

Textile Company CSR Action Plans and Report on Activities

CSR at this Division Company **Realize a healthy, prosperous, and active society**

We place the priority on such CSR issues as further improving safety and customer satisfaction for goods and services. Also, the Textile Company will strengthen CSR initiatives by promoting environment-conserving businesses and continuing CSR activities at group companies.

Division	CSR tasks	FY2008 action plans	Status ^{*1}
All divisions	Respond to risks associated with procurement	Continue investigative visits while analyzing investigation results	💡💡
Textile Material & Fabric Division	Promote environment-conserving businesses	Expand business in North American and European markets and in materials area at INKMAX CO., LTD.	💡💡
Apparel Division	Strengthen response to customers and consumers	Continue participation in CSR practice review meetings and implement CSR education at meetings within division Strengthen communication with customers	💡💡
Brand Marketing Division 1	Strengthen response to customers and consumers	Implement meetings and plans related to CSR and compliance, such as meetings and plans for group companies about responding to consumers Continue holding meetings within division to pass on brand business	💡💡
Brand Marketing Division 2	Strengthen response to customers and consumers	Continue participation in CSR practice review meetings and implement CSR education at meetings within division Strengthen communication with customers	💡💡
Planning & Coordinating Department, Affiliate Administration Department	Implement at group companies	Continue compliance education targeting group companies Increase number of companies that participate in CSR initiatives	💡💡

*1: 💡💡 Achieved 💡: Nearly achieved 🚫: Unachieved

Major CSR initiatives ①

Factory audits

Kazutoshi Fukushima
Apparel Department 2, Apparel Division



While compliance is growing more and more important, compliance management at manufacturing sites is becoming increasingly imperative mainly for European and American brands. Our department created a special team for factory audits in fiscal 2008. The team conducts independent factory audits from the aspects of compliance with laws and regulations, the protection of human rights and consideration for the environment for European and American brands of sports and casual wear as well as for brands from Japan.

In the future, we will further intensify the collaboration with our overseas branches and develop factory audits on an international level.



A sewing factory in Vietnam

Major CSR initiatives ②

PRE-ORGANIC COTTON PROGRAM

Tetsuro Kano
ITOCHU Textile Materials (Asia) Ltd. (Hong Kong S.A.R, China) (temporary relocated)



This program started in fiscal 2007. Thanks to cross-divisional collaboration in the Textile Company and the cooperation of kurkku represented by music producer Takeshi Kobayashi, the program succeeded in winning support from apparel manufacturers and others. The pre-organic cotton harvested in 2008 was turned into products through comprehensive production in our Division Company and hit the stores in spring 2009. We will continue to connect cotton producers with end users to contribute to the health of the farmers and the conservation of the global environment (see pages 17-18).



First harvest of pre-organic cotton

[3-year review] To grasp the environmental management system including compliance with human rights of overseas production factories in our supply chain, we conducted a continuous supplier interview investigation and promoted a more advanced and broader management system for quality and the environment.

[Key points of our FY2009 CSR Action Plan] We will monitor the suppliers that were checked, show them ITOCHU Corporation's CSR philosophy and encourage them to understand and practice this philosophy. We will further continue to promote environment-conserving businesses.



Masahiro Okafuji
President, Textile Company

FY2008 results	FY2009 action plans	Basic Policies *2
Completed on-site checks by sales staff for all 20 companies targeted for checks in fiscal 2008 P25, Major CSR initiatives ①	Continue implementation	1 / 2 / 4
Opened demo centers in Italy, Spain and Germany to become our sales promotion bases for Europe. Started sales of garment printers in America	Promote the development of initiatives to improve the recognition of eco-friendly dyeing technology on the Japanese market and the European and American market, as well as the development of concrete business P26	1 / 2
Section managers, coordinators and logistics section managers participated in practice review meetings organized by the Division Company and ensured compliance with reminders for attention in department-internal meetings	Continue participation in practice review meetings and education on CSR in division-internal meetings	1 / 2 / 3
Started CSR-related initiatives at Hunting World Japan. Continued meetings to pass on brand business	Participate in meetings to reinforce compliance in group companies, plan and hold CSR-related meetings for consumer response, etc.	1 / 2 / 3
Section managers, coordinators and logistics section managers participated in practice review meetings organized by the Division Company and ensured compliance with reminders for attention in department-internal meetings	Continue participation in practice review meetings and education on CSR in division-internal meetings	1 / 2 / 3
Two group companies established new CSR Action Plans. Compliance education in group company manager meetings and individual training	Work to strengthen compliance system at group companies	1 / 2 / 3

2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier 2010" on page 9

CSR initiatives by a major group company

■ "KOBOKAI by INKMAX" project

Ryoma Omuro
INKMAX CO., LTD.



INKMAX is an eco-friendly dyeing technology enabling significant reductions of water usage and CO₂ using ink with superfine pigments. At the Eco-Products 2008 exhibition, this technology won the Eco-Products Awards' Special Jury Award.

The Textile Company started the "KOBOKAI by INKMAX" project in fiscal 2008 using technology of INKMAX. In this initiative, "KOBOKAI," a social welfare institution for mentally-challenged artists, and INKMAX collaborate to produce and sell original goods to arouse interest in social welfare and environmental problems with a large number of people.



Original KOBOKAI goods

Perspectives from a third-party participant in our CSR meeting

Toshihisa Nagasaka
Professor,
Faculty of International Studies,
Takushoku University



The creation of ITOCHU Corporation's unique CSR report, which is centered on CSR action plans for each Division Company, is now in its fourth year. In light of the aspect that the CSR initiatives have grown in depth during these four years, you will understand the process of this deepening mainly with respect to the environment as well as human rights and labor in the Textile Company. For example, as regards supply chain management (SCM), you can see that the scope for form-based questionnaires broadened, that specialized staff was assigned, and that analyses were conducted. To achieve efforts of even more depth in the future, SCM monitoring initiatives, etc. are expected. For example, I would suggest that the Textile Company should consider trying to acquire social certification (Fairtrade certification, etc.) in addition to environmental certification for organic cotton.

Machinery Company CSR Action Plans and Report on Activities

Contribute to the prosperity of local communities and international society through environment-friendly businesses

CSR at this Division Company

The Machinery Company will endeavor to help toward the realization of a society that is in harmony with the environment by developing environment-friendly businesses and products which will reduce substances that impact the environment adversely and increasing sales of the resulting products. Also, we will ensure strict compliance and contribute to the prosperity of local communities and international society.

Division	CSR tasks	FY2008 action plans	Status
Plant Project & Marine Division	Supply clean energy	Promote new LNG carriers and terminal projects	💡
	Resolve transportation problems (traffic congestion, exhaust emissions, etc.)	Continue promoting specific projects	💡
	Promote projects to increase energy usage efficiency/reduce substances with adverse environmental impact	<ul style="list-style-type: none"> Continue to promote Energy from Waste (EfW) projects and renewable energy businesses in Europe Promote geothermal power generation business projects in Southeast Asia Pursue sales and new development of energy-conserving/environment-friendly equipment 	💡💡
	Secure and utilize water resources	<ul style="list-style-type: none"> Promote seawater desalination plant/rehabilitation projects, etc. Increase sales of filtration systems for underground water 	💡💡
Isuzu & Construction Machinery Division	Sell and commercialize equipment that reduces substances with adverse environmental impact	<ul style="list-style-type: none"> Market diesel engines for China Undertake technological evaluation of DPF (Diesel Particulate Filter) prototype vehicle Consider possibility of commercializing new exhaust emissions cleaning system as equipment to reduce substances with adverse environmental impact 	💡💡
Automobile Division	Strengthen communication with stakeholders		
Industrial Machinery & Solution Division	Undertake solar cell businesses to reduce substances with adverse environmental impact	<ul style="list-style-type: none"> Continue to expand sales of manufacturing equipment Continue to promote sales of solar power generation systems and expand initiatives for solar energy related businesses 	💡💡
All divisions	Develop CSR activities	<ul style="list-style-type: none"> Implement steadily and continue CSR activities in Group Conduct CSR supply chain investigations and spread CSR checklists 	💡💡
	Strengthen communication	Hold compliance seminars, including industry-specific laws, and promote CSR education	💡💡

*1: 💡 Achieved 💡 Nearly achieved ⚪ Unachieved

Major CSR initiatives

Water Forum

Eiji Akito

General Manager, Machinery International Trade Coordinating Department



In April 2009, a corporate-wide Water Forum was set up with the Machinery Company at the core. Up to now, each Division Company and group company separately pursued water-related businesses (desalination business, membrane business, sewage treatment business, chemical sales business). By sharing information related to these businesses in a cross-sectional way, concentrating the network and knowledge of each organization and pursuing mutual synergies, we will concretely promote measures to fight global warming as well as the securing and utilization of water resources, for example, the demand for more water due to population increases.



Desalination facilities under construction (Saudi Arabia)

CSR initiatives by a major group company ①

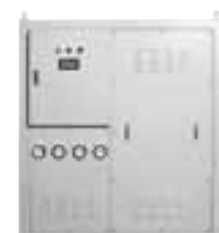
Realizing a reduction of soot and NOx and an improvement of fuel costs at the same time

Tsuneo Akasaki

Energy Solution Unit, ITOCHU Plantech Inc.



In June 2008, ITOCHU Plantech Inc. signed a license agreement with MALUFUKUSUISAN Co., Ltd. on emulsion fuel production equipment. Our company launched sales of the emulsion fuel production equipment under the name of "Oil Mizer," and delivered three units of Oil Mizer equipment for boilers at a major food factory in Hokkaido in March 2009. Oil Mizer realizes a reduction of soot and NOx as well as an improvement of fuel cost (which is directly linked to a reduction in CO₂), and has won a good reputation from our client as a product that is kind to the global environment.



Oil Mizer (emulsion fuel production equipment)

[3-year review] We actively promoted business related to renewable energies, including an EfW (Energy from Waste) project in Europe, the promotion of a geothermal power plant in Southeast Asia as well as the development of biomass and solar energy-related business mainly in Europe and America. We further promoted initiatives in the equipment business for water, environment and energy conservation and additionally expanded CSR efforts to our group companies.

[Key points of our FY2009 CSR Action Plan] We will aggressively work on businesses related to renewable energies including biomass, geothermal and solar energy, as well as businesses related to water, mainly desalination plants in this fiscal year. In addition, we will promote CSR initiatives with respect to our supply chain to make sure that we implement a way of management that considers the environment and CSR throughout the group companies.



Toru Nomura
President, Machinery Company

FY2008 results	FY2009 action plans	Basic Policies *3
Implemented activities to win orders and research in Southeast Asia to build up LNG production business	Intensify activities to win orders of land-based and off-shore LNG-related facilities	1 / 2
Invested into InfraFund. Promoted city transportation projects mainly in the Middle East	Continue research and new discovery of city transport projects such as the supply of new transport systems including HSST (High Speed Surface Transport)	1 / 2
<ul style="list-style-type: none"> Promoted biomass projects in Eastern Europe and North America, etc.; built a system for business initiatives for renewable energies by implementing investment Doormiser achieved the yearly sales targets 	<ul style="list-style-type: none"> Promote EfW projects in the European region, consider participation in bio-ethanol projects mainly in Southeast Asia and Latin America Promote sales of equipment related to the environment and energy conservation 	1 / 2
Completed construction of Rabigh IWSP ² . Also reliably promoted desalination project. Working on our participation in projects in new markets	Promote new construction of desalination plants in the Middle East, etc., rehabilitation projects as well as water-related business; promote the Water Forum P27, Major CSR initiatives	1 / 2
<ul style="list-style-type: none"> Signed letter of agreement on supply of truck engine sample, etc. Implemented technical evaluation of DPF prototype vehicle 	<ul style="list-style-type: none"> Sales of equipment to reduce substances with adverse environmental impact 	1 / 2
NEW		
Exported thin-film solar cell production equipment to North America and also newly launched system integrator business and executed M&A in Italy, Greece, Japan and North America	Strengthen communication with business partners, particularly manufacturers	1 / 3 / 4
Reliably implemented action plans of applicable group companies. Also firmly established CSR supply chain investigations and CSR checklists	⇒ Transfer of commercial rights to the Solar Business Department and the ICT, Aerospace & Electronics Company	1 / 2
Held seminars on compliance including industry-specific laws. Also promoted education efforts in Division Company meetings and group company compliance manager meetings	Prepare and implement action plans for applicable group companies; also strengthen communication with business partners and sales network	1 / 3 / 4
	Continually promote CSR education activities in seminars, liaison meetings, etc. and consider organizing CSR seminars	1 / 3 / 4

*2 IWSP: Independent Water Steam Power Producer

*3: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier[®] 2010" on page 9

CSR initiatives by a major group company ②

CSR activities of ITOCHU CONSTRUCTION MACHINERY CO., LTD.

Teruyasu Nakazawa

Branch General Manager, Sendai Branch
ITOCHU CONSTRUCTION MACHINERY CO., LTD



ITOCHU CONSTRUCTION MACHINERY CO., LTD. signed an agreement with Tohoku Electric Power Co., Inc. on the procurement of emergency equipment during large-scale natural disasters, which is one of the targets in the "CSR Action Plan 2008." If an earthquake of a level of six or higher (on the Japanese scale of seven) occurs in one of the six prefectures in the Tohoku region or in Niigata prefecture, material for recovery such as power generators, light towers, lavatories and tents will automatically and immediately be sent to each office of Tohoku Electric Power. We have set up a contact network linking Tohoku Electric Power, cooperating equipment rental companies and our company, and have already validated the effectiveness in preparations for shipping the necessary equipment to be completed within 24 hours after the quake occurred.



Disaster drill at Tohoku Electric Power

Perspectives from a third-party participant in our CSR meeting

Jiro Adachi

Executive Director,
Japan Center for a Sustainable
Environment and Society (JACES)



The gathering gave me a very real impression on the proactive efforts for environmental conservation. The promotion of the development and spread of fuel-saving vehicles, clean energies, railroads, energy-saving equipment and others by ITOCHU will become increasingly important in view of the exploding demand for cars and electric appliances, etc. that we anticipate in China, India and other countries. The securing and utilization of water resources using systems to filter underground water may also become a social contribution recognized worldwide. ITOCHU also pursues a large number of meaningful initiatives such as supply chain management or CSR education. I would like ITOCHU to work even harder also on "re-evaluating the overall business and preparing strategies and plans from the aspect of biodiversity" and "reinforcing thorough environmental and social considerations as well as explanations in the bio-ethanol business and the infrastructure, electric power and chemical plant business, where we can hear many voices of environmental and social concern."

ICT, Aerospace & Electronics Company CSR Action Plans and Report on Activities

Creating an affluent lifestyle through initiatives in new businesses

CSR at this Division Company

We develop CSR activities in line with our Division Company mission "Making people's lifestyle safer and more affluent through the development of new businesses in a wide scope of fields including IT, aerospace and industrial machinery."

Division	CSR tasks	FY2008 action plans	Status ^{*1}
Aerospace & Industrial Systems Division	Improve convenience/safety in air transportation business area	<ul style="list-style-type: none"> Continue to propose and offer solutions based on products such as medical helicopters and security equipment that contribute to the building of safe, secure social infrastructure Continue to strengthen compliance systems by conducting training about national civil service ethics law (Self-Defense Forces Personnel Ethics Act) 	
	Promote environment-conserving businesses		
ICT & Media Division	Take on new business areas	<ul style="list-style-type: none"> Start up new businesses in the life science business area Consider the possibility of investing in North American and European companies/funds in such business areas as "green tech" Implement Internet technology contest for university students 	
	Strengthen information security management	<ul style="list-style-type: none"> Continue upgrading hardware and software related to information security and conducting information security education for employees Continue supporting acquisition of ISMS/P Mark certification by group companies Build information security management systems at group companies concentrating on sub-subsidiaries 	
	Realize businesses based on 3R philosophy	<ul style="list-style-type: none"> Increase sales of MOTTAINAI products and continue to popularize philosophy through brand development Continue measures to promote spread of mobile handset insurance services 	
	Provide new highvalue-added services and applications and spread appealing content	<ul style="list-style-type: none"> Consider the possibility of value-added services that contribute to increased user convenience by using mobile-based infrastructure, next-generation networks (NGNs), etc. Begin specific measures for the overseas roll-out of content originating in Japan 	
All divisions	Implement CSR management of major group companies	<ul style="list-style-type: none"> Begin CSR management operations through PDCA cycles 	

*1: Achieved Nearly achieved Unachieved

Major CSR initiatives ①

Intensifying our efforts for lithium batteries

Hiroaki Murase

Battery Systems Section, Industrial Machinery & Electronic Systems Department



Lithium-ion batteries are light and allow storing large quantities of energy in a compact space. Therefore, they are assumed to be very close to being commercialized as power sources to drive next-generation cars, and as power-storage systems for solar and other renewable energies which are expected to be introduced on a large scale in the future. In addition to selling production equipment and battery systems as well as developing new applications, the Industrial Machinery & Electronic Systems Department is also working on a broad range of other projects, including an investment in EnerDel Inc., presently the only manufacturer of battery systems to be mounted in cars in the US. Together with ITOCHU Chemical Frontier Corporation, we sell equipment to recover organic solvents used in the production process and offer solutions for re-refinement and reuse, to provide eco-friendly products and solutions also for the production process.

Major CSR initiatives ②

Eco-friendly passenger aircraft

Sen Shimizu

Manager, Aircraft Section, Aircraft Department



Amidst the attention that is paid to the impact of aircraft on the global environment, we have become the representative for ATR Turboprop Aircraft in Japan. ATR is the world's largest manufacturer of turboprop aircraft. Their aircraft is capable of taking off and landing on short runways of regional airports, and this greatly contributes to revitalizing communities. Another characteristic of ATR aircraft is the high fuel efficiency. Compared to ordinary regional aircraft, CO₂ emissions are reduced by half. By selling ATR aircraft, ITOCHU will contribute to regional revitalization and the control of CO₂ emissions in aviation while also reducing the fuel expenses of aviation companies, which make up more than half of their operational costs.



ATR72-600

[3-year review] We contributed to the development of a safe and affluent society through aggressive initiatives in the field of green IT including data centers, the field of security including explosive detectors, and in eco-friendly businesses such as MOTTAINAI and an insurance service for cell phones.

[Key points of our FY2009 CSR Action Plan] We will further step up our efforts in the environment-conserving business by intensifying sales of highly fuel-efficient aircraft and solar battery or lithium-ion battery production equipment, expanding our power-saving data center business and the business of repairing and recycling cell phones, and others. In addition, we will continually strengthen also our system for compliance, including information security.



Hiroo Inoue
President,
ICT, Aerospace & Electronics Company

FY2008 results	FY2009 action plans	Basic Policies *2
<ul style="list-style-type: none"> ● Won contracts for medical helicopters and press helicopters and delivered firefighting helicopters as a result of aggressive proposals and sales activities to related business partners ● Regularly and thoroughly informed on the observation of compliance through department and section meetings, etc. 	<ul style="list-style-type: none"> ● Continue to conduct training on the National Public Service Ethics Act and the Self-Defense Forces Personnel Ethics Act and thoroughly inform on the observation of compliance in department and section meetings, etc. 	2 / 3
NEW	<ul style="list-style-type: none"> ● Propose operation using eco-friendly turboprop aircraft made by ATR which are characterized by low fuel consumption, low CO₂ emissions and low noise ➡ P29, Major CSR initiatives 2 ● Initiatives for the spread of secondary batteries with a low impact on the environment ➡ P29, Major CSR initiatives 1 	1 / 2
<ul style="list-style-type: none"> ● Executed investment into Medical Collective Intelligence Co., Ltd. Entered medical marketing business ● Executed investments in IT venture company in North America that develops and sells eco-friendly servers ● Conducted project-deliberation meetings at Waseda University and Keio University 	<ul style="list-style-type: none"> ● Provide IT solutions utilizing “green tech” and “green tech” data centers ➡ P30 	2
<ul style="list-style-type: none"> ● Carried out ISMS training and confirmation tests for all division members ● Signed consulting agreement to acquire the Privacy Mark certification and continued related work ● Implemented operations according to information security guidelines in our consolidated subsidiaries 	<ul style="list-style-type: none"> ● Conduct expanded examinations of ISMS in divisions and group companies, and continue education for employees 	2 / 3
<ul style="list-style-type: none"> ● Improved the recognition of MOTTAINAI products by cooperating with other companies and increased the number of licensees ● Significantly increased the number of subscribers for our insurance service for cell phones 	<ul style="list-style-type: none"> ● Continue activities for philosophy penetration through sales and brand development of MOTTAINAI products ● Continue promotional measures to spread the insurance service for cell phones, and consider the launch of a repair and recycling business for used cell phones 	1 / 2 / 3
<ul style="list-style-type: none"> ● Concentrated the on-demand TV business to NTT Plala Inc. and increased our investment ratio ● Promoted the roll-out of Ishimori content in North America and conducted market research in North America 		
<ul style="list-style-type: none"> ● Started CSR management in three new group companies. Conducted diagnostics on the current status and held meetings for exchanging opinions on the action plan 	<ul style="list-style-type: none"> ● Realize thorough understanding related to CSR among employees including the group companies, and practical CSR initiatives 	3

2: Numbers correspond to the policies enumerated under “Basic policies for CSR promotion Frontier 2010” on page 9

CSR initiatives by a major group company

Stepping up efforts for “green IT” at CTC

ITOCHU Techno-Solutions Corporation (CTC) is stepping up its efforts in green IT solutions which reduce power consumption in the IT field by optimizing the overall IT infrastructure of customers, which is also eco-friendly and helps to reduce costs. In April 2008, we were the first in Japan to start dealing with server products from the US vendor Rackable Systems, Inc., which use less power than ordinary products and realize cuts in power consumption of up to 30%. In October of the same year, we constructed an eco-friendly large-size data center equipped with exhaust heat systems and highly efficient air conditioners leveraging the characteristics of the building in Bunkyo-ku, Tokyo. In January 2009, we set up a “Green IT Marketing Team” as a cross-sectional internal organization consisting of members from the sales and engineering divisions. We will continue to provide various solutions exerting the comprehensive strength of the CTC group also in the future.

Perspectives from a third-party participant in our CSR meeting

Kazumi Oguro
Chief Editor of Monthly SOTOKOTO magazine



General trading companies as perceived by ordinary people, including myself, will get involved in any business as long as it is profitable. They are mysterious beings; you cannot say whether it is better for society if they exist or if they do not exist. Among these general trading companies, the basic core of ITOCHU is lifestyle, and it is easy for consumers to get a sense of affinity with ITOCHU’s existence. ITOCHU is fulfilling its CSR through its key operations. To put it simply, ITOCHU is trying to make money with CSR. Very well, I thought, this is LOHAS and nothing else, and I enjoyed talking at this opportunity.

And I think that if you understand once more and in-depth why the keyword of the MOTTAINAI project came from Africa, you will obtain a core for this brand. To anyone who really wants to sublime CSR to business, I recommend first studying Africa. There are loads of golden hints.

Energy, Metals & Minerals Company CSR Action Plans and Report on Activities

Promoting CSR through the development and stable supply of resources and energy

CSR at this Division Company

1) Development and stable supply of resources and energy, 2) development of new energies that are kind to the earth, and 3) initiatives for recycling-related businesses. We will promote CSR with the entire ITOCHU Group while pursuing these missions.

Division	CSR tasks	FY2008 action plans	Status ^{*1}
Metals & Minerals Division	Recycle and recover resources from recyclable waste appropriately	Revise system for checking appropriateness of industrial waste processing	💡💡
	Contribute to social advancement in resource-developing countries	Promote educational and cultural contributions in local communities where projects underway	💡💡
Energy Division	Prevent tanker accidents and realize thorough responses to emergencies	Conduct environmental investigations of terminals based on even stricter standards	💡💡
	Take measures to counter global warming and conserve global environment	Develop applications for Dimethyl ether (DME), advance creation of businesses and promote energy projects that minimize environmental burden	💡💡
New Energy Department	Contribute to projects for reduction of greenhouse gas emissions	Promote and expand CDM (Clean Development Mechanism) projects to further reduce emissions	💡💡
All divisions	Promote CSR education at overseas group companies	Implement CSR education at more overseas group companies	💡💡

*1: 💡💡 Achieved 💡: Nearly achieved 🚫: Unachieved

Major CSR initiatives ①

Education in tanker operation and chartering

Masanao Minato

Manager, Planning Administration Section, Energy Division



Marine accidents have an immeasurable impact on the ecosystem. Since we use tankers as a means to transport petroleum, we have defined detailed operational rules and management rules in our division as regards their operation and chartering. For example, the applicable ships must be P&I-insured, ships that are older than 20 years must, in principle, not be chartered, and ocean-going ships chartered must have double-hull and double-bottom specifications. Further, since the operation and management of ships require special knowledge, we invite experts every year for lectures to improve the division members' knowledge on the operation of ships.

Major CSR initiatives ②

Promotion of environment-conserving businesses

Junichi Tobisawa

Manager, Environmental Business Office, New Energy Department



ITOCHU Corporation and DOWA ECO-SYSTEM CO., LTD. are jointly promoting a CDM (Clean Development Mechanism) project that creates emission credits by reducing greenhouse gases through the collection and burning of methane produced from fermentation in the waste treatment process of hog farms in the Philippines. We will roll out more of these projects in the Philippines and other countries to contribute to Japan's measures to reduce greenhouse gases. Moreover, we are working on introducing biomass fuel of Southeast Asia to Japan.



Image of the finished hog farm methane project

[3-year review] Through aggressive initiatives for the development of metal and energy resources as well as a stable supply, we contributed to the growth of the global economy. We also focused on the development of new energies, for example, the bio-ethanol business or uranium development, worked at the recycling businesses and ensured thorough implementation of measures for environmental conservation.

[Key points of our FY2009 CSR Action Plan] We will continue to promote environmental management and also step up our efforts in social contribution by developing and stably supplying resources, as well as our efforts in the development of new energies. As a global enterprise, we will further strive to improve the level of the entire group by conducting CSR education and training even more not only in Japan but also in overseas group companies.



Yoichi Kobayashi
President,
Energy, Metals & Minerals Company

FY2008 results	FY2009 action plans	Basic Policies *2
Revised independent management standards including the standards for the selection of waste processing companies, and performed checks on waste processing companies. Also revised the checklist for appropriate processing and performed a status confirmation. Further conducted physical investigations of intermediate processing companies and final processing companies	Start research on a management system based on electronic manifests in combination with the existing waste flow management check system, and partially try generic software for electronic operation. Also revise independent management standards	2
Continued dialogue with local communities through operators, etc. Continued lobbying for environmental measures, etc. through administrative meetings and operational meetings	Thoroughly ensure and improve safety and security in the exploration business by thoroughly securing safety for the exploration work of people involved and raising their environmental awareness. Regularly review the guidelines and make amendments as necessary	2
Set up emergency power generators for shutting electric emergency valves as anti-leakage measures during earthquakes, and ensured thorough controls of service piping to prevent leakages. Additionally performed a review on safety measures at the bases	Continue to thoroughly implement the management standards for ship chartering as well as security measures through education of newly hired employees and members of the division P31, Major CSR initiatives 1	2
Construction works for the first production plant of the new earth-friendly fuel DME in Japan was completed at Fuel DME Production Co., Ltd. in Niigata at the end of July 2008. Started delivery in January 2009	Pursue sales promotion activities for the spread of DME in Japan and also continue considerations for commercialization in Indonesia and other Asian countries	2
Set up an overseas company in the Philippines to promote project for the collection of methane on hog farms. Invested in CDM company in Shanxi province, China. Further started business alliance with carbon-offset provider in a move to expand trading for small customers P31, Major CSR initiatives 2	Promote existing projects for curbing greenhouse gas emissions. Discover new business projects. Expand dealings in emission credits. Promote biomass fuel production projects in Southeast Asia, etc. Promote commercialization of bio-ethanol in Brazil	1/2
Deepened understanding on CSR at overseas group companies through distribution of CSR Report and video	Intensify checks of overseas supply chains and education of business partners in addition to continued education on CSR at overseas group companies	3

2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier 2010" on page 9

CSR initiatives by a major group company

■ Recycling and fluorocarbon-recovery

Yuji Masabe

Corporate Planning & Administration Division,
ITOCHU Metals Corporation



We pursue various education initiatives with the organization in charge of CSR at the center, and thoroughly inform employees at the headquarters and the branches on CSR. To contribute to the improvement of energy efficiency and lighter cars, we work on expanding sales of aluminum alloy and virgin metal for cars. From the aspect of secure and safe raw material as well as a stable supply of products, we are also intensifying the cooperation with our suppliers to enable us to respond to green procurement of our customers. In addition, we strive for the effective use of resources through iron scrap and various recycling businesses. Particularly with regards to our initiatives for the recycling of applicable waste, the compliance with the process management system of the revised Law Concerning the Recovery and Destruction of Fluorocarbons by appropriate recovery, and the application of stricter standards in the selection of waste processing companies, we are promoting CSR by visiting processing companies to provide them with explanations or by asking government and the industry to attend briefings.

Perspectives from a third-party participant in our CSR meeting

Hiroyuki Ishi

Professor, Faculty of Bio-Industry,
Tokyo University of Agriculture



When I talk to staff in charge of CSR at companies, I frequently become annoyed. The same probably applies also for the staff side. The cause of this is in the very broad purpose "corporate social responsibility." I frequently get the impression of an opportunistic attitude such as "others started it, so we do it, too" or "to improve the image of our company." The items "prevention of tanker accidents," "appropriate waste processing" and "thorough security measures" in the CSR action plan are probably "social obligations" rather than "social responsibility."

A lot of companies put up "turning biofuel into business," but we probably all know that this is one of the causes that have triggered food riots in more than 30 countries since last year. Certain calculations say that food for 250 million people was used for biofuel all over the world. Does "social responsibility" only apply to Japan, or is it "responsibility towards humankind"?

Chemicals, Forest Products & General Merchandise Company CSR Action Plans and Report on Activities

Promoting and contributing to the protection of the natural environment and safety management of chemical substances

CSR at this Division Company

In a broad scope of business areas, we strive to ensure the quality and safety of our products, provide products and services accurately responding to the needs of our customers both rapidly and stably and with maximum consideration for the environment, thus contributing to an affluent lifestyle of the people.

Division	CSR tasks	FY2008 action plans	Status ^{*1}
Forest Products & General Merchandise Division	Ensure raw material traceability and protect natural forests	Upgrade questionnaire surveys to suppliers, implement questionnaire surveys and investigative visits	🟡🟡
	Comply with labor laws and statutory regulations	Upgrade questionnaire surveys to suppliers, implement questionnaire surveys and investigative visits	🟡🟡
	Handle internationally certified forest products	Continue requesting suppliers to acquire CoC certification if they have not yet done so, target 1.4 million tons annually for certified pulp handling	🟡🟡
	Respond to the Green Purchasing Law	Continue initiatives in everyday operations	🟡🟡
	Ensure product safety	Supply products low in formaldehyde. Maintain system and develop new suppliers	🟡🟡
Chemicals Division	Manage hazardous chemical substances	Continue compliance education including holding seminars	🟡🟡
		Begin registering related products because provisional registration for REACH regulations began from June 2008	🟡🟡
	Procure safe, reliable products	Continue requesting suppliers to acquire ISO certification if they have not yet done so	🟡🟡

*1: 🟡🟡: Achieved 🟡: Nearly achieved 🟡: Unachieved

Major CSR initiatives

Securing the safety of our products

Tomoaki Kato

General Manager, Wood Products & Materials Department, Forest Products & General Merchandise Division



In the Forest Products & General Merchandise Division, we deal with MDF (medium-density fiberboards) that make effective use of wood resources such as waste wood and wood from planted forests in order to contribute to the development of a recycling-based society. Among these, we focused on low formaldehyde products that are kind to people's health, and strived to maintain and expand the supply organization from the aspect of securing the safety of our products. In 2008, we acquired an MDF factory that is CoC-certified by the FSC and uses trees from forest plantations in New Zealand as raw material. This enabled us to supply eco-compliant products easier than before.



MDF factory in New Zealand

CSR initiatives by a major group company ①

Environment × Materials = CHIKYUGI



ITOCHU KENZAI CORPORATION is involving the entire company in the "CHIKYUGI" business. We develop and promote sales of eco-friendly construction materials to substitute construction materials used for building homes or office buildings, etc. with material with a lower impact on the environment. "CHIKYUGI Products" include, for example,

- "composite plywood using material from forest plantations and from natural forests," "hybrid Hinoki cypress plywood,"
- "rubber-wood flooring" using rubber trees that are no more of use in the production of latex in rubber plantations,
- "bourbon oak flooring" that reuses the barrels used when making bourbon whisky, and
- "cork flooring" that makes effective use of the bark of cork oaks which can be regenerated in a short time.

We will continue to promote the development and spread of other products in the future.

[3-year review] The Forest Products & General Merchandise Division stepped up efforts for raw material traceability and also intensified cooperation with excellent suppliers. The Chemicals Division focused on compliance with laws and regulations, and safety management of the supply chain as a whole. The division further thoroughly confirmed and conducted education on laws and regulations.

[Key points of our FY2009 CSR Action Plan] The Forest Products & General Merchandise Division will expand the handling of certified pulp and low formaldehyde products, and also continue to work to secure raw material traceability through questionnaire surveys to suppliers. The Chemicals Division will steadily improve the attitude towards compliance with laws and regulations as well as safety management through education and training throughout the group.



Satoshi Kikuchi
President, Chemicals, Forest Products
& General Merchandise Company

FY2008 results
Closely examined and partly revised the content of our questionnaires on the basis of information collected from questionnaires of external examination bodies such as Dow Jones, and then conducted a questionnaire survey (sent out 96 questionnaires, received replies from 86 companies, conducted 77 visits) to grasp the situation and continue education.
Handling of certified pulp reached 1.37 million tons a year
Reconfirmed legal and regulative requirements applicable to our division and checked whether there were revisions
The quantities handled fell short of the previous year due to market changes, but we acquired a low formaldehyde MDF (medium-density fiberboard) manufacturer and made it our group company P33, Major CSR initiatives
Organized briefings and seminars on chemical-related laws and regulations in cooperation with the CSR & Compliance Division to respond to the REACH regulations. Conducted a search related to laws and regulations on chemical products on a standalone basis, in our overseas offices and group companies
Confirmed that the plastic product manufacturers and resin raw material manufacturers that are our major suppliers are already ISO-certified

FY2009 action plans	Basic Policies *2
Further revise content, then select suppliers to be investigated and continue to conduct questionnaire surveys and investigative visits	1 / 2 / 4
Further revise content, then select suppliers to be investigated and continue to conduct questionnaire surveys and investigative visits	3 / 4
Increase the ratio of certified materials handled. Ask non-certified suppliers to acquire certification	2 / 3
Continue implementation	2 / 4
Expand supply system and expand handling of group company	2
Conduct seminars on chemical-related laws and regulations to improve the attitude towards compliance with laws and regulations in the entire division in the same way as in fiscal 2008	1 / 2 3 / 4
Provisional registration is completed. While consulting related divisions, discuss whether to perform full registration or whether to do the work to switch to substitute products	1 / 2 3 / 4
Confirm status of ISO certification for new manufacturers and manage data on properties of newly handled products	2

2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier 2010" on page 9

CSR initiatives by a major group company ②

■ ITOCHU CHEMICAL FRONTIER Corporation's desert greening project

Since 2004, ITOCHU CHEMICAL FRONTIER Corporation has been conducting forestation field tests using high-performance water-absorbing resin in collaboration with the Hsingchiang Forestry Agency and the Hsingchiang College of Forestry in the Hsingchiang Uighur Autonomous Region of China. The project was highly evaluated as it produced a significant effect in greening the desert and preventing the dispersion of yellow sand. Currently, we are promoting the large-scale use in the entire Hsingchiang region and the arid regions in Northwest China in collaboration with various relevant authorities of the Chinese government. Through these activities, we would like to contribute to a solution to the problems of the global desertification, the dispersion of yellow sand and also global warming.



Willow trees and other green took root in the desert

Perspectives from a third-party participant in our CSR meeting

Kanna Mitsuta
Deputy Director,
Planning and Survey,
Global Environmental Forum



Your Division Company handles a broad array of materials from wood and paper pulp up to chemical products, and I was impressed seeing that you implement concrete action plans and perform regular investigations according to your CSR philosophy. Meanwhile, for wood, paper, pulp and other materials that are closely related to critical natural resources of the world, you could pursue even more in-depth efforts if you established and operated a procurement policy. Particularly the avoidance of a conversion of "High Conservation Value Forests (HCVF)" which includes forests with a high value as a natural ecosystem and also forests that are important for the local society will probably become an important issue in the future. When establishing action plans or policies, or when conducting an investigation on the implementation status, I think that it will be effective if you do so upon an exchange of opinions with NGOs and other stakeholders.

Food Company CSR Action Plans and Report on Activities

CSR at this Division Company

CSR activities responding to the needs of consumers and society

The Food Company is engaged in a broad range of businesses all over the world. We believe that we need to contribute to society and respond to society's needs through the stable supply of safe food, consideration for the environment and other CSR activities.

Division	CSR tasks	FY2008 action plans	Status ^{*1}
Provisions Division	Build systems for stable supply of safe and secure raw materials	Continue to provide information to production regions (residual agricultural chemicals, etc.) Maintain production bases for nongenetically-modified crops	🟡🟡
	Develop and introduce production processes, products, and packaging that burden the environment less	Promote agricultural project in Shandong, China, increase sales channels	🟡🟡
Fresh Food & Food Business Solutions Division	Improve and strengthen control systems for production regions	<ol style="list-style-type: none"> 1 Continue traceability management 2 Handle products compliant with JAS for production information disclosure 3 Expand business of sales company for domestically-grown fruit and vegetables 4 Prepare and implement schedules for visiting plants other than those in China 5 Implement inspections in accordance with inspection policy for frozen food and expand and improve inspection system 6 Establish food safety Task Force (TF) within divisions and develop systems within divisions 	🟡🟡
	Promote appropriate food labeling	<ol style="list-style-type: none"> 1 Conduct education internally and externally 2 Continue to check labeling in relation to safety 	🟡🟡
Food Products Marketing & Distribution Division	Improve stability and efficiency by sharing information among all areas from wholesalers to food retailing businesses (including food service)	Continue aiming to increase number of companies involved in initiatives	🟡🟡
	Establish environment-friendly delivery system	Promote changeover to hybrid vehicles. Introduce diesel vehicles with outstanding fuel efficiency and consider and implement timely introduction of other new environmental vehicles	🟡🟡

*1: 🟡: Achieved 🟡: Nearly achieved 🟡: Unachieved

Major CSR initiatives ①

Initiatives to ensure food safety

Taku Kudo

Food Safety & Compliance Administration Office, Planning & Coordinating Department



The Food Company is working on initiatives for food safety with the purpose of preventing incidents and accidents in advance. At the core of these initiatives is the Food Safety & Compliance Administration Office. By preparing a food safety management manual, we created a mechanism allowing each sales division to carry out independent risk management, and we regularly conduct confirmations on the basis of "Food Safety Audits" of our internal divisions. We also systematically conduct education activities for all employees of the Division Company as well as our group companies, etc., including training sessions and e-learning. In response to the frequent occurrence of incidents that pose problems in the safety of food and other social circumstances, we conduct inspections of overseas plants by ITOCHU employees (investigated all plants we have dealings with in China two times in fiscal 2008).

Major CSR initiatives ②

Initiatives for the supply of products that reduce environmental impact

Natsuki Okamoto

Coffee Section, Coffee & Beverage Marketing Department



The Coffee Section of the Coffee & Beverage Marketing Department has been continuing to aggressively promote sales of coffee beans from the Rainforest Alliance since 2003. These coffee beans were grown in farms certified on the basis of standards for sustainable agriculture, including environmental and employment aspects. The Rainforest Alliance is an environmental NGO with headquarters in New York in the US. It was founded in 1987 with the purpose to pursue the conservation of biodiversity and sustainability through corporate activities, thus protecting ecosystems where humans and animals coexist in harmony. Our group company FamilyMart Co., Ltd. is selling coffee using these raw beans through various products including private-brand chilled cup coffee and private-brand canned coffee.

[3-year review] Regarding, for example, the topic of building a production system with a low impact on the environment in these three years, we started promoting an eco-friendly agriculture and a business of secure and safe agricultural products and high-quality milk, etc. in Shandong province, China. We also promoted environment-conserving businesses.

[Key points of our FY2009 CSR Action Plan] As projects already in progress, we will conduct education and development of knowledge, etc. for stakeholders and expand our environment-conserving business. In addition, we will intensify our supply chain management both from human rights and labor environment aspects as well as from the safety and hygiene aspects, control waste and promote recycling.



Yoshihisa Aoki
President, Food Company

FY2008 results	FY2009 action plans	Basic Policies *2
Continued investigations related to residual agricultural chemicals in products of the new fiscal year Established a company to perform storage and sorting of soy beans in Heilongjiang province, China	Continually grasp situation at production site and share information with customers Promote food-resource procurement business	1 / 2 / 4
Set up production and sales business of safe and secure milk in Shandong province, China. Making smooth progress since then	Stabilize production, increase yield and expand sales channels	4
<ol style="list-style-type: none"> Traceability was managed in compliance with our independent standards Considerations on efforts regarding certification by local government to which the production area belongs are in progress Focusing on the expansion and development of I-SQUARE Corporation Conducted factory audits and improved auditing accuracy at all overseas plants Established and observed inspection rules for frozen food Prepared food safety system inside division on the basis of a food safety Task Force 	<ol style="list-style-type: none"> Expand business of company for domestically-grown fruit and vegetables Continue audits at all overseas plants and raise level of audits (isolate issues and implement measures) Initiatives for compliance with inspection rules of frozen food and the establishment of an inspection organization at the Food Company 	1 / 2 3 / 4
<ol style="list-style-type: none"> Continued to check labeling and raised the level of the work by accumulation of related information Checks on the basis of food safety audits 	<ol style="list-style-type: none"> Continue internal education activities (conduct training) Conduct food safety audits 	1 / 2 3 / 4
Number of participating manufacturers is increasing as planned	Utilize data to reduce loss and inventories Expand the number of companies working on data that connect consumers → retailers → wholesalers → manufacturers	3
Switched 50 additional vehicles to hybrid or CNG (compressed natural gas) vehicles Also gradually promoted the switch of diesel vehicles to new diesel models that have a high fuel efficiency	Continue implementation	2

2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier 2010" on page 9

CSR initiatives by a major group company

■ Providing the soft food "SOFLI"

The name "SOFLI" of the soft food line of the frozen food manufacturer YAYOI FOODS CO., LTD. is a combination of the initial letters of the words "Soft Food Life." "SOFLI" is a line of products that was created out of the wish to offer the joy and fun of eating also to persons with weak chewing or swallowing abilities and also to their families to make their life pleasant. Through soft food, YAYOI FOODS will continue to actively promote CSR activities through its business as a food manufacturer with products that are tasty, easy to eat, safe and secure, and offer a kind diet style.



Mousse in the style of chicken stewed in tomatoes of "SOFLI"

Perspectives from a third-party participant in our CSR meeting

Yukiko Furuya
Board Member, NIPPON ASSOCIATION OF CONSUMER SPECIALISTS



The CSR efforts involving the group are broad, and with regards to environmental and social issues, particularly the safety and security of food, the company actively works on preventing accidents, supplying raw material, controlling quality and ensuring traceability. However, at the present state, this seems to be limited to matters that are relevant for the sustainability of the own company. I believe that it is necessary also to address issues that are critical for the sustainability of society, for example, to resolve the issues that are underlying the feeling of insecurity and the suspicions of consumers towards food, or to educate consumers for appropriate safety and security. Further, for these approaches, it will be necessary to resolve the issues together with consumers, business partners and other stakeholders while communicating with them. I expect initiatives that leverage the strengths unique to a Sogo Shosha and are difficult only with manufacturers and distributors.

Finance, Realty, Insurance & Logistics Services Company CSR Action Plans and Report on Activities

CSR at this Division Company

Offering service functions full of creativity

As a Division Company providing services and solutions, we offer highly transparent and reliable products and services pursuing the convenience of our customers in the fields of finance, realty, insurance and logistics.

Division	CSR tasks	FY2008 action plans	Status ^{*1}
Financial & Insurance Services Division (Finance)	Promotion of investment which contributes to regional society	Unearth/implement investment projects	💡
	Strengthen security measures to achieve stringent control of personal information, improve and expand control systems	Ensure the management heighten their own awareness, rigorously educate employees, and continue regular reviews	💡💡
Financial & Insurance Services Division (Insurance)	Comply with the Insurance Business Law and other laws and statutory regulations	<ul style="list-style-type: none"> ● Revise compliance programs and manuals for special industrial laws ● Continue rigorously informing employees about compliance through training, departmental meetings 	💡💡
		Continue explaining important items and acquiring written confirmations	💡💡
	Provide appropriate insurance products accompanied by accurate and easy-to-understand explanations	Continue heightening product knowledge through training/on-the-job training (OJT)	💡💡
		Conduct investigative interviews to understand customer needs and offer new products	💡💡
Construction & Realty Division	Supply quality housing with emphasis on safety and security	Comply rigorously with pertinent laws and statutory regulations by steadily implementing measures to strengthen control of construction and realty group, provide quality housing	💡💡
	Give rigorous consideration to the environment	Promote environment-friendly businesses at group companies and implement reviews and training sessions	💡💡
Logistics Services Division	Contribute to improvement of social overhead capital in newly industrializing countries through building of logistics infrastructure and increase level of customer satisfaction	Encourage development of logistics infrastructure in Asia, contribute to increasing and strengthening social overhead capital and heighten customer satisfaction	💡💡
	Provide logistics services with an emphasis on safety, efficiency, and concern for the environment	Provide logistics expertise in relation to amended Energy Conservation Law to companies the division uses, strengthen environment measures	💡💡

*1: 💡 Achieved 💡 Nearly achieved ⚪ Unachieved

Major CSR initiatives

CSR initiatives in the logistics field

Takeo Shibatomi

Planning Administration Section,
Logistics Services Division



In the domestic logistics business, we provide CO₂ emission data to the clients who commission their cargo to us, and work to reduce CO₂ emissions through three-party collaboration involving the clients, the transport companies we outsource to and ourselves. Through a modal shift from transporting cargo by truck to transporting by ship or railroads with little CO₂ emissions, or through the bundling of truck trips due to the introduction of newly developed logistics equipment, we promoted logistics with a small impact on the environment. In developing countries that are continuing to grow, we are contributing to the development of local regions by promoting an enhancement of social capital through developing logistics infrastructure such as cutting-edge harbors and warehouse facilities, or the construction of highly efficient delivery networks.

CSR initiatives by a major group company

■ Sales of houses with support for electric vehicles

Osamu Nagoya

Manager, Urban-type Housing Section, Urban Housing Division, ITOCHU PROPERTY DEVELOPMENT, LTD.



As part of its efforts to prevent global warming, ITOCHU PROPERTY DEVELOPMENT, LTD. is selling houses supporting electric vehicles (EV) which are gaining much attention lately in Kohoku New Town, Yokohama. These houses are characterized by two features: 1) the parking



House with support for electric cars

space of all 16 houses being equipped with a 200V power outlet, and 2) the inside of the houses being equipped with switches having timers to use night-time power. We focus on the future potential and the social significance of the spread of electric vehicles, which contribute to a reduction

[3-year review] While observing the various laws and regulations of the industry, we provided good-quality products and services focusing on safety and security. We also promoted social contributions through our key operations by, for example, investing for regional revitalization, providing houses with support for electric vehicles, or eco-friendly logistics services.

[Key points of our FY2009 Action Plan] We will strive to raise the level of our employees and organizations through education and training, and roll out safe and secure services and products with a high customer satisfaction on a global basis. We will also work to promote contributions to local communities and governments through regional revitalization investments and PFI projects, and environment-conserving business through eco-friendly housing and logistics services.



Kenji Okada
President, Finance, Realty, Insurance
& Logistics Services Company

FY2008 results

- Incorporated six projects in fiscal 2008 in the CJI (Challenge Japan Investment) Fund
- Reconsidered policy in response to deterioration of the market situation for SRI Fund

Raised awareness of group employees through active participation in various study sessions, seminars, etc. (11 supervisors for the handling of personal information (two supervisors qualified in fiscal 2008))

- Confirmed compliance status of each group company in meetings to inspect books
- Had staff in charge participate in training conducted by life insurance and non-life insurance companies and report the details

Aimed for continued thorough implementation of explanations on important items and the acquisition of written confirmations

Succeeded in conducting education to improve product knowledge through on-the-job training (OJT) and training classes, etc.

Proposed products strictly in line with the needs, thus improving customer satisfaction

Held quarterly inspections of projects and performed checks of compliance with ordinances and other related laws and regulations. Started unification of instructions in construction work orders also with regards to the use of external experts

Actively promoted eco-friendly business centered on group companies. Also held training sessions related to the suppression of noise also involving our major group companies

Cooperated with group companies in China to accelerate the roll-out of an efficient and rational logistics scheme. Promoting container terminal projects in the Asian and Russian regions

Conducted coordination with Global Environment Office
Conducted environment seminar for company-internal participants in cooperation with the Global Environment Office

FY2009 action plans

Basic Policies *2

- Discover a target number of three new projects to be incorporated into the CJI fund after strict selection
- Suspend the establishment of an SRI fund for the time being, watch the timing and reconsider efforts

1

Heighten awareness of management itself and conduct thorough education of staff. Continue regular reviews

2 / 3

- Revise compliance programs and manuals for special industrial laws
- Continue rigorously informing employees about compliance through training, departmental meetings

2 / 3

Continue explaining important items and acquiring written confirmations

1 / 2

Continue heightening product knowledge through training/ on-the-job training (OJT)

2 / 3

Ask customers for their needs and propose new products tailored to customer needs

1 / 2

Strive to provide good-quality homes through thorough observation of related laws and regulations by reliable execution of measures to strengthen control of the group, and through checks of the observation status

1 / 2

Aggressively promote environment-friendly businesses at group companies, conduct reviews of the progress and hold training sessions

2 / 3

Consider and establish proposal on restructuring and integration of the logistics business within China by integrated management with I-LOGIS-TICS CORP., to build an efficient and rational logistics scheme within China

1 / 2

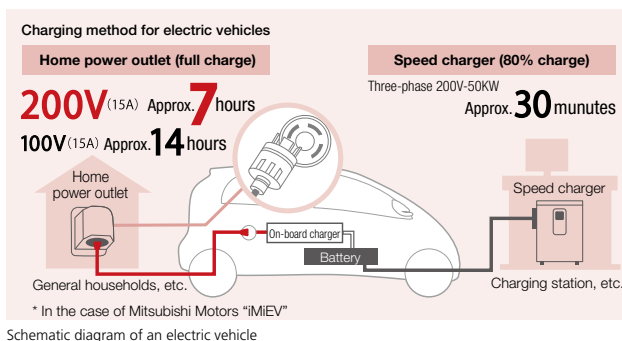
Support the Global Environment Office and hold internal seminars and presentations on concrete cases, etc.

3 / 4

2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier 2010" on page 9

of CO₂ emissions, in our efforts to create new value in our CREVIA*-brand houses. We are further continuing to pioneer initiatives that contribute to a cut in CO₂, including sales of condominiums and houses equipped with compact fluorescent lamps shaped like light bulb or condominiums that are certified for green electric power.

* CREVIA: An artificial word made by combining the word "create" with "via," the Italian term for "path"



Perspectives from a third-party participant in our CSR meeting

Jiro Adachi
Executive Director,
Japan Center for a Sustainable
Environment and Society (JACSES)



I learned a lot on this gathering and could feel the earnest of the staff in charge. Below I will mention the potential for the future. For finance and insurance, I expect the development of a trusted finance and insurance business with both feet firmly on the ground in the current economic crisis, and also an advance of initiatives for socially-responsible investments. As for construction and realty, we have entered an era where we need a reinforcement of measures to fight climate change, including energy conservation and natural energy, and also stronger measures for biodiversity in materials procurement, construction methods and construction sites, etc. Regarding logistics, I expect further contributions to the development of efficient systems in Asia, etc. to realize a society with greenhouse gas emissions cut down to half. Companies are starting to address environmental conservation in many different ways, but I assume that only the "real ones" will survive, and I would like to suggest rebuilding the mid- and long-term strategy for the finance, realty, insurance and logistics business from the aspect of developing a sustainable society.

Overseas Bases CSR Action Plans and Report on Activities

ITOCHU Corporation has 139 offices overseas and pursues corporate activities on a global scale. In recent years, the demands for CSR are increasing also overseas, so we formulate and implement CSR action plans also at our overseas blocs/offices.

Bloc/office	CSR tasks	FY2008 action plans	Status ^{*1}	FY2008 results	FY2009 action plans	Basic policies ^{*2}
North America	Supply chain management	Continue discussions and investigation for supplier survey. Promote quality and raw materials production areas monitoring by strengthening traceability	🟡	Improved communication with suppliers and promoted quality control. Established food safety policy	Strengthen supply chain management in the textile and food business	1 / 2 3 / 4
	Promote environment-conserving businesses	Expand solar power generation related business and promote wind power/biomass-related projects	🟡🟡	Carried out negotiations for the acquisition of a solar power generation system integrator (Solar Net LLC.) 🟡 P11-12 Supported business aspects of bio-ethanol production in Brazil; opened up market in North America	Continue to expand to solar power generation-related business and wind power/biomass-related projects	1 / 2
Latin America	Regional contribution	Contribute to sustainable development of local communities in coffee producing regions through Group coffee export company's social works	🟡🟡	Conducted various local social contribution activities at Unex (Guatemala), S.A. 🟡 P40, Major CSR initiatives 1	Contribute to the continual development of local communities in coffee producing regions	1 / 2 3 / 4
Europe	Promote environment-conserving businesses	Work towards realization of solar power generation projects	🟡🟡	Invested into system integrators in Norway, Italy and Greece Built a solar park in Germany 🟡 P11-12	Promote further solar power generation projects	1 / 2
Africa	Promote environment-conserving businesses	Check the forest-management certification acquisition status of forest resources suppliers	🟡🟡	Confirmed FSC certification of wood chip suppliers (obtained written oath and letter of confirmation as evidence)	NEW Promote environment-conserving businesses Promote solar power generation projects and the development of electric cars using lithium batteries	2
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	🟡🟡	Promoted solar power generation projects in Oman, Libya and other countries 🟡 P11-12 Promoted energy-conserving business in Abu Dhabi 🟡 P40, Major CSR initiatives 2	Promote businesses that help conserve the environment, including solar and other clean energies, garbage incinerators, and energy-saving systems	1 / 2
Oceania	Secure the safety and reliability of food	Check agricultural chemicals residue before shipping	🟡🟡	Conducted pre-shipment checks as planned	Continue pre-shipment checks for agricultural chemicals residue	2
	Promote environment-conserving businesses	Continue encouraging suppliers' acquisition of forest-management certification	🟡🟡	Except for a few, almost all suppliers obtained forest-management certification	Continue communication with remaining suppliers	1 / 4
China	Promote environment-conserving businesses	Promote/expand existing projects of businesses related to energy conservation and renewable energy and continue developing new projects	🟡🟡	Actively promoted CDM including new projects initiated by the newly established Shanxi Liaison Office and the China Business Development Dept.	Promote/expand existing projects of businesses related to energy conservation and renewable energy and continue developing new projects	1 / 2
	Regional contribution	Establish CSR taskforce. Support regions within China. Establish "hope" elementary schools in impoverished areas	🟡	Set up CSR taskforce and implemented various local contribution measures 🟡 P40, Major CSR initiatives 3 Revised plans for the construction of "hope" elementary schools due to a changed situation	Contribute to the communities in fields related to human resource development, medical care, social welfare and education	1
Singapore	Regional contribution	Continue supporting environmental NGOs	🟡🟡	Supported "Spelling Bee" program of a selected environmental NGO	Select NGOs and projects to be supported	1
Philippines	Promote environment-conserving businesses	Promote CDM business for methane gas collection from hog farms (establish J/V company, file CER registration with United Nations)	🟡🟡	Established J/V company, carried out due diligence/FS for local farmers. CER registration with UN scheduled for fiscal 2009 🟡 P31	Promote CDM business for methane gas collection from hog farms (initial facility construction, file CER registration with United Nations)	1 / 2
Malaysia	Supply chain management	Prepare question sheet, conduct survey of local suppliers	🟡🟡	Implemented as planned (sent questionnaire to 60 companies)	Conducted CSR questionnaire survey of customers	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	🟡🟡	Carried out tree-planting by employees in the vicinity of Taipei 🟡 P48	Carry out activities that contribute to the Taiwanese region and promote environment-conserving businesses (solar energy, non-water dyeing projects)	1 / 2
Indonesia	Regional contribution	Expand facilities of Group-operated industrial estate, continue recruiting companies to occupy estate	🟡🟡	Increasing number of companies moved in	NEW Promote environment-conserving businesses Promote Sarulla geothermal power generation project	1 / 2
Indochina (Thailand)	Regional contribution	Establish CSR committee and select support recipients other than scholarship foundations	🟡🟡	Established CSR Committee. Continued to support scholarship foundation for university students	Regional contribution activities by CSR committee	1
Vietnam	Supply chain management	Further penetration of CSR policy among employees and suppliers, encourage rigorous compliance	🟡🟡	Thoroughly informed business partners about CSR policy and compliance	NEW Secure safety and security of food Implement controls and auditing according to Japan's strict laws and regulations	2 / 4
Southwest Asia (India)	Promote environment-conserving businesses	Participate actively in LNG-related businesses, solar power generation, and emissions rights business	🟡	Supported export of solar panels to Europe. Initiatives regarding LNG and emission rights continuing 🟡 P11-12	Participate actively in LNG-related businesses, solar power generation, and emissions rights business	1 / 2
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	🟡	Procured solar panels Achieved annual target for handling forest-management certified pulp 🟡 P11-12	Promote sales of solar cells and consider/discover projects for participation in power generation businesses. Continue handling forest-management certified pulp	1 / 2
Mongolia	Promote environment-conserving businesses	Promote introduction of new energy in accordance with measures	🟡	Dialogue with related government authorities and considerations on involvement in solar power generation system program implemented by international organizations	NEW Thoroughly implement internal management Thoroughly implement compliance and intensify internal control	2
CIS	Promote environment-conserving businesses	Reduce greenhouse gases, actively promote environmental businesses such as renewable energy projects	🟡🟡	Implemented as planned	NEW Contribute to local society Create employment through promotion of projects in developing regions, carry out education in environmental conservation, etc.	1 / 2 4

*1: 🟡 Achieved 🟡 Nearly achieved 🟡 Unachieved

*2: Numbers correspond to the policies enumerated under "Basic policies for CSR promotion Frontier© 2010" on page 9

Major CSR initiatives 1

Program to improve the standard of living in coffee producing regions

Unex (Guatemala), S.A., an ITOCHU Corporation group company, gives about 2% of its annual net profit to the Unex social work foundation and has implemented a program to improve the standard of living in coffee producing regions.

Following the construction of a bridge, the construction of a health center and operational help, the donation of medical equipment, a water supply system for an elementary school, roof repairs and other activities in the villages of the coffee producers, we will start a scholarship fund system enabling children of workers in our factory to advance to agricultural schools from this year.



A small bridge connecting Guatemala's communities



A health center was built with the help of many people

Comments from the staff

Contributing to coffee producing regions

Toshiyuki Hayashi
President, Unex (Guatemala), S. A.



Guatemala is a paradise that makes people envious, always green with a climate of permanent spring. However, when you look at the reality - city streets filled with exhaust gases, rivers polluted from the water-washing of coffee, youths begging in the cities and children working in the farming villages - you will probably be gripped by a feeling of helplessness. However, as long as we can encounter wonderful smiling faces like this - why don't we start by doing what we can do to change this country? This



To see this smiling face!

is how the CSR activities of Unex (Guatemala) S. A. started. What made me very glad was seeing how hard the Guatemalan employees worked for this. For details on our activities, please see <http://www.unexguatemala.com>.

Major CSR initiatives 2

Contributing to energy conservation in Middle-East countries through thermal storage systems

Due to city development backed by affluent money from oil, Saudi Arabia, the United Arab Emirates and other Middle-East countries have a rapidly increasing demand for electric power. To meet this demand, these countries are very aggressively working on energy conservation and electric power solutions from the aspect of the securing natural resources which are both precious and limited.

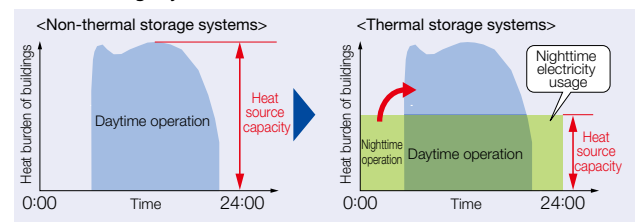
ITOCHU MIDDLE EAST FZE cooperates with our group company Aoyama Energy Service Co., Ltd. in providing program establishment consulting services for the introduction and spread of local thermal storage systems in city planning, in order to meet these needs of the countries in the gulf region. We will contribute to city development projects in Middle-East countries by showing our clients the benefits, for example, lower

Shoji Inada
Energy Department
ITOCHU MIDDLE EAST FZE



construction costs for power stations thanks to a uniform electricity burden, or contribution to the fight against global warming thanks to a reduction in CO₂ emissions.

Achieving uniform power generation burdens by introducing thermal storage systems



Major CSR initiatives 3

Establishment of CSR taskforce in the China bloc

In recent years, there has been a demand for CSR initiatives particularly by foreign companies also in China, and In April 2008, we established a CSR Taskforce (below referred to as "TF"), consisting of a total of 15 members from the entire China bloc.

This TF formulates CSR action plans and performs various regional contribution activities. In fiscal 2008, our initiatives included the participation in a greening campaign at the Olympic Park in Beijing as well as in clean-up activities in a park in the suburbs of Guangzhou, and a donation to the "China Foundation for Disabled Persons." We also donated relief funds for the series of natural disasters that happened in China, and received an award from the Red Cross Society of China for our donation of relief funds for the catastrophic earthquake in Sichuan.

Xinren Zhu
CSR Taskforce Team Leader



The TF will continue to pursue activities that contribute to the development of human resources, medical care as well as to welfare and education in local communities.



Members of the CSR Taskforce in Beijing



Reception of the award from the Red Cross Society of China