

CSR for ITOCHU Corporation



ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields, and as such, ITOCHU is well aware of how significant its impact on society is.

We believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. We also believe that our mission is to fulfill our Corporate Social Responsibility as a global enterprise, always working from the viewpoint of whether we are contributing to the countries of the world and to society.

■ ITOCHU Mission and Values

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of sampo yoshi (good for the buyer, seller and society), a management philosophy embraced by Ohmi merchants that is the source of its CSR thinking today.

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To embed the ITOCHU Values, ITOCHU has formulated "5 self-tests" that employees can refer to in order to determine that the five values are present in their actions.

ITOCHU Mission Committed to the Global Good



The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.

ITOCHU Values & 5 self-tests

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

Basic Policy on CSR and Promotion System

Approach to CSR Promotion at ITOCHU Corporation

We at ITOCHU Corporation, in accordance with the ITOCHU Mission "Committed to the Global Good," believe that fulfilling our social responsibility through our business activities is important. To make sure that CSR is systematically implemented involving the whole organization, we established basic policies for CSR promotion as a corporate-wide policy and drafted CSR action plans in each organization to promote CSR.

In addition, we communicate with our various stakeholders to grasp the expectations and demands of society towards our company and leverage these for the promotion of CSR.

Basic Policies for CSR Promotion

Basic policies for CSR promotion "Brand-new Deal 2012"

1. Strengthening communication with stakeholders through a front-line approach
2. Promoting businesses that help solve social issues
3. Strengthening supply chain management (Respect for humanrights and consideration for the environment)
4. Promoting education on CSR and environmental conservation
5. Involving in and contributing to development of local and global communities

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

Below are the main points of "Basic policies for CSR promotion" during the period of the "Brand-new Deal 2012" plan, which covers fiscal 2012 to fiscal 2013,

1. Strengthening communication with stakeholders through a front-line approach

Strengthening front-line capabilities is one of the basic policies of the medium-term management plan. At the business front-lines of all division companies, ITOCHU will work to understand the needs of stakeholders through more intensive communication with them by each and every employee, and take advantage of and reflect those needs in businesses and operations.

2. Promoting businesses that help solve social issues

A sustainable society is essential for ensuring the continuity of businesses. In order to ensure the continuation of one's businesses, a company must do what it can for society through its businesses to help solve social issues such as climate change and human rights abuses. ITOCHU aims to help solve social issues through businesses that respond to social needs.

3. Strengthening supply chain management (Respect for human rights and consideration for the environment)

As a company that develops business around the world, ITOCHU views supply chain management as an important issue to be addressed. Preventing human rights, labor, environmental and other problems, and working for improvement together with suppliers, ITOCHU in April 2009 formulated "ITOCHU Corporation CSR Action Guidelines for Supply Chains." Based on these action guidelines, ITOCHU conducts annual supplier surveys regarding human rights, labor, the environment and other matters, and requests suppliers' understanding of ITOCHU's approach and supplier cooperation in putting it into practice.

4. Promoting education on CSR and environmental conservation

The expression of CSR rests in the hands of each individual employee. This is why it is critical that all employees correctly understand the kind of CSR that the ITOCHU Group should engage in. In a bid to have a CSR mindset take root among all employees, ITOCHU conducts education on CSR and environmental conservation through a wide range of training and other programs, and all organizations conduct lively discussions about CSR action plans.

5. Involving in and contributing to development of local and global communities

ITOCHU is a member of the local communities where it has a business base. At the same time, it is a member of the global community. Accordingly, in areas even outside the Company's main business, ITOCHU aims to actively participate in society as a member of the local community and the global community and contribute to development at both levels.

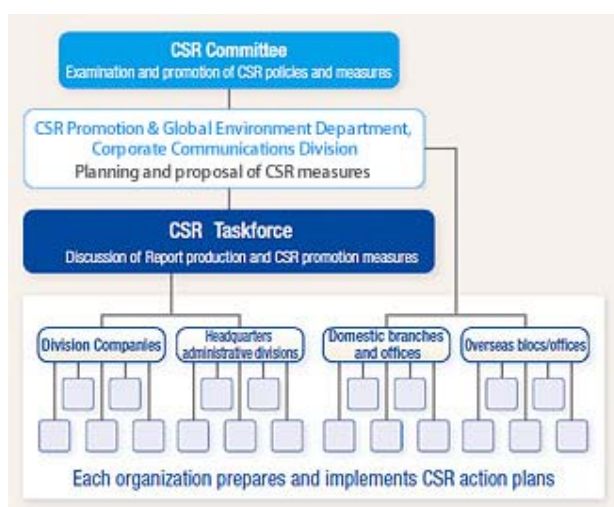
CSR Promotion through CSR Action Plans

ITOCHU Corporation conducts various businesses through six Division Companies. To reliably promote CSR in our businesses, each Division Company defines the CSR issues that are important in its business and formulates the "CSR action plans," and execute them based on a PDCA cycle system.

In actual practice, the responsible sales divisions draft and execute the CSR action plans under the lead of the general manager of the Planning and Coordination Department and the staff in charge of CSR promotion of each Division Company.

CSR action plans are also formulated and exercised by each organization such as the Headquarters' administrative divisions, domestic branches and offices as well as overseas bases in line with the respective businesses and functions. A pillar of our CSR promotion is that every employee understands the plans and steadily executes them in his or her job.

CSR Promotion System at ITOCHU Corporation



CSR promotion system

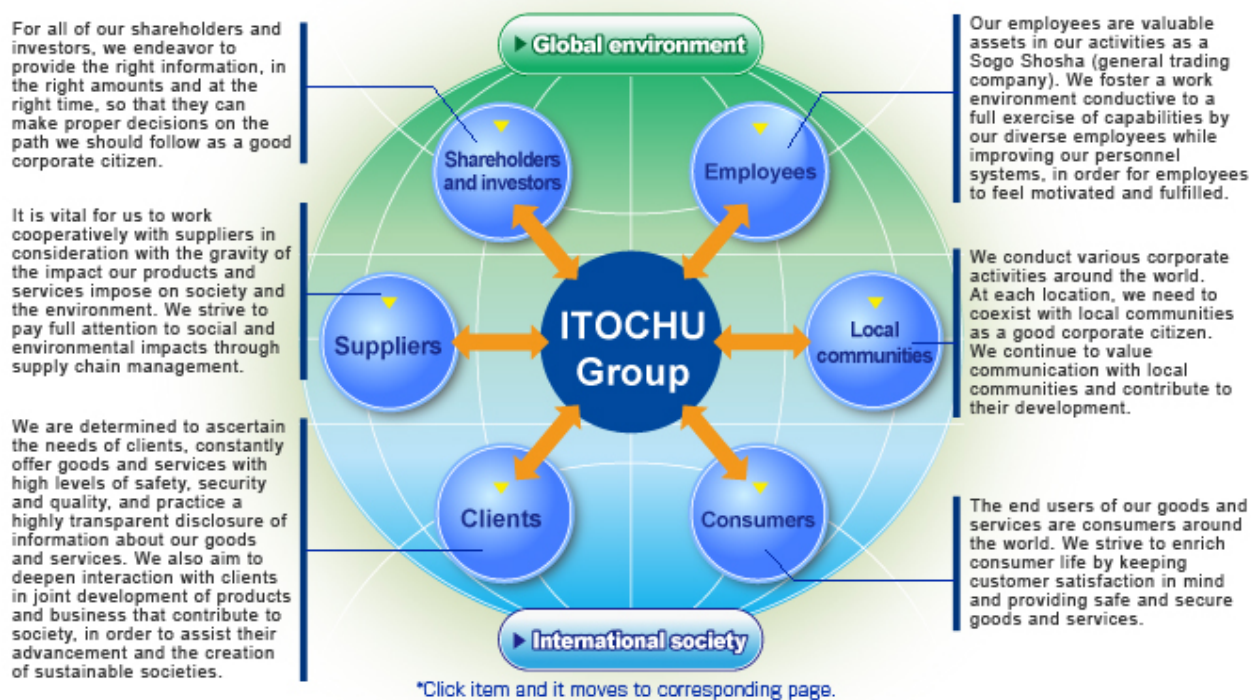
At ITOCHU Corporation, with the aim of enhancing communication with stakeholders, the CSR Promotion & Global Environment Department, the Corporate Communications Division, plans and proposes strategies for promoting corporate CSR, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the report and CSR promotion measures.

Stakeholder Relations

Stakeholders of the ITOCHU Group

Approaching CSR through dialogue with our stakeholders.

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. Through these efforts, we promote CSR activities to help solve social issues by comprehending the expectations and concerns that industry and regional society may have regarding ITOCHU and reflecting this understanding in our business activities.



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

The United Nations Global Compact

ITOCHU's Participation in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth of the international Community. In the compliance of the Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, ITOCHU is striving to fulfill its corporate mission of "Committed to the Global Good."



The Ten Principles of the United Nations Global Compact

Human rights	<ul style="list-style-type: none"> ▪ Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and ▪ Principle 2 make sure that they are not complicit in human rights abuses.
Labour	<ul style="list-style-type: none"> ▪ Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; ▪ Principle 4 the elimination of all forms of forced and compulsory labour; ▪ Principle 5 the effective abolition of child labour; and ▪ Principle 6 the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> ▪ Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; ▪ Principle 8 undertake initiatives to promote greater environmental responsibility; and ▪ Principle 9 encourage the development and diffusion of environmentally friendly technologies.
Anticorruption	<ul style="list-style-type: none"> ▪ Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

ISO 26000 Core Subjects and ITOCHU's Initiatives

Aiming to contribute to the realization of a sustainable society, ITOCHU Corporation has participated in the United Nations Global Compact since 2009. This report provides information about ITOCHU's CSR approach and initiatives, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility that was launched in November 2010 to provide an enhanced response to the requirements of a wide range of stakeholders in international society based on the Global Compact's ten principles.

	<h3>Organizational Governance</h3>	<p>For ITOCHU, CSR is not simply acting with consideration for how corporate activities affect the global environment and society but also contributing to the realization of a sustainable society through business activities.</p>	<p>P2 President's Message P3-12 CSR for ITOCHU Corporation P41-46 Corporate Governance and Internal Control/Compliance</p>
	<h3>Human Rights (Global Compact Principles 1-6)</h3>	<p>With a commitment to the global good of society and individuals alike, ITOCHU conducts its business activities with respect for human rights and individuality. In addition, as a company with diverse operations worldwide, we believe it is important to implement initiatives with a focus on human rights in the supply chain.</p>	<p>P9-10 Respect for Human Rights P47-49 CSR in Our Supply Chain</p>
	<h3>Labor Practices (Global Compact Principles 3-6)</h3>	<p>To steadily implement the policy "Proactively Seek New Opportunities," which is a part of the medium-term management plan, ITOCHU is aggressively advancing efforts to cultivate "industry professionals" and "strong human resources" who can support "proactive initiatives" and can play active role in global business. In addition, we are also focusing on the establishment of a system that enables diverse human resources to make the most of their capabilities.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P47-49 CSR in Our Supply Chain P50-59 Employee Relations</p>
	<h3>The Environment (Global Compact Principles 7-9)</h3>	<p>For ITOCHU, which conducts wide and diverse range of business activities on a global scale, consideration for the environment is indispensable. We pay close attention to the influence of our business activities on the environment and we also consider what we can create to pass on to the next generations.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P17-18 Fashion Earth PROJECT P19-40 CSR and Our Business P47-49 CSR in Our Supply Chain P75-86 Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem P87-98 Our Initiatives for the Environment</p>
	<h3>Fair Operating Practices (Global Compact Principles 3-10)</h3>	<p>In addition to ensuring that our business activities are in accordance with laws and international rules, we also have established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.</p>	<p>P41-46 Corporate Governance and Internal Control/Compliance P47-49 CSR in Our Supply Chain</p>
	<h3>Consumer Issues</h3>	<p>ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is taking steps to deal with consumer-related issues at every level of the supply chain, such as working to ensure product safety and quality and developing products that contribute to environmental conservation.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P17-18 Fashion Earth PROJECT P31-32 CSR at the Food Company</p>
	<h3>Community Involvement and Development</h3>	<p>In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we will strive to participate in local communities in ways that transcend the scope of our business activities and to contribute to the sustainable development of those communities.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P38-40 CSR at Overseas Offices P60-74 Social Contribution</p>

Respect for Human Rights

Policy on Respect for Human Rights

The ITOCHU Mission "Committed to the Global Good" stands at the heart of the ITOCHU Group's corporate philosophy. The "Global good" refers not only to improved living standards, but also a general sense of well-being. ITOCHU, as a company with diverse operations worldwide, respect human rights and individuality, and is committed to the global good of society and individuals alike.

Accompanying this corporate philosophy, the ITOCHU Values consist of five values important for fulfilling the ITOCHU Mission "Committed to the Global Good." One of those values is "Diversity," under which the Group holds the human rights and individuality of every person as important.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009 which is derived from this Declaration and other international standards. Guided by this approach, we clearly prohibit the violation of human rights and sexual harassment in its employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

We value the rights and individuality of each person. We show respect and are attentive to others regardless of gender, race, religion, or position. We don't discuss matters that cause discomfort; we don't discriminate or harass; we respect basic labor rights and eliminate forced labor and child labor.

Excerpt from the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Raising Awareness Internally of Respect for Human Rights

In-House CSR Seminar Held on "Human Rights and Global Business for a General Trading Company"

On March 6, 2012, the seventh CSR in-house seminar, "Human Rights and Global Business for a General Trading Company," was held at the company's head office in Tokyo. Mr. Hideki Wakabayashi, Executive Director of Amnesty International Japan, the international human rights NGO and public interest group, was invited to speak.

As a general trading company that operates around the world and plays an important role in supply chains, the company held this seminar to keep up with the latest developments relating to corporate business and human rights, and use this knowledge for its business. Attending the seminar were 110 employees of Itochu Corporation and its related group companies.

Mr. Wakabayashi spoke on developments in international human rights standards and the relationship between business and human rights, giving specific examples. Afterward a question-and-answer session was held, where participants discussed the difficulty of addressing human rights issues in the supply chain. Opinions were also actively exchanged on other issues such as specific effects related to international human rights standards today. Comments from seminar participants included, "Human rights abuses are a more common problem than I realized" and "[Infringement of human rights] is not just someone else's problem, but could also happen in an environment like Itochu, and we need to be aware of that."



■ Raising awareness through internal training programs

We work to extensively embed understanding of human rights through in-house training programs held each year. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. In fiscal 2012, 295 people participated in human rights training.

Number of employees participated in human rights training programs

	Number of employees participated
Training for New Recruits	140 people
Training for newly-appointed managers	58 people
Training for trainers of newly-hired employees	97 people

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

ITOCHU has set up an employee consultation desk to allow employees to discuss problems they may be individually confronting. A "HR Help Guide Book" has also been posted to the ITOCHU intranet, and efforts to broadly raise employee awareness of the consultation desk are made as part of a structure that allows employees to consult on issues of concern. An external Hotline System staffed by independent counselors has also been established.



The "HR Help Guide Book" posted on the intranet

■ Career Counseling Center

ITOCHU was one of the first Japanese companies to establish its own Career Counseling Center, where employees can consult regarding not only their individual careers, but on workplace culture, interaction with colleagues, remuneration, harassment, and other issues. Consultations can take place via phone, fax, email, post, or other means, and are dealt with by expert office staff.

■ Raising Awareness Through Various Publications

In an effort to avoid violations of human rights in the workplace, ITOCHU strives to raise awareness of human rights through a variety of publications distributed to all employees.

- ITOCHU's basic stance regarding respect for human rights is conveyed in a booklet explaining the ITOCHU Group's corporate philosophy and code of conduct to all employees.
- The Compliance Handbook has pages on respect for human rights, as well as power and sexual harassment, giving concrete examples of such conduct in an effort to avoid any violations of human rights in the workplace.
- A pocket-sized card on proper workplace etiquette details rules on the strict prohibition of any forms of harassment.

■ Fair and Honest Recruitment

At ITOCHU, recruitment decisions are based solely on an individual's abilities and merits, for fair and honest recruitment practices without regard for age, sex, or nationality. A watchdog system for ensuring fair and honest recruitment is also in place, and employees are selected and notified to serve as watchdogs and to promote awareness of human rights.

Human Rights in the Supply Chain

Consideration for human rights and labor in the supply chain is an important CSR issue for companies with transactions that take place on a global scale.

At ITOCHU, each Division Company surveys the actual situation in this regard among its suppliers, checking to ensure that suppliers are not engaged in forced labor, child labor or any other immoral labor practices.

P48-49 to read more about surveying actual labor practices in the supply chain.

Penetration of CSR at ITOCHU

CSR Employee Questionnaire 2011

We conduct the on-line Employee Questionnaire Survey every year to deepen and assess CSR awareness among our employees.

For the fiscal 2012, as a new initiative, we included a special feature on CSR in our internal magazine, ITOCHU Monthly, and conducted the questionnaire on this article. Simultaneously, we have conducted a confirmation test on CSR knowledge such as ISO26000 and the United Nations Global Compact, which were introduced in the CSR feature as CSR hot topics every employee must know.

The questionnaire was targeted to the ITOCHU employees around the world, this year, 82.5% of the 7,023 employees responded to the survey, a total of 5,792 respondents.



In the questionnaire, as a fixed-point observation, we ask a question of what CSR issues ITOCHU Corporation should address every year. ITOCHU Corporation employees selected "promoting businesses that help solve social issues" as the top theme; it was the second-highest theme among employees of overseas blocs. This probably indicates that a growing number of both employees of ITOCHU Corporation and overseas blocs have come to understand that promoting businesses that help solve social issues is the Corporate Social Responsibility as stated in the ITOCHU Corporation's "Basic policies for CSR promotion" in the "Brand-new Deal 2012 (*)." ITOCHU will continue to reflect the opinions of employees in CSR, while promoting CSR through its business activities.

* ITOCHU Corporation FY2011-FY2012 Medium-Term Management Plan

Replies to the CSR employee questionnaire 2011

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	5,078	1,945	7,023
Number of replies	4,675	1,117	5,792
Reply rate	92.1%	57.4%	82.5%

<Questionnaire Results Excerpt> CSR Issues that ITOCHU Corporation should address

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs
1	Promoting businesses that help solve social issues	Relationships with employees
2	Ensuring a transparent corporate governance structure	Promoting businesses that help solve social issues
3	Grasping and Reducing Environmental Impacts	Global warming countermeasures

CSR Seminars

We regularly organize internal CSR seminars to incorporate the views and opinions on various CSR issues from outside experts.

We plan to continue CSR seminars focusing on CSR issues that require particular attention.



Inside CSR seminar of the 2012 7th time

■ Internal CSR Seminars in the past

1st seminar	Human rights / labor issues
2nd seminar	Global warming and the business of general trading companies
3rd seminar	The social impacts and roles of information technology in Japanese society
4th seminar	Loss and recycling in food distribution
5th seminar	Biodiversity and corporate initiatives
6th seminar	Procedures for assessing environmental and social risk in project finance
7th seminar	Human Rights and Global Business for a General Trading Company