

# CSR for ITOCHU Corporation

What is the essence of social responsibility for ITOCHU Corporation?

What must we do to discharge it?

These are questions we have continuously discussed within the company since the spring of 2005.

This section presents ITOCHU Corporation's perspectives on CSR.

## ITOCHU Corporation's perspectives on coexistence with society

### Rooted in "sampo yoshi"

ITOCHU Corporation traces its origins to the fabric wholesale business started by Chubei Ito, the company's founder, in 1858, the twilight years of the Tokugawa shogunate.

Chubei was of the conviction that a merchant should never lie under any circumstances, and he adhered to this dictum throughout his life. It means that merchants must be honest with customers, other merchants, and, above all, themselves. Although the times have changed, we have carried on Chubei's convictions about integrity in business.

It should also be noted that Chubei also grounded his business in the spirit of "sampo yoshi," a management philosophy embraced by merchants in his birthplace, the feudal province of Omi. The central idea is that transactions must benefit ("yoshi") all three parties ("sampo"), i.e., the seller, the buyer, and the society. It may be viewed as a precursor of today's corporate social responsibility, which rests on the belief that companies ought to do business that delivers a balanced benefit to all of their stakeholders. In other words, ITOCHU Corporation began espousing this ideal 150 years ago.

### ITOCHU Corporation as a global company

Over the approximately 150 years since our founding, we have dramatically changed our style of business. More specifically, we started our business from the simple business model of merely selling merchandise purchased from suppliers. We have expanded our business domain to one encompassing investment, including mergers and acquisitions, in addition to conventional trading. In the process, we also have extended our involvement in all business phases, from handling raw materials and other upstream business to retailing and other downstream activities.

With the arrival of the 21st century, various worldwide

problems have come to the fore as negative aspects of globalization, and there are mounting calls for companies to fulfill their social responsibilities. This naturally raises the question of how ITOCHU Corporation's business influences society at large.

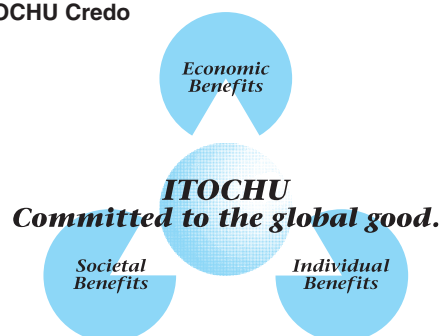
ITOCHU Corporation has business locations in 75 countries around the world and engages in business activities across national and regional borders. With our huge pool of business partners in a diversity of industries, the impact exerted by our business on society is by no means slight.

### Towards a sustainable society

Considering worldwide issues such as global warming and poverty in developing countries as well as the immense influence of economic activities in developed countries, the social responsibility to be discharged by ITOCHU Corporation must be deemed great in both qualitative and quantitative terms.

Ever mindful of what obligations we must assume for the sake of society from now on, ITOCHU Corporation has formulated a corporate credo of being "committed to the global good." In keeping with this credo, we are defining our social responsibilities and executing our tasks toward the creation of a sustainable society.

### The ITOCHU Credo



## ITOCHU Corporation Code of Conduct

### 1. Observance of Laws and Regulations

ITOCHU respects the laws and regulations of the countries where it does business and international rules, and will pursue the highest standards of ethical behavior in its dealings with customers, suppliers, employees, shareholders, and other stakeholders.

### 2. Supply of Quality Products and Services

ITOCHU is concerned with product safety and the conservation of the environment, energy and natural resources, and maintains a keen interest in the supply of safe and quality products. ITOCHU will carefully consider the social utility of the products and services it supplies.

### 3. Management with a Long-term Vision

ITOCHU will not pursue short-term interests at the expense of its reputation for integrity, and will conduct its business with a long-term vision.

### 4. Fair Dealing

ITOCHU recognizes that free and fair competition is a fundamental principle of the market economy and will engage in free and fair competition. In addition, ITOCHU will maintain a fair, sound, and open relationship with government agencies and political bodies.

### 5. Disclosure

ITOCHU values communication with its shareholders, other stakeholders and the public at large, and will fulfill its duty to make full, fair, and timely disclosure of corporate information.

### 6. The Environment

ITOCHU will remain vigilant in addressing today's critical environmental issues.

### 7. Good Corporate Citizen

ITOCHU will seek harmony between the pursuit of profit and contributing to society, and will actively fulfill its role as a good corporate citizen.

### 8. Working Conditions

ITOCHU will promote good working conditions for its employees, respect the dignity and personality of employees, and foster an open culture where ideas can be freely expressed and creativity can be fully developed.

### 9. Policy Against Antisocial Organizations

ITOCHU will stand firmly against forces or organizations that threaten the order and security of the public.

### 10. Globalization

ITOCHU will respect the cultures and customs of all countries in which it operates, and conduct its overseas activities in a way that contributes to the development in all such locales.

### 11. Compliance

ITOCHU intends that all directors, officers, and employees of ITOCHU understand and comply with this Code and will develop a system to enhance the understanding, implementation, and effectiveness of this Code.

### 12. Commitment by Executives

The executives of ITOCHU will take the lead in implementing and enforcing this Code, and will vigorously address violations through investigations. Fair and appropriate disclosure shall be made of any such incidents, and appropriate discrepancy measures, based on principles of accountability, including action directed toward themselves, shall be taken by ITOCHU's executives.

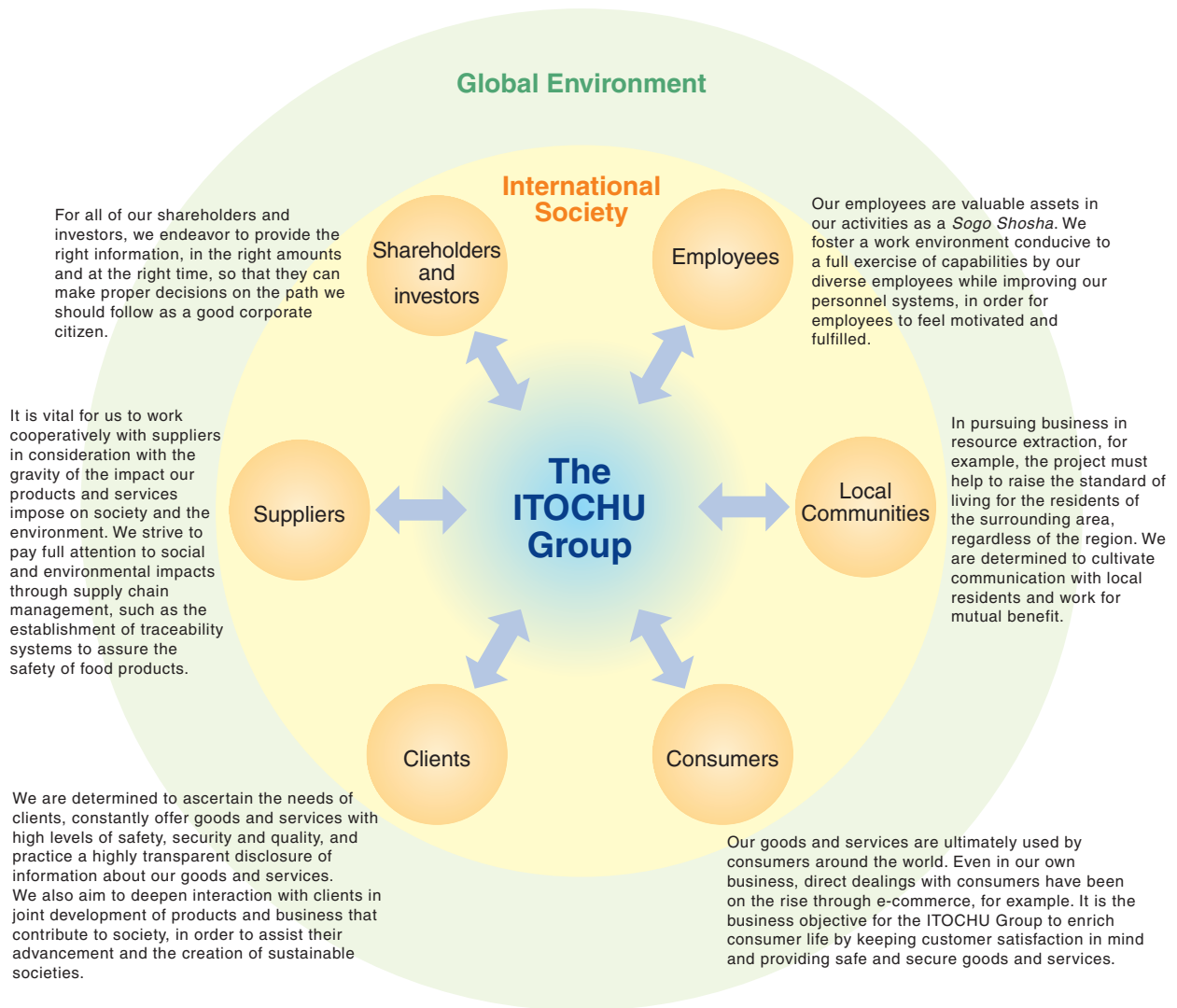
## Involvement with stakeholders

In engaging in diverse business activities in numerous regions, the ITOCHU Group is involved with many stakeholders.

To coexist with society, we consider it of paramount importance for the ITOCHU Group to reflect the expectations and apprehensions of our stakeholders in our daily business

activities by identifying them through communication. We are convinced that the construction of firm relations with our stakeholders will enable us to advance ourselves and contribute to the creation of a sustainable society.

### Major stakeholders of the ITOCHU Group



Besides those noted above, the list of our major stakeholders includes many other parties, such as NGOs and NPOs, financial institutions, government ministries and agencies, mass media, and the coming generations.

## CSR for ITOCHU Corporation

### ITOCHU Corporation's basic perspective on CSR

ITOCHU Corporation has a keen awareness of the need to coexist with society as a corporate citizen. We have to carefully consider what we must do to remain a company that is supported, trusted, and needed by society 10 or even 100 years into the future.

In light of this requirement, we produced the following summary statement of our basic perspective on CSR.

#### Basic perspective on CSR

As a constituent of society, a corporate enterprise has obligations to fulfill in order to be a good corporate citizen.

Therefore, ITOCHU Group must take account of the needs and requests of various stakeholders, and through active communication with them, develop and implement management visions and specific initiatives that benefit society.

This shall enable the ITOCHU Group to gain their support and trust as well as to ensure its sustainability.

In keeping with this perspective, we intend to develop our distinctive CSR activities, as follows.

#### Long-term perspective

It is the social role of a *Sogo Shosha* to identify social needs through its information and other networks stretching around the world, and thereby anticipate coming trends and nurture forerunning business grounded in those needs.

It is vital to view the world and the business from a long-term perspective.

#### Thought and action by all

ITOCHU Corporation is involved in a wide range of multifaceted business activities in various parts of the world. Many of our employees serve as managers or producers for diverse undertakings and projects, and must make decisions on various matters on all sorts of occasions.

Each and every one of our employees shall aspire to consideration and practice of CSR.

#### Emphasis on process

We have undertaken all sorts of CSR activities thus far, but realize that CSR is a never-ending task.

As such, while results (whether or not CSR goals were attained) are certainly important, we want to place more emphasis on the process, i.e., the identification of issues and setting of targets to induce results.

### Toward effective CSR activities

In line with our basic perspective on CSR as outlined, we have positioned the promotion of CSR activities as one of our priority measures in the context of "Frontier-2006," our mid-term management plan. For the duration of this plan, we have defined the basic policies in this promotion as follows with a view to developing effective CSR activities.

#### Basic policies in the CSR promotion activities during Frontier-2006

1. Strengthening communication with stakeholders
2. Enhancing safety and reliability in the product, service, and human aspects
3. Promoting CSR-related education and enlightenment

The core of our CSR activities is a firm desire to contribute to the creation of a sustainable society through our business.

We are engaging in all sorts of business in numerous locations at home and abroad, and the impact of our activities on society is by no means slight. Conversely, our activities have the potential to make a positive contribution to the creation of a sustainable society in various aspects.

We have a keen appreciation of the importance of contributing to the building of a sustainable society through our business activities by making the most of our superb human resources and global network in a broad spectrum of fields.

Alignment of all of our business activities in this orientation faces many issues and would be no easy task. To make our CSR activities effective for society, we decided to adopt a policy of practicing CSR by each and every one of our employees in their work.

## Formulation of CSR action plans

Promotion of effective CSR activities in our work demands sure execution of specific approaches. To this end, it is indispensable to clearly define targets and draft concrete plans. We consequently decided to formulate CSR action plans and have CSR activities executed in accordance with them.

Our seven Division Companies are involved, respectively, in different industries and fields. We therefore adopted the policy of having each Division Company formulate its own CSR action plans, in the belief that targets had to be set separately for each domain.

In formulating action plans, employees involved in actual business activities in their respective Division Company had repeated discussions and made an in-depth review of the Division Company's mission and business. This made it possible for them to draft practical plans to be executed by the individual employees.

In the process of formulating the plans, we were also able to identify various CSR issues bound up with their business activities. For example, in energy development projects in which ITOCHU has a minority interest, we are in a dilemma about the degree in which we are able to urge our business partners with the majority interest in the projects to practice CSR. The planning consequently clarified issues that must be examined for future CSR activities.

## Implementation of CSR action plans

The CSR action plans formulated by our Division Companies in the fiscal year ended March 2006 are now at the stage of execution. The results are to be reviewed semi-annually for ongoing improvement of the action plans. We are determined to ensure that the plans bear fruit by following the PDCA cycle.

## Expansion of CSR activities to our group companies

In the belief that it is vital to take a group-wide approach to CSR, we are taking steps for the spread of CSR activities from ITOCHU Corporation per se to our group companies in Japan and, in turn, to those in other countries. To this end, we are selecting a few major group companies with a lot of impact in the CSR aspect under each Division Company to study the current status of their CSR activities. We plan to hold meetings and training courses to share our CSR perspectives, with the aim of formulating CSR action plans by the end of the fiscal year ending March 2007.

➔ See pages 9–22 for the CSR action plans of our Division Companies.

### Role and activities of the CSR Promotion Office



Masaki Nakamura  
Manager  
CSR Promotion Office

At the CSR Promotion Office, we are currently placing the greatest emphasis on the internal penetration of CSR awareness. Since ITOCHU Corporation is engaged in many diverse businesses, it is not easy to proliferate the CSR idea so that each employee is conscious of and practices it in his or her work. To achieve this difficult task, we are informing and educating employees about excellent CSR programs at other companies, and holding seminars for each in-house layer. We also offer as much assistance and support as possible for execution of the CSR action plans at each Division Company.

Because the ITOCHU Group manages a consolidated group on a global scale, it would not be sufficient to have CSR activities pursued merely by ITOCHU Corporation. We realize that we have the remaining task of inducing the spread of CSR activities throughout the ITOCHU Group, in each region of the world, and in all links of the supply chain.

## Road map for CSR management at group companies

