



CSR Report 2012



ITOCHU Corporation

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Editing Policy

ITOCHU Corporation's Perspectives on CSR

We at ITOCHU Corporation believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This report presents the role we must discharge and our initiatives for it through business activities. This report presents the role we must discharge and our initiatives for it.

HIGHLIGHT

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

① Documentary Report Project on Supply Chains

Since 2009, we have been annually introducing the entire supply chain of individual products that we handle.

Vol. 4: Enthusiasm of Pulp Producers: Green Economy Project
–CENIBRA's Environmental Business Initiatives

② Fashion Earth PROJECT

The recent situation of the Fashion Earth PROJECT, which has been launched in 2010 to combat global warming with the participation of apparel manufacturers, is presented.

Disclosure of CSR-related Information

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

Corporate Website CSR Pages

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



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

CSR Report 2012 (Full Report)

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



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

CSR Digest

ITOCHU's diverse business activities, in which we help solve social issues through our businesses in various regions around the world, are presented in a booklet format.



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

Annual Report

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



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

Referenced guidelines

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

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2011, and ended on March 31, 2012 (FY2012). However, some of the most recent information on our activities and initiatives are also included.

Publication information

Publication: October 2012
Next publication (scheduled): October 2013
Previous publication: September 2011

A side-by-side comparison of GRI guidelines and the UN Global Compact can be found at:
<http://www.itochu.co.jp/en/csr/report/>

Reporting scope

This report covers ITOCHU Corporation (9 domestic offices and 117 overseas offices) and its major group companies.

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President's Commitment

We will strive to solve social issues and create new corporate value through CSR rooted in the front lines of business.

“Sampo yoshi” and the Corporate Philosophy of “Committed to the Global Good”

Ever since Chubei Itoh I originally founded ITOCHU, we have followed the Ohmi merchant philosophy of “*sampo yoshi*” (Good for the seller, Good for the buyer, and Good for society), and continually apply it in our daily business activities. Businesses that simply pursue their own returns and ignore returns for society will not last. If returns are generated for both customers and a company, and people become more affluent and comfortable, leading to the realization of a sustainable society, then the company will enjoy stable returns as a natural result. The ITOCHU Group corporate philosophy of “Committed to the Global Good” expresses this “*sampo yoshi*” spirit on a large scale.

Currently, we are in an age when the good quality of “earnings” is being required. I believe that it requires our employees around the world to reevaluate what their work means for society and to utilize ITOCHU’s technologies and financial resources to address the growing array of social issues. We must create an environment in which each employee can create such vision. Further, we need to link that vision to the opening up of new markets, and to use the resulting superior products and services as new profit drivers as we grow and expand. I believe that is how we need to approach the corporate philosophy of “Committed to the Global Good.” As one facet of the implementation of this corporate philosophy, ITOCHU has participated in the United Nations Global Compact since 2009. As we conduct our daily business activities, we will always keep uppermost in our minds the spirit of “*sampo yoshi*” and the corporate philosophy of “Committed to the Global Good.”

Working toward Further Reform Aimed at Strengthening Our Front-Line Capabilities

ITOCHU has successfully overcome a variety of changes in its operating environment. That success was possible because we were quick to focus on growth areas and seek out our foothold in markets where we can “Earn.” To promptly grasp growth potential, it is important to keep close to the customer. This makes it possible to more accurately forecast demand, which in turn makes it possible to advance into new businesses while limiting risk. What is important is to continually enhance the “sensitivity” needed to perceive change. If we can do that, then I believe that we will be able to continue opening up new growth markets, even in the current difficult business environment.

It is on the front lines that the necessary sensitivity is refined. And it is also on the front lines that the environment is cultivated where we establish new businesses, taking into account the problems faced by society and expectations toward us. Through internal reforms, we have steadily strengthened our front-line capabilities, but to create a solid earnings platform it will be necessary to strengthen them even further. In fact, the implementation of reforms to strengthen front-line capabilities is a task that is never completed. ITOCHU has entered a new growth stage. We will link social issues and social expectations to business development, and strive to achieve dramatic growth.



President & Chief Executive Officer

Masahiro Okafuji



CSR for ITOCHU Corporation



ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields, and as such, ITOCHU is well aware of how significant its impact on society is. We believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. We also believe that our mission is to fulfill our Corporate Social Responsibility as a global enterprise, always working from the viewpoint of whether we are contributing to the countries of the world and to society.

■ ITOCHU Mission and Values

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of sampo yoshi (good for the buyer, seller and society), a management philosophy embraced by Ohmi merchants that is the source of its CSR thinking today.

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To embed the ITOCHU Values, ITOCHU has formulated "5 self-tests" that employees can refer to in order to determine that the five values are present in their actions.

ITOCHU Mission Committed to the Global Good



The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.

ITOCHU Values & 5 self-tests

	Visionary	Am I communicating vision and moving forward with others?
	Integrity	Am I proud to say I am involved in the work?
	Diversity	Am I including the ideas and skills of a variety of people to create the best result?
	Passion	Am I taking responsibility for and caring intensely about what I am doing?
	Challenge	Am I actively trying new things and pursuing innovative solutions?

Basic Policy on CSR and Promotion System

Approach to CSR Promotion at ITOCHU Corporation

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

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

Basic Policies for CSR Promotion

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 humanrights 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.

Below are the main points of "Basic policies for CSR promotion" during the period of the "Brand-new Deal 2012" plan, which covers fiscal 2012 to fiscal 2013,

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.

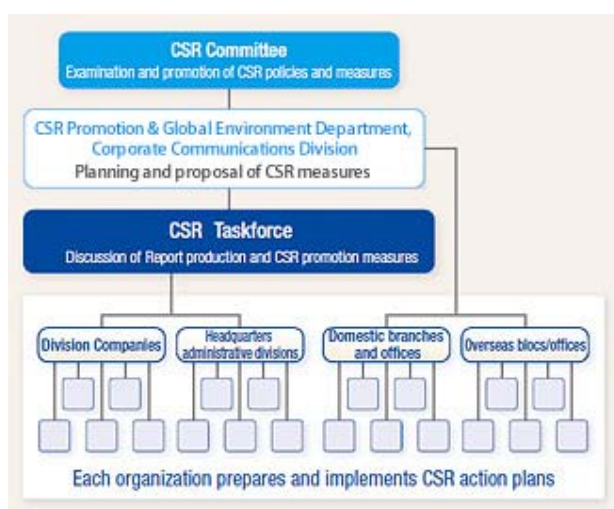
CSR Promotion through CSR Action Plans

ITOCHU Corporation conducts various businesses through six Division Companies. To reliably promote CSR in our businesses, each Division Company defines the CSR issues that are important in its business and formulates the "CSR action plans," and execute them based on a PDCA cycle system.

In actual practice, the responsible sales divisions draft and execute the CSR action plans under the lead of the general manager of the Planning and Coordination Department and the staff in charge of CSR promotion of each Division Company.

CSR action plans are also formulated and exercised by each organization such as the Headquarters' administrative divisions, domestic branches and offices as well as overseas bases in line with the respective businesses and functions. A pillar of our CSR promotion is that every employee understands the plans and steadily executes them in his or her job.

CSR Promotion System at ITOCHU Corporation



CSR promotion system

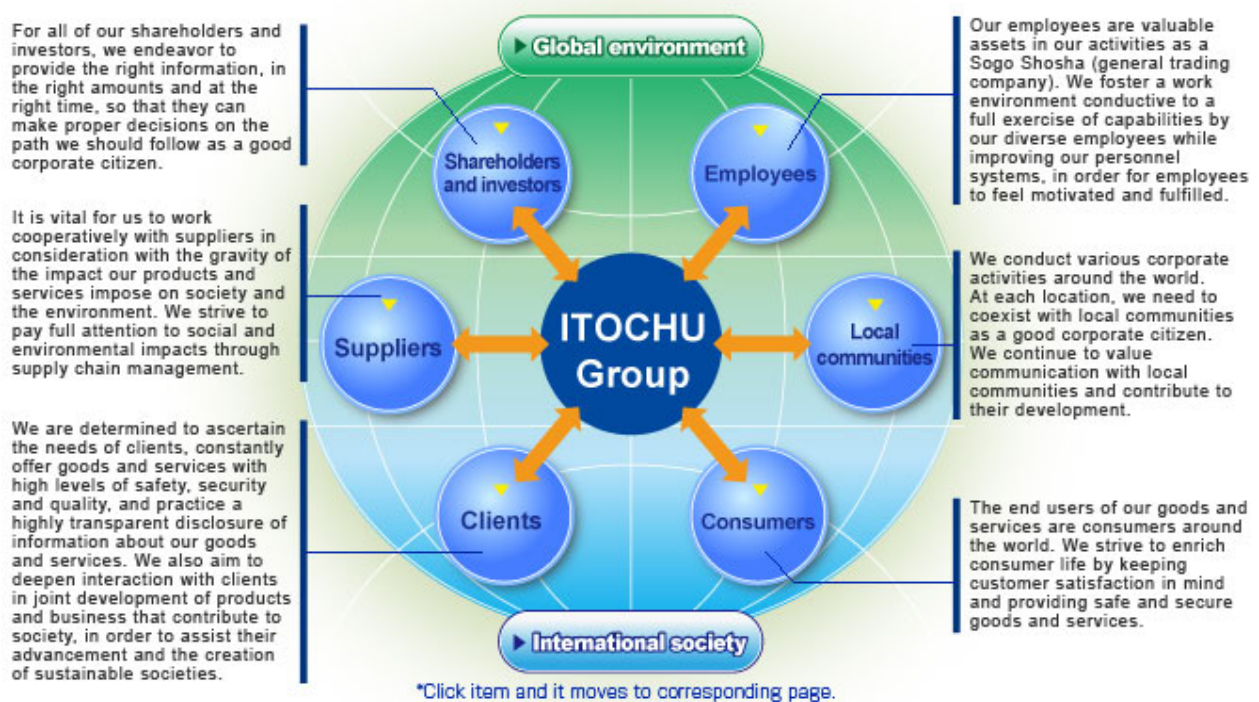
At ITOCHU Corporation, with the aim of enhancing communication with stakeholders, the CSR Promotion & Global Environment Department, the Corporate Communications Division, plans and proposes strategies for promoting corporate CSR, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the report and CSR promotion measures.

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.

The United Nations Global Compact

ITOCHU's Participation in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth of the international Community. In the compliance of the Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, ITOCHU is striving to fulfill its corporate mission of "Committed to the Global Good."



The Ten Principles of the United Nations Global Compact

Human rights	<ul style="list-style-type: none"> ▪ Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and ▪ Principle 2 make sure that they are not complicit in human rights abuses.
Labour	<ul style="list-style-type: none"> ▪ Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; ▪ Principle 4 the elimination of all forms of forced and compulsory labour; ▪ Principle 5 the effective abolition of child labour; and ▪ Principle 6 the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> ▪ Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; ▪ Principle 8 undertake initiatives to promote greater environmental responsibility; and ▪ Principle 9 encourage the development and diffusion of environmentally friendly technologies.
Anticorruption	<ul style="list-style-type: none"> ▪ Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

ISO 26000 Core Subjects and ITOCHU's Initiatives

Aiming to contribute to the realization of a sustainable society, ITOCHU Corporation has participated in the United Nations Global Compact since 2009. This report provides information about ITOCHU's CSR approach and initiatives, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility that was launched in November 2010 to provide an enhanced response to the requirements of a wide range of stakeholders in international society based on the Global Compact's ten principles.

	<h3>Organizational Governance</h3>	<p>For ITOCHU, CSR is not simply acting with consideration for how corporate activities affect the global environment and society but also contributing to the realization of a sustainable society through business activities.</p>	<p>P2 President's Message P3-12 CSR for ITOCHU Corporation P41-46 Corporate Governance and Internal Control/Compliance</p>
	<h3>Human Rights (Global Compact Principles 1-6)</h3>	<p>With a commitment to the global good of society and individuals alike, ITOCHU conducts its business activities with respect for human rights and individuality. In addition, as a company with diverse operations worldwide, we believe it is important to implement initiatives with a focus on human rights in the supply chain.</p>	<p>P9-10 Respect for Human Rights P47-49 CSR in Our Supply Chain</p>
	<h3>Labor Practices (Global Compact Principles 3-6)</h3>	<p>To steadily implement the policy "Proactively Seek New Opportunities," which is a part of the medium-term management plan, ITOCHU is aggressively advancing efforts to cultivate "industry professionals" and "strong human resources" who can support "proactive initiatives" and can play active role in global business. In addition, we are also focusing on the establishment of a system that enables diverse human resources to make the most of their capabilities.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P47-49 CSR in Our Supply Chain P50-59 Employee Relations</p>
	<h3>The Environment (Global Compact Principles 7-9)</h3>	<p>For ITOCHU, which conducts wide and diverse range of business activities on a global scale, consideration for the environment is indispensable. We pay close attention to the influence of our business activities on the environment and we also consider what we can create to pass on to the next generations.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P17-18 Fashion Earth PROJECT P19-40 CSR and Our Business P47-49 CSR in Our Supply Chain P75-86 Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem P87-98 Our Initiatives for the Environment</p>
	<h3>Fair Operating Practices (Global Compact Principles 3-10)</h3>	<p>In addition to ensuring that our business activities are in accordance with laws and international rules, we also have established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.</p>	<p>P41-46 Corporate Governance and Internal Control/Compliance P47-49 CSR in Our Supply Chain</p>
	<h3>Consumer Issues</h3>	<p>ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is taking steps to deal with consumer-related issues at every level of the supply chain, such as working to ensure product safety and quality and developing products that contribute to environmental conservation.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P17-18 Fashion Earth PROJECT P31-32 CSR at the Food Company</p>
	<h3>Community Involvement and Development</h3>	<p>In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we will strive to participate in local communities in ways that transcend the scope of our business activities and to contribute to the sustainable development of those communities.</p>	<p>P13-16 Documentary Report Project on Supply Chains Vol. 4 P38-40 CSR at Overseas Offices P60-74 Social Contribution</p>

Respect for Human Rights

Policy on Respect for Human Rights

The ITOCHU Mission "Committed to the Global Good" stands at the heart of the ITOCHU Group's corporate philosophy. The "Global good" refers not only to improved living standards, but also a general sense of well-being. ITOCHU, as a company with diverse operations worldwide, respect human rights and individuality, and is committed to the global good of society and individuals alike.

Accompanying this corporate philosophy, the ITOCHU Values consist of five values important for fulfilling the ITOCHU Mission "Committed to the Global Good." One of those values is "Diversity," under which the Group holds the human rights and individuality of every person as important.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009 which is derived from this Declaration and other international standards. Guided by this approach, we clearly prohibit the violation of human rights and sexual harassment in its employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

We value the rights and individuality of each person. We show respect and are attentive to others regardless of gender, race, religion, or position. We don't discuss matters that cause discomfort; we don't discriminate or harass; we respect basic labor rights and eliminate forced labor and child labor.

Excerpt from the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Raising Awareness Internally of Respect for Human Rights

In-House CSR Seminar Held on "Human Rights and Global Business for a General Trading Company"

On March 6, 2012, the seventh CSR in-house seminar, "Human Rights and Global Business for a General Trading Company," was held at the company's head office in Tokyo. Mr. Hideki Wakabayashi, Executive Director of Amnesty International Japan, the international human rights NGO and public interest group, was invited to speak.

As a general trading company that operates around the world and plays an important role in supply chains, the company held this seminar to keep up with the latest developments relating to corporate business and human rights, and use this knowledge for its business. Attending the seminar were 110 employees of Itochu Corporation and its related group companies.

Mr. Wakabayashi spoke on developments in international human rights standards and the relationship between business and human rights, giving specific examples. Afterward a question-and-answer session was held, where participants discussed the difficulty of addressing human rights issues in the supply chain. Opinions were also actively exchanged on other issues such as specific effects related to international human rights standards today. Comments from seminar participants included, "Human rights abuses are a more common problem than I realized" and "[Infringement of human rights] is not just someone else's problem, but could also happen in an environment like Itochu, and we need to be aware of that."



■ Raising awareness through internal training programs

We work to extensively embed understanding of human rights through in-house training programs held each year. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. In fiscal 2012, 295 people participated in human rights training.

Number of employees participated in human rights training programs

	Number of employees participated
Training for New Recruits	140 people
Training for newly-appointed managers	58 people
Training for trainers of newly-hired employees	97 people

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

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



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.

P48-49 to read more about surveying actual labor practices in the supply chain.

Penetration of CSR at ITOCHU

CSR Employee Questionnaire 2011

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

For the fiscal 2012, as a new initiative, we included a special feature on CSR in our internal magazine, ITOCHU Monthly, and conducted the questionnaire on this article. Simultaneously, we have conducted a confirmation test on CSR knowledge such as ISO26000 and the United Nations Global Compact, which were introduced in the CSR feature as CSR hot topics every employee must know.

The questionnaire was targeted to the ITOCHU employees around the world, this year, 82.5% of the 7,023 employees responded to the survey, a total of 5,792 respondents.



In the questionnaire, as a fixed-point observation, we ask a question of what CSR issues ITOCHU Corporation should address every year. ITOCHU Corporation employees selected "promoting businesses that help solve social issues" as the top theme; it was the second-highest theme among employees of overseas blocs. This probably indicates that a growing number of both employees of ITOCHU Corporation and overseas blocs have come to understand that promoting businesses that help solve social issues is the Corporate Social Responsibility as stated in the ITOCHU Corporation's "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 employee questionnaire 2011

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	5,078	1,945	7,023
Number of replies	4,675	1,117	5,792
Reply rate	92.1%	57.4%	82.5%

<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	Promoting businesses that help solve social issues
3	Grasping and Reducing Environmental Impacts	Global warming countermeasures

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 2012 7th 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
7th seminar	Human Rights and Global Business for a General Trading Company

Highlight Documentary Report Project on Supply Chains Vol.4 Enthusiasm of Pulp Producers: Green Economy Project – CENIBRA’s Environmental Business Initiatives

ITOCHU believes that informing the public about where products originate is vital to its role as a trading company. Accordingly, since 2009 ITOCHU has conducted the “Documentary Report Project on Supply Chains,” offering a glimpse across the entire supply chain of individual products that it handles. This report, from Kazuma Yamane, covers the supply chain from the production of pulp in Brazil to the making of everyday paper tissues.



Research Period: March 2012

Front-line Report: Kazuma Yamane

Nonfiction writer and
Dokkyo University Department of Economics
Specially-Appointed Professor

Visited Brazil for the first time in 1972, and has done on-site research in Brazil about 20 times. In 1996 sponsored the Amazon’s first international environmental symposium as representative of Future Association Amazon, an NGO. In 1997, he received an award for distinguished service from the Para state legislature. Brazil and the Amazon are the starting point of his outlook on life and his environmental awareness.



Ipatinga - Minas Gerais,
Brazil

Islands of Green Amidst Treeless Hills

Tissue paper is a product that we use everyday. I heard that pulp from CENIBRA, in Brazil, is the raw material for the well-known Nepia brand of tissue paper. To see the site where the pulp is produced, I traveled to Brazil to visit Ipatinga City in the state of Minas Gerais.

Ipatinga, a small city with a population of about 250,000 people, is located about 700 kilometers northeast of São paulo.

This was my 20th trip to Brazil since 1972, but my first visit to Minas Gerais. As the plane from São paulo entered Minas Gerais, I began to see a line of low, gently rolling mountains. On the surface of the mountains, I was surprised at the conspicuous reddish-brown clear areas. Through the window of the plane, I could see the western edge of the Atlantic Rainforest. This rainforest used to cover 1.3 million square kilometers, or about 3.3 times the size of Japan, but 93% of the rainforest has been lost, and today only 91,000 square kilometers remains.

However, as the plane approached Ipatinga, I began to see many dark green areas in the Rio Doce river basin’s barren mountain surfaces and small flat spaces. I later learned that these were CENIBRA plantations.

STEP 1 ▶▶▶



15 Million Seedlings per Year

In one day, 50,000 eucalyptus logs are fed into the production line. That means that large quantities of eucalyptus seedlings are necessary for planting, more than 50,000 a day, and CENIBRA uses its own nursery to produce 100% of the seedlings it needs. At the nursery, which is like a large test plantation, highly experienced Japanese specialists from Oji Paper, which is the lead shareholder, provide enthusiastic guidance about seedling development. To select rootstocks that are highly resistant to aridity, changes in temperature, insect pests, and wind; match the soil; and will grow well, 10,000 seed plants are created each year by crossbreeding rootstock (100 x 100). After trial planting, the best rootstocks are selected. The rootstocks selected in this way are known as clones, and the branches and leaves of the rootstocks (5 to 8 cm scions) are cut and placed in a small pot, in which they grow into 20 – 30 cm seedlings in 70 to 80 days. If all goes well, they are then sent on to the plantation site. At the nursery, 15 million seedlings are produced in a year. The cost competitiveness of pulp producers is said to be based on the growth of the eucalyptus trees, which are the raw material. CENIBRA continually repeats the process of seed improvement, patiently taking time and selecting the best seed plants. Outstanding cost competitiveness is maintained by painstakingly producing each individual seed stock in-house.



An eucalyptus seedling

CENIBRA’s extensive seed beds

About CENIBRA

CENIBRA was established on September 13, 1973, as a Japan–Brazil joint venture project after a decision by the Japanese Cabinet. Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP), which was a joint venture by large Japanese pulp and paper companies, OECF, and ITOCHU Corporation, owned 48.5% of CENIBRA. The other 51.5% was owned by Brazil's Companhia Vale do Rio Doce (currently Vale S.A.). CENIBRA began operations in March 1977. Subsequently, in 2001 JBP acquired shares in CENIBRA that were owned by Companhia Vale do Rio Doce, and today CENIBRA is operated with 100% Japanese capital. JBP is owned by 14 companies, including Oji Paper (48.98%) and ITOCHU (32.11%) (as of the end of June 2012). It is the seventh largest hardwood market pulp producer in the world, and sales in fiscal 2011 were \$728 million.

column 1

In harmony with local communities

Moving Ahead in Tandem with Local Communities and Farmers

CENIBRA is moving ahead with contracts under which it consigns the plantations to local farmers and then purchases the logs that they cultivate. Many of the farming families operate pastureland, but the eucalyptus plantations turn barren areas into green areas, and the income is more than from farming, so it is a very attractive business for the farming households. The contract farmer that I visited was satisfied with the stable income from eucalyptus plantations. The “contract plantations,” which began in 1985, already number 1,200, with total plantation area of 25,000 hectares. This is a new business model that helps the environment through the greening of barren areas and also reduces plantation costs for CENIBRA.



STEP 2 ▶▶▶



Tree
planting /
Felling

Logs That Can Be Harvested in 7 Years



Tree logging

The plantations of CENIBRA are interspersed among an area the size of the Kanto Plain, or about 17,000 square kilometers. Those were the green areas I saw out of the plane window when we were nearing Ipatinga. CENIBRA's holdings total 255,000 hectares, about the size of Kanagawa Prefecture.

I was able to visit one of the plantations. First, the employees open holes in the surface soil with a digging machine. Then other employees use a metal tube to plant the seedlings in the soil, and finally employees with a water supply hose sprinkle water on the seedlings and apply fertilizer.

Each hectare of eucalyptus trees grown in this way yields 41 cubic meters of wood a year, with harvesting conducted after seven years. The speed of this growth supports the international competitiveness of CENIBRA. At the harvest site, the arm of the harvester grabs and cuts the eucalyptus trees, which have grown to about 30 meters. It takes about 20 seconds to harvest one tree and turn it into a log. The efficiency of the process was hard to believe.

Forest Certification and 70 Awards

Near the plantation and the harvesting area, there is a temporary tent that is used for the workers to take breaks and have lunch. I was surprised at the thorough approach to appropriate working conditions. The reason is that the industrial use of forest resources entails the strict observance of such things as conservation of the natural environment, maintenance of biodiversity, and contributions to the workers and the local community. We have reached an age in which the only companies that survive will be those that market products that have been “certified” as clearing a management process that meets these social requirements.



A tent where the workers can rest

In 2005, CENIBRA became the first company to simultaneously receive FSC (Forest Stewardship Council) forest certification and CERFLOR (Sistema Brasileiro de Certificação Florestal) forest certification. In total, the company has received 3,828 environmental licenses.

CENIBRA's eucalyptus plantations are not connected in any way to the harvesting of primary forests. Out of CENIBRA's holdings, an area of 103,000 hectares is sustaining the ecosystem as permanent forest reserve or legal forest reserve. These reserves account for about 40% of the forest holdings. Just since 2000, CENIBRA has received 70 awards, which is an indication of their passionate commitment to the environment.

Initiatives targeting biodiversity

Conservation and Breeding of Rare Endangered Species

Over many years, much forest area has been lost, and CENIBRA is working to restore natural forests. In an area totaling 300 hectares that constitute natural forest, the company is planting 40 varieties of tree seedlings, a total of 70,000 seedlings a year.

A representative example of these efforts to sustain and restore biodiversity is the Reserva Particular do Patrimônio Natural (RPPN) Macedonia Farm. I wanted to visit when I heard that endangered birds are protected and bred here.

The forests in this area are the habitat of a pheasant family bird with the Brazilian name mutum (a type of curassow). The mutum inhabits only in the Americas, so there are very few



people in Japan who know of it. When I first saw it, I was impressed with the black, rather large bird that flew slowly and walked like a chicken. The conservation, breeding, and release activities, are, in the final analysis, Brazil's version of the Japanese programs for the crested ibis and white stork. It was

STEP 3 >>>



Saving Energy and Handling Wastewater and Odors



Logs of eucalyptus trees

Sheeted pulp for shipment

In the huge log yard at the pulp mill, there were mountains of eucalyptus logs brought in by truck and rail. Pulp is shipped in the form of sheets that look much like dried sake lees that are used as a raw material for amazake. The paper mills that buy the pulp dissolve the boards with water and use the fiber as raw material to make paper for specific needs, such as for tissues or printing.

Pulp plants require large quantities of water and fuel. The production process also generates substantial amounts of odors and wastewater. CENIBRA conducts rigorous daily monitoring of odors outside the plant grounds and of the degree of contamination of wastewater. The environmental facilities here are top level. In addition, the bark from the logs is used in biomass electric power generation, and the lignin, an impurity that is generated during the cooking process, is used as fuel for in-house power generation. In these ways, a rigorous approach to energy conservation is implemented.

The amount of water consumed in the production process has been reduced to one-fifteenth the level in 1977, and the amount of bleaching agent has been reduced 32% in comparison with 2006 (available chlorine equivalent units). The amount of electricity purchased has declined 29%, and boiler fuel is down 82% (both in comparison with 2011). Everywhere I looked, I saw this type of innovation and effort in the areas of production and the environment.

This progress is the fruit of daily efforts to improve operations and cut costs, on a base of papermaking technology from Japan, which is at the world's highest level. ISO 9001 and ISO 14001 certifications have been acquired.

STEP 4 >>>



Specialized Shipping Terminal for Pulp Export (5.5 Million Tons a Year)

Annual sales of this pulp total 1.2 million tons, with 90 customers in 25 countries. Sales to the domestic Brazilian market are handled directly by CENIBRA (5%), while exports are handled by ITOCHU Corporation. Exports to Asia, including Japan, are increasing, and now account for 48% of total exports. Exports to overseas destinations are shipped from Portocel, which is on the Atlantic Coast about 375 kilometers away from the mill. Each day, about 3,200 tons are carried to Portocel via the Vitoria a Minas Railway.

Portocel (full company name Terminal Especializado de Barra do Riacho S.A.) is owned 49% by CENIBRA and 51% by Fibria S.A. (Brazilian pulp maker). The world's largest specialized pulp terminal, it exported 5.5 million tons of pulp in 2011. Brazil is in the process of establishing its infrastructure. In this setting, the fact that CENIBRA had, in advance, secured a rail transport route from the mill to a port, and owned a shipping port, was one of the sources of CENIBRA's cost competitiveness.

A vessel for exporting pulp berthed at the port of Portocel



The pulp is loaded on a ship at a special port for export

21 years ago that CENIBRA, with partners Crax NPO and Crax Internacional, began working to prevent the extinction of these birds with the conservation, breeding, and release project.

The base for those activities is in the forest. There are seven endangered bird species being raised in cages, awaiting release, including the mutum and the Black-fronted Piping Guan. I received a several-hour presentation from a CENIBRA team, and I was overwhelmed with their enthusiasm. As a result of continued breeding and release, 20% of the world's mutum are on the Macedonia Farm. The curassows have been around since 4,000 to 5,000 years ago, and they are considered to be something like the "coelacanth" of birds. As a result, CENIBRA's enthusiastic activities are well-known in Brazil.

Activities to conserve and breed rare endangered species have a significant educational effect. At the Macedonia Farm,



they are also working to welcome ordinary environmental visitors (6,000 a year) and offer school teacher training (1,760 people). The public school teachers who have received training here have already gone on to teach 220,000 students. I admired the manner in which the program to raise local environmental awareness has been enriched.

STEP 5 ▶▶▶

Processing

400 Million Boxes of Tissue Paper Annually



Finished product

After I came back to Japan, I visited the Oji Nepia Nagoya Plant (Kasugai City, Aichi Prefecture), which is a major user of CENIBRA pulp and is the maker of Nepia brand tissue paper.

When I observed the final production line of the Nagoya Plant, which has an area equivalent to about two Tokyo Domes, I was overwhelmed by the scene of high-speed tissue packaging. The production volume reaches 400 million boxes a year.

The process of making tissue paper uses only one gram of pulp fiber per liter of water, to realize the soft texture that is easy on the skin. However, the ultra-thin tissue has two-ply construction, with the side that touches the skin using soft fibers and the back side using slightly stiffer fibers for support. The fibers that are used on the easy-on-the-skin portion are made from CENIBRA pulp from Brazil. The CENIBRA pulp is produced with 100% plantation trees, and the raw material eucalyptus trees are produced and managed by the company from the individual seedling stage. Today, when environmental problems are the focus of attention, this traceability gives consumers a sense of security.

Remark

Concluding the Observation

Kazuma Yamane

Tissue paper, an everyday product that I have always used without really thinking about it, is made from raw materials that are obtained through rigorous consideration for the environment and hard work. It was at just this point when the theme of the United Nations Conference on Sustainable Development, known as Rio +20, was released: "Green Economy." The eco business advanced by CENIBRA is certainly a desirable "green economy," I think. CENIBRA's implementation of environmental measures should be studied by many other companies.



WEB

Documentary Report Project on Supply Chains

More detailed information on the progress of the Documentary Report Project on Supply Chains to date is presented on the ITOCHU website. Back issues are also available for viewing.



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

Past Documentary Reports



Vol.1

From Raw Cotton to T-shirts



Vol.2

Coffee from Central America



Vol.3

How Chocolate Reaches Your Doorstep

Highlight



Fashion Earth PROJECT

We understand that it is part of our mission as a general trading company to analyze industry-specific issues and to provide solutions to them while conducting a broad array of business activities. In 2010, ITOCHU Corporation, originally engaging in the textile business, launched the Fashion Earth PROJECT to combat global warming with the participation of apparel manufacturers.

In 2010, the Fashion Earth PROJECT was launched.

As global warming intensifies, action to protect the environment is a major challenge for the apparel industry. However, cost and design constraints make it difficult for any single company to independently develop eco-friendly products and barriers to entry are seen as high. Under these circumstances, ITOCHU Corporation, which has its origins in the textile business and which now holds a powerful network in the apparel industry, launched an anti-global warming program with the participation of apparel companies. Called Fashion Earth PROJECT (FEP), this program is being run in collaboration with Hakuhodo DY Media Partners, Inc., which has a proven track record in environmental communications.

Under the FEP, participating companies purchase product tags with the project logo, called FEP tags, from the FEP Office at the price of 10 yen each so that the Office can contribute the amount resulting from deducting operation expenses from FEP

tag sales to environmental conservation activities. Participating companies are entitled to affix FEP tags to their products to sell them as carbon offset products. In the first year, the project acquired an emission quota generated from a wind power generation project in India and other projects recognized by the United Nations as CO₂ reduction projects to grant a right to emit one kilo of carbon dioxide per single blue FEP tag.

The FEP is open to any company irrespective of size and allows participants to carry out environmental conservation activities in combination with consumers through the message printed on the tags. As of June 2012, the project had the participation of 15 companies and the FEP tags were introduced to more than 50 brands. The project helped reduce CO₂ emissions by at least 4,100 tons.

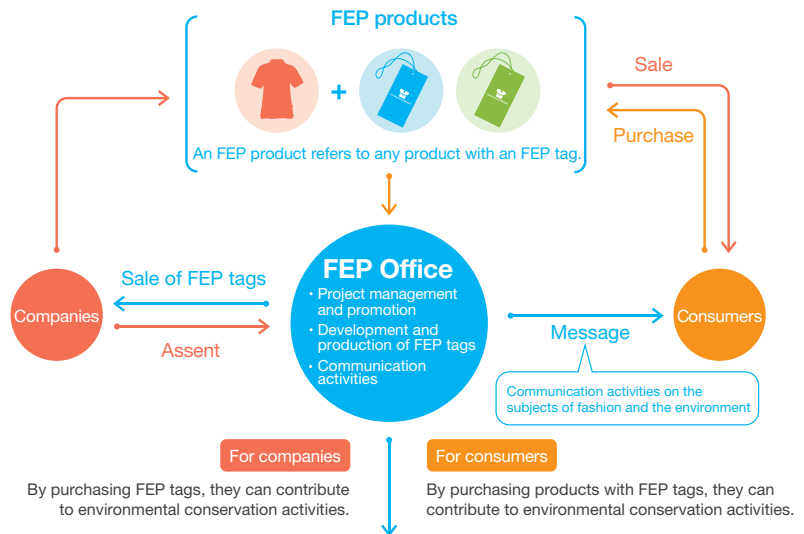
Number of participating companies and brands
(as of June 28, 2012)

15 companies
and **51** brands

Current FEP's CO₂ emissions reduction
(as of June 28, 2012)

4,133 tons

Fashion Earth PROJECT



Action for environmental conservation

Part of the FEP tag revenues will be spent on support for the CO₂ reduction project.



A comment from
ITOCHU Corporation

Kazutoshi Fukushima
Apparel Department 2

“Our planet and fashion are linked. We want to be continuously excited by fashion, so we will now start with what we can do.” On the basis of this concept, we launched the Fashion Earth PROJECT. With the help of many parties, our activities are steadily expanding. We will work together with participating companies to protect Japan’s four seasons and the environment that enable us to enjoy fashion.

In 2011, CO₂ emissions were cut through the activities for saving Japan's forests.



A blue FEP tag and a green FEP tag

As a second initiative, the FEP started offering green FEP tags in cooperation with more trees, a general incorporated association operating forest conservation activities with Ryuichi Sakamoto as representative. This initiative is aimed at helping to reduce CO₂ by encouraging tree thinning and domestic forest development. Tags printed with a message stressing the importance of forest conservation are offered to apparel manufacturers and part of the tag sales will be spent on forest conservation activities.

This initiative takes advantage of the offset credit scheme known as J-VER, which was established by the Ministry of the Environment in 2008 (VER stands for "verified emission reduction"). Under the J-VER scheme, greenhouse gas emissions reduction and absorption achieved in forest conservation activity and other projects are verified and J-VER offset credits are issued. Each green FEP tag comes with an emissions right of 250 grams verified and issued as a result of more trees' tree thinning, forest development, and other forest conservation efforts.

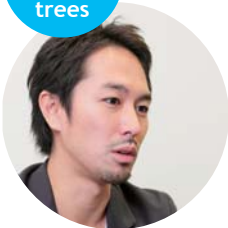
In the future, the FEP will introduce this kind of know-how to many different initiatives in a bid to further expand the platform of environmental conservation activities in which manufacturers, consumers, non-profit organizations, and many different stakeholders are united.



A forest after tree thinning

moreTrees®

A comment from more trees



Mr. Shinkichi Mizutani
Executive Director
more trees

Forests not only absorb and fixate carbon dioxide; they have many other functions as well, including reducing flooding, conserving soil, and preserving biodiversity. These advantages are in fact indispensable to those of us who live in urban areas, yet we tend to feel that forests are distant from us. more trees is working to provide opportunities to link cities with forests from diverse perspectives. We hope that the Fashion Earth PROJECT will further bolster the links with forests through fashion. If it eventually increases forest cover, that would be fantastic.



more trees' forest

"Why not start with what you can do?"

We wondered what we could do as a brand for our planet. When seeking any CSR action, we were fortunate to learn about the Fashion Earth PROJECT led by ITOCHU Corporation for reducing CO₂. Two years have already passed since then. Based on a global and natural concept and featuring the participation of end users, this project is now indispensable to our SIMPLE LIFE brand. This season, we will continue to play an active part in this project on a total of four channels: men's and ladies' items through department stores and through general merchandise stores (GMS).

From a modest beginning, we are now contributing to the environment. "Let's take action with the FEP!"



A scene of the exhibition

A comment from a participating company



Mr. Masahiro Hamabe
General Manager
Merchandising Department
Simple Life Group
RENOWN INCORPORATED

CSR and Our Business

ITOCHU Global CSR Map

Conducting ITOCHU CSR through Business Activities

ITOCHU Corporation is a general trading company with business operations worldwide. Through business domains spanning upstream areas like raw materials to downstream areas such as retailing, ITOCHU is working through trading and business investment to support the lives of people everywhere.

Spain

Spain

Metals & Minerals

Partnership with Abengoa Solar of Spain in the Solar Thermal Power Generation Business



Kenya

ICT, General Products & Realty

Participation in the Green Belt Movement through MOTTAINAI Campaign



Kenya

India

Textile

Pre Organic Cotton Program



Malaysia

Textile

Conserving Forests with HUNTING WORLD



Headquarters

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



China

Metals & Minerals

Integrated Recycling Business at Dalian Changxing Island, China



ICT, General Products & Realty

Contributions to Local Communities in Overseas Distribution Business

Japan

Textile

Fashion Earth **Highlight PROJECT** P17-18



Indonesia

ICT, General Products & Realty

Karawang Industrial Park Aims for Harmony with Indonesian Society



Textile Textile Company Machinery Machinery Company Metals & Minerals Metals & Minerals Company
 Energy & Chemicals Energy & Chemicals Company Food Food Company
 ICT, General Products & Realty ICT, General Products & Realty Company Headquarters Headquarters

Machinery

Supporting Disaster Control by Supplying Medical Equipment



Food

Karada Smile Project



ICT, General Products & Realty

Development of Energy and Smart IT Infrastructure Business Utilizing IT



ICT, General Products & Realty

Promoting Protection of Water Resources and Resource Recycling



Philippines

Headquarters/Overseas Offices

Support for Manila Hemp Plantation Rehabilitation Project



U.S.A.

Machinery

World's Largest Wind Farm Goes into Operation



Metals & Minerals

Establishment of Soligent, LLC, Largest Solar Distribution Company in US



Energy & Chemicals

Initiatives in Lithium-ion Battery-related Business



Food

Promotion of Food Resource Procurement Focused on Stable Supply and Assured Safety



ICT, General Products & Realty

Contributing to Environmental Conservation just by Living; Adoption of "Green Power" Generated with Natural Energy



Brazil

Energy & Chemicals

Promoting Plant-derived Energy Business



Highlight

▶ P13-16 Environment-conserving Business of CENIBRA



CSR at the Textile Company

CSR at this Division Company

Contributing to the realization of a healthy, prosperous, and active society

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



Hitoshi Okamoto
President, Textile Company

CSR Action Plans

Key points of our FY2012 action plans

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

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
All Divisions	Supply chain management	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.		Completed onsite, face-to-face surveys of all 27 companies expected to be the subjects.	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.	3. Supply chain
All Divisions	Promote environment-conserving businesses	<ul style="list-style-type: none"> Promote environment-conserving businesses across all the business divisions. Expand the businesses of pre-organic cotton project, promote to develop "Fashion Earth PROJECT", and other. 		<ul style="list-style-type: none"> Expanded pre-organic cotton to more than 40 brands. For the "Fashion Earth PROJECT (FEP)", steadily increased the cumulative number of sales tags to 4.25 million. Also started selling products with green FEP tags, which support forest preservation projects. 	<ul style="list-style-type: none"> Promote environment-conserving businesses across all the business divisions. Expand the businesses of pre-organic cotton project, promote to develop "Fashion Earth PROJECT", and other. 	2. Social issues
All Divisions	Strengthen response to customers and consumers	Deepen understanding and raise awareness of compliance through seminars across all business divisions, strive to prevent a variety of societal issues.		<ul style="list-style-type: none"> Held practice review meetings in Tokyo and Osaka in December. Also undertook all scheduled training to ensure through compliance awareness. 	Deepen understanding and raise awareness of compliance through seminars across all business divisions, strive to prevent a variety of societal issues.	4. Education

※ :Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

■ Pre-Organic Cotton Program

ITOCHU and kurkku jointly plan and operate the Pre Organic Cotton Program, which helps farmers in India to transfer cotton farming to organic cotton cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Program activities began in 2007. Since then, more than 2,500 farming households have been supported and upward of 40 domestic brands have been introduced. At the Good Design Award 2011 program, this program won the Good Design / Sustainable Design Award, as it was highly evaluated as a program that significantly contributes to the realization of a sustainable society through business. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by understanding and empathy among companies, organizations, and consumers.



Receipt of Good Design Sustainable Design Award



Cotton harvesting on one of our farms in India

CSR Initiatives by Major Group Companies

■ Conserving Forests with Hunting World

Under a campaign bearing the slogan "Save the Elephants," Hunting World has been contributing 1% of sales of charity goods to the Borneo Conservation Trust's "Green Corridor Plan" from 2008.

This "Green Corridor Plan" will connect fragmented sections of forest to re-establish continuous, natural migratory pathways that wild animals can negotiate in order to protect the rich ecosystem of forests, starting with Bornean elephants.

These support funds have now enabled the purchase of 4.6 acres of private land that connects separated protected areas.

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



Borneo bag by Hunting World

CSR at the Machinery Company

CSR at this Division Company

Contributing to the prosperity of local communities and international society through environment-friendly businesses

We strive to develop and expand sales related to environment-friendly businesses and products that help reduce environmental impacts. We will also endeavor to help toward the realization of a society that is in harmony with the environment, and contribute to the prosperity of local communities and international society.



Takao Shiomi
President, Machinery Company

CSR Action Plans

Key points of our FY2012 action plans

In this fiscal year, continuing the management considering environmental and CSR issues, we will aggressively work on businesses related to renewable energies including biomass, geothermal, and wind power, as well as those related to water, placing a specific focus on desalination plants.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Participate in desalination plant projects and water/wastewater businesses		Promoted as scheduled the desalination plant project in Melbourne, which is planned to be completed in 2013.	Participate in desalination plant projects and water/wastewater businesses	2. Social issues
	Effective use of renewable energy	<ul style="list-style-type: none"> Supply clean electric power through power generation businesses utilizing wind power, geothermal, biomass, etc. Steadily carry out construction of bioethanol projects in the Philippines and Vietnam Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc. 		<ul style="list-style-type: none"> Continued marketing geothermal power generation. Participated in a biomass power project located in Gainesville, Florida in the United States. Also promoted a wind power generation project. 	<ul style="list-style-type: none"> Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc. Supply clean electric power through wind power generation businesses 	2. Social issues
	Improve convenience and safety in the air transportation business area	<ul style="list-style-type: none"> Focus on trends and new technologies in security systems and actively propose options mainly to agencies responsible for safeguarding and managing critical infrastructure Continue to do extensive awareness-raising around strict compliance 		Helped ensure safety by introducing a gamma detection system.	Propose state-of-the-art security systems, mainly to government agencies responsible for safeguarding and managing critical infrastructure, such as airports, customs, police, and Self-Defense Forces.	2. Social issues

Automobile, Construction Machinery & Industrial Systems Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by continuously holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics	🌱	Together with an automobile manufacturer, planned and carried out a study session titled "A Seminar on Safe, Fuel-Efficient Driving."	➡	Contribute to society through improved CS, safety and energy efficiency by continuously holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics	4. Education
	Promote environment-conserving businesses	Continue efforts to establish a business for realizing the widespread use of rechargeable batteries, which carry a smaller environmental impact, and bolster efforts to expand sales of battery manufacturing equipment	🌱	Promoted sales, targeting European and Asian markets.	➡	Promote equipment to help reduce the energy consumption and conserve the environment, such as battery storage systems and LED lighting.	4. Education
	<ul style="list-style-type: none"> Support measures for combating new influenza outbreaks Address preventive healthcare 	Conduct continuous reviews, and increase partners and expand sales formats for health exams to promote business expansion	🌱	Increased business capacity to book health exams as an agent, enabling to handle 85,000 examinees per year.	➡	🔄 (Continue promoting the same measures.)	
	Support for measures against disaster				➡	<ul style="list-style-type: none"> Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others. Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a consortium of various companies. 	<ol style="list-style-type: none"> 1. Communication 2. Social issues 3. Supply chain 4. Education 5. Local and international communities

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

Major CSR Initiatives

■ World's Largest Wind Farm Goes into Operation

The Shepherds Flat Wind Project (845 megawatt), in which we participate through U.S. subsidiary Tyr Energy, began commercial operation in stages from February 2012.

Once completed in 2012, the project will generate enough energy to supply more than 235,000 average U.S. homes, and will achieve a reduction of about 1.5 million tons of carbon dioxide per year, equivalent to the annual amount of carbon dioxide from approximately 200,000 passenger vehicles.

This project is the second project implemented under the memorandum on business collaboration concerning co-investment in renewable energy worldwide, concluded between ITOCHU and General Electric Company.



Shepherds Flat power plant

■ Supporting disaster control by supplying medical equipment

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

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



A training session for healthcare workers on measures for preventing infections

CSR at the Metals & Minerals Company

CSR at this Division Company

Promoting CSR through the development and stable supply of mineral resources

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

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



Ichiro Nakamura
President, Metals & Minerals Company

CSR Action Plans

Key points of our FY2012 action plans

As a global company, we will promote environmental management and businesses that are environmentally friendly both domestically and at overseas Group companies. We will also continue to promote CSR education and training.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
Metals & Mineral Resources Division	Ensuring safety in mining and exploration businesses	Extensively ensure and improve safety and reliability in resource development businesses.	☘☘☘☘	<ul style="list-style-type: none"> Formulated EHS guidelines concerning the environment and safety of resource development businesses. Conducted lectures on the environment. 	Start implementing the Environment, Health and Safety (EHS) guidelines.	<ol style="list-style-type: none"> Supply chain Education
	appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand penetration of electronic manifest software (electronic version of industrial waste management manifests) among group companies and business partners. Maintain system for proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system 	☘☘☘☘	<ul style="list-style-type: none"> Had beverage manufacturers and group companies (8 in total) adopt electronic manifest systems. Monitored and reviewed fluorocarbon flow control. 	<ul style="list-style-type: none"> Expand the penetration of electronic manifest software for industrial waste management. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 	<ol style="list-style-type: none"> Social issues Education
Coal, Nuclear & Solar Division	Exploring environment-friendly energies and providing a stable supply of them	Share thorough commitment to safety management during coal extraction and mining with JV partners	☘☘☘☘	Took thoroughgoing measures concerning the safety management of mine operations.	Strive to reduce the impact of coal extraction and mining on the environment (together with JV partners).	<ol style="list-style-type: none"> Communication Supply chain Local and international communities
	Exploring environment-friendly energies and providing a stable supply of them	<ul style="list-style-type: none"> Develop uranium mines and stably supply uranium to help realize a low-carbon society. Promote projects to reduce greenhouse gases. Expand trade in emissions credits. Pursue solar and solar thermal projects worldwide. 	☘☘☘☘	Helped realize a low-carbon society by being indirectly involved in projects to reduce greenhouse gases, promoting global measures such as the stable supply and expansion of uranium, and promoting solar and solar thermal projects.	Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact.	<ol style="list-style-type: none"> Social issues Local and international communities
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	☘☘☘☘	<ul style="list-style-type: none"> Implemented supply chain management among key suppliers/business partners, and verified that there were no CSR-related problems. Conducted awareness-raising among partners. 	Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	<ol style="list-style-type: none"> Supply chain Education

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

Major CSR Initiatives

■ Integrated Recycling Business at Dalian Changxing Island, China

The Metals & Minerals Company, together with a major Japanese recycling company and Chinese partners, established an integrated recycling business for steel, nonferrous scrap, consumer electronics, home appliances and plastics, Dalian New Green Recycle & Resources Corporation, at Dalian Changxing Island Harbor Industrial Zone in China, with a groundbreaking ceremony held on 24 December 2010.

Going forward, Dalian New Green, as the only recycling facility licensed by the Chinese Government at Dalian Changxing Island Harbor Industrial Zone, is planning to install cutting-edge equipment and sophisticated Japanese environmental technology to further improve operations. The aim is to set this facility apart as a model for all integrated recycling centers built in China in the future.



Rendering of the completed facility

■ Partnership with Abengoa Solar of Spain in solar power generation business

In December 2010, a partnership was formed with a major Spanish solar power generator, Abengoa Solar, to develop solar power projects in Asian and European countries. An agreement was also reached to jointly construct two 50 megawatt concentrating solar power plants in Extremadura in western Spain and carry out power generation business. ITOCHU will take a 30% stake. Commercial operation is scheduled to start in 2012, with power generated at these plants sold to the grid based on the Spanish feed-in tariff system (*). Taking advantage of abundant sunlight in Extremadura, the two plants will produce enough energy to meet the electricity needs of about 52,000 households and achieve emissions reductions totaling approximately 63,000 tons of CO₂ per year.



Two solar power plants jointly operated with Abengoa Solar

* Feed-in tariff system: A system for purchasing electricity at preferential rates designed to promote the use of renewable energy sources

■ Establishment of Soligent, LLC, largest solar distribution company in US

The solar power distribution business has been expanding significantly in recent years due to heightened environmental awareness and government support measures. ITOCHU has been developing its solar business in the US, one of the three major solar markets in the world along with Europe and Japan, acquiring system integrators (*) Solar Depot in June 2007 and SolarNet in April 2009. These two companies were integrated in February 2011 to further bolster the business, creating SolarNet Holdings, the U.S.'s largest solar distribution company for mainly household and industrial use. (changed its company's name to Soligent, LLC in June 2012) Going forward, synergistic effects from integration will be targeted through unification of sales networks and reducing costs.

* System integrator: Operator that handles design, sales, and construction of solar power generation systems that combine solar cell modules and peripheral equipment



Logo of Soligent LLC



Solar power generation system constructed by Stellar Energy (a subsidiary of Soligent) at the world's largest winery (California, USA)

CSR at the Energy & Chemicals Company

CSR at this Division Company

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

Ensuring stable supply of high quality products and services with maximum consideration for the global environment, we contribute to the realization of a sustainable society.



Yuji Fukuda
President, Energy & Chemicals Company

CSR Action Plans

■ Key points of our FY2012 action plans

Our group promotes stable supply of energy and environmentally friendly business like lithium-ion battery supply. We will also continue to provide education on related laws, regulations and safety tips to energy and chemical products.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
Energy Division	Promoting initiatives to prevent accidents and protect the environment effectively, and contributing to local communities	Further enhance employee training to prevent accidents, appeal to operators for the practice of eco-conscious initiatives through administrative and environmental meetings, communicate with and contribute to local communities in the project areas, etc.		<ul style="list-style-type: none"> Held workshops and training for employees on practical operations. Repeatedly confirmed HSE status at partner meetings, and continued safe operations. Donated PCs and other equipment to schools and orphanages in provincial cities in Azerbaijan. Focused efforts on charitable donation activities as a part of social contributions. 	<ul style="list-style-type: none"> Conduct regular seminars to promote a broad awareness of security management in ship chartering. Promote energy businesses with low environmental impact. Build, maintain, and strengthen good relations by making educational and cultural contributions to the local communities where project sites are located. 	2. Social issues 4. Education 5. Local and international communities
	Measures to reduce CO ₂ emissions	<ul style="list-style-type: none"> Promote environmentally friendly businesses Promote businesses that generate plant-derived energy 		Strived to reduce CO ₂ emissions through the production of ethanol as a renewable energy source by crushing sugarcane and using bagasse (the fibrous matter that remains after sugarcane is crushed) for all electric power used at plants.	Increase bioethanol production taking local environment into account.	2. Social issues
Chemicals Division	Management of hazardous and harmful chemical substances	<ul style="list-style-type: none"> Host seminars on the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., to raise awareness of chemical-related laws and regulations and the importance of observance across the entire division. Continuously take measures to respond to the EU REACH regulations. 		<ul style="list-style-type: none"> Held training sessions on the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. in Osaka in April and Tokyo in May (total number of trainees: 287). Created a handbook showing the outline of related laws and regulations and performance obligations, etc., and distributed 1,600 copies to the employees of group companies. In response to the handbook, held a total of four seminars on laws and regulations related to chemical products (twice in Tokyo and once in Osaka and Nagoya, respectively) (total number of participants: approx. 500). Carried out necessary procedures in response to EU REACH regulations. 	Host a full range of seminars and training (training sessions and guidebook distribution) on the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and similar laws in Japan and overseas in an effort to share information and boost consciousness around legal and regulatory compliance.	3. Supply chain

	Procure safe and reliable products	<ul style="list-style-type: none"> • Promotion of environment-conserving businesses • Expand lineups of lithium-ion battery related materials and parts. 		Reached a basic agreement with partners toward establishing a joint venture on developing plant-derived anode materials for lithium-ion batteries. The project is being promoted, aiming to start mass production by 2013.	Expand transactions in lithium-ion battery-related businesses (lithium resources, battery-related materials and parts).	2. Social issues
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※  :Achieved  :Nearly achieved  :Unachieved

Major CSR Initiatives

■ Business development of plant-derived energy

Since 2008, in partnership with Bunge Ltd., a major grain provider of the United States, we have been operating a business producing and selling bioethanol and sugar made from sugar cane. Two projects have been in progress in Minas Gerais and Tocantins of Brazil, which is the world's leading producer of bioethanol, providing about 30% of the world's supply. Bioethanol made from sugar cane in these projects is more effective in terms of reducing greenhouse gas emissions than that made from other materials. It is therefore widely viewed as an alternative for fossil-based fuel for transportation and power generation in a tight market environment. It is also expected to become a potential petrochemical feedstock. We are planning to increase production of bioethanol in the above two projects up to 500,000 kl/year. In addition, we will develop the business further by extending our business to sugar sales as well as in-house power generation fueled by bagasse, the pulpy residue of sugar cane, from which the surplus electricity can be sold.



Bioethanol production plant in Santa Juliana

■ Initiatives in Lithium-ion Battery-related Business

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

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

Simbol is developing and promoting operations whereby lithium compounds are produced by extracting lithium from used geothermal brine at geothermal power plants. Simbol's manufacturing technology is being further developed and refined ahead of commercial production. High-purity lithium carbonate is used as a raw material for electrolyte salts (LiPF₆) used in electrolyte solution, one of the main components for LiB. It is used in LiB for electric cars, for which a demand is expected to grow rapidly in the near future, as well as in stationary rechargeable batteries and in the clean energy field.

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



Geothermal brine well in southern California

CSR at the Food Company

CSR at this Division Company

Responding to the needs of consumers and society with environmental consideration

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



Yoshihisa Aoki
President, Food Company

CSR Action Plans

Key points of our FY2012 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as promotion of a procurement business to secure stable food resources, monitoring food safety through creation of inspection systems/supply chain management/internal audits, and promotion of prepared food recycling for environmental protection/waste product reduction.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
All Divisions	Improve the level of food safety and compliance management	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance program. Continue seamless ties with food inspection partners. Support food safety management for business partners in China. 		<ul style="list-style-type: none"> Visited each department and office to conduct a food safety and compliance audit. Maintained relations, including business partnership agreements, with inspection centers in China. <p>Visited the manufacturing plants and restaurants of business partners in China (nine sites in total) to give advice and propose improvements.</p>	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance program. Support food safety management for business partners in China. 	1. Communi-cation
Provisions Division	Ensure a stable supply of safe and reliable raw materials	<ul style="list-style-type: none"> Establish stable supplies: Promote a food-resource procurement business. Ensure safety of food resources: Continuously secure information on food resource-producing nations; offer guidance on items for improvement and share information with customers. 		<ul style="list-style-type: none"> Put a grain terminal in North America into full-scale operation in February 2011. Established a system for the stable supply of grain from the region. Continued to implement residual agricultural inspections and disseminate food safety information in Japan. 	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries. 	3. Supply chain
Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).		Took active part in division company training and conducted training for overseas staff. Conducted a total of approximately 100 plant audits in 15 countries.	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).	4. Education
Food Products Marketing & Distribution Division	Initiatives to recycle prepared foods for at-home dining as animal feed	Develop recycling loops for conversion of food products to animal feed or fertilizer in line with the characteristics of each region.		As a coordinator, promoted the establishment of a recycling loop (converting unused food to animal feed and selling pork products from animals raised on that feed) undertaken by a partner retailer in June 2011.	Maintain and expand recycling loops for converting food products to animal feed and fertilizer in line with the characteristics of each retail format.	2. Social issues

※ :Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

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

Populations and income levels are rising sharply around the world, including in Asian countries, and global demand for grains is expected to increase in the future. Meanwhile, consumers are increasingly aware of food safety, with rising demands for assuring safety and establishing traceability. The Food Company will create a global distribution network connecting the supply and demand sides of this business and promote food resource procurement, while focusing on the stable supply of grains and assuring safety. One such initiative is construction of a new grain export terminal in Longview, Washington (U.S.A.), mainly for exports to Asia, which went into full-scale operation in February 2012.



Grain export terminal

■ Karada Smile Project

The importance of health promotion is increasing in the current social environment, and consumers are increasingly concerned with health. In this setting, four companies—UNY Co., Ltd., Circle K Sunkus Co., Ltd., FamilyMart Co., Ltd., and ITOCHU Corporation—founded the Karada Smile Project in January 2008 with the aim of facilitating research into and the development of healthy products throughout the entire process of their production from the raw material stage. The first merchandise from Hahanokimochi, a new brand under the Karada Smile Project, was launched in June 2011. The brand concept comes from a mother's unceasing wish (kimochi) for the good eating habits of her whole family, including an appropriate nutritional balance and calories and a sufficient intake of tasty vegetables. Bread and yogurt products are currently available. Moving forward, we will select concepts based on consumer marketing, and provide products that actively promote health through daily eating habits and offer a high level of value for customers.



Bread and yogurt of the *Haha no Kimochi* brand

CSR at the ICT, General Products & Realty Company

CSR at this Division Company

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

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
















Tomofumi Yoshida
President, ICT, General Products & Realty Company

CSR Action Plans

Key points of our FY2012 action plans

As part of our environmentally friendly business efforts, we will trade internationally certified forest products and promote the development of solar power generation systems and other highly functional, environmentally friendly housing and social infrastructure. At the same time, we will step up our supply chain management efforts. In addition, we will utilize information technologies to develop creative energy management solutions businesses, smart infrastructure businesses, retail finance businesses in Asia and Europe, and other businesses that contribute to the realization of prosperous societies by addressing social needs.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Policies for CSR Promotion
Forest Products & General Merchandise Division	Enhance the traceability of raw materials and ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys and conduct questionnaires concerning compliance with labor laws.		Conducted surveys of 95 subject companies on traceability and compliance with labor laws by visiting them or sending questionnaires. Received responses from 87 of the 95 companies.	Update survey items and survey recipient data; carry out traceability surveys.	1. Communication
	Handle internationally certified forest products as well as health-safe products	<ul style="list-style-type: none"> Increase the ratio of FSC-certified materials handled by continuously requesting non-certified suppliers to acquire certification. Maintain system for supplying low-formaldehyde products and expand handling of such products. 		Increased the ratios of the FSC-certified pulp and wood chips handled to levels beyond targeted values, with a 92% pulp ratio and a 51% wood chips ratio.	Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification.	2. Social issues
	Provide products and services for realizing a reliable, safe and prosperous society	Offer green tech solutions (expand sales of energy-saving solutions) utilizing IT		An energy management solution services is being expanded and developed. The number of customers are being increased (by 15%)	Enhance green tech solutions utilizing IT to increase the number of customers.	2. Social issues
	Creating businesses based on the 3R philosophy	<ul style="list-style-type: none"> Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy Bolster promotion of measures to encourage spread of insurance for mobile phones 		<ul style="list-style-type: none"> Developed new products and held various events (such as flea markets and garbage cleanups). Increased the number of enrollees in the mobile phone protection service by 6%, and helped promote the recycling of mobile terminals. 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	2. Social issues

ICT, Insurance & Logistics Division	Compliance with the Insurance Business Act and other relevant laws and regulations	<ul style="list-style-type: none"> Follow up on additions to the Insurance Business Act and other laws, and raise awareness among employees. Ensure thorough compliance awareness through seminars and other means. Review the compliance program and special industry laws. 		Conducted compliance education for employees at department/office meetings to continue to maintain aware of compliance among employees. Also held discussions on individual topics.	➔  (Continue promoting the same measures.)	4. Education
	Assist businesses that contribute to achieving a more prosperous society	Promote insurance coverage for large projects to enable reliable and consistent infrastructure businesses in developing countries.		Concluded 13 contracts during the year. Plan to continue focusing on promoting insurance coverage for projects in developing countries.	➔  (Continue promoting the same measures.)	2. Social issues
	Develop logistics infrastructure to contribute to more robust social capital and improve levels of customer satisfaction	Expand logistics networks in China, India and other parts of Asia, review status of contribution to local communities in each region.		<ul style="list-style-type: none"> Established and started operating a subsidiary in India in February 2012. Reorganized subsidiaries in China. 	➔  (Continue promoting the same measures.)	2. Social issues
	Strengthen supply chain management	Review content of questionnaire for logistics companies in China (addition of environmental conservation-related items, etc.) and implement survey.		Surveyed logistics companies in China by adding questionnaire items related to environmental conservation.	➔ Review content of questionnaire for logistics companies in China and implement survey.	3. Supply chain
Construction, Realty & Financial Services Division	Supply quality facilities with emphasis on safety and security	<ul style="list-style-type: none"> Publicize measures for bolstering new division management in the Construction & Realty Group Ensure thorough compliance with relevant laws and regulations Check status of individual projects at project inspection meetings (once in first half of year) Hold an inspection meeting for manufacturing projects (once in first half of year) 		<ul style="list-style-type: none"> Reviewed measures for strengthening management in the construction field. Held project inspection meetings and inspection meetings for manufacturing projects as scheduled. Found no problems with compliance status. 	➔ Reinforce internal control system <ul style="list-style-type: none"> Hold inspection meetings for manufacturing projects. Reinforce system for ensuring compliance with related laws. Check status of individual projects by holding project inspection meetings, etc. Reinforce system for checking the compliance status of individual departments. 	1. Communication 2. Social issues
	Provide quality governmental services by utilizing PFI business schemes and other means	<ul style="list-style-type: none"> Smooth operational follow-up of projects in process Identify new projects 		<ul style="list-style-type: none"> Completed the Kobe City Hospital project in March 2011 and finished ITOCHU work in April. Followed up and completed three other projects (the Museum of Modern Art, Kanagawa & Hayama, a children's nature center in Chiba, and Sendai Astronomical Observatory), which are now operating smoothly with no problems. 	➔  (Continue promoting the same measures.)	1. Communication 2. Social issues 5. Local and international communities
	Bolster protection of personal information	Ensure that established operation structure is operating properly and continuous penetration of awareness and basic behaviors among organization members. In the event of an accident, make sure that relevant staff members are in close contact and can take appropriate action		As in FY2011, monitored and reviewed the status of the management of personal information. No problems were found.	➔  (Continue promoting the same measures.)	1. Communication 4. Education
	Care extensively for the environment	Aggressively promote environment-friendly businesses		<ul style="list-style-type: none"> Promoted self-development projects by continuing to be considerate of the neighborhood in our construction methods. Actively promoted environmental projects (solar power generation and projects related to electric vehicles) at ITOCHU Property Development, Ltd. 	➔ Comprehensively support the environment <ul style="list-style-type: none"> Aggressively promote environmentally friendly businesses. 	1. Communication 3. Supply chain

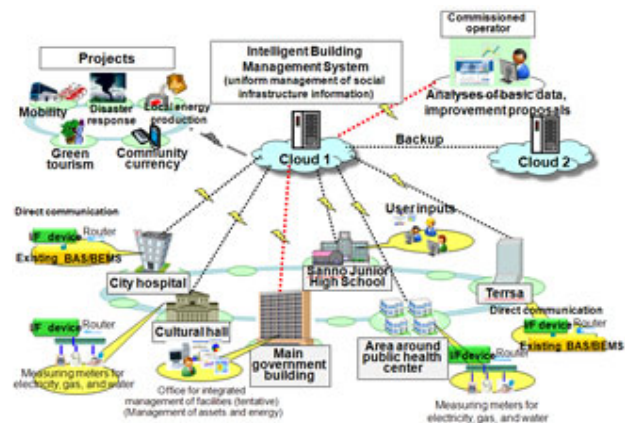
<p>Participate in businesses that contribute to achieving a more prosperous society</p>	<ul style="list-style-type: none"> Research and examine business creation in environmental and new energy fields, and consumer-related fields in China. Expand response to individual funding needs through finance businesses in Asia and Europe. 		<ul style="list-style-type: none"> Formulated specific business plans concerning the creation of businesses in consumer-related fields in China together with local and Japanese partnership candidates. Supported subsidiaries in the retail financial service business developed in Asia and Europe, helping them respond to individual funding needs. 	<p>Participate in local and international communities and contribute to their development</p> <ul style="list-style-type: none"> Aggressively expand the retail financial service business developed in Asia and Europe. Contribute to the development of local and international communities by steadily promoting each project. 	<p>2. Social issues</p>
<p>Compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations</p>	<ul style="list-style-type: none"> Follow up on additions to the Financial Instruments and Exchange Act and raise awareness among employees. Ensure thorough compliance awareness through seminars and other means. Review the compliance program and special industry laws. 		<ul style="list-style-type: none"> Continued to collect information about the Financial Instruments and Exchange Act and other laws. Continued to raise awareness among employees concerning the management of personal information by educating them as necessary. 	<p>(Continue promoting the same measures.)</p>	<p>1. Communication 4. Education</p>

※ :Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

Development of Energy and Smart IT Infrastructure Business Utilizing IT

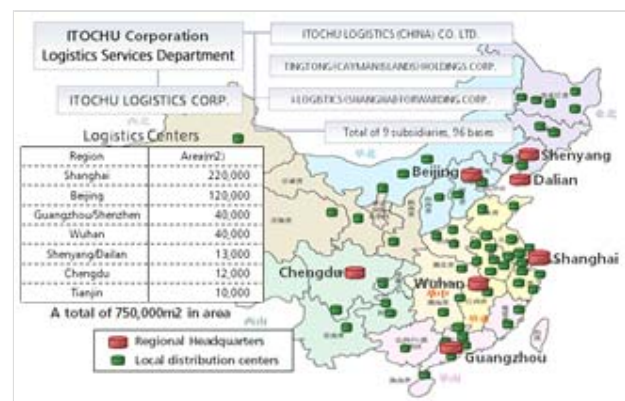
Under the brand ecoFORTE, ITOCHU is developing energy and smart infrastructure business utilizing IT. Drawing on IT, we are providing integrated solutions for measurement and control of energy consumption in air conditioning and lighting equipment. For example, we are participating in the Akita City Smart City Integrated Information Management Platform Project in "Akita Smart City Project." We are also providing management and control solutions for outdoor street lighting. Under the Ministry of the Environment's "2011 Challenge 25 Regional Development Project," we introduced these solutions in Tsukuba City in cooperation with Iwasaki Electric Co., Ltd., and Panasonic Corporation. Moving forward, we will continue to implement initiatives in the area of energy and smart IT infrastructure utilizing IT.



Conceptual diagram of Akita Smart City Project

Contributions to local communities in overseas distribution business

The Logistics Services Department conducts logistics operations throughout Asia. In China, where we have a network of around 95 locations that cover the entire nation, our operations are led mainly by Itochu Logistics (China) Co., Ltd. and Ting Tong Logistics Co., Ltd., in what is the leading Japanese distribution network. By utilizing this network, we have extended our reach into the country's interior and are able to deliver consumer goods to all corners of China. In this way and others, we are expanding business opportunities for ITOCHU Corporation itself as well as customers and contributing to local communities from the standpoint of distribution. We have also begun expanding distribution networks in India and Indonesia.



Itochu Group China Logistics Network

■ Karawang Industrial Park aims for harmony with Indonesian society

Karawang Industrial Park (KIIC, development area 1,177ha), which ITOCHU has invested in and operated from 1992, is working jointly with tenant companies to aggressively conduct CSR activities with an aim of co-existence and co-prosperity with neighboring communities. In addition to direct support such as supplying baby food to infants in neighboring villages and providing scholarships to junior and senior high school students, an agricultural park has been established within the industrial park with the cooperation of Bogor Agricultural University, with programs conducted to instruct local farmers in the cultivation of high-value-added vegetables and catfish farming, as well as environmental improvement. In addition, more than 10,000 seedlings that are grown in the agricultural park's nursery and planted in the grounds of the industrial park or in neighboring villages, and support is also provided for local healthcare facilities. Furthermore, by providing business opportunities, such as for production of the work clothes of the tenant companies, we are working to contribute to the development of local small-scale businesses and to operate the industrial park with close ties to neighboring communities.



Excited schoolchildren with donated notebooks, baby food distribution, the agricultural park project, activities to preserve endangered tree species, health checks for children

CSR Initiatives by Major Group Companies

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

ITOCHU Property Development, Ltd.

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

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



Process of issuing Certificate of Green Power

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

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

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

■ Promoting Protection of Water Resources and Resource Recycling

ITC Green & Water Corp.

ITC Green & Water Corp. has been working for some 30 years to develop and improve technologies for cleaning organic effluent such as livestock wastewater. The company has leveraged its expertise in wastewater treatment to create a new business with a system for improving substratum and water quality in dam reservoirs and ports that have become polluted due to oxygen depletion. The company also operates an environmental solutions business that contributes to resource recycling with its integrated treatment system, from wastewater treatment to making effective use of sludge. One example is an initiative to compact organic sludge, which had conventionally been treated as waste, and compost or convert it into fuel.



Compound lagoon for livestock

CSR at Overseas Offices

Middle East Bloc: Supporting Japan Self-Defense Forces in UN Peacekeeping Activities in South Sudan

ITOCHU Corporation and ITOCHU AVIATION CO. LTD. have been supporting the Japan Self-Defense Forces in their peacekeeping activities in the Republic of South Sudan. The Japan Air Self-Defense Force (JASDF) is conducting this peacekeeping operation under a United Nations Security Council resolution.

South Sudan has absolutely no established social infrastructure due to its prolonged civil war. The Self-Defense Forces are currently engaged in constructing critical infrastructure, including roads and bridges, mainly in the capital of Juba under the direction of the United Nations.

The role of the ITOCHU Group is to provide ground support at overseas airports for JASDF's aircraft transporting equipment and materials to South Sudan. Since it covers a long distance flying from Japan to South Sudan, the aircraft needs to make stopovers at several airports on the way for reasons such as refueling, refilling water, and resupplying in-flight meals for crew members. Dedicated companies provide these services, and ITOCHU staff visit the airports to coordinate matters with the airport authorities and supervise service companies, together with the JASDF advance team.



Mahmoud Fahmy
ITOCHU Corporation,
Cairo Liaison Office

On June 11, 2012, a JASDF C-130H transport aircraft landed at its final destination of Juba Airport in South Sudan. I (Mahmoud Fahmy) am a member of ITOCHU's Cairo Liaison Office, and had the task of looking after support services at the airport. The aircraft stayed at the airport for just a few hours, but I had to spend a great deal of time in advance coordinating matters through ITOCHU AVIATION between the airport service company in Juba and the JASDF headquarters. I had to come to Juba three days prior to the arrival of the C-130H in order to receive the JASDF advance team that came separately from Japan to prepare for the aircraft's arrival. Immediately after the aircraft arrived at the airport, we had to check it, unload and load cargo, arrange transportation within the airport for the crewmembers, and perform many other tasks. The aircraft took off from the airport within the scheduled time thanks to the crewmembers' well-disciplined work.

I have learned many things from this experience. I now hope to apply them to my everyday job in Egypt in order to work even more efficiently.

I am very proud that I can contribute to the global good through this work in South Sudan work twice a year as one of the employees of ITOCHU. I would like to continue to support this peacekeeping operation in South Sudan, especially since their people and I are human beings living on the same African continent.



A C-130H transport aircraft after landing at its destination of Juba Airport in South Sudan



The author is second from the left

Europe Bloc: Aiming to Create Next-generation Power Grids

The Europe Machinery Group, together with the Battery Systems Section of the Tokyo headquarters, is aiming to optimize power grids with European energy major E.ON AG. In this endeavor, we are conducting a demonstration project combining Smart Homes and Vehicle-to-Grid (V2G) business models as key components. Since the Fukushima nuclear power accident in Japan, countries in Europe have been re-examining nuclear power generation as a source of electricity. Along with the expansion of renewable energy, the construction of next-generation power grids that are safer, more efficient and have a lower environmental impact has been accelerating.

We believe that one of the key elements of this will be the construction of a distributed energy network. Such a network would optimize the economic performance and safety of power grids. It would use small-scale wind power, solar power and other forms of renewable power generation as the energy source, as well as using electricity storage systems in homes, housing complexes and elsewhere, and electric vehicles (EV) for storing power to compensate for the fluctuations in the amount of electricity that is generated via renewable energy.

ITOCHU and E.ON plan to work with EV manufacturers to jointly build an electricity service model for next-generation power grids and a business model for the reuse of batteries. They will test optimal ways of using batteries and performance degradation in the UK, Sweden and Germany using lithium-ion batteries produced by companies such as EnerDel, Inc. in which ITOCHU has an equity interest.

The Europe Machinery Group is cooperating broadly with E.ON in business fields related to a low-carbon society, aiming to help create next-generation power grids with a small environmental footprint.



Tsuguhito Shimpo

Europe Machinery
Group



E.ON Smart Homes and EV



E.ON representatives inspect the Green Crossover Project being conducted by ITOCHU in Tsukuba, Ibaraki Prefecture

East Asia Bloc: ICN and ILC Plant Trees and Make Donations to Aid a Local Community

In the East Asia Bloc, since last year ITOCHU has been engaged in planting trees in Donghongyu Village of Fuping Prefecture, Hebei, some 300 kilometers from Beijing, and in donating school supplies for local children.

This year on April 14, about 80 people comprising employees and their family members from ITOCHU (CHINA) HOLDING CO., LTD. (ICN) and ITOCHU LOGISTICS (CHINA) CO., LTD. (ILC) joined in these social contribution activities in the local community.

As soon as they arrived at Donghongyu Village, the volunteers started digging holes for the trees and carrying in the saplings to be planted. After about an hour's hard work, they had a



Wan Jing

ITOCHU (CHINA)
HOLDING CO., LTD.

great sense of achievement when they looked at the rows of young walnut trees on the mountain sides that they themselves planted. They knew that as well as providing the benefits of greenery, the walnut trees will also help the local people in their attempts to pull themselves out of poverty. After they'd finished with the trees, the group visited a nearby elementary school to give the children some new books and 25 sets of stationery. They were also able to chat with the children, who responded with smiling faces that took away all the accumulated day's tiredness of the group. All the participants felt they'd spent a very worthwhile weekend.

During a ceremony held for the donations, Shuichi Koseki, CEO of the East Asia Bloc, spoke about ITOCHU's mission, which the Company has expressed as "The ITOCHU Group respects the individual, society, and the future in its Commitment to the Global Good." He added that he hoped the town would grow more beautiful and prosperous so that the children could grow up strong and healthy in a good environment.

Through these CSR activities, the participants could feel the lifestyles of a deprived local community that hasn't experienced the abundant resources available in a city like Beijing, and could go on to grasp the reality of how ITOCHU's mission of being "Committed to the global good" can benefit society at large. Moreover, the happy faces of the local children strengthened the resolve of those of us involved with CSR activities to widen our support in the future.



Together with elementary schoolchildren

Comment from Stakeholder



Wang Xing
A senior staff member from the administrative office of the Fuping Prefecture government

The ITOCHU Group is both developing business activities in China and working to support the poorer local regions. By means of these CSR activities, contributing to tree planting and children's education, I can keenly feel that ITOCHU is a global company making efforts in line with its strong sense of responsibility. I'd like to express my deep gratitude to ITOCHU on behalf of both the prefecture government and the town.

Corporate Governance and Internal Control/Compliance



Corporate Governance

ITOCHU operates its business in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. Our fundamental policy is to work toward the long-term preservation and enhancement of our corporate value by building fair and favorable relationships with our stakeholders. To execute our business activities in an appropriate and efficient manner in accordance with our fundamental policy, we are increasing the transparency of our decision-making process and constructing a corporate governance system that incorporates appropriate monitoring and supervisory functions.

Features of ITOCHU's Corporate Governance System

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors). The corporate auditors including outside corporate auditors monitor and audit business management independently and objectively. And ITOCHU has elected highly independent outside directors for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and improving the transparency of decision making.

Comprising 14 directors (including 2 outside directors) as of July 1, 2012, the Board of Directors makes decisions on important management matters and supervises each director's business management.

ITOCHU has adopted an Executive Officer System in order to separate the decision-making and supervisory

functions of the Board of Directors from its implementation of business management.

One feature of ITOCHU's corporate governance system is the HMC (Headquarters Management Committee), a supporting body of the CEO, where companywide management policy and important issues are discussed and decided.

In addition, management issues in individual areas of responsibility are discussed and screened by various internal committees in order to support the decision making of the CEO and the Board of Directors. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in which outside experts become members of some internal committees.

The table below details steps ITOCHU has taken to strengthen corporate governance.

Steps Taken to Strengthen Corporate Governance

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

Increasing the Effectiveness of the Supervision of Management by the Board of Directors

ITOCHU has elected 2 outside directors at the General Meeting of Shareholders held in June 2011. The outside directors make a contribution to ensuring and increasing the effectiveness of the supervision of management by the Board

of Directors, as well as the transparency of the Board of Directors' decision making, by way of appropriately providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

Relationship of Outside Directors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors
Yuko Kawamoto* ¹	ITOCHU has elected her, anticipating that she will use her wealth of knowledge on corporate management nurtured through her long expertise as a management consultant and a professor of a university's graduate school and also monitor and supervise the corporate management of ITOCHU from an independent perspective. And she has no material interests in ITOCHU.	Yuko Kawamoto attended 10 of 12 meetings of the Board of Directors held since her election.
Kazuyuki Sugimoto* ¹	ITOCHU has elected him, anticipating that he will use his insight on public finance and financing nurtured through his many years of experience at the Ministry of Finance and also monitor and supervise the corporate management of ITOCHU from an independent perspective. And he has no material interests in ITOCHU.	Kazuyuki Sugimoto attended all 12 meetings of the Board of Directors held since his election.

*1. Yuko Kawamoto and Kazuyuki Sugimoto are registered as independent directors in the domestic financial instrument exchanges on which ITOCHU is listed.

Systems to Ensure Effectiveness of Audit Functions

ITOCHU appoints five corporate auditors, of whom three are outside corporate auditors. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and working in cooperation with ITOCHU's independent external auditors and other audit bodies inside and outside ITOCHU.

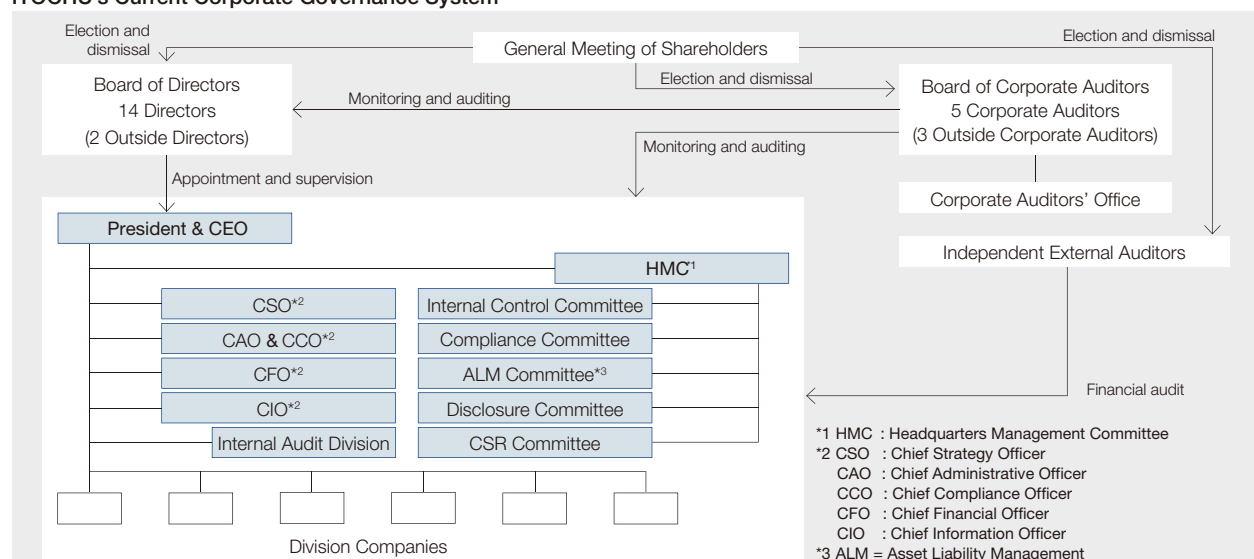
ITOCHU's Audit Division is responsible for internal audits. Aiming to facilitate exchanges of information and close collaboration, members of this division meet regularly with corporate auditors to discuss such matters as internal audit planning. In addition, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, supports corporate auditors.

Relationship of Outside Corporate Auditors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors and the Board of Corporate Auditors
Ryozo Hayashi* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience at the Ministry of Economy, Trade and Industry and the former Ministry of International Trade and Industry, and his long-term perspective and broad vision as a professor of a university's graduate school. And he has no material interests in ITOCHU.	Ryozo Hayashi attended 15 of 17 meetings of the Board of Directors and 10 of 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Keiji Torii* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his many years of experience and insight as a former executive of a major financial institution. Before being appointed as a Corporate Auditor of ITOCHU, he had served as an executive of a major financial institution, with which ITOCHU has dealings, but he retired from his position at the financial institution before being appointed as a Corporate Auditor of ITOCHU and he has no material interests in ITOCHU at present.	Keiji Torii attended all 17 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Masahiro Shimojo* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. And he has no material interests in ITOCHU.	Masahiro Shimojo attended all 12 meetings of the Board of Directors and all 8 meetings of the Board of Corporate Auditors held since his election.

*1 Ryozo Hayashi, Keiji Torii, and Masahiro Shimojo are registered as independent auditors in the domestic financial instrument exchanges on which ITOCHU is listed.

ITOCHU's Current Corporate Governance System



*1 Each Division Company has a Division Company President.

*2 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein. Further, the Internal Control Committee receives reports from internal departments related to internal control on the development and operation of respective internal controls for which they are responsible; evaluates the overall development and implementation status of internal control; and reports the results of evaluations as well as items for improvement to the HMC and Board of Directors.

Principal Internal Committees

Name	Objectives
Internal Control Committee	• Deliberates on issues related to the development of internal control systems
Disclosure Committee	• Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	• Deliberates on issues related to risk management systems and balance sheet management
Corporate Officer Compensation Consultative Committee	• Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement
Compliance Committee	• Deliberates on issues related to compliance
CSR Committee	• Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives

Details of Compensation

Details of the compensations paid to directors and corporate auditors of ITOCHU in the fiscal year ended March 31, 2012 are as follows.

Type	Number of people	Amount paid (Millions of Yen)	Details
Director (Outside directors)	14 (2)	1,428 (18)	(1) Monthly compensation: ¥758 million (2) Directors' bonuses accrued and payable for the fiscal year ended March 31, 2012: ¥670 million
Corporate auditor (Outside corporate auditors)	7 (4)	119 (32)	Only monthly compensation
Total (Outside directors and corporate auditors)	21 (6)	1,547 (50)	

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

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

*3 The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished. In accordance with such resolution, in addition to the amounts paid as shown above, ¥71 million was paid as retirement benefits to 2 retired directors in April, 2011.

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

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was later partially revised on May 6, 2011. ITOCHU intends to revise and improve the internal control systems tirelessly in order to build the systems that are even more appropriate and efficient. (For ITOCHU's Basic Policy regarding the Internal Control System, please see: <http://www.itochu.co.jp/en/about/governance/control/policy/>)

The following highlights some noteworthy initiatives under the Basic Policy regarding the Internal Control System.

Initiatives to Further Enhance the Reliability of Financial Reporting

In order to further enhance the reliability of our consolidated financial reporting, Chief Operating Officers, etc. are appointed as Chief Responsible for Internal Control to establish a Group-wide line of responsibility. And the Disclosure Committee is designated as a steering committee to maintain the internal control system to comply with the internal control reporting system.

Furthermore, following the March 2011 revision of the Standard by the Financial Services Agency, ITOCHU formulated policies to streamline internal control designing and testing, and has been reinforcing its devotion to more rational and effective designing and testing from the standpoint of risk-based approach since fiscal 2013.

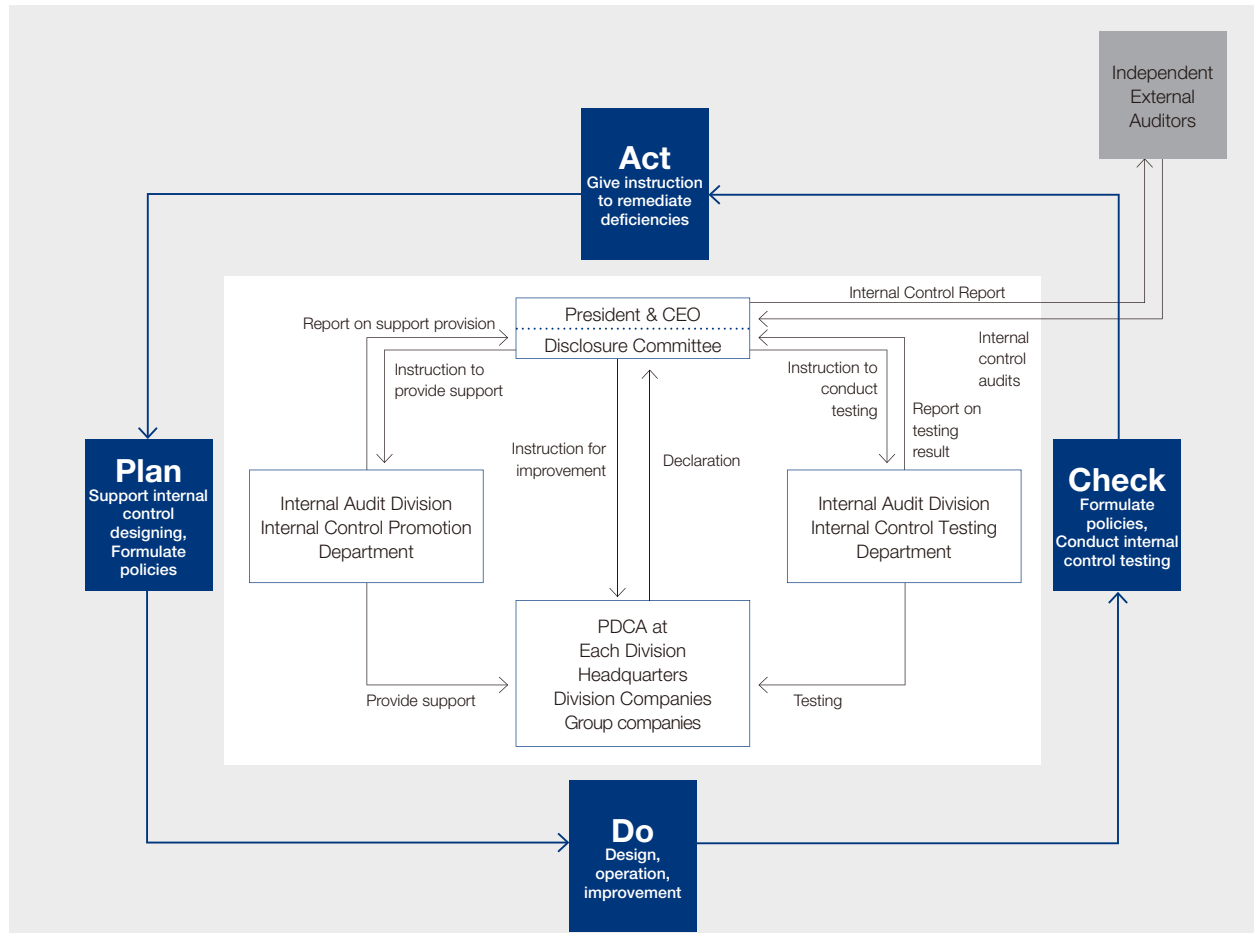
Results of testing conducted by the Internal Control Testing Department are fed back to each related unit and are used to develop and maintain the adequate internal control.

This Plan-Do-Check-Act cycle enables ITOCHU to improve and reinforce the internal control system.

Strengthening Risk Management

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

Organizations to Secure the Appropriateness of Financial Reporting (PDCA Cycle)



Accountability to Stakeholders

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

Investor relations activities in fiscal 2012 include the following.

Summary of activities	Supplementary explanations
Presentations for individual investors	We hold meetings for individual investors several times a year at stock exchanges and branches of brokerage firms.
Presentations for analysts and institutional investors	We hold meetings for analysts and institutional investors each fiscal quarter. The second-quarter and annual financial results are explained by the President & CEO, whereas the first and third-quarter financial results are explained via online conference by the CFO. We also hold on-site tours in which investors can visit our affiliates or our project sites. In addition, briefings on each segment are held to explain specific themes such as strategies of individual business segments. In regard to large-scale projects of particular interest to analysts and institutional investors, we hold explanatory meetings when the projects are announced.
Presentations for overseas institutional investors	Meetings for overseas institutional investors are held 5 times a year in Europe, North America, and Asia.
Investor relations-related materials available on our website	Investor relations-related materials are made available on our website. Materials that can be downloaded include our financial statements, presentation materials for investors meetings, materials used in briefings on each segment, TSE filings, annual securities reports (<i>yuka shoken hokokusho</i>), quarterly securities reports (<i>shihanki hokokusho</i>), Corporate Governance Report, and Notice of General Meeting of Shareholders.

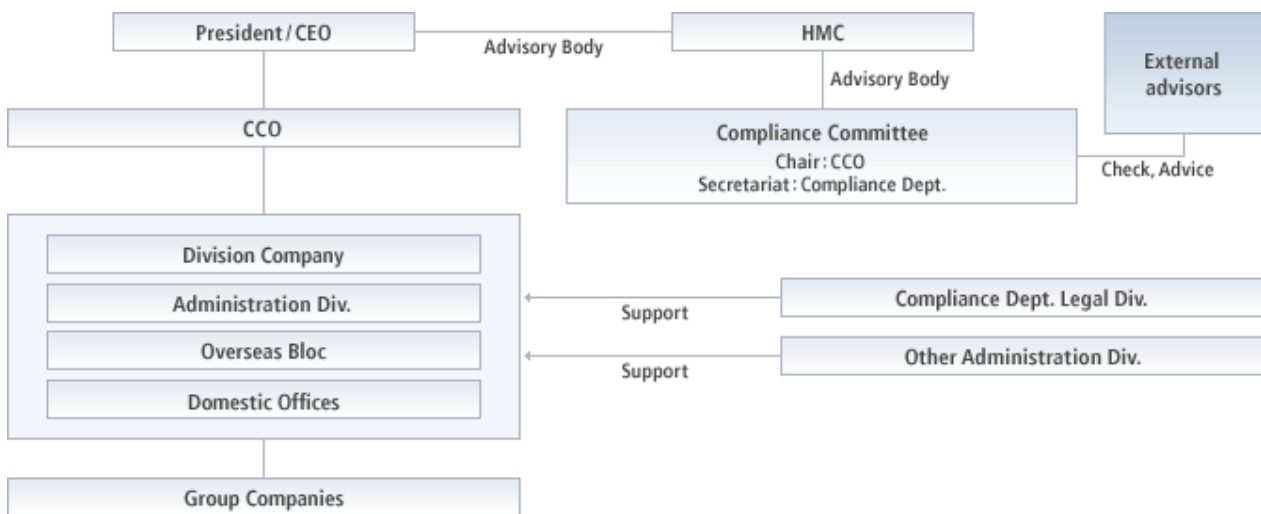


Compliance

Group Promotion Structure

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. These compliance officers are strengthening compliance by creating systems, conducting education and training, responding to individual cases, and any other necessary measures based on directives and support from their respective managers, as well as consideration of local laws, business characteristics, and operational formats. In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

■ Compliance System



Major Compliance Measures in Fiscal 2012 and Tasks for the Future

In fiscal 2012, On-Site Compliance Training was held for all Headquarters employees. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010 on July 1, 2011, ITOCHU in June revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area.

Going forward, we will work to circulate information regarding the aforementioned revisions within ITOCHU and to overseas blocs. At the same time, steps will be taken to conduct risk assessment and monitoring with respect to payoffs, bribery and similar impropriety.

Basic Policy and Efforts Against Antisocial Forces

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

Global Security Risk Management

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

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

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

CSR in Our Supply Chain



ITOCHU Corporation's CSR Action Guidelines for Supply Chains

Basic stance on supply chain management

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

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

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

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

Due to the characteristics of its business activities, ITOCHU has to keep working to manage its supply chains, taking into consideration the social or environmental impact of a variety of products and services handled. ITOCHU has established the CSR Action Guidelines for Supply Chains to explain its position to suppliers, and expects and encourages their understanding and implementation of every item mentioned below.

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

CSR Survey of Supply Chains

CSR Survey of Supply Chains

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

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

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

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

■ Sample checklist for a supply chain survey [Food Company]

Supplier Checklist/Guide		Supplier:	ITC Unit in charge:	Prepared by:
	Check item (reference)/Guide	Check	Comments	
1	The company has a policy or system for compliance with laws and regulations , and implements them. (ITC CSR checklists)			
2	The company guarantees the rights of freedom of association and collective bargaining . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
3	The company does not practice forced labor or inhumane treatment (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
4	The company does not practice child labor . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
5	The company does not practice discrimination in hiring and employment . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
6	The company has taken measures to protect occupational health and safety . (ILO International Labor Standards)			
7	The company observes the national (host country) laws and regulations regarding working hours . (ILO International Labor Standards)			
8	The company observes the national laws and regulations regarding minimum wage . (ILO International Labor Standards)			
9	The company has a policy or system for dealing with complaints from its business partners, and implements them. (ITC CSR checklists)			
10	The company has a policy or system for environmental conservation/complies with national laws and regulations concerning environmental conservation (ITC CSR checklists)			
11	The company ensures that its products are safe and secure .			
12	The company ascertains the country of origin of the procured items and checks the environmental and social aspects of its suppliers .			

Check symbols:○: Implemented;△: Partially implemented;X: Not implemented

CSR Surveys in the Fiscal Year Ended March 2012

In fiscal 2012, we conducted a survey, targeting not only suppliers of ITOCHU Corporation but also suppliers of overseas offices and Group companies this fiscal year again. As a result, we surveyed 401 companies, including 28 suppliers of overseas offices and 115 suppliers of 16 Group companies. No serious problems requiring immediate response were found in the survey results.

We are committed to continually increasing our employees' awareness in our daily business and to improving the CSR of our suppliers by continuing these surveys and dialogue with suppliers.

■ Survey results by organization (FY2010 to FY2012)

	FY2012	FY2011	FY2010
Textile Company	26	24	28
ICT & Machinery Company	16	15	17
Energy, Metals & Minerals Company	14	14	11
Chemicals, Forest Products & General Merchandise Company	202	193	133
Food Company	117	105	93
Logistics Services Department Company	26	23	18
Total	(*) 401	374	300

* Includes 28 suppliers of overseas offices and 115 suppliers of 16 Group companies

Employee Relations



One of the basic policies of the "Brand-new Deal 2012" medium-term management plan is to "Proactively Seek New Opportunities." To this end, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting a commitment to taking assertive and forward-looking action. Our longstanding promotion of a global human resources strategy also remains unchanged.

■ Policies and Tasks for Fiscal 2013



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

For ITOCHU Corporation, human resources are its greatest management assets as a general trading company.

"Brand-new Deal 2012," our medium-term management plan launched from fiscal 2012, outlines a variety of initiatives pertaining to human resources, such as cultivating "industry professionals" and "strong human resources." By executing the medium-term plan and these measures, we intend to further enhance the structure that will support utilization of our human resources, enabling our employees to demonstrate their skills and abilities to the fullest.

Human Resource Development Supporting the “Seeking of New Opportunities”

Human Resource Development Supporting the “Seeking of New Opportunities”

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



Basic Structure of Human Resource Development

A Variety of Training Schemes

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

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



Global development program

Human resources development policy and training details (excerpt)

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

Number of employees participated in major training programs

Training program name	FY2012 Results
Global development program	97
Organization manager workshops	411
Sending of employees to short-term business school programs overseas	32
Junior staff overseas training for English and Junior staff overseas training for multi-language	86
Career vision support training	3,035

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

Comments by Training Participants



Akiko Yoshida
Corporate IT Architecture
Department
IT Planning Division

Junior staff overseas training for English

I spent four months in Idaho, USA. In coming into contact with many people from different cultures and backgrounds, I felt and learned the importance of understanding, respecting, and accepting each other's differences. This experience renewed my determination to expand the realm of my undertakings to the entire world.

I am grateful to have been blessed with this wonderful opportunity.



Ken Kadera
Fiber Intermediates Section
No.1
Organic Chemicals
Department No.1

Junior staff overseas training for multi-language

I spent half a year in Dalian, a city in Liaoning Province, China, and learned Chinese.

In the morning, I took classes at university, and in the afternoon, I went to a language school for a one-on-one lesson. I was completely immersed in Chinese throughout each of my days in China.

Besides learning their language, I became intimately acquainted with Chinese way of thinking and culture.

In *Chun Jie* (Chinese New Year), I was invited to a Chinese friend's home, and drank white liquor surrounded by his entire family and relatives. We cooked dumplings and set off firecrackers at the moment of the New Year.

That was one of the memorable experiences that taught me what it is to be in China.

Since returning to Japan, I have found that my experience in China is helping my business especially in negotiations with Chinese clients, although there are still plenty of challenges.

Learning the Chinese language enabled me to feel the momentum of the great country more deeply. I am very grateful to have experienced this opportunity while I was still young.

Global Human Resources Strategy Enters a New Stage

Global Human Resources Strategy Enters a New Stage

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

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



Talent Management Process

Specific Initiatives

1. We are inviting employees from our overseas blocs worldwide to come to our headquarters for approximately two years as a form of HR development through actual operations. These employees are provided the opportunity to learn business operations, gain a firm understanding of our corporate philosophy and culture, and build interpersonal networks. At the same time, this initiative encourages our headquarters to become more global in its outlook. (From April 1, 2008 to March 31, 2011, a cumulative total of 54 employees have been dispatched.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, using the ITOCHU Global Classification (IGC) as a common measure of job level / level of responsibility for all jobs and positions worldwide.
3. ITOCHU Mission and Values, which we have passed down since our founding more than 150 years ago, and the ITOCHU Values have been incorporated into the human-resource requirements for ITOCHU leaders. These requirements are reflected in our recruiting standards and our evaluation and human resources development programs and are passed on through in-house instructors. This enables us to hire and develop human resources around the world who are suited to ITOCHU's values.

Number of overseas bloc employees by region (As of March 31, 2012)

(Unit: persons)

North America	147	Latin America	164
Europe	226	Africa	38
Middle East	161	Oceania	31
East Asia	732	ASEAN & South West Asia	591
CIS	89		Total: 2,179

Creating Environments That Bring Out the Best in Employees

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

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

In 2010, we opened I-Kids, a childcare center for our employees, at a location close to our Tokyo headquarters. This move was made in light of a widespread social issue where many children are currently waiting for entry to nurseries in the Tokyo metropolitan area, and female workers face difficulties in planning their return from childcare leave. In 2011, in cooperation with the SECOM Group, we launched the "Furusato Care Service" to help employees posted abroad care for their elderly relatives (all expenses are paid by the company). As ITOCHU aims to increase overseas revenues and profits, one of the key strategic approaches in its overseas policy is to increase the number of staff on overseas assignment. The service helps keep our employees working overseas updated on the lives and health of their elderly relatives living alone in Japan, helping our middle-aged employees to meet their work and nursing care responsibilities. Through this care service, we are working to establish an environment that enables employees to concentrate on their overseas assignments.

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

(Unit: persons)

		FY 2010	FY 2011	FY 2012
Child care	Childcare Leave	43	49	61 (2 males; 59 females)
	Leave to nurse sick children	98	125	125 (51 males; 74 females)
	Shorter working hours for child care	32	50	57 (1 males; 56 females)
	Special parental leave	16	13	8 (5 males; 3 females)
	Paternity leave	53	62	51 (51 males)
Nursing care	Nursing care leave	0	0	1 (1 males)
	Special nursing care leave	8	9	12 (6 male; 6 females)
	Leave for nursing care	-	16	18 (7 males; 11 females)
	Shorter working hours for nursing care	2	2	3 (3 females)
Family support leave		383	469	536 (325 males; 211 females)

Comments from an I-Kids user

Marine Products Department
Misa Hamada



Birthday party at I-Kids,
 nutritional education

My son has been with I-Kids since he was nine months old. Unfortunately, our local day-care center was full, but thanks to I-Kids, I was able to return to work last April. At first I felt uneasy about leaving my baby, who was less than a year old. But after seeing how the nurses talk to my son a lot and treat him affectionately, now I can't be more thankful. I am also happy that my son is having many different experiences, such as receiving nutritional education. Seeing my son smiling every day enables me to focus on my work and feel secure.

Comments from a user of childcare leave



Human Resources & General
 Affairs Division
Yoshinori Kanayama

After consulting with my wife and supervisor, I took childcare leave in 2011, as I had become interested in broadening my perspective by doing something I hadn't experienced before—raising a child. I am really thankful to the supervisor and coworkers for their substantial support of my leave. Working with my wife to raise our son has deepened our family ties. Another valuable asset is the knowledge I have gained about the potential of childcare products and business. Gradually, more and more of my male colleagues have begun to take childcare leave. This should be a positive experience for them, as it will enable them to gain new insight into their jobs.

Acquired "Kurumin" Mark Certification

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

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



Career Counseling

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

Employee Health Management

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

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

Where mental health is concerned, we have established a stress management room in-house, and have a system where employees can talk at any time with a psychiatrist or clinical psychologist.

Regarding time management, we are also taking steps to prevent long working hours, including setting days at each business site for early dismissal from work. More specifically, we are strengthening our system for ensure proper time management as a company, including utilizing an objective labor time management system based on building entry and exit records.

Employee Safety Measures

To ensure that ITOCHU Corporation employees stationed around the world and their families spend a meaningful assignment term in safety and good health, we have built a full system not only for incidents, accidents, disasters and other emergencies, but also for health management.

To prepare for emergencies such as diseases or injuries, including preventive measures for infectious diseases in the dispatched area, we collaborate with multiple medical emergency service companies for a complete support system.

Communications with Employees

Dialogue Meetings with the President

ITOCHU Corporation is proactive about offering employees opportunities for two-way discussions with the president.

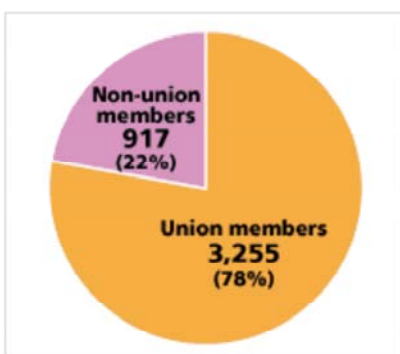
Although Company-wide Employee Meetings have been held since fiscal 2001, starting from fiscal 2011 these meetings have been divided into three sessions in an effort to deepen dialogue. In these discussions, the president shares directly with employees the company's management policies and his passion for their realization, while employees in turn can express their opinions to the president and ask questions. The meetings therefore provide extremely valuable opportunities for two-way communication. Recent meetings were held in a very spirited atmosphere, and touched on everything from management policies to more personal topics.

Along with these domestic meetings, the president also has dialogue meetings with our staff on overseas assignment, as well as overseas bloc employees when he visits one of our overseas bloc areas. In fiscal 2011, the president held meetings at our business locations in the United States, China, Taiwan, and Australia, directly exchanging opinions with staff on overseas assignment and overseas bloc employees about our management policies and other topics. These meetings provide beneficial opportunities for both the president and employees to deepen their communication.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues is discussed with the labor union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2012, we held six meetings, including management meetings with the President and similar meetings with Division Companies. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.



Ratio of labor union members as of April 1, 2012

Initiatives with the Labor Union in fiscal 2012

April 2011	Textile Company management meeting
May 2011	Settlement of accountings meeting
August 2011	Management meeting with the President
September 2011	Management meeting for Construction & Realty and Financial & Insurance Services, Logistics Services
October 2011	Food Company management meeting
March 2012	Management meeting with the President

Comments from the Labor Union President

Shuhei Kakinaka
President, ITOCHU Labor
Union

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

Promoting Human Resources Diversification in Japan

Promoting Human Resources Diversification in Japan

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

Promotion Plan on Human Resources Diversification 2013 (Japan)

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

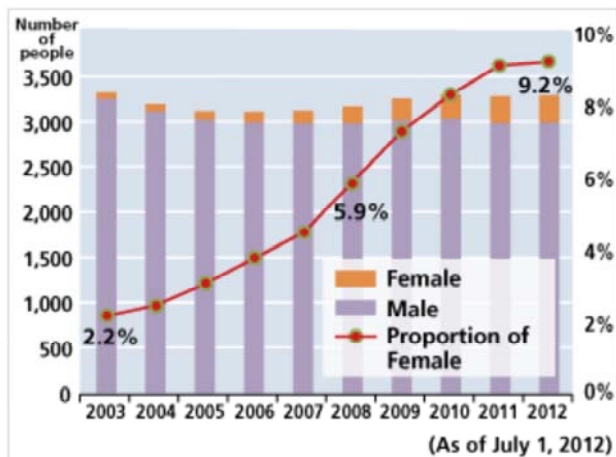
In fiscal 2010, ITOCHU launched "Promotion Plan on Human Resources Diversification 2013 (Japan)," a new roadmap aimed at enhancing individual and organizational abilities further by putting an environment in place that leverages and utilizes the characteristics of each employee without regard to gender,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

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

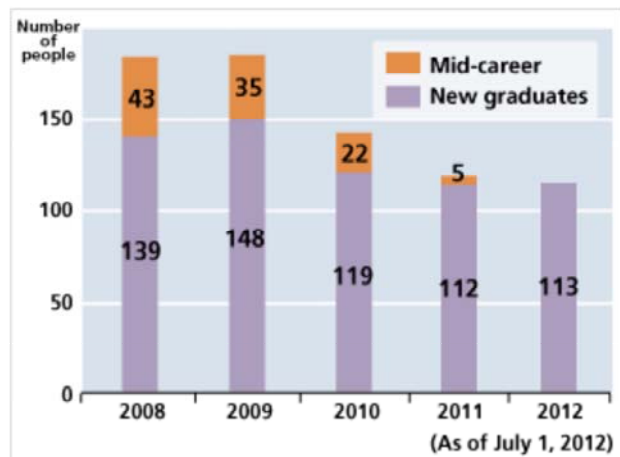
Number of male and female employees

(Unit: persons)

	Male	Female	Total
FY 2010	3,191	1,068	4,259
FY 2011	3,212	1,100	4,312
FY 2012	3,162	1,093	4,255



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



The number of hire of career-track employees (New graduates and Mid-career)

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established Itochu Uneedus Co., Ltd., as a special subsidiary based on the Disabled Persons Employment Promotion Act (Law for the Employment Promotion of the Disabled) in order to create work opportunities for those with disability. As of April 2012, the proportion of our workforce with disabilities is 1.92%, which exceeds the legally stipulated ratio of 1.8%. We will continue to actively support the participation in society by people with disabilities.

Social Contribution



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

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

Basic Activity Guidelines on Social Contribution



1. Action on Global Humanitarian Issues

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



2. Environmental Conservation

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



3. Community Contribution

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



4. Growth of Future Generations

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



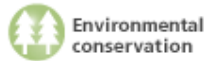
5. Support for Volunteer Work by our Employees

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

Social Contribution Activities



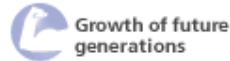
Action on global humanitarian issues



Environmental conservation



Community contribution



Growth of future generations



Support for volunteer work by our employees

Support for the Great East Japan Earthquake Recovery



Action on global humanitarian issues



Community contribution



Support for volunteer work by our employees

We undertake long-term support for the reconstruction of areas affected by the Great East Japan Earthquake that struck in March 2011.

Support for Employees' Volunteer Activities

In May 2011, to facilitate employee participation in volunteer activities, ITOCHU started to extend the period of volunteer leave from three days to five, and introduced a system under which the company pays the actual costs for participation (transportation, board, and other costs). As of June 30, 2012, a total of 120 employees had used the system.

In February 2012, we adopted an employee's idea and began Valentine fundraising. In March, we implemented companywide fundraising activities to recognize the first anniversary of the Great East Japan Earthquake. During these efforts, the current status of affected areas was reported through exhibition of panels, and employees shared an understanding of the importance of continuing support. Funds raised were combined with the matching donation from ITOCHU and used for supporting reconstruction of schools via the Nippon International Cooperation for Community Development, and as grants-in-aid for libraries in affected areas via the ITOCHU Foundation. In January 2012, as a new form of support, ITOCHU contributed Funds for Supporting Children Orphaned by the Earthquake to the three prefectures affected by the earthquake via Japan Foreign Trade Council, Inc.

Yuichi Yasura, volunteered in February 2012

Temporarily transferred to ITOCHU CHEMICAL FRONTIER Corporation

"Thanks to everyone's support, there are sufficient supplies of material goods. However, there is still a lack of volunteers. At first, many people came, but as time has passed that number has dwindled. At this point it is not possible to predict how many years it will take." That was the opinion recently voiced by the people of Rikuzentakata and Kesenuma. "Hands" are something basic that we all have, but right now there is a shortage of them. When we work together the capabilities of the united group are greater than the sum of our individual capabilities. I would definitely like to participate again.



With other volunteers

The Great East Japan Earthquake Recovery Assistance Site

In May 2011, ITOCHU launched a new website, the Great East Japan Earthquake Recovery Assistance Site, on its intranet to share information on the support activities of ITOCHU employees and the ITOCHU Group itself. Posted on the website are up-to-date information on the Group's assistance programs and employee volunteers, updates from the Tohoku Branch on local conditions, reports submitted by volunteers and more. We intend to use this site to keep employees informed about support activities for fostering recovery over the long term.



■ Activities for Supporting Affected Areas Implemented with Shareholders

In fiscal 2011, ITOCHU began an initiative to switch from sending out notices of the company's ordinary general meeting of shareholders and other printed matter by post to e-mail delivery for shareholders of ITOCHU who agree to electronic delivery of shareholder information, and to donate the cost savings in paper and postage, which are combined with a matching donation from ITOCHU, to the ITOCHU Foundation's "100 Children's Books Subsidy" project. In fiscal 2011, more than 7,500 shareholders agreed to the initiative (as of March 31, 2012) and ITOCHU donated a total of 15 sets (one set consists of 100 books for children) to 13 volunteer organizations acting in areas affected by the Great East Japan Earthquake.

Books were donated to 13 volunteer organizations, including Tulip Bunko (Minamisoma-shi, Fukushima), Hoiku Mama no Kai Grandma (Shiwa-gun, Iwate), and Ehon Yomikikase no Kai "Omusubi Kororin" (Shibata-machi, Miyagi)

ITOCHU Foundation



Growth of future generations

TOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation in 1974. The foundation develops programs that match the needs of the times, such as current two major projects; subsidizing the development of children's literature collections (including subsidies for library development at schools and supplementary schools for Japanese nationals overseas), and promoting the development of an e-book library.

■ Providing Subsidies for Children's Literature Collections

In fiscal 2012, children's literature collection subsidy activities included not only subsidies for the purchase of children's books and the 100 Children's Books Subsidy but also emergency support for areas affected by the Great East Japan Earthquake.

In addition, the Foundation has aggressively provided subsidies for library development at Japanese schools and supplementary schools overseas. This support has been provided to 56 schools.



Students at a Japanese school in Guatemala hold books sent from the ITOCHU Foundation




Subsidizing the Development of Children's Literature Collections

	Number of subsidies
Subsidies for purchase of children's books	37 (of which, 1 overseas)
Subsidies for purchase of children's books for hospitals	8
100 Children's Books Subsidy	32 (of which, 11 overseas)
Subsidies for libraries at Japanese schools / supplementary schools	52 (of which, 52 overseas)
Emergency support for areas affected by the Great East Japan Earthquake	6
Total	135 (of which, 64 overseas)

■ Promoting the Use of E-Books

In fiscal 2011 the Foundation began to promote the development of an e-book library that utilizes PCs for children with disabilities who are unable to read conventional books. The Foundation has revised the scope of this project, which is now focused on making it easier to read for more children. The Foundation has provided, at no cost, 38 works to 501 locations throughout the country, such as schools for children with special needs.

Providing Aid to Areas Affected by Major Natural Disasters

-  Action on global humanitarian issues
-  Community contribution
-  Support for volunteer work by our employees



For humanitarian reasons, we donate money and provide supplies for the emergency relief of people affected by natural disasters.

By collaborating with local branch offices and related organizations, we provided the following aid.

Recent examples

Flooding in Thailand	¥30,000,000
Earthquake in Turkey	¥5,000,000
Typhoon-Hit Philippines	Approx ¥5,000,000

Support for Manila Hemp Plantation Rehabilitation Project

-  Environmental conservation
-  Community contribution
-  Support for volunteer work by our employees

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



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

-  Action on global humanitarian issues
-  Community contribution
-  Growth of future generations

We support the activities of "Kokkyo naki Kodomotachi" (KnK: meaning Children without Borders), an NGO that supports street children, children who are victims of major disasters, and other children in developing countries. On December 11, 2009, renovating was completed for House for Youth, made possible through support from ITOCHU. Located in the outskirts of Manila (Philippines), House for Youth is a home that helps young people become independent. It was also put to effective use as an emergency evacuation center when typhoons hit the Philippines in September 2009. Moving forward, the home will provide a wide range of support to approximately 1,000 young people per year.



House for Youth



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

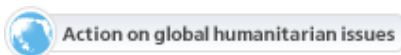
KnK Reports From the Philippines

KnK's support activities in the Philippines based around House for Youth are growing. In addition to housing 14 children, House for Youth is also used as a venue each month for computer skills training, a youth development program and development seminars for mothers. We aim to continue using House for Youth as a base for expanding our community activities to support youth and people living in slums.



Together with the staff members of KnK

Support Activities for the World Food Programme (WFP)



Action on global humanitarian issues



Growth of future generations



Support for volunteer work by our employees

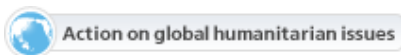
With the hope of alleviating hunger and poverty worldwide, we have been serving as a council member of the Japan Association for the WFP, a nonprofit organization that focuses on building support in Japan for the World Food Programme (WFP) and its hunger relief operations.

In May 2012, employees of ITOCHU Corporation and ITOCHU Group companies participated in End Hunger: Walk the World, held in Yokohama. This is an annual event to raise money and awareness for the WFP's efforts to fight child hunger and malnutrition. At its Tokyo Headquarters as well, ITOCHU regularly engages in activities such as fundraising and holding panel exhibitions for introducing the WFP's activities.



Participated in End Hunger: Walk the World

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



Action on global humanitarian issues



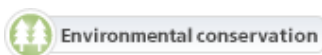
Growth of future generations



Support for volunteer work by our employees

Our corporate cafeterias in Tokyo, Osaka, and Nagoya are TFT partners. People who order a meal from a TFT Healthy Menu at these cafeterias can automatically donate 20 yen per meal, which is included in the price. The donated money is sent to the WFP via the TFT secretariat and used for the WFP's school meal program.

Opening of Eco Shop Pavilion in KidZania Tokyo



Environmental conservation



Growth of future generations

In April 2012, ITOCHU opened its Eco Shop environmental pavilion in KidZania Tokyo, a facility for children to experience diverse types of work, presented from the standpoints of fostering future generations and environmental conservation.

The theme of Eco Shop is the global environmental effort called the MOTTAINAI Campaign. Visitors to the pavilion can create original products such as a My Furoshiki Wrapping Cloth, Eco-Bag for Shopping, and My Chopsticks to Carry Along, all using eco-friendly materials.

For each child creating an original item at the Eco Shop, an amount equivalent to the cost of one tree sapling is donated to the Green Belt Movement, a tree-planting activity in Kenya. The activities seek to help children learn to cherish their possessions and understand global environmental issues through their fun experience at the Eco Shop. It also aims to cultivate their awareness of the need to voluntarily participate in activities for solving these issues.



The amount equivalent to one tree sapling for planting will be donated to the Green Belt Movement for each child who participates.

ITOCHU Baseball Class



Community contribution



Growth of future generations



Support for volunteer work by our employees

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

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



The 5th ITOCHU Baseball Class held in December 2011

Community Cleanup Activities on Aoyama-dori



Community contribution



Support for volunteer work by our employees

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

"Campaign to Deliver Picture Book" for Children in Asia



Growth of future generations



Support for volunteer work by our employees

ITOCHU participates in the Campaign to Deliver Picture Books organized by the Shanti Volunteer Association. Participants in this campaign affix labels showing text translated into local languages, such as Cambodian, on corresponding pages of Japanese picture books, and send the books to local children as gifts. This campaign allows participants to engage in volunteer activities while enjoying the books. ITOCHU employees of all ages, both men and women, are working to produce these books.

Selling Bread from the Swan Bakery



Growth of future generations



Support for volunteer work by our employees

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

Reports on Social Contribution Activities (From April to December, 2011)

April

■ Packing of Uru-Uru Packs to support regions hit by the Great East Japan Earthquake (Tokyo)

On April 5, packing work for Uru-Uru Packs to be offered to victims of the Great East Japan Earthquake took place in Tokyo. An Uru-Uru Pack is a set of relief supplies for one person, such as cosmetics for women and stationery items for children, put into a package so that they can be easily distributed in the affected areas. Six staff members of the ITOCHU Group took part in the work.



■ Disaster relief projects proposed by new employees in fiscal 2011

In training for new employees in fiscal 2011, the trainees were divided into 14 groups with each group studying and proposed a specific project that ITOCHU Corporation could undertake to help those regions affected by the Great East Japan Earthquake. The new employees cast their votes to choose four proposals that will be presented to a board of examiners, including our chairman Eizo Kobayashi, for the final decision. Then, ITOCHU Foundation and the new employees will develop the chosen project into more specific form and finally put it into action as a relief activity.

■ ITOCHU KOREA personnel participate in tree planting for the next generation.

On April 16, a total of 26 people, including ITOCHU KOREA employees, their family members, and clients, participated in a voluntary tree-planting activity. Each participant planted four coastal pine seedlings. Planting of coastal pines helps block wind and dust from the sea and contributes to local communities and to the environment. All participants finished the day feeling very fulfilled.



■ Participation of ITOCHU volunteers in a booth at Earth Day 2011 Tokyo.

On April 23-24, Earth Day 2011 Tokyo took place in and around the Yoyogi Park as an event for thinking about the global environment. A large number of organizations joined as exhibitors. From ITOCHU Corporation, four employees staffed the booth of a non-profit organization (NPO) that is calling for action to step global warming, giving visitors explanations on power saving that can be done in the home and giving away bamboo candles.



May

■ Packing of Uru-Uru Packs for supporting the regions hit by the Great East Japan Earthquake (Nagoya)

On May 7-8, packing work for Uru-Uru Packs to be sent to victims of the Great East Japan Earthquake took place in Nagoya. Eight volunteers from the Nagoya Branch, including family members, volunteered to do the packing. Containing stationery items and lunch boxes for children, 2,000 Uru-Uru Packs were delivered to the town of Shichigahama in Miyagi Prefecture.



■ A Fureai Nature observation meeting at the Institute for Nature Study

On May 15, a nature observation meeting took place at the Institute for Nature Study with the participation of 12 staff members from the ITOCHU Group. After attending an ecology seminar entitled "A Life-or-Death Scramble for Light," the participants observed nature in the garden of the Institute. A participant commented that he had not realized that there was such a rich natural environment in Meguro.



■ The First Saitama Farm Volunteer Activity (rice planting)

On May 22, the first Farm Volunteer Activity for 2011 took place with 41 participants from among the ITOCHU Group employees and their families. The participants planted rice seedlings. This series of activities has the aim of making parents and children aware of the challenges involving in growing rice and of the importance of agriculture through a year-long rice growing experience in which chemicals are not used.



June

■ Cooperation with short-term homestay of Chinese university students

Twice a year, ITOCHU Corporation cooperates in a short-term homestay program for groups of Chinese university students visiting Japan. For two days, specifically on June 4-5, one of our staff members accepted one such student at home.



■ ITOCHU staff members acting as Business Volunteers after the Great East Japan Earthquake

As part of its efforts to support employees wishing to engage in volunteer activities, ITOCHU Corporation introduced some of its staff members to the Workers' Volunteer Program organized by the Joint Committee for Coordinating and Supporting Voluntary Disaster Relief Activities, offering to subsidize their participation in this program. In June, the first group of seven staff members took part in work in Iwate and Fukushima under the program.



■ Extracurricular activity for third graders of Minato Municipal Aoyama Elementary School: Looking at the local community from a height

Each year, we accept third graders from the local Aoyama Elementary School as an extracurricular activity. This year, 21 schoolchildren visited our office on June 9 to view their community from the top level of the building.



■ Disaster relief project led by new employees in fiscal 2011: Offering bookmarks with messages from all of us

From among the four shortlisted proposals made at the training session for new employees in April, ITOCHU Corporation chose the Minna Happy Project. For this project, we prepared bookmarks with messages and pictures and put them in books to be offered to children in the affected zones. On June 17, the first 50 picture books with bookmarks carrying messages from our new employees were delivered to the Tampopo Nursery School in the city of Koriyama in Fukushima Prefecture.



■ Blood donation and marrow donor registration drive at Tokyo Head Office

Held on June 28, the blood donation meeting at our Tokyo Head Office attracted 129 applicants. Meanwhile, 14 volunteers signed up with the Japan Marrow Donor Program.

July

■ The Second Saitama Farm Volunteer Activity (weeding in rice paddies)

On July 3, the year's second farm volunteer activity took place in the city of Saitama, with 30 participants comprising ITOCHU Group and their family members. At this event, the participants entered the rice paddies where they had planted rice previously and removed weeds. Every participating volunteer became covered in mud. Because herbicides are not used, weeding is required to ensure that the rice grows well. At the next event, the participants will reap the rice.



■ Donating baseball equipment and holding a baseball coaching session for children affected by the disaster

ITOCHU Corporation's baseball club has been supporting children affected by the Great East Japan Earthquake by, for example, donating baseball equipment to a boys' baseball team in the Iwate Prefecture city of Rikuzentakata. On the weekend of July 2-3, some 20 leading members of the baseball league of 10 trading companies, including our own club, held a baseball coaching session for about 150 elementary and junior high schoolchildren in the city of Iwaki in Fukushima Prefecture.



■ New employees' participation in the first local cleaning activity

On July 7, the Aoyama 2-chome Community Association held a cleaning activity with the participation of 25 of our employees who joined us in fiscal 2011. Wearing identical windbreakers, they worked together with the community association, the Minato City Government, the Akasaka Police Station and neighboring businesses in picking up trash, giving warnings to illegally parked bicycles, and guiding pedestrians at crosswalks. Our new employees are expected to take part the activities in turns.



■ ITOCHU Charity Concert for Earthquake Disaster Reconstruction.

On July 19, the ITOCHU Charity Concert for Earthquake Disaster Reconstruction was held at the Denryoku Hall in Sendai. On the day, about 1,000 visitors, including ITOCHU Group employees, their families, business partners, and victims of the disaster, enjoyed a performance by the New York Symphonic Ensemble. All proceeds collected from the audience on the day was donated to the Kiwanis Club of Sendai Children's Fund.



■ Continuing to support employees' volunteerism in the wake of the Great East Japan Earthquake.

In the wake of the Great East Japan Earthquake, ITOCHU Corporation has been providing support for employees wishing to take part in volunteer activities, in addition to corporate aid in the form of relief money and relief supplies. In July and August, 11 employees in Tokyo took part in the Workers' Volunteer Program and three others in a program run by the Kansai Economic Federation.



September

■ New employees participating in second local cleaning activity

Nineteen new employees for fiscal 2011 took part in a cleaning activity on September 1 organized by the Aoyama 2-chome Community Association. In this event, participants weeded the sidewalks and issued cautions to illegally parked bicycles together with the community association, the Minato City Government, the Akasaka Police Station, and local businesses. Among other tasks, weeding had to be done in sweltering weather, which left everyone perspiring profusely. The work was done very efficiently in collaboration with the community association personnel.



■ ITOCHU scholarship students workshop and voluntary conservation

On September 10, 52 students receiving scholarships from ITOCHU Corporation to study at universities in Japan visited our Tokyo Head Office for a workshop and a social gathering with our staff members. On the following day, September 11, they engaged in voluntary activities for environmental conservation at the Tokyo Port Wild Bird Park. In the very hot late-summer weather, they picked up trash and helped improve the tidelands together with park volunteers. The event helped deepen exchange among scholarship students and provided a good opportunity to make our CSR activities known to them.



■ The 3rd Saitama Farm Volunteer Activity (rice reaping)

On September 11, the third farm volunteer activities in 2011 took place in the city of Saitama. A total of 53 participants, comprising our staff's family members and group companies' staff members, first listened to farmers about the significance of organic farming, then actually cut rice ears. After realizing how tough farming was, everyone made sure to leave no leftovers at lunch.



■ Workshop for infant safety by the Japanese Red Cross Society

On September 28, the Japanese Red Cross Society held an infant safety workshop at our Tokyo Head Office. The attendees learned how to deal with accidents that can occur in everyday life amid infant growth, how to use the automated external defibrillator (AED), and how to deal with infants in the event of disaster.



October

■ New employees participating in 3rd, 4th, and 5th local cleaning activities

On October 6, 17 and 18, a total of 32 new employees who joined us in fiscal 2011 took part in cleaning activities organized by the Aoyama 2-chome Community Association and the Akasaka Regional City Office. Specific activities varied depending on the day, ranging from picking up trash to issuing cautions to unlawfully parked bicycles, but the basic principle was to clean the district in collaboration with the community association, the regional city office, the Akasaka Police Station, and participants from local businesses. As many of our staff members take part in the activities, we earn both high expectation and appreciation from the community association and the regional city office.



November

■ The 3rd Borneo Tree-Planting Tour

On November 2 to 7, 14 staff members of the ITOCHU Group held a tree-planting experience on the island of Borneo. This program takes place every year as part of Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem launched as a 150th anniversary commemoration program. The participants had the opportunity to plant trees on site and observed the steady growth of trees planted in the past two years.



■ Cleaning activities

On Thursday, November 10, some of our new employees took part in cleaning activities around the Tokyo Head Office. These constitute part of the new employees' activities for maintaining good relations with local communities, launched in fiscal 2011. This 6th event in the series involved 21 new employees.

■ Sixth graders from Aoyama Elementary School visit ITOCHU for extracurricular activities.

On November 25, 28 sixth graders from Minato Municipal Aoyama Elementary School near our Tokyo Head Office visited ITOCHU as part of their extracurricular activities. They listened to explanations on solar power generation that we were promoting while visiting the solar power station on the rooftop. They also heard about our activities for restoring tropical rainforests on the island of Borneo and learned ways to combat global warming.



December

■ The 5th ITOCHU Baseball Workshop

We organized another baseball workshop for children with disabilities at the Meiji Jingu Gaien Indoor Ball Park on Saturday, December 3. We organize one such workshop every year to encourage the sound development of local youth and good relations with local communities. The children were delighted to be in an indoor ballpark that is normally used by professional baseball players. They had fun running, defending, and hitting the ball.



■ Cooperation in homestay of Chinese university students participating in the 9th "THE CHINESE STUDENTS VISIT JAPANESE ENTERPRISES and FEEL JAPAN" Project

A program that invites Chinese university students to Japan and lets them stay a night with Japanese company employees was held for the ninth time. Five ITOCHU Corporation employees accepted Chinese students and their families enjoyed an exchange with the students on December 3-4.



■ Post-earthquake voluntary aid activities by ITOCHU staff

Twice in December, a total of 25 employees in the ITOCHU Group participated in voluntary activities for earthquake disaster relief operations in the city of Rikuzentakata. Nine months after the massive earthquake, demand for volunteers was shifting to reconstruction purposes, but volunteers are still needed. All participants met with local residents and engaged enthusiastically in collaborative work.



■ Visit by sixth graders from Aoyama Elementary School for extracurricular activities

On December 16, sixth-grade schoolchildren from Aoyama Elementary School visited our Tokyo Head Office. In late November, their teacher asked them what they would like to do if they became managers in the future. The children thought carefully about it and presented their results. Their presentations were on five points: changing the world, environmentally friendly recycling, new technologies for reducing CO2, helping the Earth and humanity with local consumption of locally produced energy and electric power storage as a means of reducing CO2. All showed very adult thinking, even though they had the voices of children.



■ Blood donation through the Japanese Red Cross Society

On Monday, December 19, a blood donation session took place with the Japanese Red Cross Society. Eighty-nine volunteers donated blood and two registered as marrow donors. Taking place twice a year, these sessions will be continued in the future.

Reports on Social Contribution Activities (From January to March, 2012)

January

■ Community Cleanup of Aoyama-dori

On January 19, first-year employees of ITOCHU Corporation participated in a community service cleaning up a segment of Aoyama-dori (a major thoroughfare) in the vicinity of the Tokyo Head Office. This was the ninth time the first-year employees cleaned the sidewalk and gutter as part of the social contribution activities they launched for the fiscal year ending March 31, 2012. On



this occasion, despite the cold weather, a group of sixteen young women from ITOCHU joined neighborhood organizers, local police and volunteers from other companies in the area to clear the street of debris and hand no-littering reminder leaflets out to passersby. A troop of thirteen volunteers from ITOCHU Group company CI Shopping Service Co., Ltd. also lent a hand to participate in the social contribution activity. In all, more than 30 volunteers from the ITOCHU Group showed up, including the organizers, much to the gratitude of the other participants. They were offered warm words of praise for a job well done from the passersby and the police on guard at the Crown Prince's palace. It was a cold day out, but we were all warmed by the sense of community we felt as we participated in the cleanup.

■ Taiwan Business Partner Donates Blankets to Ogatsu-cho District of Ishinomaki City in Miyagi Prefecture

Soon after the Great East Japan Earthquake occurred last March, Eastern Microelectric Lab Inc., an ITOCHU business partner in Taiwan, donated about 1,500 blankets to ITOCHU as emergency relief supplies. Although this was a warmhearted act of support, a huge amount of blankets had already been given by bodies in Japan and overseas, and at the time it wasn't possible for us to deliver this donation immediately to the stricken area. However, the first winter since the earthquake came round. On the two days this year of January 21 and 28, we delivered these warm blankets directly into the hands of local people with the help of an NPO active in the area called Sweet Treat 311. The blankets were given to people living as evacuees in their homes and the residents of temporary housing complexes at nine locations centered on the district of Ogatsu-cho in Ishinomaki City in Miyagi Prefecture. On these two days, some ITOCHU employees volunteered to join in and give out the blankets. ITOCHU continues to sincerely hope that this region can fully recover as quickly as possible.



February

■ 'Fund-Raising Campaign on St. Valentine's Day'

A fund-raising campaign titled "Let's Send Love to Devastated Parts of the Tohoku Region by Donating Our Money" took place at ITOCHU Corporation's Tokyo Head Office and Osaka Head Office on February 14, which was St. Valentine's Day. This campaign started with the idea of "sending money kept for buying gifts for St. Valentine's Day and the so-called White Day (a Japanese invention for returning St. Valentine's gifts) to people in affected areas," conceived by volunteers among ITOCHU employees, and spread from them to people in the entire company.



At the Osaka Head Office, volunteer ITOCHU employees collected goodwill donations energetically in elevator halls and at their respective places of work in the morning and at lunch time. At the Tokyo Head Office, many ITOCHU

employees began donating their pocket money to the fund-raising campaign during their lunch break, spurred by the "first donation" President and C. E. O. Masahiro Okafuji made as the first thing in the morning. ITOCHU will donate 378,817 yen raised through this campaign to a public service corporation called Nippon International Cooperation for Community Development (NICCO), which has been undertaking reconstruction support activities in Miyagi and Iwate prefectures since the period immediately after the earthquake and tsunami, requesting the aid-supplying corporation to apply the donations to programs for supporting schools in devastated areas.

■ Employees' Volunteer Activities for Supporting Areas Devastated by the Earthquake and Tsunami

ITOCHU Group employees engaged in volunteer work for supporting areas devastated by the Great East Japan Earthquake and tsunami from February 16 to 19. It was the third round of such support activities the ITOCHU Group had launched last December. On this occasion again, a group of 10 ITOCHU employees worked hard at a support site in Rikuzen Takata City, Iwate Prefecture, during the daytime, undaunted by a low February temperature. They assisted reconstruction by eating and drinking at a restaurant in Kesenuma City, Miyagi Prefecture, at night. All participants in this third round of support activities were ITOCHU Group employees, but most of them met others in the volunteer group for the first time. The 10 volunteers became one team from the first day and kept working as hard as they could for three days.

ITOCHU will continue these support activities by volunteer employees.



■ Miyagi Prefecture Thanks ITOCHU for Its Post-Earthquake Support with a Letter of Appreciation

On February 21, Vice Governor Masahiro Wako of Miyagi Prefecture visited ITOCHU Corporation's Tokyo Head Office to hand a letter of appreciation for support ITOCHU had provided to the prefecture since the period immediately after the Great East Japan Earthquake. Representatives from Yayoi Foods Co., Ltd., an ITOCHU Group company continuing to support manufacturing activities in Kesenuma City, Miyagi Prefecture, also came to the Tokyo Head Office on this day. Concerned ITOCHU officials and the Yayoi Foods representatives listened to various topics Vice Governor Wako covered in his speech, including on-site progress toward reconstruction and the need for sustained assistance. On the occasion, Vice Governor Wako also thanked the ITOCHU Group for its continuing practice of sending volunteer employees to a support location within Miyagi Prefecture on a regular basis.



March

■ In-House Fund-Raising Campaign on the First Anniversary of the Great East Japan Earthquake

On March 12 and 13, one year and one day and one year and two days after the Great East Japan Earthquake, ITOCHU Corporation organized an in-house fund-raising campaign based on its policy of sustaining support for areas devastated by the giant earthquake and tsunami. The campaign raised 638,171 yen (including donations made at ITOCHU's Tokyo Head Office and Osaka Head Office), thanks to a high level of interest employees expressed.

One ITOCHU employee who cooperated in this campaign said, "One year has passed since the earthquake, but news programs I saw gave me the feeling that we must support affected areas much longer. I'll keep doing what I can."

ITOCHU plans to add the same amount to the final campaign result and donate their sum to programs for supporting the affected areas.



■ Employees' Volunteer Activities for Supporting Areas Devastated by the Earthquake and Tsunami

ITOCHU Group employees engaged in volunteer work for supporting areas devastated by the Great East Japan Earthquake and tsunami twice this month, first from March 15 to March 18 and second from March 22 and March 25. A total of 25 ITOCHU Group employees took part in these two rounds. The two work occasions represented the fourth and fifth rounds of such support activities by ITOCHU volunteers. Poor weather restricted their activities at times, but the ITOCHU Group employees who took part in the two rounds worked together to carry out their activities, such as scooping rubble from gutters.



Social Contribution Programs to Commemorate the 150th Anniversary

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



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

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

ITOCHU Group Forest for Orang-utan

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

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

Ranked with the Amazon, the island of Borneo is considered a treasure house of biodiversity, but recently development



has made headway and some of the tropical rainforests have been damaged to the degree that it is not possible to preserve the ecosystem with natural regenerative power alone. This program is designed to assist with the regeneration of these damaged rainforests. In the northeast of Borneo, at North Ulu Segama in the state of Sabah in Malaysia, where ITOCHU supports an area for rainforest regeneration, WWF, the international conservation organization, is collaborating with the Forestry Department of the State Government of Sabah, to carry out reforestation of an area of approximately 2,400 hectares. Within the area, the ITOCHU Group is supporting the regeneration of 967 hectares. The land in question is also a habitat for orangutans, an endangered species. The reforestation not only protects the orangutans ; it is linked to the protection of many living creatures whose habitat is here.

Reforestation of 432 hectares had been completed as of the end of December 2011, and reforestation of all the 967 hectares are scheduled to be completed by the end of 2012.

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

Program Description

Recipient	Japan
Term	From FY2010 to FY2014 (five years)
Location	Borneo (North Ulu Segama, Sabah, Malaysia)
Area	967 hectares (approximately half the size of Minato Ward in Tokyo)
Contribution	A total of 250 million yen (including donations from Group companies)
Tree-planting	We will plant species of trees that are appropriate to local conditions with the focus on the local Dipterocarpaceae species. We will plant trees and undertake maintenance for a period of five years.
Employee volunteering	We are involved in local forestation activities (tree-planting, cutting undergrowth), wildlife observation, and other activities by employee volunteers, including those from Group companies.

Reforestation Activities by Employee Volunteers



Trees that were only knee-high have grown substantially in two years



Planting trees carefully in an area by the ITOCHU signboard

WWF Program Outline

■ Reforestation Activities in the North Ulu Segama on Borneo: Revive! The Forest of the Orang-utan, an Endangered Species

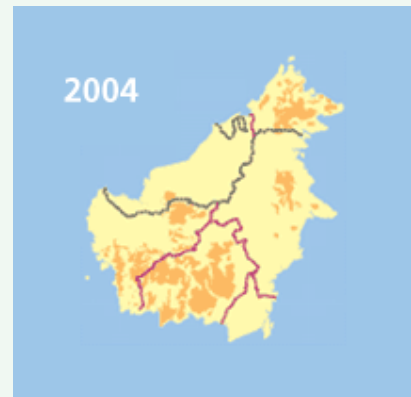
Objective

To undertake reforestation of an area of 2,400 hectares with high conservation priority and requiring human intervention due to severe deterioration in the state of Sabah, Malaysia.

The Significance of the Location

A diversity of plants and indigenous species, including the orang-utan, inhabit the island of Borneo, which is a treasure house of biodiversity. To cite one example, the orang-utan, the mammal that is the symbol of Borneo, is an endangered species of primate that only survives on Borneo and Sumatra. In 2005, WWF established areas of particularly high priority as habitats for the orang-utan on Borneo: three areas on Indonesian territory and in Sabah, Malaysia. The five areas listed below (in order of importance), in Sabah, are of particular significance.

The decline in the headcount for native orang-utans is caused by the overall decline of forested areas as well as the splitting off of forested areas. Securing the habitat is directly linked to the preservation of the forest ecosystem on Borneo.



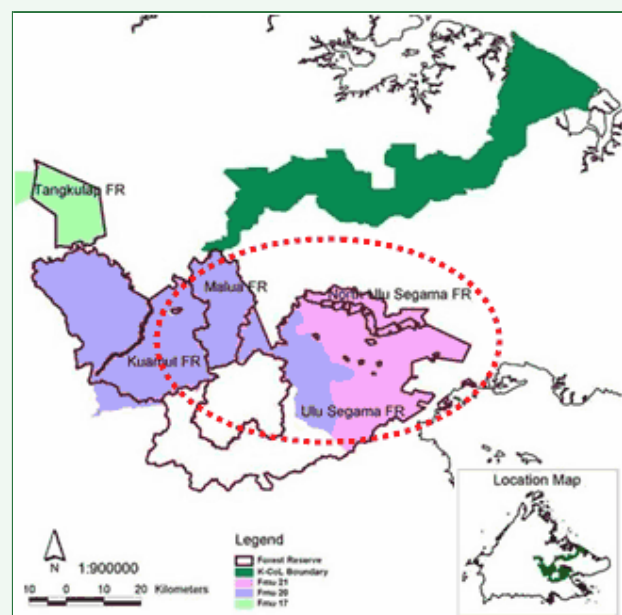
Orang-utan habitat
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Region	area (km ²)	headcount
Ulu Segama Malua	3,000	5,000
Kinabatangan north	1,400	1,700
Tabin Wildlife Reserve	1,200	1,400
Kinabatangan lower reaches	400	1,100
Kulamba Wildlife Reserve	210	500

Significance of the Activities

In the most important area of Ulu Segama Malua (USM), logging for timber started in the early 1960s but was stopped as of January 2008 with the State Government of Sabah inviting WWF Malaysia to join the team that will produce a ten-year plan for USM forest management. In this way, the opportunity for protection is increased and the work can go ahead in an environment where it is easy to promote conservation activities to achieve the following four goals.

1. To protect the biodiversity and genotype by restoring the Dipterocarpaceae forests in the lowlands where many species survive.
2. To secure for the long term a habitat for large primates and endangered species.
3. To save indigenous species from the crisis of extinction.
4. To secure for the long term an environment where the separated forests are linked together to allow wild animals to move over a wider range and to secure food.

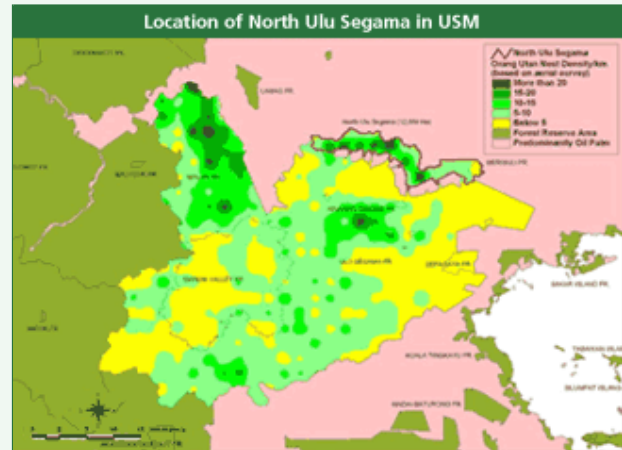


Ulu Segama-Malua
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Location

In Ulu Segama, and particularly in North Ulu Segama where deforestation is severe, there are approximately 90 orang-utans, but, since the deterioration is too severe, there is no prospect for forest regeneration without human intervention such as planting trees and clearing the undergrowth. It has been decided to restore 2,400 hectares of forest in this area. The Ulu Segama area is a forest reserve where commercial use is allowed and, as is the case with other forest reserves, the Sabah Forestry Department (SFD) owns the land. WWF has already established a local officer here and have a team in place to monitor the orang-utans. The target area is divided into three blocks; work has started in one block with funding from:

- Marks & Spencer (UK)
- The Addeesium Foundation (Netherlands)
- WWF UK
- WWF Germany
- WWF US



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Tree species

Below is a list of some of the common tree species being planted.

Local name of species	scientific name	commercial name
Laran	<i>Neolamarckia cadamba</i>	Laran
Binuang	<i>Octomeles sumatrana</i>	Binuang
Seraya Kepong	<i>Shorea ovalis</i>	Seraya
Kapur Paji	<i>Dryobalanops lanceolata</i>	Kapur
Seraya Tembaga	<i>Dipterocarpus caudiferus</i>	Keruing
Seraya Daun Kasar	<i>Shorea fallax</i>	Seraya
Kawang Jantung	<i>Shorea macrophylla</i>	Tengkawang
Selangan Jangkang	<i>Hopea nervosa</i>	Merawan
Urat Mata Daun Licin	<i>Parashorea mallanonan</i>	White seraya
Seraya Daun Mas	<i>Shorea argentifolia</i>	Seraya
Seraya Punai	<i>Shorea parvifolia</i>	Red seraya
Seraya Kuning	<i>Shorea kudatensis</i>	Yellow seraya

News from Borneo: Vol. 3

In the Malaysian state of Sabah of the island of Borneo, where the activities of the ITOCHU Group Forest for Orangutans take place, fourteen Company employees and employees of Group companies participated in a tree-planting tour in November 2011.

We introduce here the fascinating natural environment the participants encountered and their thoughts about the tour.



Kota Kinabalu



The gateway to tours of Borneo, Kota Kinabalu is a growing commercial center with a population of approximately 300,000. The tour starts from this city. WWF-Malaysia also has an office here.

Comments from participants

For the first time, I realized that tree-planting is not just about planting something in a place where there are few trees, but you have to consider the species of trees to plant, and calculate the ratios and spaces between them before planting. Also, if you don't do a good job of covering the area around the roots with soil when you plant a tree, water will collect there and cause the roots to rot and wither. Even if the tree takes root safely, I learnt that it needs continued maintenance, and once again I became aware of the hard work of all the staff involved in this work, and that reforestation is not easy.

North Ulu Segama



This is the reforestation area for this project. We are supporting 967 hectares (approx. 207 times the size of the Tokyo Dome) for forest regeneration. By the end of September 2011, approximately 424.19 hectares (approx. 44%) of forest had been planted.

Comments from participants

On the journey to the reforestation area, plantations for the palm oil industry extended endlessly all the way to the entrance to the managed area for reforestation was second and third generation forest where raw wood had been logged and left unattended. We cannot use the pretext of forest protection to apply unilateral pressure on the industry that has brought economic growth to Malaysia, but I felt that we could perhaps propose different methods of protection. It takes a long time to regenerate a forest, but the shortest way is precisely when more people empathize with these feelings. I hope that these tours will continue and that more people will feel empathy.

Comments from participants

I was a little doubtful about how to go about tree-planting. I imagined that we would dig the holes ourselves, but in fact the local WWF staff dug the holes for us ahead of time, and we only had to plant the saplings that were ready for us. However, planting the trees on slopes where the foothold was bad after the rain, and crouching in very little space to tamp down the clay-like soil was certainly not easy work. It took me 45 minutes to plant eight trees. As I planted, I wished for each of the trees to grow large and give food to the orangutans. Perhaps as a token of gratitude for my wish, on the way back, we had an encounter with a family of wild orangutans.

Sukau



This is a popular location for cruises on the Kinabatangan River, and a place where you can come across many wild animals such as crocodiles and proboscis monkeys.

Comments from participants

We were lucky to have encounters with a family of wild orangutans and the adorable Borneo's pygmy elephants. On Borneo, there are a lot of animals and plants that we cannot see in Japan, birdcalls I have never heard before, and an abundance of insect sounds, and I had a strong impression of a place that is actually rich in biodiversity. To have been able to share in activities to protect this rich natural environment together with the other participants is a precious memory.

Sandakan



Sandakan is the second city after Kota Kinabalu. It flourished as trading post and as the heart of British North Borneo until 1947 when the capital was moved to Kota Kinabalu.

Comments from participants

With our own eyes, we saw water villages and other lifestyles you never see in Japan as we traveled by bus to a temple on a hill for the views over the beautiful ocean. There, we could see the scenery of old houses densely packed on the boundary between ocean and land. Looking into the distance, we saw nothing but the dark green of tangled jungle. Words are not adequate to describe the calm of that place.

Sepilok



The Orangutan Rehabilitation Centre, which returns orangutans on the verge of extinction to the wild, is located here.

Comments from participants

We visited the Rehabilitation Center where I learned that orangutans share 96.4 per cent of their DNA with human beings. Once again, I had a solid sense of how very similar and close orangutans are to human beings. However, orangutans do not have the power to regenerate the forests. The ITOCHU reforestation program is a very important activity to help with that, and once again I experienced the significance of the program. I look forward to the day when orangutans living in the wild will sleep and eat in the tops of the trees that we planted.

Tree-Planting Tour

Itinerary

Day 1	11/3	Haneda (departed previous day on late night flight) – Kota Kinabalu (Borneo) (WWF office) – Lahad Datu
Day 2	11/4	Lahad Datu – Ulu Segama (planting site) – Sukau
Day 3	11/5	Sukau – Sandakan – Sepilok
Day 4	11/6	Sepilok (Rehabilitation Center)
Day 5	11/7	Sepilok – Sandakan – Kota Kinabalu – Haneda

Reforestation Status as of December 2011



As of the middle of December 2011, 432.13 hectares (approx. 45%) of forest had been planted. At present, the remaining areas are in the process of reforestation, and the expectation is to have completed the tree-planting by the end of 2012. After that, maintenance work at the site will continue until July 2014, and from then on, the site will be left to grow naturally.

Tree-planting Report

Day 1 (November 3)

After a late night flight from Haneda, we arrived in Kota Kinabalu early in the morning. We visited a nearby bird sanctuary, and then at 9:00 a.m. we headed for the WWF-Malaysia office where we heard a lecture about forest protection techniques, its importance, current progress status, and methods for surveying the orangutans, followed by a lively question and answer session. After that, we transferred by propeller plane to Lahad Datu.



After arriving at Kota Kinabalu, we visited the water village



We stopped off in a bird sanctuary



Bird-watching



Lecture at the local WWF office



To Lahad Datu by propeller plane

Day 2 (November 4)

Last night there was a tropical squall typical of the rain forest climate and we were worried about being able to do the tree-planting for the day. By the morning, the rain had more or less stopped, but everyone was looking a little tense until the last meeting at the hotel had finished, and we finally got underway. We left the town and passed through the palm tree plantations until we finally arrived at the tree-planting site.



Tension in the air at the meeting before leaving for the tree-planting site



We are off to the tree-planting site

At the reforestation site that ITOCHU supports, we were all able to verify the growth of the saplings planted by ITOCHU employees last year and the year before. This time, the area for planting was divided into five sections, and we planted 20 saplings in each section. Everyone worked hard on the steep slope to plant the saplings, one by one and eight meters apart, carefully covering them with soil.



Listening to the explanations by local WWF staff



The planting site



We put our hearts into planting



Working on the steep slope



Lots of smiles despite the hard work



Underneath a sapling planted last year



Commemorative photo shoot in front of the signboard



After planting, we were lucky to have an encounter with a wild orangutan

Growth Status of Planted Trees



A tree planted in November 2010



Had grown this tall by November 2011

Day 3 (November 5)

Once the tree-planting was completed, we transferred by bus to Sukau where we stayed the night at a lodge along the Kinabatangan River. We went on a river cruise where we saw a lot of wild animals. (We had a warm welcome from orangutans, proboscis monkeys, pygmy elephants and lizards)



Looking for animals along the river on a morning cruise



A morning cruise on the big river



Discovering wild lizards



Cruising through the jungle



Encountering a wild pygmy elephant



A wild proboscis monkey in a tree



Arriving at Sandakan



View of Sandakan from the hilltop

Day 4 (November 6)

After walking through a rainforest facility run by the Forestry Department of Malaysia in the morning, we visited the orangutan Rehabilitation Center at Sepilok for a video presentation and to watch the orangutans feeding.



At the orangutan Rehabilitation Center



We encountered orangutans

A passion that performs miracles



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

The third tour has finished without any difficulties thanks to the participants as well as everyone involved at the office. Once again, I would like to thank you for your support. This year, I accompanied the tour and through exchanges with the participants, I was surprised at how everyone in the ITOCHU Group has a high level of awareness of wildlife protection and the preservation of the global environment, and as a participant I listened to the conversations with a great sense of appreciation. Despite being tired after traveling overnight, everyone listened enthusiastically when local WWF staff explained the project, and I was impressed by the numerous questions after the presentation. With the active attitudes of the employees of the ITOCHU Group, a leader in global business development, I felt confident that we were in good hands. On the night before tree-planting, there was a violent thunderstorm, and we worried about being able to do the tree planting, but perhaps because everyone's enthusiasm was sky-high, we were blessed with good weather on the day, and were able to finish all the planned tree-planting work. In the hot and humid environment, planting even a few saplings was hard work, and it was really impressive to see how everyone maintained very serious expressions as they carefully planted one tree after another. We might even say that having the good fortune to see a mother and child orangutan appear at the tree-planting site was nature's way of saying thank you, and perhaps a miracle that everyone performed together.

Establishing the ITOCHU Scholarship Fund

Assisting Non-Japanese Students to Lead the Next Generation

To celebrate the 150th anniversary of its founding, ITOCHU Corporation established the "ITOCHU Scholarship Fund" in 2009 in order to reduce the financial burden during their study in Japan for foreign students in Japanese universities. This support will enable them to better focus on their academic work, while encouraging these students to contribute to the development and strengthening future ties between Japan and their home countries.

Each year the scholarship will be awarded to 20-30 foreign students in their third and fourth year, who are currently enrolled in Japanese universities. Each student will receive ¥1.5 million per year (¥3 million per student over 2 years).

As part of this program, students are not only provided financial assistance via the scholarships, but are also given an opportunity to gain a deeper knowledge about ITOCHU Corporation by taking part in our Company's CSR activities, including volunteer work, and attending lectures on ITOCHU's businesses and international operations. These and other steps are part of the Company's plans to proactively encourage interaction with these students from abroad.

On September 10, 2011, the Company had the opportunity of gathering 52 of those students at the Tokyo Head Office to teach them about the Group's various CSR initiatives, including in relation to the environment. The next day, on September 11, ITOCHU employees and these students joined forces at the Tokyo Bay Wild Bird Park to pick up trash along the beach and build bamboo tidal barriers for maintaining the mudflats comprising this wild life preserve. The work took place amid very hot weather, but provided an excellent opportunity for the scholarship students to develop an appreciation for ITOCHU's CSR activities while socializing among one another.

Through these activities supporting foreign students, whom will one day be leaders, ITOCHU is helping to develop and strengthen ties between Japan and their home countries in the future. At the same time, this scholarship fund serves as one of ITOCHU's international social contributions as a truly global enterprise.



Scholarship students learning about ITOCHU Corporation's CSR initiatives



Clean up at the park



Assembling a bamboo tidal barrier

Our Initiatives for the Environment



Environmental Activities Policies

ITOCHU Corporation positions global warming and other environmental problems as one of the top priority issues in its management policy. In addition, to fulfill our corporate philosophy "Committed to the Global Good," we have established the ITOCHU Group Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

The ITOCHU Group Environmental Policy

■ I . Basic Philosophy

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

■ II . Activity Guidelines

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

(1) Prevention of environmental pollution

In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.

(2) Observance of laws and regulations

Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.

(3) Promotion of environmental conservation activities

Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.

(4) Harmonious coexistence with society

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

(5) Promotion of educational activities

Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's Stance on the Environment

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems.

We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

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

Environmental Management

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

Environmental Management System

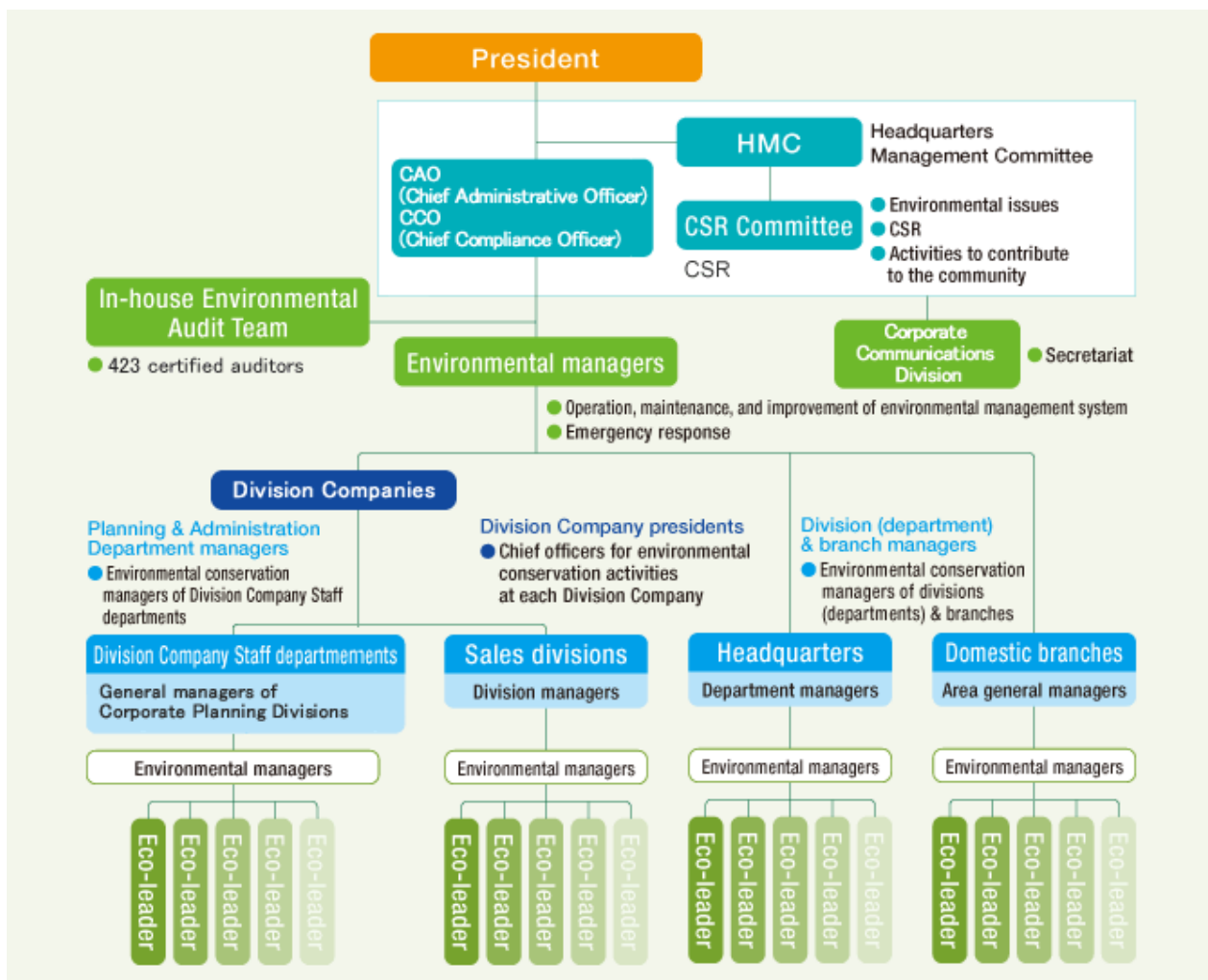
In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, and take precautionary approaches to environmental risks. 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 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 (59 total in fiscal 2013), and assisted by eco-leaders (260 total as of June 18, 2012), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

In fiscal 2012, In-house environmental audits based on ISO 14001 were carried out in 64 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), and carried out their work with an emphasis on auditing legal compliance. We have applied a new auditing approach - a combined format in which two or three departments were audited at once. This approach not only boosted audit efficiency but heightened audit effectiveness by encouraging mutual understanding of other departments.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 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.

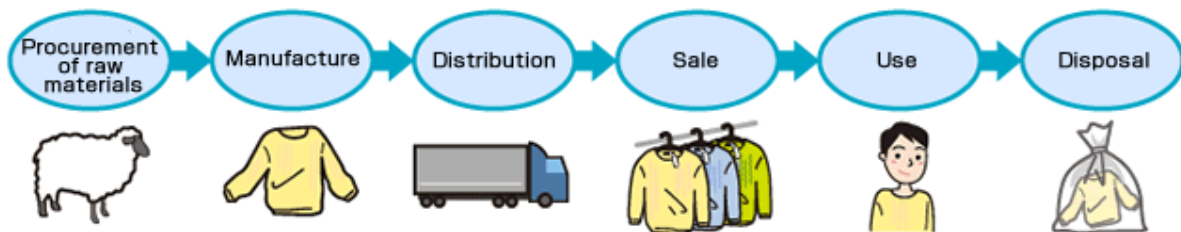
Precautionary Approach to Environmental Risks

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 393 Group companies (as of March 31, 2012) with relatively higher levels of impact on the global environment, and conduct investigations of about 20 of them per year. Over the 11 years to the end of March 2012, we did on-site investigation at 164 companies (230 worksites). The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



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

Evaluating the Environmental 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, 2012)

In the year ended March 31, 2011, we received a total of 21 inquiries from outside the Company, which were broken down as follows: environmental groups (3), industry (10), government (3), ratings and evaluation agencies (3), and media (2). The inquiries are mainly about the Company's measures to address environmental problems. There were no environment-related incidents, problems, lawsuits or complaints against the Company. Meanwhile, the number of consultations from within the Company and ITOCHU Group companies has increased. Various environmental education programs have led to greater environmental awareness among employees. We fielded 144 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 9 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 2012 results)

(Number of people)

Legal seminars	Times held	Total participants
Seminars on Waste Management and Public Cleansing Law	13	1,527
Soil Contamination Countermeasures Act	2	271

Global Environmental Management Seminar

In January 2012, ITOCHU sponsored a seminar on global environment-oriented business management at the Tokyo Head Office. The seminar was led by invited speaker Hiroshi Komiyama, Chairman of the Mitsubishi Research Institute and advisor to the president of the University of Tokyo. Mr. Komiyama gave a speech titled "Recreating Japan: Toward the Realization of a Platinum Society." The seminar was attended by 250 employees of ITOCHU Corporation and its affiliates.

Mr. Komiyama spoke from many different perspectives about the need for a new industry and social system for monozukuri, an area where Japan is very strong, as a solution to the problems that Japan and the rest of the world currently face or will face in the future, including environmental issues, energy and resource problems, the aging of the population, food self-sufficiency, and other concerns. He also spoke about the roles that general trading companies are expected to play, as well as the functions these companies can fulfill. The seminar was aimed at helping the ITOCHU Group strategically facilitate its business activities related to environmental conservation. More than half of participants said that the seminar gave them many ideas that could lead to business opportunities. The stimulating speech certainly provided a lot of food for thought.



Mr. Hiroshi Komiyama, Chairman of the Mitsubishi Research Institute and advisor to the president of the University of Tokyo

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. On November 25, 2011, an environment class was held at the Tokyo Head Office for 28 sixth-year students from Aoyama Elementary School. The visitors headed up to the roof of the Head Office building to see our solar panel, which was a newly included program, then listened to a discussion on topics such as tree-planting activities on the island of Borneo. The students were interested in our power-generating equipment-something they rarely see up close-and in the report about the rapid tropical deforestation on Borneo. After their visit, the students gave an environmental presentation on December 16 attended by around 20 ITOCHU employees, who listened avidly to the elementary schoolchildren's suggestions. We plan to continue and improve our community-oriented programs, such as this environment class for local elementary schoolchildren.



The solar panel installed on the roof of ITOCHU Corporation's Tokyo Head Office building



Pupils view the solar panel

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, which marked its 20th anniversary in fiscal 2011, was held at the Osaka Head Office in March 2012 and was attended by 52 people. Professor Masahide Kimoto gave a speech titled "Has Climate Information Reached a Useful Level?" This was a good opportunity for our colleagues to consider the many different factors in global warming and their consequences.

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, since fiscal 2012, it has expanded the scope of the collection of environmental performance data to understand the actual environmental situation and improve its environmental conservation activities in the future.

Participation in "Challenge 25 Campaign"

Itochu Corporation is a participant in the national "Challenge 25 Campaign (*)" to mitigate global warming. This campaign includes such initiatives as adjusting the air conditioning temperatures during the summer and winter, turning off lights when they are not needed, and setting computers to a "hibernation" mode when away from the desk for extended periods. It also encourages the separation of trash inside the office and promotes recycling. As a result, all employees act to protect the environment starting with the little things around them every day.



* The name was changed in January 2010 from "Team Minus 6%" to "Challenge 25 Campaign"

Environmental Performance

Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO ₂ emissions from business facilities	CO ₂ emissions from distribution	Total waste volume	Paper consumption	Water consumption
Tokyo headquarters	○	○	○	○	○	○
Osaka headquarters	○	○	○	-	-	-
Branches in Japan	○	○	○	-	-	-
Other branches and business facilities in Japan *1	○	○	○	-	-	-
Group companies in Japan *2	○	○	-	○	-	○
Overseas subsidiaries *2	○	○	-	-	-	-

*1 Aggregation since FY2010 (FY2010: 18 offices; FY2011: 16 offices; FY2012: 22 offices)

*2 Aggregation since FY2012 (FY2012: 27 group companies in Japan and 10 overseas subsidiary offices)

■ Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2009 and FY2012. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use.

Unit: Thousand kWh

	FY2009	FY2010	FY2011	FY2012
Tokyo headquarters	13,253	13,493	13,111	10,516
Osaka headquarters	1,399	1,858	1,750	1,119
Branches in Japan	592	4,274	4,483	3,876
Other branches and business facilities in Japan	-			
Group companies in Japan	-	-	-	1,915,610
Overseas subsidiaries	-	-	-	983

- The scope of the data since FY2010 has been in compliance with the Act on the Rational Use of Energy in Japan (It covers business facilities ITOCHU Corporation owned or rented, excluding the facilities for dwellings)
- In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy, and to 10 overseas subsidiary offices who had obtained ISO14001 certification. The relevant figures are the total of these entities.

■ CO₂ Emissions from Business Facilities

Unit:t-CO₂

	FY2009	FY2010	FY2011	FY2012
Tokyo headquarters	7,540	7,642	7,211	6,286
Osaka headquarters	497	784	647	669
Branches in Japan	287	1,792	1,647	746
Other branches and business facilities in Japan	-			
Group companies in Japan	-	-	-	1,376,911
Overseas subsidiaries	-	-	-	2,018

- The scope of the data since FY2010 has been in compliance with the Act on the Rational Use of Energy in Japan (It covers business facilities ITOCHU Corporation owned or rented, excluding the facilities for dwellings)
- In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy, and to 10 overseas subsidiary offices who had obtained ISO14001 certification. The relevant figures were the total of these entities based on the CO₂ conversion factor of the International Energy Agency (IEA).

■ CO₂ Emissions from Distribution

The table below shows the CO₂ emissions generated by distribution from FY2009 to FY2012. We have been striving to reduce environmental load entailed by distribution by means such as improving load efficiency, requesting the use of energy-saving vehicles, and increasing the use of domestic vessels.

Unit:t-CO₂

	FY2009	FY2010	FY2011	FY2012
Emissions from distribution	21,615	25,893	24,935	21,193

The data collected in compliance with the Act on the Rational Use of Energy in Japan which covers domestic transport where ITOCHU Corporation is the consignor.

■ Total Waste Volume

The table below shows the total waste volume generated in Tokyo headquarters building from FY2009 to FY2012, and in 27 group companies in Japan in FY2012. We have been promoting waste segregation.

		FY2009	FY2010	FY2011	FY2012
Tokyo headquarters building	Total waste volume (Unit: t)	1,013	1,074	1,049	706
	Recycling rate (%) (Unit: %)	90	90	89	89
Group companies in Japan *	Total waste volume (Unit: t)	-	-	-	389,578
	Recycling rate (%) (Unit: %)	-	-	-	91

* In FY2012, the scope of data collection was expanded to 27 group companies in Japan who responded to the survey among those who had obtained ISO14001 certification or those who were considered to be a specific business operator under the Act on the Rational Use of Energy. The relevant figures are the total of these entities.

■ Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2009 to FY2012. We have been promoting the reduction of paper consumption by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2009	FY2010	FY2011	FY2012
Copy paper consumption	41,389	38,175	36,558	37,472

■ Water Consumption

Unit:m³

	FY2009	FY2010	FY2011	FY2012
City water usage by the Tokyo headquarters	52,567	46,532	41,860	64,666
Gray water production by the Tokyo headquarters	37,330	33,553	31,577	37,000
City water usage by group companies in Japan *1	-	-	-	6,280,685
Gray water production by group companies in Japan *1	-	-	-	464,670

*1 The data has been collected since FY2012. (In FY2012, 27 group companies in Japan were subject to the survey.)

Environmental conservation at the Tokyo Headquarters Building

■ Solar power generation

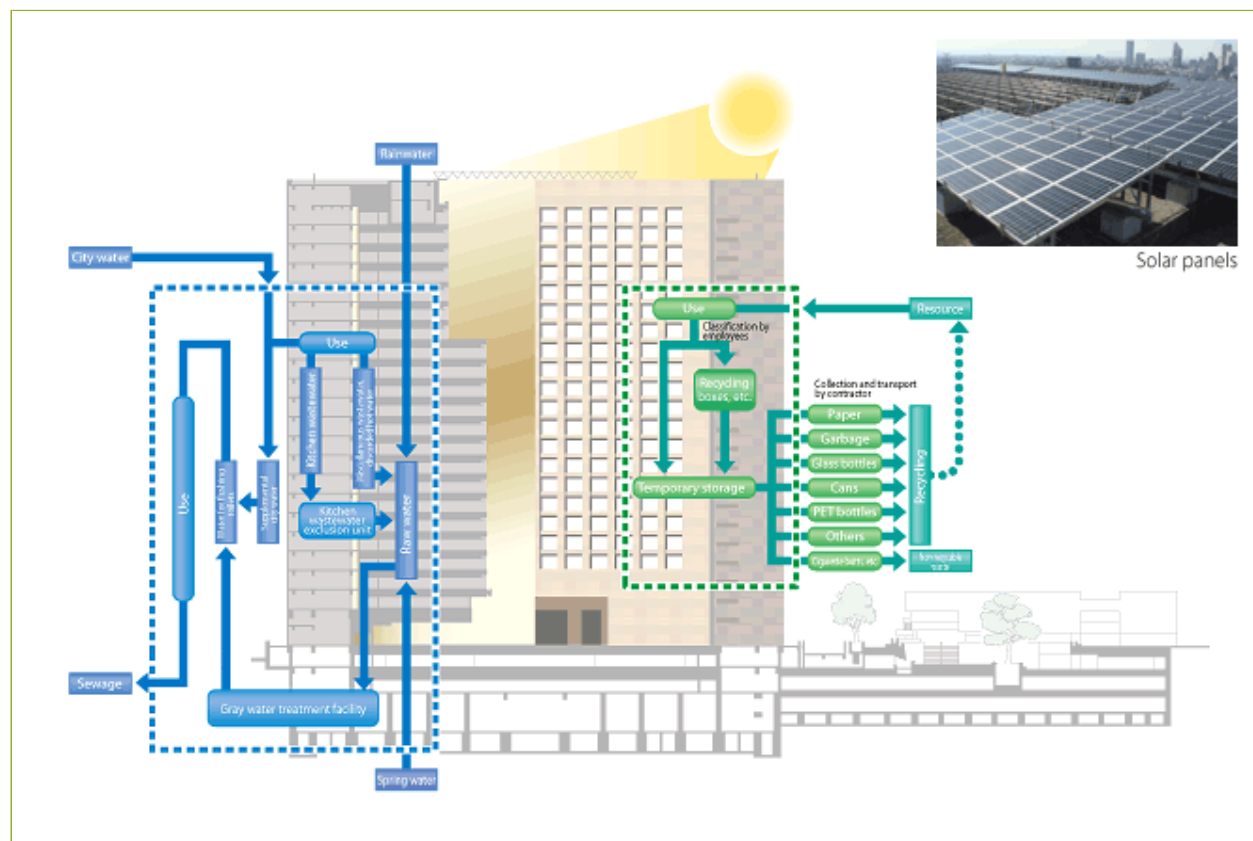
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kw which is equivalent to prevailing 30 detached houses (approximately 3.0kw per detached house). We make use of all clean energy generated solar power in our TOKYO headquarters and it regards as electric energy (Maximum power generation at moment) covered 3.5 floors lighting.

■ Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo Headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets.

The change on amount of securing gray water may be caused by the rainfall every year so that city water usage tends to increase when the rainfall is a little.

Therefore, we take care of saving water to install the devise for economize hand washing water and flushing in toilets.



■ Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental conservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo Headquarters by 4.1%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005), during the period between FY2006 and FY2010 ITOCHU emitted 7,549 tons of CO₂ in FY2010 with the reduction rate 18%, compared to the amount of the benchmark. (Data for FY2011 will be reported to Tokyo Metropolitan Government in November 2012 after they are compiled.)

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

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

Third-Party Opinion

Below is a summary of the opinions of the four team members of the CSR Review Forum-Japan* in relation to ITOCHU Corporation's CSR promotion and associated major issues, as well as other matters such as the state of the reporting based on this CSR Report 2012 (Full Report).

1. ITOCHU Corporation's CSR Promotion

As a general trading company, ITOCHU Corporation consists of a diverse range of business fields, such as textiles, food, and energy, and each industry has very different sustainability issues. In keeping with this business structure, ITOCHU is implementing different action plans for each Division Company, by setting different CSR targets for each Division Company. This can be evaluated as a realistic approach with substantial benefits.

On the other hand, standards such as the United Nations Global Compact and ISO 26000 look for initiatives to tackle universal issues facing modern societies, such as human rights and labor practices. These initiatives are reflected in the corporate policies (page 4), as well as in the correspondences with each of the themes in ISO 26000 (page 8), and these policies encompass all of the action plans for each individual company. This seems to be an excellent and realistic measure, but in future if any of these universal issues might be better pursued laterally throughout ITOCHU then we would like to see ITOCHU consider incorporating these into a corporate-wide action plan.

We also sense a huge future for the action plans for the business activities of each Division Company. We would like to see ITOCHU further enhance this initiative through dialogue, by organizing information (such as the expected positive and negative impacts on society following from the business strategies of each Division Company) in a way that is easy for stakeholders to understand the key points.

ITOCHU Corporation is engaged in various kinds of business projects around the world, and has considerable influence. This makes it extremely important for ITOCHU to keep track of the impact that it is having on society, and to take concrete steps to address these issues as necessary ("due diligence"). It would appear that there is due diligence that can and should be done precisely because ITOCHU is a global trading company. In developing due diligence policies, perhaps ITOCHU could start by clarifying the stance and concept that "ITOCHU is attempting to integrate CSR into its business management."

2. Basic stance towards reporting

ITOCHU Corporation has adopted the United Nations Global Compact and ISO 26000 as basic indicators of CSR, and has indicated this on page 8 of the CSR Report, "Core Subjects of ISO 26000 and Our Initiatives." Looking at this section, it would appear that further improvements are expected, including an explanation of organizational governance, but this message demonstrates an understanding of the trend in international corporate social responsibility, and is a good guidepost for promoting CSR.

CSR reports have started to change from being reports mainly focusing on the strong points of the company, and are gradually becoming reports that also touch upon the negative aspects of the impact that the company's business has on society, and how the company is working to solve these problems. Here "negative aspects" does not refer to so-called scandals but rather to the negative aspects that accompany corporate business activities.

As the reporting stance changes in this way, this sincerity is conveyed to society, and the dialogue between the company and society becomes steadily ever deeper. The CSR Review Forum-Japan suggests that ITOCHU Corporation take steps in this direction.

3. Particulars

■ 1. Supply chain management

Supply chain management is a major problem that is common to the CSR of modern international corporations. ITOCHU Corporation selects suppliers based on important indicators (such as whether they are located in high-risk countries, the products they handle, and the value of the transactions), and then conduct investigations as well as indicating supply chain principles and checklists, and the results of the investigations. This is an advanced example of supply chain management for a general trading company.

We propose the following measures in order to increase the effectiveness of these investigations.

- The report indicates that “no serious problems were found” in the factual investigation but if the circumstances of the factual investigations in a few countries were to be shown in addition to disclosing the data then readers would be able to catch a glimpse of whether the responses to the questionnaires were simply going through the motions, or whether concern for day-to-day business is given too much precedence, for example.
- The overall picture would be easier to understand if it were indicated (using tables, for example) that business investment recipients are also subject to supplier investigations as well as product vendors, and if information such as the different results for vendors and investment recipients were also included in the report.
- In the future, ITOCHU could consider creating organizational structures where by either someone responsible for CSR or a third party conducts on-site inspections to hear feedback from the local community, NGOs, labor unions, and so on.

If progress can be made in these areas we believe that this will probably lead to the creation of the kind of due diligence befitting a company such as ITOCHU, as discussed in Part 1. above.

■ 2. Human rights

In the international community, human rights are becoming mainstream as an issue of corporate social responsibility. ITOCHU Corporation is aware of this point, and describes its respect for human rights on pages 9 and 10, where its policy in relation to human rights is indicated. In order to put this concern for human rights, labor and so on into effect, it is necessary to incorporate it into the mechanisms of business activities. For example, we recommend a policy of creating mechanisms whereby questions such as whether human rights have been taken into account, or whether plans are based on human rights due diligence can be checked using checklists at the planning stages of various business projects. At the same time, what is demanded is an intrinsic understanding rather than just standards for appearance's sake, and it is important to continuously enhance human rights education and training.

Furthermore, it is also important for corporations to think about structural human rights violations against employees and others that may result from organizational structures and business operations. We would like to see ITOCHU create organizational structures that can objectively check whether human rights are being violated at the organizational level when decisions are made in relation to whether or not go ahead with organizational changes or business projects.

■ 3. Labor practices

1) Labor environment

Everyone knows that the people working for general trading companies find themselves in a challenging business environment, but if ITOCHU can demonstrate a stance of earnestly working to improve the environment for the people working in this difficult environment then these efforts will almost certainly be well-received by society.

From this perspective, we would like to see ITOCHU develop more concrete initiatives in relation to issues such as the status of local employees in countries and non-permanent employees that provide labor for the ITOCHU Group and the consideration given to such employees, the advancement and treatment of women, and health and safety (including mental health). On the other hand, initiatives such as career counseling are positive examples, and we would like to have seen more specific information presented.

Moreover, given that relations between labor and management are a key aspect of labor practices, it would be desirable for these relations to be treated independently rather than being simply included in a general report about communication with employees. In connection to this issue, it is highly significant that head of the labor union has been introduced and given an opportunity to make comments.

2) Diversification of human resources

In contrast the clear policies and measures for diversifying human resources globally, it was not clear from the report what ITOCHU is trying to do about diversity in Japan (page 54). A good way to do this might be to indicate the goals in the Promotion Plan on Human Resources Diversification 2013, and to compare actual achievements to these goals. Moreover, aid and recruitment of minorities and the socially vulnerable is the key to diversity. Creating an environment where employees can be themselves, and an environment that provides them with opportunities to participate actively and show their full potential would appear to be important both in terms of business strategy as well as in terms of corporate responsibility.

4. Environment

Previously environmental impacts were only tracked for the headquarters, but the scope of tracking has now been extended to cover the group companies, and this step forward deserves a special mention even if it is somewhat mundane. By tracking the entire group, it will become possible to focus effort on those individual businesses where it is most needed. In the future we would like to ask for the scope of data collection to be expanded even further, and for efforts to be made to minimize the environmental impact at those workplaces with the greatest footprints.

In addition, the information relating to the environment are scattered throughout the report, which leave a weak impression. It would be good to see innovations such as giving a broad treatment in a preceding paragraph of the main sentence and then presenting a diagram showing the full picture. We hope to see ITOCHU demonstrate its awareness of the latest important issues (such as measures to address biodiversity in business operations) from a due diligence perspective.

5. Coexistence with society

"Promoting businesses that help solve social issues" (part of the basic policies for CSR promotion) is the thing that is most demanded when working in each country. The report on the pulp business in Brazil traces the full lifecycle from tree planting through to processing and retail, so that it was easy to understand the nature of the coexistence with the local community.

Nevertheless, most of the information on coexistence with society was scattered throughout the report, which leaves a poor impression. It would probably be easier to understand the full situation if these scattered piece of information could be integrated and organized.

Reviewers:

Tomohiko Yamaguchi, Supervising Reviewer and co-leader of the CSR Review Forum-Japan

Sachiko Kishimoto, Centre for Public Resources Development and co-leader of the CSR Review Forum-Japan

Kenichi Kumagai, The Japan Association for Advancement of ILO Activities

Hideki Wakabayashi, Amnesty International Japan



Supervising reviewer:
Tomohiko Yamaguchi



Reviewer:
Sachiko Kishimoto



Reviewer:
Kenichi Kumagai



Reviewer:
Hideki Wakabayashi

* CSR Review Forum-Japan

The CSR Review Forum-Japan is an alliance of citizen organizations, including NPOs, NGOs, consumer organizations, and labor organizations. The forum conducts reviews of corporate activities based on ISO 260000 as a common foundation.

<http://www.csr-review.jp/> 

Response to Third Party Opinion

ITOCHU Corporation is developing a diverse range of business activities in various places around the world, and CSR issues that we face vary considerably from industry to industry and from region to region. In promoting CSR, since 2006 we have asked each business division and region to identify the material issues and establish CSR action plans, which are then carried out in accordance with PDCA cycles. While humbly accepting that these activities have received a certain degree of positive evaluation from the Review Forum, we will continue to make the promotion of CSR for the entire company even more sophisticated, by ascertaining the challenges for our company for each of the core subjects of ISO 26000, which was released in November 2010.

In relation to reporting practices, we will focus on new trends such as integrated reporting while also aiming for information disclosure that leads to dialogue with stakeholders.

Since the company was first founded, ITOCHU Corporation has been based on the spirit of sampo yoshi (Good for the seller, Good for the buyer, and Good for society), a management philosophy embraced by Ohmi merchants. This spirit has remained unchanged for more than 150 years until the present, and continues in the form of our corporate philosophy of being Committed to the Global Good. As a global company, we will work towards strategies for further growth by creating shared value with society and contributing to the realization of a sustainable society through our business activities.

We will continue to make efforts to further enhance our CSR activities in the light of the feedback that we have received as part of this review.


Toru Matsushima




Representative Director
Managing Executive Officer
CAO & CCO

The Comparative Table with GRI Guidelines and UN Global Compact Principles

GC Principles	Item	Indicator	Full Report	WEB
1 Strategy and Analysis				
	1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	2	President's Commitment
	1.2	Description of key impacts, risks, and opportunities.	2 6	President's Commitment Stakeholder Relations
2 Organizational Profile				
	2.1	Name of the organization.	113	Corporate Profile
	2.2	Primary brands, products, and/or services.	19-40	CSR and Our Business
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	19-40	CSR and Our Business
	2.4	Location of organization's headquarters.	113	Corporate Profile
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	113	Corporate Profile
	2.6	Nature of ownership and legal form.	113	Corporate Profile
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	19-40 113	CSR and Our Business Corporate Profile
	2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> ▪ Number of employees; ▪ Net sales (for private sector organizations) or net revenues (for public sector organizations); ▪ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ▪ Quantity of products or services provided. 	19-40 113	CSR and Our Business Corporate Profile Financial Statements
	2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ▪ The location of, or changes in operations, including facility openings, closings, and expansions; and ▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	-	N/A
	2.10	Awards received in the reporting period.	22	News Releases
3 Report Parameters				
Report Profile				

	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	
	3.2	Date of most recent previous report (if any).	1	
	3.3	Reporting cycle (annual, biennial, etc.)	1	
	3.4	Contact point for questions regarding the report or its contents.	1	
Report Scope and Boundary				
	3.5	Process for defining report content, including: <ul style="list-style-type: none"> ■ Determining materiality; ■ Prioritizing topics within the report; and ■ Identifying stakeholders the organization expects to use the report. 	1	
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1	
	3.7	State any specific limitations on the scope or boundary of the report.	-	
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-	N/A
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	113	
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	N/A
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	N/A
GRI content index				
	3.12	Table identifying the location of the Standard Disclosures in the report.	103-112	GRI Comparative Table
Assurance				
	3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	99-102	Third-Party Opinion
4 Governance, Commitments, and Engagement				
Governance				
	4.1	Governance structure of the organization,	41-44	Corporate

		including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		Governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	41-44	Corporate Governance
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	41-44	Corporate Governance
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	41-44 57-58	Corporate Governance Communications with Employees
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	-	Financial Report P59 (Japanese only)  (1,350KB)
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	41-44	Corporate Governance
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	41-44	Corporate Governance
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	3	ITOCHU Mission
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	7 41-44	The United Nations Global Compact Corporate Governance
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	
Commitments to External Initiatives				
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7 41-44	The United Nations Global Compact Corporate Governance
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	7	The United Nations Global Compact

	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic. 	7	The United Nations Global Compact
Stakeholder Engagement				
	4.14	List of stakeholder groups engaged by the organization.	6	Stakeholder Relations
	4.15	Basis for identification and selection of stakeholders with whom to engage.	6	Stakeholder Relations
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	13-16 47-49 19-40 50-59 60-86	CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	13-16 47-49 19-40 50-59 60-86	CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations
5 Management Approach and Performance Indicators				
Economic				
		Disclosure on Management Approach	113	Financial Statements
Economic Performance				
	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	60-86	Social Contribution Financial Report P2, 15, 43, 46 (Japanese only)  (1,350KB)
Principle 7	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	-	Financial Report P26 (Japanese only)  (1,350KB)
	EC3	Coverage of the organization's defined benefit plan obligations.	-	Financial Report P101 (Japanese only)  (1,350KB)
	EC4	Significant financial assistance received from government.	-	
Market Presence				
Principle 1	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-	-
	EC6	Policy, practices, and proportion of spending on	47-49	CSR in Our Supply

		locally-based suppliers at significant locations of operation.		Chain
Principle 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-	-
Indirect Economic Impacts				
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	19-40 60-65	CSR and Our Business Social Contribution Activities
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		-
Environmental				
		Disclosure on Management Approach	87-98	Environmental Activities Policies
Materials				
Principle 8	EN1	Materials used by weight or volume.	-	-
Principle 8, 9	EN2	Percentage of materials used that are recycled input materials.	-	-
Energy				
Principle 8	EN3	Direct energy consumption by primary energy source.	95-98	Environmental Performance Data
Principle 8	EN4	Indirect energy consumption by primary energy source.	-	-
Principle 8, 9	EN5	Energy saved due to conservation and efficiency improvements.	95-98	Environmental Performance Data
Principle 8, 9	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	19-40	CSR and Our Business
Principle 8, 9	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	-	-
Water				
Principle 8	EN8	Total water withdrawal by source.	95-98	Environmental Performance Data
Principle 8	EN9	Water sources significantly affected by withdrawal of water.	-	-
Principle 8, 9	EN10	Percentage and total volume of water recycled and reused.	95-98	Environmental Performance Data
Biodiversity				
Principle 8	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	75-86	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

Principle 8	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	75-86	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
Principle 8	EN13	Habitats protected or restored.	75-86	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
Principle 8	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	87-98	Environmental Activities Policies
Principle 8	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	-
Emissions, Effluents, and Waste				
Principle 8	EN16	Total direct and indirect greenhouse gas emissions by weight.	95-98	Environmental Performance Data
Principle 8	EN17	Other relevant indirect greenhouse gas emissions by weight.	-	-
Principle 7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	95-98	Environmental Performance Data
Principle 8	EN19	Emissions of ozone-depleting substances by weight.	-	-
Principle 8	EN20	NOx, SOx, and other significant air emissions by type and weight.	-	-
Principle 8	EN21	Total water discharge by quality and destination.	95-98	Environmental Performance Data
Principle 8	EN22	Total weight of waste by type and disposal method.	95-98	Environmental Performance Data
Principle 8	EN23	Total number and volume of significant spills.	-	-
Principle 8	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	-
Principle 8	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-	-
Products and Services				
Principle 7, 8, 9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	19-40	CSR and Our Business
Principle 8, 9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	-
Compliance				
Principle 8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for	-	-

		noncompliance with environmental laws and regulations.		
Transport				
Principle 8	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	95-98	Environmental Performance Data
Overall				
Principle 7, 8, 9	EN30	Total environmental protection expenditures and investments by type.	-	-
Labor Practices and Decent Work				
		Disclosure on Management Approach	50-59	Employee Relations
Employment				
	LA1	Total workforce by employment type, employment contract, and region.	50-59	Employee Relations
Principle 6	LA2	Total number and rate of employee turnover by age group, gender, and region.	-	-
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-	ITOCHU Recruitment (Japanese only) 
Labor/Management Relations				
Principle 1, 3	LA4	Percentage of employees covered by collective bargaining agreements.	57-58	Communications with Employees
Principle 3	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-	
Occupational Health and Safety				
Principle 1	LA6	Percentage of total workforce represented in formal joint management_worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	-
Principle 1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	-	-
Principle 1	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	54-56	Creating Environments That Bring Out the Best in Employees
Principle 1	LA9	Health and safety topics covered in formal agreements with trade unions.	-	-
Training and Education				
	LA10	Average hours of training per year per employee by employee category.	50-59	Employee Relations
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	50-59	Employee Relations

	LA12	Percentage of employees receiving regular performance and career development reviews.	50-59	Employee Relations
Diversity and Equal Opportunity				
Principle 1, 6	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	59	Promoting Human Resources Diversification in Japan
Principle 1, 6	LA14	Ratio of basic salary of men to women by employee category.		-
Human Rights				
		Disclosure on Management Approach	9-10	Respect for Human Rights
Investment and Procurement Practice				
Principle 1, 2, 3, 4, 5, 6	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		-
Principle 1, 2, 3, 4, 5, 6	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	47-49	CSR in Our Supply Chain
Principle 1, 2, 3, 4, 5, 6	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	9-10	Respect for Human Rights
Non-Discrimination				
Principle 1, 2, 6	HR4	Total number of incidents of discrimination and actions taken.	-	-
Freedom of Association and Collective Bargaining				
Principle 1, 2, 3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	-	-
Child Labor				
Principle 1, 2, 5	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	6 47-49	ITOCHU Mission CSR in Our Supply Chain
Forced and Compulsory Labor				
Principle 1, 2, 4	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	6 47-49	ITOCHU Mission CSR in Our Supply Chain
Security Practices				
Principle 1, 2	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	9-10	Respect for Human Rights
Indigenous Rights				

Principle 1, 2	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		-
Society				
		Disclosure on Management Approach	3-12 45-46 60-86	CSR for ITOCHU Corporation Compliance Social Contribution
Community				
	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		-
Corruption				
Principle 10	SO2	Percentage and total number of business units analyzed for risks related to corruption.	-	
Principle 10	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		-
Principle 10	SO4	Actions taken in response to incidents of corruption.		-
Public Policy				
Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	SO5	Public policy positions and participation in public policy development and lobbying.		-
Principle 10	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		-
Anti-Competitive Behavior				
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		-
Compliance				
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		-
Product Responsibility				
		Disclosure on Management Approach		-
Customer Health and Safety				
Principle 1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		-
Principle 1	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		-
Product and Service Labeling				

Principle 8	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-
Principle 8	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-
Marketing Communications			
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-
Customer Privacy			
Principle 1	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-
Compliance			
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	-

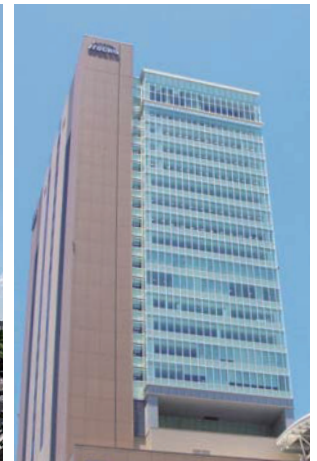
Corporate Profile

Company name ITOCHU Corporation
Founded 1858
Incorporated December 1, 1949
Headquarters Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan
 Osaka: 1-3, Umeda 3-chome, Kita-ku, Osaka 530-8448, Japan
President & CEO Masahiro Okafuji
Common Stock ¥202,241 million
Number of offices Domestic offices 9
 Overseas offices 115
 North America 9 Latin America 10 Europe 17
 Africa 5 Middle East 16 Oceania 5
 ASEAN, Southwest Asia 21 East Asia 24 CIS 8
Number of employees* Consolidated 70,639 Non-consolidated 4,255
 (As of March 31, 2012)

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



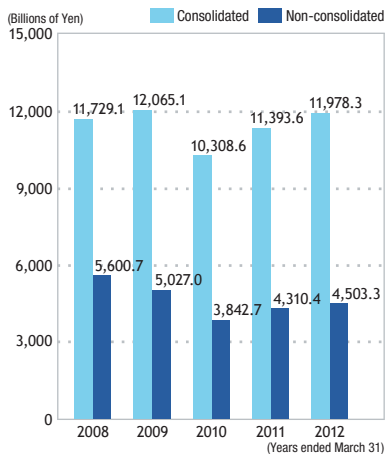
Tokyo Headquarters



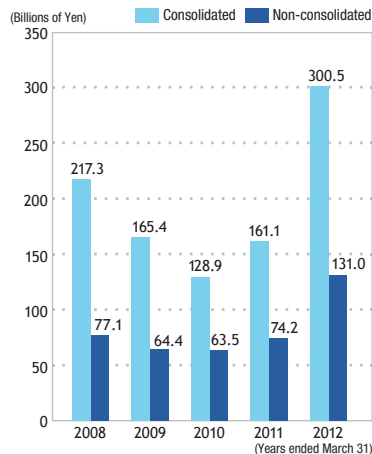
Osaka Headquarters (North Gate Building)

Financial Overview

Total Trading Transactions



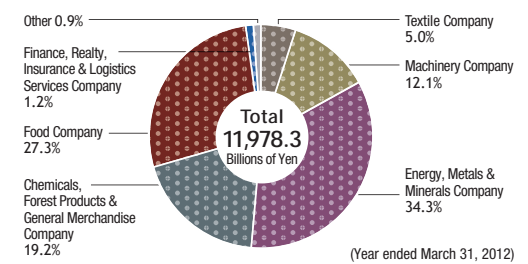
Net Income



Notes:

- The financial data of ITOCHU Corporation are presented in accordance with U.S. GAAP.
- "Total trading transactions" is presented in accordance with Japanese accounting practice, and consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as an agent.
- Certain subsidiaries changed their fiscal periods in the fiscal year ended March 31, 2012. The effect of these changes has been reflected in the figures of certain items for the years ended March 31, 2011 and 2010.
- "Revenue" is attributed to countries based on the locations of the assets.

Total Trading Transactions by Division Company (Consolidated)



Revenue by Region (Consolidated)

