

CSR Promotion System

ITOCHU Corporation is a general trading company that uses a Division Company system. Its seven Division Companies are engaged in diverse business activities in their respective industries. The following reports on how, as a company with those characteristics, ITOCHU Corporation approaches CSR and what kind of systems it is building to promote CSR in a practical and effective way.

ITOCHU Corporation's CSR promotion

CSR promotion system

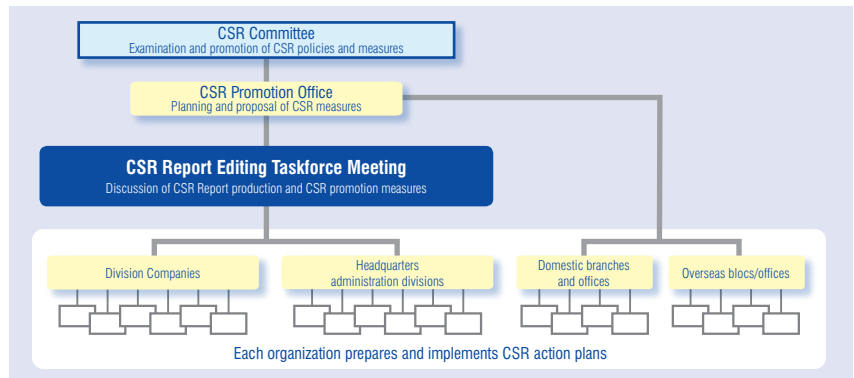
Established in April 2005, the CSR Promotion Office makes proposals for CSR promotion measures, which the CSR Committee examines and discusses. Further, the CSR Promotion Office forms a "CSR Report Editing Taskforce," and deliberates the production of CSR Reports and CSR promotion measures.

CSR promotion through CSR action plans

At ITOCHU Corporation, each organization formulates CSR action plans and, after understanding the CSR action plan applicable to them, employees carry out this plan in their respective duties.

At Division Companies, based on the leadership of the general managers of each company's Planning and Coordination Department and personnel in charge of CSR promotion, the responsible sales divisions take the initiatives in preparing CSR action plans and promoting CSR activities. Administrative Divisions at Headquarters, domestic branches and

CSR promotion system



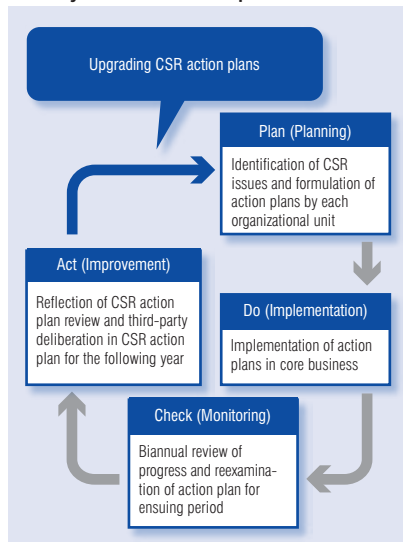
offices, and overseas bases undertake similar activities.

We apply the PDCA (please see the chart below) cycle system for CSR action plans, and we take a variety of other measures to continuously improve the content of CSR action plans, such as receiving objective assessments from third parties. In fiscal 2008, we held meetings with third parties regarding the CSR action plans of each Division Company. [Reference](#) P. 11

group companies formulated CSR action plans based on model methods and conducted progress reviews. In fiscal 2007, we increased the number of companies by adding a further 24 group companies.

In fiscal 2008, a total of 37 group companies will implement, review, and improve their CSR action plans continuously. At the same time, ITOCHU Corporation plans to increase the number of group companies implementing CSR activities, and group companies will undertake CSR initiatives that reflect their respective business lines.

PDCA cycle for CSR action plans



Implementing CSR initiatives at group companies

In efforts to undertake CSR initiatives at group companies, in fiscal 2006, 13

Group companies targeted for CSR implementation at a glance

Division Company	Companies targeted in FY2006	Companies targeted in FY 2007
Textile Company	ITOCHU FASHION SYSTEM Co., Ltd.	ROY-NE CO., LTD., ITOCHU MODEPAL CO., LTD.
Machinery Company	ITOCHU Sanki Corporation	ITOCHU Plantech Inc., ITOCHU Automobile Corporation ITOCHU CONSTRUCTION MACHINERY CO., LTD.
Aerospace, Electronics & Multimedia Company	ITOCHU Techno-Solutions Corporation	ITC NETWORKS CORPORATION ITOCHU ELECTRONICS CORP. CAPLAN Corporation
Energy, Metals & Minerals Company	ITOCHU Non-Ferrous Materials Co., Ltd. (now ITOCHU Metals Corporation) ITOCHU Petroleum Japan Ltd.	ITOCHU Oil Exploration Co., Ltd.
Chemicals, Forest Products & General Merchandise Company	ITOCHU Kenzai Corp. ITOCHU CHEMICAL FRONTIER Corporation ITOCHU PLASTICS INC.	ITOCHU Pulp & Paper Corp., ITOCHU Ceratech Corp. The Japan Cee-Bee Chemical Co., Ltd. Chemical Logitec Co., Ltd.
Food Company	Family Corporation Inc. Yayoi Foods Co., Ltd.	ITOCHU Feed Mills Co., Ltd., ITOCHU Rice Corporation ITOCHU Sugar Co., Ltd., I-FOODS Co., Ltd. ITOCHU FRESH Corporation, Universal Food Co., Ltd. NIPPON ACCESS, INC., CI Food Systems Co., Ltd.
Finance, Realty, Insurance & Logistics Services Company	ITOCHU Property Development Ltd. ITOCHU Urban Community Ltd. I-LOGISTICS CORP	FX PRIME Corporation ITOCHU Orico Insurance Services Co., Ltd. Superex Corporation

CSR management action plans

Regarding CSR management issues that require corporate-wide measures, the

Administrative Divisions at Headquarters^{*1}, based on their respective operations, formulate and implement CSR action plans. The following are performance results of the main CSR issues in fiscal 2007.

^{*1} This term refers to the corporate staff units of the headquarters. Specifically, it includes the Corporate Planning & Administration Division, Affiliate Administration Division, Corporate Communication Division, IT Planning Division, Research & Policy Analysis Division, International Operations Division, Finance Division, General Accounting Control Division, Risk Management Division, Human Resources Division, Legal Division, General Affairs Division, CSR & Compliance Division, Audit Division, and the Secretariat.

CSR tasks	FY2007 action plans	Status ^{*2}	FY2007 results	FY2008 action plans	Basic policies ^{*3}
CSR Management	Expand the scope of CSR activities	★ ★ ★	Supported the preparation of CSR action plans by the 24 group companies that Division Companies selected for CSR implementation in fiscal 2007. Also, supported Division Companies in reviewing the 13 group companies that implemented CSR from fiscal 2006 P.36	Support Division Companies' preparation of plans for CSR implementation in the Group for fiscal 2008, and expand CSR implementation in the Group by providing information and implementing education programs	4
		★ ★ ★	In addition to seven blocs/offices that undertook implementation in fiscal 2007, established system for the preparation of CSR action plans by all 18 blocs/offices P.38	Communicate with personnel involved in CSR promotion in all blocs, realize practical CSR action plans	4
	Promotion of corporate-wide CSR education	★ ★ ★	Prepared and distributed in-house CSR educational videos, held CSR workshops at respective divisions, held three in-house CSR seminars, implemented CSR education in a variety of in-house training programs P.37 P.11	Implement CSR education in a variety of in-house training programs, prepare educational tools such as CSR videos, continue planning and holding in-house CSR seminars	1 / 3
	Investigate investment projects from CSR perspective	★ ★ ★	Obtained in-house approval for introduction of CSR checklist for new M&A and began formal operation	Review content and operational methods for checklist, discuss/consider revision	4
	Initiatives for human rights/labor issues	★ ★ ★	Division Companies implemented CSR fact-finding surveys of 229 suppliers. CSR Promotion Office implemented sample CSR fact-finding surveys of 12 companies P.9-10	Continue Division Companies' CSR fact-finding surveys of suppliers in accordance with plan. Consider preparation of policy for ITOCHU Corporation suppliers	4
Support the activities of diverse human resources/realization of workplace environments that are comfortable to work in	Secure/develop diverse human resources	★ ★ ★	Based on <i>Promotion Plan on Human Resource Diversification</i> implemented specific employment measures P.39	Based on <i>Promotion Plan on Human Resource Diversification</i> , continue implementing various measures	1
	Realize workplace environments that are comfortable to work in	★ ★ ★	Revised systems related to child rearing and nursing care. Established "Personnel Help Guide Book" on intranet P.41	Implement measures to encourage a work-life balance	1
	Strengthen communication with employees/reflect employee needs in management	★ ★ ★	Held variety of meetings regularly with labor union P.42	Continue holding variety of meetings regularly with labor union	1
Internal control/accountability	Further enhance accountability/develop disclosure systems	★ ★ ★	Established Internal Control Committee. Reviewed development progress in relation to this committee in accordance with plan P.33-34	Continue reviewing internal control development progress in relation to Internal Control Committee. Develop systems in preparation for fiscal year when full-fledged internal control audit will be implemented	1 / 2
Crisis management	Prepare and upgrade business continuity plans (BCPs)	★ ★ ★	Implemented BCP rehearsal in accordance with plan	Continue implementing the action plan prepared in fiscal 2007	2
Information security	Strengthen information control/control of customer information and individual information	★ ★ ★	Reviewed/improved information security management regulations, strengthened technology countermeasures, continued education on information security through e-learning	Develop/operate/maintain systems for management of information assets	2

*2: ★★: Achieved ★: Nearly achieved ☆: Unachieved

3: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion activities during Frontier 2008" on page 8

CSR workshop initiatives

From fiscal 2006, ITOCHU Corporation began producing CSR educational videos in Japanese, English, and Chinese and distributing them to every division, domestic branches and offices, and overseas bases. At the same time, we

have been holding participative training "CSR workshops" at respective organizations. In fiscal 2007, our CSR video was themed on "global warming and human rights." Divisions and bases discussed their organization's initiatives and ideas going forward with respect to the environment and human rights. We have posted on the intranet and shared the initiatives and ideas submitted.



The English version of our CSR educational video



The Chinese version of our CSR educational video

Implementing CSR activities at overseas bases

As a company engaged in global business activities, ITOCHU Corporation has 136 overseas bases. In response to the growing calls for CSR overseas, we

are also extending our CSR activities to overseas bases.

We reviewed implementation progress and made revisions at the seven blocs/offices that undertook advance formulation and implementation of CSR action plans in fiscal 2007. Further, from fiscal 2008 all remaining regions began

formulating and implementing CSR action plans in the same manner. As a result, 18 overseas blocs/offices have undertaken CSR activities. Results in fiscal 2007 and plans for fiscal 2008 (excerpts) are as shown in the following table.

Bloc/office	CSR tasks	FY2007 action plans	Status *1	FY2007 results	FY2008 action plans	Basic policies *2
North America	Supply chain management	Implement survey of suppliers with view to establishing standards for supplier performance, including human rights and labor issues. Strengthen relationships with and management of suppliers	★ ★	Began discussions/examination for supplier survey. Visited suppliers, checked quality and raw materials production areas	Continue discussions/examination for supplier survey. Promote checking of quality and raw materials production areas by strengthening traceability	1 / 2 3 / 4
	Promote environment-conserving businesses	Promote investment in solar power generation related business	★ ★ ★	Participated in business selling solar power generation systems	Expand solar power generation related business and promote wind power/biomass-related projects	4
Europe	Promote environment-conserving businesses	Increase environmental projects such as solar power generation	★ ★	Solar power generation projects underway	Work towards realization of solar power generation projects	2
Oceania	Secure the safety and reliability of food	Visit and check Canola production area	★ ★ ★	Visited production areas, checked storage status and records of agricultural chemical usage	Check agricultural chemicals residue before shipping	2
	Promote environment-conserving businesses	Check the status of forest-management certification acquisition by forest resources suppliers, and encourage acquisition	★ ★ ★	Among 16 suppliers, 13, including newly acquired 2, have already acquired forest-management certification	Continue encouraging acquisition of forest-management certification	1 / 4
Indonesia	Regional contribution	Recruit companies with a high awareness of CSR to occupy Group-operated industrial estate and establish agriculture training facility and farm, aim to pass on agricultural technology and create employment opportunities	★ ★ ★	Opened agricultural park, began operations	Expand facilities, continue recruiting companies to occupy estate	2 / 4
Singapore (Eastern ASEAN)	Regional contribution	Support environmental NGOs and contribute to region through group comprising spouses of employees posted overseas	★ ★ ★	Supported programs of selected environmental NGOs, participated in bazaar through group comprising spouses of employees posted overseas	Continue supporting environmental NGOs and contributing to region through group comprising spouses of employees posted overseas	1
Indochina	Regional contribution	Provide regular educational support to university scholarship foundation	★ ★ ★	Donated to local universities and to foundation working to mitigate regional disparities	Establish CSR committee and select support recipients other than scholarship foundations	1
China	Promote environment-conserving businesses	Discover and promote businesses related to energy conservation and renewable energy	★ ★	Expanded conservation-related businesses such as LED, energy-saving equipment	Promote/expand existing projects and continue developing new projects	2
	Regional contribution	Support local activities related to human resources development, medical care, welfare/education	★ ★ ★	Donated to "China foundation for the welfare of the physically challenged"	Establish CSR taskforce. Support regions within China. Establish "hope" elementary schools in impoverished areas	1

Bloc/office	CSR tasks	FY2008 action plans	Basic policies *2
Latin America	Regional contribution	Contribute to sustainable development of local communities in coffee producing regions through Group coffee production company's donations to social contribution foundation	1 / 2 / 3
Africa	Environmental conservation	Check the forest-management certification acquisition status of forest resources suppliers	1 / 4
Middle East	Promote environment-conserving businesses	Promote businesses that help conserve the environment, including such clean energies as solar power generation and wind power, garbage incinerators, energy-saving systems	1 / 2
Philippines	Promote environment-conserving businesses	Promote CDM business for methane gas collection from pig farms (establish local group company, file CER registration with United Nations)	2
Malaysia	Supply chain management	Prepare question sheet, conduct survey of local suppliers	1 / 2 3 / 4
Taiwan	Contribute to conservation of global environment/regions	Seek to heighten employees' environmental awareness, promote CO ₂ reductions through tree-planting activities	3 / 4
Vietnam	Supply chain management	Further penetration of CSR policy among employees and suppliers, encourage rigorous compliance	4
Southwest Asia	Promote environment-conserving businesses	Participate actively in LNG-related businesses, solar power generation, and emissions rights business	2
South Korea	Promote environment-conserving businesses	Promote sales of solar cells and consider/discover projects for participation in power generation businesses. Handle forest-management certified pulp	2
Mongolia	Promote environment-conserving businesses	Promote introduction of new energy in accordance with measures	1 / 2
CIS	Promote environment-conserving businesses	Reduce greenhouse gases, actively promote environmental businesses such as renewable energy projects	4

*1: ★★ ★★: Achieved ★★: Nearly achieved ★: Unachieved

*2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion activities during Frontier+ 2008" on page 8

CSR action plans for fiscal 2008

In fiscal 2008, all 18 blocs/offices, including blocs/offices that have begun newly formulating and implementing CSR action plans, will steadily implement CSR action plans in accordance with the basic policies for CSR promotion activities during Frontier+ 2008. Those action plans include contribution to local communities, conservation of the global environment and environment-conserving businesses, and supply chain management.