

Our Initiatives for the Environment



Environmental Activities Policies

ITOCHU Corporation positions global warming and other environmental problems as one of the top priority issues in its management policy. In addition, to fulfill our corporate philosophy "Committed to the Global Good," we have established the ITOCHU Group Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

The ITOCHU Group Environmental Policy

— I . Basic Philosophy

Global warming and other environmental issues are affecting the future of mankind. As a global enterprise, ITOCHU Group is positioning these issues as one of the most important management policies. ITOCHU Group contributes to the realization of a sustainable society by promoting "Actively addressing the better global environment" based on The ITOCHU Group Corporate Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, "Committed to the Global Good".

— II . Activity Guidelines

In keeping with the basic philosophy presented above, ITOCHU Group pursues a continual improvement of its environmental management system and defines the following guidelines concerning activities of environmental conservation.

(1) Prevention of environmental pollution	In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
(2) Observance of laws and regulations	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
(3) Promotion of environmental conservation activities	Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.

(4) Harmonious coexistence with society

As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.

(5) Promotion of educational activities

Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's Stance on the Environment

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems.

We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines in our current Environmental Policy, in order to make it clear that our commitment goes a step beyond conserving ecosystems, to conserving biodiversity as well. The expression was thus changed from "conserve ecosystems" to "conserve ecosystems and biodiversity."

Environmental Management

ITOCHU Corporation has formulated an Environmental Policy covering the entire ITOCHU Group. ITOCHU is aware of the impact that its business activities may have on the global environment. We have thus built a framework for assessing the impact of the products we handle, and in particular before making new investment, in order to prevent environmental risk.

Environmental Management System

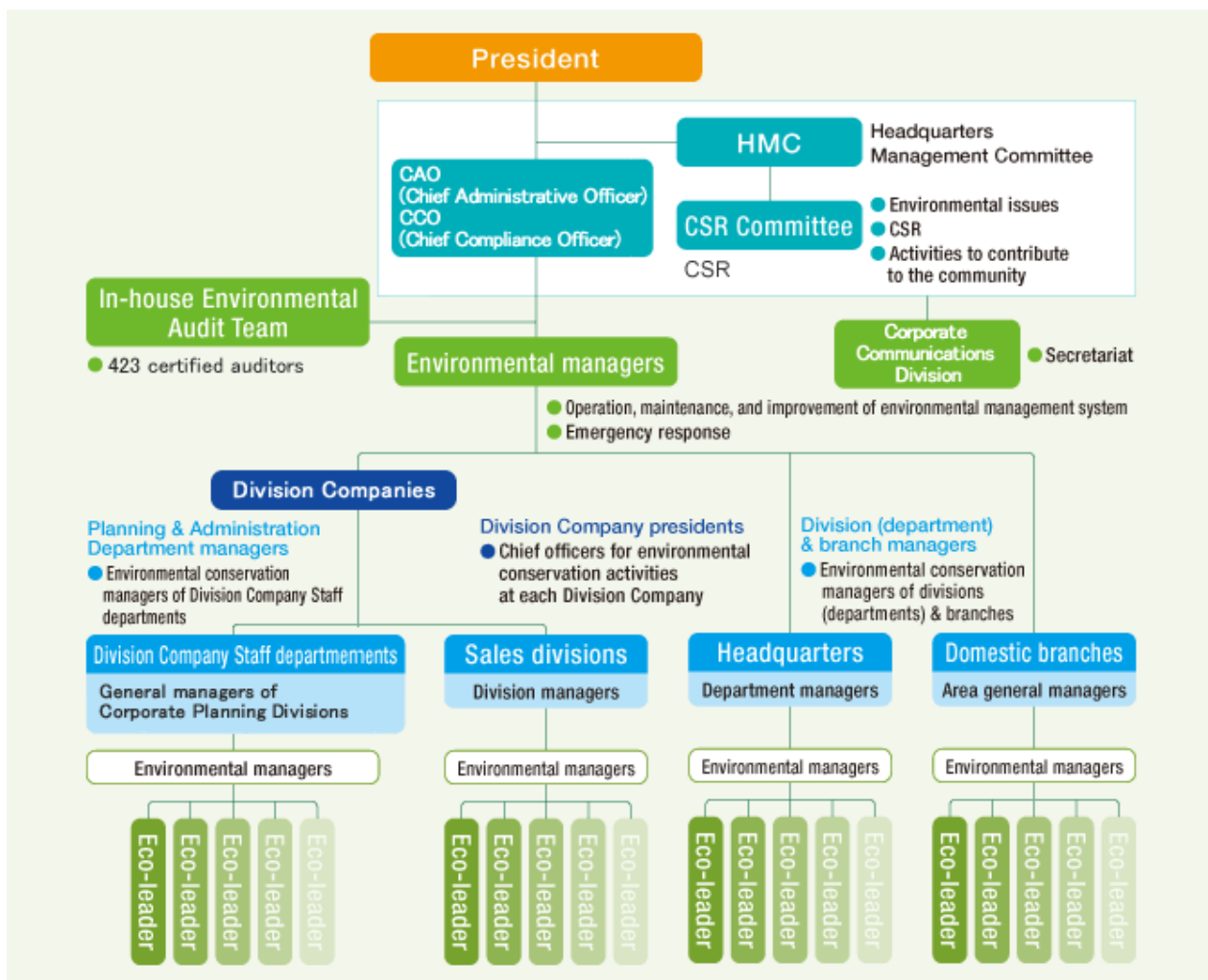
In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, and take precautionary approaches to environmental risks. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's Environmental Management Organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO & CCO who has complete authority for the environmental management system. Concrete management work is carried out by the CSR Committee, established to review environmental policies and perform

annual reviews of corporate-wide activities. The CSR Promotion & Global Environment Department of the Corporate Communications Division serves as the CSR Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (59 total in fiscal 2013), and assisted by eco-leaders (260 total as of June 18, 2012), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

In fiscal 2012, In-house environmental audits based on ISO 14001 were carried out in 64 departments. Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (423 registered individuals), and carried out their work with an emphasis on auditing legal compliance. We have applied a new auditing approach - a combined format in which two or three departments were audited at once. This approach not only boosted audit efficiency but heightened audit effectiveness by encouraging mutual understanding of other departments.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 2011 inspection was to retain certification, and is performed in the first and second years of certification. Inspections in the third year are to renew certification, after which the cycle repeats itself each year. The outcome of the inspection was an overall "improvement" grade and continued certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

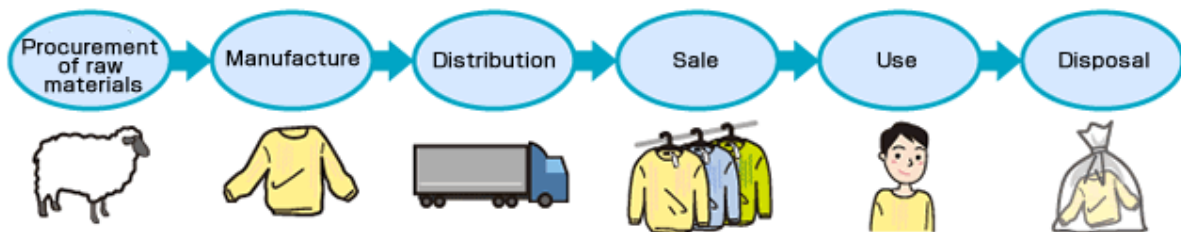
Precautionary Approach to Environmental Risks

In addition to evaluating environmental risks of the products we handle, we are committed to taking a precautionary approach to environmental risks. This commitment also extends to ITOCHU Group companies, reflecting the need to identify the impact on the global environment of the business activities of the Group as a whole.

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We thus carry out our own original environmental impact evaluations based on our belief that it is vital to evaluate the relationship of these products to the global environment. We use a so-called LCA (*) -based analysis method at all stage of product life cycle from procurement of raw materials, production, and use, through disposal of products. If the evaluation shows that the impact on the global environment by particular products exceeds predetermined benchmarks, then we create manuals and the concrete procedures to manage transactions of these product.

* LCA (life-cycle assessment) is a method that evaluates the environmental impact of products at all stages of their life cycle, from manufacturing, transport and use through to disposal and recycling or reuse.



Fact-finding Investigations of Group Companies

We began fact-finding investigations of our Group companies after several of them received complaints about environmental pollution from their surrounding neighborhoods in 2001. We analyze about 200 of our 393 Group companies (as of March 31, 2012) with relatively higher levels of impact on the global environment, and conduct investigations of about 20 of them per year. Over the 11 years to the end of March 2012, we did on-site investigation at 164 companies (230 worksites). The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



Inspecting the management of parts containing regulated substances, at our Auto Parts Distribution Center in the United States

Evaluating the Environmental Impact of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ a CSR and environmental checklist for investments to evaluate in advance the market, social and environmental impact of business investment projects entered via M&A in Japan and overseas. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the presence of no major problems are confirmed.

Environmental-Related Consultations (Year Ended March 31, 2012)

In the year ended March 31, 2011, we received a total of 21 inquiries from outside the Company, which were broken down as follows: environmental groups (3), industry (10), government (3), ratings and evaluation agencies (3), and media (2). The inquiries are mainly about the Company's measures to address environmental problems. There were no environment-related incidents, problems, lawsuits or complaints against the Company. Meanwhile, the number of consultations from within the Company and ITOCHU Group companies has increased. Various environmental education programs have led to greater environmental awareness among employees. We fielded 144 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 9 inquiries regarding business investments.

Promotion of Environmental Education and Awareness

We are committed to improving the environmental awareness of the entire ITOCHU Group. To encourage environmental conservation efforts among our employees we offer a wide range of education programs, as well as seminars on environmental law, and seminars to raise awareness of global environmental issues, which also target Group employees.

Seminars

We actively hold seminars in order to ensure that all employees of the ITOCHU Group are aware of and comply with the requirements of environmental laws and regulations, and in order to raise environmental awareness.

— Internal seminars (fiscal 2012 results)

(Number of people)

Legal seminars	Times held	Total participants
Seminars on Waste Management and Public Cleansing Law	13	1,527
Soil Contamination Countermeasures Act	2	271

Global Environmental Management Seminar

In January 2012, ITOCHU sponsored a seminar on global environment-oriented business management at the Tokyo Head Office. The seminar was led by invited speaker Hiroshi Komiyama, Chairman of the Mitsubishi Research Institute and advisor to the president of the University of Tokyo. Mr. Komiyama gave a speech titled "Recreating Japan: Toward the Realization of a Platinum Society." The seminar was attended by 250 employees of ITOCHU Corporation and its affiliates.

Mr. Komiyama spoke from many different perspectives about the need for a new industry and social system for monozukuri, an area where Japan is very strong, as a solution to the problems that Japan and the rest of the world currently face or will face in the future, including environmental issues, energy and resource problems, the aging of the population, food self-sufficiency, and other concerns. He also spoke about the roles that general trading companies are expected to play, as well as the functions these companies can fulfill. The seminar was aimed at helping the ITOCHU Group strategically facilitate its business activities related to environmental conservation. More than half of participants said that the seminar gave them many ideas that could lead to business opportunities. The stimulating speech certainly provided a lot of food for thought.



Mr. Hiroshi Komiyama, Chairman of the Mitsubishi Research Institute and advisor to the president of the University of Tokyo

Co-existence with Society

As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.

Summer School Programs on the Environment

Every year since 1992, we have been organizing "Summer School Programs on the Environment" at the Tokyo Head office, mainly targeting elementary school students of Minato Ward, Tokyo. The aim of these programs is to promote environmental education among Japan's next generation and coexistence with society. On November 25, 2011, an environment class was held at the Tokyo Head Office for 28 sixth-year students from Aoyama Elementary School. The visitors headed up to the roof of the Head Office building to see our solar panel, which was a newly included program, then listened to a discussion on topics such as tree-planting activities on the island of Borneo. The students were interested in our power-generating equipment-something they rarely see up close-and in the report about the rapid tropical deforestation on Borneo. After their visit, the students gave an environmental presentation on December 16 attended by around 20 ITOCHU employees, who listened avidly to the elementary schoolchildren's suggestions. We plan to continue and improve our community-oriented programs, such as this environment class for local elementary schoolchildren.



The solar panel installed on the roof of ITOCHU Corporation's Tokyo Head Office building



Pupils view the solar panel

Supporting Center for Climate System Research, The University of Tokyo

ITOCHU has supported basic research by the University of Tokyo's Center for Climate System Research (reorganized as the University of Tokyo Climate System Research System from fiscal 2010) since 1991, and holds an annual "ITOCHU Symposium" as a forum for publicizing the center's research findings. The symposium, which marked its 20th anniversary in fiscal 2011, was held at the Osaka Head Office in March 2012 and was attended by 52 people. Professor Masahide Kimoto gave a speech titled "Has Climate Information Reached a Useful Level?" This was a good opportunity for our colleagues to consider the many different factors in global warming and their consequences.

Environmental Performance Data

ITOCHU Corporation strives to achieve environmental conservation not only through business activities, but also through office activities, such as cutting back electricity consumption and the promotion of the recycling of waste, in which all its employees can easily participate. In addition, since fiscal 2012, it has expanded the scope of the collection of environmental performance data to understand the actual environmental situation and improve its environmental conservation activities in the future.

Participation in "Challenge 25 Campaign"

ITOCHU Corporation is a participant in the national "Challenge 25 Campaign" (*) to mitigate global warming. This campaign includes such initiatives as adjusting the air conditioning temperatures during the summer and winter, turning off lights when they are not needed, and setting computers to a "hibernation" mode when away from the desk for extended periods. It also encourages the separation of trash inside the office and promotes recycling. As a result, all employees act to protect the environment starting with the little things around them every day.



* The name was changed in January 2010 from "Team Minus 6%" to "Challenge 25 Campaign"

Environmental Performance

Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO ₂ emissions from business facilities	CO ₂ emissions from distribution	Total waste volume	Paper consumption	Water consumption
Tokyo headquarters	○	○	○	○	○	○
Osaka headquarters	○	○	○	-	-	-
Branches in Japan	○	○	○	-	-	-
Other branches and business facilities in Japan *1	○	○	○	-	-	-
Group companies in Japan *2	○	○	-	○	-	○
Overseas subsidiaries *2	○	○	-	-	-	-

*1 Aggregation since FY2010 (FY2010: 18 offices; FY2011: 16 offices; FY2012: 22 offices)

*2 Aggregation since FY2012 (FY2012: 27 group companies in Japan and 10 overseas subsidiary offices)

■ Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2009 and FY2012. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use.

Unit: Thousand kWh

	FY2009	FY2010	FY2011	FY2012
Tokyo headquarters	13,253	13,493	13,111	10,516
Osaka headquarters	1,399	1,858	1,750	1,119
Branches in Japan	592	4,274	4,483	3,876
Other branches and business facilities in Japan	-			
Group companies in Japan	-	-	-	1,915,610
Overseas subsidiaries	-	-	-	983

- The scope of the data since FY2010 has been in compliance with the Act on the Rational Use of Energy in Japan (It covers business facilities ITOCHU Corporation owned or rented, excluding the facilities for dwellings)
- In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy, and to 10 overseas subsidiary offices who had obtained ISO14001 certification. The relevant figures are the total of these entities.

■ CO₂ Emissions from Business Facilities

Unit:t-CO₂

	FY2009	FY2010	FY2011	FY2012
Tokyo headquarters	7,540	7,642	7,211	6,286
Osaka headquarters	497	784	647	669
Branches in Japan	287	1,792	1,647	746
Other branches and business facilities in Japan	-			
Group companies in Japan	-	-	-	1,376,911
Overseas subsidiaries	-	-	-	2,018

- The scope of the data since FY2010 has been in compliance with the Act on the Rational Use of Energy in Japan (It covers business facilities ITOCHU Corporation owned or rented, excluding the facilities for dwellings)
- In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy, and to 10 overseas subsidiary offices who had obtained ISO14001 certification. The relevant figures were the total of these entities based on the CO₂ conversion factor of the International Energy Agency (IEA).

■ CO₂ Emissions from Distribution

The table below shows the CO₂ emissions generated by distribution from FY2009 to FY2012. We have been striving to reduce environmental load entailed by distribution by means such as improving load efficiency, requesting the use of energy-saving vehicles, and increasing the use of domestic vessels.

Unit:t-CO₂

	FY2009	FY2010	FY2011	FY2012
Emissions from distribution	21,615	25,893	24,935	21,193

The data collected in compliance with the Act on the Rational Use of Energy in Japan which covers domestic transport where ITOCHU Corporation is the consignor.

■ Total Waste Volume

The table below shows the total waste volume generated in Tokyo headquarters building from FY2009 to FY2012, and in 27 group companies in Japan in FY2012. We have been promoting waste segregation.

		FY2009	FY2010	FY2011	FY2012
Tokyo headquarters building	Total waste volume (Unit: t)	1,013	1,074	1,049	706
	Recycling rate (%) (Unit: %)	90	90	89	89
Group companies in Japan *	Total waste volume (Unit: t)	-	-	-	389,578
	Recycling rate (%) (Unit: %)	-	-	-	91

* In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy. The relevant figures are the total of these entities.

■ Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2009 to FY2012. We have been promoting the reduction of paper consumption by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2009	FY2010	FY2011	FY2012
Copy paper consumption	41,389	38,175	36,558	37,472

■ Water Consumption

Unit:m³

	FY2009	FY2010	FY2011	FY2012
City water usage by the Tokyo headquarters	52,567	46,532	41,860	64,666
Gray water production by the Tokyo headquarters	37,330	33,553	31,577	37,000
City water usage by group companies in Japan *1	-	-	-	6,280,685
Gray water production by group companies in Japan *1	-	-	-	464,670

*1 The data has been collected since FY2012. (In FY2012, 27 group companies in Japan were subject to the survey.)

Environmental conservation at the Tokyo Headquarters Building

■ Solar power generation

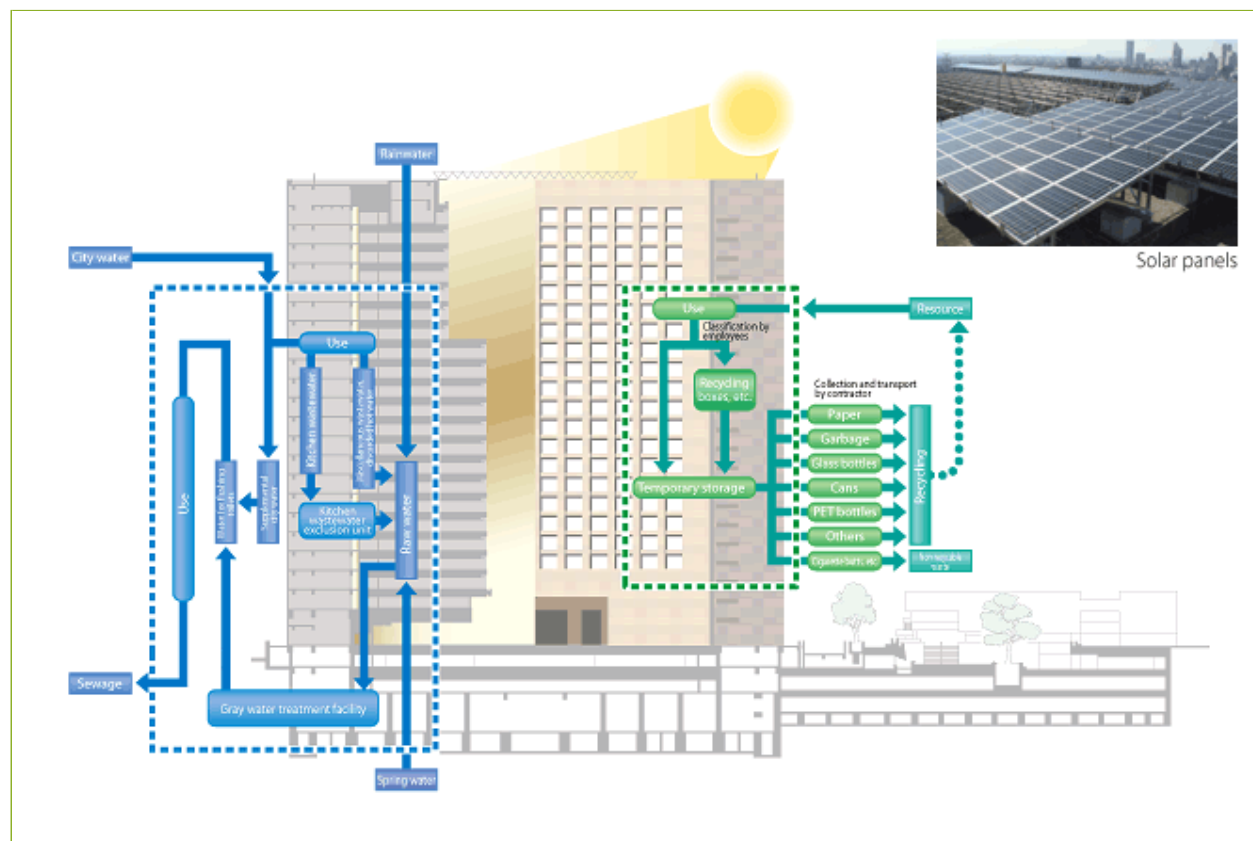
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kw which is equivalent to prevailing 30 detached houses (approximately 3.0kw per detached house). We make use of all clean energy generated solar power in our TOKYO headquarters and it regards as electric energy (Maximum power generation at moment) covered 3.5 floors lighting.

■ Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo Headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets.

The change on amount of securing gray water may be caused by the rainfall every year so that city water usage tends to increase when the rainfall is a little.

Therefore, we take care of saving water to install the devise for economize hand washing water and flushing in toilets.



■ Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental conservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo Headquarters by 4.1%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005), during the period between FY2006 and FY2010 ITOCHU emitted 7,549 tons of CO₂ in FY2010 with the reduction rate 18%, compared to the amount of the benchmark. (Data for FY2011 will be reported to Tokyo Metropolitan Government in November 2012 after they are complied.)

Those below submitted to Tokyo Metropolitan Government are available in Japanese.

- Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 (Submitted in Dec.2005) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2006 (Submitted in June 2006) (Japanese Only)
- Mid-term Report (Submitted in June 2007) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2008 (Submitted in June 2008) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2009 (Submitted in June 2009) (Japanese Only)
- Report on Greenhouse Gas Emission (Submitted in June 2010) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2011) (Japanese Only)

* The plan submitted to Tokyo Metropolitan Government for greenhouse gas emission reduction includes not only the Tokyo Headquarters, but also the adjacent commercial facility, "CI PLAZA".