

In compiling this annual report, ITOCHU focuses on two functions in particular: (1) providing an in-depth understanding of its unique business model to a wide range of readers around the world and (2) effectively explaining the potential for ITOCHU to achieve ongoing growth in corporate value over the long term.

Annual Report 2017 was compiled based on this focus with consideration paid to the disclosure framework of the International Integrated Reporting Council (IIRC). Special emphasis was also placed on connectivity and conciseness. Furthermore, we used this report as an opportunity to look back on the unique philosophy and competitive edge ITOCHU has held since its founding. We also included our growth strategies and business strategies centered on non-resource fields, the financial strategies supporting its solid earnings bases, its ever-evolving corporate governance system, and other aspects of the Company geared toward achieving ongoing improvement in corporate value. The content of this annual report has been limited to information on matters that can have a substantial influence on ITOCHU's corporate value. A more comprehensive range of investor relations; environmental, social, and governance (ESG); and other information has been disclosed on ITOCHU's corporate website for easy access by various stakeholders around the world. ITOCHU utilizes its annual reports as tools for communication with stakeholders.



Explanation of Cover

The cover design symbolizes each employee of every Division Company looking to fulfil their duties to an even higher degree in order to contribute to the ongoing improvement of ITOCHU's corporate value and to move toward what lies beyond.

Detailed Financial Information

For detailed financial information for FYE 2017, please see the Financial Section.

https://www.itochu.co.jp/en/ir/doc/financial_section/

Reporting Scope and Other Items

Reporting Period: April 1, 2016 to March 31, 2017

(Certain sections include activities occurring in or after April 2017.)

Reporting Scope: ITOCHU Corporation and the ITOCHU Group

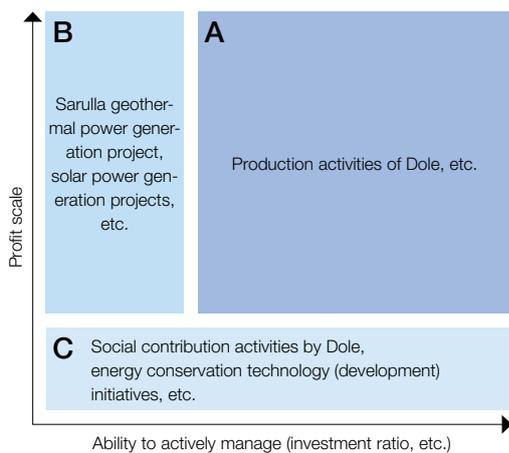
Accounting Standards: Unless otherwise noted, this report is prepared in accordance with U.S. GAAP through FYE 2014, and with IFRS from FYE 2015.

Inquiries for Annual Reports

IR Department ☎: 81 (3) 3497-7295



ESG information is selected for inclusion in annual reports based on profit scale.



Contained in Annual Reports

A. High-profit businesses that ITOCHU can actively manage

These are businesses that are highly important in terms of opportunities and risks and in which ITOCHU is highly active in management due to it possessing a high degree of control.

B. High-profit businesses in which ITOCHU has limited involvement in management

These are businesses that are highly important in terms of opportunities and risks and in which ITOCHU has limited involvement in management due to low investment ratios or other factors.

Contained in Sustainability Website / Sustainability Reports

C. Businesses with low earnings capacity over the short term

These are activities that will have only a small financial effect over the short term. However, as these activities have significant social value, ITOCHU is participating in them to take advantage of opportunities and address risks over the long term.



For more information about Sustainability

Sustainability website <https://www.itochu.co.jp/en/csr/>

- Sustainability Reports
- Comparative Table with GRI Guidelines
- Sustainability for ITOCHU Corporation
- Sustainability and Our Business
- Our Initiatives for the Environment
- Social Contribution Activities, etc.



Contents

8 To Our Shareholders, Investors, and All Other Stakeholders

16 Aiming for Sustainable Growth in Corporate Value

- 16 A History of Transformation Spanning More than 150 Years
- 20 A Business Model for Achieving Sustainable Increases in Corporate Value
- 26 Medium-Term Management Plan (FYE 2016–2018)
- 28 Milestones to Be Passed in Increasing Corporate Value
- 29 Message from the CSO / CIO
- 30 CFO Interview
- 32 Shareholder Value
- 34 Business Investment
- 37 Risk Management

38 Special Feature: The Merchants Creating Synergies Indefinitely

Measures for Increasing Corporate Value of Investees Seen through Coordination with the Convenience Store Business of FamilyMart UNY Holdings

44 Management Resources Supporting Sustainable Value Creation

- 44 Message from the CAO
- 46 Human Resources Strategy
- 50 Sustainability
- 52 Client and Partner Assets

54 Corporate Governance

- 54 Board of Directors' Reforms: Our Structure from FYE 2018
- 56 Characteristics of Corporate Governance at ITOCHU
- 58 Overview of the Corporate Governance System
- 60 Members of the Board, Audit & Supervisory Board Members, and Executive Officers

62 Results of Long-Term Value Creation

- 62 Ten-Year Financial Summary

64 Business Portfolio

- 64 Segment Overview
- 66 Textile Company
- 70 Machinery Company
- 74 Metals & Minerals Company
- 78 Energy & Chemicals Company
- 82 Food Company
- 86 General Products & Realty Company
- 90 ICT & Financial Business Company

94 IR Activities

Forward-Looking Statements

This Annual Report contains forward-looking statements regarding ITOCHU Corporation's corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which ITOCHU Corporation operates. The expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing; financial instruments and financial resources. Therefore, they may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and further, that ITOCHU Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.