The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>29.2%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>21.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>28.2%</strong></td>
</tr>
</tbody>
</table>

TI has found no evidence that the company is involved in offsets and has therefore removed the two relevant questions (A13a and A13b).
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board publishes a statement supporting the ethics and anti-corruption agenda of the company. TI notes that the President and CEO makes various statements on the company website, including on the company’s commitment to CSR; however, these statements were not considered strong enough evidence of a commitment to ethics and anti-corruption specifically to award a higher score here.

References:
Public:
TI notes:
Company Website: CSR
‘President’s Commitment
Expanding Corporate Value by Creating Solutions for Social Issues
Looking at corporate value from a broader perspective, in the future, corporate management will need to share viewpoints and values with society. In particular, as a general trading company, we will be expected to contribute to resolving social issues by seamlessly linking our products and services, accumulated know-how, and markets on a global scale. For ITOCHU, helping to solve social issues through its core business will become a strength that helps us to succeed in global competition in the long term…’
http://www.itochu.co.jp/ja/csr/commit/
A2:

Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:

Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

1

Comments:
Based on public information, there is evidence that the company publishes a statement of values or principles. TI notes that the wider company values statement represents only one high standard of ethical business conduct, sought by the question, namely integrity. However, the company goes into detail about what this means for the company and clearly demonstrates that this value is translated into company working practices. The company therefore scores 1.

References:
Public:
Company Website:
‘The ITOCHU Values – Visionary, Integrity, Diversity, Passion, and Challenge – have not changed since we were founded over 150 years ago. These fundamental Values are linked each other and are integral to us in fulfilling our Mission.
The ITOCHU group Corporate Code of Conduct applies to each one of us. It is based on the corporate philosophy and consists of 5 self-tests.

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

http://www.itochu.co.jp/ja/about/mission/
http://www.itochu.co.jp/en/about/mission/

The ITOCHU Group Corporate Philosophy and Code of Conduct (date not known), p.2:

The ITOCHU group is a dynamic entity; it is continuously evolving through the actions of its employees.
This booklet was created to clarify the ITOCHU group’s corporate philosophy and code of conduct and to ensure that we adhere to them on a daily basis.
The ITOCHU group corporate philosophy consists of the ITOCHU Mission and ITOCHU Values.
Our Mission is our raison d’etre, defining the purpose for which we exist and to what we aspire. Most corporations have a mission, just as each of us do, defined by their purpose and role in the business world. We take our values seriously and must continue to demonstrate them to fulfill our Mission.
Values are what we have treasured and must continue to treasure to fulfill our Mission. These elements are the driving force of the ITOCHU group. By engaging in work based on this corporate philosophy, we become an even better organization, earn profits, and enrich those around us.

TI notes that the Code of Conduct goes into detail about each of the company’s values.
ITOCHU Group Corporate Code of Conduct

Am I proud to say I am involved in this work?

“This work” refers to the work we are involved in. Whether it is negotiating deals, handling accounting matters, or filing paperwork, we ask ourselves if we are proud to say that we do this work.

Integrity comes from the Latin word meaning “oneness.” As Chubei Itoh once said, “No matter what, merchants must not lie.” Being consistent and honest are values treasured by the ITOCHU group.

Trust in the ITOCHU group is a culmination of the words and actions of each one of us. Even if no one is looking, and even if no rule exists, we think about what is right and act accordingly. Simply complying with the law isn’t enough: we are expected to apply a strong sense of ethics to our daily work.
ITOCHU Group Corporate Code of Conduct

- **Complying with laws and acting ethically**
  Learning and following all laws and international regulations that are relevant to our activities is a solid premise for conducting business. It's important to avoid becoming complacent about precedents and industry practices; we must think about what is right when taking action by checking the purpose and objectives of rules. Having a strong sense of ethics applies even when there are no clear rules, not only in work but also everyday life. This protects each of us as individuals as well as our families, company and organization. It also leads to gaining the trust of those around us.

- **Trading fairly**
  Ensuring fair and free competition is a ground rule of the market economy. We comply with this rule as we conduct business activities around the world. We will never obstruct competition through illicit means nor develop inappropriate relationships, such as those with public officials, for our own interests. We will also confront antisocial forces and groups with strong resolve.
Heighening transparency

In addition to disclosure as required by laws and regulations, we feel it's important to be accountable by providing and disclosing corporate information to stakeholders when appropriate. This enhances our transparency as a corporation. We will be conscious of how our corporate activities influence society and engage in accurate and fair disclosure.

Keep this booklet within easy reach and use it in your everyday business activities.

Apply the 5 self-tests to yourself daily to ensure that you are executing the corporate philosophy, which consists of the ITOCHU Mission and ITOCHU Values.

On a regular basis, apply the tests not only to yourself, but change "I" to "we" to leverage the ITOCHU Mission and ITOCHU Values as a team.

When you are unsure about how to handle a situation, refer to this booklet to help you return to the fundamental approach of the ITOCHU group.

"Committed to the global good" is not an empty slogan; it will take each one of us doing our best every single day to achieve this Mission.

CSR Report (2013):
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

2

Comments:
Based on public information, there is evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption. Specifically, TI notes that the company joined the UN Global Compact in 2009.

References:
Public:
Annual Report (2013), p.79:
ITOCHU Corporation actively engages in activities as a Board Member of the Global Compact Japan Network (GC-JN), the local network of United Nations Global Compact in Japan. The GC-JN organizes the Working Groups by issues related CSR where member companies are able to learn from other companies' best practices and academic experts and to have discussions and exchange opinions regarding CSR initiatives.

In FY2013, ITOCHU took part in 6 Working Groups related to Human Rights, ISO26000, BOP & Social Businesses, Environmental Management, Socially Responsible Investment, and Disaster Reconstruction Support. Especially, in the Human Rights Working Group, we play an active role as a Working Group Coordinator to facilitate learning and discussions among participating members in order to enhance the Japanese companies’ awareness towards human rights issues as business and human rights are brought to international attention.

Furthermore, we participated as a panelist in a panel discussion of the GC-JN annual symposium entitled "Sustainable development and human rights" on December 4, 2012, taking part in discussions on CSR and human rights.

A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is evidence that the company has appointed a Compliance Committee with overall corporate responsibility for ‘issues related to compliance’. However, TI notes that it is only implicit that this covers the company’s ethics and anti-corruption agenda. Therefore the company scores 1.

References:

Public:
Company Website:
<table>
<thead>
<tr>
<th>Reason for Appointment as Outside Directors</th>
<th>Reason for appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ichiro Fujisaki appointed in June 2013</td>
<td>Mr. Fujisaki is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on the international situation, economy and culture, and other matters, nurtured through his many years of experience as a diplomat and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Fujisaki has no material interests in ITOCHU.</td>
</tr>
<tr>
<td>Chikara Kawakita appointed in June 2019</td>
<td>Mr. Kawakita is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on public finance, financial transaction and tax affairs, and other matters, nurtured through many years of experience at the Ministry of Finance and National Tax Agency and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Kawakita has no material interests in ITOCHU.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason for Appointment as Outside Corporate Auditors</th>
<th>Reason for appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masahiro Shimizu appointed in June 2011</td>
<td>Mr. Shimizu is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. Mr. Shimizu has no material interests in ITOCHU.</td>
</tr>
<tr>
<td>Shingo Maita appointed in June 2013</td>
<td>Mr. Maita is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise in finance and accounting as a certified public accountant and university professor. Mr. Maita has no material interests in ITOCHU.</td>
</tr>
<tr>
<td>Harufumi Mochizuki appointed in June 2014</td>
<td>Mr. Mochizuki is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise in economics and industrial policy nurtured during his service at the Ministry of Economy, Trade and Industry (formerly, the Ministry of International Trade and Industry) and other governmental agencies of Japan. Mr. Mochizuki has no material interests in ITOCHU.</td>
</tr>
</tbody>
</table>

**Overview of ITOCHU's Corporate Governance and Internal Control System**

1. **Election and dismissal**
   - General Meeting of Shareholders
   - Board of Auditors
   - Corporate Auditors
   - Independent Auditors

2. **Monitoring and auditing**
   - Internal Control Committee
   - Disclosure Committee
   - ALM Committee
   - Compliance Committee
   - CSR Committee
   - Investment Consultative Committee

3. **Division Companies**
   - CSO
   - CEO
   - President and C.E.O.
   - Internal Audit Division
   - External Audit Division
   - Board of Directors
   - Outside Directors
   - Internal Audit Division
   - Corporate Auditors’ Office
   - External Auditor

**Internal Control System**

- **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 business management.

- **Compliance Committee**
  - Deliberates on issues related to compliance.

- **CSR Committee**
  - Deliberates on issues related to corporate social responsibility, environmental issues, and social contribution initiatives.

- **Investment Consultative Committee**
  - Deliberates on issues related to investment and financing.

- **Corporate Officer Compensation Committee**
  - Deliberates on issues related to the compensation of corporate officers, including their compensation after settlement.
Corporate Governance Report (June 2014), p.13:

is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.

[2] Each director is to carry out such director’s functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.

[3] ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.

[4] The corporate auditors are to oversee the performance of the directors based on the “Board of Corporate Auditors Regulations” and “Auditors’ Auditing Standards.”

(2) Compliance

[1] Directors and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct.

[2] ITOCHU is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance ITOCHU’s compliance system.

(3) Internal Control to Ensure Reliability of Financial Reporting

[1] ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO (Chief Financial Officer) to ensure the reliability of financial reporting.

[2] ITOCHU is to establish the Disclosure Committee and regularly review and improve the development and operation status of internal control systems to ensure the reliability of financial reporting.

(4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President and Chief Executive Officer. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the “Audit Regulations.” Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

2

Comments:
Based on public information, there is evidence that the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s compliance agenda. This individual is named: Toru Matsushima, Chief Officer for Compliance.

References:
Public:
Corporate Governance Report (June 2014), p.13:
is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.

[2] Each director is to carry out such director’s functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.

[3] ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.

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(2) Compliance

[1] Directors and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct.

[2] ITOCHU is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance ITOCHU’s compliance system.

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http://www.itochu.co.jp/ja/about/governance_compliance/governance/pdf/CG.pdf

Company Website: Compliance

‘Compliance System’
Annual Report (2013), p.105:
‘Executive Officers
...Managing Executive Officers
Toru Matsushima
CAO’
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

0

Comments:

Based on public information, there is some evidence that there is regular monitoring and review of the performance of the company’s ethics and anti-corruption agenda; however, it is not clear to what extent the Board conducts a regular monitoring and review of the performance of the company’s ethics and anti-corruption programme.

References:

Public:
TI notes:
Company Website: Compliance
‘ITOCHU Group’s Compliance System

The ITOCHU Group is building a promotion system of compliance by placing compliance officers in each organization within Headquarters and at all major Group companies worldwide. The ITOCHU Group Compliance Program is part of the system and structure of the ITOCHU Group that was established so that each organization can consider local laws, business characteristics, and operational formats while complying with compliance. Besides carrying out Monitor & Review surveys once a year, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as 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.’

‘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 fiscal 2014,
we conducted the survey of about 30,000 Group employees, and received response from 27,598 of them (retrieval rate of 90.7%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system.’

http://www.itochu.co.jp/en/about/governance_compliance/compliance/

http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

1

Comments:
Based on public information, there is no readily available evidence that there is a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based; however, there is evidence of improvement plans being implemented when issues are identified as a result of monitoring and review. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.91:
Fair Operating Practices

Fundamental Approach

Integrity is one of the ITOCHU Values that are a part of ITOCHU’s corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

Compliance

ITOCCHU Group’s Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. With consideration for local laws, business characteristics, and operational formats, these compliance officers are creating systems for the promotion of compliance. In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Compliance System

President & CEO

CAO (Chief Officer for Compliance)

Support

Group Companies

Headquarters and Main Business Office

 oversea branches and offices

Division Companies

Group Companies

Monitoring and Review

Support

External Advisors

Check, Advice

Compliance Department, Legal Division

HMC: Headquarters Management Committee CAO: Chief Administrative Officer

Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOCHU and to overseas offices. At the same time, through monitor and review initiatives, steps were taken to conduct risk assessment with respect to payoffs, bribery, and similar improper acts.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010 ITOCHU revisited its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violations. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
1

Comments:
Based on public information, there is some evidence that the company has a process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption. However, the extent to which this is part of a formal review process remains unclear. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.91:
**Fundamental Approach**

Integrity is one of the ITOCHU Values that are a part of ITOCHU’s corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

**Compliance**

**ITOCHU Group's Compliance System**

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. With consideration for local laws, business characteristics, and operational formats, these compliance officers are creating systems for the promotion of compliance. In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making concerted efforts to find improvements that will enhance its well-developed systems for advancing compliance.

We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

**Compliance System**

President & CEO  
CAO (Chief Officer for Compliance)  
HMC

Check, Advice  
External Advisors  
Support

Compliance Committee  
Chair CAO  
Secretariat, Compliance Department

Division Companies  
Overseas Bases  
HMC: Headquarters Management Committee  
CAO: Chief Administrative Officer

Headquarters and Domestic Divisions  
Domestic branches and offices  
Group Companies

Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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 being steadily implemented. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

**Bolstering Measures to Fight Corruption**

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCRA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOCHU and to overseas bases. At the same time, through monitor and review initiatives, steps were taken to conduct risk assessment with respect to payoffs, bribery, and similar impropriety.

**Measures to Fight Collusive Bidding and Cartels**

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010 ITOCHU revised its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violation prevention. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.

---

A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

1

Comments:
Based on public information, there is evidence that the company has a formal anti-corruption risk assessment procedure. Specifically, the company notes that it has undertaken ‘risk assessment with respect to bribery, payoffs and similar impropriety’. However, TI has found no readily available evidence to suggest that the company develops mitigation plans with clear ownership and timelines to minimize such risks. The company therefore scores 1.

References:

Public:
Corporate Governance Guidelines (June 2014), p.14:
Company Website: Risk Information

‘ITOCHU Group is exposed to various risks such as market risks, credit risks and investment risks, due to the nature of a wide range of its businesses. These risks include unpredictable uncertainties and may have significant effects on its future business and financial performance.

ITOCHU Group has enhanced its risk management policy and risk management methodology to monitor and manage these risks, but it is impossible to completely avoid all these risks. With respect to descriptions about future events, ITOCHU appropriately has determined its assumptions and estimates based on information currently available as of March 31, 2013.’

‘(12) Risks Associated with Compliance

Risks Related to Laws and Regulations

ITOCHU Group is subject to a number of diverse laws and regulations both domestically and overseas due to the vast array of products and services the Group provides.
To be specific, ITOCHU Group is required to adhere to laws and regulations such as the laws for each industry, including companies act, financial instruments and exchange laws, and tax laws, as well as all laws pertaining to trade such as foreign exchange control laws, antitrust laws, intellectual property laws, waste disposal laws and the laws of each country in which ITOCHU Group conducts business overseas. ITOCHU Group is aware that the observance of laws and regulations is a serious obligation of the Company and the Group has made every effort for the observance of these laws and regulations by reinforcing the compliance system. Despite all of these measures, however, there is a possibility of the situation where, including personal misconduct by directors and employees, risks associated with compliance or exposure to social disgrace cannot be entirely removed.

Also, ITOCHU cannot deny that unexpected, additional enactment or change in laws and regulations by legislative, judicial, and regulatory bodies are a possibility both domestically and overseas, and there are possibilities of major change in laws and regulations by political / economical changes. This could exert a serious, adverse influence on the financial position and results of operations of ITOCHU Group.7

http://www.itochu.co.jp/en/ir/finance/risk_information/
http://www.itochu.co.jp/ja/ir/finance/risk_information/

Annual Report (2013), p.91:

Fair Operating Practices

<table>
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<td>Integrity is one of the ITOCHU Values that are a part of ITOCHU's corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.</td>
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Compliance

ITOCHU's Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. With consideration for local laws, business characteristics, and operational formats, these compliance officers are creating systems for the promotion of compliance. In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers.

Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.
Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOUCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOUCHU and to overseas blocs. At the same time, through monitor and review initiatives, steps were taken to conduct risk-assessment with respect to payoffs, bribery, and similar impropery.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010, ITOUCHU revised its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violation prevention. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.

A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal risk assessment procedure for assessing proposed business decisions.

References:
Public:
TI notes:
Company Website: Internal Control System
‘Strengthening Risk Management
ITOCHU has established internal committees and responsible departments in order to address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group’s assets through deliberations on balance sheet management as well as analysis and management of risk.’
Examples of Risk Management

Managing Investment Risk (Decision-Making Process for Investments)

Executing New Investments
When making new investments, the department making the application gives due consideration to factors such as the purpose of the investment, growth strategies, business plans, the appropriateness of the acquisition price, the state of conformance with investment criteria, and the setting of exit conditions. Next, related administrative organizations implement risk analysis from various specialized perspectives and attach their screening results to the application. After deliberation by the Division Company Management Committee (DMC), the application is submitted to the Division Company President for a final decision. Projects that exceed the President's authority must be approved by the HMC. If additional consideration and screening of an investment's profitability and strategy are needed prior to the HMC, the application is sent to the Investment Consultative Committee for deliberation. After discussing the application, this committee — whose members include the CEO, CFO, General Manager of the Global Risk Management Division, and corporate auditors — puts the matter before the HMC. This approach devolves authority to the Division Companies and speeds decision-making, while at the same time providing multiple screening processes to control investment risk.

Monitoring
To promote asset replacement and reduce the number of small-scale and loss-making Group companies, we implement annual reviews of all Group companies from both the qualitative (such as strategic significance) and quantitative (such as scale of earnings and investment efficiency) perspectives. This methodology enables us to determine candidates to be exited from after confirming whether Group companies are infringing on exit selection criteria as well as testing the future policies of all Group companies into consideration.

Exiting
The Global Risk Management Division monitors the progress of Group companies that have been slated for exits during the annual reviews, ensuring that they are moving steadily toward an exit.

Managing Concentrated Risks
In addition to distributing internal covariants on management resources to each Division Company, ITOCHU defines asset limits in areas of trading where exposure is high, thereby managing the concentration of risk in specific segments and areas. We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Limits on assets in specific areas and country limits are deliberated by the ALM Committee and approved by the HMC.

http://www.itochu.co.jp/en/about/governance_compliance/control/
http://www.itochu.co.jp/ja/about/governance_compliance/control/
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12:

Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References:

Public:

TI notes:

Company Website: Compliance
‘Bolstering Measures to Fight Corruption

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 Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.’

http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

1

Comments:
Based on public information, there is some evidence that the company makes clear to suppliers, through policy terms, its stance on bribery and corruption. However, it is not clear whether there are contractual terms in place and the consequences of breaches to this stance are not outlined. The company therefore scores 1.

References:
Public:
CSR Report (2013), pp.53-54:
‘Basic Stance on Supply Chain Management
Developing business all over the world, ITOCHU Corporation has positioned supply chain management as an important issue to be addressed. Preventing human rights, labor and environmental problems, and working for improvement together with the supplier. We are striving to practice these actions steadily and incorporated them into our basic policies for CSR promotion as “3.Strengthening supply chain management (Respect for human rights and consideration for the environment).”

As part of our efforts to promote supply chain management, we established action guidelines in April 2009 in order to have this philosophy penetrate the entire company and to clearly communicate ITOCHU's stance to suppliers. It is our intention to present these action guidelines to our suppliers, to deepen the dialogue on human rights, labor and environmental conservation, and to ask our suppliers to understand and practice ITOCHU's stance.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains
To fulfill the ITOCHU Credo, “Committed to the global good,” ITOCHU promotes CSR through its business activities, with the aim of achieving a sustainable society.

ITOCHU CORPORATION 28/06/14
HTTP://WWW.ITOCHU.CO.JP/JA/
HTTP://WWW.ITOCHU.CO.JP/EN/
its supply chains, taking into consideration the social or environmental impact of a variety of products and services handled.

ITOCHU has established the CSR Action Guidelines for Supply Chains to explain its position to suppliers, and expects and encourages their understanding and implementation of every item mentioned below.

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner.
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.’

‘To raise our employee's awareness and make our CSR supply chain management practical, we provide in-house trainings. In FY2013, we conducted the on-line confirmation test of “the CSR Action Guidelines for Supply Chains” in three languages; Japanese, English and Chinese.

The test was targeted to the ITOCHU employees around the world, and 5,819 employees, 85.4% of all 6,818 employees, completed the test this year.’

(p.55): ‘CSR Survey of Supply Chains

ITOCHU develops various businesses around the world. In order to check the status of our various suppliers, we conduct survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the ten items in our “CSR Action Guidelines for Supply Chains.”

In addition to the ten items covering human rights, labor, and environmental issues, we added further items specific to each Division Company. For example, we added check items for forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); product safety items for the Food Company; and items on protection of intellectual property for our Textile Company. Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries,
products handled, and transaction amounts by referring to the criteria of the FTSE4Good Index. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers, and survey them by means of interviews or questionnaires.

In April 2009, ITOCHU established ITOCHU Corporation’s CSR Action Guidelines for Supply Chains to clearly communicate its stance to suppliers.(Revised November, 2011) ITOCHU is promoting dialogue on human rights, labor and environmental protection, as it seeks understanding and implementation of these action guidelines. Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue this initiative.

CSR Surveys in the Fiscal Year ended March 2013

In fiscal 2013, we surveyed 430 companies, including 32 suppliers of overseas offices and 17 suppliers of 193 Group companies. No serious problems requiring immediate response were found in the survey results. We confirm that appropriate measures are taken for communications between management and workers, even for suppliers in countries where the right to collective bargaining is not recognized. In regard to companies that are in the process of establishing environmental policies and systems, in the future we will closely observe the implementation of those policies and systems. Comments from local employees in charge of the surveys included, “Through these annual surveys, supply chain management is steadily advancing.” By continuing these surveys in the years ahead, we will work to raise employee awareness and enhance supplier understanding and implementation.’

A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:
NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:

NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

1

Comments:
Based on public information, there is some evidence that the company has an anti-corruption policy that prohibits corruption in its various forms. However, TI notes that there appears to be no Code of Ethics document and the focus is on the giving of improper advantages rather than the receiving. The company therefore scores 1.

References:
Public:
Company Website: Compliance
‘Bolstering Measures to Fight Corruption
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 Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/

Annual Report (2013), p.85:
ISO 26000 Core Subjects and ITOCHU's Initiatives

As a member of international society, ITOCHU aims to contribute to the realization of a sustainable society by reflecting the expectations and concerns of society in its business activities and by developing businesses that help solve social issues. This report provides information about ITOCHU's fundamental approach and implementation system, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility, as well as major topics for fiscal 2013.

<table>
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<tr>
<th>Fundamentals Approach</th>
<th>Major Topics</th>
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<tr>
<td><strong>Organizational Governance</strong></td>
<td>P78</td>
</tr>
<tr>
<td>In accordance with its corporate philosophy of “Committed to the Global Good,” ITOCHU believes it is important to understand how its business activities influence society and the environment. The company has established a system that contributes to the realization of a sustainable society, in accordance with a PDCA cycle, through the identification of material CSR issues and the formulation of CSR Action Plans for each business field.</td>
<td></td>
</tr>
<tr>
<td>- Revision of Basic Policies for CSR Promotion</td>
<td></td>
</tr>
<tr>
<td>- Identification of four material issues in accordance with CSR Action Plans</td>
<td></td>
</tr>
<tr>
<td>- Revision of CSR and environmental checklist for investments</td>
<td></td>
</tr>
</tbody>
</table>

| **Human Rights** | P66 |
| As a company that conducts business transactions around the world, ITOCHU believes that the relationship between business and human rights is very important, and that belief is reflected in the supply chain and in businesses in which ITOCHU invests. We give serious consideration to human rights and individually, so that employees can make the most of their individual capabilities. |
| - Implementation of CSR survey at 430 overseas suppliers |
| - Implementation of human rights seminar at ITOCHU Malaysia (Jan, 2014) |
| - Participation of 417 people in in-house human rights training |
| - The initiative supporting Indian cotton farmers highly recognised by the international community |

| **Labor Practices** | P67 |
| ITOCHU is working to develop and strengthen human resources who can play active roles in global business as true industry professionals. We are also establishing a system that enables diverse human resources to make the most of their capabilities. In addition, we have built a system to support safe and healthy lifestyles for the employees who support our business activities around the world, as well as for their families. |
| - Appointment of first female executive officer among general trading companies (April 2014) |
| - Cross-industrial Women’s Forum |
| - Enhancement of child care leaves system so that first two days are paid leave |
| - Extension of the available period of shorter working hours for nursing care |

| **The Environment** | P89 |
| ITOCHU pays close attention to the influence of its business activities on the environment and takes both proactive initiatives (advancing environment-conserving businesses and proactive initiatives) and necessary steps to prevent environmental damage. In particular, in proactive initiatives, we are developing multi-equipment business initiatives in line with such themes as the use of sustainable resources, responding to climate change, and conservation of biodiversity. |
| - Renewal of ISO 14001 certification |
| - Implementation of environmental fact-finding investigations at nine Group companies |
| - Participation in ITOCHU Group environment-related seminars by 6,290 people |
| - Third-party report on LCU supply chain (pg. 82) |

| **Fair Operating Practices** | P91 |
| In addition to ensuring that our business activities are in accordance with laws and international rules, we do not limit ourselves to simply following industry practices, and as such, we have also established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint. |
| - On-site compliance training for Headquarters and Group companies |
| - Revision of regulations that specifically ban bribes and payoffs, implementation of monitoring and review |
| - Revision of Anti-monopoly Law Manual, implementation of monitoring and review |

| **Consumer Issues** | P92 |
| ITOCHU, which handles a wide variety of goods and services that support people’s everyday lives, is implementing activities that contribute to improvements in the quality of consumer lifestyles, such as working to ensure product safety, and quality, developing products that contribute to environmental conservation, and promoting awareness of sustainable consumption. |
| - Periodic on-site audits of overseas food suppliers (175 audits at 115 companies) |
| - Promotion of environmental conservation platform based on the participation of consumers |
| - Raising children’s awareness of environmental conservation through MOTTAINAI Campaign (approximately 30,000 people) |

| **Community Involvement and Development** | P93 |
| In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we strive to participate in local communities in ways that transmit the scope of our business activities and to contribute to the sustainable development of those communities through both business activities and social contribution activities. |
| - Promoted Africa Food Development Association together with 14 food manufacturers |
| - Donated 550,000 million for construction fee of international medical exchange faculty |
| - Development of children’s literature collections and promotion of the use of e-books by the ITOCHU Foundation |
| - Great East Japan Earthquake reconstruction support (cumulative total of 316 employee volunteers) |

(p.91):
Fundamental Approach

Integrity is one of the ITOCHU Values that are a part of ITOCHU’s corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

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Compliance System

President & CEO

CAO (Chief Officer for Compliance)

Compliance Committee Chair CAO Secretariat, Compliance Department

Check, Advice

Division Companies

Headquarters and Group companies

Overseas branches and offices

Support

Group Companies

HMC: Headquarters Management Committee CAO: Chief Administrative Officer

Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

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A16:
Is the anti-corruption policy explicitly one of zero tolerance?

Score:
0

Comments:
Based on public information, there is no readily available evidence of a zero-tolerance anti-corruption policy.

References:
Public:
TI notes:
Company Website: Compliance
‘Bolstering Measures to Fight Corruption
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 Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

2

Comments:
Based on public information, there is evidence that the company’s anti-corruption agenda is easily available. TI notes that all documentation is available in at least Japanese and English.

References:
Public:
Company Website:
http://www.itochu.co.jp/ja/
http://www.itochu.co.jp/en/
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:
2

Comments:
Based on public information, there is evidence that the company’s anti-corruption agenda is easily understandable and clear.

References:
Public:
Company Website:
http://www.itochu.co.jp/ja/
http://www.itochu.co.jp/en/
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:

Based on public information, there is evidence that the company’s anti-corruption agenda applies to all employees and members of the Board.

References:

Public:

Company Website:

‘The ITOCHU group Corporate Code of Conduct applies to each one of us. It is based on the corporate philosophy and consists of 5 self-tests.’

http://www.itochu.co.jp/ja/about/mission/
http://www.itochu.co.jp/en/about/mission/

Corporate Governance Report (June 2014), p.13:
[2] Each director is to carry out such director’s functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.

[3] ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.

[4] The corporate auditors are to oversee the performance of the directors based on the “Board of Corporate Auditors Regulations” and “Auditors’ Auditing Standards.”

(2) Compliance

[1] Directors and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct.

[2] ITOCHU is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance ITOCHU’s compliance system.

(3) Internal Control to Ensure Reliability of Financial Reporting

[1] ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO (Chief Financial Officer) to ensure the reliability of financial reporting.

[2] ITOCHU is to establish the Disclosure Committee and regularly review and improve the development and operation status of internal control systems to ensure the reliability of financial reporting.

(4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President and Chief Executive Officer. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the “Audit Regulations.” Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness

http://www.itochu.co.jp/ja/about/governance_compliance/governance/pdf/CG.pdf
A20:
Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a policy on potential conflicts of interest.

References:
Public:
NA
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery. TI notes that the company makes reference to ‘giving any improper advantage’ but it is not clear that this includes a policy on exchange of gifts.

References:
Public:
TI notes:
Company Website: Compliance ‘Bolstering Measures to Fight Corruption
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 Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A22:
Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:
0

Comments:
Based on public information, there is no readily available evidence of a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery. TI notes that the company makes reference to ‘giving any improper advantage’ but it is not clear that this includes a policy on exchange of hospitality.

References:

Public:
TI notes:
Company Website: Compliance
‘Bolstering Measures to Fight Corruption
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 Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:

Public:
NA
A24:
Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company prohibits political contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public: NA
A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:
Public:
NA
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent. TI notes that the company undertakes extensive community and charitable activities.

References:
Public:
TI notes:
CSR Report (2013):
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score: 0

Comments:

Based on public information, there is limited evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. TI notes that much of the publicly available information is presented at a high level and may not provide adequate guidance for employees and Board members facing issues on a daily basis.

References:

Public:
TI notes:
The ITOCHU Corporate Philosophy and Code of Conduct:
Keep this booklet within easy reach and use it in your everyday business activities.

Apply the 5 self-tests to yourself daily to ensure that you are executing the corporate philosophy, which consists of the ITOCHU Mission and ITOCHU Values.

On a regular basis, apply the tests not only to yourself, but change "I" to "we" to leverage the ITOCHU Mission and ITOCHU Values as a team.

When you are unsure about how to handle a situation, refer to this booklet to help you return to the fundamental approach of the ITOCHU group.

"Committed to the global good” is not an empty slogan; it will take each one of us doing our best every single day to achieve this Mission.


Company Website:
‘Corporate Message

ITOCHU Corporation has newly formulated the Corporate Message, “I am One with Infinite Missions.”

The Corporate Message is an expression that comes to mind when pondering the corporate philosophy of “Committed to the Global Good.” The Corporate Message is a phrase that passes on to wider society the role of ITOCHU.

...These words, expressing the mission and determination of ITOCHU employees and guiding our path to the future, should be regarded as the starting point of ITOCHU’s “integrity” that should always be in employees’ hearts and minds as they set about completing “countless missions.”

http://www.itochu.co.jp/en/about/corporate_message/
http://www.itochu.co.jp/ja/about/corporate_message/
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:
1

Comments:
Based on public information, there is evidence that the company has a training programme that covers compliance; however, it is not clear that this specifically covers anti-corruption. The company therefore scores 1.

References:
Public:
Company Website: Compliance
‘Implementation of Compliance Training
On-Site Compliance Training
We periodically conduct On-Site Compliance Training for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual incidences of compliance violations as teaching materials. We also conduct separate programs of finely-tuned education and training for each employee layer that are likewise based on actual cases.
In fiscal 2014, compliance training was provided to an extended total of 6,300 employees at ITOCHU Headquarters and 52 Group companies.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/

Annual Report (2013), p.91:
Fundamental Approach

Integrity is one of the ITOCHU Values that are a part of ITOCHU’s corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

Compliance

ITOCHU Group’s Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarter and at all major Group companies worldwide. With consideration for local laws, business characteristics, and operational formats, these compliance officers are creating systems for the promotion of compliance. In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Compliance System

President & CEO HMC

CAO (Chief Officer for Compliance)

Compliance Committee Chair CAO

Secretary: Compliance Department

Check, Advice

Division Companies

Headquarter Administrative

Overseas Business

Support

Corporate

Support

Other Administrative

Group Companies

HMC: Headquarters Management Committee
CAO: Chief Administrative Officer

Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarter employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Bolstering Measures to Fight Corruption

Over the years, ITOCHU has fought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOCHU and to overseas offices. At the same time, through monitor and review initiatives, steps were taken to conduct risk assessment with respect to payoffs, bribery, and similar impropriety.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010 ITOCHU revised its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violation prevention. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.
ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as select and elective training. We have a wide range of programs for the development of global management human resources, including global development programs and workshops for managers. In 1999, we instituted a system for sending new employees overseas as a means of fostering English proficiency and an international perspective in young employees. In 2010, we launched a new program designed to dispatch junior staff to China and other emerging markets for overseas training in Chinese and other languages. Our plan is to develop candidates who will become specialists in each target market in the future.

We also offer a wide range of training for specific objectives, such as “Career vision support training” and distinctive training based on the human resource strategies of each Division Company and Headquarters’ administrative division, with the aim of developing industry professionals of each business field with diverse values.

- 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.

A28: Is anti-corruption training provided in all countries where the company operates or has company sites?

Score: 1

Comments: Based on public information, there is evidence that the company’s compliance training programme is provided in the principal countries where the company operates or has company sites. However, it is not clear that this is provided in all countries where the company operates or has sites. The company therefore scores 1.

References:
Public:
Company Website: Compliance
‘Implementation of Compliance Training
On-Site Compliance Training
We periodically conduct On-Site Compliance Training for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual incidences of compliance violations as teaching materials. We also conduct separate programs of finely-tuned education and training for each employee layer that are likewise based on actual cases.
In fiscal 2014, compliance training was provided to an extended total of 6,300 employees at ITOCHU Headquarters and 52 Group companies.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
NA
A30: Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:

<table>
<thead>
<tr>
<th>Public:</th>
</tr>
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<tbody>
<tr>
<td>NA</td>
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</tbody>
</table>
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:
Public:
NA
A32:
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities.

References:
Public:
NA
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:
Based on public information, there is some evidence that the company has a hotline system where employees can report concerns or instances of suspected corrupt activity. However, it is not clear that the system guarantees confidentiality or anonymity and TI notes this does not appear to be particularly well-publicised. The company therefore scores 1.

References:
Public:
Company Website: Compliance
‘Internal Information Reporting System (Hotlines)
ITOCHU Corporation has formulated regulations Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at Group companies 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.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:

1

Comments:
Based on public information, there is evidence that the company has a hotline for employees to report concerns. The company therefore scores 1. To score higher, the company needs to provide evidence of more than one whistleblowing channel available to all employees in all sites where the company operates.

References:
Public:
Company Website: Compliance
‘Internal Information Reporting System(Hotlines)
ITOCHU Corporation has formulated regulations Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at Group companies 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.’
http://www.itochu.co.jp/en/about/governance_compliance/compliance/
http://www.itochu.co.jp/ja/about/governance_compliance/compliance/
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively.

References:

Public:
NA
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
1

Comments:
Based on public information, there is some evidence that the company has resources available to all employees where help and advice can be sought on corruption-related issues. However, there is no readily available evidence whether the independent counselors have been properly trained in assisting employees with corruption-related issues. The company therefore scores 1.

References:
Public:
CSR Report (2013), p.4:
‘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.’
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that there is a commitment to non-retaliation for bona fide reporting of corruption.

References:
Public:
TI notes:
Annual Report 2013, p.91:
Fundamental Approach

Integrity is one of the ITOCHU Values that are a part of ITOCHU’s corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider “What is correct?” and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

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We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Compliance System

- President & CEO
- CAO (Chief Officer for Compliance)
- Compliance Committee Chair CAO
- Secretariat, Compliance Department
- Compliance Department, Legal Division
- Divisions
- Group Companies
- Support
- Overseas branches and offices
- Division companies
- Heads of administrative divisions
- Headquarters Management Committee CAO
- Chief Administrative Officer
- Other Administration Divisions
- HMC
- Headquarters Management Committee
- CAO
- Chief Administrative Officer
- Support

Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. 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. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Boosting Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOCHU and to overseas offices. At the same time, through monitor and review initiatives, steps were taken to conduct risk assessment with respect to payoffs, bribery, and similar impropriety.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010 ITOCHU revised its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violation prevention. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.

Information Sources:

Company Website:
http://www.itochu.co.jp/ja/ [Japanese]
http://www.itochu.co.jp/en/ [English]

The ITOCHU Group Corporate Philosophy and Code of Conduct (date not known):

Corporate Governance Report (June 2014):
http://www.itochu.co.jp/ja/about/governance_compliance/governance/pdf/CG.pdf [Japanese]
http://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/CG_e.pdf [English]

Annual Report (2013):

CSR Report (2013):