

Environmental Conservation Activities and Social Contribution

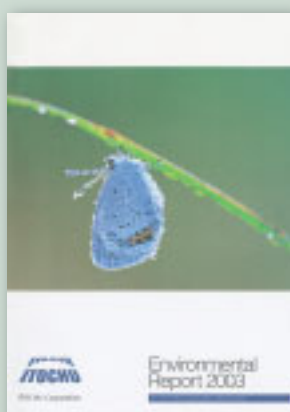
As a company engaged in natural resource development, investment, product and service provision and other areas on a global scale, ITOCHU is keenly aware of its responsibility to the global environment and society, and considers environmental conservation and social contribution to be among the most important management issues.

Environmental Conservation

In fiscal year 2003, the ITOCHU Group as a whole continued to promote environmental risk assessment and prevention. In addition to making testing for soil contamination obligatory when buying land, we conducted on-site interviews to survey the observance of laws and regulations by group companies that have a high impact on the environment, and held seminars on related laws and regulations.

Environmental Report 2003

In June 2003, we published a fourth edition of our environmental report, *Environmental Report 2003*. It summarizes our environmental activities for fiscal year 2003 and presents the concept of environmental conservation-oriented businesses, including the activities of some of our group companies.



Environmental Risk Management

We manage environmental risk that may occur in the daily conduct of business, evaluate in advance the environmental impact of new investment and development projects, and maintain preparedness for accidents and emergency situations. In fiscal year 2003 there were no accidents or violations of laws or regulations that caused major impact on the environment.

Promoting Environmental Conservation-Oriented Businesses

In April 2002, we established the Sub-Committee on Environmental Businesses Promotion, under the umbrella of the Global Environment Committee, which has begun studying and promoting cross-division businesses. Currently, we have four task forces with personnel from related divisions seeking new business opportunities in their respective areas (please see the table below).

Environmentally Friendly Offices

In addition to our installation of energy-saving equipment and facilities, we are promoting energy saving, waste reduction and sorting by all employees by posting environmental managers and “eco-leader” at all levels of the Company. Since its completion in 1980, our Tokyo headquarters building has been equipped to treat and recycle rain water collected from the building site and kitchen waste water from the employee cafeteria to flush toilets. This system enhances water saving while heightening individual employees’ awareness of the environment.

Environmental Management System

Since acquiring ISO14001 certification in December 1997, ITOCHU Corporation has promoted the expansion of this environmental certification. In June 2002, ITOCHU Taiwan Corporation became our first overseas trading subsidiary to include itself among the ISO certified. The number of group companies awarded with their own ISO certification increased by 11 to 33 during fiscal year 2003. Furthermore, in addition to assigning environmental coordinators in group companies and overseas offices, we are taking measures to improve environmental conservation and risk management by implementing voluntary environmental management audits at our domestic branches, overseas offices, and group companies that have not acquired ISO certification.

Sub-Committee on Environmental Businesses Promotion

Task force	Activities	Task force members
Global Warming Task Force	Investigates the Kyoto Mechanism—joint implementation (JI), clean development mechanism (CDM) and emissions trading (ET).	Selected from Plant, Automobile & Industrial Machinery Company; Energy, Metals & Minerals Company and Chemicals, Forest Products & General Merchandise Company
Heat Island Task Force	Examines measures on heat-resistant paints, rooftop greening programs, etc. to address the heat island issue facing large cities.	Selected from Energy, Metals & Minerals Company and Chemicals, Forest Products & General Merchandise Company
Automobile Recycling Task Force	Examines ways to deal with shredder dust generated from used cars.	Selected from Plant, Automobile & Industrial Machinery Company; Energy, Metals & Minerals Company and Aerospace, Electronics & Multimedia Company
Thermal Recycling Task Force	Investigates appropriate methods of incineration for industrial waste, including construction waste materials.	Selected from Plant, Automobile & Industrial Machinery Company

Wind-Generated Power Sales Business

ITOCHU, Horonobe Town, JFE Engineering Corporation, and others, jointly established the Otonrui Wind Power Plant (750kW x 28 turbines = 21,000kW) of Horonobe Wind Power Generation in Hokkaido. In March 2003, the plant was approved by the Minister of Economy, Trade, and Industry as a "new energy power generation facility" under the RPS** Law, which requires power companies to use a certain amount of renewable energy. The yearly output is equivalent to approximately 50 million kWh (12,000 households' consumption). Compared with a heavy-oil-fired thermal plant, this can save about 58,000 barrels of heavy oil and about 35,000 tons of CO₂. Hokkaido Electric Power Company uses electricity generated by this plant in accordance with the RPS law. (**Renewable Portfolio Standard.)



Introduction of Environmental Accounting

Introduced from the second edition of our Environmental Report published in June 2001, "environmental accounting" is an itemized report of environmental conservation costs and investments and their effect. As a general trading company, ITOCHU has relatively little impact on the environment compared with a manufacturing company. For this reason, per-

sonnel expenses account for most of the costs associated with achieving environmental objectives and targets including compliance with laws and regulations. In fiscal year 2003, however, charter costs for double-hull ships for transporting crude and heavy oil increased sharply as a result of the reinforcing of measures to prevent marine pollution.

Social Contribution Activities

In order to achieve "Societal Benefits" that are the foundation of our corporate philosophy, in addition to our broad contributions to society at the corporate level, we actively support individual employees' efforts to contribute to society.

Activities at the Corporate Level

•Support for Basic Research

Since establishing the financially assisted research division at the University of Tokyo's Center for Climate System Research in 1991, in cooperation with 17 group companies we have continued to support basic research on climate change, including studies on global warming.

•ITOCHU Foundation

Established in 1974 to "make contributions to the sound upbringing of children," the ITOCHU Foundation is involved in a variety of activities including operating the Tokyo Elementary and Junior High School Student Center and assisting the children's library.

•Supporting Employee Contributions to Society

Introduced in 1992, the "volunteer time-off system" supports employees' efforts to contribute to society. It provides opportunities for volunteer activities, including "summer school programs on the environment," which assist local elementary school students with their summer vacation studies, and "ITOCHU Corporation lobby concerts," which are held for employees, families, local citizens, and residents of facilities for the physically challenged.

Employees' Volunteer Activities

Individual employees are exercising their volunteer spirit through "Fureai no Network," our employee volunteer organization. Activities include the holding of regular meetings for nature watching, disaster relief, and reading to the blind, monthly cleanups of the area around ITOCHU's Tokyo headquarters, participation in blood donation (over 1,500 donors to date), and bone marrow bank donor registration.



Employees' nature watching activity