) Group. Fresh Mart, with 410 stores in Thailand, carries a wide range of goods, from perishable foods to processed foods, frozen foods as well as convenience store household goods. 70% of Fresh Mart goods are produced by CPF/Charoen Pokphand Foods (CPF). What struck me most as a really forward-thinking and meaningful initiative was this: There is a barcode on all CPF products in the store. Consumers can use a special application to read these barcodes to find out exactly what is in the products and to trace the product's entire manufacturing history. There are numbers on each and every egg so shoppers can find out the farm where that egg was laid. When consumers are given this level of control, they gain peace of mind. It would not be much of an exaggeration to say that I felt I was seeing the future of ethical consumption.

On this trip, I had the opportunity to tour companies in the CP Group, including CPF's Bangkok headquarters, which has overall responsibility for the company's food products and animal feed businesses. I saw both an animal feed plant and a poultry processing factory and I also had the opportunity to visit the convenience store I mentioned earlier. In other words, I could see that the production process - from feed production to poultry processing - is maintained entirely in Thailand. It is a fully integrated production process that is run entirely by the company. The company has a management philosophy that is very similar to sampo yoshi (benefits for three parties: the merchant, the customer, and society at large), the bedrock principles of Japan's Edo-era merchants. It is the philosophy that guided the founder of the trading firm Itochu, Chubei Ito.

2. About the Charoen Pokphand Group

In 2014, Thailand's largest conglomerate, the Charoen Pokphand Group (the CP Group) became the leading shareholder of Itochu. Like most Japanese observers, I was astonished to see these two companies forming a financial and business partnership. With nearly 300 companies in its corporate group, and annual sales of over 4 trillion yen, the CP Group is Thailand's largest private corporation. The Group has nearly 300,000 employees, sells its products in over 100 countries, and is one of Asia's leading conglomerates. Founded by a pair of Chinese immigrant brothers in 1921, the company started out selling vegetable seeds in Bangkok. The company's core animal feed business is one of the largest in the world, and since the CP Group established the integrated corporation CP Feedmill (now CPF) in 1998, the company is involved in feed production as well as livestock and product production, food processing, and retail, with CPF playing the largest role in the corporate group.

3. Mechanized, highly-efficient feed mills

On my tour of CPF, I first paid a visit to the Pak Thong Chai feed mill. The plant is in a suburban area about a four-hour drive to the northeast from Bangkok city center. CPF currently has 12 feed mills in Thailand, and these plants are usually located away from city centers. That's because feed mills need to be close to the farmers who produce corn, the basic raw material for animal feed. These plants also have to have good access to poultry farms. The feed mill has gigantic towers that soar above the plant. On entering the plant, I was amazed at how clean and sanitary it is, how hi-tech the operation is, and how few people seemed to be working there. All production - from running the machines that grind the corn to a size that is easily digestible by chickens, to enriching the feed to make it more nutritious - is highly computerized. Strict measures are in place to make sure that people coming into the plant don't carry in anything that could contaminate the feed. The plant is extremely attentive to sanitation: each and every truck that transports the feed to poultry farms is sterilized. At the same time, feed is shipped using the shortest route possible and the greatest speed to minimize the possibility of bacterial contamination between the plant and poultry farms (shipments are limited to single destinations and shipments are monitored by satellite). There are only about 60 employees working at the plant (an average plant of this size would have around 100 employees). I wondered if this might not be enough people run a plant as large as the Pak Thong Chai feed mill. What I realized is that, by using factory automation systems, this plant can be run by fewer workers. The plant is also designed to



The Pak Thong Chai feedmill

be as environmentally responsible as possible. For instance, they use biomass in the form of corn cobs to fire the boilers that bring the feed up to high temperature. And, uniquely, the plant grounds have abundant plantings. Currently, 45% of the plant grounds are forested. It would seem that these sorts of ongoing initiatives provide benefits not just for the employees working at the plant, but for neighboring communities as well. The person showing me around the plant was always using the expression "hygienic feed." There is no question that food safety starts with the feed plants at the upstream start of the food production process. I realized that that is a serious responsibility.

4. A poultry processing plant where not a single drop of water falls

Before I get into a discussion about the poultry processing plant, I should say something about what kind of poultry CPF handles. Many years ago in Thailand, free-range chickens were raised by farmers. But there is a limit to how many chickens can be raised this way and due to inconsistencies in bird size it is hard to process them using machinery. To deal with these issues, in 1970 the CP Group decided to introduce broiler chicks from Arbor Acres in the US. A broiler is basically a chicken that is bred for its meat. These birds grow to maturity faster than regular chicken and they grow to more or less the same size. They also produce a lot of meat. From the beginning, the CP Group contracted with farmers to provide them with financing and instruction in how to build poultry houses. The farmers were also provided with chicken feed.

In this way, the CP Group has expanded contract production and won the trust of the poultry farmers. In the late 1970s, the CP Group began building a system that integrated feedmills, chick hatcheries, chicken farms, slaughterhouses, and processing plants into a single production process, or "extreme vertical integration." An approach that consolidates mass production from upstream processes to downstream processes in a single area makes it easier to reduce the risks and facilitate early detection of disease that can be a problem in the feeding of poultry. An integrated process is also essential to ensure that the final products have traceability and that it be safe. Before I took the plant tour, I spoke with CPF Executive Vice President of Poultry Business, Mr. Siripong Aroonratana. CPF contract farms are currently divided into areas where employees live and work and poultry farming areas where broiler chickens are raised, and careful attention is paid to both areas. The CP Group is also proactively engaged in animal welfare in response to the demands made by consumers and distributors in the countries to which the company ships its products. Chicken produced by the CPF Group meets the tough standards of the UK grocery chain TESCO, which is known for its rigorous standards even in the UK itself, which means it can meet the standards of virtually any country in the world. Animal welfare initiatives would seem to be pretty popular within the company itself: Consumers are protected when the birds are well cared for and that in turn leads to increased exports.

I next toured a poultry processing plant about 30 minutes by car from the Pak Thong Chai feedmill. What I realized when I entered the grounds of the facility is that it's not so big that you can't walk all around the plant. In some places, there were plantings that brought to mind an English garden, and you'd never know that this is a poultry processing plant. The processing plant itself is an enormous oblong building. I had the opportunity to view the various processes. Chickens that have been carefully raised on the farm are shipped to the facility where they are processed by a combination of machines and human hands. I was able to see before me the entire production flow to the final product. The thing that I found most surprising was that I could not find a single drop of water or blood on any of the floors or shelves of the plant. I assume that this is a result of the plant operators' unwavering pursuit of food safety and hygiene. The only tasks that are performed by human hands are the process of cutting up the chicken into parts for various purposes and product inspections. Everything else is done automatically by machine. The plant processes and ships 380,000 birds every day. The frying oil used to prepare frozen food products like chicken nuggets and deep-fried chicken is Roundtable on Sustainable Palm Oil (RSPO)-certified. The plant continually monitors the oil's degree of oxidation, and when the oil can no longer be used, it is recycled as fuel for the vehicles used in the plant. Something I found particularly striking is the how strongly the CP Group embraces diversity. Although around 60% of the 6,000 people who work at the plant are Thai, the remaining 40% are Cambodian. So they can be readily identified and responded to in their own language, Cambodian workers wear different uniforms from their Thai co-workers. Much the plant's signage is in Thai, Cambodian, and English. There is a dormitory on the plant grounds to house Cambodian workers.



CPF Executive Vice President of Poultry Business, Mr. **Siripong Aroonratana**

CPF QUALITY ASSURANCE STANDARDS			
System	Feedmill	Farm & Hatchery	Processing Plants
Food Safety Standards	Bio-Security GMP HACCP	Bio-Security GMP HACCP GAP	Bio-Security GMP HACCP European Standard Approved Halal Food Security
Food Quality Standard	ISO 9001	ISO 9001 Animal Welfare Practices Genesis GAP, UK	ISO 9001 Animal Welfare Practices Genesis GAP, UK BRC Global Standards (BRC), UK
Guaranteed Disease Free and Antibiotics & Pesticides Free		Pre-catching test : Avian Influenza Newcastle Disease Pesticides Salmonella etc.	Post-catching test : Newcastle Disease Antibiotics Pesticides
100% Traceability compliance			

Safety & Health & Environment			
	Feedmill	Farm & Hatchery	Processing Plants
SHE Policy •Safety •Health •Environment	Environmental Management System -ISO 14001 -CPF SHE MS	Environmental Management System -ISO 14001	Environmental Management System -ISO 14001 -Occupational and Health Management System -OHSAS / TIS 18001 -CPF SHE & En
Thai Labour Standard	Thai Labour Standard system -TIS.8001-2010	Thai Labour Standard system -TIS.8001-2010	Thai Labour Standard system -TIS.8001-2010

What I found remarkable was the crisp, efficient way the workers do their jobs, and the evident pride they take in their work. Respect for the human rights not only of the people working at the plant, but of everyone involved in the supply chain is crucial for the sustainability of a global company like CPF. Mr. Siripong emphasized that one of the features of his company is that it meets the strictest international standards (HACCP {hazard analysis and critical control points}, Animal Welfare, etc.) because, as I mentioned earlier, the company does a lot of business in Europe. And CPF participates in the United Nations' Global Compact initiative in support of human rights, labor, environment, and anti-corruption efforts. I saw that this is a workplace where there would be no problem at all for snap inspections to be made by anyone at any time. I could see how motivated both management and employees are to maintain the highest of standards and practices.



At the entrance to the Nakhon Ratchasima Factory (CPF Korat)

5. Into the hands of consumers

The final products are shipped not just within Thailand, but around the world. In Thailand, the products can be purchased at supermarkets and Fresh Marts that are affiliated with the CP Group. There is always a barcode on CPF products sold in the extraordinarily clean Fresh Mart stores. The barcodes allow consumers to track the materials and production processes associated with the products, as I mentioned at the beginning of this article. We can say that CPF is contributing to the SDGs (Sustainable Development Goals), which has been announced by the UN in 2015, target 12: responsible production and consumption. I think the pace of ethical approaches throughout the food system will really pick up once this system expands worldwide.



CP Fresh Mart



Inside a CP Fresh Mart



Inside a CP Fresh Mart



Attractive display of CP Group products in the store



Eggs have 100% traceability

I tried out some fried chicken at Chester's, a fast food chain that is also part of the CP Group. The chicken was juicy and absolutely delicious without even the hint of an odor. Even though my visit was on a weekday, the store was bustling with Thai customers, from children to seniors, and everyone was enjoying the chicken.

What are we going to do in the year 2050 when the world's population is going to be nearly 10 billion people? CPF has a business strategy that extends that far into the future. Under the banner of "becoming the world's kitchen, Kitchen of the World" CPF is now exporting safe foods to over 30 countries (40% of which goes to Japan) and feeding a total of nearly 300 million people. I could readily see that the company is moving forward boldly with this remarkable initiative.

The Three Benefits: For the Country, For the People, For the Company

The CP Group's company policy/philosophy is the Three Benefits: "For the country, for the people, for the company." One of the cornerstones of this magnificent business philosophy is CSR & Sustainable Development, which is spearheaded by CPF's CSR&SD Department. I spoke with Senior Vice President Mr. Wuthichai Sithipreedanant, who leads that organization.

CPF's CSR initiatives are focused on Food safety, Self-sufficient societies, and Balance of Nature. The most interesting thing for me in this context is the strong support that the company provides to small farmers, the community empowerment that CPF supports in the areas around its farms and plants, and the education that the company provides for children. CPF will have a positive impact on communities through the creation of win-win partnerships with nearly 50,000 small farmers, which are the mainstays of agriculture and food, by the year 2020. Mr. Wuthichai is also enthusiastic about supporting senior citizens living in rural areas. In addition to the CPF employees who volunteer to go out each



(From the left) CPF CSR & Sustainable Development Senior Vice President Mr. **Wuthichai Sithipreedanant**, the **author**, Ms. **Murakami** of Itochu, CPF Global Sustainability Network Assistant Vice President Ms. **Patcharaporn Sagulwiwat**

month into the community and provide personal assistance to seniors who have been left behind by their families and society, donations are made on behalf of seniors by a foundation that is bankrolled by CPF. In partnership with the Thai government, CPF is sponsoring "Growing Happiness, Growing Future Project" for more than 600 schools in the vicinity of company plants and farms. The program has educated nearly 150,000 schoolchildren about food safety, agriculture, poultry and fish farming. The company launched an interesting project in 1989, "Raising Layers for Student's Lunch Project." This program teaches students how to raise layer chickens that produce eggs which are rich in excellent protein. And of course the chickens themselves provide protein. This is truly an example of the old adage, "give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime."

No matter what the project, it takes a highly-motivated workforce to get good, long-term results. A total of nearly 100 CPF employees, including the organizational heads in each business division, are involved as CSR leaders. These are the people who are blazing a trail for the rest of the employees in advancing vigorous CSR activities. I learned through my tour of CPF's operations that CPF's engagement in CSR initiatives goes well beyond Thailand, and its reach is beginning to extend throughout Asia.

6. Conclusion

In my visit to CPF, I saw only a small portion of the company's feedmills, processing plants, and retail stores. However, I did get to see with my own eyes the actual places where the food we buy every day here in Japan is made. In that sense, I learned a lot. Although it is hard to image that a gigantic global corporation like the CP Group would be managed in a sustainable and transparent way all the way from the upstream end to the downstream end of the production process, it turns out that this company has a very clear sense of mission and a firm commitment to society and to people even as the corporation continues to grow and develop. It would not be overstating the case to say that this company offers compelling evidence that there is no need to make compromises in balancing sustainability against business growth. In its engagement with sustainability, the CP Group is succeeding in reducing costs, innovating in its use of energy, and hiring and retaining top-quality human resources.

I would like to close with a proposal : The corporate philosophy of the "Three benefits," i.e., "For the benefit of the country (society), the people (purchasers), and the company (the seller)" actually accords quite nicely with Itochu's concept of sampo yoshi, "the good for three parties," i.e., for the seller, the buyer, and society. That's why I am convinced that good things will come of these two companies joining hands. To "the good for three parties" I would like to add two more "goods": good for the producer and good for the future. I would like to see the CP Group continue to show to the world this philosophy of "the good for five parties."

Highlight 2017

Initiatives in Preventative Medicine Using IT



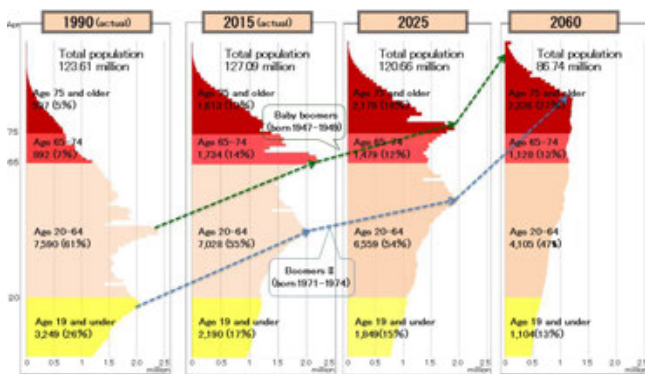
Highlight in the Field of Contribution to Local Communities

1. Health issues facing Japan in an age of ultra-low birth rates and ultra-advanced aging

Japan boasts one of the world's longest lifespans thanks to an elevated standard of living and advanced medical care. At the same time, the country is facing low birth rates and has entered an age of ultra-advanced population aging that is unprecedented on a global scale.

Ultra-advanced population aging is driving fears of a decline in the labor force, lower social vitality, and a subsequent decline in income levels. Furthermore, the cost of social insurance, including medical expenditures and pension, which combined exceed 40 trillion yen, are placing a massive burden on the national budget. These factors give rise to concerns of the burden that will be placed on the working population.

Changes in Japanese Population Pyramid

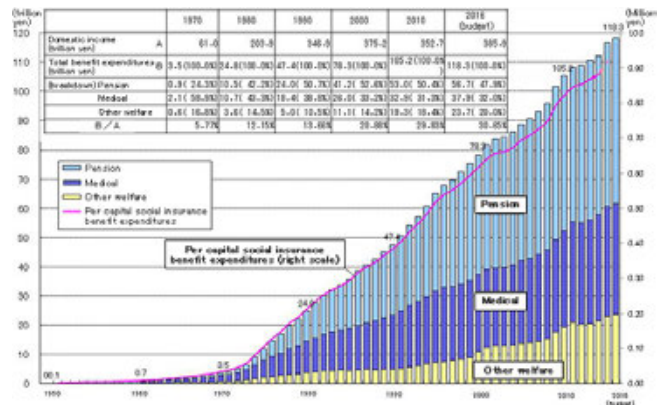


Source: Ministry of Internal Affairs and Communications Population Census, National Institute of Population and Social Security Research "Japan Future Population Trends" (January 2012 Estimates): "Medium-Term Birthrate and Death Estimates" (populations as of October 1 for each year)

- * In 2025, when all members of the baby boomer generation will be age 75, Japan's population of people age 75 and older will reach 18%.
- * In 2060, the population will decline to 86.74 million people but approximately 40% will be age 65 and older.

Accounting to the Population Census conducted by the Ministry of Internal Affairs and Communications, the rate of elderly persons age 65 and older is projected to increase annually, with 1.8 members of the labor force being required to support a single elderly person by 2025, which the baby boomer generation reaches the advanced age of 75 and older. The country is facing a state requiring the immediate optimization of medical care and nursing care.

Transitions in social insurance benefit expenditures



Materials: National Institute of Population and Social Security Research "FY2015 Social Insurance Expenditure Estimates", FY2016 and FY2017 (budget) are estimates by the MHLW, FY2017 domestic income taken from "FY2017 Economic Projections and General Status of Economic and Financial Management (Finalized by Cabinet on January 22, 2016)"

- * Figures in chart are social insurance benefit expenditure amounts (trillion yen) for 1950, 1960, 1970, 1980, 1990, 2000, 2010, and FY2017 (budget).

As Japan experiences rapid population aging, achieving a society with vitality requires that many more elderly persons live in good health for as long as possible that, regardless of age, they apply their wisdom and experience towards proactively involvement in society. In this way, the prevention of lifestyle diseases such as hypertension and diabetes will become a vital issue.

Individual health management is vital to the prevention of lifestyle diseases but it would be extremely difficult for individuals to continuously collect the same data on a daily basis. For this reasons, there is a need for the creation of a framework for using IT, including the automated collection of data, to make health management easier. The creation of a framework that enables individuals to easily work towards lifestyle disease prevention will not only enable individuals in society to live more enriched lives, it also will contribute to reducing social insurance costs and the burden of nursing care being borne by the working population.

In the field of corporate management, the 2015 launch of the "Data Health Plan" (MHLW) and selection of Corporate Health Achievement Award winners (METI, TSE) triggered a new trend in health management*.

In Japan, which is simultaneously facing labor force decline and increased medical expenditures, for both corporations and individuals per capita health insurance costs are increasing annually. Corporations working proactively to resolve this issue will not be able to avoid cost increases resulting from poor health. The costs borne by corporations in relation to poor health will include not only identifiable costs such as those attributable to medical care expenditures and leaves of absence, but also declines in productivity due to employees who report to work with an illness or condition. This decline in productivity, which can be the most difficult to assign a numerical value, is actually believed to be the greatest cost to companies. Through the daily promotion of health improvement among employees, companies can not only help maintain employee health but also improve labor productivity and enhance corporate competitiveness. As such, health management, which involves the simultaneous management of employee health and productivity, is becoming a management benchmark by which investors are evaluating investment value.

* About health management: To apply a business management perspective towards conducting strategic health management of employees, etc. Investing in employee health as part of corporate principles works to invigorate an organization, including resulting to greater employee vitality and increased productivity. These investments are expected to lead to improve performance and increase stock price.

2. Itochu Group preventative care × IT business

Since July 2006, Itochu has been expanding its healthcare-related businesses in the domains of disease prevention and health improvement through our subsidiary Wellness Communications Corporation (WCC). Recently, we have been applying our cumulative knowhow to offer services that provide full support to companies practicing health management.

— Health Management Support Service

Help for corporate health management work [Health Support System]

The work conducted by HR and corporate affairs departments covers a broad spectrum that includes hiring, training, assignments, evaluations, wage calculations, tax preparation, labor negotiations, and more. The health management work needed today requires handling the data of each individual employee, and requires significant detail-oriented labor, including the timely and appropriate coordination of health examinations or comprehensive checkups based on individual needs. The workload required for health management can become a significant burden.

WCC applies its many years of experience towards providing the Health Support System (HSS), an enterprise-level cloud-based health management solution.



The digital management of data previously managed using papers enables easy analysis of the health status of employees. In addition to employees requiring reexamination, the system can also identify at-risk employees, providing a tool that can be used to prevent disease. With various work structures, age ranges, and industry laws and regulations, each company faces its own diverse range of issues related to health. The Itochu Group contributes to enhancing corporate health management by providing custom total solutions featuring consulting on the establishment of corporate policy related to health management and proposals for systems that will enable workstyle reform.



The service model of H.S.S

Increasing worker health awareness and creating a healthy workplace [Re:Body]

Itochu collaborated with NTT DOCOMO and WCC to provide enterprise-level services related to creating a healthy workplace using the corporate health management and improvement support mobile app Re:Body.

Re:Body is a health awareness improvement system that helps individual workers check and manage data related to their body and health to promote healthy lifestyle habits.

Typically, medical support in the form of indicating that treatment is necessary is provided when abnormal results are returned after a medical exam or comprehensive checkup. However, as it stands, workers simply receive feedback indicating they are at risk of a lifestyle disease but no disease prevention measures are implemented. Improvement is completely up to whether or not the individual takes proactive action to address the condition.

For individual employees working towards disease prevention, we need a system that allows employees to take action passively, turn this action into a daily habit, and address health issues based on individual data.

Re:Body was developed with the objective of propelling employee healthy lifestyles to the next level by utilizing a company that manages individual health data from health examinations.

In addition to functions that allow the user to browse and compare results from annual health examinations, Re:Body can link to a wearable device or body composition scale to enable the browsing and centralized management of data required for health management, including steps, weights, body composition, and calorie intake. By adding a function for communicating with registered dietitians and other experts, we can go beyond the management and browsing of health data to enable functions that allow users to receive health improvement advice.

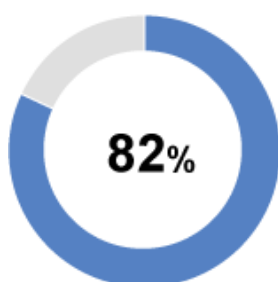
Prior to nationwide release in FY2018, in January 2017 Itochu first conducted a two-month Style Up Program for 100 young employees with BMI results above a certain line. The program featured used the Re:Body app and health guidance services providing one-on-one advice from experts.



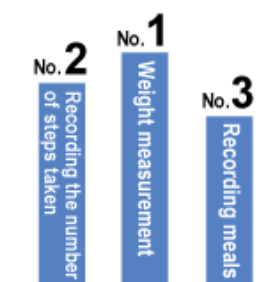
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Style UP Program ; Results and participant feedback

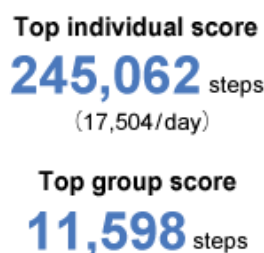
Health Consciousness Changed



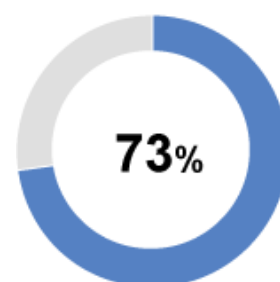
Factors Where Style-Up Was Effective



Walking Event



Can Continue the Style-Up Lifestyle from Now On



Comments from Style Up Program participants

- I like having visual references for my weight and other information. Dieting with friends and confirming our respective progress together helped me maintain my motivation.
- The visualization of data made it easy to maintain my motivation. The dietary advice was extremely helpful and motivated me to be careful.
- I think a positive point of this program was the emphasis on increasing awareness of improving dietary choices, exercising, and focusing on a more long-term commitment to creating a healthy body. I actually feel like my lifestyle rhythm has improved.
- Participating didn't require a lot of my time so I was able to maintain balance with work and participate without feeling any stress.

	Average before	Average after	Average rate of reduction	Maximum rate of reduction
Weight	82.6kg	79.8kg	3.3%	12.7%
Body fat ratio	24.7%	23.7%	4.0%	17.0%
Waist measurement	94.1cm	89.7cm	4.7%	19.6%



— Our vision for IT + healthcare

Itochu aims to contribute to maintaining Japan's high service quality while constraining expanding medical care costs by proactively applying the IT we have provided to industries in the healthcare domain.

For example, through the utilization of IT, we can digitize data related to people's health status and activity history to enable more scientific analyses. Analyzing and comparing past medical data can lead to future disease prevention as well as evidence-based diagnosis and treatment.

IT + healthcare has seen dramatic changes in both environment and technology over the past 10 years. We are seeing the emergence of various technologies, including infrastructure development driven by the dissemination of internet and wireless communications, the development of highly functional wearable devices driven by advancements in semiconductor technology, advanced big data analysis technology using AI, and robot technology, Japan's particular area of expertise. Further propelled by government initiatives to promote the advancement of remote medical care, these technologies are gaining momentum and are likely to present new business opportunities.

— Developing the Itochu IT + Healthcare business globally

Through collaboration with CITIC, we are expanding the health and medical care service infrastructure and management knowhow developed in Japan into Asia and other overseas markets. Population aging and increased lifestyle diseases is becoming a serious problem in other parts of Asia as other countries are beginning to face the problems related to rising medical care costs and national budget constraints. We will aggressively expand our IT + Healthcare service into markets throughout Asia and around the world.

Itochu believes that one of our greatest missions is to support people's health. We will provide comprehensive service infrastructure and healthcare IT to support the universally common desire of living a healthy, enriched life and to contribute to promoting medical advancements and improved health in Japan and around the world.

Toward the provision of healthcare services that realize health management

Yasuhide Matsuda

President

Wellness Communications Corporation

Since our founding, we have embraced the management principle of "Communications for Everyday Health". As part of our pursuit to be professionals charged with handling health data, we strive to create healthcare services that people want to engage in and continue by offering convenient and unique experiences based on such attributes as gender, age, and region.

With advancing population aging, rising medical expenditures are placing great strain on the national budget. Amid such an environment, society is in need of products and services that help prevent disease and the need for nursing care. However, there are various unseen hurdles to starting and continuing a healthy lifestyle. We are working to innovate our core business and strengthen our operating platform in order to take a leading role in fostering this developing market. In doing so, we will provide the services that will eliminate these hurdles and be able to respond to sustainable corporate ways and lifestyle of people.

Comments from Re:Body app service developer

Yuki Matsushita

Project Leader

Information Technology Business Department

Desiring to promote health awareness reform among employees through health care IT, I developed a tool that would serve as an opportunity to reevaluate personal lifestyle habits and increase health awareness. To foster continued health awareness, participants were asked to take daily records of their body weight, exercise, and meals. Personalized messages from a health coach helped transform health management from something that other people did into something that was a part of the individual's daily routine, which helped maintain motivation. I too used this service and gained a renewed sense of awareness regarding the importance of daily exercise and food management. I hope to use this type of IT service to provide health solutions and support improved health.



Textile Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

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

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







Shuichi Koseki
President, Textile Company

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

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Apparel Division 1	Promotion of environmental conservation- oriented business	Propose environmentally friendly and ethical materials such as recycled polyester fibers and organic cotton, as well as recycling-oriented businesses such as recycling, in the uniform business.		We proposed fabrics that use recycled polyester as materials of uniforms such as office uniforms and work clothes and continued to deliver them throughout the year.	Improve the brand image of subject companies through measures such as proposing environmentally friendly and ethical materials, including recycled polyester fibers, as well as recycling-oriented businesses such as recycling, in the uniform business.	2.	1.	12.
Apparel Division 2	Promotion of environmental conservation- oriented business	We will try to expand the usage of OC by handling both POC and our new yarn brand "ONE (Organic natural Ethical) COTTON," which was launched in May 2016.		The transaction volume of our new yarn brand "ONE COTTON" increased, contributing to the adoption of OC in the Japanese market.	Continue to focus our efforts on increasing the visibility of the ONE COTTON brand through measures such as holding trade shows, aiming for the continued adoption of OC in the Japanese market.	2.	4.	1. 3. 4. 12.
Brand Marketing Division 1	Consideration of social issues, promotion of environmental conservation business	Carry out social contribution activities related to the brands and products we handle.		The brands we handle co-sponsored an outdoor festival for families and the "ITOCHU Children's Dream Fund."	Carry out social contribution activities related to the brands and products we handle.	2.	1. 2.	4.
Brand Marketing Division 2	Stake holder engagement	Continue support of Borneo Conservation Trust through Hunting World Japan (including activities to preserve a total of 3.1 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts.)		In FY2017, worldwide sales of charity goods were approximately 200 million yen (on a retail basis). Hunting World Japan diverted 1% of the sales to Borneo Conservation Trust to support its activities.	Continue support of Borneo Conservation Trust through Hunting World Japan (including activities to preserve a total of 3.1 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts)	2.	2.	13. 15.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
All Divisions	Supply chain management	Conduct CSR checks of suppliers, share the issues facing the textile industry and seek solutions to social issues.		Conducted a field survey of a supplier, identified concerns, and addressed them meticulously.	Conduct CSR checks of suppliers, share the issues facing the textile industry and seek solutions to social issues.	3.	3.	5. 6. 8. 13.
		Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters- organized seminars, training and industry lectures.		Took part in multiple Headquarters- organized seminars and deepened employees' knowledge.	Endeavor to educate employees, deepen their awareness and prevent various risks by actively attend Headquarters- organized seminars, training and industry lectures.	4.	1.	5. 6. 8. 13.

*1 :Achieved :Nearly achieved :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

Major Sustainable Initiatives

— Power Generation at SANKEI Plant as a Global Warming Initiative

SANKEI Co., Ltd., a subsidiary of ITOCHU, is a total supplier that supports manufacturing in the apparel industry by providing comprehensive services ranging from the provision of clothing materials to OEM of products. In August 2013, the company started solar power generation by installing solar panels on idle land on the premises of its Mikuni Plant in Fukui Prefecture, which is its base for the production, processing, and distribution of clothing materials. In August 2015, the facility was expanded to increase its annual generation capacity to 2 million kWh. As a result, the output was 2.37 million kWh in FY2017, with cumulative total output since the introduction at 5.05 million kWh. The facility thus contributes to creating clean energy. Also, in March 2012, the plant introduced a biomass boiler that uses wood biomass fuels. This boiler makes effective use of wood waste and wood chips generated in wood processing, wood from industrial waste, and other wood materials in addition to providing a cost advantage over the use of LPG as the conventional fuel. As a result, the boiler cut CO₂ emissions by 1,142 tons in FY2017 and by a cumulative total of 7,829 tons since its introduction. In this way, Mikuni Plant is tackling global warming by reducing CO₂ emissions.

■ Hunting World's Activities to Support Borneo

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



Charity bag by Hunting World



Panoramic view of the rescue center

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

■ Supply chain management system aimed at sustainable manufacturing

Our optimal global location sourcing system, which is at the roots of the Textile Company, also takes into account labor practices and the environment in the supply chain to promote sustainable manufacturing. We think it is important to gain the understanding and cooperation of suppliers with regard to our procurement policies, and to that end we pursue initiatives with suppliers that are consistent with ITOCHU Corporation's CSR Action Guidelines for Supply Chains. We also conduct ongoing monitoring surveys of Japanese and overseas production plants, including those of Group companies. In FY2017, we conducted a field survey of PT.SANKYO INDONESIA, which manufactures electric blankets, with external specialists. We will continue striving to improve the accuracy of supply chain management.



Field survey of PT. SANKYO INDONESIA

Machinery Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

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

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

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







Kazutaka Yoshida
President, Machinery Company

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Growing needs for leading-edge medical devices in advanced countries as their societies ● Participation in renewable energy projects, including geothermal and wind power generation ● Initiatives in water-related businesses in response to increasing demand for water 	<ul style="list-style-type: none"> ● In infrastructure-related businesses, consideration for environmental protection, local communities, and human rights in development regions ● In medical businesses, response to the rapid aging of society ● Response to a low-carbon society by utilization of renewable energy

Sustainability Action Plans

Key Points of the FY2018 Action Plan

In FY2018, we will consider the impact on the environment as we continue to actively develop our social infrastructure businesses, including renewable energy-related businesses such as wind and geothermal power, waste treatment and power generation businesses, water-related businesses such as seawater desalination and railway-related businesses.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Contribute to addressing water shortage and improving life infrastructure by working on desalination, water supply and sewage projects.		Continued to manufacture and supply RO membranes for maintenance of existing RO plants.	Contribute to addressing water shortage and improving life infrastructure by working on desalination, water supply and sewage projects.	2.	1. 2. 4.	3. 6. 12.
	Effective use of renewable energy	<ul style="list-style-type: none"> Target plant construction at the stable operation of the geothermal power generation project. Supply clean electricity through wind power generation projects. 		<ul style="list-style-type: none"> Geothermal power (Indonesia): Started commercial operations at first unit in March 2017. Wind power: Continued with operations at Keenan II and Shepherds Flat projects in North America. New projects: Invested in an offshore wind power plant in Butendiek (Germany) in March 2017, and in a power plant in Cotton Plains (North America) in April. 	<ul style="list-style-type: none"> Geothermal power: Maintain stable operations at first unit, and continue with plant construction to ensure stable operations at second and third units. Wind power: Supply clean power via the following renewable energy projects. [USA] 1) Keenan II wind power project 2) Shepherds Flat wind power project 3) Cotton Plains wind/solar power project [Europe] 4) Butendiek (Germany) offshore wind power project 	2.	1. 2. 4.	7. 13.
	Maintain and improve public health	Contribute to reduce direct landfill waste and greenhouse gases through initiatives for waste incineration power generation projects.		Involved in four energy-from-waste projects in the UK, and working to develop new energy-from-waste projects in the Middle East, Europe, etc.	Make a direct contribution to reducing waste sent to landfill and cutting greenhouse gasses, by working on energy-from-waste projects.	2.	1. 2. 4.	3. 7. 13.
Automobile Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving and other topics.		Co-Organized seminars at Isuzu's Hokkaido test course, aimed at improving transport efficiency, reducing accidents, saving fuel while driving, etc.	Conduct CSR surveys and site visits, and monitor improvements in priority areas in particular, since starting surveys the year before last.	2.	4.	13.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Construction Machinery & Industrial Machinery Division	Continuation of environmental conservation-oriented businesses and contributions to local communities	Advance preparations for mass production of drive units for electric power-assisted bicycles and sales activities, aiming to begin marketing the products in the second half of FY2017.	🌱🌱🌱	Started taking mass production orders. Scheduled start of mass production shipments from the first half of FY2018.	Continue to secure orders and fulfill mass production shipments. Open up business talks for model units in 2018, through exhibitions, etc., and continue with activities targeting built-in specifications.	3.	4.	3. 11. 13.

*1 🌱🌱🌱 :Achieved 🌱🌱 :Nearly achieved 🌱 :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

Major Sustainable Initiatives

Participation in geothermal power generation project in Indonesia

In Indonesia's Sarulla region in North Sumatra, one of the world's largest geothermal power projects (net capacity of 320.8MW by three units) is underway by Sarulla Operations Ltd. (SOL), which was jointly established by ITOCHU Corporation, Kyushu Electric Power Co., Inc., INPEX Corporation, PT Medco Power Indonesia, and Ormat Technologies, Inc.(USA).

In 2013, SOL signed a 30-year long-term, power purchase agreement with Indonesia's state-owned electricity company, and began the construction of power plant and steam field drilling, of which commercial operation of the first unit commenced on March 18, 2017. With ongoing construction, the second unit is set to achieve commercial operation in 2017, followed by the third in 2018.

Indonesia stands out as the home of one of the world's largest geothermal reserves and the Indonesian government is aggressively promoting its development as a strategic source of electricity. Amid growing infrastructure demand around the world, ITOCHU continues to promote investments in business opportunities which make contributions to the economic development of emerging countries with due consideration paid to environmental protection and local communities.



The first unit of the Sarulla Geothermal IPP Project

- A stable supply of water, essential for life

- **The largest seawater desalination project in the Sultanate of Oman –**

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



Seawater desalination plant (under construction)

Metals & Minerals Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

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

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

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

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

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






Eiichi Yonekura
President, Metals &
Minerals Company

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Proliferation and gain in momentum of solar and other types of renewable energy ● Progress in the biomass power generation business and expansion of the market for biomass fuels 	<ul style="list-style-type: none"> ● Sustainable resource development with consideration for local communities, working environments, and the environment ● Thorough enactment and ongoing monitoring of supply chain management

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Mineral Resources Division	Strengthening and improvement of safety and security in resource development projects.	Share the thorough implementation of safety management during mining and exploration with JV partners at quarterly JV meetings.		Full implementation of safety management was confirmed at quarterly JV meetings.	Share the thorough implementation of safety management during mining and exploration with JV partners at quarterly JV meetings.	2. 3. 4. 5.	2. 3. 4. 5.	8.
Steel, Non- Ferrous & Solar Division	Appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve monitoring system. 		<ul style="list-style-type: none"> Worked on introducing manifests at new clients, and establishing manifests at existing clients, all year round. Received monthly reports from operators and compiled them into a database, and continued to share information with stakeholders. 	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Compile CFC Recovery and Destruction reports into a database, and continue to share information with stakeholders. 	2.	1. 2.	13.
	Exploring environment- friendly energies and providing a stable supply of them	Contribute to measures against climate change through domestic and overseas solar power projects and bio-fuel trading.		<ul style="list-style-type: none"> Promoted trading of solar panels, materials for solar power generation, and biomass fuels. Maintained domestic mega-solar operations, including Shin-Okayama Mega-Solar Power Plant, which started commercial operations in January 2017. Continued with construction of other ongoing project according to plan. 	<ul style="list-style-type: none"> Increase sales of solar panels /materials and biomass-fuel.Promote mega-solar projects in Japan. Strengthen cooperation with Group companies and other partners, and promote the use of solar and biomass power worldwide. 	2.	1. 2. 4.	12. 13.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	<ul style="list-style-type: none"> Continue to examine and check supply chains and conduct enlightenment activities for business partners. Raise awareness of CSR among domestic and overseas Group companies. 		<ul style="list-style-type: none"> Conducted CSR surveys (23). Continued to raise awareness of CSR among domestic and overseas Group companies. 	Continue to conduct CSR surveys, and to work in cooperation with business partners on CSR.	1. 2. 3. 4.	1. 2. 3. 4. 5.	8. 12. 16.
	Thorough safety in resource development, production and mining operations	Continued implementation of EHS guidelines.		<ul style="list-style-type: none"> Continued to implement EHS guidelines. Organized domestic training on resource development, and raised awareness of EHS guidelines. 	Continue to raise awareness of EHS guidelines, and ensure that guidelines are implemented correctly in each case.	3. 4.	1. 2. 3. 4. 5.	8. 12.

*1 :Achieved :Nearly achieved :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

Major Sustainable Initiatives

— EHS guidelines (mining business)

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

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

■ Start of commercial operation of the Shin-Okayama Mega-Solar Power Plant

– Initiatives in the renewable energy sector –

Preventing global warming, and to achieve that, creating a low-carbon society is a top global priority. With efforts underway to introduce and promote worldwide the use of renewable energy, such as solar and biomass power, the renewable energy market is expected to continue growing steadily in the future.

Following on from the Oita Hiyoshibaru Mega-Solar Power Plant (generating capacity of 44,800kw), which went online in March 2016, commercial operations got underway at the Shin-Okayama Mega-Solar Power Plant in January 2017. The plant has a generating capacity of 37,000kw, which is enough to meet power demand for approximately 7,600 households, and is expected to reduce CO₂ emissions of around 26,000 tons. In addition, the Saijo-Komatsu Mega-Solar Power Plant in Ehime prefecture is already up and running, and construction is underway on another plant in Saga prefecture. ITOCHU is committed to actively expanding its power generation business and related trading business worldwide in the future, underpinned by renewable energy.



Shin-Okayama Mega-Solar Power Plant

Energy & Chemicals Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

In energy projects areas, we utilize our accumulated expertise and experience in the industry to expand existing projects while we try to curtail risk together with excellent partners, and to enlarge our business base for future earnings through participation in cost-competitive new projects. We recognize that factors such as considerations for the environment, symbiosis with local communities, and safe working environments are essential to sustainability. Accordingly, we and our partners take necessary measures to these considerations. In chemicals areas, we endeavor to expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We aim to advance projects in various areas to secure competitive raw materials, while taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, electronic materials, and fine chemicals. With regard to handling of chemical products, we make sure compliance with chemical-related laws in any jurisdiction by appropriate education as well as strengthened control over the supply chain, from raw materials to our products that reach end purchasers. Furthermore, we plan to continue creating synergies with CITIC and CP Group in line with the strategic business alliance and capital participation agreement.






Masahiro Imai
President, Energy &
Chemicals Company

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Rising food demand in line with a growing world population (methionine, fertilizers, etc.) ● Needs for environment-friendly energy and products 	<ul style="list-style-type: none"> ● Strengthening the compliance system for changing chemical-related legislations ● Energy development with consideration for local communities, working environments, and the environment ● Needs for environment-friendly energy and products

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Energy Division	Further enhance employee training to prevent accidents, achieve environmental measures	Implement tanker training about twice a year to notify all personnel about safety management.		Outside experts on tanker operations were brought in to conduct training sessions, and knowledge on tanker operations and chartering was obtained. Training was provided in areas including tanker- related safety management and how to respond to accidents.	Implement tanker training about twice a year to inform all personnel about safety management.	2. 4.	1. 2. 5.	6. 14.
	Strengthen the supply chain with a focus on the environment and local communities	Help protect the environment by increasing efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.		Attended project meetings and encouraged HSE management and environmental conservation appropriate to each project.	Protect the environment by increasing efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.	3.	2. 3. 4.	3. 6. 7.
	Contribution to local society	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance / strengthening of good relations.		Offered scholarships of 1.5 million dollars, an amount for 45 students, through the Qatar Foundation. Provided placements for 35 participants as part of the Qatar Leadership development program, aimed at human resources from Qatar. Donated fund and goods worth 10,000 dollars to Azerbaijan for orphanages and children with disabilities.	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance / strengthening of good relations.	5.	4. 5.	3. 4. 10.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Chemicals Division	Management of hazardous and harmful chemical substances	<ul style="list-style-type: none"> Provide exhaustive information about laws and regulations relevant to chemicals (including study sessions) and confirmed the relevant laws and regulations before starting to offer new products. Share information on GHS response in each country, including China, Taiwan and South Korea, and facilitated sharing of information about these countries within the Group. 	🌱🌱🌱	<ul style="list-style-type: none"> Organized e-learning course on chemical and related legislation, and reinforced measures to verify legislation before stocking new products. Gathered information, particularly on Southeast Asia. 	<ul style="list-style-type: none"> Register existing products on the legislation management system developed in FY2017, and strengthen management systems for verifying domestic legislation applicable to registered products. Gather information on the introduction of and revisions to chemical and related legislation, particularly in Southeast Asia, and continue to share information throughout the Group. 	3.	🌱	3.
	Procure safe and reliable products	Develop sustainable environmental conservation businesses by expanding sales of ESS in Japan and other countries.	🌱🌱🌱	Increased sales of ESS in Japan, particularly for home applications.	Continue to increase sales of ESS as an environmental business, focusing on Japan.	2.	1. 2.	13.

*1 🌱🌱🌱:Achieved 🌱🌱:Nearly achieved 🌱:Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

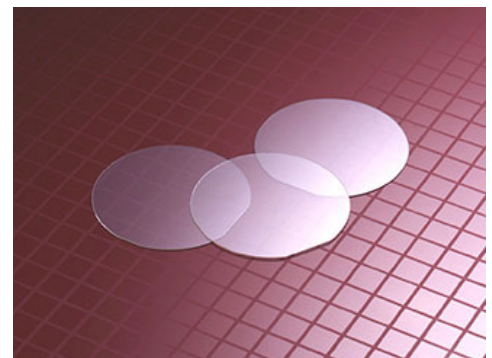
*4 For further information about SDGs, please see P13.

Major Sustainable Initiatives

— Compound semiconductor initiatives aimed at saving energy

ITOCHU PLASTICS INC. (CIPS) is committed to actively developing energy-saving technologies and applications for resource-saving technologies, to help create a more technologically sustainable society.

CIPS is particularly focused on gallium nitride compound semiconductors, which have properties that are not possible with silicon semiconductors, including light emitting capabilities, high speed switching, and high dielectric strength. They are expected to be used for purposes such as next-generation LEDs capable of producing natural light color, high-efficiency LEDs, high-capacity devices that will be needed for 5G communications in the future, and high-voltage, high-output semiconductor devices for use in electric vehicles (EV). CIPS is working with universities and public research institutions to develop the cutting-edge technologies required for next-generation light sources and advanced low-loss power devices.



Gallium nitride semiconductor substrates

From the research and development stages through to sales and marketing, CIPS will continue to contribute to society by improving the environment and paving the way for economic growth.

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

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

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

In 2014, additional production of crude oil began in the Chirag Oil Project, a large-scale project covering Chirag oil field and the deepwater portion of the Gunashli oil field, including those shallow parts, where ITOCHU had been undertaking developing work in the ACG Field.

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

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



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

Chemical Logitec Co., Ltd. manages and operates Nagoya Chemport, which is engaged in work centered around the storage, receipt, and supply of liquid chemicals at the No. 9 lot in the Port of Nagoya. It is an important link in our supply chain in the Nagoya and surrounding areas. Learning from the Great East Japan Earthquake that struck on March 11, 2011, the company has since been preparing its facilities for the anticipated Nankai Trough Earthquake. It worked for two years on initiatives in the areas of employee education and training, facility improvement and systemic arrangements, aiming to make the chemical port safe, secure, and resilient to disaster. As a result, the company obtained ISO 22301-2012 certification for the first time on May 1, 2014, and successfully renewed certification on May 1, 2017.



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

The company continuously reviews internal and external issues, striving to make improvements accordingly. In FY2016, it conducted a safety drill in the presence of cargo owners by assuming an accident took place when only a few people are ready to respond to it, such as at night and on a holiday. Night-time training was also organized in FY2017. It thus checked for problems in their response to the accident. The company continues striving to ensure safety in the event of a disaster, placing maximum priority on human life, and provide education and training to its organizations repeatedly to retain the trust of customers.

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

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

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



Bento Box with Side Shrink Packaging

* The results in FY 2017(Comparison with previous full shrink packaging)

Cutting the amount of plastic materials: Approx. 430 tons, Lowering CO₂ emissions: Approx. 1,540 tons

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

Food Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

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





Yozo Kubo
President, Food
Company

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Further increase in consumer awareness toward food safety and security ● Reinforcement of the structure to supply sustainable raw materials 	<ul style="list-style-type: none"> ● Ensuring a stable supply of foodstuffs ● Responding to the risk of climate change ● Responding to supply chain management (human rights, labor practices, and the environment)

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Provisions Division	Ensure a stable supply of safe and reliable raw materials	Promote business in food resource procurement and establish a stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.).		While North America enjoyed a good harvest, CGB and EGT as operating companies continued procurement as sources for the stable supply of materials of feed grains. They also carried out stable procurement of materials from other production regions (Black Sea, South America, and Australia)	Promote business in food resource procurement and establish a stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.).	3.	1. 2. 4.	2.
Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Support the following CSR activities undertaken by Dole as ITOCHU Corporation. 1) Environmental tree planting, conducting river improvements and preserving scenery in the production regions 2) Activities to donate learning materials, facilities and school lunches to local schools 3) Provision of water supply facilities to regional communities and healthcare support		Through the Dole business, we were able to promote the CSR activities listed on the left by cooperating effectively with local communities.	Promote the following CSR activities at Dole as an operating company of Agri Products Department. 1) Environmental protection in production regions 2) Contribution to regional infrastructures	3.	2. 4.	3. 4. 9.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Food Products Marketing & Distribution Division	Provided a food environment in response to the aging society and to changes in the household structure.	<ul style="list-style-type: none"> Development of products using euglena ingredients as a sustainable food resource, expanded sales and awareness-raising activities. Continue to implement disaster prevention and control programs in Thailand, Vietnam, and Indonesia by making use of the Global Children's Fund of FamilyMart and help promote programs for developing the next generation with recipients through project-specific donations. 		<ul style="list-style-type: none"> Continued to develop euglena-related products and expanded their sales at FamilyMart/ UNY Group. We also provided support for the development of low-carb foods supervised by RIZAP. In Thailand, we launched a project for developing participatory educational materials for preventing drowning of children. In Vietnam, we launched a project for improving the ability of susceptible populations to respond to disaster and climate change in Dong Thap Province of Mekong Delta. 	<ul style="list-style-type: none"> Development of products using euglena ingredients as a sustainable food resource, expanded sales and awareness-raising activities. Provide a food environment in response to social changes. Support the following CSR activities undertaken by FamilyMart. <ol style="list-style-type: none"> 1) Give programs for developing future generations and provide food aid to children all over the world by making use of in-store fund-raising activities. 2) Continue to implement disaster prevention and control programs in Thailand and Vietnam by making use of the FamilyMart Global Children's Fund. 	2. 5.	1. 2. 3. 4.	2. 11.
All Divisions	Improve the level of food safety and compliance management	<ul style="list-style-type: none"> Conduct audits to confirm the state of compliance with the Food Safety Management Manual and compliance program at each division in ITOCHU Corporation. Conduct audits of Group companies with the aim of improving the state of food safety and compliance management. Seek to further improve the food and hygiene management level of China suppliers through regular audits and follow-up audits by the China Food Safety Management Team. 		<ul style="list-style-type: none"> In FY2017, we conducted a total of 153 audits for 153 plants. We conducted on-site audits of ITOCHU Group companies (ITOCHU Feed Mills G and ITOCHU Sugar G) to check the state of food safety and compliance management. Personnel from the Food Safety and Compliance Management Office (people qualified as auditors) checked the audit report of the China Food Safety Management Team as needed, in an attempt to improve the auditing skills of the team, and advised Chinese suppliers to improve the level of their food safety management. 	<ul style="list-style-type: none"> Promote exhaustive on-site audits of overseas suppliers. Improve the food and hygiene management level of Chinese suppliers further through regular and follow-up audits that are conducted separately by the China Food Safety Management Team. Conduct audits of Group companies with the aim of improving the state of food safety and compliance management. 	3.		2.

*1 :Achieved :Nearly achieved :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

Major Sustainable Initiatives

— Towards sustainable farm operation that responds to climate change

In April 2013, ITOCHU acquired the Asia Fresh Food business and the Worldwide Packaged Food business of Dole Food Company, Inc., a U.S. company.

After the acquisition, typhoons, drought, diseases and insect damage, among other disasters, hit the Philippines, the leading production site of Dole's major products. As a result, the production volume of bananas was 440,000 tons in FY2017, down 40% from the level prior to the acquisition. To recover and increase the production volume of bananas, we took steps to improve productivity, including the introduction of irrigation equipment, consolidation and expansion of farms, and measures to combat disease and insect damage. We also improved the productivity of pineapples through equipment investment in farms and reviews of cultivation methods. We are diversifying the regions where we produce our products in order to mitigate the risk of bad weather and other problems. Meanwhile, we made management improvements, refined our business and product focus and disposed of underperforming businesses.



Banana Field

In FY2017, earnings improved due to favorable prices and the effects of various cost-cutting measures. Moving forward, we will be ready to increase production in the Philippines to 800,000 tons of bananas and 1,000,000 tons of pineapples by FY2021, aiming to be the largest integrator of agricultural products in Asia.

In addition, based on its belief that people, environment, and society are the most important resources for the survival and development of a company, Dole spent more than 2.5 million dollars in 2016 on social contribution activities in the Philippines, Sri Lanka, Japan, South Korea, China, Thailand, North America and elsewhere. These activities included the donation of textbooks, desks, chairs, computers, and other equipment to dozens of schools in various places, the maintenance of school buildings, the granting of scholarships, and the provision of educational opportunities for children with disabilities. The company also provided daily necessities and healthcare support to areas affected by natural disasters, and implemented initiatives for maintaining and promoting good health such as blood donations, hygiene education, and food aid.

— Production of safe, secure, delicious pork meat

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



Pork meat processing process

■ Ensuring food safety through regular auditing of overseas suppliers

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



A food audit underway

ITOCHU determines the subjects and frequency of audits in correspondence with various factors, including the management setup in the host country, product characteristics and sanitation risks in processing steps. Our employees, local staff and/or Group company employees make on-site visits to carry out audits based on our own Plant Audit Check Sheet and make proposals for improvements as necessary. In FY2017, we conducted on-site audits for 153 suppliers. In addition to these measures, in January 2015 we set up the China Food Safety Management Team in Beijing to bolster safety management on foods imported from China. We have dispatched dedicated Japanese staffs who are highly experienced in factory audits (ISO 22000 Lead Auditors accredited by IRCA*) in our efforts to create a management structure comparable to the one we have in operation in Japan. In addition to having several Chinese staff dedicated to conducting regular audits, we have increased the opportunities for mutual checks through follow-up audits and similar, thereby making continuous improvements. In FY2017, we conducted regular audits and follow-up audits of 53 companies, having increased the cumulative total to 100 companies.

* International Register of Certificated Auditors

General Products & Realty Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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



Yasuyuki Harada
President, General
Products & Realty
Company



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


Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Demand for environmentally conscious products and construction materials ● Need for certified forestry products 	<ul style="list-style-type: none"> ● Sustainable use of resources ● Harmony with local communities

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Forest Products & General Merchandise Division	Enhance the traceability of raw materials/ protect natural forest/ensure the observance of labor laws and regulations	Conduct questionnaires on CSR and on-site surveys of suppliers to review traceability and the status of compliance with laws and regulations on the protection of natural forests as well as those on labor, and provide education for personnel with specific duties as an opportunity to learn about issues.		Conducted questionnaires and on-site surveys of all the 54 subject suppliers and reviewed how they address the issues. Also provided education for personnel with specific duties, in which they learned about the operational management of work with a significant environmental impact in which each division is involved.	Conduct questionnaires on CSR and on-site surveys of suppliers to review traceability and the status of compliance with laws and regulations on the protection of natural forests as well as those on labor, and provide education for personnel with specific duties as an opportunity to learn about issues.	1.	1. 2. 3. 5.	8. 12. 15.
	Handle internationally certified forest products as well as health-safe products	Maintain and increase the ratios of internationally certified materials handled (around 90% for both pulp and wood chips) by continuing to request that non-certified suppliers acquire certification. *Starting from FY2017, all internationally certified materials are included in the subjects.		Encouraged non-certified suppliers to acquire certification, which resulted in ratios of internationally certified materials of 90% for both pulp and wood chips. The target value of pulp was maintained.	Maintain and increase the ratios of internationally certified materials or wood resources confirmed to be subject to a high level of management equivalent to certified materials that are handled (around 80% for wood resources and around 90% for pulp and wood chips) by continuing to request that non-certified suppliers acquire certification.	3.	1. 2.	12. 13. 15.

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	Status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
Construction, Realty & Financial Business Division	Care extensively for the environment and communities	Actively promote projects that contribute to the environment and local communities in condominiums and elsewhere.		Took steps to contribute to solving local issues in the condominium business. At CREVIA Totsuka, ITOCHU Property Development, Ltd. provided childcare support, etc. by establishing a childcare facility in the condominium in public- private cooperation with Yokohama City Housing Development Public Corporation, etc.	Actively promote projects that contribute to the environment and local communities in condominiums and elsewhere.	1. 2.	1. 2. 4.	11.
	Participate in local and international communities and contribute to their development	Seek to develop high- quality facilities as we expand the construction business in Asia.		Continued to attract Japanese companies to an industrial park in Indonesia and began to sell new lots totaling 168 hectares, aiming for further expansion. Participated in projects for developing and wholesaling logistics facilities in China and Malaysia.	Seek to develop high- quality facilities as we expand the construction business in Asia.	1. 5.	4.	8. 11. 16.

*1  :Achieved  :Nearly achieved  :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

Major Sustainable Initiatives

— Stable supply of sustainable forest resources

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



Metsä Fibre

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

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

More than 20 years ago, ITOCHU started to handle blast-furnace slag, which was then generated in Japan and some other countries and could not be fully consumed locally. Since then, we have developed and expanded our customer base and now we supply the product to more than ten countries in Asia, Latin America and other parts of the world.

Today, we are the No.1 blast-furnace slag trader by volume in the world. In addition to serving our customers with financial and logistics functions as a trader, we are also contributing to the effective use of resources on a global scale, which we are proud of.

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



A structure constructed using blast-furnace slag

— Karawang International Industrial City: Growing Together with the Local Community

ITOCHU Corporation operates the Karawang International Industrial City (KIIC), located in the east of Jakarta, the capital of Indonesia, jointly with a local partner. More than 150 tenant companies operate on a site of approx. 1,400 hectares. Aiming for co-existence and shared prosperity with the local community and residents, KIIC companies have continued to pursue various CSR activities over the long term in healthcare, agriculture, the environment, education, and other areas.

The unique activities of KIIC include support for the establishment of the baby health centers for community at six nearby villages and the provision of medical equipment for birth attendants.



Tree Planting Activities

In addition, KIIC built smart street lights*, making KIIC the first industrial park in Indonesia with lights of this kind, in an effort to reduce its environmental impact.

Joint activities with tenant companies include donating saplings and tree planting to local municipalities, which are carried out on World Environment Day each year. In addition, KIIC has established an agricultural park on its premises to promote education, training, and other activities related to agriculture, environmental protection, and others. In this park, specialists provide local farmers advice on farming and more than 10,000 saplings for forestation are grown each year.

As the secretariat for CSR activities of tenant companies, KIIC proactively supports activities including the monthly supply of baby food to local babies and toddlers, provision of scholarships to junior high and high school students, support for flood damage, and pest control.

Through these CSR activities, KIIC aims to be an industrial park that grows together with the local community.

* Smart street lights: An IoT solution that controls power consumption and CO₂ emissions by adding a dimmer control function to power-saving, high-efficiency LED, thereby improving the efficiency of the operation, maintenance, and management of street lights (making street lights smart). Approx. 1,200 smart streets lights were built in KIIC.

ICT & Financial Business Company

– Sustainability Management –

Medium to Long-Term Growth Strategies

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

In the information and communication technology sector, the much further development of leading-edge IT services is required to cultivate new markets. We will introduce some of the world's leading technologies through venture investments, using these technologies to lead the market and achieve ongoing growth by fostering the development of Group companies' business foundations.

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

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






Yoshihisa Suzuki
President, ICT &
Financial Business
Company

Earning Opportunities for Growth	Challenges to Address
<ul style="list-style-type: none"> ● Expansion of the infrastructure services business in response to increasingly specialized and sophisticated business processes ● Improved business efficiency and higher productivity through the use of AI and IoT ● Cultivation and business development support for excellent companies in regional Japanese locations 	<ul style="list-style-type: none"> ● Responding to the fast-changing business environment and regulations in various sectors ● Thorough information management in the ICT, healthcare, and financial businesses

Sustainability Action Plans

Key points of our FY2018 action plans

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

Div./Dept.	CSR Issues/ Societal Issues	FY2017 action plans	status*1	FY2017 results	FY2018 action plans	Basic Policies for CSR Promotion*2	Materiality*3	SDGs*4
ICT Division	Address preventive healthcare	Contribute to increase the percentage of those who receive medical checkups by providing medical checkup arrangement services for companies and health insurance associations, and at the same time, providing them with support in awareness-raising activities such as creation and distribution of information booklets. (Annual target number of people who receive medical checkups: Approx. 170,000).		Increased the number of people receiving medical checkups to approximately 170,000, by adding new services such as the mobile health promotion app Re:Body, as well as standard health check services.	Expand services offering online access to health check data, in order to help raise health awareness amongst workers (target number of people managing health data: 600,000).	2.	4.	3.
	Creating businesses based on the 3R philosophy	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy.		<ul style="list-style-type: none"> Launched crowd funding scheme MOTTAINAI Motto Planted 11,057,181 seedlings from 2008 to 2016 as part of the MOTTAINAI Green Project, 3,822,871 of which have grown into trees. Promoted the MOTTAINAI philosophy through events (flea markets, eco events, etc.) and PR activities (Facebook, blogs, and paper ads). 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	2.	2. 4.	12.
Financial & Insurance Business	Contribution to the local community	Contribute to revitalizing regional economies by taking initiatives including collaborations with regional banks as shareholders of GL Connect Co., Ltd. (equity-method affiliate).		Worked with local banks and suppliers to conduct ongoing research into expanding customer sales channels, and identified customers' finance needs.	Contribute to revitalizing regional economies by taking initiatives including collaborations with regional banks as shareholders of GL Connect Co., Ltd. (equity-method affiliate).	2.	4.	8.

*1 :Achieved :Nearly achieved :Unachieved

*2 For further information about Basic Policies for CSR Promotion, please see P11~12.

*3 For further information about Materiality, please see P14~15.

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

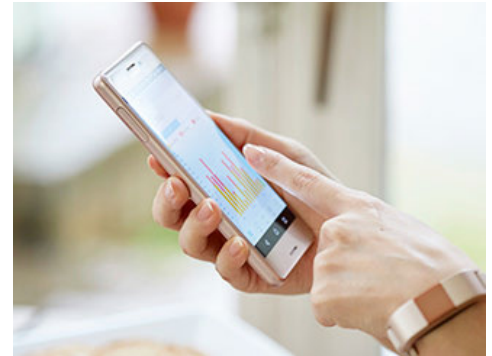
Major Sustainable Initiatives

- Contributing to corporate health management and healthier employees through a mobile app that assists with health management and promotion

Employers are increasingly being required to assist employees in managing and improving their health, as evidenced by the introduction of mandatory stress checks and data health plans for those covered under company or health insurance union policies. Every year, the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry publish a "Health & Productivity Stock Selection," reflecting an increase in the number of companies looking to reduce medical costs, increase productivity and enhance corporate value by improving employee health management.

ITOCHU has designed and developed a mobile app called "Re:Body" in conjunction with Wellness Communications Corporation, a company 100%-owned by ITOCHU and NTT DOCOMO. Launched in April 2017, the app is designed to assist companies with health management and promotion. As well viewing and comparing annual health check results, it enables integrated management of data on users' everyday lives, including data on exercise and sleep from wearable devices, data such as weight and body fat from smart scales, and the contents of food diaries. Other features include communication with registered dieticians and other such specialists, so that users can access advice on improving their health, as well as managing and viewing health-related data.

ITOCHU will be providing Re:Body to corporate customers as an employee health management solution in the near future, in an effort to contribute to corporate health management and healthier employees.

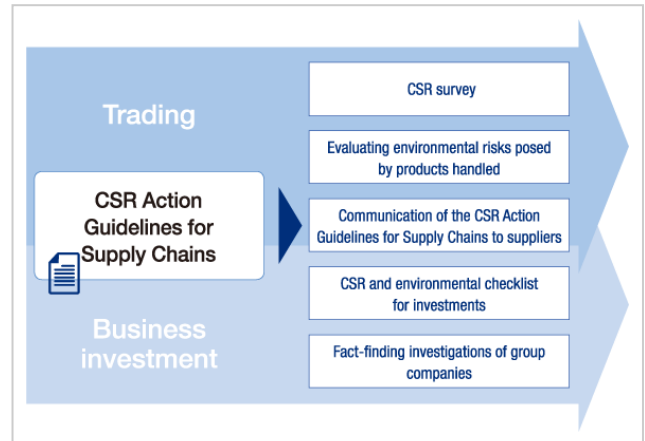


Smartphone Application linked with a wearable device

Sustainability in Our Supply Chain and Business Investment

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

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



Supply Chain Management

Basic stance on supply chain management

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

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

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

Communication of the CSR Action Guidelines for Supply Chains to suppliers

We believe it is important to win the understanding and cooperation of all our suppliers for our procurement-related policies. In keeping with this belief, in FY2014, we again made notice of the ITOCHU Corporation's CSR Action Guidelines for Supply Chains to the approximately 4,000 suppliers with whom we have continuing transactions. In January 2015, we established a rule to make notice of the guidelines to any new supplier before we start transactions. We are thus endeavoring to deepen communication with them on our sustainability-related policies.

Response to non-compliant supplier

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

CSR Survey

Starting from FY2009, in order to check the status of our various suppliers, each of the Division Companies and relevant Group companies of ITOCHU selects significant suppliers based on such parameters as high-risk countries, products handled and transaction amounts. Sales representatives of each Division Company or staff members of overseas subsidiaries and operating companies visit the suppliers and conduct the CSR survey by providing interviews or questionnaires (using the CSR Checklist) along with the mandatory questions on the seven core fields of ISO 26000.



Conceptual rendering of the promotion of supply chain management

— CSR Checklist

The CSR Checklist is based on the seven core fields of ISO 26000 (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development). We have added items that are specific to each field. For example, we added items to be checked related to forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); food safety items for the Food Company; and items related to the protection of intellectual property for the Textile Company. Referring to the opinions of external experts, we have set 19 of the survey questions as important questions. These are mainly related to human rights, labor practices, and the environment, where insufficient response or measures will increase the sustainability risk. Thus we strongly encourage suppliers to make improvements in these sustainability high-risk areas.

In addition, we have also published a handbook on communications with suppliers, and use it to inform employees how to communicate with suppliers. Along with the handbook, we have set up a check system that will enable sales representatives and locally assigned ITOCHU employees to undertake more specific checks of the actual status of how key suppliers manage environmental issues, human rights, labor practices, the prevention of corruption, and other matters, and help them provide suppliers with advice on improvements. Moving forward, we will continue to conduct surveys and communicate with suppliers to raise employee awareness and enhance supplier understanding and implementation.



The Supply Chain Communication Handbook

Example descriptions in the HANDBOOK

Prohibition of forced labor



Companies must not force their staff members to work.

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

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

Reference

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

■ CSR Surveys in FY2017

In FY2017, ITOCHU surveyed 271 companies, including 5 suppliers of overseas offices and 46 suppliers of 5 Group companies. No serious problems requiring immediate response were found in the survey results.

Even when surveys have revealed problems that are cause for apprehension, we confirm the initiatives for prompt improvement or countermeasures taken by the supplier. We will continue to communicate with suppliers to seek their understanding of our thinking.

Surveys conducted in FY2017	Inclusion criteria	Survey subjects	Survey items
Textile Company	<ul style="list-style-type: none"> • High-risk countries • Countries with specific transaction amounts • Countries where specific products are handled 	42	<p>Main questionnaires that are the same for all division companies:</p> <p>(1) Organizational governance: CSR responsibilities. Establishment of a whistleblowing system.</p> <p>(2) Human rights: Assessment of the risk of human rights violations: Child labor, forced labor, and harassment. Prohibition of discrimination. Payment of appropriate wage amounts.</p> <p>(3) Labor practices: Management of working hours. Management of health and safety. Management of employee health.</p> <p>(4) The environment: Waste, treatment of discharged water, handling of hazardous substances, climate change, approaches to the conservation of biodiversity</p> <p>(5) Fair operating practices: Prevention of corruption, information management, prevention of the infringement of intellectual property rights, sustainable procurement policies</p> <p>(6) Consumer issues: Quality control system, traceability</p> <p>(7) Community involvement and development: Dialogue with local residents and general consumers</p> <p>• Product-specific questions</p> <ul style="list-style-type: none"> ● Textile Company: Control of chemical substances, and protection of intellectual property ● Food Company: Food safety, and checking traceability ● Forest Products & General Merchandise Division (Paper, wood chips, and wood products): protection of forests, and obtaining or enhancing third-party certification
Machinery Company		9	
Metals & Minerals Company		18	
Energy & Chemicals Company		40	
Food Company		89	
General Products & Realty Company		70	
ICT & Financial		3	
Total		271	

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

In FY2017, ITOCHU conducted a survey of PT. SANKYO INDONESIA, an associated company in Indonesia that operates the manufacturing business for electric blankets. The survey covered labor safety, labor management, human rights and environmental aspects based on the ILO Constitution, the standards of major global apparel brands and the laws and ordinances of Indonesia.

On-site report: a fact-finding survey at an electric blanket factory in Indonesia



On November 14, 2016, ITOCHU and an external expert conducted an on-site survey of the electric blanket factory of PT. SANKYO INDONESIA, an associated company of ITOCHU. The factory is located in an industrial park that is a one-hour drive from the city center of Jakarta, and 500 employees including temporary workers manufacture electric blankets on a double shift basis during peak periods. In the morning, the survey team interviewed the president and personnel and general affairs manager, and checked documents concerning human rights and labor management. In the afternoon, the team reviewed, in the presence of the factory director, the production lines, the evacuation routes, management of chemicals and the rest of the factory. The external expert complimented the factory that the ages of employees were properly checked with official IDs when hired, that

the working hours and payroll were systematized and managed appropriately, and that the documents were well organized. The expert also provided some advice from a labor safety and health standpoint to take further measures such as conducting disaster drills and health checkups on a regular basis and the factory immediately carried out these measures in effect. The factory continues to strengthen the production system with consideration for occupational safety and the environment with increased quality control and production efficiency.

■ Regular on-site surveys of food processing plants

Since FY2012, the Food Company has regularly visited and surveyed the food processing plants of overseas suppliers for imported food, under the initiative of the Food Safety and Compliance Management Office. In FY2017, we visited 153 overseas suppliers and implemented preventive measures for securing the safety of the food we trade with them. In January 2015, we set up the Food Safety Management Office in the Beijing office and established an auditing system for Chinese suppliers. In FY2017, such periodic or follow-up audits were made to a total of 53 companies (a total of 100 visits).

■ Fact-finding investigations of Group companies

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

Surveys conducted in FY2017	Subject region	Number of companies visited for on-site surveys	Survey items
Food hygiene audits by the Food Company* (suppliers from which products are imported directly)	Overseas	153	Food hygiene, food defense
Fact-finding investigations of Group companies conducted as on-site fact-finding surveys of suppliers as well	Overseas	2	Soil pollution, water and air discharge control, waste disposal, labor safety, labor management, human rights
	Japan	9	Soil pollution, water and air discharge control, waste disposal, labor safety, quality control

* Of those overseas suppliers, two were also the subjects of CSR surveys.

Business Investment Management

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

Evaluating CSR Risks of New Investment Projects

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

Fact-finding Investigations of Group Companies

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

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

On-site report: a fact-finding survey at DOLE THAILAND



On December 7 and 8, 2016, ITOCHU visited the Hua Hin factory of DOLE THAILAND, a manufacturer of canned fruits and fruit pouches, including those of pineapples, in Thailand. Based on the knowledge of an external specialist familiar with local laws and regulations, we conducted a detailed check of the status of risk management and compliance with laws related to the environment and labor safety, such as those for soil contamination control, waste control, chemicals management and safety measures. We confirmed that the company properly manages these matters. We also confirmed that the company implements important CSR measures, such as creating an internal occupational health committee, setting environmental targets and achieving the targets steadily, guaranteeing purchases from contracted farmers and having regular dialogues with the local government. The company responds appropriately to the advice that was given concerning the method for storing chemicals, measures for preventing accidents that may result from the operation of food-processing machines and other measures to further improve their level of management.

Product-by-Product Approaches to Sustainable Procurement

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

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

— Objective and Background

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

— Scope of Application

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

— Basic Policy

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

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

— Implementation and Operation

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

— Information Disclosure and External Communication

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

| Approach to Conflict Minerals Issues

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

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

| Activities for Sustainable Procurement of Palm Oil

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

Our Initiatives for Environment

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

Environmental Activities Policies

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

The ITOCHU Group Environmental Policy

■ [I] Basic Philosophy

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

■ [II] Activity Guidelines

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

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

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's Stance on the Environment

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

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

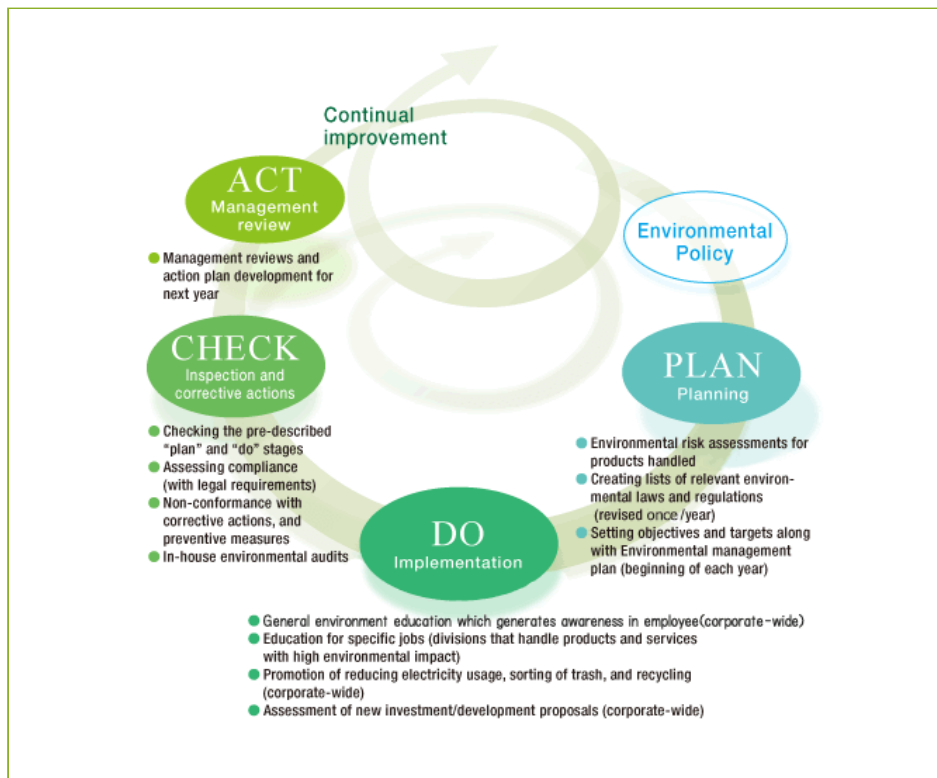
1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines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

Environmental Management

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

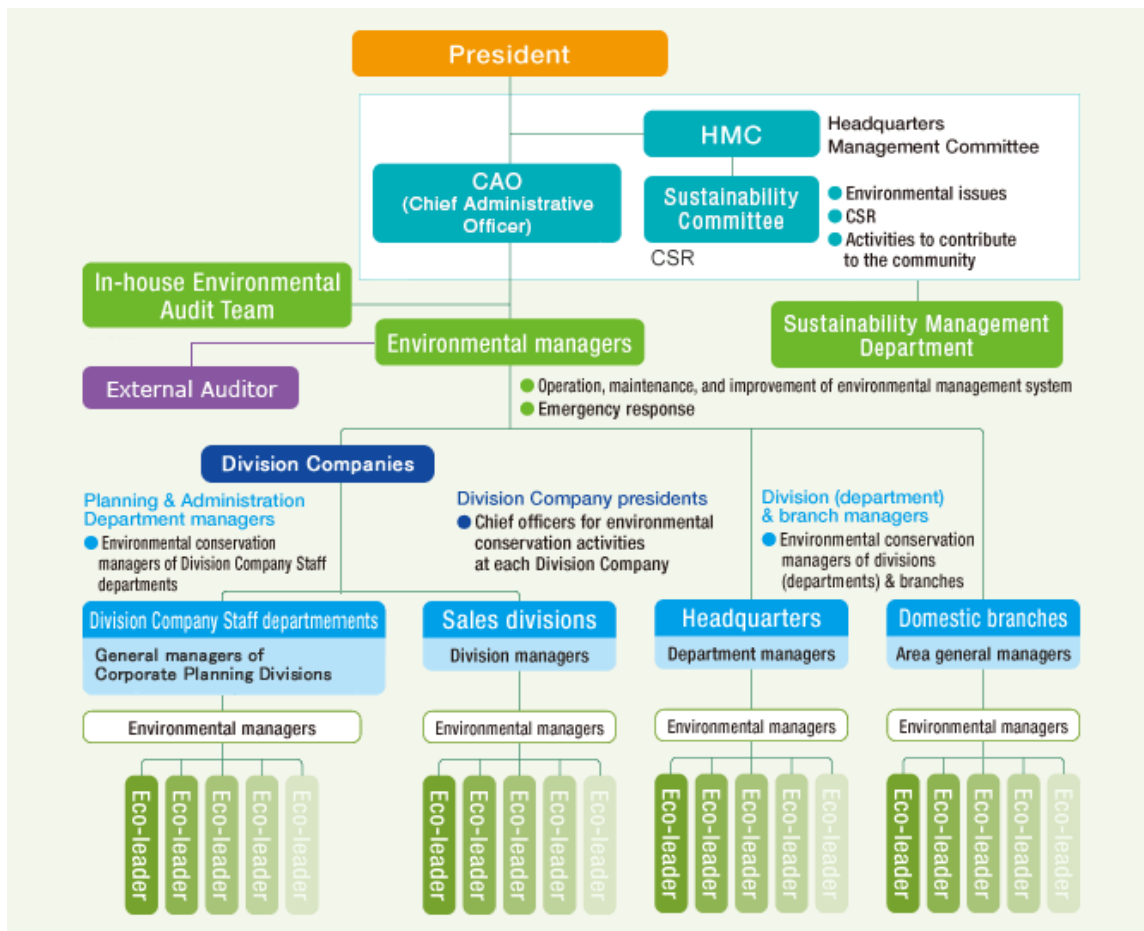
Environmental Management System

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



ITOCHU Corporation's Environmental Management Organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO who has complete authority for the environmental management system. Concrete management work is carried out by the Sustainability Committee, established to review environmental policies and perform annual reviews of corporate-wide activities. The Sustainability Management Department serves as the Sustainability Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (58 total in fiscal 2017), and assisted by eco-leaders (295 total as of April 1, 2017), are responsible for promoting environmental conservation in their respective divisions.



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

Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2017, they were carried out in all 59 departments (including five departments utilizing a self-check format). Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the Sustainability Management Department, and carried out their work with an emphasis on auditing legal compliance.

Results of External Inspections

Each year, ITOCHU is inspected by BSI Group Japan KK (BIS) in connection to ISO 14001 certification. The fiscal 2017 inspection was to renew certification. The outcome of the inspection was an overall "improvement" grade and renewed certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Environmental Management Targets and Results

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

Item	Fiscal 2017 Environmental Targets	Review	Fiscal 2017 Implementation Details
Prevention of Environmental Pollution/ Observance of Laws and Regulations	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.	○	For all investment projects, we performed environmental risk assessments in advance through the CSR and Environmental Checklist for Investments. We assessed the environmental risk of new products and conducted reviews of the assessment details for existing products.
	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.	○	We conducted internal audits in 59 departments (including five departments utilizing a self-check format), confirmed the operation of environmental management systems, legal compliance and the state of environmental performance management, and provided advice.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	We conducted onsite surveys and provided advice to 9 Group companies, including two overseas companies, to improve environmental management on site.
Promotion of Environmental Conservation Activities	Expand the scope of monitoring to information such as the energy emissions of overseas Group companies, as well as major domestic and overseas subsidiaries.	○	We collected and disclosed information from 16 overseas branches (including local subsidiaries), 70 domestic operating companies and 44 overseas operating companies.
	Set and review targets based on the Sustainability Action Plan. (Promote at least one target at each company and branch)	○	We planned, executed and reviewed the respective environmental conservation activities of all company divisions and branches.
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	We held summer vacation environmental classes (July 28, 76 participants) and operated the ITOCHU Pavilion Eco Shop at Kidzania Tokyo (experienced by approximately 27,305 participants a year).
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	We conducted events, volunteer activities and other initiatives in coordination with local companies and governments on a per-branch basis.
Promotion of Educational Activities	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.	○	We provided basic environmental education (May to July, 3,960 participants) and education for personnel with specific duties (May to March, 404 participants). The CSR and global environment seminar titled "What Can Companies and Consumers Do to Create a Sustainable Society?" was held on March 8, with 248 people attending.
	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.	○	We held a Waste Management and Public Cleansing Law Seminar (September 28, 555 participants), an e-learning program related to Waste Management and Public Cleansing Law (October - November 2015, 4,853 participants) and Environmental and Social Risk Response Seminar (including the Soil Contamination Countermeasures Act) (July 17, 192 participants).

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

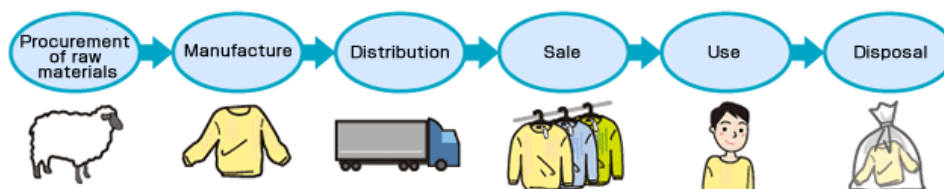
Precautionary Approach to Environmental Risks

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

Evaluating Environmental Risks Posed by Products Handled

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

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



Fact-finding Investigations of Group Companies

We analyze about 200 of our 326 Group companies (as of March 31, 2017) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 to 20 of them per year. Over the 16 years to the end of March 2017, we did on-site investigation at 279 worksites. The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



Fact-finding Investigations at a manufacturer of canned fruit in Thailand

Evaluating the Environmental Risks of New Investment Projects

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

Internal and External Inquiries and Our Response

In the year ended March 31, 2017, we received a total of 47 inquiries from outside the Company, which were broken down as follows: environmental groups (1), industry (18), government and industry groups (8), and media and research firms (3), requirement of ISO14001 certification from customers (28). There were no environment-related incidents, problems, lawsuits against the Company. Meanwhile, the number of inquiries from within the Company and ITOCHU Group companies was as follows: 95 inquiries regarding laws including Japan's Waste Management and Public Cleaning Law, and 17 inquiries regarding business investments.

Promotion of Environment Conserving Businesses

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

Renewable Energy

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



Shepherds Flat
wind power plant

Details of Initiative	Name of Business Operator / Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	1,480,000tons / year
	Cotton Plains Wind and Solar Pear Generation Business	USA	217MW	Approx. 580,000 tons / year
Offshore Wind Power Generation Business	Butendiek Offshore Wind Power Generation Project	Germany	288MW	Approx. 750,000 tons / year
Biodiesel Manufacturing Business	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 520,000 tons / year
Waste Management Projects	ST&W Waste Management Project / SITA South Tyne & Wear Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Management Project / SITA Cornwall Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Management Project / SITA Merseyside Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Management Project / SITA West London Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year
Photovoltaic Power Generation	Oita Hiyoshibaru photovoltaic power plant large-scale solar power plant	Japan	44.8MW	32,000 tons/year
	Shin-Okayama photovoltaic power plant large-scale solar power plant	Japan	37MW	26,000 tons/year
	Saijo Komatsu photovoltaic power plant large-scale solar power plant	Japan	26.2MW	18,000 tons/year
	Saga-Ouchi photovoltaic power plant large-scale solar power plant	Japan	21MW	15,000 tons/year

Water-Related Businesses

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

Country	Details of Initiative
Concession project on water supply and sewerage systems	In 2012, ITOCHU invested in the UK-based Bristol Water Group. This made us the first Japanese company to participate in the UK water sector. Bristol Water Group is providing full drinking water services from water resource management to water treatment, water supply and distribution, billing service, and customer service to 1.2 million customers in UK. In 2014, ITOCHU invested in CANARAGUA CONCESIONES S.A., which manages concessions of upstream and downstream water, sewerage network and the integral water cycle in the autonomous of the Canary Islands. This made us the first Japanese company to participate in the Spanish water sector. CANARAGUA CONCESIONES S.A. is currently providing services to an extended total of approximately 1.3 million inhabitants in the Islands.
Seawater Desalination	ITOCHU invested and participated in a seawater desalination project in Victoria, Australia. With the ability to meet around 30% of the water demand in Melbourne, population 4.4 million, this project supports the stable supply of water to the city from 2012. ITOCHU has become the largest shareholder in a seawater desalination project with a capacity of 281,000 m ³ per day that is being undertaken by Oman Power and Water Procurement Company (OPWP), a government entity of the Sultanate of Oman, at Barka, located in the northern area of the country. This is the largest seawater desalination project in the Sultanate of Oman, and involves the construction of a reverse osmosis desalination plant and surrounding facilities that will operate for 20 years. The seawater desalination plant will start supplying drinking water in April 2018.
Supply of seawater desalination plants and manufacture & sales osmosis membranes	ITOCHU began delivering large numbers of seawater desalination plants in Saudi Arabia from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura ("APS") with local capital in the country. We also expanded into rehabilitation projects for seawater desalination plants with APS. In August 2010, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures and sells reverse osmosis membrane elements for seawater desalination, was established with Toyobo and local capital.

Tree Plantation

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

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

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

Name of Business Operator/Tree Plantation	Country	Project Size
CENIBRA (Celulose Nipo-Brasileira S.A.)	Brazil	125,000ha
ANCHILE	Chile	27,000ha
Southland Plantation Forest Co.	New Zealand	10,000ha
Acacia Afforestation Asia	Vietnam	2,000ha
South Wood Export Ltd.	New Zealand	1,000ha

Other Environmental Businesses

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

Approaches to Conservation of Biodiversity

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

Concern for Biodiversity in Business Activities

Concern for Biodiversity in Wood Procurement

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

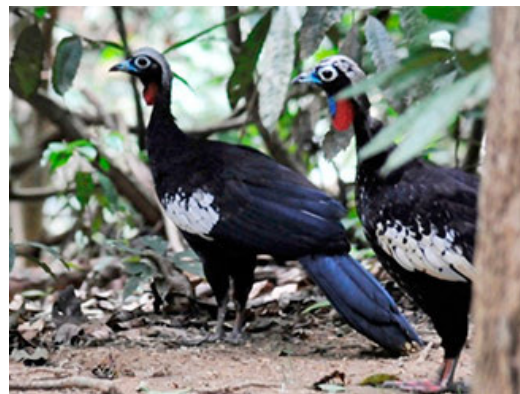
- Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials, and Paper Products (P74)

Concern for biodiversity in pulp production projects

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem. The company also addresses the restoration of natural forests. Each year it plants some 70,000 tree samplings of the four varieties that make up the native forests in an initiative that spans as much as 300 hectares each year. Protective breeding activities for endangered species of bird are also underway at Macedonia Farm in a protected zone of natural forest. Scarce wild birds such as the pheasant family bird, mutum are protected and bred at the farm and later released into the wild.



One of CENIBRA's vast plantations



The rare mutum at Macedonia Farm

Activities for Conservation of Biodiversity

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

Support of Amazon Ecosystem Conservation Program

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

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



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



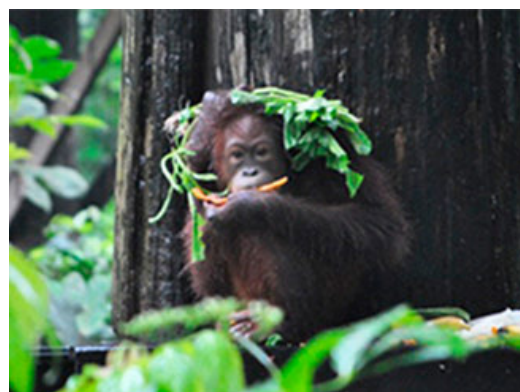
The Amazon manatee, an endangered species

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

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



Tree-planting by four participants



The orangutan, an endangered species

— Hunting World's Activities to Support Borneo

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

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



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



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

— Support for Tree-planting Activities in Kenya

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2017, about 150,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 150,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.



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



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

Environmental Education and Awareness

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

Seminars

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

— Internal Seminars and Training Sessions (FY2017 results)

Content		Timing	Target	Participant
Environmental Managers Conference		28th April 2016 (Tokyo) 26th April 2016 (Osaka)	Employees and Group Company Employees	140
General Education		From May to July 2016 58 times in total	Employees and Group Company Employees	3,900
Education of staff in specific operations		From May 2016 to March 2017 31 times in total	Employees and Group Company Employees	404
Environment and Social Risk Response Seminar		22nd July 2016 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	212
The Waste Management and Public Cleansing Law	Seminar	28th September 2016 (Tokyo/Osaka) ※Group company 1 time	Employees and Group Company Employees	555
	e-learning	October - November 2016	Employees	4,805
CSR and Global Environment Seminar		8th March 2017 (Tokyo/Osaka)	Employees and Group Company Employees	252
CSR Seminar for the specific departments and ITOCHU group companies		at any time	Employees and Group Company Employees	59

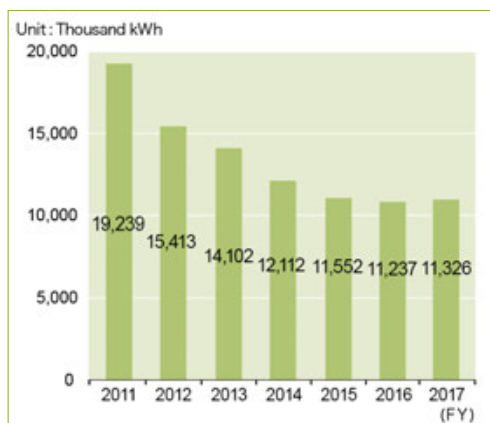
Environmental Performance Data

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

Environmental Performance

Environmental Performance Data at the offices

Electricity Consumption★



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

Waste Volume★



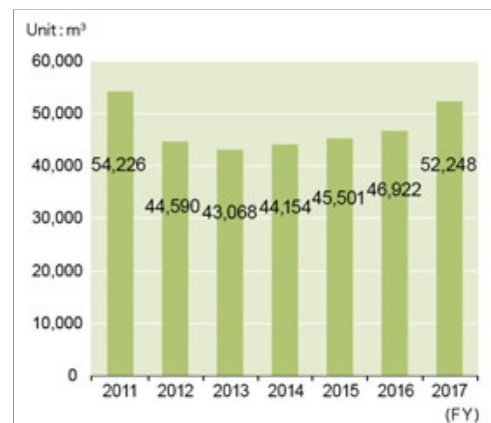
Scope: Tokyo headquarters

Paper Consumption



Scope: Tokyo headquarters

Water Consumption★



Scope: Tokyo headquarters

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

Independent Assurance Report (P160): The following data marked with ★ are assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.
 ★ :Total value of electricity consumption and CO₂ emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, domestic branches and other business facilities, Group companies in Japan, overseas offices and overseas Group companies, along with data of CO₂ emissions attributed to distribution, waste volume, recycling rate and water consumption, gray water production and wastewater discharge for the Tokyo headquarters.

— Target Setting

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

	FY2017 Results	Single Year Target	Target for the Year Ended March 2021
Electricity Consumption of Tokyo and Osaka Headquarters, Branches in Japan and Other branches and business facilities in Japan	Increase of 0.8% compared with FY2016 levels	Reduction of at least 1% annually	Reduction of 30% compared with FY2011 levels
Tokyo Headquarters Waste Volume	36% reduction compared with FY2011 levels	10% reduction compared with FY2011 levels	20% reduction compared with FY2011 levels
Tokyo Headquarters Recycling Rate	94%	90%	90%
Tokyo Headquarters Paper Consumption	11% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels
Tokyo Headquarters Water Consumption (City Water)	3.6% reduction compared with FY2011 levels	10% reduction compared with FY2011 levels	15% reduction compared with FY2011 levels

— Scope of the Data

○:in scope of aggregation

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

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

*2 Business facilities cover business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwelling. The number of offices: FY2014: 12 offices, FY2015: 12 offices, FY2016: 8 offices, FY2017: 8 offices

*3 The Group companies in Japan cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31, 2017). The number of companies: FY2014: 72 companies, FY2015: 73 companies, FY2016: 70 companies, FY2017: 65 companies

*4 The overseas offices cover main offices. The number of offices: FY2014: 16 offices, FY2015: 16 offices, FY2016: 16 offices, FY2017: 16 offices

*5 The overseas group companies cover consolidated subsidiaries in which ITOCHU has directly invested (as of March 31, 2017). The number of companies: FY2014: 48 companies, FY2015: 49 companies, FY2016: 44 companies, FY2017: 46 companies

— Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2014 to FY2017. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use. In addition, a morning-focused working system was launched on October 1, 2013 for trial basis and officially introduced on May 1, 2014 for full-time employees at the headquarters and branch offices in Japan, and this has also led to the reduction in our electricity consumption.

Unit: Thousand kWh

	FY2014	FY2015	FY2016	FY2017
Tokyo headquarters	9,391	9,297	9,169	9,331
Osaka headquarters	473	455	442	434
Branches in Japan	422	415	326	291
Other branches and business facilities in Japan	1,826	1,385	1,300	1,270
Total of domestic bases of ITOCHU corporation★	12,112	11,552	11,237	11,326
Group companies in Japan	515,258	503,558	484,755	471,432
Overseas offices	3,586	3,466	3,424	3,087
Overseas group companies	148,821	149,151	147,665	143,485
Grand total of ITOCHU Group★	679,777	667,727	647,081	629,329

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, branches in Japan, other branches and business facilities in Japan and group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy.

— CO₂ Emissions from Business Facilities

Unit: t-CO₂

	FY2014	FY2015	FY2016	FY2017
Tokyo headquarters	5,202	5,133	6,229	6,459
Osaka headquarters	243	238	235	221
Branches in Japan	278	272	208	180
Other branches and business facilities in Japan	964	741	664	641
Total of domestic bases of ITOCHU corporation★	6,687	6,383	7,336	7,501
Group companies in Japan	363,387	364,772	369,775	340,559
Overseas offices	1,979	1,940	1,907	2,238
Overseas group companies	100,812	103,181	102,372	98,427
Grand total of ITOCHU Group★	472,865	476,226	481,389	448,725

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices, other business facilities and Group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- For overseas offices and overseas group companies, the figures are calculated using the CO₂ conversion factors for each countries (average 2010-2012) found in the International Energy Agency (IEA)'s statistics.
- For the grand total of ITOCHU Group, CO₂ emission of Scope 1 is 86,536 t-CO₂★ and CO₂ emission of Scope 2 is 362,188 t-CO₂★.

— Waste Volume

The table below shows the waste volume generated in Tokyo headquarters building, group companies in Japan, overseas offices and overseas group companies from FY2014 to FY2017. We have been promoting waste segregation. We, at the Tokyo headquarters, are striving to reduce their waste generation with a target of achieving a 10% reduction of waste generated compared with FY2011 levels. Through initiatives such as 2-in-1 and double-sided printing, ITOCHU has been able to reduce waste volume, and in FY2015 the Tokyo headquarters building received a Minato Ward Waste Reducing Business Operator Commendation.

		FY2014	FY2015	FY2016	FY2017
Tokyo headquarters building★	Waste volume (Unit: t)	833	654	711	674
	Recycling rate (Unit: %)	94	95	95	94.3
Group companies in Japan*	Waste volume (Unit: t)	22,307	21,825	23,470	21,947
Overseas offices	Waste volume (Unit: t)	26	7	9	33
Overseas group companies	Waste volume (Unit: t)	5,318	14,271	14,569	10,016

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

— Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2014 to FY2017. We, at the Tokyo headquarters, have been promoting the reduction of paper consumption, with a target of reducing paper consumption by 3% compared with FY2011 levels, by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2014	FY2015	FY2016	FY2017
Copy paper consumption	35,315	34,575	31,896	32,679

— Water Consumption and Wastewater Discharge

The table below shows the water consumption, gray water production and wastewater discharge in Tokyo headquarters and water discharge in group companies, overseas offices and overseas group companies from FY2014 to FY2017. We, at the Tokyo headquarters, have been promoting efforts to reduce water consumption, with a target of reducing water consumption by 10% compared with FY2011 levels, through the recycling of used water for toilet flushing.

Unit:m³

	FY2014	FY2015	FY2016	FY2017
City water usage by the Tokyo headquarters★	44,154	45,501	46,922	52,248
Gray water production by the Tokyo headquarters★	36,431	36,658	35,729	30,736
Wastewater discharge by the Tokyo headquarters★	60,837	64,329	62,857	63,446
Wastewater discharge by group companies in Japan*	994,477	1,042,686	981,549	846,700
Wastewater discharge by overseas offices*	18,884	9,679	5,932	5,722
Wastewater discharge by Overseas group companies*	292,089	339,543	205,394	207,267

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

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

Environmental conservation at the Tokyo Headquarters Building

— Solar power generation

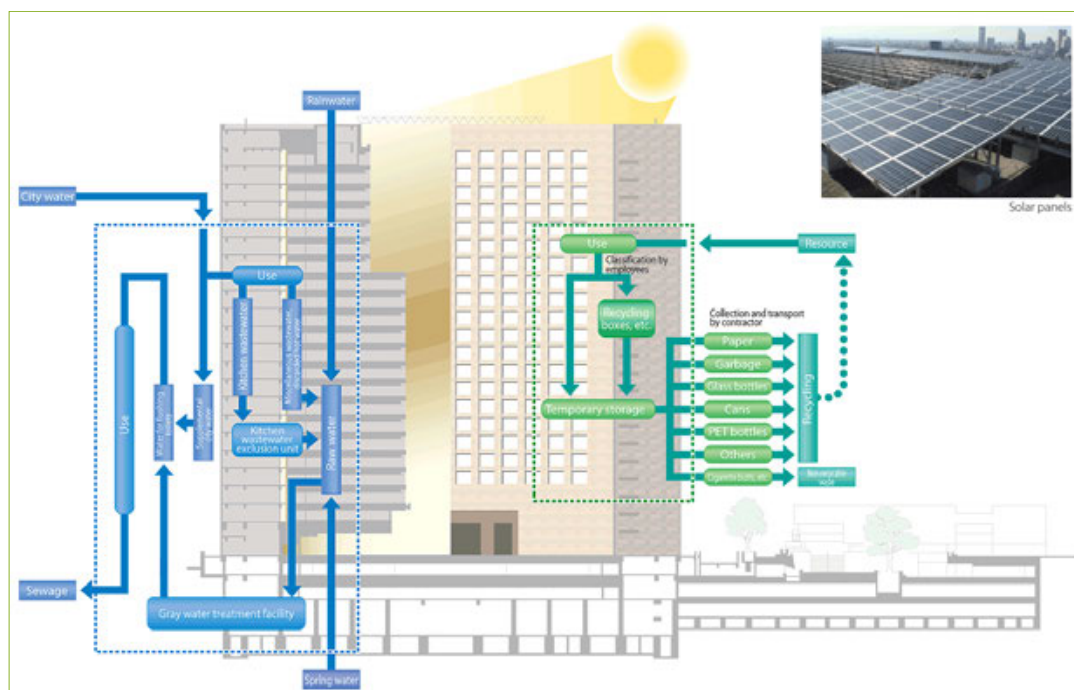
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kW which is equivalent to panels on prevailing 30 detached houses (approximately 3.0kW per detached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

— Effective Use of Water Resources

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

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

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



— Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2016 to 2020 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental Preservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo headquarters by 15%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005). Emissions in FY2016 came to 6,229 tons CO₂, down around 41% from the benchmark.

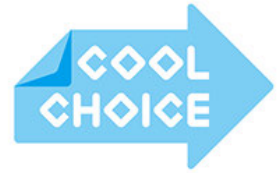
Those below submitted to Tokyo Metropolitan Government are available in Japanese.

- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2011) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2012) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2013) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2014) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2015) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2016 to 2020 (Submitted in November 2016) (Japanese Only)

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

Participation in "COOL CHOICE"

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



Environmental Accounting

Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in FY2017 are as follows.

(Unit: 1,000 yen)

Classification	Amount
Costs inside business areas	777,516
Up/downstream costs	13,838
Management activity costs	138,854
Research and development costs	500
Social activity costs	26,546
Costs to address environmental damage	27,808
Total	985,062

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

Scope of Calculation: All domestic branches

Target period: April 1, 2016 to March 31, 2017

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2017 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	-783,000sheets	-556
Electricity Usage	-89,000kWh	-1,776
Waste Emissions	-37t	-1,850
Water Usage	52m ³	-2,507

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

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

Monitoring the State of Environmental Liabilities

With respect to environmental risks, particularly asbestos, PCB and soil contamination, associated with tangible fixed assets of ITOCHU Corporation itself and its Group companies including land and buildings, ITOCHU not only complies with legal requirements but also conducts monitoring on a voluntary basis and seeks to respond in a way that is conducive to the switch determination and judgment of management policies. In fiscal 2018, ITOCHU will continue to promote the sharing of related information through various training (P88) such as training sessions on the Soil Contamination Countermeasures Act.

Initiatives toward Environmental Distribution

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

Carbon Dioxide Emissions Associated with Distribution

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

Change in CO₂ Emissions Attributed to Distribution★



- Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.
- FY2016 data was corrected because there was an error.

Environmental Energy-Saving Measures

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

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

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

— Specific Measures

1) Selection of Modes of Transportation

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

2) Actions to Improve Transportation Efficiency

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

3) Coordination between Freight Carriers and Recipients

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

Social Contribution Activities

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

Basic Activity Guidelines on Social Contribution



1. Growth of Future Generations

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



2. Environmental Conservation

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





3. Community Contribution

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

Social Contribution Activities Action Plans

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

See P13 for details about SDGs.

CSR Issues/ Societal Issues	FY2017 action plans	Status*	FY2017 results	FY2018 action plans	SDGs
Promotion of domestic and overseas social contribution programs aimed at cultivating future generations [Basic Activity Guidelines 1 Growth of Future Generations]	<ol style="list-style-type: none"> Running of Eco Shop Pavilion at Kidzania Tokyo. Continue promoting the mobile learning center project in India. <ul style="list-style-type: none"> Have 700 children participate in activities at the mobile learning center. Enable 200 children to return to formal schooling. 		<ol style="list-style-type: none"> Eco goods including personal chopsticks, recycled soap and pre-organic cotton bags were changed regularly, resulting in a year-on-year increase in the number of visitors who experienced the pavilion. A total of 150,000 children have participated in the activities since the opening of the pavilion, and the pavilion has donated an amount sufficient for the purchase of about 150,000 seedlings to Kenya. This contributed to the recovery of about 66 hectares of tropical forest. A total of 700 children as planned, took part in activities at the mobile learning center and received opportunities to practice reading and writing. In addition, 210 of them were able to return to formal schooling. 	<ol style="list-style-type: none"> Running of Eco Shop Pavilion at Kidzania Tokyo. Discover and promote new projects targeting the growth of future generations in Japan and overseas. 	1. 4. 10. 13. 15.
Implementation and follow-up on social contribution programs aimed at environmental conservation [Basic Activity Guidelines 2 Environmental Conservation]	<p>Start supporting a project for releasing manatees into the wild under the biodiversity conservation program based on the concept of "Field Museum" in Amazon.</p> <ul style="list-style-type: none"> Start setting up a lake for returning manatees to a semi-wild state. Conduct health checks of 13 manatees. Release six manatees into the lake to keep them in a semi-wild state. Release three manatees into the Amazon River. 		<ul style="list-style-type: none"> Began meeting for setting up a lake in Manacapuru. Conduct health checks of 12 manatees. Release nine manatees into the lake to keep them in a semi-wild state. We conducted a health check on a manatee that was recaptured after being released into the Amazon River and confirmed that both the length of its body and its weight had increased and that the manatee had adapted to the natural environment after being released into the river. Release five manatees into the Amazon River. We asked more than 200 local residents to join us when we released the manatees. Through the protection of manatees, we raised their awareness of the importance of preserving biodiversity. We encouraged local fishermen to understand the importance of protecting manatees and had two of them participate in this project. 	<ol style="list-style-type: none"> Continue supporting a project for releasing manatees into the wild under the biodiversity conservation program based on the concept of "Field Museum" in Amazon. <ul style="list-style-type: none"> Conduct health checks of 17 manatees. Release eight manatees into the lake to keep them in a semi-wild state. Release five manatees into the Amazon River. Provide 100 local residents with learning opportunities. Have local fishermen understand the importance of protection of manatees, aiming to have two of them participate in this project. Construction of a facility (visitor center) in the Field Station, including a cafeteria and an exhibition hall where visitors can gather, is planned to begin in FY2018. 	13. 15.

CSR Issues/ Societal Issues	FY2017 action plans	Status*	FY2017 results	FY2018 action plans	SDGs
Facility management and awareness-raising activities aimed at regional contributions [Basic Activity Guidelines 3 Community Contribution]	<ol style="list-style-type: none"> 1. Support of ITOCHU Medical Plaza 2. Planning and operation of ITOCHU Aoyama Art Square. 3. Support the disaster-affected area effectively through ITOCHU Children's Dreams Fund. Contribute to the agricultural development of the area by supporting the sale and production of Takata no Yume as part of the activities for supporting disaster-affected areas through business activities, with a target harvest of 260 tons. 	<p>🌱 🌱 🌱</p>	<ol style="list-style-type: none"> 1. Provided support in terms of funding and information. <ul style="list-style-type: none"> ■ Held Medical Business Administration Seminars for local medical professionals, which were useful for the management of clinics, on three occasions. A total of 182 people participated in the seminars. ■ Ran a human resource development program based on medicine-engineering collaboration on two occasions. A total of 124 people participated in the programs. ■ Held an exchange program with 11 overseas universities/medical facilities as an international medical exchange program. 2. As a way to help solve the various social issues we face, 16 exhibitions based on the theme of "social contribution through art" were planned and implemented in conjunction with exhibitors. Visitor numbers surpassed the previous year, with visitors since the opening exceeding 170,000 people. 3. Held events designed to help children achieve their aspirations from areas affected by the Great East Japan Earthquake through the ITOCHU Children's Dreams Fund on seven occasions. To support the sale of the Takata no Yume brand of rice launched by Rikuzen-Takata in Iwate Prefecture, an area affected by the earthquake disaster, we held a local product exhibition featuring the City of Rikuzen-Takata beside the Tokyo Head Office of ITOCHU on March 11. ITOCHU thus contributed to the agricultural development of the area affected by the earthquake disaster with 47 farmers engaged in production and a harvest of 200 tons. 	<ol style="list-style-type: none"> 1. Continue to provide support in terms of funding and information. <ul style="list-style-type: none"> ■ Hold the Medical Business Administration Seminar six times, with 200 participants. ■ Hold an exchange program with ten overseas universities/medical facilities as an international medical exchange program. ■ Implement human resource development program based on a medicine-engineering collaboration on two occasions and attract 100 participants. 2. Planning and operation of ITOCHU Aoyama Art Square. 3. Support the disaster-affected area effectively through ITOCHU Children's Dreams Fund. Contribute to regional agricultural development by supporting Takata no Yume through business activities. 	<p>3. 4. 10. 11.</p>

* 🌱🌱🌱 : Achieved

* 🌱🌱 : Nearly achieved

* 🌱 : Unachieved

Social Contribution Activities: Growth of Future Generations

ITOCHU Foundation

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation (which became a public interest incorporated foundation in 2012) in 1974. The foundation engages in activities for contributing to the healthy growth of children, such as two current major projects: subsidizing development of children's literature collections, and promoting development of an e-book library.

— Project for Subsidizing the Development of Children's Literature Collections

Since 1975, ITOCHU has been supporting private organizations and individuals who are engaged in grassroots activities for encouraging local children to read books. We have to date provided subsidies of approx. 1.06 billion yen to a total of 2,179 children's literature collections and other recipients (including overseas recipients) while boosting the project, for instance by adding a program for donating sets of books and a program for reading support for children in hospital facilities, very much in response to the changing times.

In FY2017, we provided the subsidies shown in the following table. In March 2017, a presentation ceremony for FY2017 Project for Subsidizing the Development of Children's Literature Collections was held with the participation of approx. 140 people working in children's reading and representatives from foundations, including recipients of purchase subsidies and recipients of the award for distinguished service to children's literature collections.

	Number of Subsidies (FY2016)
Children's book purchase subsidies	43 (of which, 1 overseas)
Reading support and purchase cost subsidies for children in hospital facilities	3
100 Children's Books Subsidies	26 (of which, 8 overseas)
Overseas Japanese school and supplementary school book subsidies	5
Award for distinguished service to children's literature collections	3
Total	80 (of which, 14 overseas)

* Please refer to P121 for supporting ten schools in the areas affected by the Great East Japan Earthquake through the 100 Children's Books Grant Conducted with Shareholders.



A Japanese school in Zug, Switzerland, which was granted book subsidies



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



Project for Promotion of E-book Libraries

Editing and distribution of Multimedia Daisy books

The Multimedia Daisy book is an international standard for digital books. Books of this standard incorporate diverse measures that are developed specifically for people who have difficulty reading due to disabilities or other factors. The books can be browsed on PCs and tablet terminals. ITOCHU Foundation edits picture books and children's books into Multimedia Daisy books and donates them to special schools and public libraries all over Japan. It has so far digitalized 309 titles and sent the books to a total of 5,448 locations.

	FY2017	Total*
Number of titles produced	66 titles	309 titles
Recipients	1,121 locations	5,448 locations

* Total since FY2012



A reading function allows the electronic books to be read even in bed



The Power of Children's Books Exhibition that Her Imperial Majesty the Empress of Japan visited (Display of Multimedia Daisy books in 2014)

In 2016, ITOCHU Foundation digitalized a card game based on *Ogura Hyakunin Isshu* (a classical Japanese anthology of one hundred Japanese waka poems by one hundred poets) in response to a request from junior high school students with disabilities. The poems were read by junior high and high school students from Tokyo metropolitan special schools. Illustrations for scenes of the poems were created by students, including those from the art clubs of ten metropolitan high schools. The book was produced with cooperation from many quarters, including Nintendo Co., Ltd., which created and provided electronic data for the cards free of charge.



A completely blind junior high school student read the poems that were written in braille

In addition, the foundation sought the cooperation of prefectural libraries for a project to digitalize local folk tales jointly into *Nihon Mukashi-banashi no Tabi* (travelling around Japan to visit the settings of folk tales). Ten libraries from ten prefectures took part in the project, in which the following ten locally based folk tales were digitalized by joining the forces of many people, including those from art clubs of local high schools of each prefecture, picture-card story groups, and transliteration groups.

- *Nukada no tassai* (Ibaraki)
- *Minuma no fue* (Saitama)
- *Oni no senri-gutsu* (Yamanashi)
- *Yourou no izumi* (Gifu)
- *Hachi no on-gaeshi* (Mie)
- *Maada mada wakaran* (Yamaguchi)
- *Aoki Totaro* (Tokushima)
- *Dougo onsen no sagi-ishi to tama no ishi* (Ehime)
- *Matago to enkou* (Kochi)
- *Kusukue no ohanashi* (Okinawa)



Exhibition of illustrations of *Nukada no tassai* at Ibaraki Prefectural Library



The ten folk tales that were digitalized in FY2017

Barrier-free reading workshops

ITOCHU holds barrier-free reading workshops so that people can learn how to provide the joy of reading for children with disabilities. These workshops are held mainly for school personnel, librarians, and medical personnel to give them opportunities to learn the causes of reading difficulties, together with effective media and support methods for overcoming the difficulty.

In FY2017, the workshop was held on eight occasions in Saitama, Gifu, Akita, and other places with 412 participants.

Development of "Mobile Learning Center" Project in India with Save the Children

Together with Save the Children Japan, ITOCHU has run a project "Mobile Learning Center" in the M-East district of Mumbai, India, in hopes to reach out to children who do not attend school because they are living on the street or engaged in child labor. To support Save the Children Japan and Save the Children India, ITOCHU committed 25 million yen in the two years between November 2013 and March 2017. These funds were used to wrap the bus that operates as the mobile library; equip it with benches, blackboard, and bookshelves; and employ two persons (an education facilitator* and a counselor), which mimics the learning environment of an ordinary school classroom. The objective of the project is to serve as a bridge that will lead to children attending mainstream schooling by providing learning opportunities that incorporate audio and video-based teaching materials and are enjoyable for the participating children. Over the period, 2,695 children had the opportunity to learn through the mobile learning center, 592 of whom were able to return to formal schooling.



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

Running of Eco Shop Pavilion in KidZania Tokyo

Since April 2012, ITOCHU has run its Eco Shop environmental pavilion in KidZania Tokyo, a facility for children to experience diverse types of work. ITOCHU operates the Eco Shop by utilizing the expertise in environmental education it has developed through the MOTTAINAI Campaign, a global environmental effort in which ITOCHU participates. To allow children to experience environmental activities, the pavilion provides visitors with opportunities to create original products such as Eco-Bag for Shopping, and My Chopsticks to Carry Along and recycled soap, all using eco-friendly materials. In August 2016, Out of KidZania with ITOCHU, a special program for allowing children to experience work of a trading company on site at the Tokyo Head Office, was held over two days. Out of KidZania is a program for nurturing children's problem-solving skills. Thirty elementary school children, selected from among applicants, analyze a variety of problems and make proposals from their unique point of view. The event had been held for three consecutive years. This time, the program was run with the cooperation from Euglena Co., Ltd. under the theme of "Experience the Creation of a Business using New Technology." They were divided into teams and worked

on the tasks of planning a new product that uses euglena to solve problems in the world and then proposing sales promotion strategy for the product. They gave presentations to senior employees in a business meeting room. All the teams came up with wonderfully individualistic and inventive proposals as good as any adult could produce. The children achieved significant personal development over the two days as young business persons of *sogo shosha*. At KidZania Tokyo, a popular venue for children, we will continue to provide them with opportunities to enjoy learning environmental preservation from a global perspective, offer a range of events for children, and help develop young people who will be leaders of sustainable society.



Children making soap from recycled materials



Children taking part in the Out of KidZania program are exchanging ideas seriously

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

In December 2009, ITOCHU provided support for renovation of the House for Youth, a home that helps young people become independent, located on the outskirts of Manila. Support was provided via Kokkyo naki Kodomotachi (KnK: meaning "children without borders"), an authorized Japanese NPO that supports street children, children who are victims of major disasters, and other children in developing countries. ITOCHU also provided support when House for Youth was again renovated in 2012 into a job training facility that helps children achieve independence.

In 2013, the underground floor and the roof of the house were renovated, enabling the facility to provide more job training courses, which allows more young people to acquire practical skills.

Since FY2016, ITOCHU has been once again providing financial support related to the operation of the House for Youth (4.5 million yen for three years). The funds are used to provide education, meals, mental health care, job training, and other necessities so as to restore the dignity of children in the House for Youth and help them grow into adults who can contribute to society. The support from ITOCHU is highly evaluated as a great foundation that leads to the stabilization of KnK Philippines' activities and enables them to continue.

In addition, employees from ITOCHU Manila branch regularly visit this facility for volunteer activities and other purposes.

In May 2016, a ceremony was held to commemorate the 15th anniversary of KnK Philippines' activities. Six employees from Manila branch participated in the celebratory event, bringing children's favorite fast food. In addition, during October to November of the same year, young employees from the Head Office experienced volunteer activities at this facility and in Payatas, a slam area. In December, when we hosted a Christmas Party that was held at the House for Youth, 11 local employees brought fast food, ice cream, and even Christmas presents to the children and deepened exchange with them through games and plays.



We received a letter of gratitude at the commemoration ceremony for the 15th anniversary of KnK Philippines



At the Christmas Party



With volunteers from ITOCHU Corporation, Manila Branch

Accepting Chinese university students for homestays

Since its inception, ITOCHU Corporation has supported the "Visit Japanese Enterprises and Feel Japan" program organized by the Japanese Chamber of Commerce and Industry in China to give Chinese university students the opportunity to learn more about Japan. The program aims to promote friendship between Japan and China by having university students from China visit Japan twice a year and engage in citizen-based exchanges. In FY2017, the 18th in May and 19th in December, iterations of the program were run, with three employees from the ITOCHU Group accepting Chinese university students as hosts and enjoying citizen-based exchanges with their families.



A university student from China (second from the right) and her host family

Supporting Brazilian Elementary and Junior High School Pupils in Japan

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

On October 14, 2015, ITOCHU held ITOCHU Festa do Brasil, a Brazil-themed private party at KidZania Tokyo, for which ITOCHU Corporation is an official sponsor. The party commemorated the 120th anniversary of diplomatic relations between Japan and Brazil, and 240 Brazilian children from six elementary and junior high schools in Gunma, Ibaraki and Saitama Prefectures were invited to the party. With this party as the catalyst, in April 2016, a total of 45 Brazilian elementary and junior high school pupils from Ibaraki, Tokyo, Kanagawa, Chiba, and Saitama were invited to KidZania Tokyo to attend and enjoy a work experience aimed at career education. In addition, in June 2017, we agreed to cooperate in the activities of Fundação Associação Nippo Brasileira de Economia e Cultura (Japan-Brazil Economic and Culture Association) and donated tickets for KidZania Tokyo.



Pupils from Brazilian elementary and junior high schools fully enjoyed KidZania Tokyo

Holding summer school program on the environment

To build a more sustainable society, it is important that each one of us should try to live an eco-friendly lifestyle. From such a viewpoint, every summer since 1992, ITOCHU Corporation has been holding a summer school program on the environment for local children and employees' families as a means of raising awareness of environmental issues. To date, we have provided a cumulative total of more than 1,200 elementary school children with opportunities to learn about environmental and biodiversity conservation.



Up-close observation of the sea turtle

In FY2017, the class was held on July 28, 2016 in the form of two workshops, "Biodiversity: Sea Turtle Workshop" and "Disaster prevention: Natural Disaster Workshop," respectively, with 76 elementary school children taking part. During the first workshop, children closely observed a green turtle from the Ogasawara Islands and learned about its ecology and about endangered species. In the second workshop, they experienced a simulated avalanche and earthquake, through which they learned how natural disasters occur and how to respond to them.



The Natural Disaster Workshop

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

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

In FY2017, we accepted visits from eight schools in total, including the nearby Aoyama Elementary School, Aoyama Junior High School and Shiga Prefectural Hachiman Commercial Senior High School, the old school of Chubei Itoh II. We also accepted a company visit by students from Mikata Junior High School in Wakasa Town, Fukui Prefecture, which ITOCHU Chairman Eizo Kobayashi serves as the Furusato Taishi (hometown ambassador), for the third consecutive year. Mr. Kobayashi himself gave a lecture to the students from his home town.



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



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



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

Social Contribution Activities: Environmental Conservation

Support of Amazon Ecosystem Conservation Program

Starting in FY2017, ITOCHU Corporation has been supporting the new concept of "Field Museum," an ecosystem conservation program in the tropical forests of the Amazon, and the construction of the Field Station, a research facility, which are promoted by the Wildlife Research Center of Kyoto University with the National Institute of Amazonian Research for the purpose of conserving the environment and biodiversity. These projects constitute a part of the SATREPS project, on which the Japan Science and Technology Agency (JST) and Japan International Cooperation Agency (JICA) work jointly. In SATREPS, researchers from Japan and developing countries jointly conduct research on resolving global issues and the future of research outcomes by society.

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

Concerning the support for the construction of the Field Station, a research facility, ITOCHU donated funds for the construction and development of a facility (visitor center), including a cafeteria and an exhibition hall where visitors can gather. Through these initiatives, ITOCHU will provide opportunities to experience a wide variety of plants and animals in the rich natural environment of the Amazon rainforests, contributing to the environmental education of both local residents and tourists. This is JICA's first industry-government-academia collaboration for conserving the Amazon's ecosystem.



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



The Amazon manatee is an endangered species



Visitor center in the Field Museum (conceptual rendering)

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

In 2008 ITOCHU Corporation celebrated the 150th anniversary of the company's foundation. To commemorate the anniversary, the Company decided to implement a social contribution program. A questionnaire conducted to determine what type of program to conduct found forest conservation to be the theme employees desired most strongly. Starting in FY2010, under this program, ITOCHU engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with World Wide Fund (WWF) for Nature Japan. Saplings of tree species which are native to the island of Borneo were planted at regular intervals and on-site maintenance work, including weeding around each sapling, was continued after the planting, aiming to restore the forests. These tasks were performed by following methods that were agreed by the Sabah Forestry Department (SFD) and WWF Malaysia. The tasks were performed meticulously. For example, as many as around 60 species of trees, including Dipterocarpaceae species that are native to the area, were planted in conformity to the environment. Creative measures were devised to restore forests more effectively and improve the environment as a habitat of Bornean Orangutans. They include the planting of tree species which grow quickly (pioneer species), those which grow slowly (Dipterocarpaceae plant are the majority), and those that bear fruit as food for Bornean Orangutans, in accordance with the condition of each area. With regard to the planting of trees and their maintenance, which were undertaken for a period of seven years, WWF and SFD conducted on-site checks of each task to ensure that it was being performed in accordance with the standard, and corrective tasks were conducted where the standards were not followed. Planting and on-site maintenance work of all 967 hectares, where ITOCHU supported forest restoration, were completed on January 14, 2016. This is the largest area of responsibility for the restoration project undertaken by any private company.



Planting of tree saplings

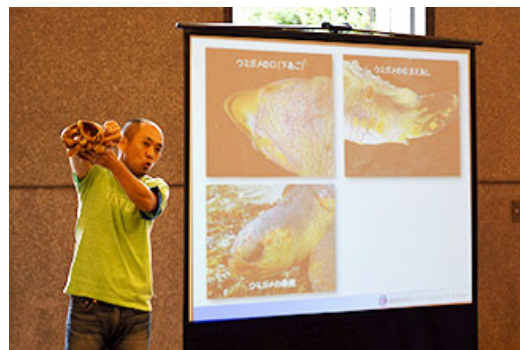
Support for Activities for Protecting Green Turtles, an Endangered Species

For the purpose of conserving biodiversity, ITOCHU Corporation support activities for protecting green turtles, designated as an endangered species in the Red Data Book from the Ministry of the Environment of Japan. The support is provided via Everlasting Nature (ELNA), a certified NPO. ELNA was established in 1999 for the purpose of conserving marine lives in Asia and the marine environment surrounding them. It was certified as an NPO by Kanagawa Prefectural Government.

Green turtles lay their eggs in Japan on the sandy beaches of Ogasawara Islands. Humans have a great impact on the natural world and human life has significant implications for green turtles. For example, coastal development has reduced the availability of sandy beaches and green turtles eat refuse on the coast, mistaking it for food. As part of its activities for protecting green turtles, ITOCHU held the summer school program on the environment in July 2016. The event was designed for children from neighboring elementary schools in Aoyama and employees' families, who learned the importance of living creatures and the environment through a look at green turtles. To build a more sustainable society, it is important that each one of us should try to make our lives more eco-friendly. For this purpose, every summer since 1992, ITOCHU Corporation has been holding summer school program on the environment for local children as a means of raising their awareness of environmental issues. To date, a cumulative total of more than 1,200 elementary school children, representing future generations, were provided with opportunities to learn about environmental and biodiversity conservation.



Children participating proactively in the summer school program on the environment



A lecture being given during the summer school program on the environment

Support for Manila Hemp Plantation Rehabilitation Project

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



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

Since April 2012, ITOCHU Corporation has operated Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2016, about 150,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 150,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources. In FY2018, ITOCHU will renew this pavilion under the theme of "Amazon Ecosystem Conservation" as an initiative for promoting the Project to Support Returning Amazonian Manatees to the Wild (Manatee Homecoming Project). The amount obtained by multiplying the number of child visitors to the pavilion by ten yen will be sent to Brazil as the cost of milk for Amazonian manatees.



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



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

Social Contribution Activities: Community Contribution

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

In October 2014, ITOCHU Medical Plaza, a facility aimed at conducting international medical exchange, opened in Kobe Medical Industrial City, one of the largest medical clusters in Japan. ITOCHU Corporation has donated 500 million yen for construction to the Foundation for Kobe International Medical Alliance, which is the primary operator of the facility. There is great expectation locally and internationally for the development of the center for human resource development, including education and technical training of overseas physicians and healthcare practitioners mainly from Southeast Asia, projects for accepting trainees from overseas, and a variety of research projects such as joint development of medical equipment with universities and other institutions and seminars for local healthcare business operators. In FY2017, ITOCHU held an exchange program with 11 overseas universities/medical facilities as an international medical exchange program. In addition, ITOCHU held Medical Business Administration Seminars for local medical professionals, providing useful information for the management of clinics, on three occasions. A total of 182 people participated in the seminars. A human resource development program involving medical-engineering cooperation was also held on two occasions, and a total of 124 people took part.



ITOCHU Medical Plaza

Local Hub of CSR Activities: ITOCHU AOYAMA ART SQUARE

In October 2012, we opened ITOCHU AOYAMA ART SQUARE in the CI Plaza next to ITOCHU's Tokyo Headquarters. We established the facility as a base for our CSR activities aimed at contributing to the development of future generations, making local contributions through art, and contributing to art and cultural promotion, both in Japan and abroad. In Aoyama, an area that thrives with a variety of cultures, we showcase artwork that reflects fresh perceptions and present exhibitions that serve as a bridge for international exchange. In FY2017, the following 14 exhibitions were held, and as of March 2017, ITOCHU AOYAMA ART SQUARE had welcomed approximately 170,000 visitors since opening. ITOCHU will continue to address a range of social issues through art and regularly present exhibitions to contribute to creation of the culture of life in local communities.



ITOCHU AOYAMA ART SQUARE

Period	Exhibition	Issues	Summary
March 21, 2016 to April 18, 2016	Get in touch "Warm Blue MAZEKOZE Art II"	Social independence of the disabled people	This art exhibition, which was held in the previous year on the theme of blue, the concept color for World Autism Awareness Day (April 2), was held again by Get in touch (Chizuru Azuma, Representative), starting on the World Down Syndrome Day.
April 23, 2016 to April 30, 2016	TOKYO Teshigoto Exhibition	International exchange	The first exhibition of TOKYO Teshigoto project, which is being undertaken by the Tokyo Metropolitan Government and the Tokyo Metropolitan Small and Medium Enterprise Support Center, was held, featuring traditional crafts of Tokyo. It also unveiled new products that were developed through collaboration between artisans and designers.

Period	Exhibition	Issues	Summary
May 3, 2016 to May 31, 2016	Bicycle Expo 2016: Moulton Exhibition - the Wonderful World of Small Wheeled Bicycles -	Community Contribution	The Bicycle Expo was held for the fourth consecutive year. This time, it featured a valuable collection of small-wheeled bicycles of Alex Moulton, who contributed to the development of bicycles in the late 20th century and was decorated with the Most Excellent Order of the British Empire.
June 6, 2016 to June 25, 2016	LOVE THE MATERIAL in AOYAMA	Development of the future generation	This exhibition was held to introduce contemporary crafts created by a new generation of artists in Japan. More than 100 contemporary craft works that were born out of a love for a wide variety of materials such as metals, ceramics, and glass were exhibited.
July 7, 2016 to July 24, 2016	Sachi Murai Photo Exhibition - FantaSea	Environmental Conservation	Photographs of the dreamy world under the sea, taken by Sachi Murai, an underwater photographer, were selected and exhibited. This exhibition helped preserve biodiversity by expressing the mysterious power and beauty of the sea and thus communicating the importance of environmental preservation.
July 27, 2016 to August 27, 2016	HAPPY BIRTHDAY EARTH - Change the World with Children's Art -	Development of the future generation	KIDS EARTH FUND (KEF), a non-profit organization, held an exhibition of paintings by children from various parts of the world who had been traumatized by terrible events, such as wars or disasters. Art workshops for children were also held in time with the summer vacation season.
September 7, 2016 to September 19, 2016	Photography Exhibition Tohoku/ Okinawa by Masaru Tatsuki and Ryuichi Ishikawa	Development of the future generation	This was the first part of the photography exhibition curated by photography critic Mr. Minoru Shimizu, with the purpose of developing future generations. It featured photographs themed on Tohoku/ Okinawa, which were taken by Mr. Masaru Tatsuki and Mr. Ryuichi Ishikawa, winners of Kimura Ihei Award that is dubbed the Akutagawa Award of the photography community.
September 22, 2016 to October 2, 2016	Daisuke Nakashima Photo Exhibition Entitled "Image no Kanshoku (Feel of the images): taken with iPhone"	Development of the future generation	This was the second part of the photography exhibition curated by photography critic Mr. Minoru Shimizu, with the purpose of developing future generations. It featured photographs taken by Mr. Daisuke Nakashima, a photographer, with the iPhone. The photographs were exhibited using 100 iPhones and iPads, presenting contemporary art with the most popular device.
October 5, 2016 to November 6, 2016	The Works of 10 Young Edokiriko Artisans - Glass and Kiriko	International exchange	It was the fourth exhibition of the works of young Edokiriko artisans. This time it was themed on Glass and Kiriko. Coordinated by Director Jun Michida, the exhibition introduced the multifaceted charms of Kiriko by using mirrors.
November 11, 2016 to December 20, 2016	Shoko Kanazawa Calligraphy Exhibition - Prayer for Peace -	Social independence of the disabled people	It was the third exhibition of works by Shoko Kanazawa, a female calligrapher with Down syndrome. The works exhibited this time reflect what Ms. Kanazawa felt and what she wanted to communicate in 2016. During the year, people around the world pinned their hopes on peace due to such events as U.S. President Barack Obama's visit to Hiroshima, a city that was devastated by an atomic bomb in World War II, and the peace festival that was held in Rio de Janeiro.

Period	Exhibition	Issues	Summary
December 23, 2016 to January 15, 2017	Let's Celebrate the New Year of 2017 with Art of Various Roosters!	Development of the future generation	This was the third occasion of the New Year event themed on the Oriental Zodiac of the year. A total of 120 young and energetic artists aged 35 or younger exhibited their artworks featuring rooster.
January 17, 2017 to January 25, 2017	Exhibition of the Future of Calligraphy	Development of the future generation	This was a group exhibition by eight young and energetic calligraphers, including Mr. Hisashi Yamamoto, who had inherited the style of the late calligrapher Mr. Yuichi Inoue. It promoted the world of calligraphy in art settings at home and abroad.
January 28, 2017 to February 14, 2017	Exhibition of Kazuyuki Suto, an Up-and-Coming Japanese-Style Painter: Wind Blowing Through Seasons	Development of the future generation	This was an exhibition of works by Mr. Kazuyuki Suto, some of whose works have been used in ITOCHU's picture calendar for 2017. It showcased many large works of his Japanese-style paintings with the theme of the seasons and wind and a focus on small familiar creatures.
February 20, 2017 to March 6, 2017	The 2nd Art Project Exhibition of the Tokyo Metropolitan Schools for Special Needs Education "My Color, My Shape, My Shine"	Social independence of the disabled people	Held jointly by Tokyo Metropolitan Government Board of Education and Tokyo University of the Arts Faculty of Fine Arts, this exhibition showcased 50 pieces of work selected from among 830 pieces created by students of 44 Tokyo Metropolitan Schools for Special Needs.



Sachi Murai Photo Exhibition - FantaSea



HAPPY BIRTHDAY EARTH - Change the World with Children's Art - Workshop entitled "Let's paint picture on white cloth together!"



The Works of 10 Young Edokiriko Artisans - Glass and Kiriko



Shoko Kanazawa Calligraphy Exhibition - Prayer for Peace - Live calligraphy performance

The Second ITOCHU Summer Concert Held at Suntory Hall

Starting in 1991, ITOCHU Corporation held Lobby Concert at its Tokyo Head Office, which took place 23 times. In 2015, ITOCHU moved the venue of this concert to Suntory Hall and began to hold it as the ITOCHU Summer Concert, a new series. The Second ITOCHU Summer Concert was held on July 20, 2016 and attracted more than 1,900 people, more than the previous year. Starting off with a performance by the New York Symphonic Ensemble (NYSE) conducted by Mamoru Takahara, in the second half the orchestra and chorus of Tokyo Metropolitan Mita High School comprising some 98 members all joined to produce an unprecedentedly powerful performance. For the performance with local high school students, started in 2015 with the aim of encouraging future generations, the students fully demonstrated the fruits of the two workshops with Mr. Takahara and their hard practice thereafter, delivering an excellent performance although they were nervous. The performances were met with thunderous applause and cheers.



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



The first performance at Suntory Hall

Local Contribution Activities at Overseas Offices

ITOCHU Corporation maintains 103 overseas offices in 62 countries around the world (as of April 1, 2017). In addition to making local contributions through our business activities in each region, as a member of these local communities we consider local issues and how ITOCHU can contribute in its own way, and undertake local contribution activities in each region.

The following is an excerpt of the activities we conducted in FY2017.

United States

Employee volunteers brightened up a public school in Bronx

ITOCHU International Inc. (III) supports local non-profit organizations that organize volunteering, fund-raising and charity initiatives in a range of areas, such as the environment, public schools, children in need, domestic violence shelters and transitional housing facilities. On October 22, 2016, a team of 30 III executives, employees, family and friends, including President & CEO Yoshida, spent their Saturday at a public school in Bronx, NY, painting walls, drawing murals and creating laminated signs and badges for students. They were among 4,000 volunteers at around 70 public schools across New York City's five boroughs participating in the annual New York Cares Day for Schools, working together to brighten up public schools and motivate students.



Guatemala

Supporting a mobile hospital project

Unex, a Group company that collects, selects and exports coffee in Guatemala, supports a mobile hospital project run by the coffee exporters' association. With a mobile truck carrying a repurposed coffee export container, the mobile hospital travelled to nine locations across six departments (administrative regions) in Guatemala, mainly coffee producing regions, offering dental care and general medical care to coffee producers. Fearing steep medical costs, many people in these areas avoid visiting hospitals or dental clinics. Through the mobile hospital, 1,068 dental patients and 2,561 regular medical patients received care.



United Kingdom

Donation to the UK-Japan Music Society to promote understanding of Japanese and European cultures

ITOCHU Europe has been supporting the UK-Japan Music Society since it was founded in 1991 with the aim of facilitating cultural exchanges through the music of the two countries. In 2016 the society celebrated its 25th anniversary and visited Japan to hold concerts at six venues.



Azerbaijan

Supporting the restoration of facilities damaged by fire with SOS Children's Villages

A fire occurred at a facility operated by the international NGO SOS Children's Villages, which protects children's human rights. Immediately afterward, ITOCHU Oil Exploration Azerbaijan (CIECO AZER) decided to offer its support, allowing the NGO to quickly engage in restoration work. After the facility was restored, a letter of appreciation along with handmade gifts of thanks from the children were received, and are now proudly displayed at the company's offices.



Kuwait

Taking Part in Beach Cleanup Campaign Dubbed "Operation Turtles"

ITOCHU's Kuwait office has taken part in "Operation Turtles", a beach cleanup campaign organized by the Kuwait Environment Protection Society and the Embassy of Japan in the State of Kuwait. The cleanup was held on November 12, 2016. ITOCHU employees and their families made an effort to clean up Shuwaikh Beach and preserve the marine environment.



China

Supporting Underdeveloped Areas through "Warming the Western Regions" Plan

At various sites in the China bloc, ITOCHU is engaged in a range of social contribution activities geared towards the needs of each region. ITOCHU (China) Holding Co., Ltd. (Beijing), embracing the "MOTTAINAI" slogan, has taken part in a "Warming the Western Regions" plan organized by the Beijing Public Service Development Promotion Association and the Beijing Blue Butterfly Foundation. For five consecutive years ITOCHU employees have taken part, donating around 470 unneeded winter garments and more than 50 books and stationery items to the western region, which is an underdeveloped area in China.



South Korea

Cleanup Activities in Mangwon Hangang Park

ITOCHU Korea engages in volunteer activities twice a year. In March 2017, it carried out cleanup activities in Mangwon Hangang Park, a location of deep historical significance. The Han River, or "Hangang," is a major river in South Korea which is also used for tap water. As an activity in which employees, their families and children can take part together and contribute to environmental conservation, ITOCHU Korea planned the cleanup along the riverside, promenade and other such places. On the day, about 40 bags of trash were collected.



Singapore

Supporting Children with Cerebral Palsy through Donation to CPAS

ITOCHU Singapore made a donation of S\$10,000 donation to Cerebral Palsy Alliance Singapore (CPAS), which offers life, employment and educational support to children suffering from cerebral palsy. As thanks for its support, ITOCHU Singapore was presented with pictures drawn by children with cerebral palsy. The pictures are proudly displayed in each of the meeting rooms in the new office in an effort to raise awareness among employees.



Australia

Participation in Cleanup Australia

The first Sunday in March each year is designated Clean Up Australia Day, a concerted effort across Australia to clean up the nation's parks and beaches. Employees of ITOCHU Australia also take part, joining volunteer activities organized by the Japanese Society of Sydney each year. On March 5, 2017, cleanup activities were run at Lane Cove National Park north of Sydney, where participants contributed to environmental protection amid Australia's abundance of nature.



Kazakhstan

Sponsorship of the Japan Pavilion at EXPO Astana 2017

The Almaty Office sponsored the Japan Pavilion at EXPO Astana 2017, which is being held from June 10 to September 10, 2017 in Astana, Kazakhstan under the theme of future energy. Support for the Japan Pavilion, which introduces Japan's experience and challenges related to energy through unified cooperation between industry, government, academia and the private sector, gave a boost to Kazakhstan's expo.



Local Contribution Activities at Domestic Locations

Tokyo Head Office

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



Osaka Head Office

FY2017 marked the eighth year of activities carried out in conjunction with the Amanosato Zukuri no Kai (Amanosato revitalization group) in Katsuragi-cho, Ito-gun, Wakayama Prefecture. The program involves companies and the residents of rural areas utilizing local resources while engaging in safe and secure rice farming, promoting local production for local consumption, and taking part in collaborative efforts to preserve the local landscape. Young employees of the Textile Company engage in the spring planting and autumn harvest each year as part of their training. In 2016, planting took place on May 30 with the harvest on October 2, with a total of 139 employees and their family members taking part. Young employees also helped with the transportation of heavy goods and facility improvements, including the removal of dirt from ditches, thereby deepening exchanges with members of the Amanosato Zukuri no Kai.



Chubu Branch

The Chubu Branch conducted its annual cleaning activities around the Nagoya ITOCHU Building on November 15, 2016. A total of 30 people, including 25 employees of the branch led by General Manager Kawashima and five others from ITOCHU Group companies, took part in the activities on the warm autumn day. Splitting up, they picked up a large amount of rubbish in an area within a radius of 200 meters of the building.



Kyushu Branch

Since 2011, Kyushu Branch has been involved in the Happy Toys Project (a project in which stuffed animals are sent out to children), which is organized by Felissimo Corporation, a mail-order company. In this project, more than 51,000 stuffed animals, which were made by hand using old clothes and other materials, have been sent to children in 57 countries and regions, including Japan, as ambassadors of smile, with the aspiration of having flowers of smiles bloom on the faces of the children who receive them.



Chugoku & Shikoku Branch

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



Hokuriku Branch

On October 30, 2016, the Hokuriku Branch took part in the 25th Hohoemi Sports Festa Kanazawa, a sports event held for people with disabilities. 18 people including employees and their family members from the ITOCHU Group participated as volunteers assisting with the running of events and overall operation, and took the opportunity to deepen exchanges with everyone taking part. Approximately 300 participants were also very happy with the event.



Social Contribution Activities: Humanitarian Assistance

Support for the Great East Japan Earthquake Reconstruction

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

See P118 for details.

Disaster Relief for Kumamoto Earthquake

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

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

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

In addition, in July, or about three months after the disaster, employees from Kyushu Branch joined together with disaster volunteers. At the houses of individuals who were affected by the disaster, the employee volunteers took out furniture and household goods, disposed of them, and cleared the area around each house.

Aid to Areas Affected by Major Natural Disasters

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

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

— Recent examples

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

Social Contribution Activities: Great East Japan Earthquake Reconstruction Support

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

ITOCHU Children's Dream Fund

The ITOCHU Children's Dream Fund is part of the disaster support activities that ITOCHU Corporation has been conducting since March 2013. It is aimed at providing aid to the children in the areas afflicted by the Great East Japan Earthquake. In FY2017, the following support was provided through the ITOCHU Children's Dream Fund. We will continue to support the children's dreams in various ways going forward.

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

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

The spring and autumn tournaments, held June 11-12 and October 1-2, 2016 respectively, both took place on the grounds of Rikuzentakata Otomo Elementary School, with ITOCHU Group employees also taking part in the events as volunteers. At the autumn tournament, current and former members of the Baseball Clubs from ITOCHU Group companies played friendly games and deepened exchanges with the children.



ITOCHU Children's Dreams Rugby Scrum Held

The city of Kamaishi in Iwate Prefecture, known as a "rugby town," has been selected as one of the host cities for the ninth Rugby World Cup, which will be held in Japan in 2019. To support the dreams of many Kamaishi children who aim to become rugby players, ITOCHU Corporation invited 16 elementary school students who belong to the Kamaishi Seawaves Junior team to Tokyo on November 19-20, 2016.

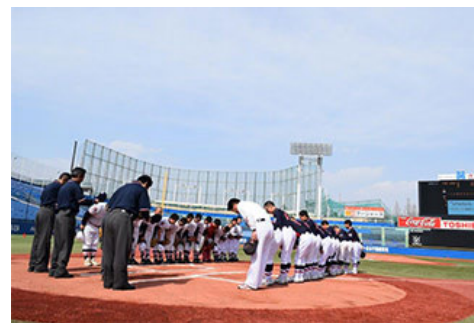
On their first day, the children served as child player escorts for the official professional rugby game at Chichibunomiya Rugby Stadium. The next day, coached by Mr. Hidehito Izumi, a player who helped the Nippon Steel Corporation Kamaishi Rugby Club win the All-Japan Rugby Football Championship seven times, and 10 ITOCHU employee volunteers with rugby experience, they played a friendly rugby match with children from the Nerima Rugby School team, and the children deepened their bonds through rugby.



■ Friendly Games with Competitive Youth Baseball Teams from Fukushima Held at Jingu Stadium

ITOCHU Corporation invited children of competitive youth baseball teams in Fukushima, who even now are still living with deep anxieties that are not immediately visible, to Jingu Stadium, and conducted friendly games with Tokyo little league baseball teams on March 5, 2017. This was based on children's needs, identified by local NGOs, arising from children in Fukushima having restrictions on their outdoor activities, and not being able to practice sports as much as they would like. With the full cooperation of Meijijingu Gaien and the Tokyo Yakult Swallows, children used the same locker rooms and practice areas as the professional baseball players, given the experience of being a professional baseball player for one day.

The rubber baseball game between Onahama Junior Baseball Club and Redsuns (Bunkyo Ward, Tokyo) ended in a 0-0 draw following a pitching duel. The hardball game between Fukushima Little and Kodaira Little ended with a walk-off win by Kodaira Little 4 to 5. After the games, the children enjoyed a lunch provided by FamilyMart with employee volunteers of ITOCHU, including members of ITOCHU Group's baseball club, and other people.



■ ITOCHU Children's Dream Snowboard School Held

On February 4, 2017, the ITOCHU Children's Dream Snowboard School was held at the Urabandai Ski Resort in Fukushima prefecture as a gift to children from Iwate, Fukushima, Miyagi, and Ibaraki prefectures who dream of being snowboarders. The event was supported by Ski Association of Japan, and snowboarders including Olympians Natsuko Oshida (Vancouver Olympics) and Michiyo Hashimoto (Salt Lake City Olympics), as well as Hayato Imai, Futa Adachi, Kaito Suzuki, and Hyuga Hashimoto, took part in the school as instructors. In the morning, the children received lessons designed to develop general snowboarding skills. In the afternoon, a timed race was held as an opportunity to show the results of the lessons. In the lessons given by professionals, the children's eyes were shining with the valuable experience that made them dream of becoming snowboarders. Those children with top placings received Japanese snowboard team uniforms by AIRWALK, a brand for which ITOCHU owns the master licensing rights.



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

Over two days on July 30 and 31, 2016, the "ITOCHU Kodomo no Yume English Summer Camp in Rikuzentakata" was held. With ten employee volunteers from ITOCHU Corporation, a total of 26 children, from fourth year elementary school students through to first year junior high school students gathered in response to a public call, joined with 20 university students, including international students from the United States and elsewhere as well as returning Japanese students studying at universities such as Rikkyo University and Iwate University, which have signed collaborative agreements with Rikuzentakata City on regional revitalization and other areas, enjoyed a summer camp in English together with ten employee volunteers from ITOCHU Corporation. English was used as the language for communication during the two-day camp, which gave the children an opportunity to come into contact with different cultures through sports and activities often seen at American summer camps, such as camp fires.



■ Collaborating with TMSO (Tokyo Metropolitan Symphony Orchestra) on supports for the affected areas through music

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

Together with the TMSO, ITOCHU cosponsored the TMSO × ITOCHU Class Concert 2017 which was held on January 16-17, in order to cheer up children who were hit hard by the earthquake in Fukushima prefecture. For this third event, Members of the TMSO visited and held string quartet classroom-style concerts at Katsurao Elementary School, Tomioka Daiichi and Daini Elementary Schools and Namie Junior High School, where some students need to travel extended periods from various locations because temporary school buildings have been erected on the grounds of old factory sites or condemned schools, as well as Kawauchi Elementary School, which despite being re-opened, has only a third of its original student population. In the classroom-style concerts, the students were taught how to play the violin by the performers. Then, while giving explanations in a quiz type, the musicians played famous pieces such as "The Nutcracker" from Tchaikovsky. Finally, there was a joint session with the chorus "Believe" and "To the Light of the Future", an original song written by Namie Junior High School students.

For FY2017, in addition to the class concert, on February 22, ITOCHU also collaborated with the TMSO in holding the concert "Boku-to-Watashi-to-Orchestra (You, I and the Orchestra): Let's Unite Together by the Rings of Music," with the participation of about 3,600 elementary and junior high school students in Iwaki City. The large chorus of students singing together along with the orchestra allowed them to enjoy sharing an emotional experience with friends. In addition, nine students from Katsurao Elementary School, which was visited for the class concert, were invited to the performance. Afterward, they had an excellent time interacting with the conductor, playing quiz games, taking a tour around the hall and experiencing a surprise performance by the orchestra members.



ITOCHU *Takata no Yume* Project

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

Since the autumn of 2013, the city of Rikuzentakata in Iwate Prefecture, which suffered enormous tsunami damage, has been striving to establish *Takata no Yume* as a local brand of rice to ensure regional competitiveness and symbolize the revitalization of its agriculture. Under the project, volunteer employees from the ITOCHU Group engage in exchanges with local farmers in the production process. We provided ongoing support in FY2017 from planting in May to the harvest in October. In addition, to increase the visibility of *Takata no Yume*, we have instituted a number of PR measures, including one involving restaurants around the Tokyo Head Office. On March 11, 2017, a food fair featuring Rikuzentakata City was held at ITOCHU AOYAMA ART SQUARE, and employee volunteers of ITOCHU Corporation presented *Takata no Yume* to visitors together with city officials of Rikuzentakata.



Utilizing the platforms and expertise of the ITOCHU Group, we support the disaster-affected region through the project by providing assistance from production through to sales to ensure the success of *Takata no Yume*.

Activities to Support Disaster-Affected Areas through the ITOCHU Foundation

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

Shanti Volunteer Association engages in activities of sending Japanese picture books to children in Southeast Asia, by affixing labels showing text translated into local languages on the picture books. Every week, employee volunteers of ITOCHU affix the labels on the picture books together with the ITOCHU Foundation by using a dedicated kit purchased from Shanti Volunteer Association. Since FY2015, these activities have been expanded to children in areas affected by the Great East Japan Earthquake. In FY2017, a total of 462 people took part in these activities at 16 locations including family libraries, libraries, and elementary, junior high, and high schools in Fukushima, Iwate, and Miyagi Prefectures with the support of seven organizations promoting children's book reading locally.



Students of Ofunato High School affixed labels showing text translated into local languages.

The 100 Children's Books Grant Conducted with Shareholders

Since FY2013, ITOCHU Corporation cooperated to ITOCHU Foundation's activity of subsidizing development of children's literature, by donating the money of paper costs and postage fees saved through shareholders' consent to receive shareholder information electronically. In FY2017, a total of 4,958 shareholders agreed to this initiative. By utilizing the money saved and the same amount of money matched by ITOCHU Corporation, ITOCHU Foundation sent new sets of books via local book stores to the following ten schools in areas significantly damaged by the Great East Japan Earthquake.



Children of Onagawa Elementary School, to which books were donated

FY2017 recipients

Iwate Prefecture	Touni Elementary School (Kamaishi City), Johoku Elementary School (Morioka City), Funakoshi Elementary School (Yamada Town)
Miyagi Prefecture	Onagawa Elementary School (Onagawa Town), Yuriage Elementary School (Natori City), Sakamoto Elementary School (Yamamoto Town), Arahama Elementary School (Watari Town)
Fukushima Prefecture	Soma Municipal Iitoyo Elementary School (Soma City), Ono Municipal Iitoyo Elementary School (Ono Town), Yumoto Third Elementary School (Iwaki City)

Other Activities to Support Recovery Efforts

Food Fair Featuring Rikuzentakata City, Iwate, and Other Events Held at ITOCHU AOYAMA ART SQUARE to Support Reconstruction from the Great East Japan Earthquake

On March 11, a food fair featuring the produce of Rikuzentakata City was held with the participation of city officials of Rikuzentakata as sales staff. Various foodstuffs from Rikuzentakata, including kelp, soy sauce, apples, tomatoes, and other local specialties, along with Takata no Yume, a local brand of rice that the ITOCHU Group supports, were on sale at the event. Employee volunteers from ITOCHU Corporation and ITOCHU Food Sales and Marketing Co., Ltd. which sells food ingredients, worked alongside the city officials as sales staff. Freshly puffed rice made using Takata no Yume, which was professionally cooked on site, and boxed lunches featuring rice balls of Takata no Yume made by a restaurant in the neighboring area, were among the products that proved highly popular with visitors. Many customers asked about the current conditions of Rikuzentakata City, such as the recent state of the city. In this way, the event encouraged numerous interactions made via food.



On the same day, an art exhibition by Get in touch also opened at ITOCHU AOYAMA ART SQUARE. Get in touch is a general incorporated association represented by Chizuru Azuma, an actress, and conducts ongoing PR activities with the objective of raising awareness of minorities dealing with afflictions in life. The art exhibition was held with the wish that "Let's make a society where people understand about minorities daily in preparation for emergency situations." The event included a special exhibition of an artwork entitled "Kibou no Ippon-matsu (a pine tree of hope)" by Asuka Tasaki, an artist with a disability who resides in Rikuzentakata City. In addition, a moment of silence was observed following time signal, and "Gareki to Radio (rubble and radio)," a movie for supporting disaster-affected areas, was shown. In this way, visitors to ITOCHU AOYAMA ART SQUARE felt sympathy for the affected areas on the day.

Social Contribution Activities: Support for Volunteer Work by our Employees

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

Employee volunteers supporting recovery from the Great East Japan Earthquake

Volunteer efforts to support recovery that were begun immediately following the earthquake were continued during FY2016, with 65 volunteers from the ITOCHU Group taking part. Current activities are mostly for indirect support for the recovery of those living in the affected areas, provided mainly through events planned under the ITOCHU Children's Dream Fund. Specifically, volunteers have engaged in rice planting, harvesting, other farm work, land-clearing work, support for the holding of local events, an English camp for children, and conducting tournaments of youth baseball clubs.

A true recovery of the areas affected by the disaster is still expected to take some time, and moving forward we will continue with volunteer activities fitted to circumstances in the region.



Support Activities for the World Food Programme (WFP)

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

In May 2017, End Hunger: Walk the World was held in Yokohama and Osaka. A total of 601 employees and their family of ITOCHU Corporation and ITOCHU Group companies participated in Yokohama while 189 took part in Osaka. This is an annual event to raise money and awareness for the WFP's efforts to fight child hunger and malnutrition. Moreover, in order to support the activities of WFP, ITOCHU carried out fundraising and held panel exhibitions for introducing the WFP's activities in December at its Tokyo Head Office.



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

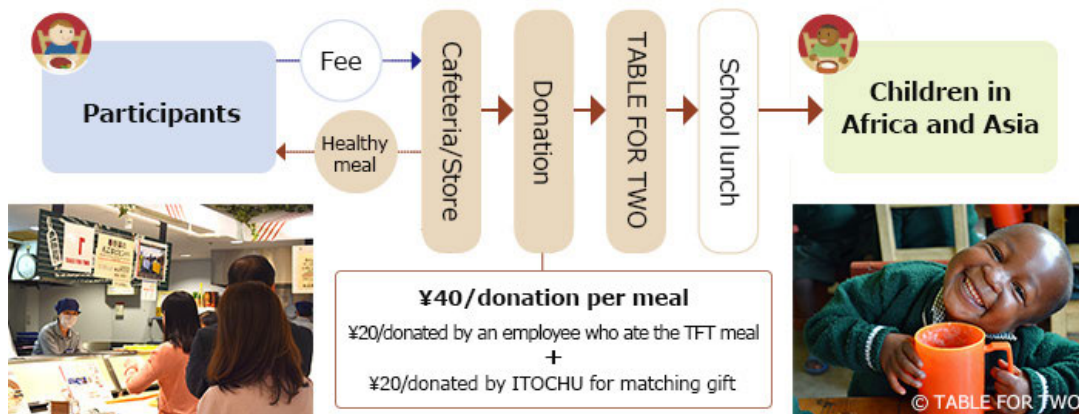
TABLE FOR TWO (TFT) Fighting to Fix the Food Supply Imbalance between Developing and Developed Countries

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

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

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

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



Our initiatives in the FY2017

July 2016 was dubbed "TFT THANK YOU Month." During this month, a glass of fruit vinegar drink, ideal for hot summer days, was offered free of charge to each employee who purchased a TFT dish as an expression of gratitude and as a way to promote the dishes further. In October 2016, we launched "Takata no Yume wo Tabete Todokeru (Delivering Aid by Eating Takata no Yume)! TFT World Food Day Campaign" to coincide with World Food Day on October 16. We took independent initiatives such as the development of time-limited menu items, which use the Takata no Yume brand of rice launched by Rikuzen-Takata City and supported by ITOCHU Group, providing support for the Great East Japan Earthquake reconstruction and providing international cooperation at the same time, and publicity for TFT through video. In FY2017, 27,318 TFT meals were purchased, which led to a donation of 1,092,720 yen (equivalent to 54,636 school meals) in conjunction with a matching gift program from ITOCHU. In recognition of these activities, ITOCHU was commended as a platinum supporter of the program in May 2017.



Limited time menu for "Takata no Yume wo Tabete Todokeru (Delivering Aid by Eating Takata no Yume)! TFT World Food Day Campaign" and photographs of children supported by the TFT program displayed in the cafeteria

Other Volunteer Programs in which Employees can Participate

Support for Child Chemo House through installation of vending machines

To support operation of the Child Chemo House, the Japan's first specialized childhood cancer treatment facility, we have installed beverage vending machines specially designed for Chemo House in our Headquarters in Tokyo and Osaka. We donate an amount equaling 6%-10% of sales from all beverage vending machines installed in the buildings to Child Chemo House. In FY2016, we donated a total of 2,521,662yen from total sales of 420,277 bottles.



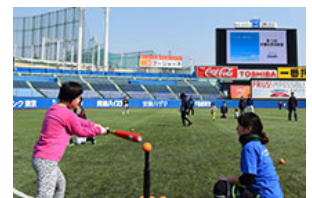
Blood drive by the Japan Red Cross Society (Tokyo Head Office) Held in January and July

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

For FY2017, blood drives were held on July 22, 2016 and January 27, 2017, with 97 employees (out of 106 applicants) and 91 employees (out of 123 applicants) giving blood respectively.

ITOCHU Baseball Class (Tokyo Headquarters)

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



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

Participants in this campaign affix labels bearing text translated into local languages on corresponding pages of Japanese picture books and send the books to children in Southeast Asian countries as gifts. A room on the fifth floor of the Tokyo Headquarters is offered for these activities during lunchtime every Thursday.



Selling Bread from the Swan Bakery

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



Employee Relations

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

Human Resource Development Supporting the "Seeking of New Opportunities"

Ongoing Promotion of Global Human Resources Strategy

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

Since FY2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and optimize the talent development of the Group on a global basis. Specifically, in FY2011, we established leadership standards for managers and developed a global human resources database of organization managers*. We also created a Talent Management Process for recruiting, fostering, utilizing and promoting talented personnel who will play key roles in the expansion of revenues and profits overseas, by cooperating with each Division Company and the overseas blocs. In addition, the ITOCHU Mission and Values, which we have passed down since our establishment more than 150 years ago, are reflected in our recruitment standards and in our evaluation and human resources development programs. This enables us to hire and develop human resources around the world who are suited to ITOCHU's values.



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

Talent Management Process

* We are assigning, promoting, and developing human resources on a global basis regardless of nationality, by implementing the ITOCHU Global Classification (IGC) in FY2010 as a common measure of job level / level of responsibility for all jobs and positions worldwide.

* Related Data: Number of overseas bloc employees by region (P145)

Development Policy

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

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



Basic Structure of Human Resource Development

Training System

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

For overseas blocks, we have established original training systems for each block based on the characteristics of the business and market and reflecting the required skills and specialties. We combine these schemes with the training system of ITOCHU Corporation to facilitate the development of professionals who can manage business on a global level.

Classification		Head Office Employees			Group Company Employees	National Staff
		Essential	Elective	Select		
Officers		Training for Newly Appointed Officer			Training for Newly Appointed Officer	
Core Staff	General Manager	Training for Newly Appointed General Manager			Strategic Management Training	
		Training for Newly Appointed Administrative Officer of Group Company			Subordinates Development Skills Training	
	Section Manager	Short-term Business School In Japan or Overseas			Basic Management Training	
		Training for Newly Appointed Section Managers			Next Leaders Training	
Mid-Career	Training for Newly Appointed Acting Section Manager			Next Leaders Training		
	8th Year Training			Junior Employee Brush-up Training		
	4th Year Training			New Employee Training		
Junior Employees	Basic Courses			New Employee Training		
	New Employee Training			New Employee Training		
	Career Workshop for Clerical Staff			Senior Employee Training		
	Overseas Training for Clerical Staff			Junior Employee Training		
Clerical Staff		Newly appointed GRADE B2 Training			Senior Employee Training	
		GRADE B1 Training			Junior Employee Training	
		6th Year Training			New Employee Training	
		3rd Year Training				
		New Employee Training				
Prospective Employees		Training for Prospective Core Staff			Training Available to Employees of Group Company	
		Training for Prospective Clerical Staff				

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

Key Points of Human Resources Development

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

First, from the viewpoint of "consolidation," in FY2014 we built a structure for developing human resources who can play key roles in the business management of Group companies. Specifically, we introduced programs aimed at allowing employees to obtain further basic knowledge of business management and risk management methods. One example is an administrative intern program focused on enabling employees to acquire experience working in in-house administrative units, such as the Audit Division and the Legal Division, for a certain period of time. In FY2015, we also introduced a training program to enable accounting operations to be learned efficiently in a short period of



Global Development Program

time through hands-on exercises as an essential training program for junior staff. We continue to expand the lineup of training programs for employees of Group companies so that the employees of domestic Group companies will improve their skills and expand their network within the Group.

Next, from the viewpoint of "overseas," we provide training in such forms as global development programs (GEP, GLP, GNP and GPP*) and the dispatch of staff to business schools for short-term programs, with a view to nurturing the growth of global management human resources. In addition, in order to develop English language skills and an international perspective among junior staff at headquarters in Japan, we instituted a program for short-term dispatch overseas in 1999, ahead of other companies in our industry. At present, we are developing candidates for future growth into specialists in each market by dispatching our junior staff, in short term, to China and other emerging markets, for training in Chinese and other languages.

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

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

Number of employees participated in major training programs

Name of Training program	FY2015	FY2016	FY2017
Administrative intern program	94	111	115
Global development program	135	126	128
Organization manager workshops	437	426	417
Dispatch of staff to business schools for short-term	39	41	51
Junior staff overseas training for Chinese and Junior staff overseas training for multi-language	47	52	52
Chinese lesson	86	390	469
Career vision support training (the total number of participants)	1,893	2,097	2,108

Human Resources Synergies with CPG and CITIC

In January 2015, ITOCHU Corporation entered into a strategic business alliance including capital participation with CITIC Limited ("CITIC"), one of Chinese largest conglomerates, and Charoen Pokphand Group Company Limited ("CPG"), one of Asian leading conglomerates. Later, in January 2016, the three companies signed a memorandum of understanding towards enhanced human resources synergies as a basis for creating business synergies between them and increasing corporate value in the medium to long term. The memorandum of understanding is aimed at constructing a strong, consolidated human resources network between the three companies—through initiatives such as short-to-long-term human resources dispatch and exchange, dispatch of employees to participate in existing training programs at each company, and the hosting of newly created joint training seminars—as the foundation that will underpin the strategic alliance.

In May 2016, the three companies held a joint training seminar in Tokyo. ITOCHU head office section chief-level employees and employees with equivalent levels at CITIC and CPG were selected to participate in the seminar, which aimed to create a strong human resources network as partners, with each participant working to gain sufficient mutual understanding of the management policies, values, history and main business operations, etc., of each company and holding thorough debating sessions with a view to the creation of business synergies. In FY2018 the second joint training seminar is planned to be held in Beijing, where CITIC is based.

In addition, given the execution of the strategic business alliance with capital participation with CITIC and CPG, we launched a project in FY2016 for developing 1,000 Chinese-speaking human resources, which is one-third of all career-track employees. We have thus made tremendous efforts toward proceeding thoroughly with establishing the foundation of the language.

	July 2015	March 2016	March 2017	March 2018 (target)
Number of Certified Chinese Speakers	361	430	793	1,000

Comment from a participant

I participated in the joint 10-day training seminar with CPG and CITIC that was held in Tokyo in May 2016. The themes of the training seminar were the business areas of "healthcare," "seeds, fertilizers, and agricultural products," and "evolutionary convenience stores." About 30 people who engage in the themes gathered from three companies.

The Industrial Machinery & Healthcare Business Department, to which I belong, sells medical devices and provides outsourcing services related to hospitals in Japan. I formed a team with participants from CPG and CITIC under the theme of "healthcare" to seek ways of operating these businesses jointly with them in China and ASEAN countries in the future.

During the seminar, the teams held in-depth discussions and delivered presentations on business ideas for the future that take advantage of the strengths or functions of each company. Also, in addition to listening lectures and having discussions, we visited a forefront manufacturing site and distribution center in Japan and the location of the foundation of ITOCHU, where participants could feel the history and spirit of our company. We also visited Asakusa, Kyoto, and other places for cultural exchange. These activities enabled us to create a network of the three companies. I will continue to value the network cultivated in the seminar and lead to future business development.



Mr. Adachi discussing with CP · CITIC participants (Center of photo)

ITOCHU Morning Activity Seminar

In September 2016, as a measure for promoting the morning-focused working system, we began to hold the ITOCHU Morning Activity Seminar during the early-morning hours to deepen the knowledge of our employees, developing their capabilities, and increasing their vitality. In FY2017, the seminar was held on seven occasions with 818 participants and the themes of the seminars were various such as "businesses in China," "performance improvement," "training on the use of PCs for business efficiency improvement," "cash flows," "AI," "sleeping," etc.

Participants made comments such as, "I attended a beneficial lecture before work, which made me feel very positive" and "I think this initiative is exactly what ITOCHU is expected to do." We plan to continue holding the seminars on a regular basis.



ITOCHU Morning Activity Seminar

Personnel Evaluation Systems

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

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

Creating Environments that Bring Out the Best in Employees

Promotion of Working-Style Reforms and Health and Productivity Management

ITOCHU Corporation believes that employees are its greatest asset, and that the full exertion of each individual employee's capabilities will lead to an improvement in corporate value. Based on this belief, ITOCHU has pursued a range of initiatives to develop environments where all employees can utilize their respective characteristics and concentrate on work at ease. The morning-focused working style, which we introduced in October 2013 as a measure for working-style reforms, has greatly influenced the government and many companies. More than three years after its introduction, it continues to give the results steadily as the core element of the company's working-style reforms.

For Health and Productivity Management, which we began to work on in full scale in FY2017, we promote a range of measures for improving the health of employees, based primarily on the ITOCHU Health Charter (established in June 2016). These include the introduction of the "Health MyPage" apps, via which all employees can manage their health statuses, individual programs for employees who have a high potential risk of suffering from lifestyle-related diseases (distribution of wearable terminals for health and diet and exercise instructions by experts), and enhanced support for smoking cessation (grants of aid money to reimburse the full amount of medical costs involved in smoking cessation). In addition, we are planning to open a new health-focused integrated dormitory for unmarried employees in April 2018.

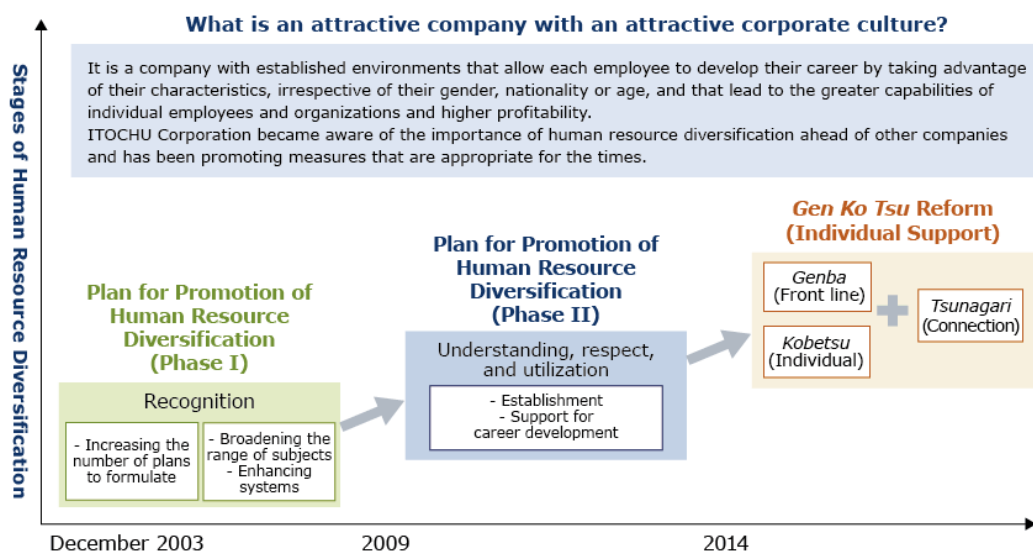
As the leading company in "working-style reforms" and "Health and Productivity Management, ITOCHU will continue to implement a range of initiatives in a pioneering manner to establish an environment where employees find it worthwhile to work for the company.

See P137 for details of the morning-focused working style.

Supporting the Activity of Diverse Human Resources

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

ITOCHU Corporation's measures for human resource diversification



Supporting the career development of female employees

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

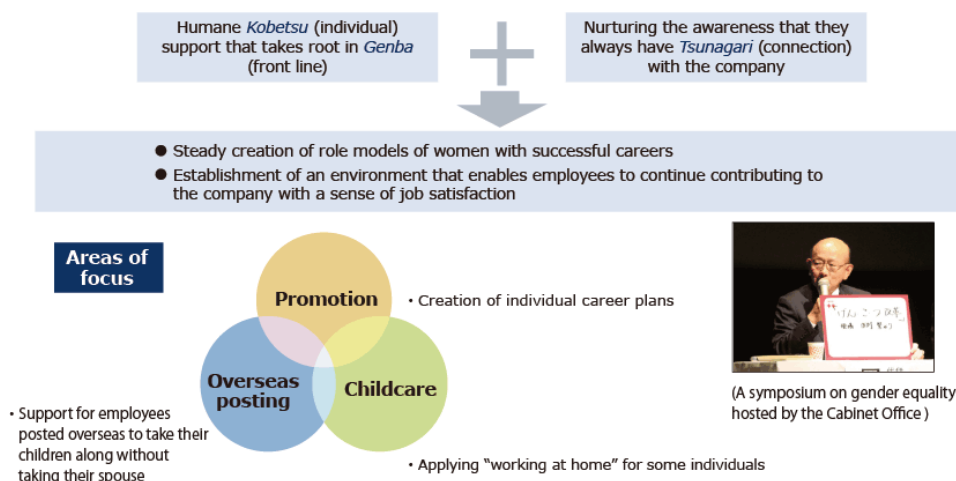
The number of female managements and career-track employees

Year	April 2014	April 2015	April 2016	April 2017	FY2021 Target
Female management	4.0%	4.6%	5.2%	5.9%	Over 10.0%
Female management / All management	97/2,401	111/2,438	130/2,479	149/2,505	
Female career-track employee	8.9%	8.8%	8.8%	9.1%	Over 10.0%
Female career-track employee / All career-track employee	301/3,401	304/3,444	307/3,490	323/3,531	

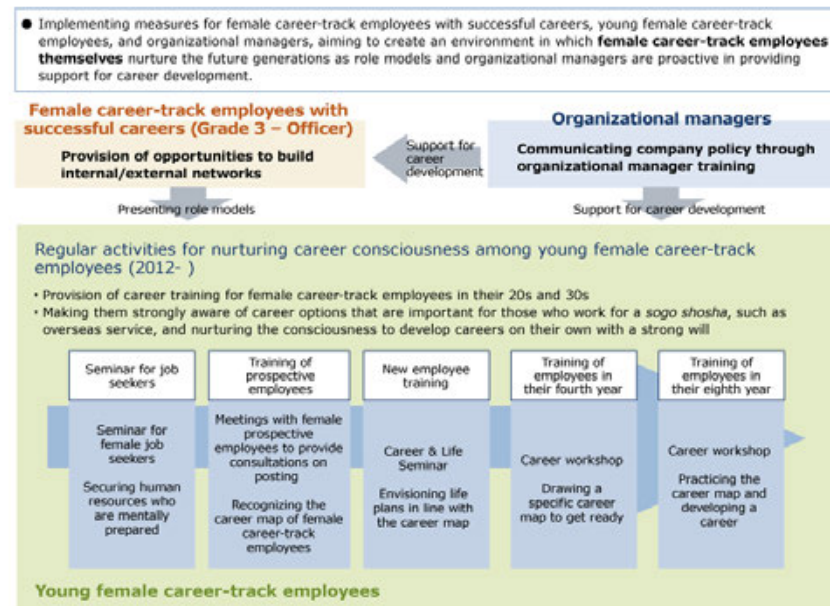
Measures for supporting female career-track employees

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

Gen Ko Tsu Reform







Support for nurturing career consciousness among female career-track employees



Major Awards and Certifications

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

In FY2017, ITOCHU was selected as a Health and Productivity Stock 2017 for the second consecutive year in the health and productivity management program carried out jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. In the Randstad Award 2017, which selects the most attractive companies in terms of workplaces, ITOCHU was granted the First Prize in the "Trading Company, Wholesaler, and Retailers" division. In the "Comfortable, Highly Productive Companies and Workplaces" hosted by the Ministry of Health, Labour and Welfare, ITOCHU was granted the Encouragement Award.

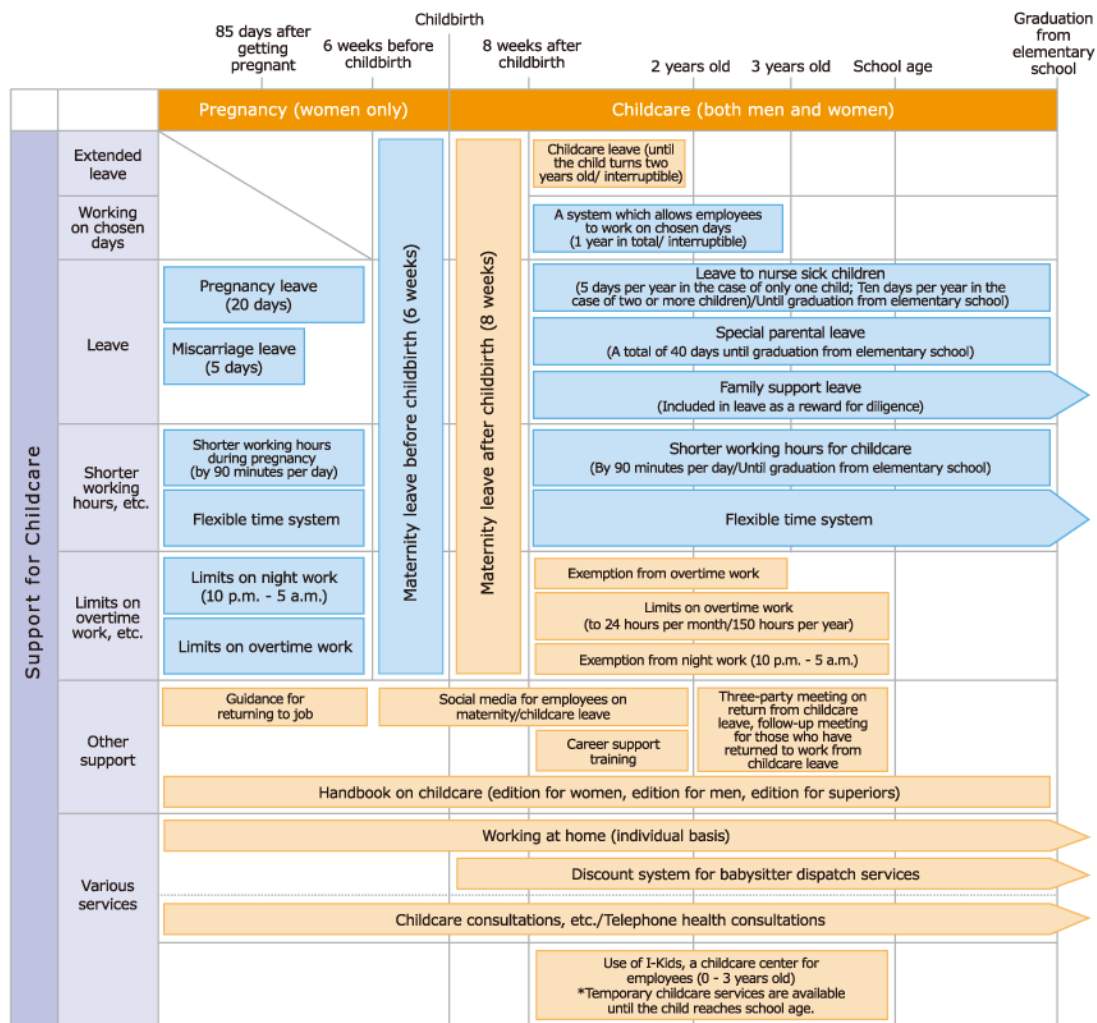
			
Platinum Kurumin Authorization	New Diversity Management Selection 100	Nadeshiko Brand	Health & Productivity Stock Selection
Companies with excellent initiatives for providing employees with support at work as well as with childcare receive approval to display the Platinum Kurumin Authorization mark. (Received on 2016 / Ministry of Health, Labour and Welfare)	A project for selecting excellent companies that provide diverse human resources with opportunities and an environment for exercising their potential (Selected in March 2016/ Ministry of Economy, Trade and Industry)	A program under which companies with excellent measures for encouraging women to play active roles in the workplace are evaluated and designated (Selected in March 2016/ Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)	A program that recognizes enterprises which focus on and strategically carry out efforts regarding their employees' health from a management perspective (Recognized in February 2017/ Ministry of Economy, Trade and Industry, Tokyo Stock Exchange) *ITOCHU was the first sogo shosha to be selected for two consecutive years.

- Related Data : Figures concerning employees (P145)
Proportion of female career-track employee, manager, and executive officer (P145)
Number of hires by gender (P145)

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

During the course of their working lives, most employees inevitably pass through life stages that require them to render childcare and nursing care. To enable them to continue working with peace of mind and demonstrate their fullest potential, ITOCHU has expanded and upgraded systems to help that are far and above those required by law. These systems are available to both male and female employees, and provide support for them to succeed in their work as well as child and / or nursing care duties. Concerning childcare leave for male employees, which had been taken only by a few employees, we began to implement a campaign in FY2016 to encourage male employees to take childcare leave by involving their supervisors as well. As a result, 111 male employees took childcare leave during the two years until FY2017. Also, in FY2016, we carried out a trial of a work-from-home system for those who need to stay home due to childcare or nursing care. In FY2017, we officially introduced the work from home system, which is applied based on specific criteria to employees who have time constraints due to childcare, nursing care, or similar reasons and those who have difficulty commuting for reasons such as pregnancy, injury, or illness.

Support for Childcare



Support for Nursing Care

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

* Related Data : Acquisition of leave according to child care or nursing care related systems (P146)

ITOCHU Kids Day for Visiting Dad and Mom at Work

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



Supporting the Utilization of Senior Human Resources

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

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established ITOCHU Uneedus Co., Ltd., the first special subsidiary in Yokohama in Kanagawa Prefecture for the purpose of giving people with disabilities, such as physical disabilities and intellectual disabilities, a desire to work and places where they find working worthwhile. This company handles three divisions of business involving cleaning, printing services, and photography centers under the motto of strict quality control and cordial service. In the cleaning division, people with disabilities and those without help each other perform all the cleaning-related processes. In November 2015, ITOCHU Uneedus Co., Ltd. was relocated to a new office building in Tsuzuki-ku, Yokohama that boasts a floor area that is 2.4 times wider than the old building and possesses the latest equipment. The purpose of this move was to provide a more comfortable work environment for staff members with various disabilities, as well as expand the business. As of March 2017, the proportion of our workforce with disabilities is 2.31%, which exceeds the legally stipulated ratio of 2%. We will continue to actively help people with disabilities participate in society.



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

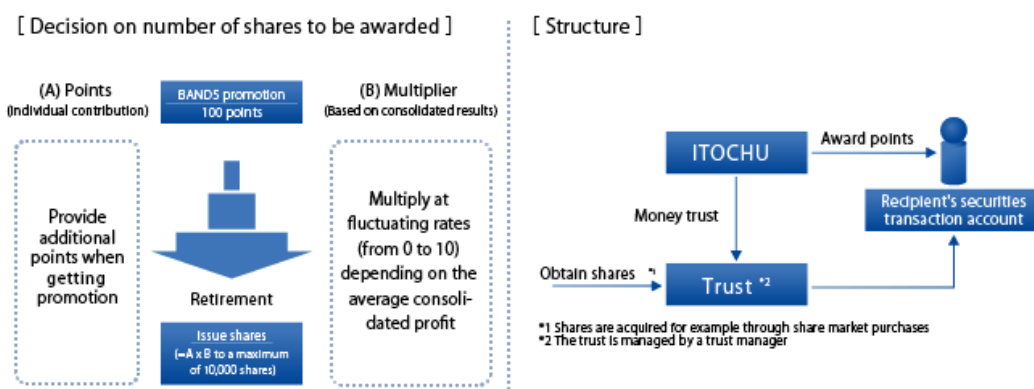
* Related Data : Employment ratio of people with disabilities (P146)

Career Counseling

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

"Managers of the Future" Reward System

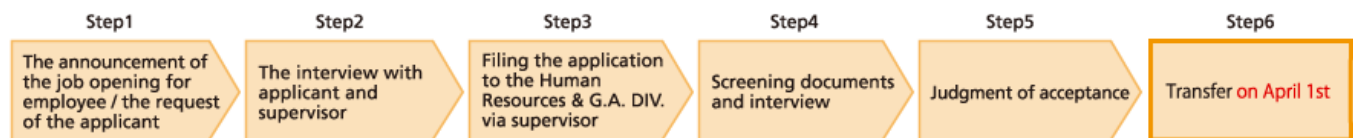
This system is a trust-type employee incentive plan based on the U.S. Employee Stock Ownership Plan (ESOP). We have established "Managers of the Future" reward system, in order to enhance medium and long-term contribution, by raising awareness of employees to encourage them to participate in the corporate management. This system positions ITOCHU employees at the rank of Section Head or above, who will be the key people responsible for future growth as candidates for "Managers of the Future." They are provided awarded points, whose number increases as they are promoted to higher job levels. At the time of the retirement of such employees, the accumulated share points are multiplied by a multiplier linked to the company's consolidated results of each employee's tenure after the first award of the share points. In addition, the rate of membership in the employee shareholding association reached 80% (as of March 2017) as a result of measures to enhance the association's system in FY2016. We believe that we will be able to share our achievements with stakeholders as well as shareholders by further elevating our corporate value. To accomplish this, we must ensure that employees share the same perspective as management as they perform their duties.



Trial Implementation of the Challenge Career System

This system was introduced in FY2017 for career-track employees (excluding organizational manager) working in Japan. Under this system, an employee checks the list of job openings announced on the internal intranet in advance and makes a request to their supervisor for a transfer to their desired position. Once approval is obtained from the supervisor, the employee is introduced to the desired transfer destination, and if the department accepts the employee, a transfer beyond the boundaries of Division Companies and administrative divisions is carried out. This system is aimed at increasing employees' motivation by providing the opportunities for career options and enhancing the organizing ability by fostering career awareness among them. We believe that this system will contribute to "Engaging All Employees."

Overall schedule



Cooldown Rooms

In June 2012, ITOCHU Corporation introduced Cooldown Rooms, where summer heat is alleviated, on the first floor and first basement floor of the Tokyo Headquarters building. These rooms are aimed at keeping visitors comfortable in the building and providing employees with a comfortable working environment. As a measure for preventing global warming and saving electricity during summer, when power demand increases, ITOCHU ensures that the temperature setting of the air conditioners in the building is not lower than 28 degrees centigrade. However, the Cooldown Rooms have lower ceilings than other rooms for greater air-conditioning efficiency. Cool air of 15 degrees centigrade is supplied to the rooms to keep the temperature at 20 degrees centigrade or lower. The rooms thus cool down people who visit the building on hot summer days and employees who return from sales activities outside. In addition, in December 2016, we began to make effective use of the Cooldown Rooms in winter by raising the temperature setting to warm people up and established ITOCHU History, a section for history exhibitions, so that many people can experience the pioneering spirit of ITOCHU.

Shower Lounge and Shower Room

As a measure for creating a workplace environment that provides job satisfaction, ITOCHU introduced a shower lounge on the third floor and a shower room on the second basement floor of the Tokyo Headquarters building in the summer of 2016. Employees who returned from business trips by early morning flight would say that the airport shower rooms were crowded and that they had to use external facilities (such as gyms and saunas) on their way to work. In response to this feedback, ITOCHU established these facilities in the Headquarters building so that employees who have returned from business trips are able to start working in comfort.

The facilities are equipped with overhead showers, which warm up the body immediately, even in winter, and amenities (towels, hair driers, shampoo, and conditioner). A total of 250 employees have used these facilities in the nine months since they were opened. The employees greatly appreciate the facilities, stating that they make it possible to work in comfort.

In response to employee other requests, these facilities are now open for longer hours and are also available for employees who have exercised to improve their health.



Introduction of Morning-Focused Working System

Taking Steps to Achieve a More-Effective Working Style

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

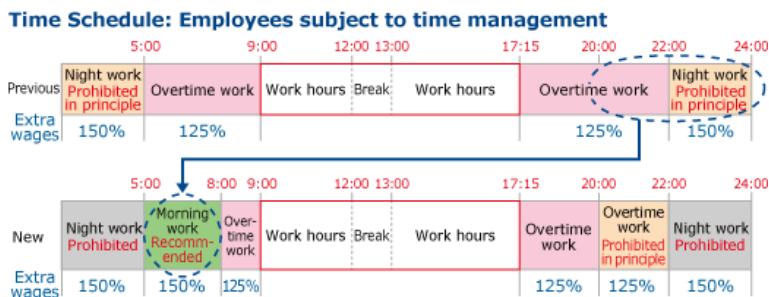
ITOCHU believes that this initiative will help individual employees to reform their approach to their own working styles and to advance well-balanced operational reforms. In this way, the Company will strive to achieve a work environment that further strengthens the effectiveness of operations, supports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

Outline and Effects of Initiatives during Trial Period

Outline of Initiatives (Continued after official introduction)

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

Diagram of Morning-Focused Working System



Providing light meals to employees

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

		Prior to introduction FY2013	After half year from introduction	2 years after introduction	3 years after introduction
Leaving	8:00 p.m. or after	About 30%	About 7%	About 6%	About 5%
	(10:00 p.m. or after (within 8:00 p.m. or after))	(About 10%)	(Nearly 0*)	(Nearly 0*)	(Nearly 0*)
Entering	8:00 a.m. or before	About 20%	About 34%	About 40%	About 45%
Electricity consumption (since introduction)		-	-	-	About ▲7%
Amount of greenhouse gas emissions (since introduction)		-	-	-	About ▲8%
Hours of Overtime Work per Person (since introduction)		-	About ▲10%	About ▲12%	About ▲15%

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

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

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

Employee Security Management

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

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

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

Health and Productivity Management

Based on the idea that each individual employee can maximize outcomes, it is the cornerstone of strengthening human resources ability to fulfill the corporate message "I am ONE with Infinite Missions" together with the development of employees' capabilities, the company's policy for Health and Productivity Management was clarified in ITOCHU Health Charter (established in June 2016). With this ITOCHU Health Charter as the core policy, we have implemented diverse initiatives in our efforts to enhance health and productivity. The Health Administration Center at ITOCHU's Tokyo Headquarters, which also serves as a clinic, has more than 20 specialist physicians on staff, as well as an X-ray technician and a pharmacist. For more than 30 years, we have been operating a system, as it were a "health concierge without borders." In this system, health maintenance professionals provide individualized healthcare guidance to employees all over the world adapted to their individual conditions by cooperating closely with physicians who specialize in individual lifestyle-related diseases. We thus encourage improved productivity and health at ITOCHU Corporation through the health management of each employee.

In terms of specific services, in addition to the above specialized disease management, we offer general medicine (internal medicine, orthopedics, dental), medical checkups (regular medical checkups, half-day complete medical checkups, medical checkups for employees traveling overseas and those returning temporarily or permanently), various vaccinations, and examinations (VDT examination, adult-onset disease examinations). We also offer medical counseling and provide information. In FY2017, the rate of employees working in Japan who received regular medical checkups was nearly 100%.

In addition, in April 2017, we introduced the "Health MyPage" apps, which allow medical checkup results to be viewed and permit the centralized management of lifestyle habit data, such as number of steps, weight, body fat percentage, and calorie intake via PC and smartphone in our efforts to raise the health awareness of each employee. For young employees who have a high potential risk of suffering from lifestyle-related diseases, we have introduced individual programs under which we distribute wearable terminals for health to collect data on exercise and sleeping and manage data on diet as well, and enable them to receive diet and exercise instructions online every day from a health coach and national registered dietitian.

Our Health Insurance Union operates two domestic recreation centers, and also cooperates with the Health Administration Center to fully support the smoking cessation treatment expenses, etc.

| Mental Health

Where mental health is concerned, we have established a stress management room in-house, and offer counseling given by a clinical psychologist. Employees can also seek counseling from a company physician as well as seeing a psychiatrist in-house. Through our Health Insurance Union, we have set up the "Health & Mind Online" health consultation website where employees can seek consultations over the website or telephone. The revised Industrial Safety and Health Act came into force on December 1, 2015, employers are required to conduct stress checks to workers once a year. With the Health Administration Center playing the leading role, ITOCHU Corporation introduced stress checks on a trial basis in October 2015, one year in advance, and began to implement stress checks on a full-scale basis in FY2017.

| Working Hours Management

We focus our efforts on reducing the total number of working hours, not to mention observing legislation including the 36 Agreement. To achieve more effective working style, ITOCHU Corporation introduced a morning-focused working system in October 2013, ahead of other companies. Under this initiative, we reviewed the work style that assumes overtime work and shifted from a night-focused style to morning-focused work centered on the basic hours of 9 a.m. to 5:15 p.m. As a result, the total number of working hours has been decreasing year by year. We believe that this initiative will not only enable the maintenance and improvement of our employees' health, but that it will also help female employees demonstrate their abilities and help employees achieve a good balance between work and family life. We are pursuing a well-balanced reform of work awareness and style among all employees, in order to discharge our corporate mission of "Committed to the Global Good" by always viewing things from the customer's perspective.

The above initiatives were highly regarded by the Development Bank of Japan (DBJ), and ITOCHU Corporation obtained the highest rank in the DBJ's Health Management Rating System in FY2016 for the first time as a sogo shosha. ITOCHU Corporation was also selected as a Health and Productivity Stock in the health and productivity management program jointly carried out by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in the two consecutive years of FY2016 and FY2017.

We succeeded in these areas because we have positioned "working style reforms" and "Health and Productivity Management") as important management strategies, introducing a morning-focused working system ahead of other companies, and promoting aggressive health enhancement measures throughout the entire company by cooperating with industrial physicians and the Health Insurance Union.

Communications with Employees

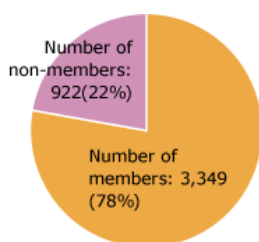
Dialogue Meetings with the President

ITOCHU Corporation is proactive about offering employees opportunities for two-way discussions with the president. In FY2017, the president visited 6 domestic branches, which usually have limited opportunities for direct communication with the president, and held dialogue meetings. Along with these domestic meetings, the president also has dialogue meetings with our staff on overseas assignment, as well as local employees of each country when he visits one of our overseas bloc areas. In FY2017, the president held meetings at our business locations in the UK, Italy, France, South Korea, Indonesia, Singapore, and the United States. In these discussions, the president shared directly with employees, the company's management policies and his passion for their realization, while employees in turn could express their opinions to the president and ask questions directly. The meetings therefore provided extremely valuable opportunities for deepening two-way communication. Every meeting is held in a very spirited atmosphere, and touches on everything from management policies to more personal topics.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues are discussed with the ITOCHU Labor Union in order to realize our corporate mission, "Committed to the Global Good." In FY2017, we held six meetings, including management meetings with the President and similar meetings with Division Companies and the Administrative Headquarters. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently surrounding the company and to study and implement improvement measures.



Ratio of ITOCHU Labor Union members as of April 1, 2017

Initiatives with the ITOCHU Labor Union in FY2017

June 2016	Settlement of accountings meeting
November 2016	Food Company management meeting
November 2016	Meeting regarding engagement of all employees
December 2016	Textile Company management meeting
January 2017	Meeting regarding time management
February 2017	Management meeting with the President



Akira Umezawa
President,
ITOCHU Labor Union

Comments from the ITOCHU Labor Union President

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

Improving the Infrastructure for Employee Communication

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

— Dormitories for Single Employees

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

The dormitories for male employees, which are currently scattered in four locations in the Tokyo Metropolitan area, are scheduled to be integrated into one new building containing approximately 360 units, which is planned to be built in Hiyoshi (Kohoku Ward, Yokohama City, Kanagawa Prefecture) sometime around April 2018. This new dormitory is planned to be equipped with a range of common utilities, such as a dining room with a capacity of 120 people, a shared kitchen, a multi-purpose meeting room, a training room, a large bathroom with a sauna, a library, and communication spaces on each floor (relaxation lounge and open terrace). The dormitory will therefore function as a place for communication between employees, help foster a sense of unity among them, and provide basic training to junior employees.

— Employee Cafeteria

The employee cafeteria at the Tokyo Head Office underwent large-scale renovations in May 2013 and was transformed into a space that is brighter and a more comfortable meeting place than before. We continued to take steps to make the cafeteria more attractive for employees. These include the introduction of new menus created under the supervision of Kagawa Nutrition University*, which are offered under the name of "Wellness Cafeteria," for helping employees improve their health. They also include the revision of menus and a change in the room layout, which were done in response to requests from employees. As a result, nearly 1,600 people use the employee cafeteria every day.

The special cafeteria, which can also be used for eating meals with customers, is opened as a pub at night. It helps boost internal communication and communication with external people by regularly holding a Happy Hour, during which alcoholic beverages are offered for free or at bargain prices. In March 2017, the menus were fully revised and the cafeteria underwent a major renovation. It therefore contributes to the interaction of employees over meals.

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

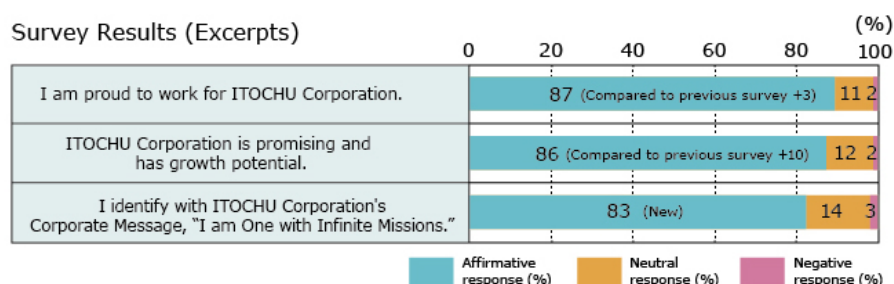
— "SOGO-KAI" Associations

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

Employee Engagement

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

In the survey conducted in FY2015, the results exceeded those of the previous survey (conducted in FY2011) in all categories, and the positive answers were 20 points higher than the average of Japanese companies that conducted the survey (about 50 large companies). Above all, the level of engagement remained high, which has allowed us to conclude that many employees are proud of working for ITOCHU Corporation and engage in work with strong motivation to contribute to the company and with the aim of achieving better-than-expected results on a voluntary basis.





Sustainability Action Plan for Human Resources and General Affairs




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

These activities lead to the establishment of the appropriate work environment and respect and consideration for human rights, which ITOCHU Corporation has adopted as Materiality. These also facilitate achievement of Goals 3, 5, 8, and 11 of SDGs (Sustainable Development Goals), which were established by the UN, and other targets.

See P13 for SDG's details.

Issues	FY2017 action plans	Status*	FY2017 results	FY2018 action plans
Open, fair recruitment without discrimination based on nationality, race, or gender	<ul style="list-style-type: none"> Conduct fair recruitment PR and selection activities in accordance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). Provide information to more students through internal and external seminars, internships, etc. Recruit around 140-150 new graduates in FY2017 as career-track employees and around 10 as clerical staffs. Support the recruitment activities of Group companies and overseas branches. 		<ul style="list-style-type: none"> Carried out recruitment PR and selection activities in compliance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). Approx. 19,000 students registered for recruitment of new graduates in FY2018 and 143 new graduates joined the Company as career-track employees and 12 as clerical employees. Supported Group companies in internship programs, seminars, explanatory sessions for prospective employees, etc. 	<ul style="list-style-type: none"> Conduct fair recruitment PR and selection activities in accordance with the Guideline on Recruitment and Selection from KEIDANREN (Japan Business Federation). Consider summer recruitment for exchange students. Recruit around 140 new graduates in FY2019 as career-track employees and around 10 as clerical staffs. Support the recruitment activities of Group companies and overseas branches.
Supporting career development and activity of diverse human resources	<ul style="list-style-type: none"> Ensure steady implementation of the action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace (increase the parent population for female recruitment, support independent career development) and promote understanding by organization managers on diversity management. Organize workshops and other specific measures on female development. Continue to hold ITOCHU Kids Day for Visiting Dad and Mom at Work. Inform male employees of systems related to childcare and help them participate in childcare. 		<ul style="list-style-type: none"> Ratio of female career-track employees: 8.9%, ratio of female management: 6.0% (Target: achieving 10% for each by the end of FY2021). Gave explanations about support systems for employees' childcare and nursing care and prevention of harassment through training sessions for all organization managers working in Japan (414 participants). Held ITOCHU Kids Day for Visiting Dad and Mom at Work on July 28, and 50 sons and daughters of employees participated in it. Encouraged male employees to take childcare leave. 52 male employees took the leave in FY2017. ITOCHU was authorized as an Eruboshi company and a Platinum Kurumin company by the Ministry of Health, Labour, and Welfare. ITOCHU was ranked top of the industry in the Randstad Award 2017. ("Trading companies and wholesale and retail trade" sector) ITOCHU received the encouragement award at "Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity." 	<ul style="list-style-type: none"> Ensure steady implementation of the action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace and strengthening support for individuals (promotion, accumulation of various role models, childcare support, and overseas assignment) further. Develop a workplace climate that brings out the best in diverse human resources, by providing training to all organization managers and encouraging employees to take childcare leave, etc. Continue to hold ITOCHU Kids Day for Visiting Dad and Mom at Work.

Issues	FY2017 action plans	Status*	FY2017 results	FY2018 action plans
Supporting career development and activity of diverse human resources	<ul style="list-style-type: none"> ● Refine the clerical leader program aimed at enabling clerical workers to be more active. ● Study human resource deployment policies including internal recruiting. 		<ul style="list-style-type: none"> ● Informed people on the front lines of the roles of clerical leaders/ Reviewed the recommendations made at subcommittee meetings and gave feedback. ● Conduct a trial of the Challenge Career System, in which the suitability of career-track workers working in Japan (excluding organization managers) for their desired transfer destinations are considered by using career vision sheets with the prior approval of their superiors. (Nine employees applied and three were transferred.) 	<ul style="list-style-type: none"> ● Follow up on the suggestions made in FY2017 clerical leader program and refine the program. ● Continue to conduct a trial of the Challenge Career System and review it.
Allowing employees to work in a well-balanced manner (promotion of diversification of human resources, appropriate time management)	<ul style="list-style-type: none"> ● Include targets related to work style reform (e.g., further promotion of morning-focused working style and work efficiency improvement and encouraging employees to use leaves of absence) in the evaluation of organization managers as an item for "Improving capability of managing organization." ● Continue to carry out reforms for promoting well-balanced working style by evolving the morning-focused working style. ● Apply the telecommuting system individually to employees with time constraints. ● Continue to operate the corporate nursery "I-Kids" effectively. 		<ul style="list-style-type: none"> ● Daily management behaviors of organization managers were reviewed by creating unique questions, including those on understanding of work actual conditions, compliance with time management rules, promotion of a well-balanced way of working, and respect for diversity, and giving feedback to them based on their answers and their subordinates' answers to the questions. ● Held a campaign for promoting the morning-focused working style during August to September. A special section was introduced to the light meal menu for one week only. A morning seminar (once a month) and morning Chinese language cafe were held. ● The telecommuting system was introduced officially on April 1 and applied to one employee with difficulty of commuting. ● I-Kids was utilized by 23 children for full-time childcare and a total of 44 children for temporary childcare. 	<ul style="list-style-type: none"> ● Include targets related to work style reform (e.g., further promotion of morning-focused working style and work efficiency improvement and encouraging employees to use leaves of absence) in the evaluation of organization managers as an item for "Improving capability of managing organization." ● Continue to carry out reforms for promoting well-balanced working style by evolving the morning-focused working style. ● Study measures for enhancing initiatives for encouraging employees to take paid leave. ● Apply the telecommuting system individually to employees with time constraints. ● Continue to operate I-Kids effectively.
Providing people with disabilities with opportunities for stable, continuous employment.	<ul style="list-style-type: none"> ● Study new businesses of ITOCHU Uneedus Co., Ltd. for realizing stable, continuous employment of people with disabilities. ● Maintain the proportion of employees with disabilities at a level exceeding the legally stipulated ratio. 		<ul style="list-style-type: none"> ● Maintained the proportion of employees with disabilities at 2.3%, which exceeds the legally stipulated ratio of 2.0% (As of March 1). 	<ul style="list-style-type: none"> ● Continue to employ people with disabilities at ITOCHU Uneedus Co., Ltd. to achieve the legally stipulated ratio and submit a report on the status of employment of people with disabilities and other documents without delay. ● Study new businesses of ITOCHU Uneedus Co., Ltd. and its collaboration with ITOCHU Human Resources & General Affairs Services Inc. for realizing stable, continuous employment of people with disabilities.

Issues	FY2017 action plans	Status*	FY2017 results	FY2018 action plans
Promotion of communications with employees including dialogues with the labor union	<ul style="list-style-type: none"> ● Provide employees with opportunities for direct, two-way communication with the president. ● Hold consultative meetings with the labor union on a regular basis. ● Hold an employee assembly at each division company. 		<ul style="list-style-type: none"> ● The president's message was sent via the intranet on 20 occasions. ● The president visited 6 domestic branches and offices in remote locations and 7 overseas countries and held dialogues with employees. ● Consultative meetings with the labor union were held on a total of 6 occasions, including dialogues with the president and with the presidents of division companies. ● Employee assemblies were held on 17 occasions at each division company and with each responsible officer from headquarters. 	<ul style="list-style-type: none"> ● Provide employees with opportunities for direct, two-way communication with the president. ● Hold consultative meetings with the labor union on a regular basis. ● Hold an employee assembly at each division company.
Implementing training and awareness-raising activities related to respect for human rights and appropriate labor management	<ul style="list-style-type: none"> ● Promote understanding of the relationship between corporate activities and human rights through training sessions. ● Provide regular counselling to a total of about 500 employees including career-track employees in their first, fourth, and eighth year in the company and employees in clerical positions in their first, third, or sixth year in the company. ● Prevent harassment and other problems through counseling at the 24-hour employee consultation desk and the Career Counseling Center. ● Continue consultations for establishing a system for mutual assistance through participation in the Akasaka Aoyama Disaster Management Council and others. 		<ul style="list-style-type: none"> ● Ensured understanding on human rights through training sessions. (A total of 426 employees participated in the training sessions, with 153 participating in training for new recruits, 52 in training for newly-appointed managers, and 221 in training prior to overseas assignments.) ● The employee consultation desk responded promptly to consultations. Held career counseling for career-track employees in their second, fourth, and eighth year in the company. ● Held Group employees' general meeting (on December 2 with 123 participants from 77 companies). ● Held workshop for labor management case studies in two terms. (37 participants from 24 companies) Another 60 people from 40 companies participated in the special workshop. ● Human resources and labor management assessments were conducted for ten Group companies. 	<ul style="list-style-type: none"> ● Promote understanding of the relationship between corporate activities and human rights through training sessions. ● Prevent harassment and other problems through counseling at the 24-hour employee consultation desk and the Career Counseling Center. Continue to conduct human resources and labor management assessments and hold workshops for labor management case studies.
Harmony with local communities (active participation in disaster prevention and crime prevention activities and social contribution activities)	<ul style="list-style-type: none"> ● Continue to participate and cooperate in disaster and crime prevention activities and events held by local communities. ● Continue to participate in cleanup activities organized by government or local neighborhood associations. ● Continue consultations for establishing a system for mutual assistance through participation in the Akasaka Aoyama Disaster Management Council and others. 		<ul style="list-style-type: none"> ● Held a disaster prevention, first-aid fair with the Akasaka Fire Station at CI Plaza and ITOCHU AOYAMA ART SQUARE (September 1 to 3). ● Participated in the Akasaka Aoyama Disaster Management Council and continued discussions toward the establishment of a system for mutual assistance in the local community. ● Employees participated in community cleanup activities organized by the local neighborhood association. Continued to provide support for the Aoyama Kumano Shrine autumn festival. 	<ul style="list-style-type: none"> ● Continue to participate and cooperate in disaster and crime prevention activities and events held by local communities. ● Continue to participate in cleanup activities organized by government or local neighborhood associations. ● Continue consultations for establishing a system for mutual assistance through participation in the Akasaka Aoyama Disaster Management Council and others.

*  : Achieved

*  : Nearly achieved

*  : Unachieved

Basic Data

Figures concerning employees ★ (As of March 31)

	Non-consolidated						Consolidated
	Total employees	Male	Female	Average age of employees	Average number of years of service	Average annual salary (JPY)	Number of employees
2015	4,262	3,232	1,030	42	16.3	13,950,975	110,487
2016	4,279	3,259	1,020	42	16.7	13,829,954	105,800
2017	4,285	3,269	1,016	42	16.9	13,838,699	95,944

Number of employees by operating segments ★ (As of March 31, 2017)

(Unit: persons)

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Total
Non-consolidated	419	448	195	315	388	273	173	1,015	3,226
Consolidated	11,526	9,219	508	11,398	28,949	16,235	15,315	2,794	95,944

Number of overseas bloc employees by region ★ (As of March 31, 2017)

(Unit: persons)

North America	Latin America	Europe	Africa	Middle East	East Asia	Asia & Oceania	CIS	Total
121	143	215	57	133	660	623	82	2,034

Employees registered at overseas trading subsidiaries, branches and offices

Number of hires by gender ★

(Unit: persons)

	New-graduates			Mid-career			Total
	Male	Female	Total	Male	Female	Total	
FY2016	116	24	140	5	1	6	146
FY2017	124	29	153	6	6	12	165
FY2018*	121	29	150				

* The figures as of April 1st, 2017

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

(Unit: persons)

	Career-track employee			Manager			Executive Officer		
	Total	Female	Proportion of Female	Total	Female	Proportion of Female	Total	Female	Proportion of Female
2015	3,444	304	8.8%	2,438	111	4.6%	44	1	2.3%
2016	3,490	307	8.8%	2,479	130	5.2%	43	1	2.3%
2017	3,531	323	9.1%	2,505	149	5.9%	44	2	4.5%

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

(Unit: persons)

		FY2015			FY2016			FY2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Child care	Childcare Leave	1	60	61	59	71	130	55	71	126
	Leave to nurse sick children	51	94	145	47	115	162	65	118	183
	Shorter working hours for child care	0	66	66	0	73	73	0	76	76
	Special parental leave	5	34	39	5	34	39	13	33	46
	Return rate for employees after taking childcare leave*	92%			97%			82%		
Nursing care	Nursing care leave	0	0	0	0	0	0	2	0	2
	Special nursing care leave	1	2	3	0	1	1	2	3	5
	Leave for nursing care	9	22	31	9	24	33	14	26	40
	Shorter working hours for nursing care	0	3	3	0	3	3	0	5	5
Family support leave		118	79	197	109	88	197	122	102	224

* The return rate for employees after taking childcare leave is the ratio of the number of employees enrolled at the end of March 2017 to the number of employees who returned from childcare leave for FY2017.

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

(Unit: persons)

	Employment ratio of people with disabilities	Legally stipulated ratio
2015	2.33%	2.00%
2016	2.14%	2.00%
2017	2.31%	2.00%

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

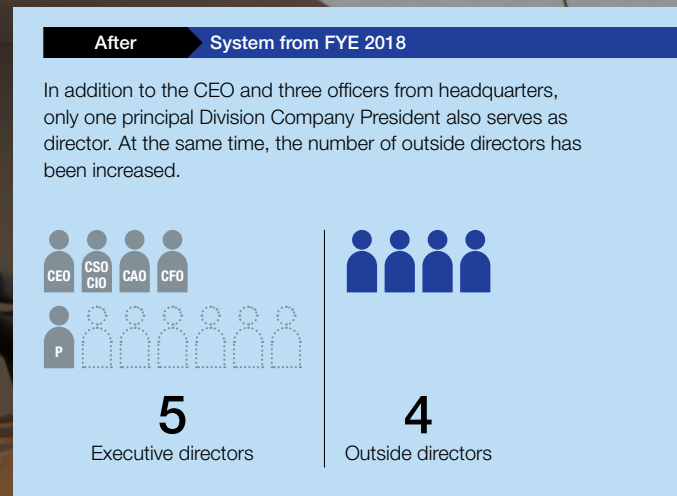
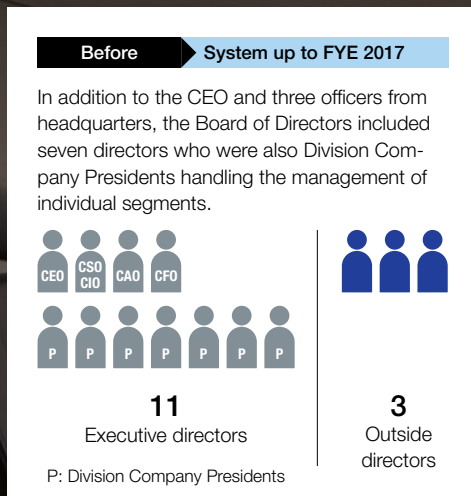
- The figures are for non-consolidated unless otherwise indicated as consolidated.
- The number of overseas bloc employees by region is the total of employees registered at overseas trading subsidiaries, branches and offices.
- The figures of employment ratio of people with disabilities are the combined total of ITOCHU Corporation and the certified special-purpose subsidiary, ITOCHU Uneedus Co.,Ltd.

Corporate Governance and Internal Control/Compliance

Corporate Governance and Internal Control

Board of Directors' Reforms: Our Structure from FYE 2018

Content of Reforms



Decision-Making Process

March–May 2016

Results of the Board of Directors' Evaluation in FYE 2016

The Board of Directors confirmed that it needs to continue discussing whether the Board should review the Board of Directors' structure and matters to be submitted to the Board and shift to a governance model where it focuses more on monitoring (supervision) of business execution in the future.

Based on these evaluation results, the Governance and Remuneration Committee decided to continue deliberating specific measures.

October–November 2016

The Governance and Remuneration Committee (chaired by Ichiro Fujisaki, outside director) deliberated several times. These deliberations were separated into discussions on a proposal to maintain the existing Board of Directors' structure and ones on a proposal to transition toward a monitoring-focused structure from FYE 2018.

Participating in Deliberations on Board of Directors' Reforms



Atsuko Muraki

Ms. Muraki was appointed as a director of ITOCHU in June 2016, following positions including the Vice Minister of Health, Labour and Welfare. She is a member of the Governance and Remuneration Committee. In addition to working style reforms, she proactively offers advices on compliance issues and sustainability issues in management plans.

To enhance governance, ITOCHU also considered increasing the percentage of outside directors on the Board of Directors and the need to strengthen the function of monitoring execution.

Considering the appropriate size of the Board of Directors in order to facilitate effective discussion, the point at issue was whether removing Division Company Presidents as directors and creating a Board of Directors centered on officers from headquarters would strengthen the monitoring function.

There were two concerns. First, removing Division Company Presidents could mean that Board of Directors' discussions would become estranged from issues on the front lines, making these discussions lopsided. Also, removing Division Company Presidents, who play the important role of execution, could cause them to lose opportunities to oversee decision-making from a higher perspective.

To address this concern, we decided to have Division Company Presidents in Board of Directors' meetings, providing them a platform to communicate information and opinions from the front lines. We also decided to increase the number of opportunities for outside directors to get in touch with front-line operations through internal opinion exchanges and site visits.

Reviewing the composition of the Board of Directors itself was not difficult. However, getting the monitoring to operate in the intended fashion could be difficult. For this reason, we consider this fiscal year as the "year for Board of Directors' reforms," and we aim to make it a year for enhancing effectiveness.

Highlights of the Reforms

- The total number of directors has been reduced and the ratio of outside directors has been set to at least one-third, creating a structure in which the Board of Directors more effectively serves a monitoring function.
- In principle, Division Company Presidents serve as executive officers, focused on Division Company management. However, one principal Division Company President also serves concurrently as director in the interest of facilitating judgments on Division Company management on the Board of Directors.
- To prevent the Board of Directors from becoming estranged from the front line, we have strengthened the system of reporting on business execution from Division Companies to the Board of Directors.

In the Future Future Issues

- Continue to make operational improvements to reinforce the effectiveness of the Board of Directors' monitoring function.
- Deliberate measures for enhancing corporate value, including ESG in the next medium-term management plan.
- Reinforce supervision of nomination and remuneration with a view to sustainable growth.

(Principal Opinions)

- Some views favor separating execution and supervision, but the perspective of clarifying the decision-making process is also important.
- Although I believe we should transition toward a monitoring-focused structure, we also need to consider reporting on business execution by Division Company Presidents who are not directors.
- A sudden change would cause outside directors to become disconnected from investment projects and other operations. The lack of information could turn the Board of Directors into a mere façade.

As a result of these deliberations, the Governance and Remuneration Committee submitted a report suggesting the transition of the Board of Directors toward a monitoring-focused structure beginning in FYE 2018. Following further deliberations with the Nomination Committee (chaired by Chikara Kawakita, director), the Board of Directors reached the decision to simultaneously undergo changes to its membership and revise the Board of Directors' regulations (January 2017).

Promoting Further Advances on the Board of Directors



Harufumi Mochizuki

Following positions including the Vice-Minister of Economy, Trade and Industry, Mr. Mochizuki was appointed as an Audit & Supervisory Board Member of ITOCHU in June 2014 and director of the Company in June 2017. He is a member of the Nomination Committee. Based on this background and his concurrent management experience, Mr. Mochizuki proactively voices opinions on such topics as the Company's corporate governance, compliance, and internal control.

During my three years as Audit & Supervisory Board Member of ITOCHU, I have taken part in governance reforms on a variety of fronts. During this period, calls for Board of Directors' reforms have become more pronounced throughout Japan. As ITOCHU is a key company in Japan, I have worked to ensure appropriate reforms were carried out here.

In my current position as an outside director, I aim to contribute to management from a new perspective. I was involved in industrial policy during my career as a government official, and thereafter gained experience and expertise through direct involvement in corporate management. I aim to make use of this experience at ITOCHU, particularly by effectively exercising the monitoring function of the Board of Directors. In this manner, I hope to contribute to sustainable increases in ITOCHU's corporate value.

Along with strengthening governance, the Company needs to have in place a framework that enables it to remain vigilant and preempt any internal control or compliance infractions, as the manifestation of such risks can threaten a company's very survival. At the same time, it is important to cultivate a free-spirited corporate culture that contributes to increases in corporate value.

By fulfilling my own mission as an outside director, I intend to promote further advances on ITOCHU's Board of Directors.

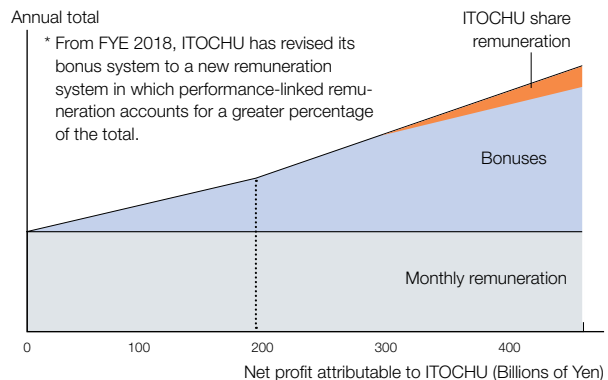
Characteristics of Corporate Governance at ITOCHU

Executive Remuneration

A Highly Transparent Remuneration System Linked to Increases in Corporate Value

Remuneration for directors (excluding outside directors) comprises (1) monthly remuneration, (2) performance-linked bonuses, and (3) performance-linked and share-based remuneration (trust type). The total amount of (1) monthly remuneration is determined by the contribution to ITOCHU of each director according to a base amount set by position, whereas the total amount of (2) performance-based bonuses and (3) performance-linked and share-based remuneration is determined based on net profit attributable to ITOCHU. The performance-linked and share-based remuneration was introduced in FYE 2017 with the aim of heightening awareness toward making contributions to improving our performance over the medium and long term and to increasing corporate value.

Remuneration of Directors (Excluding Outside Directors)



	Type of remuneration	Content	Remuneration limit	Resolution of General Meeting of Shareholders
Directors	(1) Monthly remuneration	Monthly remuneration determined by the contribution to ITOCHU of each director according to a base amount set by position	¥1.2 billion per year as total monthly remuneration (including ¥50 million per year as a portion to the outside directors)	June 24, 2011
	(2) Bonuses	Determination of total payment amount on the basis of net profit attributable to ITOCHU. Refer to the formula below.	¥1.0 billion per year as total bonuses paid to all directors (excluding outside directors)	June 24, 2016
	(3) Share-based remuneration (trust type) FYE 2017 introduction		The following is the limit for a two-year period for directors and executive officers (excluding outside directors) Upper limit for contribution to trust from ITOCHU: ¥1.5 billion Total points awarded to persons eligible for the plan: 1.3 million points (conversion at 1 point = 1 share)	
Audit & Supervisory Board Members	Only monthly remuneration		¥13 million per month	June 29, 2005

Formulas for Performance-Linked Bonuses and Share-Based Remuneration

Total Amount Paid to All Directors

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

A = (Of net profit attributable to ITOCHU for FYE 2018, the portion up to ¥200.0 billion) x 0.35%

B = (Of net profit attributable to ITOCHU for FYE 2018, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%

C = (Of net profit attributable to ITOCHU for FYE 2018, the portion exceeding ¥300.0 billion) x 0.525% (of which, 0.175% as share-based remuneration)

The total amount paid shall be the sum of A, B, and C, which shall be adjusted with due regard to the increase/decrease in the number of eligible directors and the change in position and other factors. (Remuneration limits exist on bonuses and share-based remuneration.)

Amount Paid to an Individual Director

Amount paid to an individual director = $\frac{\text{Total amount paid to all directors} \times \text{Assigned position points}}{\text{Sum of position points for all the eligible directors}}$

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

Of the amount paid to an individual director, the portion corresponding to A and B in the total amount paid to all directors is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as share-based remuneration and the balance is paid in cash. In regard to share-based remuneration during the term of office, annual points are awarded (1 point = 1 share), and at the time of retirement share-based remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the shares paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

Evaluation of the Compensation System



Ichiro Fujisaki

Mr. Fujisaki was appointed as a director of ITOCHU in June 2013, following such positions as ambassador to the United States. Since June 2016, he has served as chairman of the Company's Governance and Remuneration Committee. Based on his many years of experience as a diplomatic official, he proactively offers advices on such matters as the Company's overseas policies and large-scale projects. In addition, since his appointment as chairman of the Governance and Remuneration Committee, Mr. Fujisaki has worked to enhance that committee's deliberations.

ITOCHU has revised its remuneration system and is moving to performance-linked bonuses for directors beginning in FYE 2018. Along with the stock remuneration plan, this revision increases the performance-linked percentage. The Governance and Remuneration Committee considers this approach to be appropriate, as the system targets further increases in corporate value and the concept is based on the payment of compensation to the management team commensurate with their achievement of high management targets.

The current medium-term management plan, which concludes in FYE 2018, targets two consecutive years of record high earnings and the achievement of consolidated net profit of ¥400.0 billion. The new, monitoring-focused Board of Directors will exercise an even greater supervisory function going forward.

Nomination

Nomination Committee Supervising Succession Planning

ITOCHU's Nomination Committee was established in FYE 2016 as an advisory committee to the Board of Directors. In FYE 2017, an outside director was appointed as the committee's chairman, and the committee transitioned to a structure in which outside executives comprise half or more of the total members. Under this system, the president is granted the right to propose candidates for appointments as executive officers, directors, and Audit & Supervisory Board Members. However, prior to such proposals, the Nomination Committee deliberates candidates and reports the results of such deliberations to the Board of Directors. Under this arrangement, the Nomination Committee's primary function is to appropriately supervise the proposal-making process. By posing questions to the president, the Nomination Committee also takes part in the president's succession planning and supervises its state of progress.

Status of Activity on the Nomination Committee

In keeping with the Corporate Message "I am One with Infinite Missions," I would like to see all ITOCHU's employees fulfill their individual missions and for ITOCHU to contribute even more to society as one of Japan's leading companies. To these ends, it is important to create a management structure that enables each employee to take full advantage of his or her ambitions and capabilities.

ITOCHU's Nomination Committee has been in place for two years. Taking advantage of the insight and experience of outside executives has led to a more proactive expression of opinions, and deliberations are vigorous on a variety of fronts, including succession planning. We aim to go about our work so that shareholders can feel peace of mind and a sense of major anticipation when approving proposals each year at the General Meeting of Shareholders.



Chikara Kawakita

Following such positions as commissioner of the National Tax Agency, Mr. Kawakita was appointed as director of ITOCHU in June 2013. Since June 2016, he has served as chairman of the Nomination Committee. He proactively offers advices on ITOCHU's capital policies and investment projects. Furthermore, since being appointed as chairman of the Nomination Committee, he has encouraged consideration of an ideal supervisory process for the Company.

Overview of the Corporate Governance System

Steps Taken to Strengthen Corporate Governance

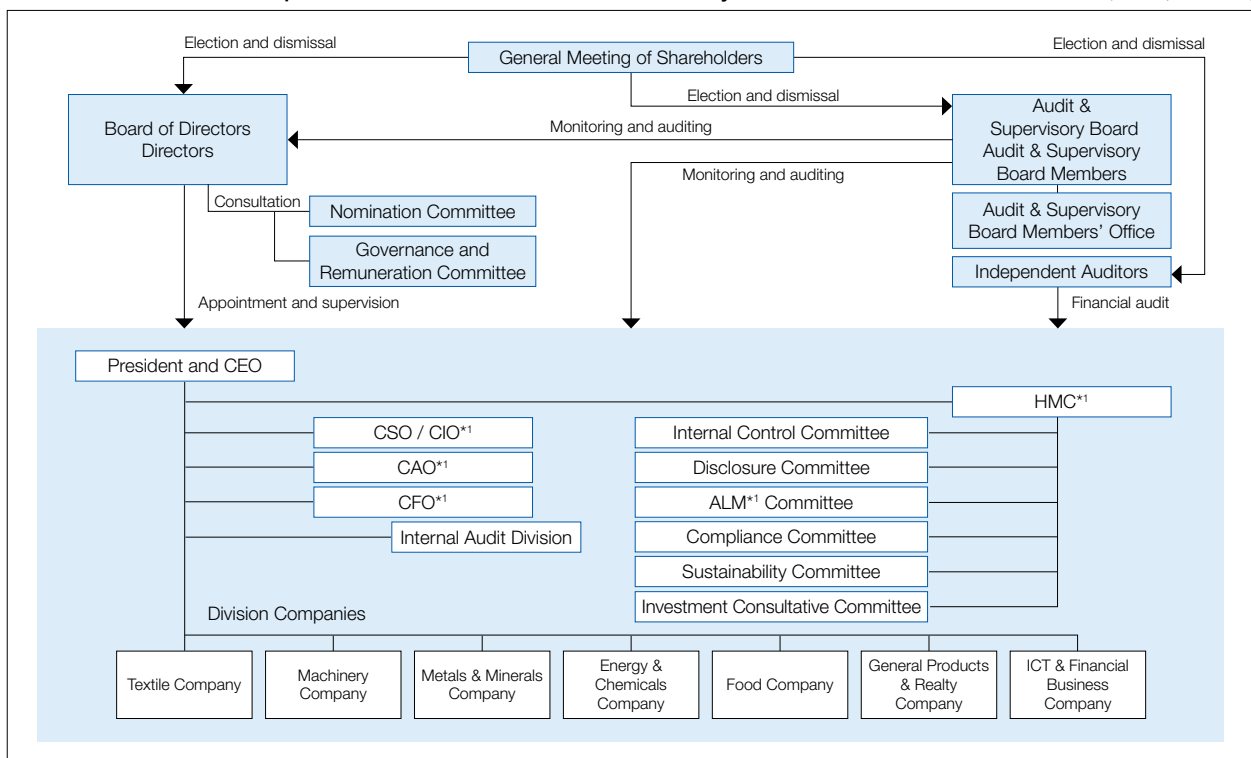
1999	<ul style="list-style-type: none"> Introduction of a system of executive officers 	To strengthen decision-making and supervisory functions of the Board of Directors
2011	<ul style="list-style-type: none"> Appointment of outside directors (two) 	To increase the effectiveness of the supervision of management and improve the transparency of decision-making
2015	<ul style="list-style-type: none"> Response to Japan's Corporate Governance Code Establishment of a Nomination Committee and a Governance and Remuneration Committee Revision of the Board of Directors' Regulations 	To strengthen the Board of Directors' supervision function and increase transparency
2016	<ul style="list-style-type: none"> Increase in the number of outside directors (from two to three) Reorganization of the Nomination Committee and the Governance and Remuneration Committee (appointing outside directors as chairmen, outside executives account for half or more of members) Implemented Board of Directors' effectiveness evaluation 	To strengthen the Board of Directors' supervision function
2017	<ul style="list-style-type: none"> Transition to a Board of Directors with a monitoring-focused structure Increasing the ratio of outside directors to at least one-third No directors except one Division Company President appointed to concurrent positions 	Thorough separation of management execution and supervision

Corporate Governance System

Type of system	Company with the Board of Directors and Audit & Supervisory Board Members (Audit & Supervisory Board)
Number of directors (Of which, number of outside directors)	9 (4)
Number of Audit & Supervisory Board Members (Of which, number of outside Audit & Supervisory Board Members)	5 (3)
Term of office for directors	1 year (the same for outside directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	HMC*1 deliberates on Companywide management policy and important issues
Advisory committees to the Board of Directors	Nomination Committee, Governance and Remuneration Committee

Overview of ITOCHU's Corporate Governance and Internal Control System

(As of April 1, 2017)



*1 HMC: Headquarters Management Committee CSO / CIO: Chief Strategy & Information Officer CAO: Chief Administrative Officer CFO: Chief Financial Officer
ALM: Asset Liability Management

*2 CAO is the chief officer for compliance. Also, each Division Company has a Division Company President.

*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Advisory Committees to the Board of Directors

Name	Functions
Nomination Committee	Deliberates on proposed appointments of executive officers, directors, and Audit & Supervisory Board Members
Governance and Remuneration Committee	Deliberates on proposals related to the compensation system for executive officers and directors and to other governance-related matters

Composition of the Nomination Committee and the Governance and Remuneration Committee

Name	Title	Nomination Committee	Governance and Remuneration Committee
Masahiro Okafuji	President & Chief Executive Officer	○	○
Hitoshi Okamoto	Director		○
Fumihiko Kobayashi	Director	○	
Ichiro Fujisaki	Outside Director		◎ (Chair)
Chikara Kawakita	Outside Director	◎ (Chair)	
Atsuko Muraki	Outside Director		○
Harufumi Mochizuki	Outside Director	○	
Yoshio Akamatsu	Audit & Supervisory Board Member	○	
Kiyoshi Yamaguchi	Audit & Supervisory Board Member		○
Shingo Majima	Outside Audit & Supervisory Board Member		○
Kentaro Uryu	Outside Audit & Supervisory Board Member	○	
Kotaro Ohno	Outside Audit & Supervisory Board Member		○
		(6 members)	(7 members)

Principal Internal Committees

Name	Objectives
Internal Control Committee	Deliberates on issues related to the development of internal control systems
Disclosure Committee	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	Deliberates on issues related to risk management systems and balance sheet management

Name	Objectives
Compliance Committee	Deliberates on issues related to compliance
Sustainability Committee	Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives
Investment Consultative Committee	Deliberates on issues related to investment and financing

FYE 2017 in Review

Results of key initiatives based on our corporate governance system in FYE 2017 were as follows.

Meetings of Major Organizations

Board of Directors' meetings	16 times
Outside directors' attendance at Board of Directors' meetings	98%
Outside Audit & Supervisory Board Members' attendance at Board of Directors' meetings	94%
Audit & Supervisory Board's meetings	12 times
Outside Audit & Supervisory Board Members' attendance at Audit & Supervisory Board's meetings	94%

Key Decisions Made by the Board of Directors in FYE 2017

- (1) Evaluation of the Board of Directors in FYE 2016
- (2) Introduction of a performance-linked and share-based remuneration plan
- (3) Purchase of treasury stock
- (4) Merger of Takiron Co., Ltd., and C.I. Kasei Co., Ltd.
- (5) Reforms of criteria for the selection of director candidates and the bonus system



Compliance

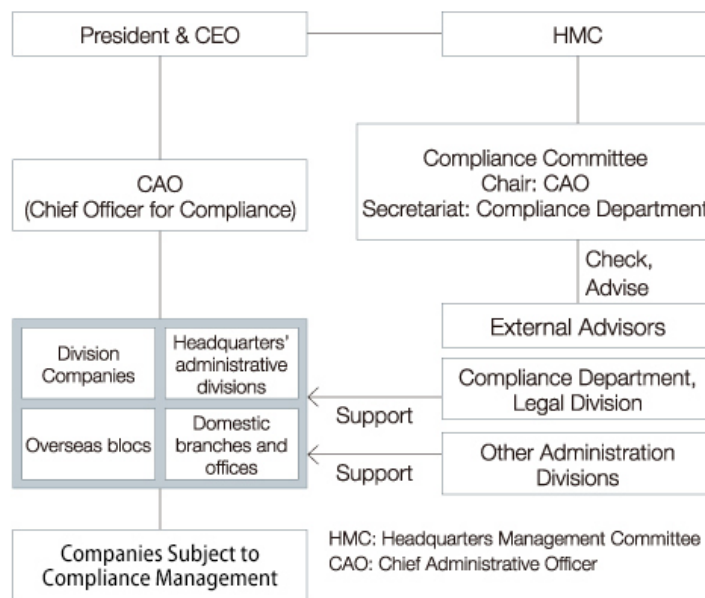
ITOCHU Group's Compliance System

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

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

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

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



Internal Information Reporting System (Hotlines)

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

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

Implementation of Compliance Training

— On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as teaching materials. In addition, Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats. In FY2017, on-site training was also provided by the Headquarters for officers and employees of major Group companies for a total of 7,000 people from 102 companies in Japan. Training was also provided to 34 group companies at major overseas blocs in FY2017. We also distribute the Compliance Handbook to all employees. This handbook provides advice on compliance for each potential work setting (in Q&A format) and advises what actions to take in order to prevent corruption. We also conduct separate programs of finely-tuned education and training for each employee layer that are based on actual cases, including training for new recruits, manager training, training for Group company officers and training prior to overseas assignments.

— Compliance Awareness Survey

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

Bolstering Measures to Fight Corruption

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

ITOCHU Group Anti-Corruption Policy

— 1. ITOCHU Group Anti-Corruption Policy

ITOCHU Corporation traces its management philosophy back to that of its founder, Chubei Ito, who, as an Ohmi merchant, operated under the philosophy of *samp? yoshi* (good in three ways: good for the seller, good for the buyer, good for society). Reflecting this tradition, ITOCHU Group's corporate philosophy is "Committed to the Global Good," and in order to fulfill this philosophy, ITOCHU Group has adopted as one of its core values "integrity," which includes keeping promises, acting without hypocrisy, and always maintaining strong ethics in all places and with respect to everyone, a concept analogous to adhering to compliance.

ITOCHU Group recognizes that continuing to provide societal good requires obedience to laws and strict attention to compliance. ITOCHU Group does not need any profit, regardless of amount, if such profit is obtained through illicit means such as bribery.

To address the risk of bribery and corruption, ITOCHU Group strictly observes its internal rules, including its "Regulations Concerning the Prohibition of Giving Illicit Benefit," as well as four related guidelines relating to public officers, foreign public officers, business partners, and investment generally. Regarding high-risk activities such as entertainment, gifts, investment, and appointment of business partners, ITOCHU Group has established and requires strict adherence to rules governing approval, decision-making, and record-keeping procedures.

[ITOCHU Group Anti-Corruption Policy]

- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any public or quasi-public official inside or outside of Japan.
- No money, entertainment, gifts, or anything of value in order to obtain illicit gains shall be given to any director, officer or employee of any private entity.

■ 2. Requests for All Partners

In order for ITOCHU Group to implement the above anti-corruption policies, ITOCHU Group requires the cooperation of all of its business partners and investment partners. In connection with the business partners and the investment targets and investment partners (collectively "Partners"), ITOCHU Group will request itself conducting due diligence on Partners and entering into contracts containing anti-bribery provisions with Partners.

ITOCHU Group thanks you for your understanding and cooperation.

December 1, 2015
Masahiro Okafuji
ITOCHU Corporation
President & Chief Executive Officer

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined and strictly operates the Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers) to prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position. In December 2015, we revised the guideline regarding agents and consultants to guideline regarding business partners, thereby expanding the scope of application of the guideline, and bolstered measures to fight corruption by establishing investment guideline, which is designed to carefully check investment projects for the risk of bribery. The Regulation Concerning the Prohibition of Giving Illicit Profit includes facility payments, or payments of small amounts of money that are aimed solely at facilitating ordinary administrative services, among the improper advantages it prohibits. It also prohibits commercial bribery, which falls under an improper advantage given to business partners in the private sector. In addition to banning bribery, our internal rules prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (conflicts of interest, etc.).

The guidelines regarding public officers and foreign public officers include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis. The guideline regarding business partners clarifies the process for comprehensive checks and stipulates the process of concluding contracts on new appointments and renewals of contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, thereby prohibiting improper payments (bribery or the provision of improper advantages) and clearly state that the contracts may be cancelled immediately if the provisions of the article are violated. The investment guideline includes specific provisions on the implementation of due diligence and procedures for obtaining the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

In the training provided to officers, employees and others, we strive to raise awareness and instill the Regulation Concerning the Prohibition of Giving Illicit Profit and four related guidelines. We make certain that the regulation and guidelines are reflected in their daily management work to prevent corruption, including the provision of improper advantages. We also provide training specializing in bribery for organizations where the risk of bribery is particularly high. We also manage our political contributions, charities, and sponsorship activities by referring to internal rules to ensure that they do not constitute corruption, and by following our internally specified routes of application for the approval of donations and sponsorship to ensure that such activities are socially just and meet ethical standards.

The annual Monitor & Review surveys, which are mentioned in the ITOCHU Group's Compliance System above, include a check on business entertainment and gift-giving to public officers and foreign public officers and on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management. Where necessary, we hold a dialogue on the status with the compliance officer of each organization.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. In response, to prevent involvement in any illicit transactions, we regularly revise our Anti-Monopoly Law Manual and the document "A Must-Read! 51 Q&A about the Anti-Monopoly Law", which facilitates referral. Through various Monitor & Review surveys and education and training programs as well, we are making sure all employees are aware of requirements.

Measures for Intellectual Property

To completely prevent infringements on intellectual property rights held by other parties in businesses related to such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for employees and by establishing internal rules, regulations and manuals that conform to related laws and regulations. We also define and properly apply internal rules for employees' inventions and work and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security.

Accordingly ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also begun to provide information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Basic Policy and Efforts against Antisocial Forces

ITOCHU has set out basic policy to tackle antisocial forces and groups that threaten the order and safety of civic society, stipulating three basic principles plus one - Don't fear, Don't pay, Don't use, and Don't associate - in its stance against antisocial forces and 10-point guideline as a manual to disseminate this information among all employees. We have also established a special department with overall responsibility for countermeasures in relation to antisocial forces within the Human Resources & General Affairs Division. In addition, we are improving systems and promoting enlightenment education in hopes of preventing unintentional entry into transactional relationships with anti-social forces and groups.

Insider Trading Regulations

ITOCHU Corporation has an internal rule regarding the restriction of insider trading, and formulated the "guideline regarding reporting and management of insider information" in April 2014 in conjunction with the revision of the rule. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity which ITOCHU has capital or contractual relationship, and we are taking action to assure that all employees know about them.

Perspectives on Information Management

ITOCHU Corporation has formulated "Information Security Policy" for all members of the board and employees to handle information with high security level. Also, in order to manage information required for business management activities properly, we also formulated "IT Security Management Policy" for all executives and employees, which is a code of conduct on information handling. More specifically, we have determined rules and standards on personal information management, document management, and IT security, and are striving to prevent the leakage of personal information and other confidential information. We have also established a management system for complying with the My Number Act.

— Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management under the auspices of the Corporate Planning & Administration Division, the IT Planning Division and the Legal Division. In the eighth survey, which was conducted in FY2015, the personal information management systems of ITOCHU Corporation and 80 companies subject to compliance management were checked from February to March 2015. Based on the results of the checks, we have continued activities to encourage continued improvements at ITOCHU Corporation and Group companies. At the same time, we have established a system and provide support for the operation with advice from external lawyers.

Response to Violations

If an act in violation of the above policies or rules, including policies and rules designed to prevent corruption, should be confirmed, we take corrective action, including an investigation into the cause and education and training of those involved in the act, as well as related individuals. At ITOCHU Corporation, we consider disciplinary action against officers and employees who have been involved in any violation of laws, including bribery, with the aim of imposing harsh penalties when deemed appropriate as a result of internal investigations.

Evaluation by Society

ITOCHU was included in the world-famous DJSI World and Asia Pacific index, and became Industry Leader

Dow Jones Sustainability Indices (DJSI) is a family of global socially responsible investment (SRI) indices and ITOCHU is included in both DJSI World and Asia Pacific index for fiscal 2016. This year, ITOCHU achieved the best score in "Trading Companies & Distributors" Industry, and became an Industry Leader for the first time.

DJSI is a global stock index developed jointly by Dow Jones & Company in the U.S. and RobecoSAM in Switzerland. It evaluates the corporate in terms of their social, environmental, and economic performance for composing DJSI.

In the year of 2016, 316 companies (including 26 Japanese companies) were included in DJSI World among 3,420 targeted companies around the world, which was selection of the top 10-15% of the corporations among 60 Industry Sectors. (As of September 2016)



ITOCHU won 'Gold Class' and was selected as an 'Industry Leader' in RobecoSAM Sustainability Award

RobecoSAM Sustainability Awards 2017, is an award provided to prominent companies conducting sustainable efforts in each industrial sector. ITOCHU Corporation won Gold Class, which is provided for the top scoring company in the Trading Companies & Distributors sector, two years in a row.

We were also chosen as an Industry Mover, which is awarded to the company who's score improved the most in the sector. (As of January, 2017)

※'Industry Leader' which was provided to the top scoring company in each sector, is integrated with Gold Class from 2017.



Morningstar Socially Responsible Investment Index (MS-SRI)

The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. conducts questionnaire and screening quantitative data for approximately 4,000 listed companies in Japan and the MS-SRI is comprised of 150 leading socially responsible companies including ITOCHU Corporation. (as of July, 2016)



Evaluation by Stakeholders

2017	Feb. 22	ITOCHU Receives Excellence Award for Environmental Reporting at the 20th Environmental Communication Award
	Feb. 21	ITOCHU Selected as Health and Productivity Stock for 2017
2016	Nov. 22	ITOCHU won the Grand Prize of the 2016 Internet IR Award from Daiwa IR
	Nov. 22	ITOCHU won the WICI award for Excellence in Integrated Reporting for Fourth Consecutive Year
	Oct. 20	ITOCHU Announces Its Receipt of the Grand Prize of the 65th Nikkei Advertising Awards for Its Advertising Series Using the Corporate Message "I am One with Infinite Missions"
	Oct. 11	ITOCHU Authorized as Platinum Kurumin Company
	Sep. 9	ITOCHU Included in Dow Jones Sustainability Indices, a Global Socially Responsible Investment (SRI) Index



Independent Assurance Report

To the President and CEO of ITOCHU Corporation

We were engaged by ITOCHU Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with a star ★ for the period from April 1, 2016 to March 31, 2017 (the “Indicators”) included in its Sustainability Report 2017 (the “Report”) for the fiscal year ended March 31, 2017, except for the 'Number of hire by gender' and the 'Proportion of female career-track employee, manager, and executive officer', whose figures as of April 1, 2017 are the subject of this assurance engagement (the “Indicators”).

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company's reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to Sankei Corporation's Mikuni Plant selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 20, 2017

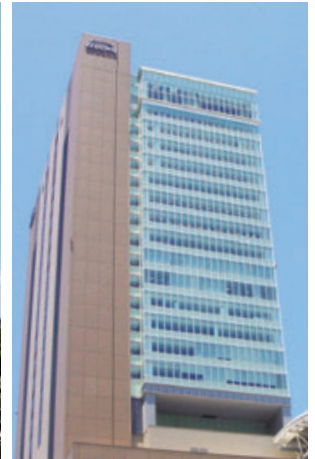
Corporate Profile

Company name	ITOCHU Corporation
Founded	1858
Incorporated	December 1, 1949
Headquarters	Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan Osaka: 1-3, Umeda 3-chome, Kita-ku, Osaka 530-8448, Japan
President & CEO	Masahiro Okafuji
Common Stock	¥202,241 million
Number of offices	Domestic offices 9 Overseas offices 106
Number of employees*	Consolidated 95,944 Non-consolidated 4,285 (As of March 31, 2017)

* The number of consolidated employees is based on actual working employees excluding temporary staff.



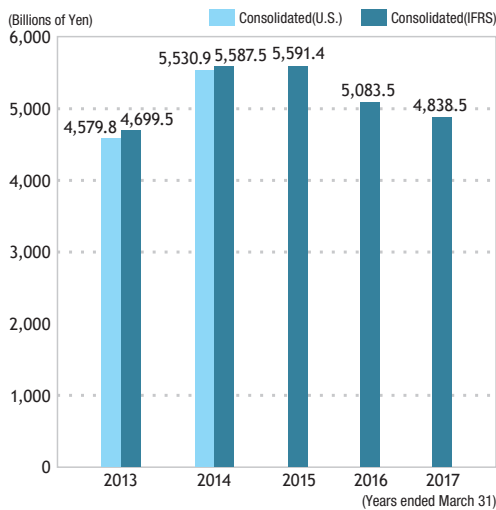
Tokyo Headquarters



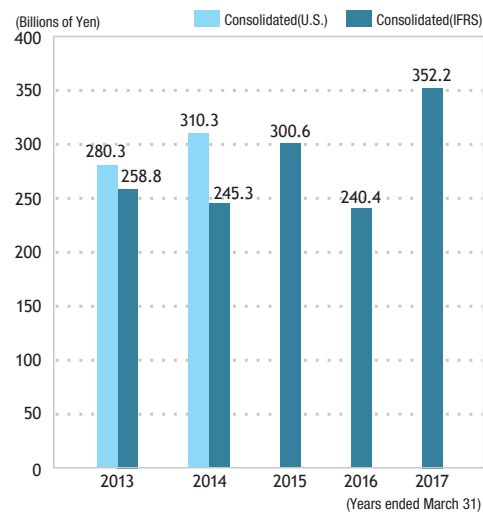
Osaka Headquarters
(North Gate Building)

Financial Overview

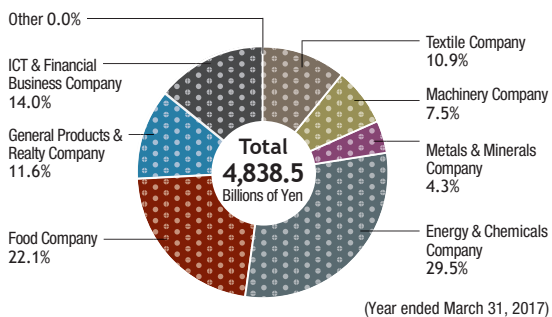
Revenue



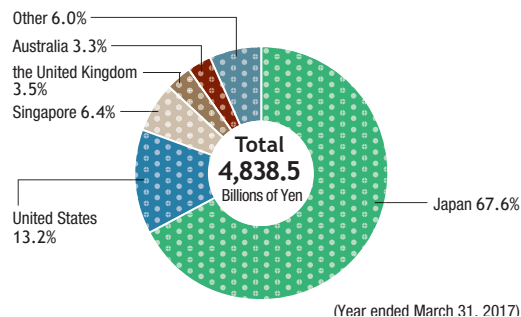
Net Income / Profit Attributable to ITOCHU



Revenue by Division Company (Consolidated·IFRS)



Revenue by Region (Consolidated·IFRS)



ITOCHU Corporation

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