

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 an Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

The ITOCHU Group Environmental Policy

■ I . Basic Philosophy

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

■ II . Activity Guidelines

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

(1) Prevention of environmental pollution	In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
(2) Observance of laws and regulations	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
(3) Promotion of environmental conservation activities	Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.
(4) Harmonious coexistence with society	As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.
(5) Promotion of educational activities	Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's stance on the environment

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems. We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

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

Environmental Management



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

Environmental Management System

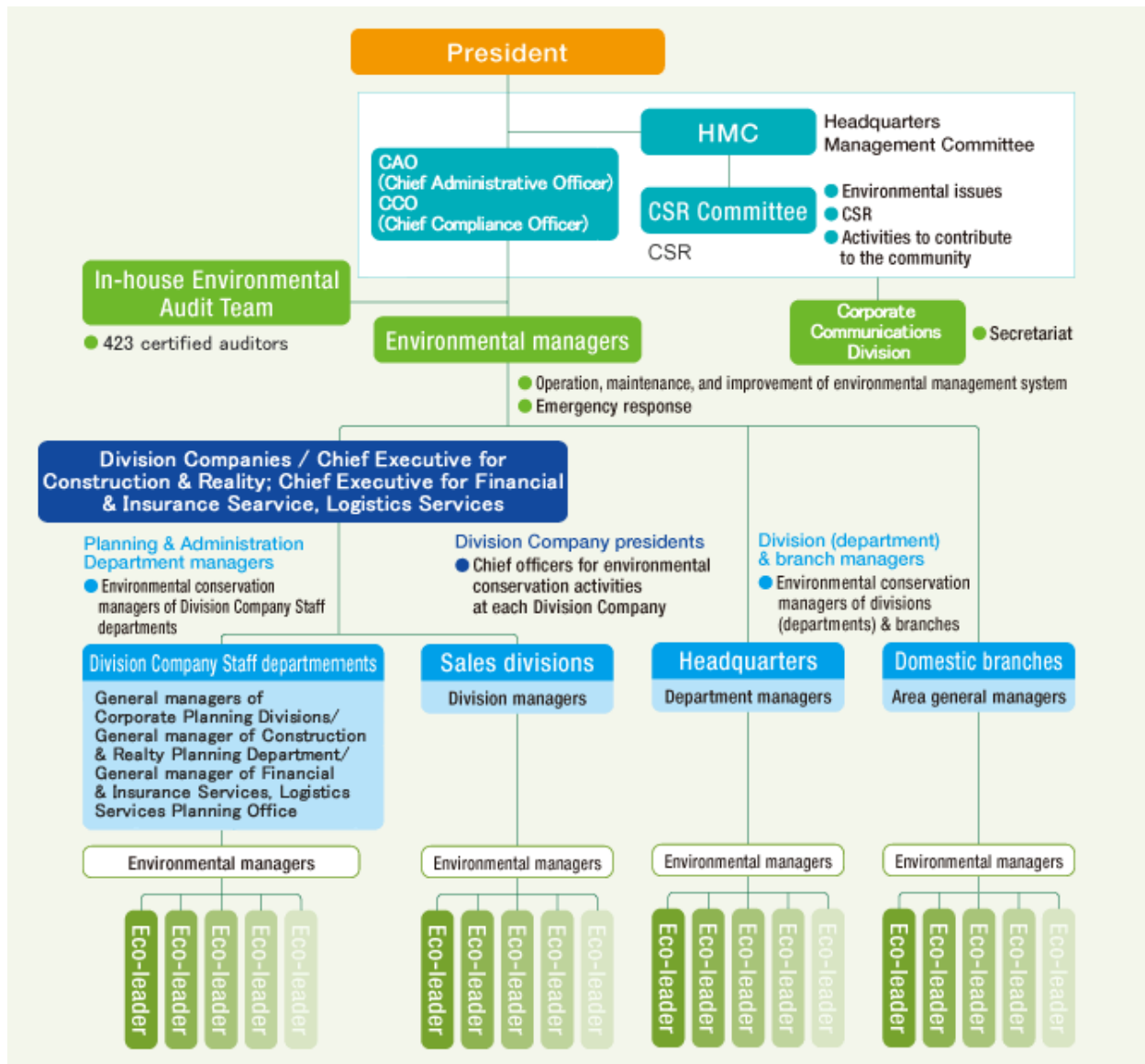
In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, and take precautionary approaches to environmental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



ITOCHU Corporation's environmental management organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO & CCO who has the authority to determine the environmental policy and environmental management manual that form the core of our environmental management.

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 (65 total in fiscal 2012), and assisted by eco-leaders (300 total as of May 31, 2011), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

In fiscal 2011, In-house environmental audits based on ISO 14001 were carried out in 73 departments. Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (423 registered individuals). These teams carried out their work this fiscal year as well with an emphasis on auditing legal compliance. This fiscal year marked the introduction of a new auditing approach – a combined format in which two or three departments were audited at once. This approach not only boosted audit efficiency but heightened audit effectiveness by encouraging mutual understanding of other departments.

Results of External Inspections

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

Precautionary Approach to Environmental Risks

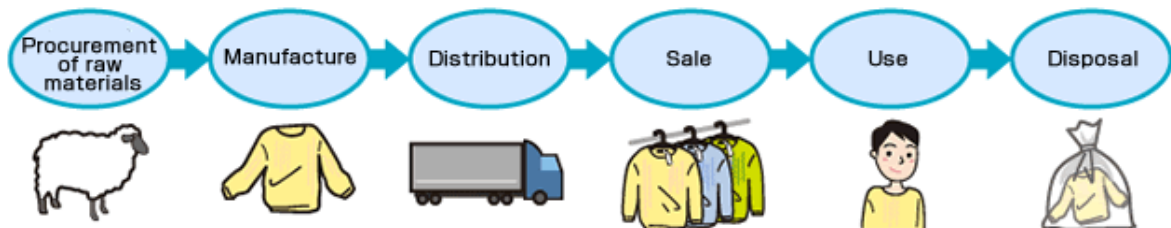


In addition to evaluating environmental risks of the products we handle, we are committed to taking a precautionary approach to environmental risks. This commitment also extends to ITOCHU Group companies, reflecting the need to identify the impact on the global environment of the business activities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

Evaluating Environmental Risks Posed by Products Handled

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

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



Fact-finding investigations of Group companies

We began fact-finding investigations of our Group companies after several of them received complaints about environmental pollution from their surrounding neighborhoods in 2001. We analyze about 200 of our roughly 400 Group companies (as of March 31, 2011) with relatively higher levels of impact on the global environment, and conduct investigations of about 20 of them per year. The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



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

Evaluating the Environmental Impact of New Investment Projects

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

Environmental-Related Consultations (Year Ended March 31, 2011)

In the year ended March 31, 2011, we received a total of 36 inquiries from outside the Company, which were broken down as follows: environmental groups (6), industry (5), government (5), ratings and evaluation agencies (5), media (5) and local citizens and others (10). The number of inquiries is increasing year by year, particularly regarding 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 65 inquiries regarding Japan's Waste Management and Public Cleaning Law, 16 about the Soil Contamination and Countermeasures Act, and other inquiries regarding business investments.

Promotion of Environmental Education and Awareness



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

Seminars

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

■ Internal seminars (fiscal 2011 results)

(Number of people)

Legal seminars	Times held	Total participants
Seminars on Waste Management and Public Cleansing Law	12	791
Soil Contamination Countermeasures Act	2	217

Global Environmental Management Seminar

In January 2011, ITOCHU sponsored a seminar on the promotion of global environmental management at the Tokyo Head Office. The seminar was led by invited speaker Prof. Taikan Oki of the University of Tokyo's Institute of Industrial Science, who spoke on the theme of "Water, Climate Change and the Global Environment—Finding Solutions to Problems." Centered on emerging global environmental issues, the lecture offered up-to-date information on water-related issues and other concerns close to our daily lives. His talk also touched heavily on topics connected to ITOCHU businesses, including water-related industries, such as desalination plants and water/wastewater infrastructure, as well as food and energy. The seminar was heard by a large number of employees (approximately 680), with those unable to attend later viewing an edited version of the videotaped lecture. Ultimately, the seminar was a rich source of many insightful suggestions as ITOCHU prepares to strategically promote businesses that support environmental conservation going forward.



Prof. Taikan Oki of the University of Tokyo's Institute of Industrial Science.

Co-existence with Society



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

Summer school programs on the environment

Every year since 1992, we have been organizing "Summer school programs on the environment" at the Tokyo Head office, mainly targeting elementary school students of Minato Ward, Tokyo. The aim of these programs is to promote environmental education among Japan's next generation and coexistence with society. Now in their 19th year, the latest edition of the programs was held in August 2010, with 45 children taking part. The dynamic, hands-on program featured lectures and a number of experiments led meteorologists and weathercasters around the theme of global warming.



Experiment showing rising sea levels caused by global warming

Supporting Center for Climate System Research, The University of Tokyo

ITOCHU has supported basic research by the University of Tokyo's Center for Climate System Research (reorganized as the University of Tokyo Climate System Research System from fiscal 2010) since 1991, and holds an annual "ITOCHU Symposium" as a forum for publicizing the center's research findings. The symposium's 19th annual meeting was held in January 2011 at the Osaka Head Office, and in February 2011 at the Tokyo Head Office. The research findings focused on the problem of global warming, with Associate Prof. Kensuke Fukushi presenting a paper titled, "The Health Risks of Climate Change—Waterborne Infections During Floods" (presented at Tokyo Head Office only), while Associate Prof. Masahiro Watanabe presented a paper titled, "Climate Change and Weather Abnormalities." A total of around 230 people attended the two symposiums.

Office Activities



All employees at ITOCHU Corporation always do their best to reduce environmental impacts not only when conducting business, but also in their office activities. We tackle environmental conservation initiatives that are achievable in our immediate surroundings by conserving energy at our offices and recycling waste. The following outline some examples of those efforts:

Participation in “Challenge 25 Campaign”

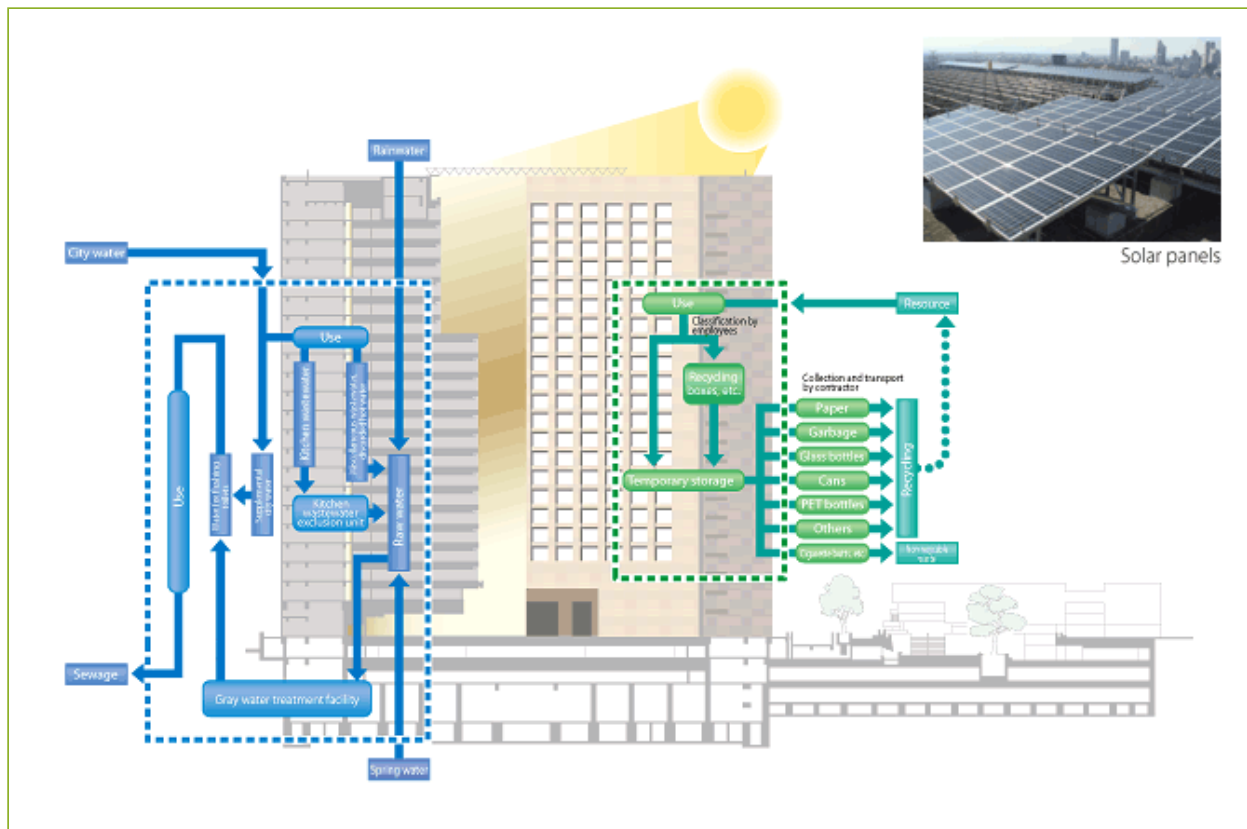
ITOCU Corporation is a participant in the national “Challenge 25 Campaign (*)” to mitigate global warming. This campaign includes such initiatives as adjusting the air conditioning temperatures during the summer and winter, turning off lights when they are not needed, and setting computers to a “hibernation” 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 Conservation at the Tokyo Headquarters Building

ITOCU Tokyo Headquarters Building consumes the largest volume of energy among all of its offices. You will find the following figures explaining the electricity consumption, total waste, recycled waste volume, usage of water resources and so forth in Tokyo Headquarters from FY2007 to 2010.



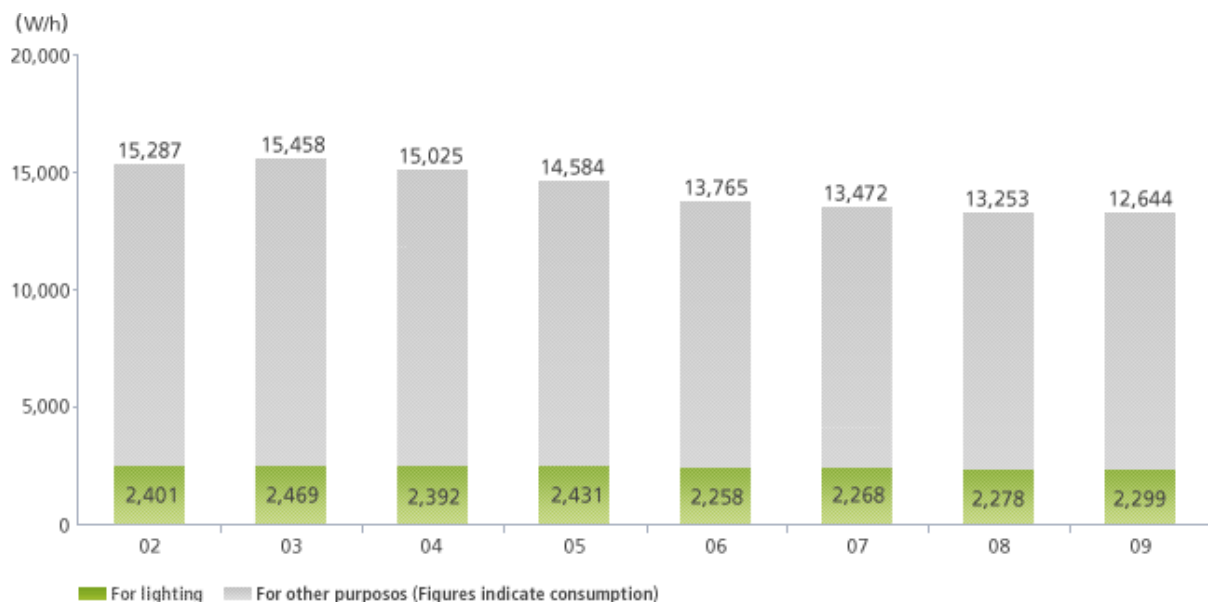
■ Solar power generation

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 house (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.

■ Electricity Consumption

The table below shows the volume of electricity consumption in Tokyo Headquarters from FY2007 to 2010. We implemented energy-saving measures such as the installation of inverters for the heating, cooling and ventilation system, and promoted individual involvement in turning off lights and office equipment. In FY2010, we reduced the electricity consumption by 4.6%, compared to FY2009.

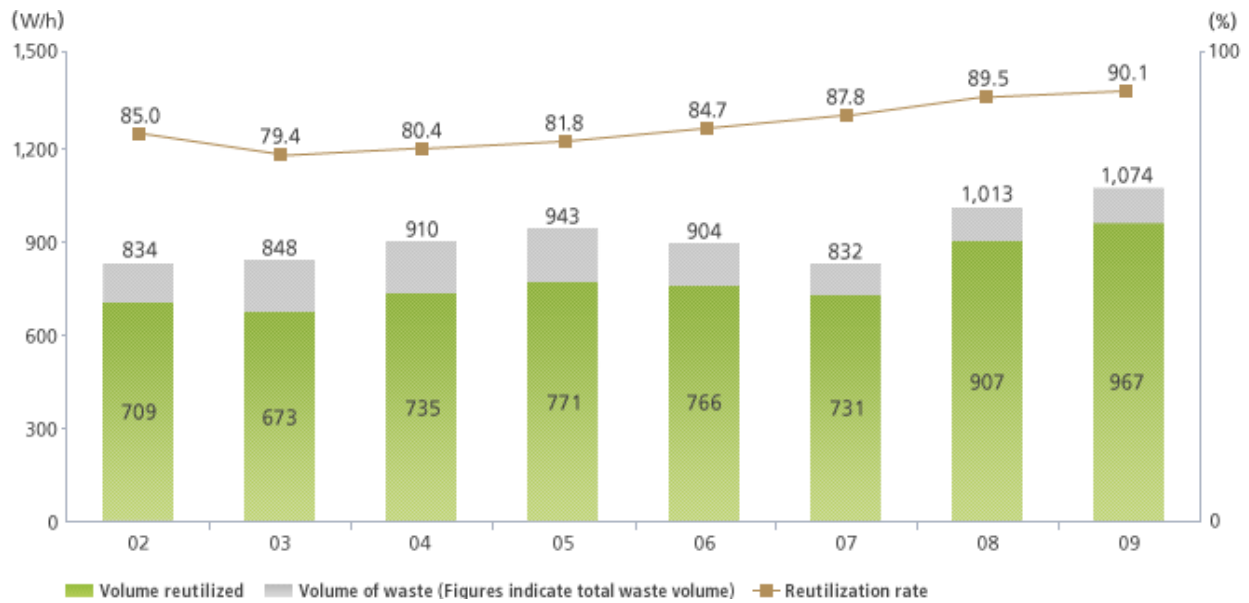
Year (FY)	Consumption volume (MWH)	Reduction rate compared to the previous fiscal year (%)
2007	13,765	5.6%
2008	13,472	2.1%
2009	13,253	1.6%
2010	12,644	4.6%



■ Volume of Waste and Recycled Waste

The table below shows the total volume of waste, amount of waste recycled, etc. in Tokyo Headquarters from FY 2007 to 2010. The recycling rate has been improving due to individual efforts such as enforcing waste separation.

Year (FY)	Total waste volume	Amount of waste disposed	Amount of waste recycled	Recycling rate
2007	904 tons	138 tons	766 tons	85%
2008	832 tons	101 tons	731 tons	87.8%
2009	1,013 tons	106 tons	907 tons	89.5%
2010	1,074 tons	106 tons	967 tons	90.1%



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 table below shows the amount of water usage in Tokyo Headquarters from FY2007 to 2010.

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.

(Unit: m³)

Year (FY)	City water usage	Gray water production
2007	39,604	43,122
2008	48,514	37,505
2009	52,567	37,330
2010	46,532	33,553

Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 to 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.

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

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

* 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".