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Editing Policy

ITOCHU Corporation's Perspectives on CSR

We at ITOCHU Corporation 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. This report presents the role we must discharge and our initiatives for it.

HIGHLIGHT

The following two initiatives, which ITOCHU is placing special focus on, are presented in this report as highlighted features.

1 Pre Organic Cotton Program

Striving to resolve the problems of cotton farmers in India through the supply chain, ITOCHU Corporation has been operating the Pre Organic Cotton Program since 2008. This section provides information about the amount of cotton handled through this program, which is growing each year, as well as the conditions of the farmers participating in the program.

2 Documentary Report Project on Supply Chains

This year's report, the fifth in the series, covers lithium-ion batteries (LiBs), which will play a major role in the realization of a clean, renewable energy society.

Vol. 5: Producing Lithium-Ion Batteries

Disclosure of CSR-related Information

To make information on ITOCHU's CSR initiatives widely accessible, information is disclosed through the following media.



Corporate Website CSR Pages

Information is disclosed regarding ITOCHU Corporation's CSR activities in a format that provides detailed coverage across a wide range of themes. Moreover, information on activities conducted during the current year is disseminated on a timely basis.

www.itochu.co.jp/en/csr/



CSR Report

Wide-ranging information covered in detail on the website CSR pages is published in PDF format as an annual CSR report. The reports provide an ongoing perspective of ITOCHU's CSR activities.

www.itochu.co.jp/en/csr/report/



Annual Report

Aimed at investors and other stakeholders, we provide particularly important reporting on ITOCHU's CSR activities consistent with the core subjects of ISO 26000, along with information such as management results and future growth strategies, in a comprehensive manner.

www.itochu.co.jp/en/ir/



Referenced guidelines

Sustainability Reporting Guidelines 2006 issued by Global Reporting Initiative (GRI) Environmental Reporting Guidelines (2007 version) issued by the Ministry of the Environment ISO 26000 (Guidance on social responsibility)



A side-by-side comparison of GRI guidelines and the UN Global Compact can be found at:

<http://www.itochu.co.jp/en/csr/report/gri/>

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2012, and ended on March 31, 2013 (FY2013). However, some of the most recent information on our activities and initiatives are also included.

Reporting scope

This report covers ITOCHU Corporation (9 domestic offices and 115 overseas offices) and its major group companies.

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President's Commitment



Expanding Corporate Value by Creating Solutions for Social Issues

Looking at corporate value from a broader perspective, in the future, corporate management will need to share viewpoints and values with society. In particular, as a general trading company, we will be expected to contribute to resolving social issues by seamlessly linking our products and services, accumulated know-how, and markets on a global scale. For ITOCHU, helping to solve social issues through its core business will become a strength that helps us to succeed in global competition in the long term.

ITOCHU founder Chubei Itoh I (1842-1903) held onto the Buddhist spirit as his management ethos. His words, "Trading is compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of society" had advocated the role of commerce to contribute to society. This is in line with the management philosophy of sampo yoshi (Good for the seller, Good for the buyer, and Good for society) that Chubei and other Ohmi merchants had embraced. Today, more than 150 years after its foundation, ITOCHU remains true to the spirit of sampo yoshi and is fulfilling its corporate philosophy of "Committed to the Global Good" as it conducts its business activities in front-line business settings around the world. In part to demonstrate our consistent embodiment of this corporate philosophy in international society, ITOCHU has participated in the United Nations Global Compact since 2009.

We are pursuing initiatives targeting the resolution of social issues through our core business activities. These include the Pre Organic Cotton Program, which supports cotton farmers in India during the transition period to organic cultivation. This program was approved as an initiative of Business Call to Action (BCtA) in August 2012. BCtA, a global initiative hosted at the United Nations Development Programme (UNDP), promotes businesses that aim to achieve both commercial success and sustainable development. To further broaden these types of initiatives, we will strive to build an environment through fostering rigorous implementation of a front-line approach. This environment will encourage each and every employee to take a step further from the work at hand, to take broader perspectives of customers, industry, and society in addressing issues, and to do their utmost to generate solution-focused action.

Developing Industry Experts and Encouraging Diverse Human Resources Development

A general trading company's people are its greatest management resource, and they are an important management platform that supports its growth. The human resources who support our business activities should strive not to be generalists but to be industry professionals with advanced expertise in specific areas. For example, even if staff in Division Companies have experience and knowledge in a wide range of areas, with this superficial knowledge they cannot do business on an equal footing with customers who have decades of experience in specific areas. In other words, without a "trunk" there are no "branches." Human resources who accumulate experience in a single organizational unit and learn the keys to success for business activities in that area are essential for general trading companies, which must operate in business conditions that are increasingly difficult with each year. If employees become experts in the business of a single industry, I believe that they will also be able to apply that expertise to other areas as well. That is why I encourage our people to develop that kind of depth.

ITOCHU has also sought to develop and deploy diverse human resources. Indeed, under our new medium-term management plan, one of our human resource policies is to "support the further development of female role models in the career track." In April 2013, ITOCHU became the first general trading company to appoint a female executive officer. By providing meticulous career support for diverse human resources, we will continue to support and promote additional role models and to support female employees who are leaders of the future.

An era in which companies must show their true value

The emergence and globalization of information technology can instantly alter the balance of power and upturn conventional wisdom around the world. The world now moves at an unprecedented speed. In this era of rapid change, ITOCHU, as a general trading company, is in a position to harness its management resources and view opportunities and risks from a broad perspective. I believe our role in international society will continue to grow in importance.

Even in this new era, however, I still believe that a company must retain its true value. ITOCHU has been able to sustain and develop its operations for more than 150 years because it always maintained the notion of "Sharing values with society" – represented by the sampo yoshi spirit – at the core of its operations. I want to again instill this value in all of our employees worldwide and create a corporate culture that defines each individual employee as playing a leading role in resolving social issues.

July 2013



Masahiro Okafuji
President and Chief Executive Officer

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



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.

"Basic policies for CSR promotion" during the period of the "Brand-new Deal 2014", which covers fiscal 2014 to fiscal 2015, were revised as follows in order to further promote sustainable use of natural resources through supply chain management.

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

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 to lead to sustainable use of natural resources with respect for human rights and consideration for the environment

ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each frontline, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into the long-term business strategy. Simultaneously, it is also important to prevent problems from arising in areas such as human rights, labor and the environment in individual supply chain. Both actions are directly linked to sustainability of our business.

Based on the "ITOCHU Corporation's CSR Action Guideline for Supply Chains" we established in April 2009, we conduct checking of supplier on human rights, labor and environmental conservation every year, and ask our suppliers to understand and practice ITOCHU's stance.

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, 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. ITOCHU aims to grasp the social issues local to the areas where we operate, and contribute to the medium- to long-term development of the region through its business as well as social contribution activities.

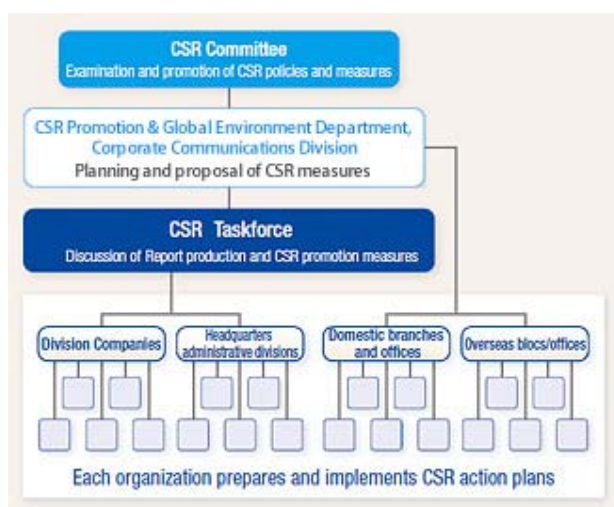
CSR Promotion through CSR Action Plans

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.

CSR Material Issues

By analyzing CSR Action Plans, ITOCHU identified four CSR material issues which are integral part of our sustainable business activities. We will strive to ensure that our business activities contribute to resolution of these issues, in accordance with the Basic Policies for CSR Promotion.

1. Climate change
2. Sustainable use of resources
3. Respect and consideration for human rights
4. Contribution to local communities

In accordance with our operating strategy and with international guidelines, such as the Global Reporting Initiative 4.0 and the IIRC Framework, we will continue working to verify and enhance our initiatives to resolve these important issues, and, from a long-term perspective, we will strive to advance CSR through our business activities.

* For further information about specific initiatives, please see the Pre Organic Cotton Program (pages 15-16) and the Documentary Report Project on Supply Chain (pages 17-19).

Social and Environmental Impact Evaluations in Business Investment and in the Supply Chain

For new business investments and suppliers, we implement social and environmental impact evaluations. In making new business investments, we employ a “CSR and environmental checklist for investments” to conduct advance evaluations of the current situation and issues. This information is then used in making the investment decisions. We revised this checklist at the end of fiscal 2013 to reflect the seven core subjects of ISO 26000, and we began to utilize the new checklist in fiscal 2014.

In accordance with ITOCHU Corporation’s CSR Action Guidelines for Supply Chains, we are also working to track the actual state of suppliers in regard to social and environmental issues. We are implementing surveys of about 400 suppliers each year, with a special focus on human rights and labor issues.

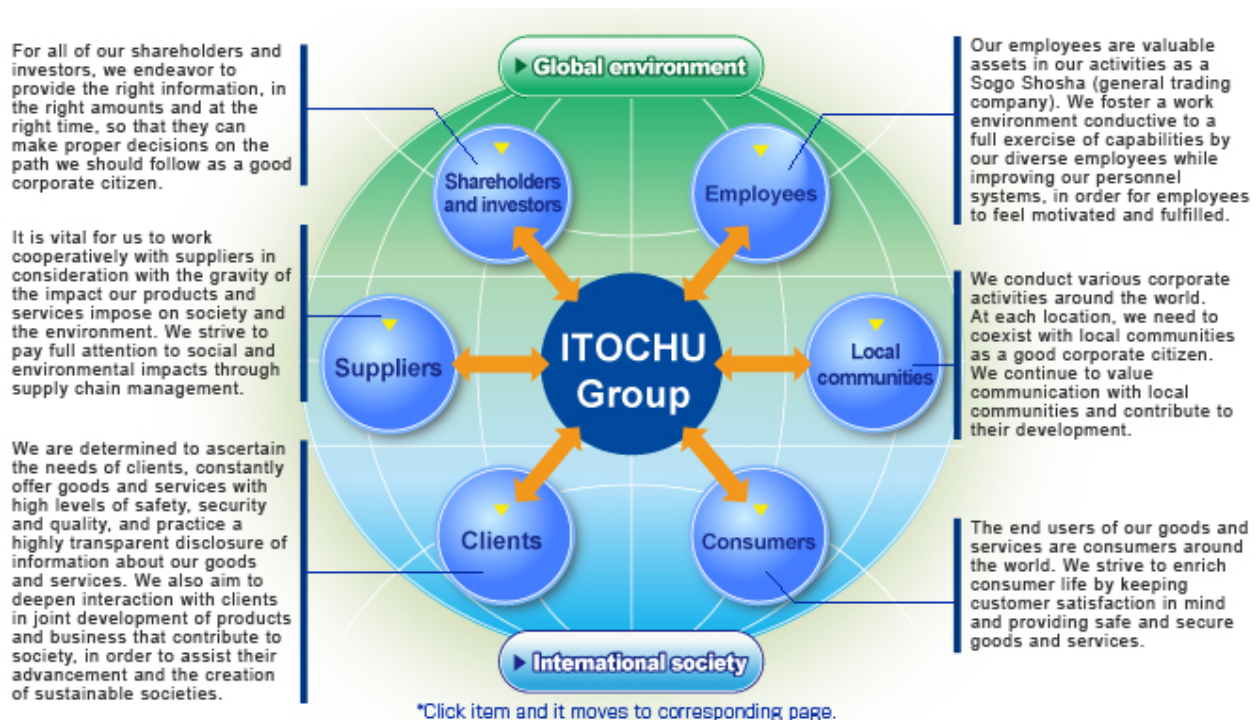
Related Page: CSR in Our Supply Chain (pages 53-55)

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.

Third-party Evaluations

ITOCHU's CSR promotion policies incorporate businesses that contribute to the resolution of social challenges. In August 2012, the Textile Company's Pre Organic Cotton Program was approved as an initiative of Business Call to Action (BCtA). BCtA is a global initiative hosted at the United Nations Development Programme (UNDP), which promotes businesses aimed at achieving both commercial success and sustainable development.

In addition, in the area of socially responsible investment (SRI), in July 2012 Tokyo Stock Exchange Group, Inc. (Currently known as Tokyo Stock Exchange, Inc.), selected ITOCHU as one of the corporations that excels in environmental, social, and governance (ESG). ITOCHU earned high marks for its initiatives in the advancement of the field of natural energy through its trading activities. Also, in February 2013 ITOCHU received the "Key Firm of Integrity Award 2013 for Excellence" from Integrex Inc., a company that provides survey and investment advisory services for SRI. ITOCHU was selected in recognition of its efforts to construct an environment in which each of its employees around the world can reassess the significance of his or her work in society and obtain a perspective on how they can contribute to solutions to the many social issues that exist using technologies and funds based on the Company's spirit of *sampo yoshi*.

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.

Contribution to Activities of the Global Compact Japan Network

ITOCHU Corporation actively engages in activities as a Board Member of the Global Compact Japan Network (GC-JN), the local network of United Nations Global Compact in Japan.

The GC-JN organizes the Working Groups by issues related CSR where member companies are able to learn from other companies' best practices and academic experts and to have discussions and exchange opinions regarding CSR initiatives.








In FY2013, ITOCHU took part in 6 Working Groups related to Human Rights, ISO26000, BOP & Social Businesses, Environmental Management, Socially Responsible Investment, and Disaster Reconstruction Support.

Especially, in the Human Rights Working Group, we play an active role as a Working Group Coordinator to facilitate learning and discussions among participating members in order to enhance the Japanese companies' awareness towards human rights issues as business and human rights are brought to international attention.

Furthermore, we participated as a panelist in a panel discussion of the GC-JN annual symposium entitled "Sustainable development and human rights" on December 4, 2012, taking part in discussions on CSR and human rights.

ISO 26000 Core Subjects and ITOCHU's Initiatives

As a member of international society, ITOCHU aims to contribute to the realization of a sustainable society by reflecting the expectations and concerns of society in its business activities and by developing businesses that help solve social issues. This report provides information about ITOCHU's fundamental approach and implementation system, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility, as well as major topics for fiscal 2013.

Fundamental Approach	Major Topics
Organizational Governance	
 <p>In accordance with its corporate philosophy of "Committed to the Global Good," ITOCHU believes it is important to understand how its business activities influence society and the environment. We have established a system that contributes to the realization of a sustainable society, in accordance with a PDCA cycle, through the identification of material CSR issues and the formulation of CSR Action Plans for each business field.</p>	<ul style="list-style-type: none"> • Revision of Basic Policies for CSR Promotion P5 • Identification of four material issues in accordance with CSR Action Plans P6 • Revision of CSR and environmental checklist for investments P7
Human Rights P11	
 <p>As a company that conducts business transactions around the world, ITOCHU believes that the relationship between business and human rights is vitally important, and that belief is reflected in the supply chain and in businesses in which ITOCHU invests. We give serious consideration to human rights and individuality so that employees can make the most of their individual capabilities.</p>	<ul style="list-style-type: none"> • Implementation of CSR survey at 430 overseas suppliers P55 • Implementation of human rights seminar at ITOCHU Malaysia Sdn. Bhd. P40 • Participation of 401 people in in-house human rights training P11 • The initiative supporting Indian cotton farmers highly recognized by the international community P15
Labor Practices P56	
 <p>ITOCHU is working to develop and strengthen human resources who can play active roles in global business as true industry professionals. We are also establishing a system that enables diverse human resources to make the most of their capabilities. In addition, we have built a system to support safe and healthy lifestyles for the employees who support our business activities around the world, as well as for their families.</p>	<ul style="list-style-type: none"> • Appointment of first female executive officer among general trading companies (April 2013) P61 • Cross-Industrial Women's Forum P61 • Enhancement of childcare leave system so that first five days are paid leave P63 • Extension of the available period of shorter working hours for nursing care P63
The Environment P92	
 <p>ITOCHU pays close attention to the influence of its business activities on the environment and takes both proactive initiatives (advancing environment-conserving businesses) and precautionary initiatives (preventing problems associated with environmental risks). In particular, in proactive initiatives, we are developing multifaceted business initiatives in line with such themes as the use of sustainable resources, responding to climate change, and conservation of biodiversity.</p>	<ul style="list-style-type: none"> • Renewal of ISO 14001 certification P95 • Implementation of environmental fact-finding investigations at nine Group companies P97 • Participation in ITOCHU Group environment-related seminars by 6,265 people P102 • Third-party report on LiB supply chain P17
Fair Operating Practices P51	
 <p>In addition to ensuring that our business activities are in accordance with laws and international rules, we do not limit ourselves to simply following industry practice, and accordingly we have also established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.</p>	<ul style="list-style-type: none"> • On-site compliance training for Headquarters and Group companies P51 • Revision of regulations that specifically ban bribes and payoffs, implementation of monitoring and review P51 • Revision of Anti-monopoly Law Manual, implementation of monitoring and review P52
Consumer Issues	
 <p>ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is implementing activities that contribute improvements in the quality of consumer lifestyles, such as working to ensure product safety and quality, developing products that contribute to environmental conservation, and promoting awareness of sustainable consumption.</p>	<ul style="list-style-type: none"> • Periodic on-site audits of overseas food suppliers (175 audits at 115 companies) P34 • Promotion of environmental conservation platform based on the participation of consumers P21 • Raising children's awareness of environmental conservation through MOTTAINAI Campaign (approximately 30,000 people) P80
Community Involvement and Development P71	
 <p>In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we 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 through both business activities and social contribution activities.</p>	<ul style="list-style-type: none"> • Formed Africa Food Development Association together with 14 food manufacturers P33 • Donated ¥500 million for construction fee of international medical exchange facility P77 • Development of children's literature collections and promotion of the use of e-books by the ITOCHU Foundation P80 • Great East Japan Earthquake reconstruction support (cumulative total of 216 employee volunteers) P72 • Contribution to the local communities by overseas offices P39

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

As a general trading company that operates around the world and plays an important role in supply chains, we are implementing educational activities about "business and human rights" in each region. The objective of these activities is to keep up with the latest developments relating to business and human rights, and to incorporate this knowledge into our business.

■ ITOCHU Malaysia: Learning the Relevance of Human Rights in Today's Business

In January 2013, ITOCHU Malaysia Sdn. Bhd. invited experts on CSR and quality/environmental management from LNY Management, and held a human rights seminar with the participation of all employees in the office.

The seminar included a quiz to increase understanding of human rights and the viewing of internet videos about the child labor situation. There was also a lecture on the true nature of human rights and discussions using case studies of human rights violations by companies. The seminar proved to be a valuable opportunity to learn about the relationship between human rights issues and business. Please refer to the page 40 for details.

■ Raising awareness through internal training programs

We work to extensively embed understanding of the relationship between business activities and human rights through in-house training programs. 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. Also, training conducted prior to overseas assignments includes the topic of consideration for human rights in the supply chain. In this way, we are working to raise awareness in each region. In fiscal 2013, 401 people participated in human rights training.

Number of employees participated in human rights training programs

	Number of employees participated
Training for New Recruits	124 people
Training for newly-appointed managers	57 people
Training prior to overseas assignments	220 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.

■ 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.



The “HR Help Guide Book” posted on the intranet

■ 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.

Please refer to the page 55 for more about surveying actual labor practices in the supply chain.

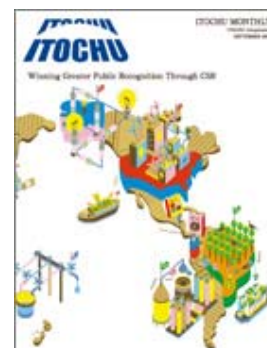
Penetration of CSR at ITOCHU

CSR Employee Questionnaire and Confirmation Test

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

For the fiscal 2013, 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 human rights, which were introduced in the CSR feature as the topics every employee must know.

The questionnaire and test were targeted to the ITOCHU employees around the world, this year, 85.4% of the 6,818 employees answered to the survey and test, a total of 5,819 respondents.



In the questionnaire, as a fixed-point observation, we ask a question of what CSR issues ITOCHU Corporation should address every year. The top response for three straight years has been "promoting businesses that help solve social issues"; moreover, the percentage of respondents ranking this as the top issue has risen year after year, from 40.8% in FY2011 to 48.3% in FY2012 and 54.8% in the most recent survey. ITOCHU will continue to reflect the opinions of employees in CSR, while promoting CSR through its business activities.

■ Replies to the CSR employee questionnaire and confirmation test 2013

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	4,875	1,943	6,818
Number of replies	4,526	1,293	5,819
Reply rate	92.8%	66.6%	85.4%

<Questionnaire Results Excerpt> Top 3 CSR Issues ITOCHU Corporation should address over the past three years

	FY2013		FY2012		FY2011	
1	Promotion of business contributing to solving social issues	54.8%	Promotion of business contributing to solving social issues	48.3%	Promotion of business contributing to solving social issues	40.8%
2	Employee relations	45.7%	Transparent corporate governance system	40.5%	Transparent corporate governance system	37.9%
3	Measures to prevent the depletion of resources	40.2%	Employee relations	36.4%	Employee relations	37.1%

CSR Seminars

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

■ In-House CSR Seminar Held on Social Business with a Focus on the Front Lines

On February 14, 2013, the eighth internal CSR seminar titled Social Business with a Focus on the Front Lines took place at the company's head office in Tokyo with the participation of approximately 180 employees of ITOCHU Corporation and its Group companies.

The seminar was in three parts. First, Professor Seiichiro Yonekura of Hitotsubashi University, well known as an advocate of social innovation, spoke on the global circumstances surrounding social businesses.

In the second part, which looked at case studies, Mr. Ryoma Omuro, manager of the Textile Material Section in the Textile Company, acted as an internal presenter to explain the Pre-Organic Cotton Program in India. As an external presenter, Mr. Yozo Nakao, associate general manager of the CSR Department of Ajinomoto Co., Inc., gave a briefing on the Ghana Nutrition Improvement Project.

The third part was for a panel discussion facilitated by Professor Yonekura and attended by people involved in the case study projects. The panel discussed a broad range of subjects, including the speed of business, ways to take risks and the balance between social and business aspects.

One employee in the audience commented, "I realized that it is socially meaningful to pursue innovations that change the status quo, instead of just saying it is difficult." Another said, "The case studies make me feel like getting involved."

In the future, ITOCHU will continue to seek new opportunities to raise awareness, so that its basic stance of contributing to society through business activities can take a more practical form.



The keynote lecture by Professor Seiichiro Yonekura of Hitotsubashi University



A case study presentation by Mr. Yozo Nakao, associate general manager of the CSR Department of Ajinomoto Co., Inc.



The panel discussion

■ 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
8th seminar	Social Business with a Focus on the Front Lines

Striving to Resolve the Problems of Cotton Farmers in India through the Supply Chain

Pre Organic Cotton Program

Since the Green Revolution in the 1960s, genetically modified (GM) seeds and agrochemicals, such as pesticides, have been used in large quantities in India. As a result, the purchase and use of agrochemicals are imposing a heavy burden on the finances and health of cotton farmers, many of whom are impoverished. Aiming to improve this situation through business, in 2008 ITOCHU launched the Pre Organic Cotton Program. This section provides information about the amount of cotton handled through this program, which is growing each year, as well as the conditions of the farmers participating in the program.



What is the Pre Organic Cotton Program?

The Pre Organic Cotton (POC) Program, which has been jointly operated by ITOCHU and KURKKU Co., Ltd., since 2008, helps cotton farmers in India to make the transition to organic cultivation methods. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by agrochemicals and chemical fertilizers. To that end, the program includes giving guidance on organic farming methods and supporting the acquisition of organic farming certificates during a three-year transition period.

Expanding the Scale of POC Operations

Since the program was launched in 2008, farmers from 2,346 households have participated, and 1,184 of those households have acquired organic farming certificates. In addition, more than 40 companies, including apparel and natural cosmetics companies, have introduced products using cotton procured through the program, and in 2012 the program handled 1,000 tons of POC. The initiatives of major customers are expected to drive further growth in sales of POC and in the scale of the market, and in 2013 the volume handled is expected to reach 1,500 tons. The program aims to expand to overseas markets, such as Europe and the United States, with targets for 2017 of 10,000 tons in

volume handled and about ¥5.0 billion in sales. Through continued growth in the volume of POC handled, the program aims to enhance the living environment for more cotton farmers by increasing the number of farmers practicing organic cultivation methods in India.

	Volume Handled and Sales of Related Products	
2012	1,000 tons	¥300 million
2015	5,000 tons	¥2.3 billion
2017	10,000 tons	¥5.0 billion

Commitment to the Business Call to Action

Because it contributes to the Millennium Development Goals (MDGs)*, in 2012 the POC Program was approved as an initiative responding to the Business Call to Action



(BcTA). BcTA, which is a global initiative hosted at the United Nations Development Programme (UNDP), promotes businesses aimed at achieving both commercial success and sustainable development. As a result of this approval, the POC Program has enjoyed increased international recognition. The program is seen as an example of a successful inclusive business originating in Japan that fairly incorporates people in developing countries into the supply chain.

* Millennium Development Goals (MDGs): Eight development goals, such as eradicating extreme poverty and hunger, that international society will strive to achieve by the target year of 2015.

Comments from Companies Using POC

Linking to Business that Contributes to the Environment and Society

Awareness of environmental and social contribution is growing and in this setting I believe that in 2013 the market will be very receptive to cotton products that were spun using power generated by the wind. In April 2012, I visited India with the program manager from ITOCHU, and was able to confirm the conditions of the POC farmers and the wind power generation. We began sales of women's, men's, and children's apparel at the end of March 2013, and started sales of underwear in April. In 2013, we plan to sell one million units, and next year we plan to increase sales even further.



Kozo Kitade
General Manager,
Product Development
Department,
Apparel Division,
Ito-Yokado Co., Ltd.

On-site, Third-party Report

This is the report of an on-site investigation by Hidemi Yoshida, an associate professor at the Graduate School of Social Governance, Hosei University. In December 2012, Ms. Yoshida investigated the conditions of farmers participating in the POC Program in India.



Hidemi Yoshida (third from left)

Associate Professor, Graduate School of Social Governance, Hosei University

Recent research theme: Reducing poverty through CSR activities and social business

From the viewpoint of international cooperation, the POC Program has been highly evaluated as an example of a unique initiative targeting improved livelihoods and lifestyles for farmers in India. A general trading company has a number of strengths in terms of contributing to the support of farming villages in emerging countries. First, it is

not restricted by a budget that is available only for a specific implementation period, such as with official development assistance (ODA) projects. Accordingly, to the extent that a project is successful in terms of both business and development, there is a high probability that the project activities will be continued. Second, a general trading company can use its transactional relationships with large customers to expand the scale of sales. Consequently, there is a strong potential that support can be provided to more farmers in the future. On the other hand, what do the farmers think about this situation? In December 2012, I conducted an on-site investigation with the cooperation of Indian researchers.

In Madhya Pradesh, which has been a site for program activities since they were first commenced, Raj Eco Farms, which promotes organic farming, is responsible for promoting the adoption of technology for the POC Program and for sales of cotton. The field staff visit villages and recruit participants. Native varieties of seeds are distributed at no cost, and guidance is given on techniques of making fertilizer and insecticide using cow manure and herbs. Moreover, support is provided for receiving organic farming certification from the certification organization. In my investigation, I collected data on such factors as income / expenditures and lifestyle changes. This information was collected from 120 households that were participating in the POC Program and 60 households that were not participating. This made clear, on a quantitative basis, that (1) farmers participating in the POC Program substantially reduced their expenditures for cotton production goods (agrochemicals, fertilizers, seeds), (2) excess funds were allocated to improving housing, children's education, and paying back debt, and (3) more than half of the participants reported improvements in their health (especially pruritus, etc.).

Also, feedback from participants included comments that organic cultivation resulted in higher yields of all crops. There were hardly any participants who mentioned any of the drawbacks that are commonly heard in regard to these types of programs, such as lower crop yields or an increase in work. (Probably, these responses were obtained because appropriate organic farming techniques were introduced into areas where there was insufficient knowledge and techniques regarding traditional agricultural methods, and yields were low to begin with.)

The effectiveness of the POC Program, as described above, will likely be highly evaluated as an example of changing the status quo regarding the resolution of social problems in India. There is also the issue of suicide among cotton farmers who are struggling to repay their debts. This could be considered a symbol of India's poverty crisis. There are many cases where farmers have borrowed money at high rates of interest to purchase GM seeds, fertilizer, and agrochemicals, but with a poor harvest due to unseasonable weather or other reasons, they become unable to repay their loans and end up committing suicide. In the POC Program, the seeds distributed free of charge are native varieties, and seeds that are subsequently produced by the farmer will germinate in the following year, so the farmers do not face the expenses of purchasing seeds or agrochemicals. The fertilizer used in the program, which uses cow manure and other locally available materials, is less expensive than chemical fertilizer. The POC Program is taking the opposite direction from the Green Revolution, which involved the introduction of modern agricultural techniques, but I would like to emphasize that the program is steadily promoting stable livelihoods for the farmers.

Reasons for Participating in POC Program: Top Five

(116 respondents selected the top 3 reasons from among possible answers.)

Major reasons for participation	Number of responses	%
No need to purchase agrochemicals / fertilizer	85	79.3%
Seeds distributed free of charge	57	49.1%
Training in organic cultivation	47	40.5%
Reduction in production costs	42	36.2%
Increased yields for all crops	32	27.6%

Improvement of Health (Number of Respondents: 116)

	Overall physical condition	Cough	Headache	Dizziness	Condition of eyes	Condition of skin
Improved	41	21	25	21	9	63
%	35.3%	18.1%	21.6%	18.1%	7.8%	54.3%

Comments from the POC Program Manager

Connecting Farmers in India with Consumers

Five years have passed since ITOCHU started the POC Program. The number of farmers participating in the POC Program has steadily increased, but still we have not yet been able to help many farming families escape from a debt spiral due to their poverty. The POC Program is an activity that connects farmers in India, who are the producers, with consumers. In major consumer markets, such as Japan, Europe, and North America, these products will lead to increased awareness of the issue of poverty around the world and will promote change in society. We are advancing this program because we believe it is part of our responsibility to society as a company with strengths in the textile raw material trade, such as a long track record and key platforms.



Ryoma Omuro

Manager,
Textile Material Section,
Apparel Department 3,
Apparel Division 2

Producing Lithium-Ion Batteries

The Documentary Report Project on Supply Chains presents an overall view of supply chains for specific products. This year's report, the fifth in the series, covers lithium-ion batteries (LiBs), which will play a major role in the realization of a clean, renewable energy society. ITOCHU has worked together with Group companies to concentrate marketing, technical development, raw material procurement, and logistics capabilities. In this way, ITOCHU and Group companies are cooperating to establish a supply chain that will increase the presence of LiBs.

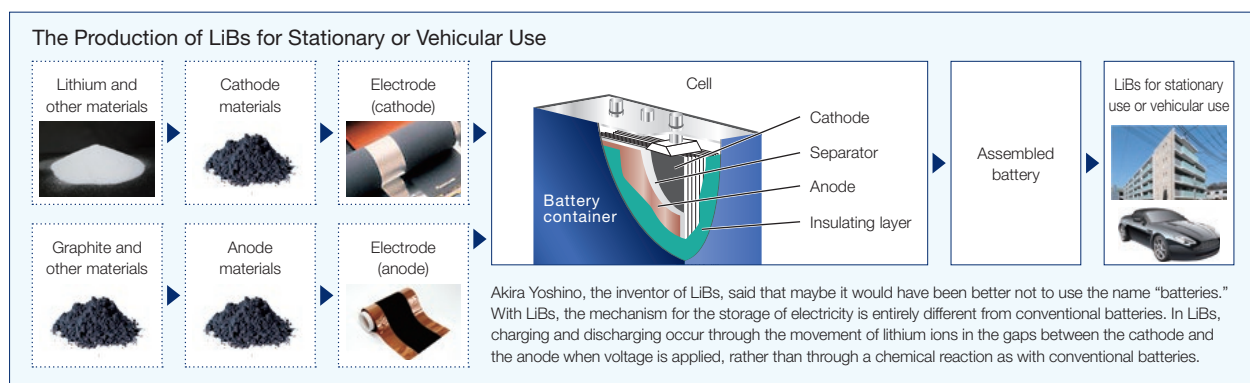
Front-Line Report: Hideaki Miyata

- President and Representative Director, Social System Design Co., Ltd.
- Professor Emeritus, The University of Tokyo
 - The SB Research Group, Incorporated Association, Representative Director
 - Forum for East Japan Smart City Project, Representative Director



From 2010 to 2012, demonstration tests were conducted for FamilyMart's "Tsukuba Kenkyu Gakuen-ten." These tests demonstrated the successful storing of energy from photovoltaic (PV) power generation and the rapid charging of electric vehicles (EVs).

Small LiBs for electronic equipment, which were first commercialized in 1991 by Japanese manufacturers, have become commodities. Now, change on a larger scale is being driven by an unfolding paradigm shift—that electricity can be stored. Large LiBs for stationary or vehicular use are about to change business, and the world. I went to the front lines to investigate how the ITOCHU Group is tackling this challenge.



Raw Materials

Lithium Resource Development

Currently, three companies that produce lithium at brine lakes in South America have a combined share of about 70% of the global lithium market. Symbol Materials (SIM), based in California, has independently developed innovative, breakthrough technology to recover and commercialize lithium from spent geothermal brine used in geothermal power generation facilities. SIM's exclusive production method, which is not influenced by the weather, makes it easy to

expand facilities in comparison with the method used in South America, which requires solar evaporation. Accordingly, SIM's method facilitates further gains in cost competitiveness through increased production capacity.

ITOCHU, which invested in SIM in June 2010, is now working to provide lithium compounds for various applications. These applications include cathode materials and the electrolytes in electrolytic solution, which are core components of LiBs, as well as other commercial applications.

Materials

Cathode Material Production

Location: Toda Kogyo Corp.*

In addition to lithium, cathode materials also contain manganese, cobalt, nickel, and other components. The performance and lifespan of LiBs are determined by which of these components are combined to make the cathode materials. Accordingly, the design and production of cathode materials plays a central role in the production of LiBs. The production processes for cathode materials are

dissolution, reaction, drying, mixing, firing, and pulverization. Any contamination by foreign substances will have a critical influence on the product's lifespan and safety. Consequently, this contamination must be avoided. That is why production sites are kept as clean as food factories, including high-precision checks that use electromagnets to prevent contamination by iron.

In Japan, lithium and other raw materials for cathode materials are almost all imported. Accordingly, ITOCHU's

COLUMN: A Bright Future With Clean Energy

To optimize the energy supply, a range of separate initiatives is necessary because the relevant factors vary, not only by application but also by region. These factors include the state of infrastructure, the geographic area of a country, and access to sources of fossil fuels and clean energy. For example, the United States covers a large geographic area and its infrastructure is aging, so frequency adjustment and other techniques will contribute to the optimization of supply. In Russia, which covers a large area and in which infrastructure has not caught up to economic growth, distributed sources of electrical power will make a contribution in the short term.

Moreover, to foster the use of clean energy it will be necessary to achieve cost competitiveness that is comparable to that of fossil fuels. In the United States, electricity bills vary by state, but they are extremely

inexpensive. U.S. startup companies and large corporations are competing fiercely in the area of dramatic cost-cutting technologies.

The ability of clean energy and electricity storage technologies to withstand actual usage conditions have been demonstrated for 10 years. Adoption has been delayed, but Pike Research forecasts that in 2018 the industry will have a scale of about ¥1 trillion. Over the next 10 years, clean energy is expected to become the primary source of energy and to make a contribution to a sustainable world.

Naoki Ota

CTO of 24M Technologies, Inc.
(a venture company spun off from MIT)
Former CTO of Ener1/EnerDel, Inc.



procurement supply chain, which handles lithium from SIM, has a key role to play in supporting Toda Kogyo's world-class production technologies.

* Capital / business partnership agreement concluded in December 2012. Equity-method affiliate of ITOCHU. Toda Kogyo and ITOCHU are operating a joint venture that is engaged in the manufacture and sale of cathode materials in North America and China.



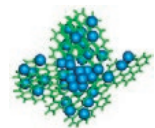
Raw materials are mixed and placed in the container, which is then transferred to the firing machine, which functions like an oven.

Anode Material Production

Location: Kureha Battery Materials Japan Co., Ltd. (KBMJ)*

When voltage is applied to charge LiBs, lithium ions move from the cathode to the anode. Performance characteristics, such as the charge capacity, power, and durability of the battery, depend on how the lithium ions are stored in the molecular structure of their destination, the anode.

Anode materials look like black carbon powder, and the processes for anode production—granulation, heat treatment, pulverization, and firing—are completely automated. These processes incorporate



Cluster structure

KBMJ's valuable know-how, and by designing and producing a distinctive space known as the cluster structure, KBMJ is manufacturing products that meet the increasingly advanced needs of LiBs. In the future, KBMJ will strive to use its abundant experience and technical capabilities to develop anode materials made from coconut shells and other plant-derived materials. In this way, KBMJ plans to address growing demand and the need to reduce costs.

* Established as a joint venture between ITOCHU and KUREHA Corporation in April 2011. Equity-method affiliate of ITOCHU. In 2012, KURARAY Co., Ltd., and The Innovation Network Corporation of Japan became shareholders. In addition to the production of anode materials, KBMJ also has one of the world's top shares in the production of the binder that is used in the production of electrodes.

Products

Electrode Production

Cathode parts are created by coating cathode materials, in a thickness of several tens of microns, onto thin aluminum plates that have been formed into a roll. In the same way, anode parts are created by coating anode materials on thin copper plates. At this stage, the coating technology depends on precision coating machinery.



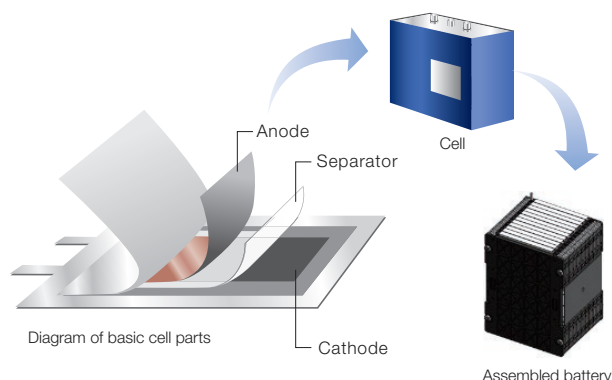
Anode parts (left), and coating equipment for LiB electrodes (right) made by HIRANO TECSEED Co., Ltd., in which ITOCHU has invested. ITOCHU sells coating equipment and all types of other LiBs production equipment in Japan and overseas.

Fabrication

An insulator, called the separator, is sandwiched between the cathode and the anode, which have been cut to the size of the product. The electrolyte solution is added, and

the unit is folded like an aluminum pouch. This completes the basic parts of the laminated LiB.

With batteries for stationary or vehicular use, cells are made by aligning several basic parts and putting them in an aluminum box or a similar container. One cell has a voltage of 4 volts. Cells are connected in series to provide the needed capacity and the assembled battery is finished. Computerized control is essential to ensure that charging and discharging are conducted in a safe and efficient manner.



Applications

Stationary LiBs

Locations: ITOCHU Property Development, Ltd., and ITOCHU ENEX CO., LTD.

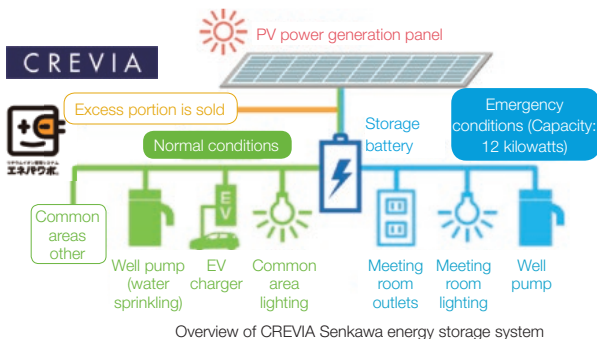
In recent years, a growing number of companies have decided to install LiBs as standard equipment in new residential buildings. For example, ITOCHU Property Development's CREVIA Futakotamagawa condominium



CREVIA Futakotamagawa

building, which was completed in March 2011, incorporates LiB technology. A PV power generation panel providing about 10 kilowatts has been installed on the roof of this five-story building, which has 51 condominium units. On the side of the ground-level parking lot, there is an energy management system that uses a 24-kilowatt LiB. This provides the electricity for the common areas of the condominium building, and the excess portion of the electricity is sold. There is also a popular car sharing program using EVs.

In addition, an energy storage system from ITOCHU ENEX has been installed at CREVIA Senkawa, which was completed in January 2013. If there is a power failure, it can be used as an emergency power source to provide power for lighting and outlets in the meeting room and to operate a pump that supplies well water.



ITOCHU ENEX's energy storage system is for general household use. By combining LiBs with solar power generation systems and fuel cells (Ene-Farm), ITOCHU ENEX is



Installation of energy storage system

proposing lifestyles that offer energy self-sufficiency, from energy generation to energy storage. Installations of these systems are beginning to increase.

These LiBs were procured by ITOCHU.

LiBs for Vehicles

Japan is a leader in the competition to develop EVs, but the adoption of EVs is still in the early stage, and sales in Japan are about 20,000 vehicles a year.

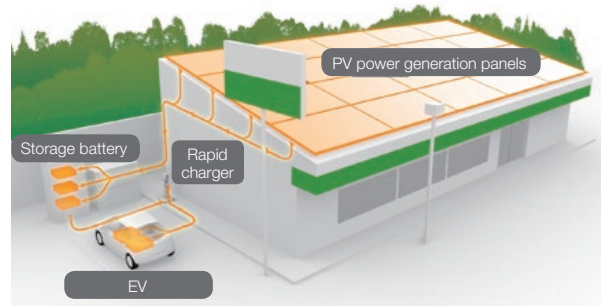
However, adoption could increase rapidly in the near future in China and other countries, where the rapid progress of motorization has led to simultaneous worsening of air pollution and provided support for the adoption of EVs. Assuming that 10% of passenger cars produced worldwide are eco-friendly, the market for vehicular LiBs would be more than 10 times larger than the established market for the small batteries used in electronic devices.

Since 2010, ITOCHU has been supplying LiBs to demonstration projects involving the switch to EVs by public transportation institutions associated with the Ministry of the Environment and local municipalities.



LiB-powered electric bus in operation in Akita Prefecture

From 2010 to 2012, with the cooperation of a convenience store in Tsukuba City, ITOCHU successfully conducted a demonstration test of a charging station for EVs using solar power generation as the source of electricity.



Test conducted at Tsukuba City convenience store

Toward a Society Based on Local Consumption of Locally Generated Power

The future of nuclear power generation is unclear, and as a result the introduction of renewable energy on a large scale will be indispensable for the resolution of Japan's energy and environmental problems. Accordingly, I believe that the effective use of land and the introduction of large-scale energy storage facilities are the most important issues. For example, multiple public institutions in Tohoku have begun to introduce PV power generation facilities and LiBs. Even in Japan, with its limited geographical area, there is about 400,000 square kilometers of fallow or abandoned land. About 30% of energy demand could be met simply by installing PV power generation panels on this land. The power generated by solar cells fluctuates with the weather, and as a result it will gradually become necessary to install nearby energy storage facilities.

During my research for this report, I was able to see outstanding technology and meet amazing researchers and engineers at every stage of the Japanese LiBs supply chain. In strategically nurturing this new industry, an extremely important issue will be how to ensure competitiveness throughout the long supply chain—which extends from the procurement of raw materials for LiBs to the construction of energy management systems. A general trading company has a significant role to play in this regard, and moving forward I would like to see ITOCHU tackle these issues on a companywide basis.

Website for Documentary Report Project on Supply Chains

http://www.itochu.co.jp/en/csr/supply_chain/reportage/

CSR and Our Business

CSR at the Textile Company

Medium- to Long-Term Growth Strategies

Our scope of business covers the entire area of lifestyle categories, and, as a customer-oriented marketing company, we have developed businesses that cover the entire textile industries, from raw materials / fabrics to garment manufacturing, brands, and industrial materials.

In Japan, with our expertise in developing brands, we are expanding further from fashion to the entire area of lifestyle categories. Furthermore, we are planning to strengthen life & healthcare businesses as well.

We will continue to promote brand businesses overseas in North America, Europe, and China. In addition, we will also accelerate brand development in emerging countries in the ASEAN region, the Middle East, and Latin America, where consumer markets are expected to expand. Furthermore, in Asia we will enhance our production capabilities to meet our customers' needs.



Hitoshi Okamoto
President, Textile Company

CSR at this Division Company

A marketing company that adopts a social perspective

In its CSR activities, the Textile Company places a top priority on further improving the safety of its products and services as well as customer satisfaction. It also strives to promote society- and environment-friendly businesses and expand its CSR activities into our group companies.

CSR Action Plans

■ Key points of our FY2014 action plans

We will continue conducting monitoring surveys of overseas manufacturing plants belonging to group companies, and will target further advancements in supply chain management through employee education. We will also continue to promote society- and environment-friendly businesses.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Policies for CSR Promotion
All Divisions	Supply chain management	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.		At ITOCHU alone, sales representatives visited 20 suppliers to conduct surveys.	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and a total of three Group companies which conduct survey of their suppliers, and seek to resolve social issues.	3. Supply Chain
All Divisions	Promote environment-conserving businesses	Promote environment-conserving businesses across all the business divisions. Expand the businesses of pre-organic cotton project, promote to develop "Fashion Earth PROJECT", and other.		<ul style="list-style-type: none"> The Pre Organic Cotton Program was approved as an initiative of BCtA. The Fashion Earth PROJECT has expanded, and now boasts 16 participating companies and 52 participating brands. 	Promote environment-conserving businesses <ul style="list-style-type: none"> Expand the businesses of pre-organic cotton project Promote to develop "Fashion Earth PROJECT", and other. 	2. Social issues

<p>All Divisions</p>	<p>Strengthen response to customers and consumers</p>	<p>Deepen understanding and raise awareness of compliance through seminars at Group companies of the Textile Company, strive to prevent a variety of societal issues.</p>	<p>At the Group companies of the Textile Company, instructors were dispatched to conduct training. By deepening understanding of compliance and raising awareness, compliance issues were fully disseminated to ensure that various risks can be monitored.</p>	<p>Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and industry lectures.</p>	<p>4. Education</p>
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※  : Achieved  : Nearly achieved  : Unachieved

Major CSR Initiatives

■ Pre-Organic Cotton Program

ITOCHU and KURKKU Co., Ltd. jointly plan and operate the Pre Organic Cotton Program, which helps farmers in India to transfer cotton farming to organic cotton cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Since the program began in 2008, 2,346 farming households have taken part, and 1,184 of these have acquired organic farming certificates. In addition, with products from upward of 40 companies, including apparel and natural cosmetics manufacturers, having been introduced, in 2012 the volume of cotton handled reached 1,000 tons. In 2013 initiatives with major customers are expected to driver higher POC sales and an expansion of the POC market, and to generate volumes of 1,500 tons. In 2012, the project was approved as an initiative of the Business Call to Action (BCtA), which is a global initiative led by the United Nations Development Programme (UNDP) as a business achieving commercial activities and sustainable development. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by understanding and empathy among companies, organizations, and consumers.



Cotton harvesting on one of our farms in India



Please refer to the pages 15-16 for more about Pre Organic Cotton.

■ A platform for environmental conservation activities in coordination with consumers - Fashion Earth PROJECT

Amid the advance of global warming, efforts aimed at environmental conservation have become a major challenge facing companies in the apparel industry. In response, in 2010 ITOCHU Corporation worked in conjunction with Hakuodo DY Media Partners, Inc. to launch the Fashion Earth Project (FEP), an environmental conservation activity that spans the apparel industry.

Using CO₂ emission credits from a number of sources, including an UN-certified wind power generation project in India, the project began selling hang tags incorporating CO₂ emission rights (blue FEP hang tags) to apparel manufacturers. Additionally, in 2011, with the cooperation of more trees, a general incorporated association operating forest conversation activities (representative: Ryuichi Sakamoto), FEP began offering green FEP hang tags to contribute to domestic forest conservation efforts.

Since FEP allows the development of environmental conservation activities in coordination with consumers through messages on hang tags, by January 2013 the tags had been adopted by 53 brands across 17 apparel manufacturers, leading to a reduction of 4,220 tons in CO₂ emissions.

By deploying this knowledge in a variety of projects in the future, ITOCHU will further develop the platform for environmental conservation activities that bring together a diverse range of stakeholders including manufacturers, consumers and NPOs.



Fashion Earth PROJECT

CSR Initiatives by Major Group Companies

■ Supporting the Biodiversity Conservation Activities of Hunting World

Towards achieving the “coexistence with nature” advocated by its founder, Hunting World supports the biodiversity conservation activities being pursued by NPO Borneo Conservation Trust Japan in Borneo, situated in South East Asia.

The Trust is engaged in a range of activities to ensure that a sustainable global environment in which people and nature coexist can be handed down to the next generation, and its efforts are particularly focused on the Green Corridor Plan, an initiative to restore migratory pathways that link sections of forest, allow wild animals to come and go and connect ecosystems, which have been fragmented by the rapid expansion of palm oil plantations in the area.

To support these activities, Hunting World has designed charity goods and contributes 1% of their proceeds to the cause. Recently, progress has been made establishing a wild animal rescue center, a facility for the temporary protection, treatment and taming of Bornean elephants, and part of the support funds raised from the charity goods are being utilized for this purpose.

Going forward, Hunting World will continue to promote initiatives for enabling our co-existence with nature.



Borneo bag by Hunting World



Panoramic view of the rescue center

CSR at the Machinery Company

Medium- to Long-Term Growth Strategies

We will continue to pursue IPP, water supply, environmental, and other social infrastructure businesses with consideration for environmental impact. We will also augment our earnings platform through the marine business, aircraft leasing, and retail finance of automobiles and construction machinery. At the same time, we will bolster and accelerate our operational initiatives in new growth business areas that will become primary sources of future earnings. We will strive to maximize our earnings from trade related / peripheral to acquired assets and investment. In healthcare, under the medical value chain concept we will further expand trade in domestic and overseas markets.



Takao Shiomi
President, Machinery Company

CSR at this Division Company

Assuming the role of providing prosperity to the next generation through environment-conserving businesses

With the aim of handing down a better global environment to the next generation, we promote environment-conserving businesses and strive to contribute to the realization of a sustainable, healthy society that is in harmony with the environment.

CSR Action Plans

■ Key points of our FY2014 action plans

In FY2014, we will continue our commitment to implementing management considering environmental and CSR issues. We will also aggressively work on businesses related to renewable energies including wind power and geothermal, participating in Energy from Waste projects as well as water-related projects including desalination. Furthermore, we will supply local governments and related organizations in Japan with equipment to prevent epidemics and protect against disasters, conduct awareness-raising activities and endeavor to help maintain a sense of well-being in society.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Policies for CSR Promotion
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Participate in desalination plant projects and water/wastewater businesses		Construction for desalination project in Melbourne was completed.	➔ Work on desalination, water supply and sewage projects.	2. Social issues
	Effective use of renewable energy	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 		<ul style="list-style-type: none"> Promoted the introduction of Ormat binary technology to Japan and won contract for Kyushu/Ibusuki project. Completed procedures for transition to FIT system for Horonobe wind power project. 	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 	2. Social issues
	Improve convenience and safety in the air transportation business area	Propose state-of-the-art security systems, mainly to government agencies responsible for safeguarding and managing critical infrastructure, such as airports, customs, police, and Self-Defense Forces.		Conducted aggressive proposal activities for commercial security products including large machinery and radar.	➔ Continue promoting the same measures	5. Local and international community
	Maintain and improve public health				➔ Participate in Energy from Waste Projects (EfW).	2. Social issues

Automobile, Construction Machinery & Industrial Systems Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by continuously holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics	🌱	Planned and implemented seminar titled "Better Mileage and Safe Driving Training" in conjunction with automobile manufacturer.	➡️	🔄 Continue promoting the same measures	1. Communication
	Promote environment-conserving businesses	Promote equipment to help reduce the energy consumption and conserve the environment, such as battery storage systems and LED lighting.	🌱	Expanded sales of battery storage systems to hospitals, mega solar operators, businesses, regular households and other customers, and promoted the widespread adoption of LED lighting.	➡️	Promote equipment to help reduce the energy consumption and conserve the environment, such as battery storage systems and LED lighting.	2. Social issues
	Support for measures against disaster	Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others. Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a consortium of various companies.	🌱	Supplied disaster equipment to local governments, hospitals, fire departments and others, provided related information, and cooperated with workshops on measures against infectious diseases for local governments (held in December) through Japan Medical Partners.	➡️	Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others. Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a non-profit organization consisting of private companies.	4. Education

※ 🌱🌱🌱 : Achieved 🌱🌱 : Nearly achieved 🌱 : Unachieved

Major CSR Initiatives

■ Participating in a Geothermal Power Generation Plant in Indonesia

In April 2013, we concluded an energy sales contract with Indonesia's state-owned electricity company for a 330-MW geothermal IPP project in the Sarulla district of Northern Sumatra in Indonesia.

Geothermal power generation is a technology for generating electricity using high-temperature and high-pressure steam and hot water extracted from geothermal reservoirs deep underground. Geothermal power enables almost indefinite use by reinjecting ground water properly back into the reservoir, and is a renewable energy whose future utilization holds promise around the world. It has less impact on the environment since CO₂ emissions during generation are very small, it is also capable of stable supply throughout the year since it is not affected by weather, unlike other renewable energy resources.



Scene of the signing ceremony

■ The Second Project of Energy-from-Waste in England

In March 2013 ITOCHU participated in SITA Cornwall Holdings Limited, a waste management PFI partnership in Cornwall (located around 350 kilometers to the west-southwest of London), England. Under the project, waste management services will be provided over the next 26 years. This marks ITOCHU's second Energy-from-Waste PFI project after the South Tyne and Wear Waste Management Partnership it joined in April 2011. ITOCHU will utilize the experiences gained through these projects to help reduce its environmental impact through participation in Energy-from-Waste projects in the future.



Cornwall Waste Incineration and Power Generating Plant

■ World's Largest Wind Farm Goes into Operation

The Shepherds Flat Wind Project (845 megawatt) in the State of Oregon, the United States, has been in full operation since 2012. It is one of the world's largest wind farms, able to supply electricity to more than 235,000 average U.S. homes, and helps to achieve a reduction of 1.48 million tons of carbon dioxide per year, equivalent to the annual amount of carbon dioxide from approximately 200,000 passenger vehicles. This project is the second project implemented under the memorandum on business collaboration concerning co-investment in renewable energy worldwide, concluded between ITOCHU and General Electric Company. Moving forward, the Machinery Company will continue to actively seek out investment opportunities for wind power generation projects through cooperation with various companies.



The Shepherds Flat Wind Project

■ Supporting disaster control by supplying medical equipment

We supply equipment for disasters to local municipalities, Self-Defense Forces, police, and fire department, etc. Japan Medical Partners, for which ITOCHU is the leading member, is a non-profit organization consisting of private companies. It helps ensure the continued provision of medical services at times of disaster and supports local municipalities in educational activities and operations involving countermeasures against infectious diseases and disasters.

We create "products and services," "information," and "operational knowhow" by combining and merging the functions of member companies of Japan Medical Partners. By providing them, we spread the correct knowledge about disasters daily, help take related initiatives, and help ensure the continued provision of medical services in the event of disaster.



A training session for healthcare workers on measures for preventing infections

CSR at the Metals & Minerals Company

Medium- to Long-Term Growth Strategies

The Metals & Minerals Company is working to expand its equity interests in order to secure stable supplies of metals and mineral resources underpinning the industrial framework. In addition, we are working to build a value chain that starts from equity interests and to create added value in the trade business by leveraging the ITOCHU Group's comprehensive strengths. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other natural resources that have become increasingly difficult to procure in recent years. In response to growing international concern with environmental problems, we are also actively involved in such areas as solar power; biomass fuels-related business; and the trading of greenhouse gas emission credits.



Ichiro Nakamura
President, Metals & Minerals Company

CSR at this Division Company

Promoting CSR through the development and stable supply of mineral resources

We promote CSR with the entire ITOCHU Group, while pursuing the following missions:

- 1) development and stable supply of mineral resources; and
- 2) initiatives for solar- and recycling-related businesses that are ecological to the earth.

CSR Action Plans

■ Key points of our FY2014 action plans

As a global company, we will promote environmental management both domestically and at overseas Group companies. As well as promoting the consideration of safety and environmental factors with partner companies when we engage in the development and exploration of mineral resources, we will take on the challenge of businesses that are friendly to the global environment, such as solar businesses and other initiatives aimed at the sustainable utilization of resources. We will also continue to promote CSR education and training based on the social issues facing the industry.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Polices for CSR Promotion
Metals & Mineral Resources Division	Ensuring safety in mining and exploration businesses	<ul style="list-style-type: none"> Start implementing the Environment, Health and Safety (EHS) guidelines. 		Started implementing EHS guidelines when considering projects and made amendments based on actual circumstances while ensuring organizational members understand the details and thoroughly disseminating information on the implementation.	→ (Transferred to all divisions)	<ul style="list-style-type: none"> 3. Supply Chain 4. Education
	Appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand the penetration of electronic manifest software for industrial waste management. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		<ul style="list-style-type: none"> Continued to verify introduction of electronic manifests for each division company as waste-discharging enterprises and implemented trial introduction at some of them. Received reports each month from waste handling contractors throughout the year, built database and continued to share information with stakeholders. 	→ <ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 	<ul style="list-style-type: none"> 2. Social issues 4. Education

Coal, Nuclear & Solar Division	Exploring environment-friendly energies and providing a stable supply of them	Strive to reduce the impact of coal extraction and mining on the environment (together with JV partners).	☘	Worked in coordination with JV partners.	➡	Share the thorough implementation of safety management during coal mining and exploration with JV partners.	1. Communication 3. Supply Chain 5. Local and international community
	Exploring environment-friendly energies and providing a stable supply of them	Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact.	☘	<ul style="list-style-type: none"> Promoted development and installation of mega solar projects in Japan and overseas. 	➡	Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact.	2. Social issues 5. Local and international community
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	☘	<ul style="list-style-type: none"> Conducted surveys of targeted companies to confirm that no CSR-related problems were present. Conducted awareness-raising among partners. 	➡	Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	3. Supply Chain 4. Education
	Ensuring safety in mining and exploration businesses				➡	<ul style="list-style-type: none"> Continue implementing the Environment, Health and Safety (EHS) guidelines. 	3. Supply Chain 4. Education

☘☘☘☘ : Achieved ☘☘ : Nearly achieved ☘ : Unachieved

Major CSR Initiatives

■ Integrated Recycling Business at Dalian Changxing Island, China

In 2010, the Metals & Minerals Company, together with a major Japanese recycling company and Chinese partners, established an integrated recycling business primarily for steel scrap, Dalian New Green Recycle & Resources Corporation, at Dalian Changxing Island Harbor Industrial Zone, the gateway to the China's Northeast. The business promotes the recycling of metal resources with cutting-edge technologies and is the first foreign company to have acquired certification as a Model Facility for a Scrap Steel Delivery Center by an industry group. It is the only recycling facility licensed by the Chinese Government at Dalian Changxing Island Harbor Industrial Zone, and as China's first large-scale integrated recycling center, the aim is for the facility to serve as a model for future recycling centers in China.



The state-of-the-art ultra-large shredder equipment is made in the United States and boasts 6,000 horsepower

■ Construction Started on One of Africa's Largest Solar Power Plants in South Africa

In the first and second bids for solar power generation projects conducted by South Africa's Department of Energy, Norway-based solar power generation system integrator Scatec Solar, where ITOCHU Corporation owns a 37.5% stake, was selected for solar power generation projects with a combined output of 190 MW, and subsequently concluded an agreement with the South African state-owned power utility Eskom to sell power for a period of 20 years. The South African government has established a target of increasing its total power generating capacity up to 85 GW by the year 2030 and plans for renewable energies to account for roughly twenty percent of the increase. This project is being conducted as a part of this effort.

A financing agreement has been established with a local bank, and construction is underway with the aim of starting operations in 2014. Under the project, a 265-hectare site will be carpeted with more than 750,000 solar panels, expected to generate over 370 GWh annually. As well as covering the energy consumption of the equivalent of 88,000 homes, this is expected to have an annual CO₂ reduction effect of 315,000 tons.

With this project, Scatec Solar has firmly established its position in Africa as a solar power generation system integrator involved in all facets of solar power plants from development to construction and ownership.



The 75-MW solar power generating system selected in the first bid, currently under construction

CSR at the Energy & Chemicals Company

Medium- to Long-Term Growth Strategies

Energy Area

In development, we plan to expand existing projects and participate in promising new projects while minimizing risks, leveraging our expertise to expand our business in this area. With regard to trading, we will continue to expand the traditional flow of business—importing and wholesaling products from the Middle East to countries in Asia. Meanwhile, we will take advantage of the opportunity presented by growing unconventional crude oil and gas production in North America to encourage the new flow of trade from North America to Asia. We will also work to expand our trading business by utilizing our natural gas interests in North America.



Yuji Fukuda
President, Energy & Chemicals Company

Chemicals Area

Based on worldwide trading operations in the areas of organic chemicals, plastics, and fertilizer and other inorganic chemicals, the division will advance projects in upstream areas to secure competitive raw materials. In addition, in downstream areas the division will take steps to expand its business and bolster its supply chains, especially in the retail including pharmaceuticals, plastics processing, and electronic materials areas.

CSR at this Division Company

Promoting CSR through environmental preservation and the stable supply of high-quality products

Affording maximum consideration to the environment, we ensure safe and secure high-quality products, as well as their stable supply and contribute to the realization of a sustainable society through the development of energy resources and infrastructure, the securing of upstream products and materials and the strengthening of downstream supply chains.

CSR Action Plans

■ Key points of our FY2014 action plans

Our group promotes businesses that are friendly to the global environment such as bioethanol, renewable natural energy, DME, and lithium battery-related projects as well as the stable securing and supply of energy resources through the development of conventional oil fields. We will also continue to provide education on related laws, regulations and safety tips to energy and chemical products.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Polices for CSR Promotion
Energy Division No. 1&2	Promoting initiatives to prevent accidents and protect the environment effectively, and contributing to local communities	<ul style="list-style-type: none"> Conduct regular seminars to promote a broad awareness of security management in ship chartering. Promote energy businesses with low environmental impact. Build, maintain, and strengthen good relations by making educational and cultural contributions to the local communities where project sites are located. 		<ul style="list-style-type: none"> Held workshops and training on practical operations for employees. Repeatedly confirmed HSE (Health, Safety & Environment) status at partner meetings, and continued safe operations. Donated PCs and other equipment to orphanages in provincial cities in Azerbaijan. And conducted charitable donation activities. 	<ul style="list-style-type: none"> Further enhance employee training to prevent accidents, encourage operators through steering committees and environmental councils to achieve environmental measures. Engage in initiatives such as community dialogue and regional contribution in regional areas of project sites. 	<ul style="list-style-type: none"> 2. Social issues 4. Education 5. Local and international community
	Measures to reduce CO2 emissions	Increase bioethanol production taking local environment into account.		Crushed sugar cane to produce ethanol, renewable energy. In addition, all electric power consumed at plants used sugar cane bagasse. Endeavored to reduce CO2 emissions.	<ul style="list-style-type: none"> Promote businesses that conserve the environment. Promote businesses that produce plant-derived energy. 	<ul style="list-style-type: none"> 2. Social issues

Chemicals Division	Management of hazardous and harmful chemical substances	Host a full range of seminars and training (training sessions and guidebook distribution) on the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and similar laws in Japan and overseas in an effort to share information and boost consciousness around legal and regulatory compliance.		In addition to workshops such as education for personnel with specific duties, provided instruction on laws and regulations related to chemical substances to sales organizations operating under divisions through daily business, and endeavored to improve division-wide awareness of related laws and regulations and boost consciousness around legal and regulatory compliance.	Conduct in-house training by holding a range of workshops aimed at thoroughly disseminating information about laws and regulations related to chemical substances such as the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and promote the sharing of information with overseas subsidiaries.	3. Supply Chain
	Procure safe and reliable products	Expand transactions in lithium-ion battery-related businesses (lithium resources, battery-related materials and parts).		Invested in Toda Kogyo Corp., a leading company in the field of lithium-ion battery cathode materials (retaining 20.7% of issued shares in the company).	Expand and increase sophistication of the lithium-ion battery component business.	2. Social issues

※  : Achieved  : Nearly achieved  : Unachieved

Major CSR Initiatives

■ Initiatives in the Development of U.K. North Sea Oil Fields Aimed at Secure Stable Resources

For new cluster of oil fields (Western Isles Development Project, "WIDP") discovered at a block owned (23.08% ownership ratio) by CIECO Exploration and Production (UK) Limited (100% owned subsidiary of ITOCHU Corporation) in U.K. North Sea, ITOCHU Corporation decided to make a joint investment with block operator Dana Petroleum (E&P) Limited. Subsequently, the development plan was approved by the British government in December 2012.

Since 1993, ITOCHU has engaged in oil development projects in the North Sea, including the additional acquisition of Alba Oilfield interests in 2005, and strived to secure a stable supply of resources. ITOCHU has taken part in the WIDP since exploratory drilling was carried out in 1996, and the project has now transitioned to the development phase. With production commencing in 2015, the volume from ITOCHU's oil and gas interests is expected to increase to approximately 10,000 barrels / day (during peak production). Utilizing the technical and commercial expertise developed in the North Sea, ITOCHU aims to transition the WIDP into production and further expand its operations.

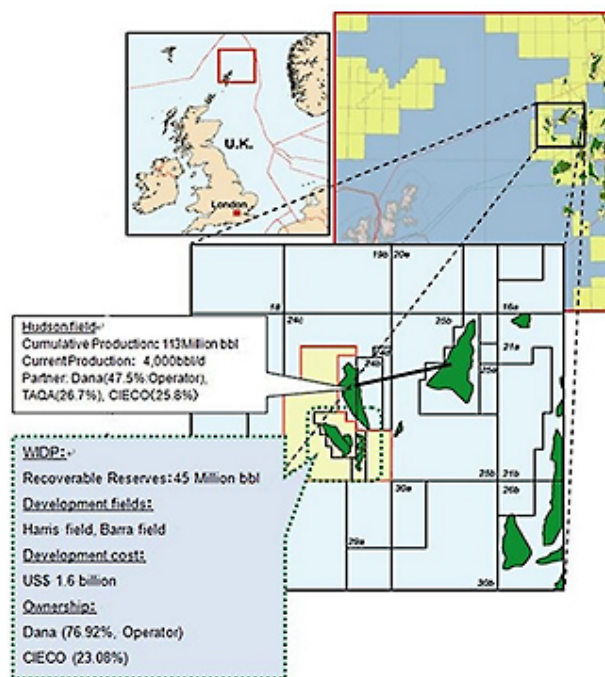


Diagram showing the WIDP Mining Block

■ Food Stability through Fertilizer Manufacturing and Sales Business

ITOCHU has acquired shares in Agromate Holdings Sdn Bhd ("Agromate"), one of the largest fertilizer manufacturers and distributors in Malaysia. Maintaining seven distribution centers in Malaysia and two in Indonesia, and handling around 1.3 million tons of fertilizer annually, Agromate is one of the largest fertilizer distributors in Malaysia and Asia. The company also owns an NPK (nitrogen, phosphoric acid and potassium) fertilizer plant boasting a production capacity of 200,000 tons annually in Sabah, Malaysia.

The demand for fertilizer in Asia is expected to expand in the future, particularly in countries like China and India, and from a global perspective, the demand for fertilizer



Agromate products

resources will likely tighten in the medium-to-long term through the increased demand for food associated with population growth. By investing in new fields of fertilizer resources and building a robust Asia-centric sales structure on a joint basis with Agromate, ITOCHU is playing a part in ensuring the stable supply of food.

■ Initiatives in Lithium-ion Battery-related Business

The Chemicals Division is focusing on lithium-ion batteries, where demand is expected to grow for use in electric vehicles and hybrid vehicles, with business advances made to date in the area of component and materials production.

Through Simbol Materials, a U.S. company in which ITOCHU invested in June 2010, ITOCHU participated in the production of high-purity lithium carbonate for lithium-ion batteries (LiB).

Simbol is developing and promoting operations whereby lithium compounds are produced by extracting lithium from used geothermal brine at geothermal power plants. Simbol's manufacturing technology is being further developed and refined ahead of commercial production.

High-purity lithium carbonate is used as a raw material

for electrolyte salts (LiPF₆) used in electrolyte solution, one of the main components for LiB. It is used in LiB for electric cars, for which a demand is expected to grow rapidly in the near future, as well as in stationary rechargeable batteries and in the clean energy field.

Also, together with KUREHA Corporation and KURARAY Co., Ltd., we are involved in the joint development and commercialization of hard carbon for LiB anode material including "Biocarbon", a new hard carbon material derived from plants.

Please refer to the pages 17-19 for a featured article, the Documentary Report Project on Supply Chains vol.5, Producing Lithium-Ion Batteries.



Geothermal brine well in southern California

CSR at the Food Company

Medium- to Long-Term Growth Strategies

In the implementation of the Food Company's SIS strategy, we have further accelerated our initiatives, including capital / business alliances in the retail sector and integration of Group companies in the distribution and marketing area in Japan (Step 1). We have also broadened the foundations for our SIS strategy through its horizontal extension and development across the food value chain overseas. We have achieved this through joint initiatives with strategic partners in China and other Asian countries such as TING HSIN (CAYMAN ISLANDS) HOLDING because we recognize that although the Japanese market is shrinking due to a falling birthrate and an aging population, demand in fast-growing emerging countries is rising (Step 2). The recent acquisition of the Dole businesses will enable the Food Company to organically combine its existing food value chain with Dole's global brand and production and sales network. To accelerate the rollout of our global SIS strategy, we will expand sales of existing products and develop new products and businesses that leverage the Dole brand (Step 3).



Yoshihisa Aoki
President, Food Company

CSR at this Division Company

Responding to the needs of consumers and society with environmental consideration

We aim to conduct quality businesses that can contribute to society by ensuring a stable supply of safe products, checking multiple aspects of food safety, and paying attention to preserving the environment. In this manner, we strive to earn the trust of our customers and local communities.

CSR Action Plans

■ Key points of our FY2014 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as ensuring the stable supply of food resources, protecting the environment, strengthening convenience store functions as social and lifestyle infrastructure, developing healthier foods and improving inspection systems to ensure food safety.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Policies for CSR Promotion
All Divisions	Improve the level of food safety and compliance management	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance program. Support food safety management for business partners in China. 		<ul style="list-style-type: none"> Visited each department and office to conduct a food safety and compliance audit. Visited the manufacturing plants, restaurants, and suppliers of business partners in China to conduct a food safety audit, and gave advice and proposed improvements. 	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance program. Support food safety management for business partners in China. Compliance management support regarding Dole business 	1. Communication
Provisions Division	Ensure a stable supply of safe and reliable raw materials	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries. 		<ul style="list-style-type: none"> Continued stable supply of food through U.S. west coast export terminals despite serious drought in North America. Continued farmer autonomy support activities in Guatemala and joined with JICA in Africa to promote plans such as improvements in varieties to aid in farmer autonomy. 	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries. 	3. Supply Chain
Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).		Actively participated in company-organized training including training themed after "points to remember when conducting food plant inspections." Conducted approximately 65 plant audits in total.	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).	4. Education



Major CSR Initiatives

■ Promotion of food resource procurement focused on stable supply and assured safety

Populations and income levels are rising sharply around the world, including in Asian countries, and global demand for grains is expected to increase in the future. Meanwhile, consumers are increasingly aware of food safety, with rising demands for assuring safety and establishing traceability. The Food Company will pursue efforts to secure raw material centers on a global scale, including grains in North America, coffee in Central and South America and dairy products in the Oceania region, and continue to make significant contributions to the safe, secure and stable supply of food to customers in Asian markets including Japan and China. Even a grain export terminal on the United States west coast (pictured), which went into full-scale operation in February 2012, has managed to achieve stable operation primarily as a grain supply center for Asia in the midst of North America suffering from an historic drought.



Grain elevator

■ Supporting Agriculture in Africa (Initiatives for Africa Food Development Association)

With the global population expanding, securing food resources is an increasingly important issue. In this setting, ITOCHU and 14 food manufacturers established the Africa Food Development Association in July, 2012. In conjunction with the Triangular Cooperation Programme for Agricultural Development of the African Tropical Savannah among Japan, Brazil and Mozambique (ProSAVANA-JBM)—an agricultural development project based on triangular cooperation that is being promoted by the Japanese Government—the association is working to promote the stable procurement of food resources. This project is focused on the Mozambique tropical savannah. The Japan International Cooperation Agency (JICA) is working in cooperation with a public agricultural institution in Brazil that is a leader in tropical agriculture.



A soy field in Mozambique

The project's aim is to contribute to the resolution of poverty issues in the host country and to the stable procurement of food resources for Japan and the rest of the world by developing a sub-Saharan savannah grasslands zone into competitive agricultural land.

With ITOCHU taking the lead, the Association is supporting this project. A key focus will be soybeans and sesame, which have high nutritional value. Working together with food manufacturers that have world-class R&D technologies, the Association will select products for the Japanese market. These will include non-GM soybeans and sesame that meet the tastes of Japanese consumers. Moving forward, plans call for the selection of seeds that can be used in Mozambique in fall 2013 and for the development of new varieties.

Approximately 80% of the population of Mozambique works in agriculture, and about 90% of those are small-scale farmers. Through the introduction of agricultural technologies and systems, this project is expected to contribute to improvement in the standard of living of farmers and to the establishment of a sustainable agricultural model.

■ Initiatives to develop foods for healthier lifestyles

ITOCHU Corporation is committed to developing value-added foods which satisfy consumers who are increasingly health-conscious.

In October 2012, the Karada Smile Project, which was established in 2008, launched Nagomi no Ice, an ice cream themed after Japanese sweets which makes use of the flavors of the ingredients without using any milk or eggs. The product went on sale as part of a joint project being pursued by four companies, Uny, Circle K Sunkus, FamilyMart and ITOCHU Corporation, in cooperation with food retailers.

On another front, in 2008 ITOCHU established a capital and business alliance with euglena Co., Ltd., a company involved with the mass cultivation of and research and development into Euglena (Japanese name: Midori Mushi), a type of algae that has been attracting attention

as a rich source of nutrients. ITOCHU is considering business development from multiple perspectives. Supplements and hard biscuits which use the Euglena developed by the company have already been commercialized, and the development of further uses are being pursued. For instance, in August 2012 the ITOCHU employee cafeteria began serving a "Midori Curry" dish that uses Ishigaki-produced Euglena. Moving forward, ITOCHU even expects to develop new products that make use of the synergy between the Karada Smile Project and euglena, and will further promote the development of various products to achieve healthier lifestyles in Japan and overseas.



"Midori Curry" dish containing Euglena

■ Ensuring food safety through regular auditing of overseas suppliers

Against a backdrop of increasingly diverse dietary lifestyles, the globalization of food distribution and increased awareness of health, consumers are taking an even greater interest in the safety and security of food. Meanwhile, incidents and problems have been occurring that threaten the safety and security of food, such as the BSE problem, violations of residue standards with pesticides and other substances, and the distribution of foods using additives untested for safety. In FY2002, ITOCHU Corporation set up the Food Safety and Compliance Management Office and has since taken broad measures to ensure safety in the trading of food. Since FY2011, as part of these measures, ITOCHU has been regularly visiting and auditing food processing plants of overseas suppliers for imported food. ITOCHU sets the suppliers to be audited and the frequency of the audits based on individual circumstances such as management systems in the other country, product characteristics and hygiene risks during processing. Employees or local staff then conduct audits by actually visiting the sites concerned. Audits confirm the management status based on 125 check items and suggest improvements as required. In FY2013, a total of 175 on-site audits of 115 suppliers were conducted. We regularly conduct trainings on audit methods for the whole ITOCHU Group to improve the quality of audit.



A food audit underway

CSR at the ICT, General Products & Realty Company

Medium- to Long-Term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, our basic approach is to add and expand the specialist strengths in each division and sector, while at the same time building a robust earnings platform spanning all organizations. For instance, in the paper and pulp category we have solidified our position as a leading pulp producer through investments in CENIBRA and METSA FIBRE.

Next, to expand earnings we are adopting a holistically cooperative approach that transcends individual departments and sectors. Looking at construction, for example, we are now expanding transactions involving ICT, paper and pulp, and logistics with an IT company that we dealt with initially in the area of real estate transactions.

These moves aim to create "new value" in the sense that they involve new transactions generated by pursuing additional and overlapping earnings. We are also taking on the challenge of creating "true value," meaning the development of ongoing business that does not end with one-time non-recurring transactions.



Tomofumi Yoshida

President, ICT, General Products & Realty Company

CSR at this Division Company

Raising environmental awareness and contributing to the development of prosperous communities and societies

Through the provision of environment-friendly products and services as well as products and solutions that help realize more prosperous societies by responding to regional and social needs, we will contribute to advancing the development of regional communities and the international society as a whole while also supporting safe and affluent lifestyles.

CSR Action Plans

■ Key points of our FY2014 action plans

We will trade internationally certified forest products that will lead to the sustainable use of resources, develop environment-friendly condominiums and promote eco-friendly businesses such as energy management solution businesses that utilize IT. We will also contribute to the development of the international community and the realization of prosperous societies through the promotion of businesses with local partners in the areas of distribution network building, construction and finance in China and throughout Asia. Meanwhile, we will continue to undertake steady efforts to enhance our supply chain management and ensure compliance with related laws and regulations.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2013 action plans	Status*	FY2013 results	FY2014 action plans	Basic Policies for CSR Promotion
Forest Products & General Merchandise Division	Enhance the traceability of raw materials and ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys.		Conducted surveys of 99 subject companies on traceability and compliance with labor laws by visiting them or sending questionnaires. Received responses from 88 of the 99 companies.	Update survey items and survey recipient data; carry out traceability surveys.	1. Communication
	Handle internationally certified forest products as well as health-safe products	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 		<ul style="list-style-type: none"> Ratios of FSC-certified materials handled were pulp: 92% and chips: 50%. Target levels were maintained. 	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 	3. Supply Chain

ICT, Insurance & Logistics Division	Provide products and services for realizing a reliable, safe and prosperous society	Enhance green tech solutions utilizing IT to increase the number of customers.		<ul style="list-style-type: none"> An energy management solution services is being expanded and developed. The number of customers are being increased (by 15%) 	Enhance green tech solutions utilizing IT to increase the number of customers.	2. Social issues
	Creating businesses based on the 3R philosophy	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy		<ul style="list-style-type: none"> New product development and various events (Nippon Access, KidZania) were implemented. Promoted the Reconstruction Assistance Housing Eco-point System. 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	2. Social issues
	Strengthen supply chain management	<ul style="list-style-type: none"> Review content of questionnaire for logistics companies in China and implement survey. 		<ul style="list-style-type: none"> The questionnaire for logistics companies in China was conducted as planned. 	<ul style="list-style-type: none"> Continue promoting the same measures. 	3. Supply Chain
Construction, Realty & Financial Business Division	Supply quality facilities with emphasis on safety and security	<ul style="list-style-type: none"> Reinforce system for ensuring compliance with related laws. Check status of individual projects by holding project inspection meetings, etc. 		<ul style="list-style-type: none"> There were no problems with the state of compliance with related laws. Regulations on management systems were created to strengthen legal compliance systems. Inspection meetings for individual projects are held every six months to check project status. 	<ul style="list-style-type: none"> Continue promoting the same measures. 	1. Communication 2. Social issues
	Care extensively for the environment	<ul style="list-style-type: none"> Aggressively promote environmentally friendly businesses. 		<ul style="list-style-type: none"> In condominiums developed by ITOCHU Property Development, environmentally friendly homes with features such as solar power generation, storage batteries and support for electric vehicles are being supplied. 	<ul style="list-style-type: none"> Actively supply environmentally friendly homes in condominiums and elsewhere. 	1. Communication 2. Social issues
	Participate in local and international communities and contribute to their development	<ul style="list-style-type: none"> Contribute to the development of local and international communities by steadily promoting each project. 		<ul style="list-style-type: none"> Continued to engage in promotion to attract Japanese companies to the Karawang Industrial Park in Indonesia. Contributes to the development of the local community as well as the overseas expansion of Japanese companies. Responded to the private funding needs of the growing segment of moderate-income families through support for companies engaged in retail finance operations in Asia and Europe. 	<ul style="list-style-type: none"> Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world. 	1. Communication 5. Local and international community

※ : Achieved : Nearly achieved : Unachieved

Major CSR Initiatives

■ Sustainable forest management of CENIBRA in Brazil

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem. The company also addresses the restoration of natural forests. Each year it plants some 70,000 tree samplings of the four varieties that make up the native forests in an initiative that spans as much as 300 hectares each year.

Protective breeding activities for endangered species of bird are also underway at Macedonia Farm in a protected zone of natural forest. Scarce wild birds such as the pheasant family bird, mutum are protected and bred at the farm and later released into the wild.



One of CENIBRA's vast plantations

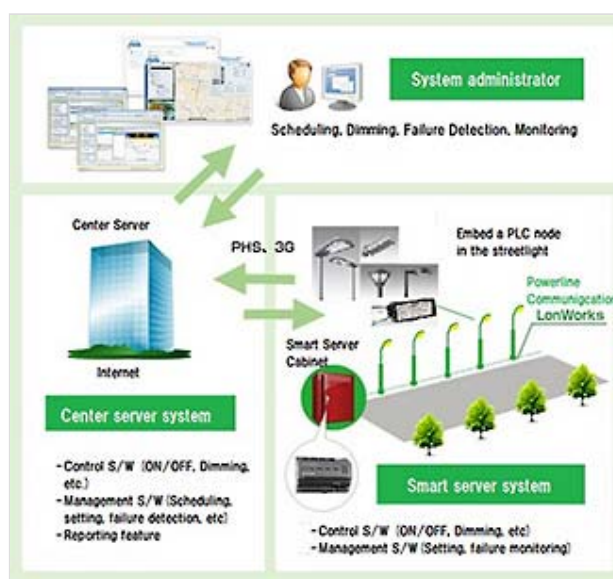


The rare mutum at Macedonia Farm

■ Active Development of Smart IT Infrastructure Business

For the "Smart Streetlight Service," a smart business with streetlights that use advanced technologies, ITOCHU won the Grand Prize for Energy Saving Service at the 9th Eco Products Awards in 2012.

For this service, devices compatible with power line communications will be attached to each streetlight. These devices will enable remote control of each streetlight, including fine adjustment of the brightness level in accordance with the environment. We are currently conducting demonstration testing of this service in Tsukuba City in a project commissioned under a Ministry of the Environment program "For model businesses providing focused support for the development of low-carbon regions." Moving forward, we will continue to strengthen our energy and smart IT infrastructure business and to promote energy management. In this way, we will strive to contribute to the realization of a low-carbon society.



Conceptual diagram of Smart Streetlight Service

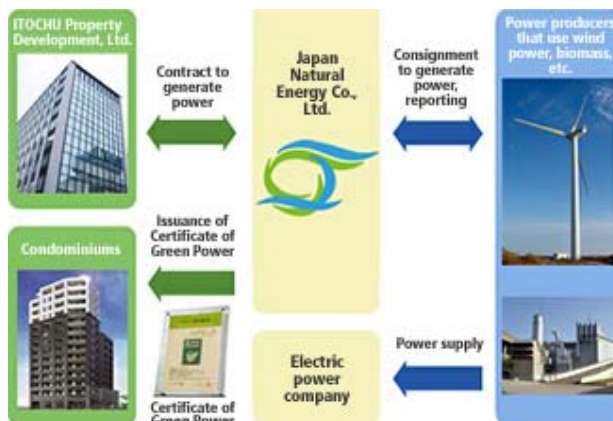
CSR Initiatives by Major Group Companies

■ Contributing to environmental conservation just by living Adoption of "Green Power" generated with natural energy

ITOCHU Property Development, Ltd.

Green Power is electric power generated using natural energy such as wind power, hydraulic power, and biomass (biological resources), which is available to companies, etc. for use as one of their voluntary environmental measures. Under the system of Green Power, the environmental added value of power generated using natural energy is traded in the form of the "Certificate of Green Power," and companies and organizations that hold this certificate are recognized as having improved the environment based on the amount of power described on the certificate and thus as having contributed to the promotion of natural energy.

ITOCHU Property Development, Ltd. purchases 1,000,000 kWh/ year of Green Power (equivalent to reduction of CO₂ by 370 tons per year *1) from Japan Natural Energy Co.,



Process of issuing Certificate of Green Power

Ltd. The company allocates the purchased Green Power (amount for the first year) to power consumed in the communal areas of the condominiums it sells *2 . This means that residents of the condominiums can contribute to reducing CO₂ emissions.

*1 Calculated using Tokyo Electric Power Company's emissions factor after adjustment for fiscal 2010, which is of 0.000374t-CO₂/kWh.

*2 In principle, the introduction of Green Energy to newly offered condominiums is undertaken only in projects operated solely by ITOCHU Property Development, Ltd., which is subject to change in future.

CSR at Overseas Offices

ASEAN Southwest Asia Bloc: KIIC and Tenants Developing a Better Future with CSR Program

Sonia Adriaty
Karawang International Industry City (KIIC)

Karawang International Industrial City (KIIC), an industrial estate in Karawang, West Java, Indonesia, and a joint venture between ITOCHU Corporation from Japan and Sinar Mas from Indonesia, has been engaging in several CSR activities in the surrounding villages.

As part of KIIC's CSR actions, we support the establishment of community baby health centers. On 28 February, additional two centers opened in the neighborhood. With these two additions, KIIC has supported development of eight community baby health centers. This effort to help children also includes donating foods for malnourished babies. Since keeping good relationships with midwives is very important in running these centers, KIIC conducts evaluation and coordination with midwives every year and provides them with baby health center equipment and uniforms.

In addition, KIIC has been supporting CSR activities by its Tenant Association since 2000. The Tenant Association's CSR activities include scholarship programs for senior and junior high schools, donations to orphans and baby food donations as well as helping elderly people to celebrate Islamic traditional festivals such as Idul Fitri and Idul Adha. In April, the association donated baby foods (milk and cereals) to 3,178 babies who lived in the neighboring areas. Further, KIIC together with 23 tenants conducted a joint CSR program called "Telaga Desa Agro Enviro Education Park." Telaga Desa is a center of research, training/education, empowerment in agriculture, and environmental conservation.

We believe the activities we conducted not only provided benefits in the form of charity but also will be recognized as the new practice of CSR efforts.



Sonia Adriaty
 Karawang
 International Industry
 City (KIIC)



Comment from Ms. Fatma, a midwife working at a baby health center



We appreciated the cooperation of KIIC and thanked them for supporting healthy lives of malnourished children in the vicinity.

ASEAN Southwest Asia Bloc: The 17th Annual JBAH Charity Bazaar was a Blossom

Phan Pham Ngoc Son
The Representative Office in Ho Chi Minh City

February 24 was indeed a joyful and memorable day for ITOCHU Ho Chi Minh City (HCMC). We were honored to be this year's host of the annual Japan Business Association of HCMC (JBAH) charity bazaar, which is carried out annually to raise funds for helping the disabled and impoverished hospital patients in Vietnam.

After weeks of preparation and excitement, we were ready to open shop in 800 square meters of the 3,000-capacity Nguyen Du stadium, and attend to customers who came to shop at the bazaar. The event went on without a hitch like the well-timed rhythms of a Japanese taiko drum; with lightened up faces of astonishing attendants and busy volunteers making great effort for their jobs. Yet, the event would not be blissfully complete without the unique dance performance by Vietnamese disabled students gave a unique dance performance in the afternoon.



Phan Pham Ngoc Son

The Representative Office in Ho Chi Minh City


Inarguably, the event ended with a toast. Thanks to all our great sponsors, volunteers and nearly 2,000 guests, a total of 1.2 billion Vietnamese dong (approx. 57,000 U.S. dollars) was raised from selling entrance tickets, clothes and consumer goods donated by members of JBAH, sponsoring organizations and other individuals.

The funds were honorably presented to the Sponsoring Association for Poor Patients during a solemn donation ceremony held at the HCMC Hall of the Vietnamese Fatherland Front on March 29. The funds were then donated to the Pediatric Hospital 2, the Odonto – Maxillo – Facial Hospital, and the Trauma and Orthopedic Hospital, expected to provide a considerable amount of assistance in providing many impoverished hospital patients in HCMC access to better and more technologically advanced treatment conditions.

We succeeded! We created the perfect mixture of thoughtfulness and joy to the 17th annual JBAH charity bazaar.



A very moving message from a young patient getting treated for her cleft clip and palate:



“I felt so miserable and never dared to look at myself in the mirror. And since my family is too poor, I thought I had to live with this flaw for the rest of my life. Now, I can smile with the world and know that I am pretty. Thank you for loving and caring for me. You are my fairy god mothers and fathers.”

ASEAN Southwest Asia Bloc: Exploring the Relevance of Human Rights in Today’s Business at ITOCHU Malaysia

Lim Shenji
ITOCHU Malaysia Sdn. Bhd.

In conjunction with related CSR initiatives, ITOCHU Malaysia held a seminar on human rights on January 18th centered around an invitation to a veteran consultant and trainer, Mr. Kow Ko Leong from LNY Management, who specializes in Corporate Social Responsibility and Quality/Environmental Management.



Lim Shenji
 ITOCHU Malaysia Sdn. Bhd.

The participants, who were all employees of ITOCHU Malaysia, were initially skeptical about the theme and had difficulties in relating human rights to today’s business world. The seminar began with a short quiz that tested the participants’ understanding and knowledge about human rights. The speaker then invited the audience to define the term “human rights” in order to determine the level of knowledge his audience had about contemporary human rights. He kicked off his

lecture on the topic by explaining how human rights are conceived as universal and equally applicable to everyone, and how they also provoke a lot of skepticism and debate as regards their nature, content and justification.

The seminar also incorporated some eye-opening Internet videos which furthered our understanding on the realities of human rights issues in today's business world. Some videos described irresponsible companies that employ child labor and contract sweat shops in developing countries, and these presented the subject of human rights in a different manner that prompted our further interest and attention. It was at this point that the employees of ITOCHU Malaysia started to see how the issues of human rights are relevant in today's business world.

His dynamic presentation was not only limited to verbal lectures and Internet videos as he also intelligently included discussions of business case studies concerned with companies with irresponsible business practices that violate and abuse human rights.

From the seminar, we brought home valuable lessons, having learnt that the preservation and respect of human rights are also the responsibility of businesses like ITOCHU, and that companies should be ready to pay a hefty price in reputation as well as money if they neglect or violate these universal and equally applicable human rights.

CIS Bloc: CSR Activities Begin at the Kiev Representative Office

Elena Stuzhenko ITOCHU Kiev Representative Office

Being greatly inspired by the constant CSR initiatives of ITOCHU Group companies, which are true commitments to sustainable development and becoming responsible and caring citizens, the ITOCHU Kiev Representative Office has begun its own CSR efforts. We aim to contribute to the good practices of ITOCHU by taking a precautionary approach to environmental challenges and promoting greater environmental responsibility. In 2011, we joined Ukrainian A4 Club, a participant of the National Go Green Campaign initiated by the United Nations Office in Ukraine under the auspices of the Global Compact Network aimed at reinforcing the role of environmental protection. Since that time, besides the introduction and promotion of energy and paper conservation measures within the office, we have actively participated in the implementation of the Green-Office concept through waste paper collection for further recycling. We strongly believe that even such a smallscale activity helps to reduce our burden on the environment and to build an eco-friendly image of us as a business entity.



Elena Stuzhenko
ITOCHU Kiev
Representative Office

We would like to share our favorite phrase:

"It's no longer a zero-sum game— things that are good for the nvironment are also good for business."

Jeffrey Immelt, Chair and CEO of GE (2005)



Recycling activities in an office



Cardboard boxes made out of recycled paper



A recycling box installed for the collection of used papers

A4 Club Member

Our activities are aimed at the practical realization of the Green-Office concept, namely popularization of recycling and consumption of recycled paper. And we are pleased to find more and more partners whose main objective is improving the ecoefficiency of their offices, which will result in the reduction of wasteful consumption.

Middle East Bloc: Blood Donation in Al Khobar

Ahmed Alghamdi Al Khobar Office

The ITOCHU Al Khobar Office has started implementing a CSR program by engaging in the following three events: Donating blood, Gifts for sick children and Plants for the office building entrance. The idea was to create opportunities for employees to contribute towards the local community as a part of our basic CSR policies.

I would like to introduce the blood donation that took place on September 17, 2012. On this occasion, six staff participated in the program at the King Fahd Medical Hospital; unfortunately, four were rejected due to health reasons. The medical staff at the hospital were deeply moved by our staff volunteering to give blood and offered their heartfelt thanks for such a noble gesture.



Ahmed smiles while donating blood



Ahmed Alghamdi
Al Khobar Office

East Asia Bloc: ITOCHU Korea Participate in Forest Clean Up on Mt. Gwanak

Park Jin Seong ITOCHU Korea LTD.

CSR volunteer activities are a regular occurrence at ITOCHU Korea. Our sixth round of volunteer activities was held on September 1, and saw 25 employees from ITOCHU Korea and operating companies take part in a Mt. Gwanak forest care volunteer activity. Mt. Gwanak is a famous mountain among those that encircle Seoul, and is home to many cultural resources, such as Wongaksa Temple, Yeonjuam Hermitage, Sammaksa Temple, and Gwaneumsa Temple. The mountain is a favorite destination for city dwellers looking for a short getaway, but is also highly prized from an ecological preservation standpoint. Waterways are extremely important for mountains. Removing earth, sand and fallen leaves from them helps to prevent landslides triggered by rainfall, and also helps protect the surrounding ecosystem.



Park Jin Seong
ITOCHU Korea LTD.



This year ITOCHU KOREA held its 6th volunteer activity

In the Mt. Gwanak forest care activity, ITOCHU Korea was responsible for cleaning the local waterways. Our team was joined by seven volunteers from the main sponsor of the event. Men and women alike took shovels in hand and worked hard to clear clogged waterways of dirt and leaves. Part of our work included carting dirt and leaves away to a flat area to avoid having them clog up waterways again after the next rainfall.

When the work was finished and we came down from the mountain, we looked like we had all been working in a coal mine, since our faces and bodies were darkened with a mixture of dirt and sweat. There were also a lot of people who found that their arms and legs had been attacked by mosquitoes.

It was harder than I thought to shovel the waterways clear as the sand and dirt was mixed in with tree roots and other material. But all of us who took part found ourselves smiling with satisfaction when we saw those clear waterways flowing.

Latin America bloc: ITOCHU Latin America, S.A. Participates in Reforestation Activity in Parque Nacional Camino de Cruces

Lilly Garay
ITOCHU Latin America, S.A.

Based on the proposal of our colleague Arturo Sanchez, ITOCHU Latin America, S.A. (ILASA) decided to engage in CSR activities in October. After examining our options, we made contact with ANCON, which is a private non-profit organization founded in 1985 to conserve biodiversity and natural resources. ANCON has a program called "Reduce your carbon footprint with ANCON." We chose to participate in a reforestation activity in Parque Nacional Camino de Cruces. We were assigned an area of 500 m2 to plant 300 trees.



Lilly Garay
 ITOCHU Latin America, S.A.



41 members of ILASA including families

We arrived at the park very early, and were transported to the assigned area by pick-up truck. The adventure on the pick-up truck was exciting as the road was very rough. Many of us were screaming all the way. Our task was to plant the trees in holes (mahogany among others). I was taking pictures, so I was the cleanest at first, but I finished up just as muddy as all the others. Each of us planted about 5–20 trees. We were exhausted as the humidity was very high. However, the feeling of doing something good for the reforestation of our planet, even just planting a small tree, was priceless.

Message from ANCON



We are pleased to provide our collaborators from ILASA with recreation space, environmental education and an opportunity to contribute to conservation efforts through a planned tour to the Camino de Cruces National Park, a protected area and buffer site of the Canal Watershed of Panama. We want our collaborators from ILASA to be aware of the importance of taking steps to mitigate polluting factors and prevent natural resource depletion.

**ASEAN & South West Asia Bloc:
 Shining Light ("Jyoti") on Children with Disabilities by Donating to Their Care Home**

Harish Milwani
ITOCHU India Pvt. Ltd.

ITOCHU India Pvt. Ltd., (IIPL) India office has been contributing old cloths and food to a care home run by the Missionaries of Charity of Mother Teresa, known as Jeevan Jyoti Home. Jeevan Jyoti is a Hindi phrase, which has a very deep meaning! "Jeevan" means life and "Jyoti" means light. This home cares for 82 children with physical and mental disabilities. The children are cared for 24 hours a day by the Missionaries of Charity sisters who perform difficult tasks all day long to care for and nurture these kids. The work is constant and intense, as cleaning, feeding and helping these orphans, all with significant handicaps, is extremely challenging. Everyone at IIPL was warmed and humbled by the terrific work being done at this home for the joy of the small children. The sisters of the Missionaries of Charity are doing unbelievable work. We at IIPL look forward to contributing something to such Missionaries, even though it might be a small step.



Writer, Harish Milwani In front of the Jeevan Jyoti Home

ITOCHU Singapore Activities With Under-privileged Children And the Elderly

ITOCHU Singapore has organized a Social Committee that provides opportunities for employees to participate in volunteer activities from the perspective of contributing to the local community. Since the year 2010, ITOCHU Singapore had been arranging outings for under-privileged children and also for the elderly.

In 2011, ITOCHU Singapore worked with the Asian Women's Welfare Association (AWWA) to arrange the outings with the under-privileged children and the elderly.



Jacqueline Neo
ITOCHU Singapore

On December 16, 2011, about 10 volunteers from ITOCHU Singapore held a Children's Party at McDonalds for about 30 children. The party started with lunch that came with toys for the children. It was followed with games for the children and the volunteers joined in to encourage and support the children in the games. Balloon sculptures were also given to the children. At the end of the party, each of the children were presented with a goodies bag that consisted of a school bag and stationeries. You could see the expressions of delight and joy on the faces of the children.

On January 13, 2012, an outing with about 40 elderly people was arranged with about 10 volunteers from ITOCHU Singapore. The event started with a sumptuous lunch at the Oasis Restaurant. Following which the participants were taken for a ride on the Singapore Flyer, the world's largest observation wheel. They had a breathtaking, panoramic view of the island which they have never seen before. At the end of the event, the participants were each given a \$20 Ang Bao, 2 oranges * and a goodies bag that included toiletries and food. The volunteers could see the happiness and gratitude on the faces of the elderly participants.

At the end of these two activities, the volunteers realized that there are unfortunate and deprived communities in Singapore. The CSR activities that we organize, though small in magnitude, can go a long way in helping these needy communities.

* In Singapore, oranges are said to be a lucky fruit that brings good fortune, and there is a custom during Chinese New Year of giving an auspicious even-numbered number of oranges.

Comment from Stakeholder



From the MacDonald's Party

Mohammad Fandi Adam
Social Worker, Asian Women's Welfare Association (AWWA)

"I am taking this opportunity to thank the ITOCHU Singapore Team for organizing the wonderful MacDonald's Party! The children enjoyed the event and I hope your team did too. The children were also excited with the goodies bags, balloons and toys that they received. Last but not least, we look forward to working together with everyone again in the future."

Corporate Governance and Internal Control/Compliance

Corporate Governance and Internal Control

ITOCHU Corporation operates its business to establish the long-term preservation and enhancement of its corporate value by building fair and positive relationships with its stakeholders in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. To ensure its appropriate and efficient business operations, ITOCHU is increasing the transparency of its decision-making process and constructing a corporate governance system that incorporates proper monitoring and supervisory functions.

Overview of the Corporate Governance System

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors).

Comprising 14 directors (including 2 outside directors) as of July 1, 2013, the Board of Directors makes decisions on important management matters and supervises each director's business management.

Since June 2011, ITOCHU has appointed two highly independent outside directors. The outside directors contribute to ensuring and increasing the effectiveness of the supervision of management by the Board of Directors, as well as the transparency of the Board of Directors' decision-making, by way of appropriately providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

ITOCHU has adopted an Executive Officer System to strengthen decision-making and supervisory functions of the Board of Directors and to boost the efficiency of business execution. Also, ITOCHU has in place the Headquarters Management Committee (HMC) and various internal committees to support appropriate and flexible decision-making by the CEO and the Board of Directors. As a body to support

the CEO, the HMC discusses companywide management policy and important issues. The various internal committees screen and discuss management issues in individual areas of responsibility. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in some internal committees in which outside experts become members.

In addition, ITOCHU appoints four corporate auditors, including two outside corporate auditors. Each auditor monitors and audits business management independently and objectively. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and by working in cooperation with ITOCHU's independent auditor and other audit bodies inside and outside ITOCHU. ITOCHU's Internal Audit Division is responsible for internal audits. Members of this division discuss internal audit planning, exchange information, and collaborate closely with corporate auditors through regular meetings. In order to support corporate auditors' activities and performance, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, has been established.

Corporate Governance System

Type of system	Company with the Board of Directors and corporate auditors (the Board of Corporate Auditors)
Number of directors	14
Of which, number of outside directors	2
Number of corporate auditors	4
Of which, number of outside corporate auditors	2
Term of office for directors	1 year (the same for outside directors)
Employment of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates companywide management policy and important issues
Corporate Officer Compensation System	(1) Monthly compensation Monthly compensation determined by the contribution to ITOCHU of each director according to a base amount set by position (2) Performance-linked bonuses Total payment amount determined on the basis of consolidated net income attributable to ITOCHU Note: Outside directors paid monthly compensation only
Independent external auditor	Deloitte Touche Tohmatsu LLC

Steps Taken to Strengthen Corporate Governance

1997	Introduced the Division Company System	To accelerate decision making / increase efficiency of business management
1999	Introduced the Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2007	Shortened the terms of office of directors and executive officers to one year	To clarify management responsibility during terms of office
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision making

Appointment of Outside Directors and Outside Corporate Auditors

In the course of appointing outside directors and outside corporate auditors, ITOCHU places a high value on ensuring their independence by way of considering certain requirements for “Independent Director(s) / Auditor(s)” as prescribed

by the domestic financial instrument exchanges. As of July 1, 2013, ITOCHU had two outside directors and two outside corporate auditors, all of whom satisfy the above-stated requirements and therefore are registered as “Independent Director(s) / Auditor(s)” in the domestic financial instrument exchanges on which ITOCHU is listed.

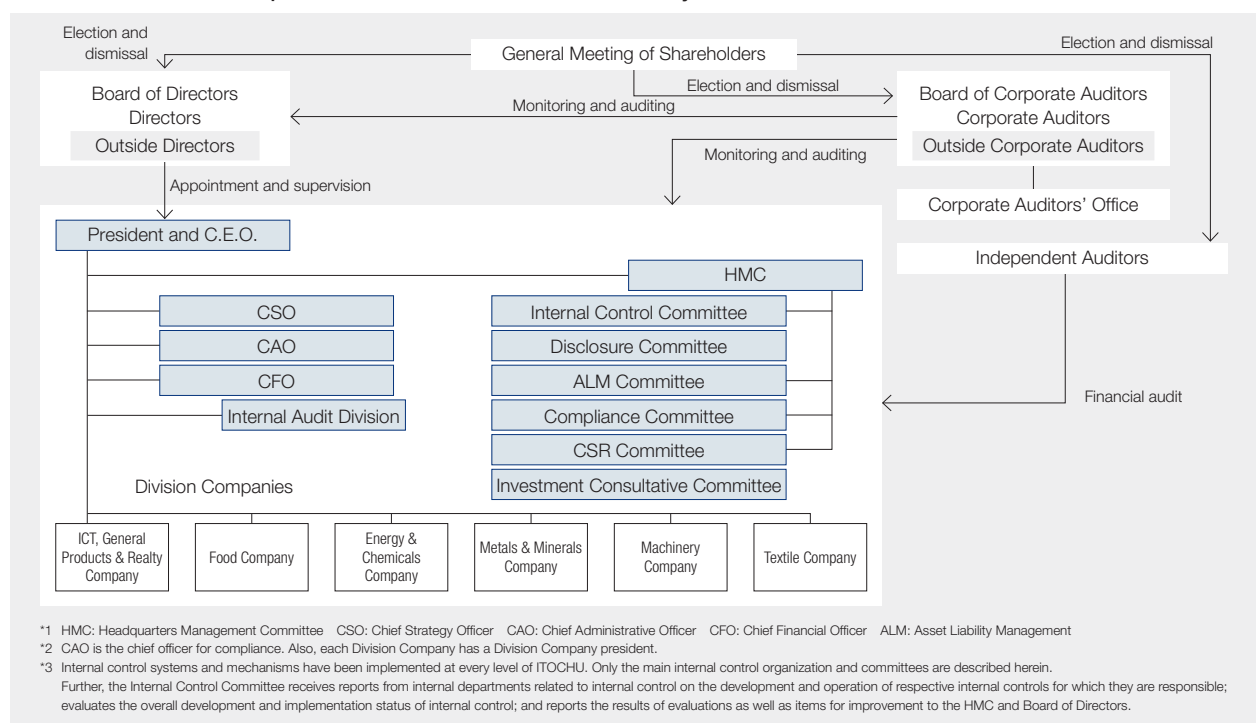
Reason for Appointment as Outside Directors

Name	Reason for appointment
Ichiro Fujisaki appointed in June 2013	Mr. Fujisaki is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on the international situation, economy and cultures, and other matters, nurtured through his many years of experience as a diplomat and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Fujisaki has no material interests in ITOCHU.
Chikara Kawakita appointed in June 2013	Mr. Kawakita is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on public finance, financial transaction and tax affairs, and other matters, nurtured through his many years of experience at the Ministry of Finance and National Tax Agency and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Kawakita has no material interests in ITOCHU.

Reason for Appointment as Outside Corporate Auditors

Name	Reason for appointment
Masahiro Shimojo appointed in June 2011	Mr. Shimojo is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. Mr. Shimojo has no material interests in ITOCHU.
Shingo Majima appointed in June 2013	Mr. Majima is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise on finance and accounting as a certified public accountant and university professor. Mr. Majima has no material interests in ITOCHU.

Overview of ITOCHU's Corporate Governance and Internal Control System



Principal Internal Committees

Name	Objectives
Internal Control Committee	<ul style="list-style-type: none"> • Deliberates on issues related to the development of internal control systems
Disclosure Committee	<ul style="list-style-type: none"> • Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	<ul style="list-style-type: none"> • Deliberates on issues related to risk management systems and balance sheet management
Compliance Committee	<ul style="list-style-type: none"> • Deliberates on issues related to compliance
CSR Committee	<ul style="list-style-type: none"> • Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives
Investment Consultative Committee	<ul style="list-style-type: none"> • Deliberates on issues related to investment and financing
Corporate Officer Compensation Consultative Committee	<ul style="list-style-type: none"> • Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement

Messages from Newly Appointed Outside Directors

I became an outside director for the first time, and I heard that ITOCHU appointed outside directors only two years ago.

Whether companies or government agencies, organizations are groups of professionals. In particular, internal directors are pros among pros. Information is centralized in them and they have honed their instincts through long years of work. Those instincts are of paramount importance in deciding whether a company should move forward, stay in place, or pull back.

Outside directors are different. We do not know as many details about a company's businesses and organization as internal directors. However, we sometimes might start to lose track of our surroundings, if we get too far into things. This is what we call "The outsider sees most of the game" as the saying goes. Also, there might be issues which are difficult for insiders to raise. The way I see it, this is the significance of outside directors.

For the past 40 plus years, I have been involved in government. During this time, I have been in charge of a broad range of issues, from security affairs through economic negotiations to information analysis. I resolve to do my best to apply my experiences and fulfill my responsibilities.

General trading companies hold the keys to the Japanese economy. If the Japanese economy is the human body, then trading companies act as its nervous system, ensuring that muscles operate as efficiently as possible, and their movements serve to stabilize and vitalize the economy. ITOCHU is one of the healthiest companies in its category. I also heard that ITOCHU has an open corporate culture.

With the Japanese economy currently on the cusp of a leap forward, I consider it a blessing to be involved at the leading edge. I am looking forward to working together with the employees of ITOCHU.



Ichiro Fujisaki

Distinguished Professor,
Chairman of International
Strategies, Sophia University



Chikara Kawakita

Professor, Graduate School of Law,
Hitotsubashi University

I was recently appointed as an outside director of ITOCHU. After working in government for many years, I am currently a university professor. I would like to contribute to ITOCHU's growth by utilizing my knowledge, while maintaining a neutral perspective.

The importance of corporate governance came home to me strongly during my recent employment at the National Tax Agency. First, I focused on the essential elements of corporate governance for maintaining compliance, including tax matters, and I asked corporate managers to establish corporate governance systems.

Second, taxpayers and citizens are to a tax agency as shareholders and customers are to a company. A company wants to do good work in order to meet the expectations of its stakeholders; the same is the case for a government agency. "What sort of corporate governance is necessary in order to do good work?" Techniques may differ between the public and private sectors, but I have faced that same question with regard to an organization's administrative operations.

By applying these experiences, I intend to do my best to further enhance corporate governance at ITOCHU.

The ITOCHU Group corporate philosophy is "Committed to the Global Good," and I think this is a clear vision to share among a vibrant group of people. I will also work to be "Committed to the Global Good," taking on the challenge of supporting ITOCHU's efforts to maintain the trust and satisfy the expectations of its stakeholders from my own position.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was partially revised on May 8, 2013. ITOCHU intends to revise and improve the internal control system tirelessly in order to build a system that is even more appropriate and efficient. The following highlights two noteworthy initiatives under this policy.

(For ITOCHU's Basic Policy regarding the Internal Control System, please see: http://www.itochu.co.jp/en/about/governance_compliance/control/policy/)

Initiatives to Further Enhance the Reliability of Financial Reporting

We have put in place a company structure designed to further enhance the reliability of our consolidated financial reporting. First, for each organization we have appointed a Chief Operating Officer, etc., as Chief Responsible for Internal Control to establish a Groupwide line of responsibility. In addition, the Disclosure Committee is designated as a steering committee to design the internal control system related to financial reporting, and to conduct testing and assessment of the system. Results of testing are fed back to each related

unit and designed to ensure continuous improvement through a plan–do–check–act (PDCA) cycle. Furthermore, following a March 2011 policy revision by the Financial Services Agency, we have continued to pursue effectiveness and efficiency and are working to reinforce our internal controls.

Strengthening Risk Management

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on balance sheet management as well as analysis and management of risk.

Examples of Risk Management

Managing Investment Risk (Decision-Making Process for Investments)

Executing New Investments

When making new investments, first the department making the application gives due consideration to factors such as the purpose of the investment, growth strategies, business plans, the appropriateness of the acquisition price, the state of conformance with investment criteria, and the setting of exit conditions. Next, related administrative organizations implement risk analysis from various specialized perspectives and attach their screening results to the application. After deliberation by the Division Company Management Committee (DMC), the application is submitted to the Division Company President for a final decision. Projects that exceed the President's authority must be approved by the HMC. If additional consideration and screening of an investment's profitability and strategy are needed prior to the HMC, the application is sent to the Investment Consultative Committee for deliberation. After discussing the application, this committee—whose members include the CSO, CFO, General Manager of the Global Risk Management Division, and corporate auditors—puts the matter before the HMC. This approach devolves authority to the Division Companies and speeds decision-making, while at the same time providing multiple screening processes to control investment risk.

Monitoring

To promote asset replacement and reduce the number of small-scale and loss-making Group companies, we implement annual reviews of all Group companies from both the qualitative (such as strategic significance) and quantitative (such as scale of earnings and investment efficiency) perspectives. This methodology enables us to determine candidates to be exited from after confirming whether Group companies are infringing on exit selection criteria as well as taking the future policies of all Group companies into consideration.

Exiting

The Global Risk Management Division monitors the progress of Group companies that have been slated for exits during the annual reviews, ensuring that they are moving steadily toward an exit.

Managing Concentrated Risks

In addition to distributing internal covenants on management resources to each Division Company, ITOCHU defines asset limits in areas of trading where exposure is high, thereby managing the concentration of risk in specific segments and areas. We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Limits on assets in specific areas and country limits are deliberated by the ALM Committee and approved by the HMC.

Fiscal 2013 in Review

Results in fiscal 2013 under the corporate governance system explained on the previous pages include the following.

Number of Meetings Convened by Principal Management Bodies

Board of Directors	18
Board of Corporate Auditors	15
Outside director attendance at Board of Directors' meetings	97%
Outside corporate auditor attendance at Board of Directors' meetings	94%
Outside corporate auditor attendance at Board of Corporate Auditors' meetings	96%

Key Decisions Made by the Board of Directors in Fiscal 2013

- 1) Acquisition of shares in Finland's METSA FIBRE Oy, one of the world's leading pulp producers
- 2) Acquisition of shares in Toyo Advanced Technologies Co., Ltd. (conversion to subsidiary)
- 3) Acquisition of the Asian fresh produce business and the worldwide packaged foods business of Dole Food Company, Inc., the world's largest producer and marketer of fresh fruits and vegetables
- 4) "Brand-new Deal 2014," the medium-term management plan for FY2014–15
- 5) Joint interest in the Sarulla Geothermal IPP Project in Indonesia with Kyushu Electric Power Company, Incorporated and other companies

Details of Compensation

Type	Number of people	Amount paid (Millions of Yen)	Details
Director (Outside directors)	14	1,372	(1) Monthly compensation: ¥741 million
	(2)	(23)	(2) Directors' bonuses accrued and payable for the fiscal year ended March 31, 2013: ¥631 million
Corporate auditor (Outside corporate auditors)	6	119	Only monthly compensation
	(3)	(33)	
Total (Outside directors and corporate auditors)	20	1,491	
	(5)	(56)	

*1 Maximum compensation paid to all directors: ¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors) and ¥1.0 billion per year as total bonuses paid to all directors (excluding the outside directors) under a framework different from the preceding maximum compensation amount (both resolved at the General Meeting of Shareholders on June 24, 2011)

*2 Maximum compensation paid to all corporate auditors: ¥13 million per month (resolved at the General Meeting of Shareholders on June 29, 2005)

*3 The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished.

The compensation paid to all directors of ITOCHU (excluding outside directors) consists of monthly compensation and performance-linked bonuses. The monthly compensation is determined by the contribution to ITOCHU of each director based on the base amount set by its position, whereas the total amount of the performance-linked bonuses is determined based on consolidated net income attributable to ITOCHU. Only monthly compensation is paid to the outside directors and bonuses are not paid thereto.

Breakdown of Remuneration for Auditing

Details of Remuneration of the Independent Auditor and Other Firms

Type	Fiscal 2012		Fiscal 2013	
	Remuneration for audit certification (Millions of Yen)	Remuneration for non-audit certification services (Millions of Yen)	Remuneration for audit certification (Millions of Yen)	Remuneration for non-audit certification services (Millions of Yen)
The Company	500	101	620	24
Its subsidiaries	762	80	679	75
Total	1,262	181	1,299	99

Other Significant Remuneration

During the fiscal years ended March 31, 2012 and 2013, the amount of remuneration paid by the Company and its subsidiaries to member firms of Deloitte Touche Tohmatsu Limited other than the Company's independent auditor, Deloitte Touche Tohmatsu LLC, was ¥1,229 million and ¥1,375 million, respectively.

Non-Audit Certification Services Conducted by Independent Auditor and Other Firms

During the fiscal years ended March 31, 2012 and 2013, the Company paid remuneration to its independent auditor for non-audit certification services, comprising the creation of comfort letters and the consultation and advices regarding International Financial Reporting Standards (IFRS).

Policy on Determining Remuneration for Auditing

After the CFO determines the appropriateness of the audit plan, the number of audit days, and the content of audit certification presented by the independent auditor, the decision is made through agreement by the Board of Corporate Auditors.

Accountability

Viewing explanations of corporate and business management information to such stakeholders as shareholders and other investors as an important corporate governance task, we strive for timely and appropriate disclosure.

Investor relations activities in fiscal 2013 include the following.

Activity	Times	Content
Presentations for analysts and institutional investors	4	We hold meetings for analysts and institutional investors each fiscal quarter. The second-quarter and annual financial results are explained by the President & CEO, whereas the first- and third-quarter financial results are explained via online conference by the CFO.
Site tours for analysts and institutional investors	1	We conduct tours so that analysts and institutional investors can visit Group companies or project sites.
Segment-specific briefings for analysts and institutional investors	1	We hold meetings for analysts and institutional investors to explain specific themes such as strategies of individual operating segments.
Briefings on large-scale projects for analysts and institutional investors	1	We hold explanatory meetings when announcing large-scale projects of particular interest to analysts and institutional investors.
Presentations for overseas institutional investors	6	These meetings are concentrated on Europe, North America, and Asia.
Presentations for individual investors	Several times	We hold meetings for individual investors at stock exchanges and branches of brokerage firms.
Investor relations-related materials available on our website	—	Investor relations-related materials are made available on our website. Materials that can be downloaded include our financial statements, presentation materials for investors' meetings, materials used in segment-specific briefings, TSE filings, annual securities reports (<i>yuka shoken hokokusho</i>), quarterly securities reports (<i>shihanki hokokusho</i>), Corporate Governance Report, and Notice of General Meeting of Shareholders.



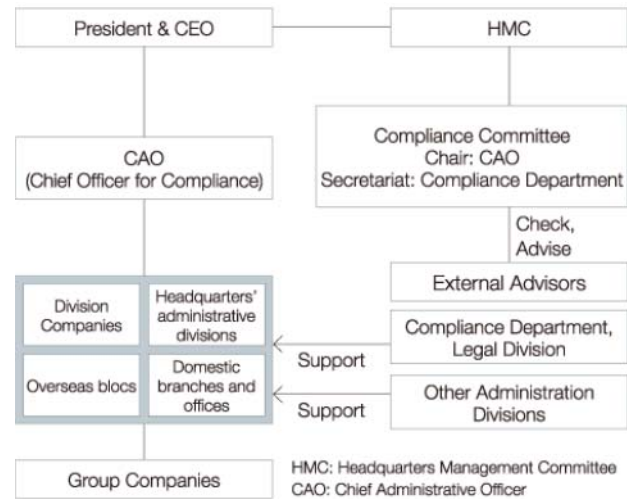
Compliance

ITOCHU Group's Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. With consideration for local laws, business characteristics, and operational formats, these compliance officers are creating systems for the promotion of compliance.

In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance. We have also formulated regulations for hotlines. These regulations protect whistleblowers who provide internal information and provide a framework for the appropriate handling of that information. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Compliance System



Major Compliance Measures in Fiscal 2013 and Tasks for the Future

In fiscal 2013, On-Site Compliance Training was held for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks.

Based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers.

Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide. Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010, in June 2011 ITOCHU revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area. In fiscal 2013, through various training programs we worked to circulate information regarding the aforementioned revisions within ITOCHU and to overseas blocs. At the same time, through monitor and review initiatives, steps were taken to conduct risk assessment with respect to payoffs, bribery, and similar impropriety.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. Accordingly, in April 2010 ITOCHU revised its Anti-Monopoly Law Manual as a means of strengthening its response. To track the level of awareness of this manual and the status of the system for preventing cartel activities for the Group as a whole, in fiscal 2013 we implemented monitoring of Anti-Monopoly Law violation prevention. In consideration of the results of this initiative, we will work to raise understanding of collusive bidding and cartel activities throughout the entire Group. To that end, we will implement education and training and implement a system for ongoing risk assessment and monitoring.

Measures for Intellectual Property

To completely prevent infringements on intellectual property rights held by other parties in businesses related to such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for employees and by establishing internal rules, regulations and manuals that conform to related laws and regulations. We also define and properly apply internal rules for employees' inventions and work and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Measures for Comprehensive Import and Export Control

To prevent the proliferation of weapons of mass destruction and conventional weapons, Japan maintains strict trade-security under the Foreign Exchange and Foreign Trade Act. To observe such laws and regulations, we have implemented our own internal trade-security control program. Further, to ensure that we do not take part in business transactions that threaten international peace and security, not only do we meticulously comply with existing government laws and regulations, but we are voluntarily taking extra measures to ensure that our stakeholders and corporate reputation are adequately safeguarded through our implementation of a comprehensive global security risk management program.

The potential intersection of corporate operations with global terrorism or the development and proliferation of weapons of mass destruction can give rise to reputational and financial risks for ITOCHU and other companies with extensive international business operations.

Accordingly ITOCHU recognizes that, as a responsible member of society and the global business community, we need to manage carefully the potential risks associated with business operations in certain locations. In response to the growing field of corporate governance termed global security risk, ITOCHU has developed and implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence with respect to projects and transactions in which security issues are implicated.

In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Basic Policy and Efforts Against Antisocial Forces

ITOCHU has set out basic policy to tackle antisocial forces and groups that threaten the order and safety of civic society, stipulating three basic principles plus one - Don't fear, don't pay, don't use, and don't associate - in its stance against antisocial forces and 10-point guideline as a manual to disseminate this information among all employees. We have also established a special department with overall responsibility for countermeasures in relation to antisocial forces within the Human Resources & General Affairs Division.

CSR in Our Supply Chain



ITOCHU Corporation's CSR Action Guidelines for Supply Chains

Basic stance on supply chain management

Developing business all over the world, ITOCHU Corporation has positioned supply chain management as an important issue to be addressed. Preventing human rights, labor and environmental problems, and working for improvement together with the supplier. We are striving to practice these actions steadily and incorporated them into our basic policies for CSR promotion as "3.Strengthening supply chain management (Respect for human rights and consideration for the environment)."

As part of our efforts to promote supply chain management, we established action guidelines in April 2009 in order to have this philosophy penetrate the entire company and to clearly communicate ITOCHU's stance to suppliers. It is our intention to present these action guidelines to our suppliers, to deepen the dialogue on human rights, labor and environmental conservation, and to ask our suppliers to understand and practice ITOCHU's stance.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

To fulfill the ITOCHU Credo, "Committed to the global good," ITOCHU promotes CSR through its business activities, with the aim of achieving a sustainable society.

Due to the characteristics of its business activities, ITOCHU has to keep working to manage its supply chains, taking into consideration the social or environmental impact of a variety of products and services handled.

ITOCHU has established the CSR Action Guidelines for Supply Chains to explain its position to suppliers, and expects and encourages their understanding and implementation of every item mentioned below.

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.

7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

Raising Employees' Awareness of CSR Supply Chain Management

To raise our employee's awareness and make our CSR supply chain management practical, we provide in-house trainings. In FY2013, we conducted the on-line confirmation test of "the CSR Action Guidelines for Supply Chains" in three languages; Japanese, English and Chinese.

The test was targeted to the ITOCHU employees around the world, and 5,819 employees, 85.4% of all 6,818 employees, completed the test this year.

CSR Survey of Supply Chains

CSR Survey of Supply Chains

ITOCHU develops various businesses around the world. In order to check the status of our various suppliers, we conduct survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the ten items in our "CSR Action Guidelines for Supply Chains."

In addition to the ten items covering human rights, labor, and environmental issues, we added further items specific to each Division Company. For example, we added check items for forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); product safety items for the Food Company; and items on protection of intellectual property for our Textile Company. Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts by referring to the criteria of the FTSE4Good Index. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers, and survey them by means of interviews or questionnaires.

In April 2009, ITOCHU established ITOCHU Corporation's CSR Action Guidelines for Supply Chains to clearly communicate its stance to suppliers. (Revised November, 2011) ITOCHU is promoting dialogue on human rights, labor and environmental protection, as it seeks understanding and implementation of these action guidelines.

Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue this initiative.

CSR Surveys in the Fiscal Year Ended March 2013

In fiscal 2013, we surveyed 430 companies, including 32 suppliers of overseas offices and 17 suppliers of 193 Group companies. No serious problems requiring immediate response were found in the survey results.

We confirm that appropriate measures are taken for communications between management and workers, even for suppliers in countries where the right to collective bargaining is not recognized. In regard to companies that are in the process of establishing environmental policies and systems, in the future we will closely observe the implementation of those policies and systems. Comments from local employees in charge of the surveys included, "Through these annual surveys, supply chain management is steadily advancing." By continuing these surveys in the years ahead, we will work to raise employee awareness and enhance supplier understanding and implementation.

■ CSR Survey: Survey results by organization (FY2013)

	FY2013
Textile Company	25
Machinery Company	16
Metals & Minerals Company	11
Energy & Chemicals Company	69
Food Company	146
ICT, General Products & Realty Company	163
Total	* 430

* Includes 32 suppliers of overseas offices and 193 suppliers of 17 Group companies

Employee Relations



As a general trading company that has a diverse range of businesses around the world, ITOCHU believes that its human resources are its greatest management asset. Accordingly, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting the growth of its business activities. We will continue to pursue human resources initiatives, such as cultivating industry professionals and creating systems in which diverse human resources can flourish globally.

■ Policies and Tasks for Fiscal 2014



Fumihiko Kobayashi
Managing Executive Officer,
General Manager,
Human Resources & General
Affairs Division

For ITOCHU Corporation, human resources are its greatest management assets as a general trading company. "Brand-new Deal 2014," our medium-term management plan launched from fiscal 2014, inherits the basic policies of the previous medium-term management plan and continues to outline a variety of initiatives pertaining to human resources, such as cultivating "industry professionals" and "strong human resources." By executing the medium-term plan and these measures, we intend to further enhance the structure that will support utilization of our human resources, enabling diverse human resources to demonstrate their skills and abilities to the fullest.

Human Resource Development Supporting the “Seeking of New Opportunities”

Human Resource Development Supporting the “Seeking of New Opportunities”

Human resources are what support the stable, ongoing growth of ITOCHU Corporation. Our human resource development activities are available to employees throughout the Group, both domestically and in overseas blocs. Based on each employee’s work experience and abilities, we strive to help them develop into professionals who play an active role in their business field and to provide them with the skills necessary to manage business on a global level. Through individual evaluations and feedback, centered on valuable job experience via on-the-job training (OJT), we help to cultivate the motivation and willingness of employees to increase their career opportunities within the Group. To further support employees’ self-development, we not only provide skills and knowledge through training but also actively support career development. We will continue to invest substantially in our human resources, while at the same time promoting human resources development which is proactively led by the front-lines.



Basic Structure of Human Resource Development

Human Resources Development System

ITOCHU conducts various trainings to employee in all levels in its organization. In addition, independent business and skills-based trainings are also conducted by each Division company and Administration Division to develop professionals who can manage business on a global level.

Classification	Head Office Employees			Group Company Employees	National Staff
	Essential	Elective	Select		
Target					
Officer	Training for Newly Appointed Officer			Training for Newly Appointed Officer	
General Manager	Training for Newly Appointed General Manager	Workshop for Organizational Managers	GEP Training	Strategic Management Training	GEP Training
	Training for Newly Appointed Administrative Officer of Group Company				
Section Manager	Short-term Business School in Japan or Overseas	Pre-Dispatch Training		Basic Management Training	GLP Training
	Training for Newly Appointed Section Managers		Coaching		
Career-track Employee	Training for Newly Appointed Acting Section Manager	Cross Cultural Management Training	Short-term Business School in Japan or Overseas	Leader Employee Training	GNP Training
			Administrative Expertise Training Course		
Junior Employee	8th Year Training	Junior Overseas Training-Multi	Next Generation Leader Forum	Business Professional Courses	
	4th Year Training				
	Basic Course				
Clerical Staff	New Employee Training	Secretary Training	Junior Overseas Training	New Employee Training	NS UTR Training
	Training for Newly Appointed Grade B Employee		Support-Oriented Leader Training		
	New Employee Training				
Temporary Worker	Training for Temporary Worker				
Prospective Employee	Training for Prospective Employee				

GEP: Global Executive Program
GLP: Global Leadership Program

GNP: Global Network Program
UTR: National Staff U-turn Rotation Training

A Variety of Training Schemes

ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as select and elective training. We have a wide range of programs for the development of global management human resources, including global development programs and workshops for managers. In 1999, we instituted a system for sending new employees overseas as a means of fostering English proficiency and an international perspective in young employees. In 2010, we launched a new program designed to dispatch junior staff to China and other emerging markets for overseas training in Chinese and other languages. Our plan is to develop candidates who will become specialists in each target market in the future.

We also offer a wide range of training for specific objectives, such as "Career vision support training" and distinctive training based on the human resource strategies of each Division Company and Headquarters' administrative division, with the aim of developing industry professionals of each business field with diverse values.



Global development program

- * Global Executive Program (GEP): This core part of the global talent development program provides training to cultivate global executives.
- * Global Leadership Program (GLP): The purpose of this training is to cultivate organization managers who can be active in global business.
- * Global Network Program (GNP): Through training held at Headquarters, this program enables locally-hired overseas staff to learn firsthand about the ITOCHU Group's global operations and build up a network with other participants.

Human resources development policy and training details (excerpt)

Overview of human resources development system	Training program name (excerpt)
Development of global management talent	Global development programs (GEP, GLP, GNP*), organization manager workshops, sending employees to short-term business school programs
Business leader development	Sending of new employees overseas, dispatch of junior staff overseas to learn Chinese and other languages
Development of industry professionals and diverse human resources	Career vision support training, distinctive training for each Division Company, Headquarters' administrative division

Number of employees participated in major training programs

Training program name	FY2013 Results
Global development program	88
Organization manager workshops	372
Sending of employees to short-term business school programs overseas	43
Junior staff overseas training for English and Junior staff overseas training for multi-language	79
Career vision support training	2,037

Comments by Training Participants



Ayumi Ooi
Medical Business Team
Organic Chemicals
Department No. 1

Junior staff overseas training for multi-language (Chinese)

From the end of February 2012 I had the opportunity to take part in Chinese language training in Dailian, Liaoning Province for half a year.

I attended university classes in the mornings and took lessons at a language school in the afternoons. I would hear Chinese when traveling on a bus or in a

taxi, and my daily life involved things like ordering food and chatting with friends entirely in Chinese, making it a really favorable environment for picking up a language.

But what I gained went beyond language acquisition; it was a valuable opportunity to get to know a side of China that was different from what I'd seen on business trips and in the media.

After returning to Japan, I've been making an effort to get involved with Chinese business projects and utilize my training as much as possible.



Kazuchika Fukuda
Project Development Section
Non-Ferrous & Metal
Materials Department

Junior staff overseas training for multi-language (Spanish)

I spent about six months in Santiago, the capital of Chile, to learn Spanish.

In addition to language acquisition, I learned about the local culture and customs from my homestay family, making it a training lifestyle that was highly concentrated with material.

I was already responsible for work related to the South American region, but it was difficult to gain a deep understanding from desk-bound research and information alone. From the raw information I was able to gain by asking people actually living in Chile and the people working on the front lines, I was able to organize the disarray of knowledge and information that had been going around in my head, and this made it an exceptionally valuable experience.

I hope to utilize the Spanish I learned and all these experiences in the resource business, as well to take on various challenges.

I am grateful for such a valuable opportunity.

Personnel Evaluation Systems

Personnel evaluation systems are positioned as the foundation of a personnel system that helps employees realize their full potential with enthusiasm and drive. One of these systems is the management by objectives (MBO) scheme, which functions as the driver of management strategy by dividing objectives among individual employees based on the company-wide management plan and verifying their execution. We have also established a human resources assessment system that takes a comprehensive look at the skills, expertise, past careers, aspirations and suitability of individual employees and utilizes this information for placement and transfer plans.

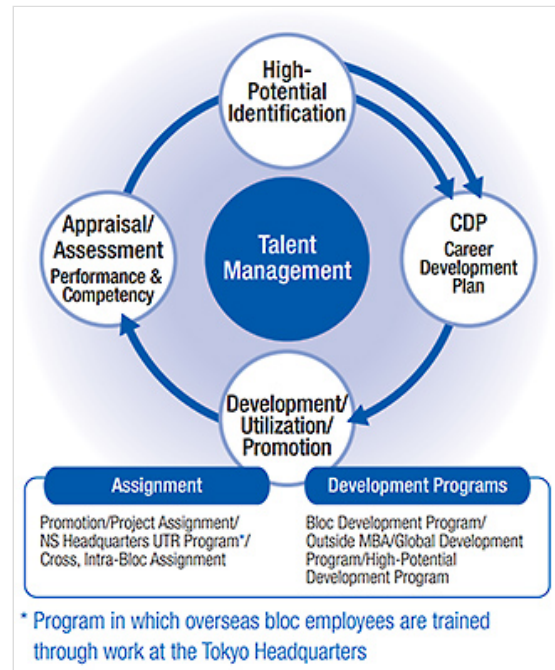
We regard fair and equitable evaluations by supervisors and feedback through interviews with subordinates as critically important to ensure proper functioning of these personnel evaluation systems. We make use of evaluator training and other activities to communicate the importance of encouraging employee growth and development to supervisors.

Ongoing Promotion of Global Human Resources Strategy

Ongoing Promotion of Global Human Resources Strategy

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and optimize the talent development of the Group on a global basis.

By fiscal 2011, we had taken steps to create a platform for promoting the development and utilization of human resources worldwide, including the development of a global human resources database and the establishment of leadership standards for managers. From fiscal 2012, we are strengthening our human resources strategy in core overseas markets such as China and Asia. In addition, cooperating with each Division Company, we are implementing a Talent Management Process by preparing individual development plans for talented personnel who will play key roles in the expansion of revenues and profits overseas. Through these initiatives, we are bolstering the recruitment, development, and utilization of personnel who will contribute to global business development.



Talent Management Process

Specific Initiatives

1. We are inviting employees from our overseas blocs worldwide to come to our headquarters for approximately two years as a form of HR development through actual operations. These employees are provided the opportunity to learn business operations, gain a firm understanding of our corporate philosophy and culture, and build interpersonal networks. At the same time, this initiative encourages our headquarters to become more global in its outlook. (From April 1, 2008 to March 31, 2013, a cumulative total of 66 employees have been dispatched.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, by implementing the ITOCHU Global Classification (IGC) in 2009 as a common measure of job level / level of responsibility for all jobs and positions worldwide.
3. ITOCHU Mission and Values, which we have passed down since our founding more than 150 years ago, and the ITOCHU Values have been incorporated into the human-resource requirements for ITOCHU leaders. These requirements are reflected in our recruiting standards and our evaluation and human resources development programs and are passed on through in-house instructors. This enables us to hire and develop human resources around the world who are suited to ITOCHU's values.

- Related Data: Number of overseas bloc employees by region (page 69)

Promoting Human Resources Diversification

Policy on Promoting Human Resources Diversification in Japan

Promoting efforts to embed and utilize through numerical expansion and systems enhancement

Promotion Plan on Human Resources Diversification 2013 (Japan)

Since December 2003, ITOCHU has promoted efforts to diversify its workforce in Japan. The motivation here is a recognized need to respond to changes in the external environment, such as intensifying competition spurred by economic globalization and the race to secure human resources due to Japan's declining birthrate and aging society. ITOCHU must also respond to the need to create new businesses, as well as address the disproportionate age makeup of its workforce.

In fiscal 2010, ITOCHU launched "Promotion Plan on Human Resources Diversification 2013 (Japan)," a new roadmap aimed at enhancing individual and organizational abilities further by putting an environment in place that leverages and utilizes the characteristics of each employee without regard to gender, nationality or age.

Under this new plan, we are working to create a more attractive company and corporate culture by supporting the push to secure, embed and utilize more diverse human resources.

Supporting the career development of female employees

To date, ITOCHU Corporation has actively promoted measures to support the career development of female employees to reflect the advancement of women in Japanese society, and established various schemes to this effect. Moving forward, we will push even harder to ensure the fair application of these schemes and strengthen support the career development of female employees who contribute to the corporate growth, through efforts including the promotion of individual support measures based on the life stages and careers of individual employees.

■ Cross-industrial Women's Forum by women in career-track positions held

In February 2013, ITOCHU Corporation and Nomura Holdings, Inc. jointly held the Cross-industrial Women's Forum, an event where female employees from five of Japanese leading global firms gathered to engage in inter-industry exchanges and learn from one another about their future careers (other participating companies were Shiseido Co., Ltd., All Nippon Airways Co., Ltd. and Nissan Motor Co., Ltd.) Roughly 100 junior female employees from each company broadened their views through exchanges with other participants and stories of the personal experiences delivered by a diverse range of role models selected from each company, including female employees posted overseas (living along with their children) and those working in management positions. The event was a highly productive opportunity for female employees to find the motivation to open up their own careers and gain awareness.

■ ITOCHU's first female executive officer

In April 2013, ITOCHU appointed its first female executive officer. As a leading company in the promotion of diversity, ITOCHU Corporation will continue to support the development and utilization of a diverse range of human resources, including female employees.

Comment by newly appointed female executive officer



Mitsuru Claire Chino,
Executive Officer
General Manager,
Legal Division

ITOCHU Corporation is “everywhere,” both in terms of its diverse industry and jurisdictional coverage. Our people are the back-bone of the company’s success. We believe that diversity is a matter of business strategy. With this in mind, we will continue our aggressive investment in diverse human capital.

- Related Data: Numbers concerning employees (page 69)
 - Proportion of female employees among all employees in career-track positions (page 69)
 - Numbers of hire by gender (page 69)

Supporting the Utilization of Senior Human Resources

ITOCHU Corporation is supporting the employment of aged workers even more actively than before. In light of factors such as the declining Japanese birth rate and aging population and support for the utilization of diverse human resources, we have introduced an employment extension system as a new option in addition to mandatory retirement at the age of sixty. This provides an environment in which willing employees can continue to play an active role so that their wealth of knowledge and experience can be utilized. In the future, we will make further efforts to develop environments in which aged employees can continue to work with even greater drive and enthusiasm.

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established Itochu Uneedus Co., Ltd., as a special subsidiary based on the Disabled Persons Employment Promotion Act (Law for the Employment Promotion of the Disabled) in order to create work opportunities for those with disability. As of June 2013, the proportion of our workforce with disabilities is 2.02%, which exceeds the legally stipulated ratio of 2%. We will continue to actively support the participation in society by people with disabilities. Common menu of category from here.

- Related Data: Employment ratio of people with disabilities (page 70)

Creating Environments That Bring Out the Best in Employees

Policy on Efforts to Create Environments that Bring Out the Best in Employees

ITOCHU Corporation regards people as its greatest asset and considers the development of environments that allow employees to enjoy peace of mind and concentrate on their work with a sense of job satisfaction to be of crucial importance. To this end, ITOCHU has enhanced and expanded a number of systems, promoted greater understanding of systems in the field and among employees, and promoted the development of environments that bring out the best in employees.

Providing Support for Work as well as Employees' Childcare and Nursing Care

During the course of their working lives, employees inevitably pass through life stages that require them to render childcare and nursing care. To enable them to continue working with peace of mind and demonstrate their fullest potential, ITOCHU has expanded and upgraded systems to help that are far and above those required by law. These systems are available to both male and female employees, and provide support to them in their work as well as child and / or nursing care duties.

In 2010, we opened I-Kids, a childcare center for our employees, at a location close to our Tokyo headquarters. This move was made in light of a widespread social issue where many children are currently waiting for entry to nurseries in the Tokyo metropolitan area, and female workers face difficulties in planning their return from childcare leave. Starting October 2012, we also made revisions to treat the five-day period following the start of childcare leave as paid leave instead of unpaid to encourage male employees to take part in childcare.

In 2011, in cooperation with the SECOM Group, we launched the "Furusato Care Service" to help employees posted abroad care for their elderly relatives (all expenses are paid by the company). As ITOCHU aims to increase overseas revenues and profits, one of the key strategic approaches in its overseas policy is to increase the number of staff on overseas assignment. The service helps keep our employees working overseas updated on the lives and health of their elderly relatives living alone in Japan, helping our middle-aged employees to meet their work and nursing care responsibilities. Through this care service, we are working to establish an environment that enables employees to concentrate on their overseas assignments.

In addition, since October 2012 we have been expanding and upgrading our nursing care systems in anticipation of the coming era of increased demand for nursing care. Changes included extending the available period of shorter working hours for nursing care (from three years to five years) and launching a web-based consultation service for nursing care matters.

- Related data: Acquisition of leave according to child care or nursing care related systems (page 70)

Comments from an I-Kids user

Maya Hirano

Temporarily transferred to Food Management Support Corporation



Stroll along avenue of ginkgo trees



nutritional education

Since I couldn't get my child into the local day-care center, I've been using I-Kids since September 2012. Since there are only a few children there are not that many opportunities to make friends, but I am deeply grateful for the detailed attention given by the friendly teachers in a relaxing atmosphere. There are many events held such as Halloween, Christmas, birthday parties and monthly nutritional education. I feel

that my child is growing a lot each day through the various experiences at I-Kids. Since it's close to work, I can get there right away if anything happens, providing me with an environment where I can work with peace of mind. Both parents and child are really grateful to be using this service.

Comments from a user of childcare leave



Yoshinori Kanayama
Human Resources & General
Affairs Division

After consulting with my wife and supervisor, I took childcare leave, as I had become interested in broadening my perspective by doing something I hadn't experienced before—raising a child. I am really thankful to the supervisor and coworkers for their substantial support of my leave. Working with my wife to raise our son has deepened our family ties. Another valuable asset is the knowledge I have gained about the potential of childcare products and business. Taking childcare leave should be a positive experience for male employees, as it will enable us to gain new insight into our jobs.

Acquired "Kurumin" Mark Certification

In 2011, ITOCHU Corporation received approval from the Ministry of Health, Labour and Welfare (the Tokyo Labour Bureau) to display the Next-Generation Certification Mark (affectionately known as *Kurumin*) after satisfying the criteria stipulated by the Act on Advancement of Measures to Support Raising Next-Generation Children. (*) ITOCHU Corporation will continue its proactive efforts to develop an environment where employees can stay motivated and find rewarding work.



* Act on Advancement of Measures to Support Raising Next-Generation Children
The Act on Advancement of Measures to Support Raising Next-Generation Children calls on regional public-sector organizations to formulate and present local action plans to help reverse Japan's rapidly declining birthrate. Meanwhile companies, based on the number of employees employed, are mandated to formulate action plans of their own for supporting employees in balancing work and parental duties, and submit a detailed summary of these to prefectural labor bureaus. (Excerpt from the Ministry of Health, Labour and Welfare (Japanese only))

Career Counseling

The Career Counseling Center offers a wide range of counseling and support for diverse career stages, ranging from new recruits to organization managers. Staffed by several employees certified as career counselors, the department touches on an array of topics with its clients, including relationships with supervisors, junior staff and peers, approaches to work, and considerations about one's own future. A mechanism is in place in which all young employees go to career counseling at certain milestones after joining ITOCHU as part of their training. A system is in place for all young employees to receive career counseling when they reach certain milestones in their ITOCHU careers, as part of their training. Counseling is also available to mid-career employees as well as middle-aged employees looking to continue working. The Career Counseling Center aims to provide ITOCHU employees—and through them, their organizations—with the opportunity to develop their careers, as well as with a safety net.

Initiatives Aimed at Occupational Health and Safety

Policy on Occupational Health and Safety Initiatives

For ITOCHU Corporation, employees are assets, and ensuring the health and safety of employee workplaces is one of the vital responsibilities a company must fulfill so that its employees can reach their full potential. To ensure that ITOCHU Corporation employees stationed around the world and their families can enjoy a meaningful assignment in safety and good health, we have built a full system not only for incidents, accidents, disasters and other emergencies, but also for health management.

Overseas Security Management

ITOCHU Corporation maintains global business operations with roughly 800 rotational staffs stationed overseas, and sends a total of ten thousand staffs on overseas business travel from Headquarters in Japan each year.

In terms of overseas security management, based on the belief that a shared awareness between the overseas location and Japan is important, the Human Resources and General Affairs division have assigned security management to some staffs in each regional headquarters of nine blocs worldwide. Information concerning politics, economics, public safety and other factors is periodically collected and disseminated internally. We have also established a system to cover regions where information is more difficult to obtain through contracts with international security consultant firms. To prepare for emergencies such as diseases or injuries, including preventative measures for infectious diseases in the dispatched area, we collaborate with an international emergency medical service company and developed complete support systems for preventative and post-incident measures.

Before being stationed overseas, rotational staffs are given extensive guidance to deal with matters such as local security, health care and different cultures. Awareness raising activities are conducted after arrival, such as security management seminars for rotational staffs as well as their families.

Employee Health Management

For ITOCHU Corporation, employees are assets, and thus the health management of every single employee is extremely important to ensure that a diversity of employees can freely exert their capabilities.

We have developed an in-house system that allows employees to receive counseling on their health at any time. For example, the Health Administration Center at ITOCHU's Tokyo Headquarters, which also serves as a clinic, has 20 specialist physicians on staff, as well as an X-ray technician and a pharmacist. These health maintenance professionals, who each act as a "health concierge," care for every aspect of health for each employee, providing them with the support needed to manage their own health.

In terms of specific services, in addition to general medicine (internal medicine, orthopedics, dental), medical checkups (regular medical checkups, half-day complete medical checkups, medical checkups for employees traveling overseas and those returning temporarily or permanently), various vaccinations, examinations (VDT examination, adult-onset disease examinations), we also offer medical counseling and provide information. Web services such as the Health Support System (HSS), which allows individuals to view their medical checkup history, are also available. As well as the operating four recreation facilities through our health insurance society, we run quit smoking and other health campaigns.

Mental Health

Where mental health is concerned, we have established a stress management room in-house, and offer counseling given by a clinical psychologist. Employees can also seek counseling from a company physician as well as see a psychiatrist in-house. Through our health insurance society, we have set up the "Health & Mind Online" health consultation website where employees can seek consultations over the web.

Working Hours Management

With the aim of promoting lively and efficient ways to work that reflect the realities of each workplace, we pursue initiatives from the perspective of preventing long working hours, such as the establishment of days with early finishing times at each workplace. In terms of specific measures, we have enhanced systems that allow us to engage in fair time management as a company, such as utilizing an objective working hours management system based on building entrance and exit records. We believe that making all employees aware of fair time management and achieving healthy and lively ways to work will lead to fulfilling the ITOCHU Mission of "commitment to the global good."

Communications with Employees

Dialogue Meetings with the President

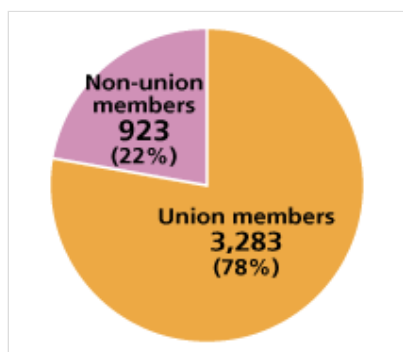
ITOCHU Corporation is proactive about offering employees opportunities for two-way discussions with the president. In fiscal 2013, the president visited domestic branches, offices and operating companies, which usually have limited opportunities for dialogue with the president, and held seven dialogue meetings. In these discussions, the president shares directly with employees the company's management policies and his passion for their realization, while employees in turn can express their opinions to the president and ask questions. The meetings therefore provide extremely valuable opportunities for two-way communication. Recent meetings were held in a very spirited atmosphere, and touched on everything from management policies to more personal topics.

Along with these domestic meetings, the president also has dialogue meetings with our staff on overseas assignment, as well as overseas bloc employees when he visits one of our overseas bloc areas. In fiscal 2013, the president held 8 meetings at our business locations in the United States, Brazil, the United Kingdom, France, Italy, China, and Philippines, directly exchanging opinions with staff on overseas assignment and overseas bloc employees about our management policies and other topics. These meetings provide beneficial opportunities for both the president and employees to deepen their communication.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues is discussed with the labor union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2013, we held five meetings, including management meetings with the President and similar meetings with Division Companies and the Administrative Headquarters. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.



Ratio of labor union members as of April 1, 2013

Initiatives with the Labor Union in fiscal 2013

June 2012	Settlement of accountings meeting
September 2012	Machinery Company management meeting
November 2012	Energy & Chemicals Company management meeting
March 2013	Management meeting with CFO
March 2013	Management meeting with the President

Comments from the Labor Union President



Toshiaki Asano
President,
ITOCHU Labor Union

The ITOCHU Labor Union is involved in a host of measures designed to realize working environments that allow one of the Company's key stakeholder groups, its employees, to be more enthusiastic and motivated, and bring their individual abilities to the fore. Based on input gathered from a wide array of frontline operations, we hope to encourage communication between the Company and employees through active dialogue with the Company at management meetings, and ultimately to contribute to CSR activities.

Improving the Infrastructure for Employee Communication

ITOCHU Corporation works to revitalize communication between employees and provide opportunities for exchange through a range of welfare facilities and schemes. Revitalized communication helps to foster a sense of belonging and motivation to work in individual employees and also helps to invigorate the organization as a whole.

■ Dormitories for Single Employees

More than 300 junior career-track employees spread across four buildings for males and two buildings for females make use of company dormitories. The dormitories allow employees to interact with junior and senior employees joined the company at different times or who belong to different departments, and also leads to more lively communication among fellow junior employees.

■ Employee Cafeteria

The employee cafeteria at the Tokyo Head Office underwent large-scale renovations in May 2013 and was transformed into a space that is brighter and a more comfortable meeting place than before. Each day around 1,500 employees make use of the employee cafeteria, which helps promote exchanges between fellow employees during meal times.

■ "SOGO-KAI" Associations

"SOGO-KAI" associations are organizations in which fellow employees assemble and enjoy the same sports or cultural activities. More than forty such associations are active within the company and boast more than 700 employee members. The associations are not limited to current employees of ITOCHU Corporation. Many former employees and Group company employees also take part. Through sports and cultural activities, these associations promote exchanges and communication across different generations and organizations.

Basic Data

Numbers concerning employees (As of the end of March for each year)

	Numbers concerning employees						Consolidated
	Total	Male	Female	Average age of employees	Average number of years of service	Average annual salary (JPY)	Number of employees
2011	4,301	3,201	1,100	41	15.8	12,542,124	62,635
2012	4,255	3,162	1,093	41	15.6	12,810,035	70,639
2013	4,219	3,162	1,057	41	15.8	13,893,019	77,513

Number of employees by operating segments (As of the end of March 2013)

(Unit: persons)

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty
Non-consolidated	402	468	197	333	389	407
Consolidated	20,101	11,749	774	8,523	6,995	25,828

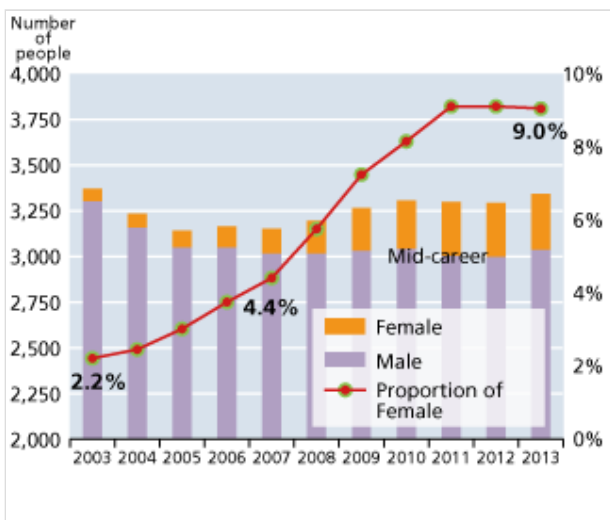
Number of overseas bloc employees by region (As of the end of March 2013)

(Unit: persons)

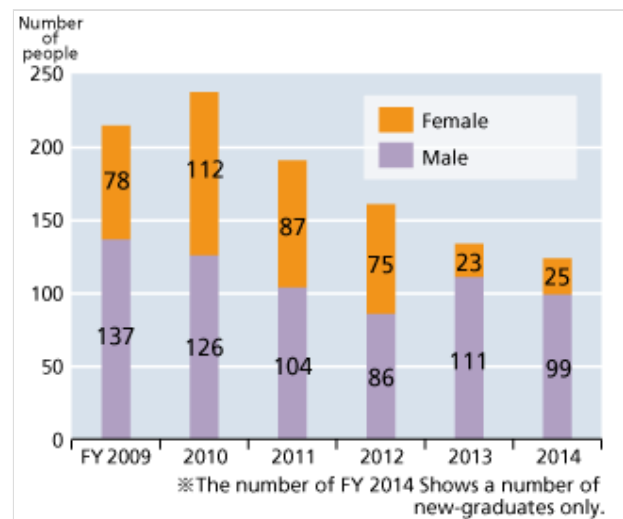
North America	Latin America	Europe	Africa	Middle East	Oceania	East Asia	ASEAN & South West Asia	CIS	Total
149	161	208	37	157	31	744	606	85	2,178

Proportion of female employees among all employees in career-track positions

(As of April 1 for each year)



Numbers of hire by gender



Acquisition of leave according to child care or nursing care related systems

(Unit: persons)

		FY 2011	FY 2012	FY 2013
Child care	Childcare Leave	49	61	43(0 male; 43 females)
	Leave to nurse sick children	125	125	134(58 males; 76 females)
	Shorter working hours for child care	50	57	64(0 male; 64 females)
	Special parental leave	13	8	35(6 males; 29 females)
Nursing care	Nursing care leave	0	1	1(1 female)
	Special nursing care leave	9	12	12(4 males; 8 females)
	Leave for nursing care	16	18	18(6 males; 12 females)
	Shorter working hours for nursing care	2	3	2(2 females)
Family support leave		469	536	454(248 males; 206 females)

Employment ratio of people with disabilities (As of June 1 for each year)

	Employment ratio of people with disabilities	Legally stipulated ratio
2011	1.87%	1.80%
2012	1.87%	1.80%
2013	2.02%	2.00%

Social Contribution



Viewing issues from a global perspective, we always remain aware of the role to play as a good corporate citizen, see that our activities are at harmony with both local communities and the international community, and contribute to the rise of societies offering a higher quality of life.

Following our corporate mission "Committed to the global good," we have identified five areas of focus in our basic activity guidelines.

Basic Activity Guidelines on Social Contribution



1. Action on Global Humanitarian Issues

As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.



2. Environmental Conservation

ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.



3. Community Contribution

As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.



4. Growth of Future Generations

ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.



5. Support for Volunteer Work by our Employees

ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

Social Contribution Activities: The Great East Japan Earthquake Support Activities

The Great East Japan Earthquake caused substantial damage throughout east Japan. Moving forward, ITOCHU will do its utmost to support reconstruction from a long-term perspective.

Topics of Major Activities in FY 2013

■ The 100 Children's Books aid in June 2012

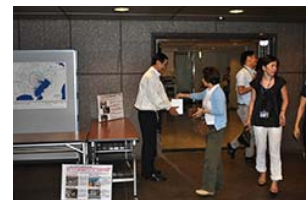
The 100 Children's Books aid that we conduct together with our shareholders has starting arriving at a volunteer organization in Tohoku. This activity transfers paper and postage costs saved from shareholders approving electronic registration of their information to the Itochu Foundation that runs novel book aid. With our company donating the same amount, we have delivered 15 sets (1 set = 100 books) of children's books in fiscal 2012 to an organization operating at areas suffering the effects of the Great East Japan Earthquake to be used effectively for reading aloud to children.



■ Fund-Raising Activities Started a Year and a Half after the Great East Japan Earthquake in September 2012

On September 11, ITOCHU Corporation started in-house fund-raising activities at its offices to provide support for areas devastated by the giant earthquake and tsunami. The campaign lasted until September 21, and money was donated by many people, including expatriate employees and ITOCHU Group employees, not to mention directors, executive officers, and employees of ITOCHU Corporation. ITOCHU added the same amount to the final campaign result and donated their sum, which was 607,230 yen, to the Nippon International Cooperation for Community Development (NICCO). NICCO will use the money to support children in the devastated area under the 'Supporting Children's Dreams' project in Tohoku. For details, visit:

<http://www.kyoto-nicco.org/project/support/presentation/itc-coope.html>



■ Exhibiting the Works of Takuya Gamo of Iwaki City in Fukushima Prefecture in March 2013

We organized the Art Exhibition PEACE ART for the Future (March 5 to 11) at ITOCHU AOYAMA ART SQUARE. The whole venue including the support message board was given over to the "Great Earthquake, Tsunami and Heart Memories Spoken by Children's Arts" organized by East Japan Support Crayon Net. The exhibition of works by Takuya Gamo, who has overcome a disability to play an active role as an artist in Iwaki City, Fukushima Prefecture, was held at the same time.



■ Fundraising Activities to Mark Two Years Since the Great East Japan Earthquake in March 2013

Marking two years since the Great East Japan earthquake on March 11, the fundraising activity at the ITOCHU Tokyo headquarters collected 546,890 yen during the lunch hour. We have also had warm reactions from our branches and overseas offices during the week and ITOCHU will match the donations with a sum equal to the total amount collected. Unchanged from the time immediately after the earthquake, the sense of "we will not forget" is put to use rebuilding schools and supporting young people in the areas affected by the disaster through the Nippon International Cooperation for Community Development (NICCO) and the ITOCHU Foundation.



■ Tohoku Supporting Children's Dreams Project in March 2013

The Nippon International Cooperation for Community Development runs the Tohoku Supporting Children's Dreams Project. Sympathizing with the aim of the project, ITOCHU Corporation supports extracurricular activities and youth baseball teams of junior high schools in Rikuzentakata City, Iwate through ITOCHU Children's Dreams Fund, a fund that has recently been established. For details, visit:

<http://www.itochu.co.jp/en/csr/news/2013/130311.html>



■ Cooperating in Ishinomaki Line Mangattan Liner in March 2013

A departing ceremony for the Ishinomaki Line Mangattan Liner, a joint enterprise by Ishinomaki City and East Japan Railway Company, was held on March 23 when the Ishinomaki Mangattan Museum reopened. Many children and

families flocked to the station platform to see the train printed with Cyborg 009, Kamen Rider and other popular characters of cartoons created by the late Shotaro Ishinomori. Hoping that Mangattan Liner will attract tourists and help reconstruct affected areas, ITOCHU Corporation donates all expenses for the production of character stickers to Ishinomaki-shi.



Support for Volunteer Activities by our Employees

Beginning in May 2011, to make it easier for employees to participate in volunteer activities that support Great East Japan Earthquake reconstruction initiatives, we instituted a system under which the Company pays for travel, board, and other expenses. By the end of March 2013, a total of 216 people had used this system.

■ Volunteer Activities Report 1 (participated in the 9th activities from August 9 to 12, 2012)

Voice from a participated volunteer



Tetsuo Otani
Logistics & Insurance
Business Department

Seeing the Devastation and Meeting New Friends

The disaster that devastated the Tohoku region was a truly shocking event. I had been wondering whether there was something I could do to help with recovery efforts. Seeing the devastation with my own eyes, I again felt the difficulty and intractable nature of the recovery. Our work involved clearing clogged rice paddy ditches, and over the course of two and a half days, we cleared dozens of meters of ditches. By having meals and clearing ditches with 13 people of different ages and departments who I had never come across before in the ITOCHU Group, I was delighted to discover there were many wonderful workmates in ITOCHU that I never knew. I recommend that many more people pitch in and enjoy lending a hand.

■ Volunteer Activities Report 2 (participated in the 13th activities from December 13 to 16, 2012)

Voice from a participated volunteer



Yumi Inoue
Non-Ferrous & Metal
Materials Department

Continuing the Recovery to the Next Stage

This was my third visit to Rikuzentakata. This time when we arrived, "Minna no Ie" (a community house for local residents) stood on the land we reclaimed in December 2011, and there was a new sports field next to an embankment we cleared debris from in June. What we can do to help each time is so limited that when the body is tired from volunteering, the mind can be tempted to doubt whether the work has any meaning. On this trip I was glad to see people gathering at Minna no Ie to seek warmth from the cold, and children playing catch in the field. It made me realize that our efforts had certainly helped local people to make progress. However, there is still a long way to go before a full recovery. This trip made us want to always remember the people in the disaster zone and continue volunteering.

■ Volunteer Activities Report 3 (participated in the 14th activities from February 14 to 17, 2013)

Voice from a participated volunteer



Terumi Haruki
Affiliate Administration
Section, ICT, General
Products & Realty
Company

Thinking Again About the Tohoku Region

Two years have now passed since the Great East Japan Earthquake, and I've been surprised by the sluggish rate of reconstruction and recovery. There are still many local people in the Tohoku region who have to live in temporary accommodation and are grappling with their daily lives as they steadfastly wait for more progress with the recovery. After the volunteer work, I was really moved when a person affected by the disaster said to me quietly, "You've been a great help to us." I was also very struck by the various people I met and relationships I formed on this occasion. ITOCHU has provided us with the opportunity to converse a lot with disaster victims about their experiences. For these people, the memories of that time are still painfully vivid in their mind. Nevertheless, they have a strong need to talk about the earthquake and related things. This is because they want us all to never forget about the tragedy. This is perhaps also why when we were leaving the region on our bus they continued waving to us until they couldn't see the bus any more. I couldn't help but respond out loud with, "I'll be back soon!"

Social Contribution Activities: Action on Global Humanitarian Issues

Providing Aid to Areas Affected by Major Natural Disasters

For humanitarian reasons, we donate money and provide supplies for emergency relief for those affected by natural disasters both in Japan and overseas.

In FY2013, we collaborated with local branch offices and related organizations to provide the following aid.

Recent examples

Philippines: Typhoon in Mindanao	¥10,000,000
United States: Hurricane in the northeast	(Through local subsidiary) US\$50,000
China: earthquake in Szechuan	(Through local subsidiary) RMB300,000

Support Activities for the World Food Programme (WFP)

With the hope of alleviating hunger and poverty worldwide, we have been serving as a council member of the Japan Association for the WFP, a nonprofit organization that focuses on building support in Japan for the World Food Programme (WFP) and its hunger relief operations.

On December 5 and 6, we solicited donations to the UN World Food Program (WFP) in the reception area on the 1st basement floor of the Tokyo Headquarters and collected a total of 365,261 yen. At the venue, panels showing WFP's activities were displayed, and a limited number of special Santa Claus dolls were given to donors on a first-come and first-served basis. The money donated by the large number of ITOCHU

employees will be used by WFP for activities around the world for eradicating hunger.

Moreover, in May 2013, 220 employees of ITOCHU Corporation and ITOCHU Group companies participated in End Hunger: Walk the World, held in Yokohama. This is an annual event to raise money and awareness for the WFP's efforts to fight child hunger and malnutrition. At its Tokyo Headquarters, ITOCHU regularly engages in activities such as fundraising and holding panel exhibitions for introducing the WFP's activities.



Participated in End Hunger: Walk the World

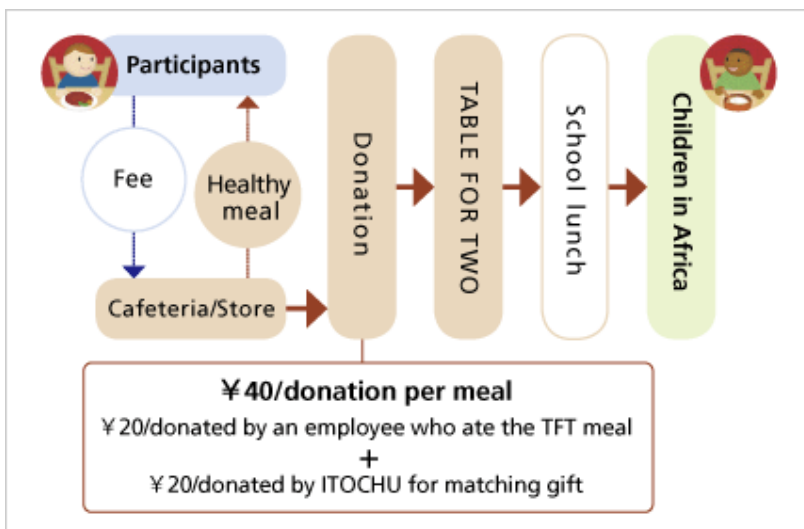
TABLE FOR TWO (TFT) Fighting to Fix the Food Supply Imbalance between Developing and Developed Countries

Our TABLE FOR TWO (TFT) is a social contribution program based on the concept of people in developed countries sharing a meal with those in developing nations beyond the restrictions of time and space so as to simultaneously work toward solving the problems of hunger faced by developing nations and obesity and lifestyle-related diseases faced by industrialized countries. TFT was established in Japan in October 2007, and in April 2008 in the corporate cafeterias in Tokyo, Osaka, and Nagoya ITOCHU introduced the TFT program at full-scale ahead of other companies.

In FY2014, the TFT healthy Menu is being offered every



day at the Tokyo Headquarters' corporate cafeteria. Those who order a meal from the menu can automatically donate 20 yen, which is included in the price. ITOCHU has introduced a matching gift program under which it donates an additional 20 yen per TFT meal purchased by its employees. This means that a total of 40 yen per meal is donated to the Japan Association for the World Food Programme and used to provide school lunches for children in developing nations.



Guidelines for TABLE FOR TWO meal

1. Meal with calories of approximately 730kcal (between 680 to 800kcal)
2. Nutritionally well-balanced meal
3. Meal with a generous amount of vegetables

Best 3 popular menus of TABLE FOR TWO at ITOCHU's Tokyo Headquarters



No.1: Stir-fried pork and vegetables with oyster sauce
496kcal



No.2: Bulgogi full of vegetables
597kcal



No.3: Non-fried white meat Mayo cutlet
500kcal

Social Contribution Activities: Environmental Conservation

Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

In 2008 ITOCHU celebrated the 150th anniversary of the company's foundation. To commemorate the anniversary, the Company decided to implement a social contribution program. A questionnaire conducted to determine what type of program to conduct found forest conservation to be the theme employees desired most strongly.

Since FY2010, under this program, ITOCHU has been engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with the World Wide Fund (WWF) for Nature Japan.

In northeast Borneo, at North Ulu Segama in the state of Sabah in Malaysia, where ITOCHU supports an area for rainforest regeneration, the international conservation organization WWF is collaborating on reforestation with the Forestry Department of the State Government of Sabah. The ITOCHU Group is supporting the regeneration of 967 hectares in the area – one of the largest forest regeneration programs to be carried out by a private enterprise. Since the land is also a habitat for orangutans, an endangered species, ITOCHU has named the program "ITOCHU Group Forest for Orangutans" and has worked together with Group companies to promote it.

We also organize a tour to the island every year comprised of volunteers from among ITOCHU Group employees. In these tours, the employees take part in reforestation efforts (including tree planting and cutting grass), observing wild animals, and other activities.

Please refer to the page 84 for detail.



Planting of tree saplings

Support for Manila Hemp Plantation Rehabilitation Project

On the occasion of the 100th anniversary of the establishment of our Manila branch in 1912, in June we signed a project agreement with the Fiber Industry Development Authority of the Department of Agriculture and the St. Ann's Family Service Cooperative, a local agricultural cooperative. The project has begun in August 2012, and ITOCHU will donate ¥2 million, the amount needed to plant and grow 90 hectares of Manila hemp (about 144,000 plants), which is scheduled to be completed by March 2014. In addition, the project is expected to absorb approximately 18 tons of CO₂ a year.



Social Contribution Activities: Community Contribution

Establishment of ITOCHU Medical Plaza for Contributing to Development of Kobe Medical Industrial City

To the Foundation for Kobe International Medical Alliance, we donated 500 million yen necessary for constructing the ITOCHU Medical Plaza, a facility aimed at conducting international medical exchange. The Plaza is planned to open in summer 2014 in the Kobe Medical Industrial City, one of the largest medical clusters in Japan. It is intended to be a center for human resource development, including education and technical training of overseas physicians and healthcare practitioners mainly from Southeast Asia, projects for accepting trainees from overseas, and a variety of research projects such as joint development of medical equipment with universities and other institutions.



Image of completed ITOCHU Medical Plaza

Opening of ITOCHU AOYAMA ART SQUARE

In October 2012, we opened ITOCHU AOYAMA ART SQUARE in the CI Plaza next to ITOCHU's Tokyo Headquarters. We established the facility as a base for our CSR activities aimed at contributing to the development of future generations, making local contributions through art, and contributing to art and cultural promotion, both in Japan and abroad. In Aoyama, an area that thrives with a variety of cultures, we will showcase artwork that reflects fresh perceptions and present exhibitions that serve as a bridge for international exchange.

ITOCHU will continue to address a range of social issues through art and regularly present exhibitions to contribute to creation of the culture of life in local communities.

ITOCHU AOYAMA ART SQUARE website

<http://www.itochu-artsquare.jp/en/>



■ Nemunoki Children and Mariko Art Exhibition

Starting on October 26, 2012, the first exhibition of ITOCHU AOYAMA ART SQUARE "Nemunoki Children and Mariko Art Exhibition" was open to the public. The opening ceremony was participated by Ms. Mariko Miyagi, the President of Nemunoki Gakuen and also the exhibition director, along with children of the school. The ceremony turned out to be a friendly and calm occasion under the clear sky.



■ Five Art University Interchange Exhibition

From January 18 through February 23, 2013, ITOCHU exhibited at ITOCHU AOYAMA ART SQUARE paintings and other works created by 40 voluntary students studying at five famous art universities in the Kanto region, namely Joshibi University of Art and Design, Tama Art University, Tokyo Zokei University, Nihon University College of Art and Musashino Art University. The students infused feelings that are unique to students into original work.

ITOCHU jointly organized this event with the aspiration that it would encourage the next-generation of students, who represent the future of art in Japan, to grow and pursue their dreams by providing them with challenging opportunities to present their work to society.

(Each of these posters is an individual artwork: the students put in the extra work of making every one different)



■ Exhibition of Edokiriko by 15 Young Artists

From Saturday, March 16, 2013, ITOCHU Aoyama Art Square has been the venue of an exhibition of new works by 15 artists of traditional Edokiriko. Based in Koto-ku, Tokyo, these artists keep making attractive works combining traditions with innovations. It was a good opportunity to experience the art and beauty of the works of young craftsmen who inherit traditional craft filled with the wonder of the culture created and developed by Japanese.



Support the "House for Youth" in Philippines of NGO "Kokkyo naki Kodomotachi(KnK)"

In December 2009, ITOCHU provided support for renovation of the House for Youth, a home that helps young people become independent, located on the outskirts of Manila. Support was provided via Kokkyo naki Kodomotachi (KnK: meaning "children without borders"), an authorized Japanese NPO that supports street children, children who are victims of major disasters, and other children in developing countries. House for Youth was again renovated in 2012 into a job training facility that helps children achieve independence. This time the underground floor and the roof of the house were renovated, enabling the facility to provide more job training courses, which allows more young people to acquire practical skills. The facility currently provides a wide range of support to approximately 1,000 young people every year.



House for Youth



Children from the House of Youth participating in the 100th anniversary celebration of ITOCHU Corporation's Manila branch

KnK Reports From the Philippines (an excerpt from KnK's website)

The KnK Philippines House for Youth, which was established in November 2001, was renovated in December 2009 with support from ITOCHU Corporation. Young children who were abandoned by their parents live together here under the family-like love of staff members and receive appropriate care. Some children who suffered from severe malnutrition before they came here are extremely small for their age. Yet their health conditions have now improved significantly because they receive a well-balanced diet and live a regular life.

At the House for Youth, we help young people living in slums get jobs by providing them with training courses in computer skills and sewing. We have also started activities for creating income in the slums mainly through handicrafts. Through this work, young people can, for instance, create and sell accessories to help them become financially independent.



Together with the staff members of KnK

Lobby concert

On July 23, 2012, we organized the 21st ITOCHU lobby concert at the Tokyo head office attended by more than 700 current employees, former employees and their families as well as people in the local community. As we do every year, we also invited everyone from the Agape Center and before the concert, we organized a social event with the presenter Keiko Takeshita and ITOCHU Chairman, Eizo Kobayashi. Everyone had been looking forward to the annual event and were very pleased to socialize and have photos take to commemorate the evening. The performance by the New York Symphonic Ensemble was also extremely well received. At a mini-talk with Keiko Takeshita and Chairman Kobayashi, the discussion ranged from the efforts of the people in the disaster-struck areas to the assistance of the picture book program run by the ITOCHU Foundation. In its 21st appearance in the lobby concert, the New York Symphonic Ensemble gave a wonderful performance and were called back for two encores. Once again, we were reminded that music is the shared language of all people and regions.



Community Cleanup Activities on Aoyama-dori

ITOCHU employees take part in community cleanup activities around our Tokyo Headquarters. As members of the local community, they clean up the street and distribute items for raising awareness by cooperating with the local residents' association and staff of other companies in the area.



Social Contribution Activities: Growth of Future Generations

ITOCHU Foundation

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation in 1974.

The foundation engages in activities for contributing to the healthy growth of children, such as two current major projects: subsidizing development of children's literature collections (including subsidies for library development at schools and supplementary schools for Japanese nationals overseas), and promoting development of an e-book library.

Please refer to the page 69 for the 100 Children's Books aid that we conduct together with our shareholders.



Students at a Japanese school in Guatemala

Opening of Eco Shop Pavilion in KidZania Tokyo

In April 2012, ITOCHU opened its Eco Shop environmental pavilion in KidZania Tokyo, a facility for children to experience diverse types of work.

ITOCHU operates the Eco Shop by utilizing the expertise in environmental education it has developed through the MOTTAINAI Campaign, a global environmental effort in which ITOCHU participates. To allow children to experience environmental activities, the pavilion provides visitors with opportunities to create original products such as a My Furoshiki Wrapping Cloth, Eco-Bag for Shopping, and My Chopsticks to Carry Along, all using eco-friendly materials.

We have also introduced a program in which, for each child creating an original item at the Eco Shop, an amount equivalent to the cost of one tree sapling is donated to the Green Belt Movement, a tree-planting endeavor in Kenya. In FY2012, about 30,000 children participated in the activities, leading to donation of 30,000 saplings.

At KidZania Tokyo, a popular venue for children, we will continue to provide them with opportunities to enjoy learning environmental preservation from a global perspective, helping to develop young people who will be leaders of sustainable society.



Ceremony for presenting tree saplings to Kenya

Summer Holiday Class for Children

On August 22, 2012, we held a Summer Holiday Class for Children on the 10th floor of the Tokyo head office. A total of 27 children, including students of Aoyama Elementary School, children from the local community, and employees' families, participated in the class. We started to hold this annual event in 1992 as the Summer Holiday Environmental Class. The class for this year, which was the twenty-first, was organized jointly with Mizuho Financial Group, Inc. with expanded content. In the first part of the class, children learned about money, enjoyed quizzes on money, practiced counting banknotes, and actually held up 100 million yen cash. In the second part, they were given explanations about the MOTTAINAI Campaign, enjoyed a picture-story show on Pre Organic Cotton, created eco bags, and finally, were given beetles as gifts. The two-hour class was thus rich in content.

Above all, when real 100 million yen cash was shown to them immediately after a quiz question, "How heavy is 100

million yen?", not only the children but also their parents and guardians let out a cheer. Each one of them actually held up the cash, taking photographs eagerly. In the second part of the class, the participants gave such comments as "I was happy I could express MOTTAINAI with my own hands", "I enjoyed making the eco bag and now I want to do many more eco-friendly activities", "I want to buy products using Pre Organic Cotton as much as possible because I know the hardship of producers." It seems that the class was not only enjoyable for the children but also gave them a good opportunity to start thinking about environmental problems in their own ways and taking actions accordingly. When beetles were offered as gifts at the end of the class, the children looked at the 40 beetles with shining eyes. Thus, the class will be remembered by the children as one of good memories of summer holidays.



* Pre Organic Cotton: Cotton produced by farmers during a period required for the certificate of completing transition to organic production

[Reference]For details of the Pre Organic Cotton Program, visit: <http://www.preorganic.com/about/>

Social Contribution Activities: Support for Volunteer Work by our Employees

ITOCHU strives to heighten employees' awareness of volunteer activities. In one such effort we have introduced a system that lets employees take up to five days of annual volunteer leave and volunteer programs in which they can participate on holidays or during lunch breaks.

We especially recommend that our employees participate in the following activities, for which we have launched our own support programs.

Overseas: Volunteer tree-planting in Borneo

Japan: Volunteering to provide support for recovery from the Great East Japan Earthquake

Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

Since 2009, ITOCHU has been engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with the World Wide Fund for Nature Japan. We organize employee volunteer tours every year and visit Borneo regularly with employees working for ITOCHU Group companies, national staff working overseas, and others. Please see the pages 84 to 91 for details.



Examples of Other Volunteer Programs in which Employees can Participate

■ Support for Child Chemo House through installation of vending machines

To support operation of the Child Chemo House, the Japan's first specialized childhood cancer treatment facility, we have installed beverage vending machines specially designed for Chemo House in our Headquarters in Tokyo and Osaka. We donate an amount equaling 6%-10% of sales from all beverage vending machines installed in the buildings to Child Chemo House.



■ ITOCHU Baseball Class (Tokyo Headquarters)

As part of nurturing young people, thinking that we want to give disabled children the opportunity to challenge themselves in a variety of activities, and that we would like to help create opportunities for them to explore their own potential, we have sponsored the classes since 2007.

The instructor Kazuya Yano, former pitcher for the Yakult Swallows, covered a lot of ground, from sportsmanship, basic movements and other fundamentals that are difficult to master by practicing at home, to catching fly balls and practicing pitching. Expressing a common sentiment, one child who participated said, "I am happy because it was the first opportunity for me to use some of this gear. From now on I want to practice more." The event is very popular with everyone including the children and their guardians, and the number of volunteers are increasing year by year.



■ **Campaign to Deliver Picture Books (Headquarters in Tokyo and Osaka, Nagoya Branch, Kanazawa Branch)**

Participants in this campaign affix labels bearing text translated into local languages on corresponding pages of Japanese picture books and send the books to children in Southeast Asian countries as gifts.

A room on the fifth floor of the Tokyo Headquarters is offered for these activities during lunchtime every Thursday.



■ **Selling Bread from the Swan Bakery**

The Swan Bakery was established by the Yamato Welfare Foundation with the aim of encouraging employment for people with disabilities at reasonable wages. Since May 2008, we sell bread from the Swan Bakery every Wednesday in the employee cafeteria at the Tokyo head office.



■ **Nature Observation Sessions organized by the Fureai Network**

Nature observation at Shinjuku Gyoen National Garden: Early April

Cicada walk: Early August

Nature observation tour in Yokosawairi: Early October

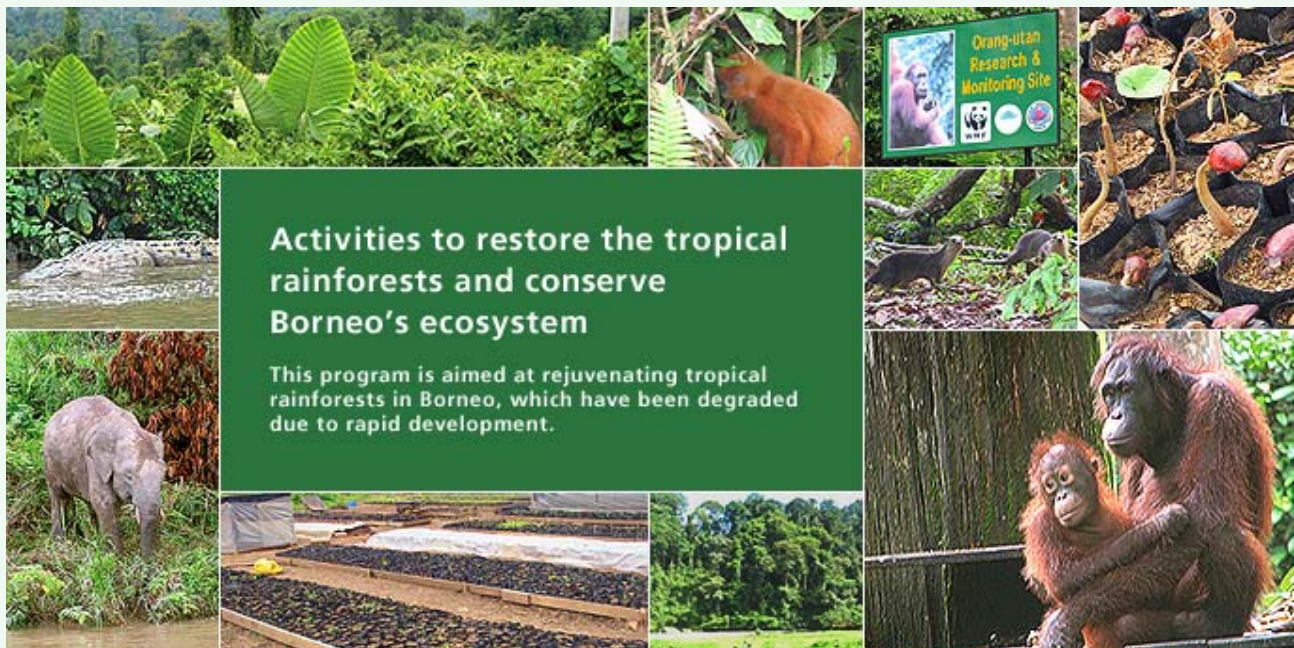


■ **Book reading by Fureai Network's Reading Aloud Group (held on second Saturday of each month)**

Current and retired employees of the ITOCHU Group visit elderly residents of a nursing home in Shibuya ward as volunteers and interact with them by reading books aloud, singing together, and engaging in other activities.



Social Contribution Programs to Commemorate the 150th Anniversary



Activities to restore the tropical rainforests and conserve Borneo's ecosystem

This program is aimed at rejuvenating tropical rainforests in Borneo, which have been degraded due to rapid development.

ITOCHU Group Forest for Orang-utan

1. Background

A worldwide issue, the striking decline and deterioration of tropical rainforests and the accompanying collapse of ecosystems was pointed out at the United Nations Conference on Environment and Development (UN Earth Summit) held in Brazil in 1992, but even today it has not stopped. In addition, it is also said that the destruction of forests is a source of the increase in CO₂ that is a cause of global warming.

The island of Borneo (Kalimantan) is a tropical rainforest region extending across the three nations of Malaysia, Indonesia and Brunei. With a surface area that is approximately 1.9 times that of Japan, it is the third largest island in the world.

Ranked with the Amazon, the island of Borneo is considered a treasure house of biodiversity, but recently development has made headway and some of the tropical rainforests have been damaged to the degree that it is not possible to preserve the ecosystem with natural regenerative power alone. This program is designed to assist with the regeneration of these damaged rainforests. In the northeast of Borneo, at North Ulu Segama in the state of Sabah in Malaysia, where ITOCHU supports an area for rainforest regeneration, WWF, an international conservation organization, is collaborating with the Sabah Forestry Department (SFD), to carry out reforestation of an area of approximately 2,400 hectares. Within the area, the ITOCHU Group is supporting the regeneration of 967 hectares. This is the largest area of responsibility for a restoration project undertaken by any private company. The land in question is also a habitat for orangutans, an endangered species. The reforestation not only protects the orangutans ; it is linked to the protection of many living creatures whose habitat is here.

Planting of 690 hectares had been completed as of the end of November 2012, and reforestation of all the 967 hectares is scheduled to be completed by the end of FY2015. After that, on-site maintenance work will continue through FY2017.



It takes a long time to regenerate a tropical rainforest. Five years alone are not enough. However, taking this opportunity, both employees and Group companies are cooperating, aiming to regenerate a forest where the animals can live in peace.

2. Program Description

Recipient	WWF Japan
Term	From FY2010 to FY2014 (Originally scheduled for 5 years, but the on-site work will continue through FY 2017)
Location	Borneo (North Ulu Segama, Sabah, Malaysia)
Area	967 hectares (slightly larger than a 3 km x 3 km square area)
Contribution	A total of 250 million yen (including donations from Group companies)
Tree-planting	We will plant species of trees that are appropriate to local conditions with the focus on the local Dipterocarpaceae species. We will plant trees and undertake maintenance for a period of five years.
Employee volunteering	We are involved in local reforestation activities (tree-planting, cutting undergrowth), wildlife observation, and other activities by employee volunteers, including those from Group companies.

News from Borneo: Vol. 4

A total of eighteen employees of ITOCHU and Group companies from Tokyo, Sendai and Taiwan came together for the 4th Borneo tree-planting tour at the ITOCHU Group Forest for Orangutans in Sabah State on the island of Borneo in Malaysia. At the site, the participants worked up a sweat, planting 10 to 27 saplings per person in the tough environment as the scorching heat of the sun beat down on them. Here, we introduce the abundant attractions of the local natural environment and a summary of the tour.



Tree-Planting Tour

■ Itinerary

Day 1	11/22	Narita (overnight flight) – Kuala Lumpur
Day 2	11/23	Kuala Lumpur – via Kota Kinabalu to Lahad Datu. WWF seminar after arrival at the hotel
Day 3	11/24	Lahad Datu to North Ulu Segama for tree-planting, and Sukau (evening cruise & night cruise)
Day 4	11/25	Sukau (morning cruise) to Sandakan (walk) to Sepilok
Day 5	11/26	Sepilok (visit the Orangutan Rehabilitation Center) • A walk in Forestry Department forest facility to Sandakan to Kuala Lumpur (overnight flight) to Narita
Day 6	11/27	Arrival at Narita Airport

■ Reforestation Status as of November 2012



As of November 2012, approximately 690 hectares, or 70%, of the total 967 hectares had been planted with trees. Long spells of rain, droughts and other bad weather have made it difficult for the tree planters to work efficiently. As of now, the tree planting will continue until fiscal 2014 with maintenance work continuing until fiscal 2016. From then on, the site will be left to grow naturally.



A sapling planted in 2010...



... had grown to about 2 meters by 2011.



By 2012, it had grown to 4 meters.

■ Tree-planting Report

Day 2 (November 23)

Arriving at the hotel after a long flight and transfer, the participants immediately headed for the conference room where they listened to a lecture by WWF Malaysia staff about the current situation in the disappearing forests on Borneo.



Participants are listening earnestly to a lecture by WWF Malaysia staff



Mr. Taniyama, a former ITOCHU employee, speaking with plain enthusiasm about the historical context.

After the ITOCHU activities, Mr. Taniyama, a former managing director of ITOCHU who now lives in Kota Kinabalu, came with his wife to talk about local afforestation and culture. The participants were able to get a full understanding of the current situation.

Day 3 (November 24)

The temperature was about 35 degrees. Under the scorching hot rays of the sun, 19 people split into six groups and planted 10 to 27 saplings each. Sweating hard as they planted the trees, everyone worked until they were worn out.

I was moved by participants who, finding traces of orangutan nests at the afforestation site, worked while praying that the trees they were planting would grow to provide homes for the orangutans in ten years' time.



Leaving the hotel by private bus in the morning.



Transferring to 4WD jeeps to travel to the tree-planting site



Explanations at the tree-planting site



At last, the tree-planting starts



Commemorative photo in front of the signboard

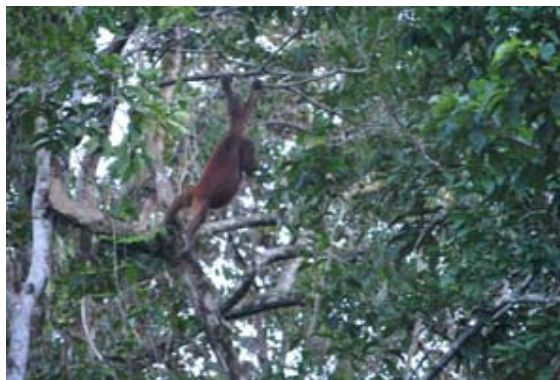


Pouring with sweat and venturing into deep country while keeping to the tree-planting line

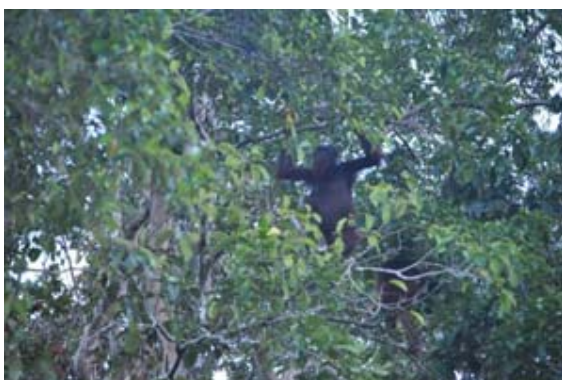
After finishing the tree-planting, we went by bus back to the hotel. The people participating in the evening cruise from the hotel in Sukau encountered proboscis monkeys, orangutans, lizards, kingfishers and other wild animals. After the evening meal, there was also a night cruise. The species of animals you can observe changes between dusk and nighttime. We traveled downstream at night through a magical landscape that took our breath away as we enjoyed the scenery under a starry sky.



In the afternoon, we transferred back to the hotel in Sukau where the evening cruise started.



Finally we came across a wild orangutan!!



After a short while we encountered 2 more wild orangutans!! They were only 50-60 meters away from the boat.



Looking up from the boat

Day 4 (November 25)

With the excitement of the previous day still lingering, we set off on the morning cruise. We also encountered wild animals on the 2.5 hour boat trip and the participants were astonished beyond their expectations.



Early morning departure



Captivating colors of the kingfisher



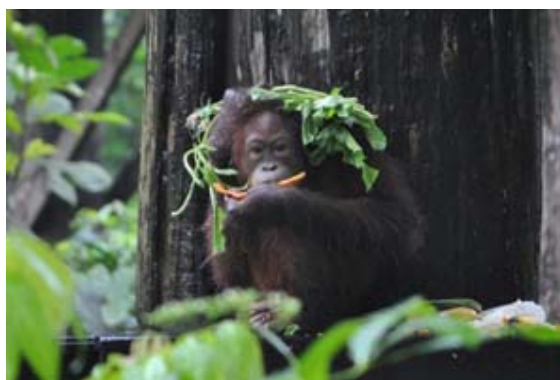
A monitor lizard clinging to a tree (about 1 m long)



To Sandakan in a speed boat. The strong wind hitting the body feels pleasant in the temperatures directly below the equator

Day 5 (November 26)

It had been raining heavily since the previous night, so in the morning we paid a visit in the rain to the Sepilok Orangutan Rehabilitation Center. The center shelters orphaned orangutans who have lost their mothers to poachers and, with a little help from human beings, they learn the necessary skills for surviving on their own before they are returned to the wild. It was a valuable few hours with each participant thinking deeply about the connections between forest regeneration and ecosystem protection, and their importance.



An orangutan sitting on the fence along the path (close enough to touch)



Participants looking at the information board at the resource center





In the afternoon, we visited the Rainforest Discovery Centre in a protected forest managed by the Forestry Department.



The protected area retains the look of virgin rain forest with many species of trees growing close together in a rich ecosystem.



The Centre, which grows tropical plants and birds, can be visited on foot.



On the way to the airport, we stopped off at the Sandakan cemetery. In a small corner, down a narrow path at the rear, there is a famous Japanese cemetery.
(The photo shows the Chinese cemetery.)

The rain is holding off?! The power of people who bring out the sun!



Megumi Kosaka
Corporates & Partners,
Fundraising & Marketing
Division, WWF Japan

The volunteer tree-planting tour has come to an end without any difficulties thanks to the participants. Once again, I would like to thank you for your support. At the lecture immediately after arrival, nobody looked tired, rather everyone was excited to participate in the activities. After the presentation, there were a lot of questions and the high level of interest in this project was tangible. Locally, this is the rainy season, but the men and women from the ITOCHU Group seemed to bring the sun with them. Just like last year, the sky was blue during the time spent at the project site. The temperature rose above 35°C under the blazing sun, but everyone was smiling and working earnestly without stopping. The people I remember best are the ones who talked to the saplings while gently planting them in the ground. Seeing the look of satisfaction on their faces after the tree-planting was finished, the staff gradually relaxed and had an enjoyable time taking photographs and talking with everyone.

I believe that everyone who participated in this tour came to understand the range of issues around the need for the forest reforestation project, its content and initiatives, as well as the day-to-day activities of the staff. Please do talk to your colleagues, family members and friends about this experience. I expect that your stories will be instrumental in getting people to think about protecting the global environment.

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. We believe it is important to contribute to sustainable development as a corporation by implementing both the offense of promoting environment conserving businesses and the defense of taking a precautionary approach to environmental risks.

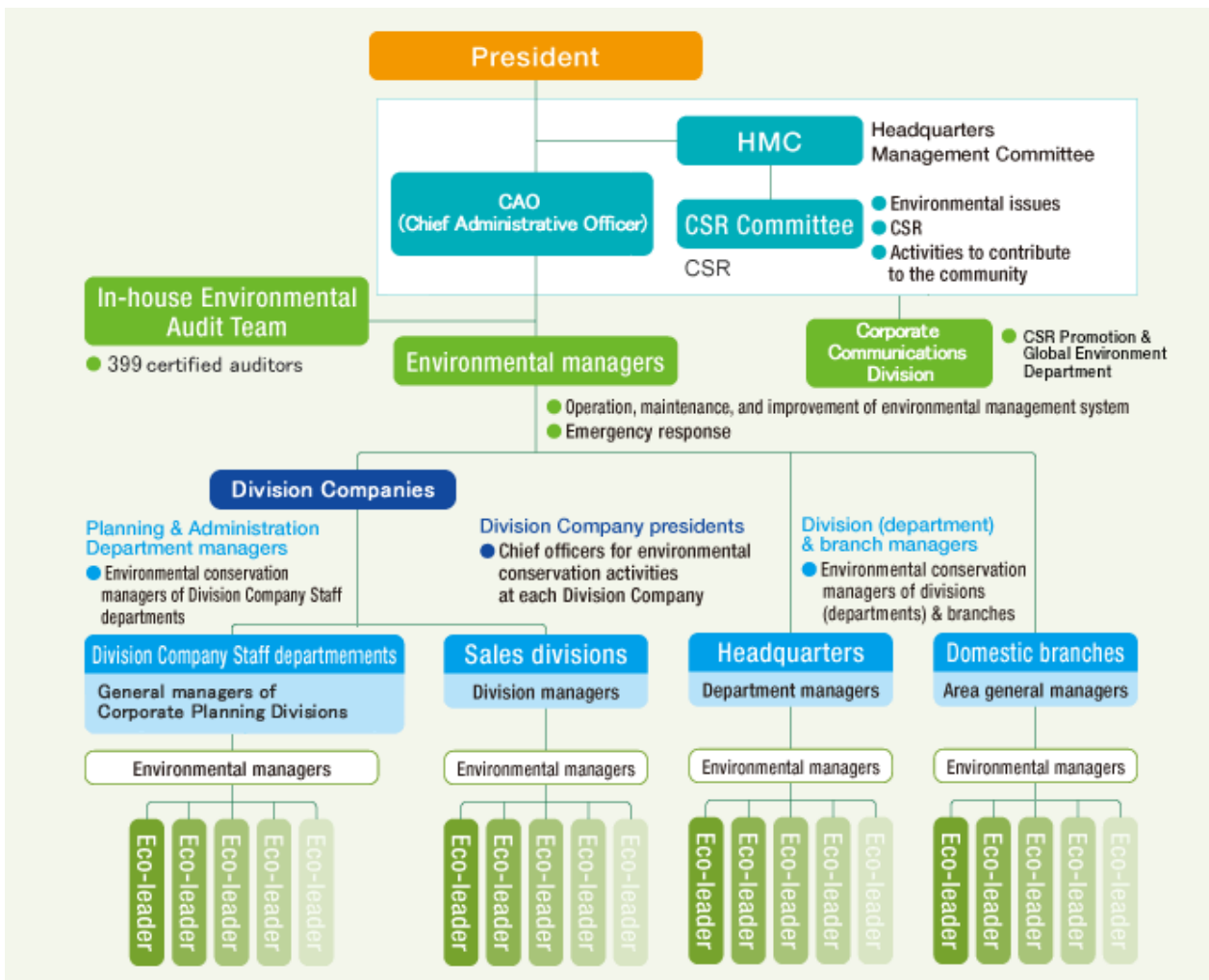
Environmental Management System

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, take precautionary approaches to environmental risks and promote environment conserving businesses. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk and promoting environment conserving businesses; 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 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 (61 total in fiscal 2014), and assisted by eco-leaders (266 total as of May 31, 2013), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

In fiscal 2013, In-house environmental audits based on ISO 14001 were carried out in 59 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 (399 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 2013 inspection was to renew 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 renewed certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Environmental Management Results and Targets

With respect to environmental management, ITOCHU establishes environmental objectives to be tackled in the medium-term, and then sets specific targets and conducts performance reviews based on those targets each fiscal year.

Item	Fiscal 2013 Environmental Targets	Review	Fiscal 2014 Environmental Targets
Prevention of Environmental Pollution/ Observance of Laws and Regulations	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.	○	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.
	Audit the state of compliance with the Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act on a priority basis through internal environmental auditing.	○	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	Select Group companies and conduct onsite surveys of their environmental management status.
Promotion of Environmental Conservation Activities	Introduce energy-saving electronic devices.	○	Expand the scope of monitoring to information such as the energy emissions of major domestic subsidiaries.
	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)	○	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	Conduct environmental education for elementary and junior high school students.
	Enhance and promote coordination with branches on environmental conservation activities.	○	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)
Promotion of Educational Activities	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.	○	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.
	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.	○	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.

* ○: Implemented △: Partially ×: Not yet implemented

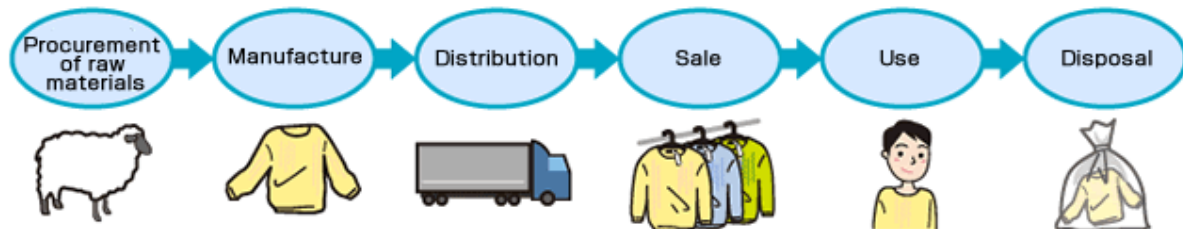
Precautionary Approach to Environmental Risks

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 impact of these products to the global environment, the state of our compliance with environmental laws and regulations, and their relationship with stakeholders. 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, 2013) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 of them per year. Over the 12 years to the end of March 2013, we did on-site investigation at 173 companies (239 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 Risks 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. We revised this checklist at the end of fiscal 2013 to reflect the seven core subjects (Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) of ISO 26000, and we began to utilize the new checklist in fiscal 2014. 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.

Internal and External Inquiries and Our Response (Year Ended March 31, 2013)

In the year ended March 31, 2013, we received a total of 20-inquiries from outside the Company, which were broken down as follows: environmental groups (1), industry (4), government and industry groups (6), and media and research firms (9). 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 97 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 6 inquiries regarding business investments.

Promotion of Environment Conserving Businesses

ITOCHU Corporation is committed to solving environmental issues through its businesses. As a framework for promoting these businesses, each division formulates a CSR Action Plan and promotes initiatives according to the PDCA cycle. ITOCHU also recognizes climate change and sustainable resource utilization as material issues and focuses on finding solutions to these challenges.

Renewable Energy

Details of Initiative	Name of Business Operator/Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	Approx. 1,500,000tons / year
	Horonobe Wind Power Generation Co., Ltd.	Japan	21MW	Approx. 25,000 tons / year
Bioethanol Manufacturing Business	Agroindustrial Santa Juliana S.A.	Brazil	Ethanol from sugarcane has a 60% CO ₂ reduction effect compared with gasoline.	
	PEDRO AFONSO AÇÚCAR & BIOENERGIA S.A.	Brazil		
Biodiesel Manufacturing Business	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 500,000~570,000 ton/year
Energy-from-Waste Business	ST&W Waste Incineration and Power Generation Project / SITA South Tyne & Wear Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Incineration and Power Generating Business / SITA Cornwall Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Incineration and Power Generating Business / SITA Merseyside Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Incineration and Power Generating Business / SITA West London Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	330MW	About 1,000,000 ton/year

ITOCHU is advancing a variety of renewable energy, such as wind power, photovoltaic power, and geothermal power. The Shepherds Flat Wind Project, in the U.S. state of Oregon, went into full-scale operation in 2012. In the future, this project is expected to contribute to reducing carbon dioxide emissions by 1.48 million tons a year. In April 2013, we concluded Energy Sales Contract of a 330MW geothermal power generation independent power producer (IPP) in Indonesia's Sarulla region in North Sumatra. In recent years, Energy-from-Waste projects have received growing attention as a means of clean power generation that substantially reduces the amount of waste sent to landfill and does not use fossil fuels. With our investment in SITA Cornwall Holdings Limited in March 2013, we now have four Energy-from-Waste projects in the U.K., including projects for which we have been selected as preferred bidder. We will handle about 20% of the annual waste incineration volume in the U.K.



Shepherds Flat Wind Project

Water-Related Businesses

Country	Details of Initiative
Saudi Arabia	<p>ITOCHU began delivering large numbers of seawater desalination plants from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura with local capital in the country and took part in a power generation and water desalination business. In addition, against a backdrop of population growth and industrialization, ITOCHU also expanded into rehabilitation projects for seawater desalination plants.</p> <p>In May 2012, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures reverse osmosis membrane elements for seawater desalination, was established with Saudi Arabian firm ACWA Holding and Toyobo.</p>
Australia	<p>In 2009, ITOCHU invested and participated in a seawater desalination project (daily capacity of 440,000 tons) in Victoria, Australia.</p> <p>Facility construction was completed in 2012 and will commence operation from 2013.</p>
England	<p>In 2012, ITOCHU invested in the UK-based Bristol Water Group. This marked the first foray by a Japanese company into the UK water supply business.</p> <p>ITOCHU takes part in a comprehensive water supply business that covers everything from water resource management to water purification, water supply and distribution, levying of rates and customer service.</p>
China	<p>ITOCHU was consigned to perform maintenance and operational services for the North-South Sewage Treatment Facility at the Changxing Island Harbor Industrial Zone in Dalian City, Liaoning Province, China. The facility boasts a processing capacity of 40,000 tons per day.</p> <p>ITOCHU established a joint venture company with Suez affiliate Sino French Water Development Co. Ltd., and is currently implementing the project.</p>

Tree Plantation

Name of Business Operator/Tree Plantation	Country	Project Size
CENIBRA (Celulose Nipo-Brasileira S.A.)	Brazil	132,000ha
ANCHILE	Chile	27,000ha
Southland Plantation Forest Co.	New Zealand	10,000ha
South East Fibre Exports	Australia	5,000ha
Acacia Afforestation Asia	Vietnam	2,000ha
South Wood Export Ltd.	New Zealand	1,000ha

Other Environmental Businesses

Project Name	Details of Initiative
Lithium-ion Batteries	ITOCHU has invested and participated in a lithium compound manufacturing business, cathode material business and anode material business. ITOCHU has build a value chain in the lithium-ion battery field based on investment projects with the likes of US-based SIMBOL MATERIALS as well as Toda Kogyo Corp. and Kureha Battery Materials Japan Co., Ltd., and will promote the stable production and supply of related materials and components.
Energy Management Systems/ Energy-Saving Solutions	<p>Since 2009 ITOCHU has deployed the eco FORTE IT-based energy management system, achieving the visualization and automated operating control of the power for air conditioning, lighting quipment and other facilities, and helping customers conserve electricity.</p> <p>In 2013, ITOCHU took a stake in Kankyo Keiei Senryaku Soken, and is providing solutions to its customers and other businesses to help reduce energy consumption and conserve electricity.</p> <p>ITOCHU has developed the Smart Street Lighting Service, a smart street lighting business utilizing cutting-edge technologies.</p> <p>ITOCHU is currently conducting a demonstration in Tsukuba City as a project commissioned under the Low Carbon Regional Development Intensive Support Program sponsored by the Ministry of the Environment.</p> <p>In 2012, the service won the Grand Prize for Energy Saving Service in the Eco-Services category of the 9th Eco-Products Awards.</p>

For the "Smart Streetlight Service," a smart business with streetlights that use advanced technologies, ITOCHU won the Grand Prize for Energy Saving Service at the 9th Eco Products Awards in 2012.

For this service, devices compatible with power line communications will be attached to each streetlight. These devices will enable remote control of each streetlight, including fine adjustment of the brightness level in accordance with the environment. We are currently conducting demonstration testing of this service in Tsukuba City in a project commissioned under a Ministry of the Environment program "For model businesses providing focused support for the development of low-carbon regions." Moving forward, we will continue to strengthen our energy and smart IT infrastructure business and to promote energy management. In this way, we will strive to contribute to the realization of a low-carbon society.

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 and Training Sessions (fiscal 2013 results)

Content	Timing	Target	Participant
Environmental Managers Conference	23th April 2012 (Tokyo) 25th April 2012 (Osaka)	Employees and Group Company Employees	91
General Education	From May to July 2012 57 times in total	Employees and Group Company Employees	4351
Education of staff in specific operations	From May to July 2012 38 times in total	Employees and Group Company Employees	479
Seminar on Soil Contamination Countermeasures Law	17th July 2012 (Tokyo) 18th July 2012 (Osaka)	Employees and Group Company Employees	274
Seminar on Waste Management and Public Cleansing Law	23th October 2012 (Tokyo) 25th October 2012 (Osaka) ※Other 10 times	Employees and Group Company Employees	829
Seminar on Environmental Management	25th January 2012 (Tokyo)	Employees and Group Company Employees	182
ITOCHU Symposium	15th March 2013 (Osaka)	Employees and Group Company Employees	59

Internal seminars (fiscal 2013 results)

(Number of people)

Legal seminars	Times held	Total participants
Seminars on Waste Management and Public Cleansing Law	12	829
Soil Contamination Countermeasures Act	2	274

Global Environmental Management Seminar

In January 2013, ITOCHU sponsored the Seminar on Global Environment-Oriented Business Management at the Tokyo Head Office. The seminar was attended by around 180 employees of ITOCHU Corporation and its affiliates, and led by invited speaker Seita Emori of the Climate Risk Assessment Section of the National Institute for Environmental Studies. Mr. Emori gave a talk titled "How 'afraid' should we be of global warming? A big picture look at the risks of global warming."

Since the Great East Japan Earthquake, public interest in nuclear energy has been high. However, global warming is almost certainly advancing, and countermeasures will be needed in the future. In his talk, Mr. Emori explained the current situation and predictions in respect of global warming in plain language using animated simulation. Many of his remarks left a strong impression on the audience, including examples of the very important implications once global warming advances beyond a critical point, the fact that unless CO₂ emissions are reduced to zero in the future we will not be able to stop the advance of global warming, and the need for major value judgments in the future. Many participants said that the talk had provided them with hints that they could put to use in the course of their work.



Mr. Seita Emori, Climate Risk Assessment Section of the National Institute for Environmental Studies

Environmental Performance Data

I TOCHU 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, in fiscal 2012 and fiscal 2013, it has gradually expanded the scope of the collection of environmental performance data on Group companies in Japan and overseas subsidiaries to understand the actual environmental situation and improve its environmental conservation activities in the future.

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 *1	○	○	○	-	-	-
Other branches *2 and business facilities in Japan *3	○	○	○	-	-	-
Group companies in Japan *4	○	○	-	○	-	○
Overseas subsidiaries *5	○	○	-	-	-	-

*1 Branches in Japan: Chubu, Kyushu, Chugoku & Shikoku, Hokkaido, Tohoku

*2 Other branches: Hokuriku, Toyama

*3 Aggregation since FY2010 (FY2010: 18 offices; FY2011: 16 offices; FY2012: 14 offices, FY2013: 13 offices)

*4 Aggregation since FY2010 (FY2010: 49 companies, FY2011: 55 companies, FY2012: 60 companies, FY2013: 64 companies)

*5 Aggregation since FY2010 (FY2010: 5 offices, FY2011: 5 offices, FY2012: 10 offices, FY2013: 10 offices)

Third Party Audit Report: For the Tokyo headquarters, the Osaka headquarters and branches in Japan, electricity data and CO₂ emissions data have been audited by the Japan Management Association.

■ Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2010 and FY2013. ITOCHU has announced a goal of reducing specific energy consumption at ITOCHU Corporation itself and its domestic subsidiaries by an average of at least one percent per year and is striving to reduce greenhouse gas emissions. 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

	FY2010	FY2011	FY2012	FY2013
Tokyo headquarters	13,489	13,006	10,418	9,914
Osaka headquarters	1,858	1,750	1,119	505
Branches in Japan	513	512	472	446
Other branches and business facilities in Japan	3,762	3,971	3,404	3,237
Group companies in Japan	1,793,242	1,871,100	1,871,178	1,968,436
Overseas subsidiaries	643	651	987	983

- For the Tokyo headquarters, data has been collated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices and other business facilities, data has been collated in accordance with the Act on the Rational Use of Energy (it covers business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwellings).
- Group companies in Japan: Data on the Group companies that responded was combined (FY2010: 49 companies, FY2011: 55 companies, FY2012: 60 companies, FY2013: 64 companies).
- Overseas subsidiaries: Data on the offices of overseas subsidiaries that obtained ISO14001 certification was combined (FY2010: 5 offices, FY2011: 5 offices, FY2012: 10 offices, FY2013: 10 offices).

■ CO₂ Emissions from Business Facilities

Unit: t-CO₂

	FY2010	FY2011	FY2012	FY2013
Tokyo headquarters	6,964	7,032	5,778	5,492
Osaka headquarters	783	647	413	227
Branches in Japan	281	273	255	270
Other branches and business facilities in Japan	1,511	1,372	1,160	1,494
Group companies in Japan	1,045,460	1,084,648	1,068,416	1,119,263
Overseas subsidiaries	454	443	704	701

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices, other business facilities and Group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- For overseas subsidiaries, the figures are the total based on the CO₂ conversion factor of the International Energy Agency (IEA).

■ Total Waste Volume

The table below shows the total waste volume generated in Tokyo headquarters building, group companies in Japan and overseas subsidiaries from FY2010 to FY2013. We have been promoting waste segregation.

		FY2010	FY2011	FY2012	FY2013
Tokyo headquarters building	Total waste volume (Unit: t)	1,074	1,049	706	759
	Recycling rate (%) (Unit: %)	90	89	89	88
Group companies in Japan*	Total waste volume (Unit: t)	168,552	183,019	201,723	205,997
Overseas subsidiaries	Total waste volume (Unit: t)	5	5	5	5

- * Group companies in Japan: Data on the Group companies that responded was combined (FY2010: 46 companies, FY2011: 48 companies, FY2012: 49 companies, FY2013: 53 companies).
- * Overseas subsidiaries: Data on the offices of overseas subsidiaries that obtained ISO14001 certification was combined (FY2010: 1 office, FY2011: 1 office, FY2012: 1 office, FY2013: 1 office).

■ Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2010 to FY2013. 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)

	FY2010	FY2011	FY2012	FY2013
Copy paper consumption	38,175	36,558	37,479	36,883

■ Water Consumption

The table below shows the water consumption in Tokyo headquarters, group companies and overseas subsidiaries from FY2010 to FY2013.

Unit:m³

	FY2010	FY2011	FY2012	FY2013
City water usage by the Tokyo headquarters	59,564	54,226	44,590	43,068
Gray water production by the Tokyo headquarters	33,553	31,577	37,222	37,212
Total emissions by the Tokyo Headquarters	56,877	31,577	37,222	37,212
Total emissions by group companies in Japan *	5,141,423	5,385,968	5,553,779	5,813,921
Total emissions by overseas subsidiaries *	5,897	3,482	4,583	10,980

- * Calculation assumes the same volume as water supply use when total drainage volume has not been ascertained.
- * Group companies in Japan: Data on the Group companies that responded was combined (FY2010: 30 companies, FY2011: 32 companies, FY2012: 33 companies, FY2013: 35 companies).
- * Overseas subsidiaries: Data on the offices of overseas subsidiaries that obtained ISO14001 certification was combined (FY2010: 1 office, FY2011: 1 office, FY2012: 1 office, FY2013: 3 offices).

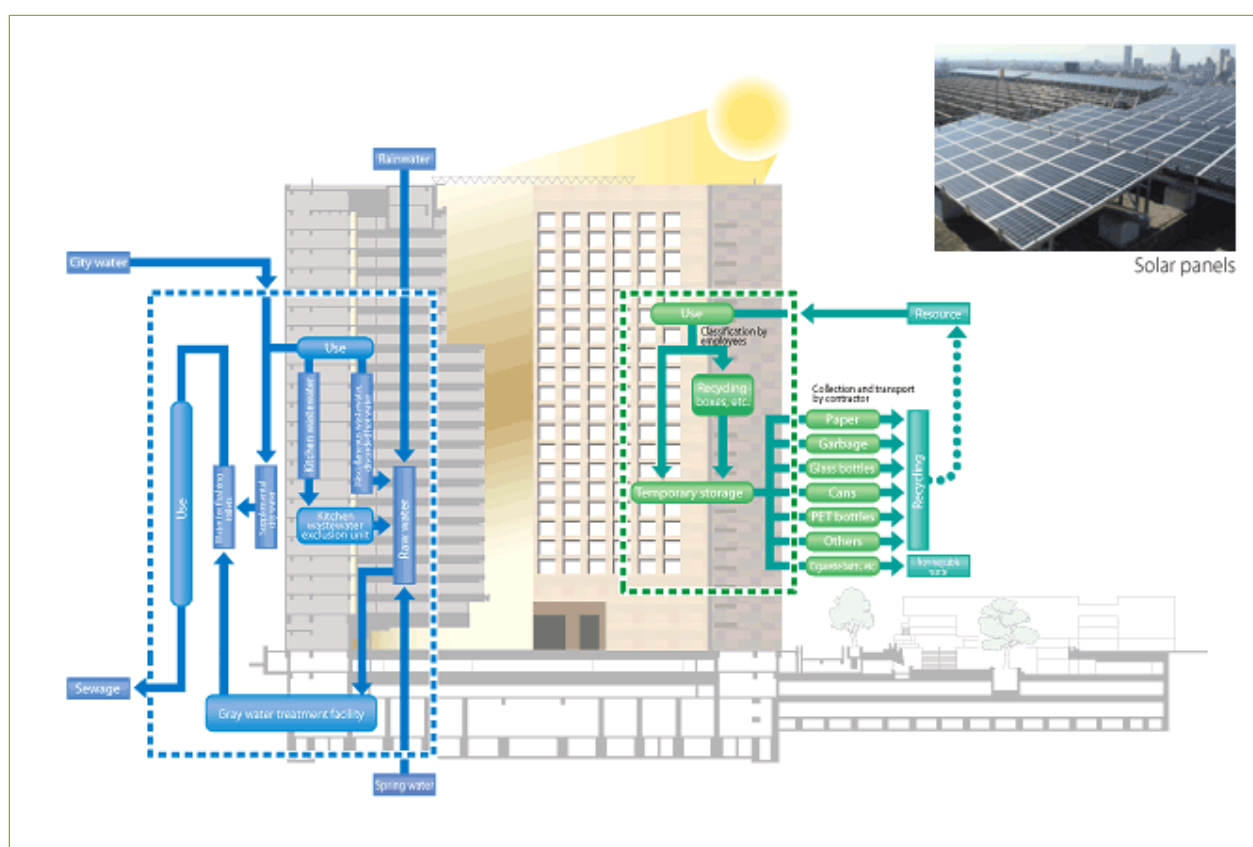
Environmental conservation at the Tokyo Headquarters Building

■ 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 FY2011 to 2015 (Submitted in November 2011) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2012) (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".

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 Accounting

Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in fiscal 2012 are as follows.

(Unit: 1,000 yen)

Classification	Investment Amount	Cost
Costs inside business areas	118,120	1,239,820
Up/downstream costs	0	42,642
Management activity costs	0	131,703
Research and development costs	0	500
Social activity costs	0	38,016
Costs to address environmental damage	0	11,455
Total	118,120	1,464,136

Summarized based on the Environmental Accounting Guidelines – 2005 Edition from the Ministry of the Environment.

Scope of Calculation: All domestic branches

Target period: April 1, 2012 to March 31, 2013

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2012 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	595,000sheets	786
Electricity Usage	1,144,000kWh	18,996
Waste Emissions	804t	42,794
Water Usage	1,024m ²	1,073

Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.

Scope of Calculation: Paper, Waste, Water – Tokyo Headquarters building, Electricity Usage - Tokyo Headquarters building, Osaka Headquarters and five branches

Monitoring the State of Environmental Liabilities

With respect to environmental risks, particularly asbestos, PCB and soil contamination, associated with tangible fixed assets of ITOCHU Corporation itself and its Group companies including land and buildings, ITOCHU not only complies with legal requirements but also conducts monitoring on a voluntary basis and seeks to respond in a way that is conducive to the switch determination and judgment of management policies.

In fiscal 2013, ITOCHU will continue to promote the sharing of related information through various training (page 102) such as training sessions on the Soil Contamination Countermeasures Act.

Initiatives toward Environmental Distribution

ITOCHU Corporation is working on green distribution that will reduce the burden on the environment in order to comply with the Act on the Rational Use of Energy.

Monitoring Carbon Dioxide Emissions Associated with Distribution as an Indicator of Environmental Burden

The following graph shows the carbon dioxide emissions generated in connection to energy usage through transportation carried out by ITOCHU Corporation.

* From Act on the Rational Use of Energy and FY2012 Regular Report (submitted in June 2013)

Change in CO₂ Emissions Attributed to Distribution



Environmental Energy-Saving Measures

Environmental Energy-saving measures are set forth in the following measures and policies in effect across the company.

In addition to these, each division company formulates specific measures.

Selection of Modes of Transportation	Promotion of modal shift (utilization of rail and sea transportation)
Actions to Improve Transportation Efficiency	Use of partial and consolidated cargo services Selection of appropriate vehicle models and larger vehicles Transportation route ingenuity Improved loading ratios
Coordination between freight carriers and recipients	Review of transportation plans, frequency, etc.

■ Specific Measures**■ (1) Selection of Modes of Transportation**

- Examine and analyze the circumstances of long-haul truck-based transportation and consider changing modes of transportation, starting with businesses able to transition to rail and domestic vessel-based transportation, which place a comparatively lighter burden on the environment.

■ (2) Actions to Improve Transportation Efficiency

- Examine the circumstances of transportation and consider actions such as appropriate vehicle model and transportation route selection. Further, try to improve loading efficiency and reduce specific energy consumption.

■ (3) Coordination between Freight Carriers and Recipients

- ITOCHU's internal judgment criteria on the use of distribution companies requires it to check the status of a company's environmental distribution initiatives and recommends the usage of accredited companies.
- To achieve measures (1) and (2) above, ITOCHU will endeavor to build cooperative frameworks with distribution companies as well as partner suppliers and other parties.

Third-Party Opinion

Trading is the Way to Buddha – This phrase in the President's Commitment was the first to surprise me when I picked up this report. A cutthroat general trading company thinking about the Way of the Buddha. For a moment, I thought it surprising, but I realized that this philosophy, which addresses other dimensions than earning money, is the backbone that has made it possible for the company to survive and grow for more than 150 years from the end of the Edo period. I had learned about ITOCHU's CSR activities by participating in the stakeholder dialogues on these activities at ITOCHU from 2007 to 2010, but when I looked at this report, I felt that this backbone has now gradually come to the surface.



Ms. Mariko Kawaguchi,
Senior Researcher,
Research Department,
Daiwa Institute of
Research

People often say that CSR means to contribute to society through the core business. However, it is important to contribute by meeting the needs of other stakeholders, and not only the needs of customers, while minimizing any secondary negative impacts. Looking at the results of employee questionnaire regarding CSR, "promotion of business contributing to solving social issues" has passed the 50% mark, increasing from 40.8% in 2010 to 54.8% in 2012 which was a positive surprise to me. Observing ITOCHU's CSR activities, it seems that businesses incorporating stakeholders' needs to solve social challenges are increasing, which is encouraging.

Some of these examples includes the Pre-Organic Cotton (POC) Program, which has built a supply chain that extends from training farmers in growing organic cotton to supplying the final product, along with the renewable energy businesses (mega-solar systems, geothermal energy, wind power, storage batteries), the resource recycling businesses, the desalination plants, the trade in certified timber, the sales of eco-friendly condominium lots, the development of supplements and foods that use the highly nutritious midori mushi (Euglena), and the activities of the Africa Food Development Association, which aims to strengthen the competitiveness of farming in Africa through the cultivation of sesame and soy beans, and to ensure stable supplies to Japan.

Among these business models I especially like POC Program. Recently, young consumers have become increasingly interested in organic, fair trade and other ethical products. However, the reality is that there are still extremely few ethical products. Even if a producer is interested, there is neither the knowhow of developing attractive products nor the sales channels. Meanwhile, sellers wanting to carry these products find that the quantity and quality of raw materials are insufficient. Being involved in the whole supply chain from the very upstream raw materials production to the downstream end-consumer market, the role of the trading company is an extremely important one.

In terms of POC transaction volumes, the aim is to increase the volume from 1,000 tons in 2012 to 10,000 tons by 2017 (total trading transactions for related products worth 5 billion yen) with expectations for rapid expansion in the future. This means that there is a growing need for supply chains of ethical products that contribute to alleviating poverty in developing countries through organic production. For the supply chain of the 20th century, Businesses are expected to deliver quickly products of uniform quality at the reasonable price with enough volume to meet the consumer needs, regardless of the impact on the environment was great on their supply chain, and without anyone ever imaging the face of the producer. On the contrary, POC is a forerunner of the 21st century supply chain, which contributes to solutions to any issues related to poverty of producers or environmental issues. I would like to see ITOCHU building many of such supply chains and make them broad in the future. I would also like to see further disclosures about the initiatives for the CSR Action Guidelines for Supply Chains.

Speaking of the topmost reaches of the supply chain, the report describes the EHS guidelines for the mining business and oil field development in the North Sea off Britain, but businesses developing mines and oil fields have a great impact on both environmental and human rights aspects. Since interest in society is high, I would expect further disclosures of specific considerations in these areas.

Concerning the issue of stable procurement of foods, the report describes continued stable supply in 2012 despite the drought in North America. The drought reoccurs once every few years so I suppose the risk has already been factored in, but with frequent occurrences of extremely abnormal weather patterns worldwide, there is a risk of a sudden drop in food supplies on the macro level in the future. In the long term, demand will increase due to the growing world population, but, on the other hand, the assumption is that supplies will decrease as farmland in the grain-producing regions shrinks when groundwater dries up and topsoil is eroded. Strategy for procuring long-term, stable and continuous food supply is an area where expectations of general trading companies are high. As for the fishing industry resources so appreciated in Japan, the depletion of eel and bluefin tuna has become a matter of social concern, but in terms of managing fishing industry resources, Japan is lagging behind the rest of the world both in social awareness and corporate initiatives. This is an issue that I would like to see on the agenda of the Food Company.

Being in nonmanufacturing industry, ITOCHU discloses broad range of ESG data, but as far as the participation of women workforce and women's empowerment is concerned, I would like to see more disclosure about the proportion of women in management positions, and the number of foreign managers and executives, in addition to the current disclosure about the proportion of women in career-track positions, and the introduction of a female executive officer. In terms of the figures for male and female employment, I would like to see some additional information about the reasons for the decrease in the number of women in the past two years.

In terms of the environment, I understand that ITOCHU makes proper use of EMS with environmental accounting to tally the figures for CO2 emissions that are attributed to distribution. Since it seems that CO2 emissions, waste, and water usage at the business companies are increasing, I would like to see further descriptions of the reasons. Adding figures to the descriptions of the environmental and social businesses, which are cited as an example, would facilitate concrete understanding.

Finally, a word about the corporate culture. In the stakeholder dialogues that I mentioned above, it was very impressive to see that the dialogue between the President or top executives and the external experts was open to all company employees. Such discussions of other companies are usually held in a closed manner, so it made a deep impression on me. The report carries a lot of information about the continuous dialogue between the management ranks and employees, as well as the opinions and faces of company employees participating in CSR activities, so I believe ITOCHU has very open culture with active internal communication. Free and broad-minded communication is indispensable for promoting businesses that contribute to resolving various and new social issues. Cultivating a good corporate culture broadens the business activities that help solve social issues, creating a virtuous cycle that contributes to both profitability and society.

Brief CV of Ms. Mariko Kawaguchi

Completed a Master's degree (environmental economics) at Hitotsubashi University in 1986, and joined Daiwa Securities in the same year. Transferred to Daiwa Institute of Research in 1994 and engaged in enterprise survey, but rejoined Daiwa Securities Group as head of CSR group in 2010-2011. Returned to her post at Daiwa Institute of Research from July 2011, and has served as Senior Researcher in the Research Department since April 2012. In charge of environmental economics, CSR, and socially responsible investment.

Response to Third Party Opinion

In recent years, corporations have been required to deliver continuous growth and to contribute to a more affluent society through sound corporate activities. In light of this, the basic approach to CSR at our company is the recognition that we contribute to building a sustainable society through our core businesses based on the corporate philosophy of being Committed to the Global Good. Employee attitudes to CSR are evolving from year to year. The CSR employee questionnaire found that more than half of employees recognize "promotion of business contributing to solving social issues" as the most important CSR issue for ITOCHU. The highly acclaimed Pre-Organic Cotton Program at the Textile Company is the outcome of this kind of environment. In order to discover and realize similar businesses in the future, we believe it will be even more important for each employee to embrace the ideal that "we are the ones to solve the social issues" and to work hard.

As a general trading company, we are developing a wide range of products and services, with recognition of the important issues in each area of the business, and promoting CSR at each front-lines. As pointed out, in the future, we would like to have a broader awareness of various issues of high concern in society, and to leverage that awareness for CSR activities and to disclose information in a way that is more open. As part of this, we have established a CSR Advisory Board as of this fiscal year to take on board the opinions of our CSR activities seen through the eyes of external experts. Setting up these opportunities to receive external opinions will lead to practical activities.


ITOCHU has been able to develop over a period of more than 150 years because we have inherited the spirit of our founder Chubei Itoh, who advocated social contribution through trading and regarded "trading as the way to Buddha," and the spirit of sampo yoshi (Good for the seller, Good for the buyer, and Good for society) from the Omi merchants including Chubei. Even in the era of rapid change, we will not waver, but make sure our employees around the world are aware of this spirit, sharing the values that develop in line with social perspectives to build a better society.







Toru Matsushima
Representative Director
Managing Executive Officer
CAO

The Comparative Table with GRI Guidelines and UN Global Compact Principles

GC Principles	Item	Indicator	Full Report	WEB
1 Strategy and Analysis				
	1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	2-3	President's Commitment
	1.2	Description of key impacts, risks, and opportunities.	2-3 20-44	President's Commitment CSR and Our Business
2 Organizational Profile				
	2.1	Name of the organization.	122	Corporate Profile
	2.2	Primary brands, products, and/or services.	20-44	CSR and Our Business
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	20-44	CSR and Our Business
	2.4	Location of organization's headquarters.	122	Corporate Profile
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	122	Corporate Profile
	2.6	Nature of ownership and legal form.	122	Corporate Profile
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	20-44 122	CSR and Our Business Corporate Profile
	2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> ▪ Number of employees; ▪ Net sales (for private sector organizations) or net revenues (for public sector organizations); ▪ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ▪ Quantity of products or services provided. 	20-44 122	CSR and Our Business Corporate Profile Financial Statements
	2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ▪ The location of, or changes in operations, including facility openings, closings, and expansions; and ▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	-	N/A
	2.10	Awards received in the reporting period.	8	Stakeholder Relations
3 Report Parameters				
Report Profile				
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	-
	3.2	Date of most recent previous report (if any).	1	-
	3.3	Reporting cycle (annual, biennial, etc.)	1	-
	3.4	Contact point for questions regarding the report or its contents.	1	-
Report Scope and Boundary				
	3.5	Process for defining report content, including: <ul style="list-style-type: none"> ▪ Determining materiality; ▪ Prioritizing topics within the report; and 	1 5-7	Basic Policy on CSR and Promotion System

		<ul style="list-style-type: none"> Identifying stakeholders the organization expects to use the report. 		
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1	-
	3.7	State any specific limitations on the scope or boundary of the report.	1	-
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-	N/A
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	104-108 109 122	Environmental Performance Data Environmental Accounting
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	N/A
GRI content index				
	3.12	Table identifying the location of the Standard Disclosures in the report.	114	GRI Comparative Table
Assurance				
	3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	104-108	Environmental Performance Data
4 Governance, Commitments, and Engagement				
Governance				
	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	45-52	Corporate Governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	45-52	Corporate Governance
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	45-52	Corporate Governance
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	45-52 67-68	Corporate Governance Communications with Employees
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	-	Corporate Governance Report  (238KB)
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	45-52	Corporate Governance

	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	45-52	Corporate Governance
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	4	ITOCHU Mission
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	2-3 9	President's Commitment The United Nations Global Compact
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	-
Commitments to External Initiatives				
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	5-7 97-98	Basic Policy on CSR and Promotion System Precautionary Approach to Environmental Risks
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	9 11-12	The United Nations Global Compact Respect for Human Rights
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> ▪ Has positions in governance bodies; ▪ Participates in projects or committees; ▪ Provides substantive funding beyond routine membership dues; or ▪ Views membership as strategic. 	9	The United Nations Global Compact
Stakeholder Engagement				
	4.14	List of stakeholder groups engaged by the organization.	8	Stakeholder Relations
	4.15	Basis for identification and selection of stakeholders with whom to engage.	8	Stakeholder Relations
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	53-55 20-44 56-70 71-91	CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	53-55 20-44 56-70 71-91	CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations
5 Management Approach and Performance Indicators				
Economic				
		Disclosure on Management Approach	122	Annual Report  (331KB)
Economic Performance				
	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	69-70 74-75	Employee Relations(Basic Data) Social Contribution(Action on Global Humanitarian Issues) Financial Report P2, 14,

				40, 43(Japanese only)  (1,489KB)
Principle 7	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	99-101	Promotion of Environment Conserving Businesses Annual Report Financial Section (P24)  (3,231KB)
	EC3	Coverage of the organization's defined benefit plan obligations.	-	Financial Report P100-102(Japanese only)  (1,489KB)
	EC4	Significant financial assistance received from government.	-	-
Market Presence				
Principle 1	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-	-
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	53-55	CSR in Our Supply Chain
Principle 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	56-70	Employee Relations
Indirect Economic Impacts				
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	20-44 71-91	CSR and Our Business Social Contribution
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	-
Environmental				
		Disclosure on Management Approach	92-111	Our Initiatives for the Environment
Materials				
Principle 8	EN1	Materials used by weight or volume.	-	-
Principle 8, 9	EN2	Percentage of materials used that are recycled input materials.	-	-
Energy				
Principle 8	EN3	Direct energy consumption by primary energy source.	-	-
Principle 8	EN4	Indirect energy consumption by primary energy source.	104-108	Environmental Performance Data
Principle 8, 9	EN5	Energy saved due to conservation and efficiency improvements.	104-108	Environmental Performance Data
Principle 8, 9	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	99-101	Promotion of Environment Conserving Businesses
Principle 8, 9	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	99-101	Promotion of Environment Conserving Businesses
Water				
Principle 8	EN8	Total water withdrawal by source.	104-108	Environmental Performance Data
Principle 8	EN9	Water sources significantly affected by withdrawal of water.	-	-
Principle 8, 9	EN10	Percentage and total volume of water recycled and reused.	104-108	Environmental Performance Data

Biodiversity				
Principle 8	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	84-85	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
Principle 8	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	84-85	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
Principle 8	EN13	Habitats protected or restored.	84-85	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
Principle 8	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	92-93	Environmental Activities Policies
Principle 8	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	-
Emissions, Effluents, and Waste				
Principle 8	EN16	Total direct and indirect greenhouse gas emissions by weight.	104-108	Environmental Performance Data
Principle 8	EN17	Other relevant indirect greenhouse gas emissions by weight.	-	-
Principle 7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	104-108	Environmental Performance Data
Principle 8	EN19	Emissions of ozone-depleting substances by weight.	-	-
Principle 8	EN20	NOx, SOx, and other significant air emissions by type and weight.	-	-
Principle 8	EN21	Total water discharge by quality and destination.	104-108	Environmental Performance Data
Principle 8	EN22	Total weight of waste by type and disposal method.	104-108	Environmental Performance Data
Principle 8	EN23	Total number and volume of significant spills.	-	-
Principle 8	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	-
Principle 8	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-	-
Products and Services				
Principle 7, 8, 9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	20-38 99-101	CSR and Our Business Promotion of Environment Conserving Businesses
Principle 8, 9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	-
Compliance				
Principle 8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	-	-
Transport				
Principle 8	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	110-111	Initiatives toward Environmental Distribution

Overall				
Principle 7, 8, 9	EN30	Total environmental protection expenditures and investments by type.	109	Environmental Accounting
Labor Practices and Decent Work				
		Disclosure on Management Approach	56-70	Employee Relations
Employment				
	LA1	Total workforce by employment type, employment contract, and region.	69-70	Employee Relations(Basic Data)
Principle 6	LA2	Total number and rate of employee turnover by age group, gender, and region.	-	-
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	63-64	Creating Environments That Bring Out the Best in Employees
Labor/Management Relations				
Principle 1, 3	LA4	Percentage of employees covered by collective bargaining agreements.	67	Communications with Employees
Principle 3	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-	-
Occupational Health and Safety				
Principle 1	LA6	Percentage of total workforce represented in formal joint management_worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	-
Principle 1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	-	-
Principle 1	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	63-66	Creating Environments That Bring Out the Best in Employees Initiatives Aimed at Occupational Health and Safety
Principle 1	LA9	Health and safety topics covered in formal agreements with trade unions.	-	-
Training and Education				
	LA10	Average hours of training per year per employee by employee category.	-	-
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	57-59 61-62	Human Resource Development Supporting the "Seeking of New Opportunities" Promoting Human Resources Diversification
	LA12	Percentage of employees receiving regular performance and career development reviews.	-	-
Diversity and Equal Opportunity				
Principle 1, 6	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	61-62 69-70	Promoting Human Resources Diversification Basic Data
Principle 1, 6	LA14	Ratio of basic salary of men to women by employee category.	-	-
Human Rights				
		Disclosure on Management Approach	11-12	Respect for Human Rights
Investment and Procurement Practice				

Principle 1, 2, 3, 4, 5, 6	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-	-
Principle 1, 2, 3, 4, 5, 6	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	53-55	CSR in Our Supply Chain
Principle 1, 2, 3, 4, 5, 6	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	11-12	Respect for Human Rights
Non-Discrimination				
Principle 1, 2, 6	HR4	Total number of incidents of discrimination and actions taken.	-	-
Freedom of Association and Collective Bargaining				
Principle 1, 2, 3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	-	-
Child Labor				
Principle 1, 2, 5	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	53-55	CSR in Our Supply Chain
Forced and Compulsory Labor				
Principle 1, 2, 4	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	53-55	CSR in Our Supply Chain
Security Practices				
Principle 1, 2	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	11-12	Respect for Human Rights
Indigenous Rights				
Principle 1, 2	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	-
Society				
		Disclosure on Management Approach	4-14 51-52 71-91	CSR for ITOCHU Corporation Compliance Social Contribution
Community				
	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	-	-
Corruption				
Principle 10	SO2	Percentage and total number of business units analyzed for risks related to corruption.	-	-
Principle 10	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	51-52	Compliance
Principle 10	SO4	Actions taken in response to incidents of corruption.	-	-
Public Policy				
Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	SO5	Public policy positions and participation in public policy development and lobbying.	-	-

Principle 10	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	-
Anti-Competitive Behavior				
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	-	-
Compliance				
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	-	-
Product Responsibility				
		Disclosure on Management Approach	-	-
Customer Health and Safety				
Principle 1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	-	-
Principle 1	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-	-
Product and Service Labeling				
Principle 8	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-	-
Principle 8	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	-
Marketing Communications				
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-	-
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	-
Customer Privacy				
Principle 1	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	-
Compliance				
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	-	-

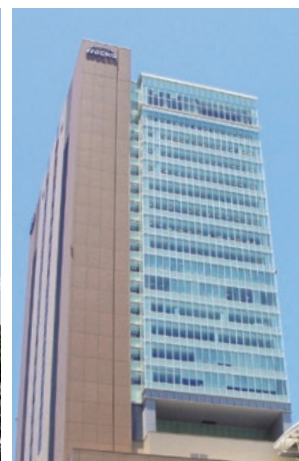
Corporate Profile

Company name	ITOCHU Corporation
Founded	1858
Incorporated	December 1, 1949
Headquarters	Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan Osaka: 1-3, Umeda 3-chome, Kita-ku, Osaka 530-8448, Japan
President & CEO	Masahiro Okafuji
Common Stock	¥202,241 million
Number of offices	Domestic offices 9 Overseas offices 115 North America 9 Latin America 10 Europe 16 Africa 5 Middle East 17 Oceania 4 ASEAN, Southwest Asia 23 East Asia 23 CIS 8
Number of employees*	Consolidated 77,513 Non-consolidated 4,219 (As of March 31, 2013)

* The number of consolidated employees is based on actual working employees excluding temporary staff.



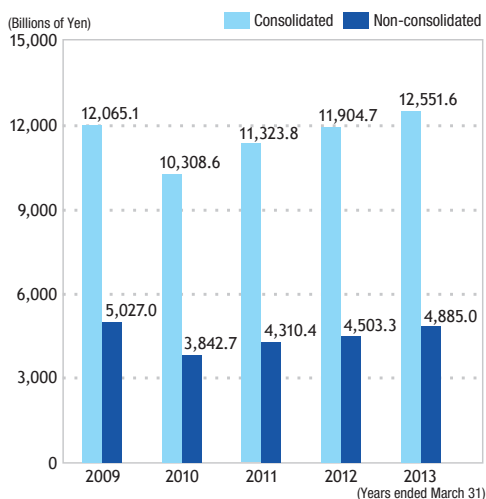
Tokyo Headquarters



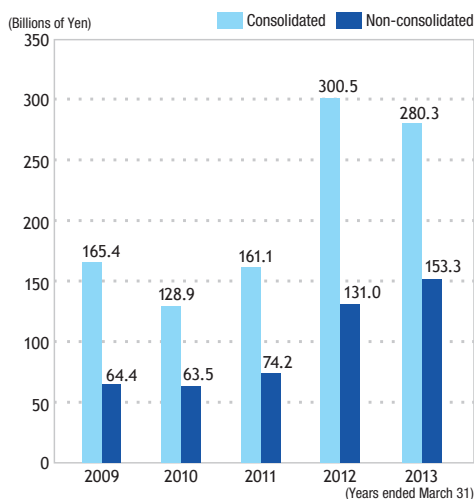
Osaka Headquarters (North Gate Building)

Financial Overview

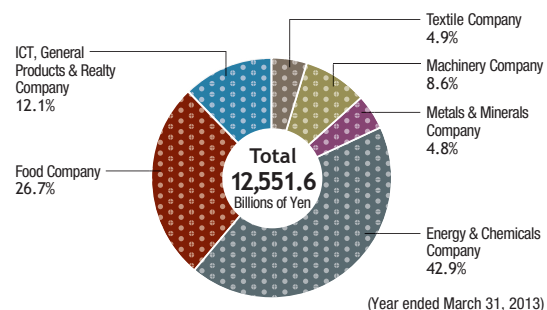
Total Trading Transactions



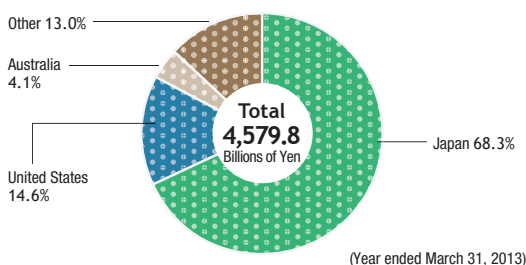
Net Income



Total Trading Transactions by Division Company (Consolidated)



Revenue by Region (Consolidated)



Notes:

- The financial data of ITOCHU Corporation are presented in accordance with U.S. GAAP.
- "Total trading transactions" is presented in accordance with Japanese accounting practice, and consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as an agent.
- Certain subsidiaries changed their fiscal periods in the fiscal year ended March 31, 2012. The effect of these changes has been reflected in the figures of certain items for the years ended March 31, 2011 and 2010.
- "Revenue" is attributed to countries based on the locations of the assets.
- As a result of the ITOCHU Group's integration of the food distribution and marketing business, the items in which distribution cost related to these operations has been included were changed from the beginning of the fiscal year ended March 31, 2012. The relevant amounts in the same period of the previous fiscal years ended March 31, 2011 and 2010 have been reclassified based on this new classification.
- With respect to distribution cost related to the ITOCHU's Group's food distribution and marketing business, ITOCHU has made a change in presentation in the financial statements related to ITOCHU's Group's portion of operational cost arising at the distribution centers of the ITOCHU Group's customers, such as mass merchandisers, and delivery costs from the distribution centers to the customers' stores since the beginning of the fiscal year ended March 31, 2013. The aforementioned distribution cost for the same period of the previous fiscal years ended March 31, 2012 and 2011 have been reclassified in the same manner.

