

Third-Party Opinion



Yoshinao Kozuma
Professor, Faculty of Economics, Sophia University

My impression of ITOCHU Corporation's CSR management is that the policies for action are clear and that the company is furthering these policies in a straightforward way, without any hesitation.

ITOCHU Corporation's fundamental philosophy is summarized in the "President's Commitment" at the beginning of this report. Recently an increasing number of companies avoid the expression "commitment" in favor of such titles as "A Message from the President." With its clearly stated "commitment," the CSR management of ITOCHU Corporation that President and Chief Executive Officer Eizo Kobayashi discusses can be summarized as follows.

First, three key slogans: *sampo yoshi*, which is the management philosophy, *a challenging spirit*, and *human resources development* form the foundation of policies for action. Further, a management stance that emphasizes stakeholders comes from *sampo yoshi*. Moreover, in order to respond to changing social conditions and promote CSR in their businesses, it is indispensable for ITOCHU Corporation to create new high-value-added value chains. In those circumstances, a challenging spirit is clearly shown. In addition, ITOCHU Corporation concentrates efforts on *human resources development* because, ultimately, the success or failure of a trading company's operations depends on its personnel.

That philosophy consistently underpins ITOCHU Corporation's basic policies for action, action plans, and disclosure—the core of CSR management—and is directly reflected in CSR tasks and their related measures. For example, in accordance with its emphasis on stakeholders, the Company has selected the straightforward method of holding stakeholder dialogues. In addition to dialogues between experts and the senior management team, which have become a regular fixture, ITOCHU Corporation engages stakeholder in a variety of ways, including the holding of meetings with third parties by each Division Company,

questionnaires for employees about CSR reports, Company-Wide Employee Meetings, and management meetings with the labor union. Further, in value chain building efforts, respective Division Companies conduct checking of suppliers' CSR with respect to human rights, labor, and the environment, with surveys implemented for more than 80% of target companies. Also, in *human resources development* ITOCHU Corporation is developing the personnel that will lead CSR initiatives by implementing the *Promotion Plan on Human Resource Diversification*, establishing Global Talent Enhancement Centers, and training and educating personnel systematically.

Another feature of ITOCHU Corporation is that the identification of specific CSR tasks and the preparation of CSR action plans is delegated to Division Companies, which are the organizations directly involved in operational implementation. The practicality of this system lends further impetus to ITOCHU Corporation's integrated CSR management.

By the same token, however, that integration and practicality also give rise to problems. I am referring to the relationship between overall CSR policy and Division Companies. Because sufficient explanatory data is not provided, I am not sure how respective Division Companies' initiatives link to overall CSR policy or on what basis respective Division Companies prioritize their initiatives. The same is true for the interrelation among Headquarters, Division Companies, and regional activities.

Without explanations, which are indispensable to understand complex CSR issues, CSR reports cannot communicate a clear consistent points of view and lose their appeal. Other issues include a lack of quantitative information such as KPIs (key performance indicators) and a lack of linkage with Internet information.

In future, more creative ideas to further transparency would be desirable.

CSR Report 2008 Editing Taskforce

Textile Company	Masafumi Itoga	Corporate Communications Division	Naoki Yamanaka
Machinery Company	Hiroaki Imanishi	Investor Relations Department	Chikayoshi Hori
Aerospace, Electronics & Multimedia Company	Kyosuke Mitani	International Operations Division	Shino Yamamoto
Energy, Metals & Minerals Company	Takashi Yasuda	Risk Management Division	Hiroshi Tojo
Chemicals, Forest Products & General Merchandise Company	Akio Mishima	Human Resources Division	Hiroki Shinohara
Food Company	Mitsuhiro Yoshimoto	CSR & Compliance Division	Yoriko Ota
	Taku Kudo		Terumi Nishiyama
Finance, Realty, Insurance & Logistics Services Company	Akihiro Kurita		Hisa Sato
Corporate Planning & Administration Division	Akira Saito		Michiaki Takai
Affiliate Administration Division	Koshiro Suzuki		Akemi Sakuramoto
			Hiroko Nakayama