

CSR for ITOCHU Corporation

ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields. As such, ITOCHU is well aware of its impact on the global environment and international society. Being “Committed to the Global Good,” we will continue to contribute to building a sustainable society going forward.

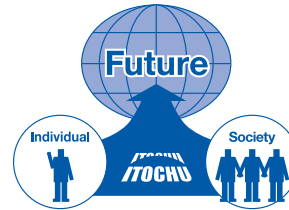
ITOCHU Mission and Values

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?

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 the sustainable growth of the international community. In compliance with the Global Compact's ten principles in the areas of human rights, labour standards, the 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

- 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

- 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

- Principle 7:** Businesses should 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.

Anti-corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Sampo Yoshi and ITOCHU CSR



Our history has been built together with the philosophy of *sampo yoshi*. We intend to practice CSR that is rooted in this principle going forward as well.

Basic perspective on CSR at ITOCHU

ITOCHU Corporation is strongly aware that companies are also members of society, and that a company cannot remain sustainable unless it coexists with society as a good corporate citizen, and meets the expectations of society through its business activities. 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 approach ties into a management philosophy of *sampo yoshi* held by the Ohmi merchants, which forms the cornerstone upon which our founder Chubei Itoh built his business. We believe that it is our mission to understand diverse values as a truly global enterprise, meet the expectations of society, and continue to be a company that is needed by society.

Our founder Chubei Itoh and *sampo yoshi*

ITOCHU traces its origins back to 1858, the year in which Chubei Itoh set out from Toyosato Village in Shiga Prefecture on a journey to Nagasaki as a traveling linen merchant.

Chubei Itoh grounded his business in the spirit of *sampo yoshi*, a management philosophy embraced by merchants in the feudal province of Ohmi, where he was born. In adherence with their *sampo yoshi* philosophy, as well as being good for the seller and the buyer, Ohmi merchants contributed to the economies of the regions they visited. In the shogunate era, Ohmi merchants came into existence and their economic activities were permitted because they were regarded as being good for society. This can be said to be the roots of today's idea of CSR, which calls on companies to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a 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."



Our founder Chubei Itoh
(1842-1903)



Ohmi merchants
(courtesy of Museum of
Ohmi Merchant)

The roots of a management philosophy passed down for 150 years

Our founder Chubei Itoh established a “store law” in 1872. Also, he adopted a meeting system. The store law was a set of house rules covering what in modern parlance we would call management philosophy, a human resources system, and employment regulations, which subsequently became the foundation of ITOCHU Corporation’s management philosophy. Emphasizing communication with employees, Chubei Itoh chaired meetings himself. Moreover, he incorporated a series of what were at the time groundbreaking management systems, including the codification of “sharing of profit by three parties” (*) and Western bookkeeping methods. Those initiatives built the foundations of mutual trust between the store owner and employees. Since that era, we have based our corporate management on CSR.

* Sharing of profit by three parties: In a predominately feudal era, this was an extremely progressive philosophy of sharing profits with employees. The store’s net profit was divided among three parties: the store owner, the store’s reserve fund, and store employees.



A daifukuchō ledger from the time of ITOCHU's founding

150 years of history and CSR

In 2008, ITOCHU Corporation marked its 150th anniversary. Why has ITOCHU continued to develop? Because ITOCHU has over 150 years put into practice the spirit of *sampo yoshi*, a management philosophy trumpeted by Ohmi merchants that is the source of its CSR thinking today. At the same time, as the business environment has changed with the times, ITOCHU has built a corporate culture that anticipates change and turns it into opportunities.

Since its foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and periods of economic volatility. Launched as a trading company mainly handling textiles, ITOCHU Corporation has fulfilled the role of a trading company that has responsively changed according to the demands of each generation while significantly changing its product and business portfolios—expanding its sphere of influence to include areas from upstream raw materials through to downstream consumer sales. As it has grown, ITOCHU Corporation has evolved into a general trading company and from there into a globally integrated corporation.

We are convinced that our history has continued for 150 years because we have surely upheld and passed on the spirit of *sampo yoshi* while remaining an essential component of society by responding to changes in its expectations in different eras.



“Itoh Itomise” thread and yarn store at the time of its opening in 1893

Basic Policy on CSR and Promotion System



Approach to CSR promotion at ITOCHU Corporation

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

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

Basic Policies for CSR Promotion

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

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

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

In the "Basic policies for CSR promotion" during the period of the "Brand-new Deal 2012" plan, which covers fiscal 2012 to fiscal 2013, we made revisions to reflect the results of an annual employee questionnaire about the Company's CSR Report. Below are the main points of the new policy.

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

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

2. Promoting businesses that help solve social issues

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

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

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

4. Promoting education on CSR and environmental conservation

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

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

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

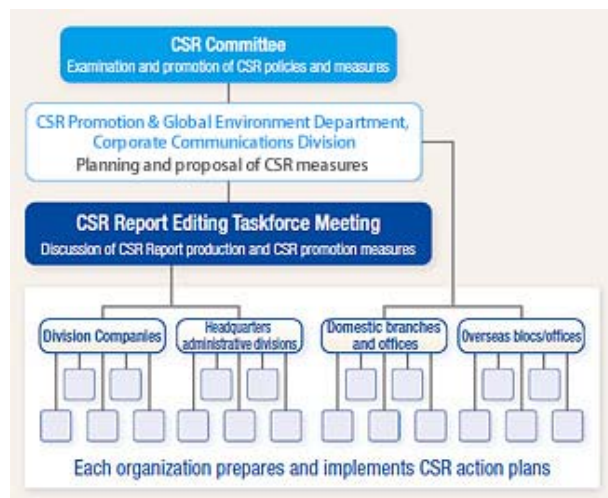
CSR promotion through CSR action plans

ITOCHU Corporation conducts various businesses through five Division Companies, the Construction & Realty Division, and the Headquarters Business Organization. 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, in April 2011 the CSR Promotion & Global Environment Department was moved into the Corporate Communications Division, with the aim of enhancing communication with stakeholders. This department plans and proposes strategies for promoting CSR, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Report Editing Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the CSR report and CSR promotion measures.

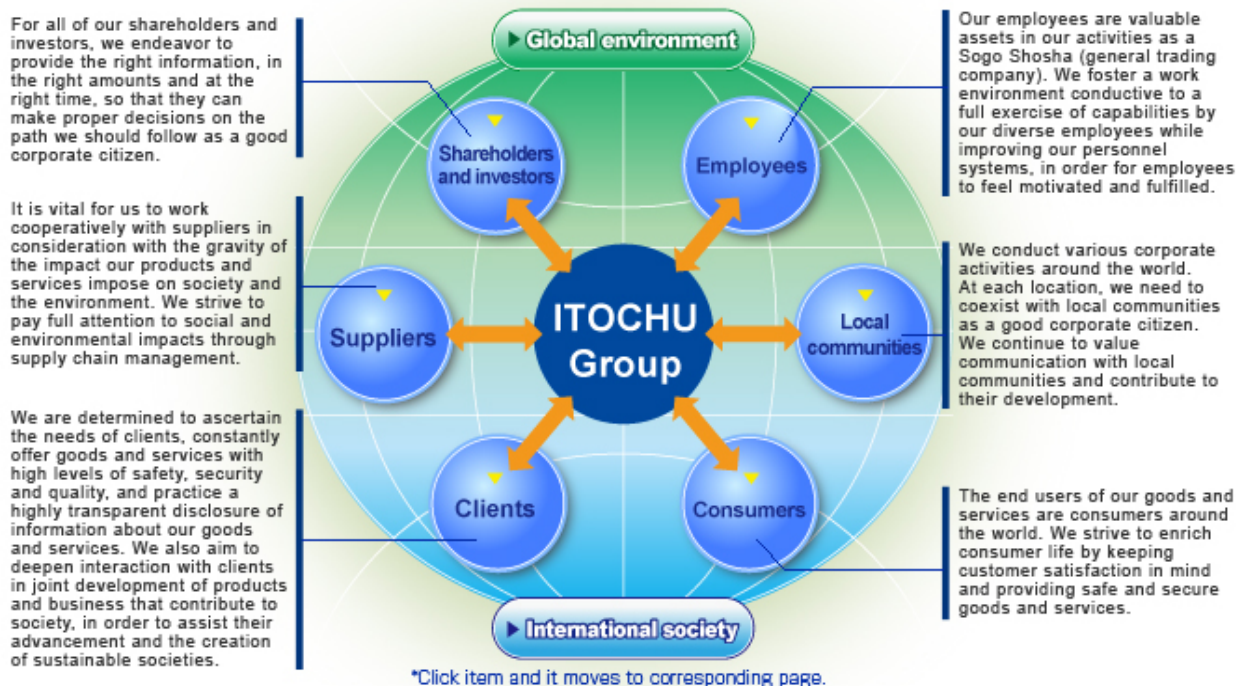
Stakeholder Relations



Stakeholders of the ITOCHU Group

Approaching CSR through dialogue with our stakeholders.

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



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

Respect for Human Rights

Organizational
governanceHuman
rightsLabor
practicesThe
environmentFair operating
practicesConsumer
issuesCommunity involvement
and development

Policy on Respect for Human Rights

■ Corporate Philosophy and Code of Conduct of the ITOCHU Group

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.

Guided by this approach, the Group clearly prohibits the violation of human rights and sexual harassment in its employment regulations, and has 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.

■ United Nations Global Compact

ITOCHU Corporation supports the principles of the United Nations Global Compact, guaranteeing the fundamental labor rights of its employees.

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

■ Raising awareness through internal training programs

We work to extensively embed understanding of human rights through training programs held each year.

■ Workshops for Organization Heads

Preventions against sexual harassment and power harassment are discussed at training workshops for all of general managers and managers in the company.

■ Training for New Recruits

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.

| | FY2010 | FY2011 |
|----------------------------------|----------------|------------|
| Workshops for Organization Heads | 972 people (*) | 466 people |
| Training for New Recruits | 190 people | 147 people |

* Held twice in fiscal 2010 (471 in first half of year, 464 in second half)

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

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



The “HR Help Guide Book” posted on the intranet

■ Career Counseling Center

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

■ Raising Awareness Through Various Publications

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

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

■ Fair and Honest Recruitment

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

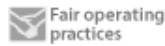
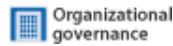
Human Rights in the Supply Chain

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

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

[Click here](#) to read more about surveying actual labor practices in the supply chain.

Penetration of CSR at ITOCHU



CSR Report 2010 questionnaire for employees

With publication of the CSR Report 2010, an Employee Questionnaire Survey was conducted again to deepen and assess CSR awareness. This year, 79.1% of the 7,073 employees responded to the survey, a total of 5,598 respondents.

In the questionnaire, ITOCHU Corporation employees selected "promoting businesses that help solve social issues" as the top theme that ITOCHU Corporation should address; it was the third-highest theme among employees of overseas blocs. As such, it was made one of the "Basic policies for CSR promotion" in the "Brand-new Deal 2012 (*)." ITOCHU will continue to reflect the opinions of employees in CSR, while promoting CSR through its business activities.

* ITOCHU Corporation FY2011-FY2012 Medium-Term Management Plan

■ Replies to the CSR Report 2010 questionnaire for employees

| | Questionnaire for employees of ITOCHU Corporation | Questionnaire for employees of overseas blocs | Total |
|---------------------|---|---|-------|
| Number of employees | 5,160 | 1,913 | 7,073 |
| Number of replies | 4,343 | 1,255 | 5,598 |
| Reply rate | 84.2% | 65.6% | 79.1% |

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

| | Questionnaire for employees of ITOCHU Corporation | Questionnaire for employees of overseas blocs |
|---|---|--|
| 1 | Promoting businesses that help solve social issues | Relationships with employees |
| 2 | Ensuring a transparent corporate governance structure | Global warming countermeasures |
| 3 | Employees relations | Promoting businesses that help solve social issues |

CSR workshops

As one measure for promoting CSR, the Company holds CSR Workshops in each organization, where employees take part in discussions about important CSR themes.

In the CSR Workshops held in fiscal 2011, 10 themes were set with reference to CSR Report 2010. These themes included "the work of my department and CSR," "supply chain management," "social contribution activities," "environmental measures," and "ITOCHU's corporate image." The workshops were a forum to debate and exchange views on selected themes in each organization. 163 workshop reports were submitted, which were attended by a total of 2,238 people.



A CSR Workshop

The most-selected theme was "the work of my department and CSR," which was chosen by 63 departments. This was followed by "ITOCHU's corporate image," with 41 departments selecting this theme for discussion and debate. A large number of departments also selected multiple themes for discussion.

Employee questionnaires on the CSR Report every year together with workshops are expected to deepen individual employee understanding of CSR. Participants in the CSR Workshops expressed positive opinions about them, such as "this sort of opportunity was a meaningful use of department meeting time," and "I was able to exchange opinions with colleagues about something we don't normally give much thought to during the course of our normal workday." We will continue to hold these workshops and think about theme selection and other points for future workshops.

CSR seminars

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

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

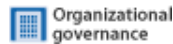


Inside CSR seminar of the 2010 6th time

■ Internal CSR Seminars in the past

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

Implementing CSR Initiatives at Group Companies



Since fiscal 2007, we have been gradually expanding CSR promotion for major group companies, based on the model methods of ITOCHU Corporation; establishing CSR action plans and executing these in PDCA cycles. By fiscal 2011, an accumulated total of 48 companies established CSR action plans.

In fiscal 2011, we held CSR training for group companies. The training program involved workshops that introduced examples of group companies within the ITOCHU Group that are engaged in advanced initiatives and the latest trends in CSR, as well as ISO 26000, which was issued in November 2010. Two training sessions were held and were attended by employees from 37 companies.



Workshop for CSR representatives of group companies

Looking ahead, we plan to promote the development of CSR according to the nature of the business and scale of each group company.

Group companies targeted for CSR implementation at a glance

| Organization | Companies targeted |
|---|--|
| Textile Company | ITOCHU FASHION SYSTEM Co., Ltd., ROY-NE CO., LTD., ITOCHU MODEPAL CO., LTD, CI SHOPPING SERVICE CO., LTD., ITOCHU Home Fashion Corporation |
| ICT & Machinery Company | ITOCHU Plantech Inc., ITOCHU Automobile Corporation, ITOCHU CONSTRUCTION MACHINERY CO., LTD., ITOCHU Techno-Solutions Corporation, ITC NETWORKS CORPORATION, ITOCHU ELECTRONICS CORP., CAPLAN Corporation, JAPAN AEROSPACE CORPORATION, NANO Media Inc., ITOCHU MACHINE-TECHNOS CORPORATION, ITOCHU SysTech Corporation, ACRONET Corp. |
| Energy, Metals & Minerals Company | ITOCHU Metals Corporation, ITOCHU Oil Exploration Co., Ltd. |
| Chemicals, Forest Products & General Merchandise Company | ITOCHU KENZAI CORPORATION, ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., ITOCHU PULP & PAPER CORP., ITOCHU CERATECH CORPORATION, The Japan Cee-Bee Chemical Co., Ltd., Chemical Logitec Co., Ltd., VCJ Corporation, ITC Green & Water Corp., ITOCHU Windows Co., Ltd., C.I. Kasei Co., Ltd. |
| Food Company | Yayoi Foods Co., Ltd., ITOCHU Feed Mills Co., Ltd., ITOCHU Rice Corporation, ITOCHU Sugar Co., Ltd., I-FOODS Co., Ltd., ITOCHU FRESH Corporation, Universal Food Co., Ltd., NIPPON ACCESS, INC. |
| Construction & Realty Division | ITOCHU PROPERTY DEVELOPMENT, LTD., ITOCHU Urban Community Ltd. |
| Headquarters Business Organization | ITOCHU LOGISTICS CORP., FX PRIME Corporation, ITOCHU Orico Insurance Services Co., Ltd., Superex Corporation. |