

# Our Initiatives for the Environment

As a general trading company, ITOCHU provides various products and services and invests in businesses inside and outside of Japan, and positions global environmental problems as one of the top priority issues in management. In order to contribute to the realization of a sustainable society, ITOCHU is promoting environmental conservation activities.

## 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.

<b>(1) Prevention of environmental pollution</b>	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.
<b>(2) Observance of laws and regulations</b>	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
<b>(3) Promotion of environmental conservation activities</b>	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.
<b>(4) Harmonious coexistence with society</b>	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.
<b>(5) Promotion of educational activities</b>	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.

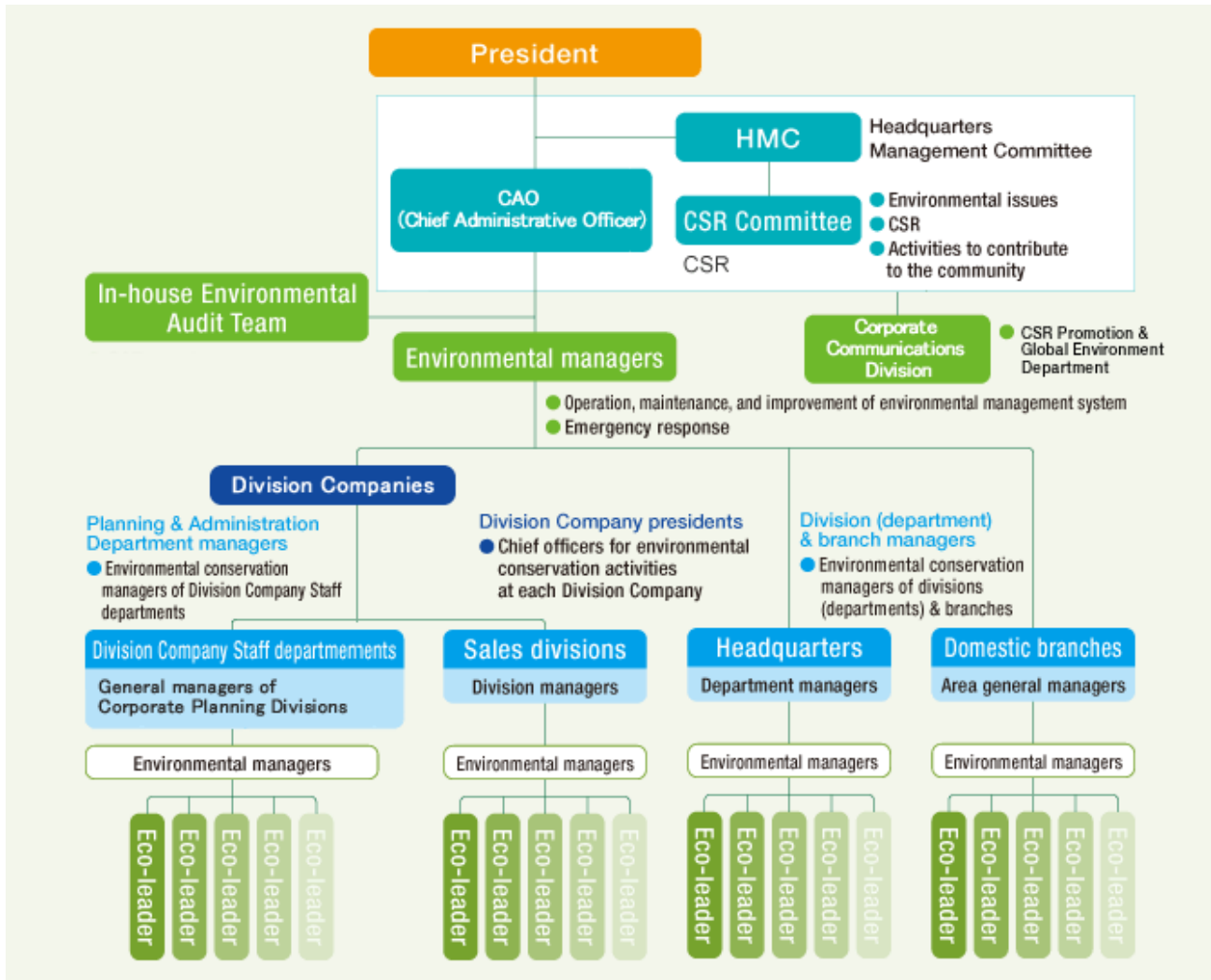
## Environmental Management System

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 2016), and assisted by eco-leaders (281 total as of April 1, 2015), are responsible for promoting environmental conservation in their respective divisions.



## Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2015, they were carried out in all 59 departments (including in seven departments utilizing a self-check format). Findings from the audits, conducted over roughly six months, are instrumental in taking a 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 (351 registered individuals), and carried out their work with an emphasis on auditing legal compliance.

## 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 2015 inspection was to retain certification. The outcome of the inspection was an overall "improvement" grade and continued certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

## Environmental Management Targets and Results

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 2015 Environmental Targets	Review	Fiscal 2015 Implementation Details
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.	○	For all investment projects, we performed environmental risk assessments in advance through the CSR and Environmental Checklist for Investments. We assessed the environmental risk of new products and conducted reviews of the assessment details for existing products.
	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.	○	We conduct internal audits in 59 departments (including seven departments utilizing a self-check format), confirmed the operation of environmental management systems, legal compliance and the state of environmental performance management, and provided advice.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	We conducted onsite surveys and provided advice to 11 Group companies, including three overseas companies, to improve environmental management on site.
Promotion of Environmental Conservation Activities	Expand the scope of monitoring to information such as the energy emissions of overseas Group companies, as well as major domestic and overseas subsidiaries.	○	We collected and disclosed information from 15 overseas branches (including local subsidiaries), 66 domestic operating companies and 36 overseas operating companies.
	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)	○	We planned, executed and reviewed the respective environmental conservation activities of all company divisions and branches.
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	We held summer vacation environmental classes (August 6, 43 participants), ran a World Environmental Photo Exhibition at Aoyama Art Square (August, 1,591 visitors) and operated the ITOCHU Pavilion Eco Shop at Kidzania Tokyo (experienced by approximately 30,000 participants a year).
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	We conduct events, volunteer activities and other initiatives in coordination with local companies and governments on a per-branch basis.
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.	○	We provided basic environmental education (May to June, 3,930 participants) and education for personnel with specific duties (May to January, 450 participants). The CSR and global environment seminar titled "Applying Worldwide Problem-Solving Perspectives to Business" was held on February 6, with 234 people attending.
	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.	○	We held a Waste Management and Public Cleansing Law Seminar (September 11, 413 participants) and Environmental and Social Risk Response Seminar (including the Soil Contamination Countermeasures Act) (July 17, 252 participants).

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

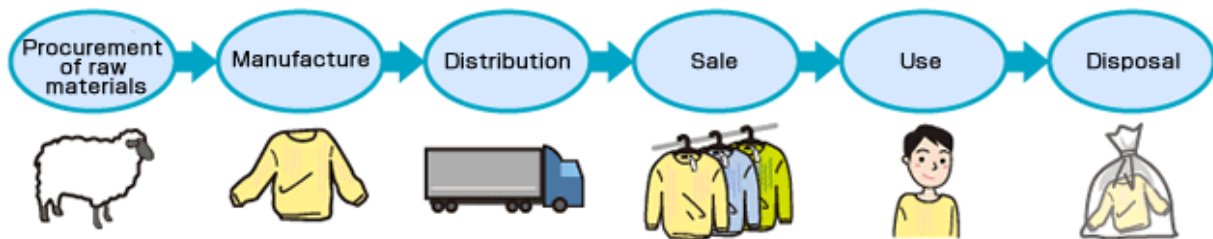
## Precautionary Approach to Environmental Risks

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 on all the products 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 products.

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



### Fact-finding Investigations of Group Companies

We analyze about 200 of our 342 Group companies (as of March 31, 2015) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 to 20 of them per year. Over the 14 years to the end of March 2015, we did on-site investigation at 260 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.



Fact-finding Investigations at a natural rubber processing plant in Indonesia

### 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 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

In the year ended March 31, 2015, we received a total of 64-inquiries from outside the Company, which were broken down as follows: environmental groups (10), industry (18), government and industry groups (13), and media and research firms (11), requirement of ISO14001 certification from customers (16). There were no environment-related incidents, problems, lawsuits against the Company. Meanwhile, the number of inquiries from within the Company and ITOCHU Group companies was as follows: 79 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 15 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
<b>Wind Power Generation Business</b>	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	1,480,000tons / year
<b>Biodiesel Manufacturing Business</b>	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 500,000~750,000 tons / year
<b>Waste Management Projects</b>	ST&W Waste Management 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 Management Project / 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 Management Project / 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 Management Project / 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
<b>Geothermal Power Generation</b>	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year
<b>Photovoltaic Power Generation</b>	Scatec Solar AS	South Africa	190MW	About 315,000 tons/year
	Oita Hiyoshibaru photovoltaic power plant large-scale solar power plant	Japan	44.8MW	32,000 tons/year
	Shin-Okayama photovoltaic power plant large-scale solar power plant	Japan	37MW	26,000 tons/year
	Saijo Komatsu photovoltaic power plant	Japan	26.2MW	18,000 tons/year
<b>Production of aviation biofuel from municipal solid waste</b>	Solena Fuels Corporation	USA	N/A	N/A

ITOCHU Corporation is working for the solution of social issues through investment in power generation assets that are anticipated to experience growth as necessary means of energy supply from now on and that make effective use of renewable energy such as geothermal power and wind power.



Shepherds Flat wind power plant

■ Related Page: Water and Environmental Public Infrastructure Projects (P26~29)

## Water-Related Businesses

Country	Details of Initiative
<b>Concession project on water supply and sewerage systems</b>	In 2012, ITOCHU invested in the UK-based Bristol Water Group. This made us the first Japanese company to participate in the UK water sector. Bristol Water Group is providing full drinking water services from water resource management to water treatment, water supply and distribution, billing service, and customer service to 1.2 million customers in UK. In 2014, ITOCHU invested in CANARAGUA CONCESIONES S.A., which manages concessions of upstream and downstream water, sewerage network and the integral water cycle in the autonomous of the Canary Islands. This made us the first Japanese company to participate in the Spanish water sector. CANARAGUA CONCESIONES S.A. is currently providing services to an extended total of approximately 1.3 million inhabitants in the Islands.
<b>Seawater Desalination</b>	ITOCHU invested and participated in a seawater desalination project in Victoria, Australia. With the ability to meet around 30% of the water demand in Melbourne, population 4.4 million, this project supports the stable supply of water to the city from 2012.
<b>Supply of seawater desalination plants and manufacture &amp; sales osmosis membranes</b>	ITOCHU began delivering large numbers of seawater desalination plants in Saudi Arabia from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura ("APS") with local capital in the country. We also expanded into rehabilitation projects for seawater desalination plants with APS. In August 2010, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures and sells reverse osmosis membrane elements for seawater desalination, was established with Toyobo and local capital.

About 97.5% of the earth's water consists of sea water. Water available for use by human beings accounts for only 0.01% of the total. Meanwhile, the demand for water worldwide is steadily increasing due to economic development driven by the newly emerging countries, population growth, and changes in precipitation patterns caused by climate change. ITOCHU Corporation has positioned water-related business as a priority field, and is globally developing business in areas such as sea water desalination, water treatment, and concession projects (newly undertaken beginning in 2014), with a view to assisting solution of water problems around the world.



ITOCHU invests in a UK water utility company called Bristol Water

- Related Page: Water and Environmental Public Infrastructure Projects (P26~29)

## Tree Plantation

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



## Other Environmental Businesses

Project Name	Details of Initiative
<b>Lithium-ion Batteries</b>	<p>From the handling of primary battery materials (cathode material and anode material) to sales of storage battery systems in the downstream, ITOCHU seeks to build a value chain and create new value by taking advantage of the Group's network, and focuses its energies on eco-friendly businesses involving lithium-ion batteries.</p> <p>Activities in FY2015 include the launch of sales of lithium-ion storage battery systems for household use and investment in U.S. company Green Charge Networks, which operates an energy management service business that makes use of stationary lithium ion storage battery systems.</p>

- Related Page: Initiatives aimed at Storage Battery Businesses (P47)

# Approaches to Conservation of Biodiversity

While the business activities of companies are heavily reliant on the supply of the natural bounty produced by biodiversity (ecosystem services), they are also a great burden on the ecosystem. To achieve sustainability for our planet and society, ITOCHU have stipulated consideration for biodiversity as part of our Activity Guidelines under the ITOCHU Group Environmental Policy. Through our business activities and social contribution activities, we will strive to protect biodiversity and ensure the sustainable use of resources.

## Concern for Biodiversity in Business Activities

### Concern for Biodiversity in Wood Procurement

Natural forests around the world continue to be decreased at high rate. One of the primary drivers of deforestation is unsustainable forest management for production such as large-scale clear-cutting. In response, ITOCHU has established the procurement policy to conserve natural forests and to continue the sustainable use of forest resources.

- Related Page: Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials, and Paper Products (P63)

### Concern for biodiversity in pulp production projects

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). For further information, please see Major CSR Initiatives at the General Products & Realty Company (P55).



One of CENIBRA's vast plantations



The rare mutum at Macedonia Farm

## Activities for Conservation of Biodiversity

Even apart from its business activities, the ITOCHU Group is working to conserve biodiversity through social contribution initiatives.

### Activities for Revival of Tropical Forest and Conservation of the Ecosystem on the Island of Borneo

The island of Borneo is largely covered with tropical forests spanning the countries of Malaysia, Indonesia, and Brunei. In area, it is about twice as large as Japan and the third-largest island in the world. It is known as a treasure-trove of biodiversity. However, it is also in the process of development, and some tropical forest areas have been damaged to the point that their ecosystems cannot be conserved on the strength of nature's own powers of revival alone. The ITOCHU Group is supporting activities since 2009 for revival of forests in the district of North Ulu Segama in the Malaysian state of Sabah, in the northeastern part of the island. The World Wide Fund for Nature (WWF), the globally active organization for protection of nature, is engaged in activities for forest revival in an area of about 2,400 hectares, in coordination with the Sabah Forestry Department. The ITOCHU Group is supporting revival over a portion measuring 967 hectares larger than any other zone of forest revival supported by an ordinary private enterprise. The afforestation was completed in 2014, and maintenance operation is still continuing. The district is also a habitat for the orangutan, an endangered species. The revival will help to protect not only the orangutan but also many other species living there.

- Related Page: Social Contribution Activities "Environmental Conservation" (P93)



Tree-planting by tour participants



The orangutan, an endangered species

### ■ Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. Besides symbolizing freedom and rebirth, this logo likewise anticipated the issue of protection of endangered species, and underscores the love and respect for nature felt by the brand's founder. To realize his dream of coexistence with nature, Hunting World Japan Co., Ltd., which sells the brand in Japan, has been supporting activities for conservation of biodiversity by the NPO Borneo Conservation Trust (BCT) since 2008. For further information, please see Major CSR Initiatives at the Textile Company (P38).



The Borneo elephant, an endangered species Support is also provided for efforts including construction of facilities for temporary protection and treatment of the elephants before returning them to the forest, as well as for taming them.

### ■ Support for Tree-planting Activities in Kenya

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2015, about 90,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 90,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.



Donation to the Green Belt Movement of an amount equivalent to the cost of one seedling for the tree-planting program for each child visitor



Tree-planting activities in Kenya (photo courtesy of the Mainichi Newspapers)

# 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 2015 results)

Content		Timing	Target	Participant
<b>Environmental Managers Conference</b>		23th April 2014 (Tokyo) 24th April 2014 (Osaka)	Employees and Group Company Employees	128
<b>General Education</b>		From May to July 2014 58 times in total	Employees and Group Company Employees	3930
<b>Education of staff in specific operations</b>		From May 2014 to February 2015 41 times in total	Employees and Group Company Employees	450
<b>Seminar on Soil Contamination Countermeasures Law</b>		17th July 2014 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	252
<b>The Waste Management and Public Cleansing Law</b>	<b>Seminar</b>	11th September 2014 (Tokyo/Osaka) ※Group company 1 time	Employees and Group Company Employees	413
	<b>e-learning</b>	October~December 2014	Employees	4869
<b>the Act on the Rational Use of Energy Seminar</b>		15th·22th·25th July 2014 (Tokyo) 28th July 2014 (Osaka)	Employees and Group Company Employees	129
<b>CSR Seminar for the specific departments and ITOCHU group companies</b>		at any time	Employees and Group Company Employees	98

■ Related Page: CSR and Global Environment Seminar and CSR related seminars (P19~20)

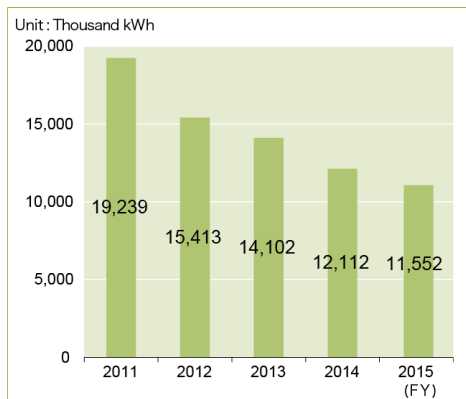
# Environmental Performance Data

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

## Environmental Performance

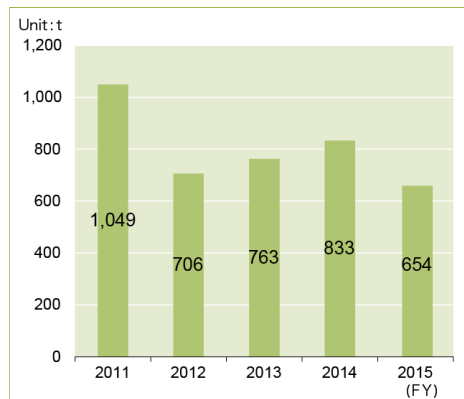
### Environmental Performance Data at the offices

#### Electricity Consumption ★



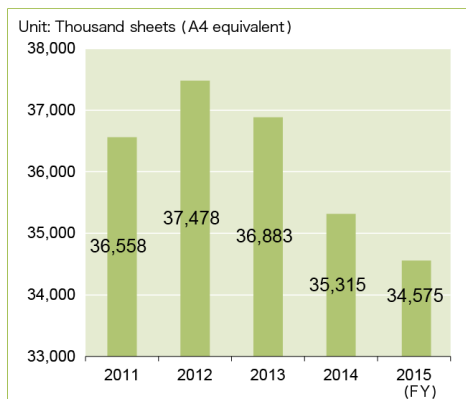
Scope: Tokyo headquarters, Osaka headquarters, Branches in Japan, Other branches and business facilities in Japan

#### Waste Volume ★



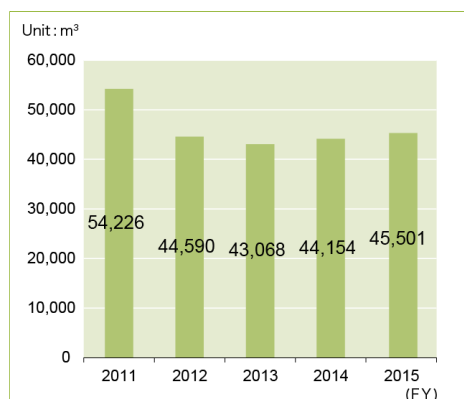
Scope: Tokyo headquarters

#### Paper Consumption



Scope: Tokyo headquarters

#### Water Consumption ★



Scope: Tokyo headquarters

- Please look at the tables below for the data of group companies in Japan, overseas offices and group companies.

**Independent Assurance Report (P143):** The following data marked with ★ are assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.

- ★ : Total value of electricity consumption and CO<sub>2</sub> emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, domestic branches and other business facilities, Group companies in Japan, overseas offices and overseas Group companies, along with data of CO<sub>2</sub> emissions attributed to distribution, waste volume, recycling rate and water consumption and wastewater discharge for the Tokyo headquarters.

## ■ Target Setting

ITOCHU Corporation has established targets for electricity consumption, reduced generation of waste volume, the promotion of recycling, and reduced paper and water consumption. ITOCHU's target figures are presented in the following table. ITOCHU has announced a goal of reducing specific energy consumption at ITOCHU Corporation itself and its consolidated subsidiaries by an average of at least one percent per year and is striving to reduce greenhouse gas emissions.

	Single Year Target	Target for the Year Ended March 2021	FY2015 Results
<b>Electricity Consumption of Tokyo and Osaka Headquarters, Branches in Japan and Other branches and business facilities in Japan</b>	Reduction of at least 1% annually	Reduction of 30% compared with FY2011 levels	Reduction of 5% compared with FY2013 levels
<b>Tokyo Headquarters Waste Volume</b>	10% reduction compared with FY2011 levels	20% reduction compared with FY2011 levels	38% reduction compared with FY2011 levels
<b>Tokyo Headquarters Recycling Rate</b>	90%	90%	95%
<b>Tokyo Headquarters Paper Consumption</b>	3% reduction compared with FY2011 levels	3% reduction compared with FY2011 levels	5% reduction compared with FY2011 levels
<b>Tokyo Headquarters Water Consumption (City Water)</b>	10% reduction compared with FY2011 levels	15% reduction compared with FY2011 levels	16% reduction compared with FY2011 levels

## ■ Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO2 emissions from business facilities	Waste volume	Paper consumption	Water consumption and wastewater discharge
<b>Tokyo headquarters</b>	○	○	○	○	○
<b>Osaka headquarters</b>	○	○	-	-	-
<b>Branches in Japan *1</b>	○	○	-	-	-
<b>Other branches and business facilities in Japan *2</b>	○	○	-	-	-
<b>Group companies in Japan *3</b>	○	○	○	-	○
<b>Overseas offices *4</b>	○	○	○	-	○
<b>Overseas group companies *5</b>	○	○	○	-	○

\*1 The branches in Japan cover all 5 domestic branches of ITOCHU Corporation.

\*2 Business facilities cover business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwelling. The number of offices: FY2012: 14 offices, FY2013: 13 offices, FY2014: 12 offices, FY2015: 12 offices

\*3 The Group companies in Japan cover consolidated subsidiaries in which ITOCHU has directly invested (as of May 1, 2015). The number of companies: FY2012: 62 companies, FY2013: 69 companies, FY2014: 72 companies, FY2015: 73 companies

\*4 The overseas offices cover main offices. The number of offices: FY2012: 10 offices, FY2013: 14 offices, FY2014: 16 offices, FY2015: 16 offices

\*5 The overseas group companies cover consolidated subsidiaries in which ITOCHU has directly invested (as of May 1, 2015). The number of companies: FY2013: 40 companies, FY2014: 48 companies, FY2015: 49 companies

## ■ Electricity Consumption

The table below shows electricity consumption and CO<sub>2</sub> emissions from business facilities from FY 2012 to FY2015. 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. In addition, a morning-focused working system was launched on October 1, 2013 for trial basis and officially introduced on May 1, 2014 for full-time employees at the headquarters and branch offices in Japan beginning in October 2013, and this has also led to the reduction in our electricity consumption.

Unit: Thousand kWh

	FY2012	FY2013	FY2014	FY2015
<b>Tokyo headquarters</b>	10,418	9,914	9,391	9,297
<b>Osaka headquarters</b>	1,119	505	473	455
<b>Branches in Japan</b>	472	446	422	415
<b>Other branches and business facilities in Japan</b>	3,404	3,237	1,826	1,385
<b>Total of domestic bases of ITOCHU corporation ★</b>	15,413	14,102	12,112	11,552
<b>Group companies in Japan</b>	484,393	494,173	515,258	512,236
<b>Overseas offices</b>	987	2,720	3,586	3,463
<b>Overseas group companies</b>		106,393	156,804	156,593
<b>Grand total of ITOCHU Group ★</b>	500,793	617,388	687,760	683,844

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, branches in Japan, other branches and business facilities in Japan and group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy.
- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries.

## ■ CO<sub>2</sub> Emissions from Business Facilities

Unit: t-CO<sub>2</sub>

	FY2012	FY2013	FY2014	FY2015
<b>Tokyo headquarters</b>	5,778	5,492	5,202	5,133
<b>Osaka headquarters</b>	413	227	243	238
<b>Branches in Japan</b>	255	270	278	272
<b>Other branches and business facilities in Japan</b>	1,160	1,494	964	741
<b>Total of domestic bases of ITOCHU corporation ★</b>	7,606	7,483	6,687	6,383
<b>Group companies in Japan</b>	288,248	287,138	372,734	365,987
<b>Overseas offices</b>	691	1,596	1,979	1,939
<b>Overseas group companies</b>		59,489	125,157	121,372
<b>Grand total of ITOCHU Group ★</b>	296,544	355,706	506,557	495,681

- 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 offices and overseas group companies, the figures are calculated using the CO<sub>2</sub> conversion factors for each countries (average 2010-2012) found in the International Energy Agency (IEA)'s statistics.
- We have revised the data for FY2014 since we started to calculate CO<sub>2</sub> emissions including use of fuel and steam from FY 2015.
- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries.
- For the grand total of ITOCHU Group, CO<sub>2</sub> emission of Scope 1 is 80,703 t-CO<sub>2</sub> and CO<sub>2</sub> emission of Scope 2 is 414,978 t-CO<sub>2</sub>.

## Waste Volume

The table below shows the waste volume generated in Tokyo headquarters building, group companies in Japan, overseas offices and overseas group companies from FY2012 to FY2015. We have been promoting waste segregation. We, at the Tokyo headquarters, are striving to reduce their waste generation with a target of achieving a 10% reduction of waste generated compared with FY2011 levels. Through initiatives such as 2-in-1 and double-sided printing, ITOCHU has been able to reduce waste volume, and in FY2015 the Tokyo headquarters building received a Minato Ward Waste Reducing Business Operator Commendation.

		FY2012	FY2013	FY2014	FY2015
Tokyo headquarters building ★	Waste volume (Unit: t)	706	763	833	654
	Recycling rate (Unit: %)	89	88	94	95
Group companies in Japan*	Waste volume (Unit: t)	26,425	29,098	23,012	22,602
Overseas offices	Waste volume (Unit: t)	5	5	26	7
Overseas group companies	Waste volume (Unit: t)		127,821	142,425	626,673

- The waste volume of Tokyo headquarters includes waste sold as valuable resources.
- We have amended the past FY data of group companies in Japan and Overseas group companies, since we revised the boundaries.

## Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2012 to FY2015. We, at the Tokyo headquarters, have been promoting the reduction of paper consumption, with a target of reducing paper consumption by 3% compared with FY2011 levels, by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2012	FY2013	FY2014	FY2015
Copy paper consumption	37,478	36,883	35,315	34,575

## Water Consumption and Wastewater Discharge

The table below shows the water consumption, gray water production and wastewater discharge in Tokyo headquarters and water discharge in group companies, overseas offices and overseas group companies from FY2012 to FY2015. We, at the Tokyo headquarters, have been promoting efforts to reduce water consumption, with a target of reducing water consumption by 10% compared with FY2011 levels, through the recycling of used water for toilet flushing.

Unit:m<sup>3</sup>

	FY2012	FY2013	FY2014	FY2015
City water usage by the Tokyo headquarters ★	44,590	43,068	44,154	45,501
Gray water production by the Tokyo headquarters ★	37,222	37,212	36,431	36,658
Wastewater discharge by the Tokyo headquarters ★	46,095	46,593	60,837 (*1)	64,329 (*1)
Wastewater discharge by group companies in Japan *2	1,133,135	1,033,557	1,046,936	1,087,799
Wastewater discharge by overseas offices *2	4,583	15,524	18,884	9,679
Wastewater discharge by Overseas group companies *2		3,207,113	3,485,908	5,330,603

\*1 We changed the calculation method of wastewater discharge for Tokyo headquarters in fiscal 2014.

\*2 Calculation assumes the same volume as water consumption when wastewater discharge has not been ascertained.

- We have amended the past FY data of group companies in Japan and overseas group companies, since we revised the boundaries.



## Environmental conservation at the Tokyo Headquarters Building

### - Solar power generation

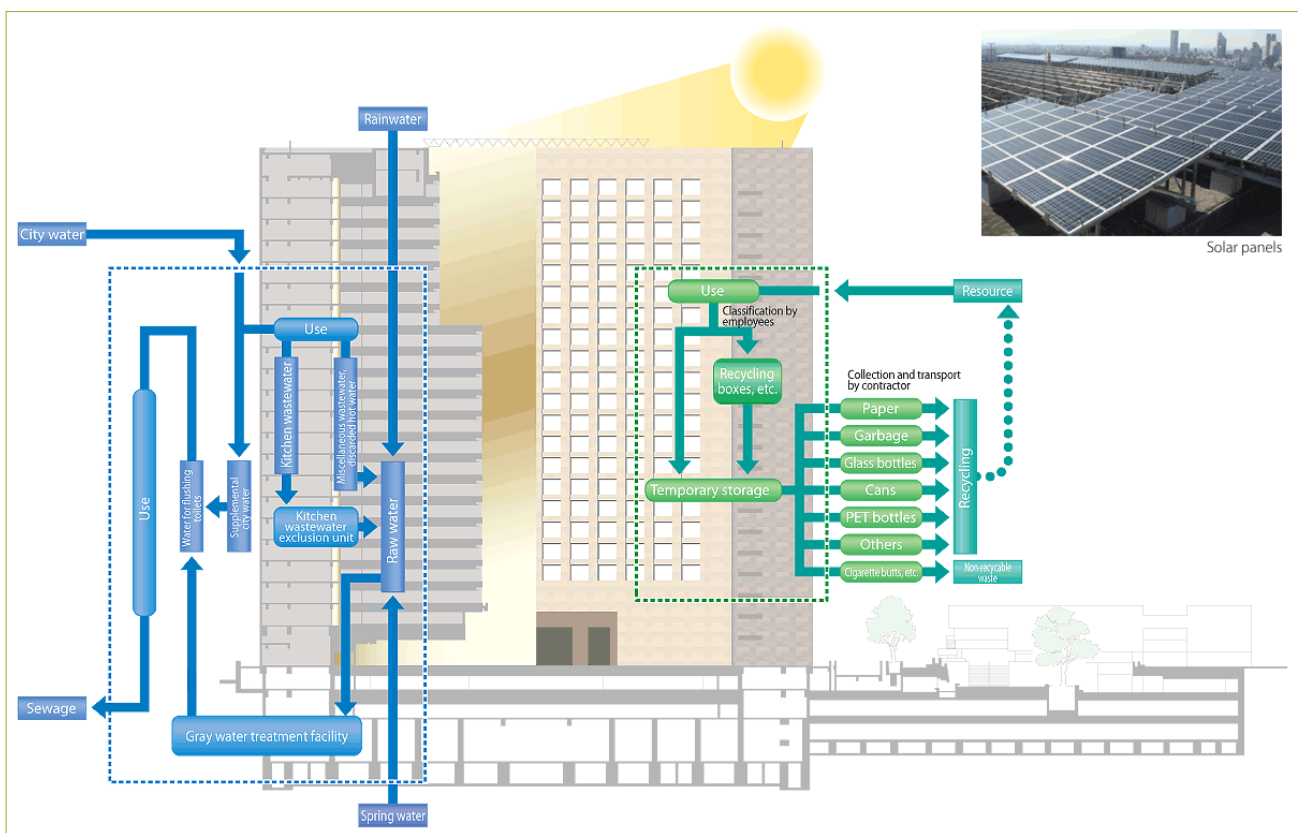
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kW which is equivalent to panels on prevailing 30 detached houses (approximately 3.0kW per detached houses). We make use of all clean energy generated with these solar panels 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 FY2011 to 2015 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental Preservation. In the plan, we committed to reduce CO2 emissions in the Tokyo headquarters by 6%, compared to the benchmark (the average of annual CO2 emissions from FY2003 to 2005). Emissions in FY2014 came to 5,202 tons CO2, down 39% from the benchmark. (Data for FY2015 will be reported to Tokyo Metropolitan Government in November 2015 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)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2013) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2014) (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 “Fun to Share”

ITOCHU Corporation is participating in “Fun to Share,” the campaign aimed at building a low-carbon society to alleviate climate change, led by the Japanese Ministry of the Environment. In keeping with this participation, it is striving to hold down use of air-conditioning in summer and heating in winter, and to turn power off when not needed. It is also promoting other activities of environmental conservation that can readily be performed by all employees in their workplaces, such as rigorous sorting of refuse in the office and extensive recycling.



# Environmental Accounting

## Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in FY2015 are as follows.

(Unit: 1,000 yen)

Classification	Amount
<b>Costs inside business areas</b>	846,148
<b>Up/downstream costs</b>	51,938
<b>Management activity costs</b>	137,175
<b>Research and development costs</b>	980
<b>Social activity costs</b>	8,708
<b>Costs to address environmental damage</b>	9,133
<b>Total</b>	1,054,082

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, 2014 to March 31, 2015

## Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2015 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
<b>Paper Usage</b>	740,000sheets	1,113
<b>Electricity Usage</b>	560,000kWh	11,205
<b>Waste Emissions</b>	309t	1,545
<b>Water Usage</b>	-4,840m <sup>3</sup>	-1,744

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 and Water Usage – Tokyo Headquarters building, Electricity Usage, Waste Emissions- All of domestic 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 2016, ITOCHU will continue to promote the sharing of related information through various training (P76) such as training sessions on the Soil Contamination Countermeasures Act.

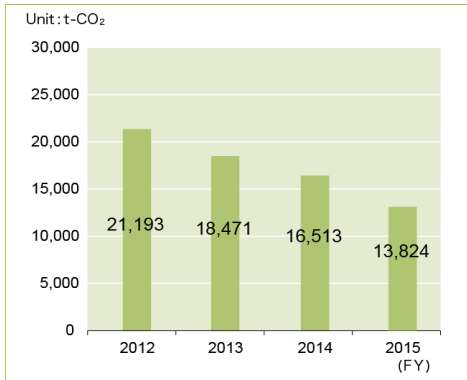
# Initiatives toward Environmental Distribution

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.

## Carbon Dioxide Emissions Associated with Distribution

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

### Change in CO2 Emissions Attributed to Distribution ★



★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410. Independent Assurance Report (P143)

## 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.

<b>Selection of Modes of Transportation</b>	Promoting utilization of rail and sea transportation
<b>Actions to Improve Transportation Efficiency</b>	Use of partial and consolidated cargo services Selection of appropriate vehicle models and larger vehicles Transportation route ingenuity Improved loading ratios
<b>Coordination between freight carriers and recipients</b>	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.