

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.

ITOCHU Mission

Committed to the Global Good



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

ITOCHU Values



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.

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

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



The headquarters with modern amenities built in 1915

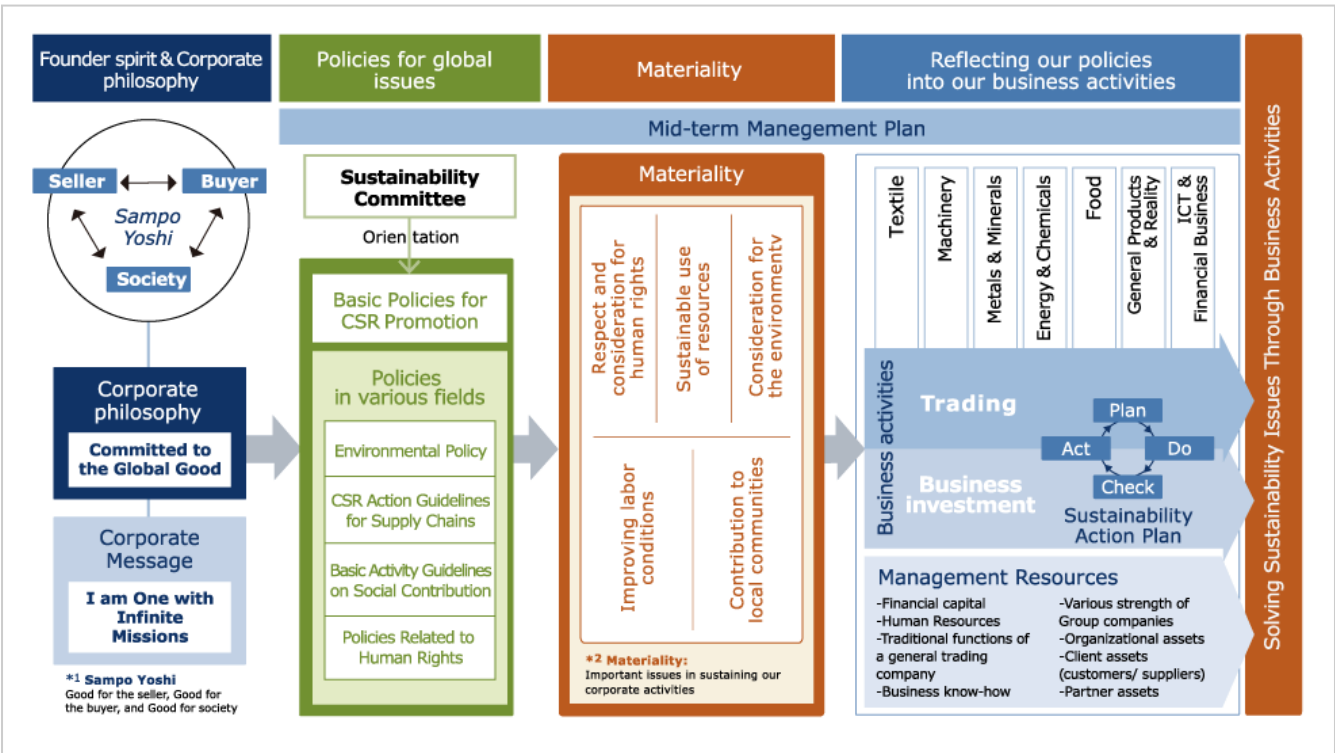
Basic Policy on Sustainability and Promotion System

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."

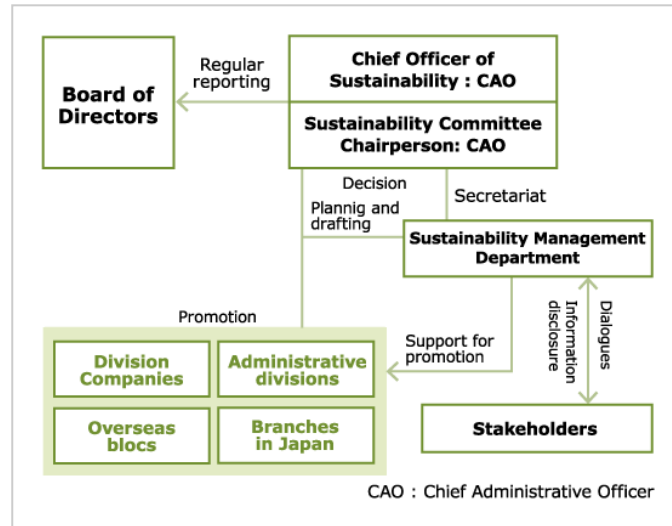
We have defined our Basic Policies for CSR Promotion, which is the orientation of our sustainability related activities, based on our corporate philosophy and changes in the external environment. Under these policies, we promote sustainability in an organized and systematic manner. Each organizational 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.



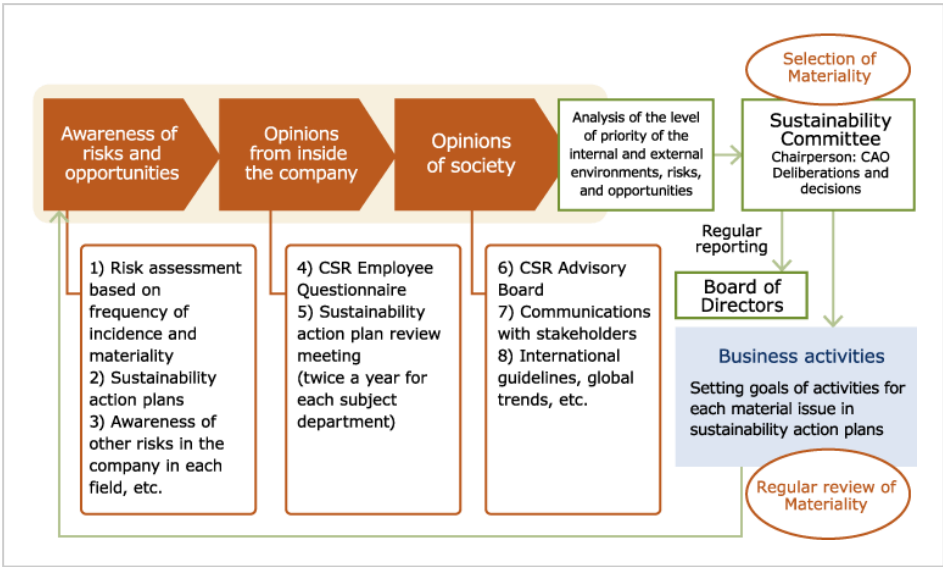
5. Improving labor conditions (attractive working place, human resource development, promotion of diversity, etc.)



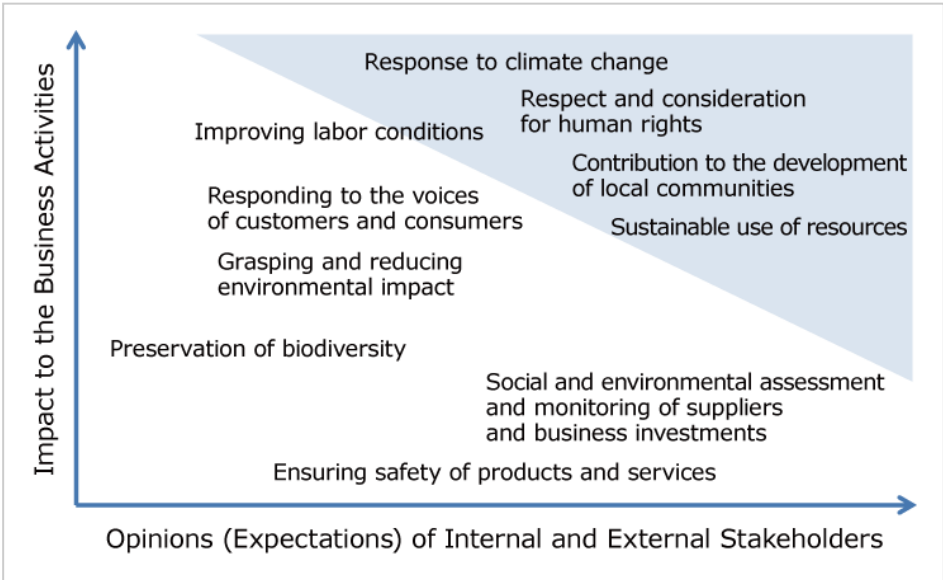
As we see progress in the diversification and globalization of businesses, we believe that it is important to develop diverse human resources as management resources of the company and to improve the workplace environment to enable those human resources to demonstrate their capabilities.

- * 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

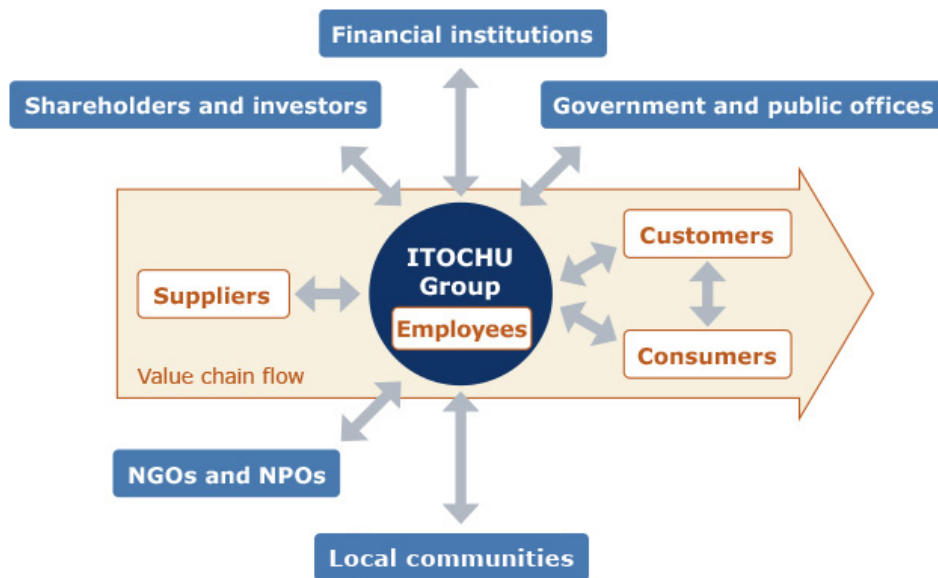


Materiality Matrix

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

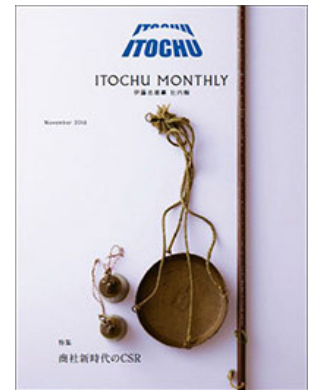
CSR Confirmation Test and Employee Questionnaire

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.