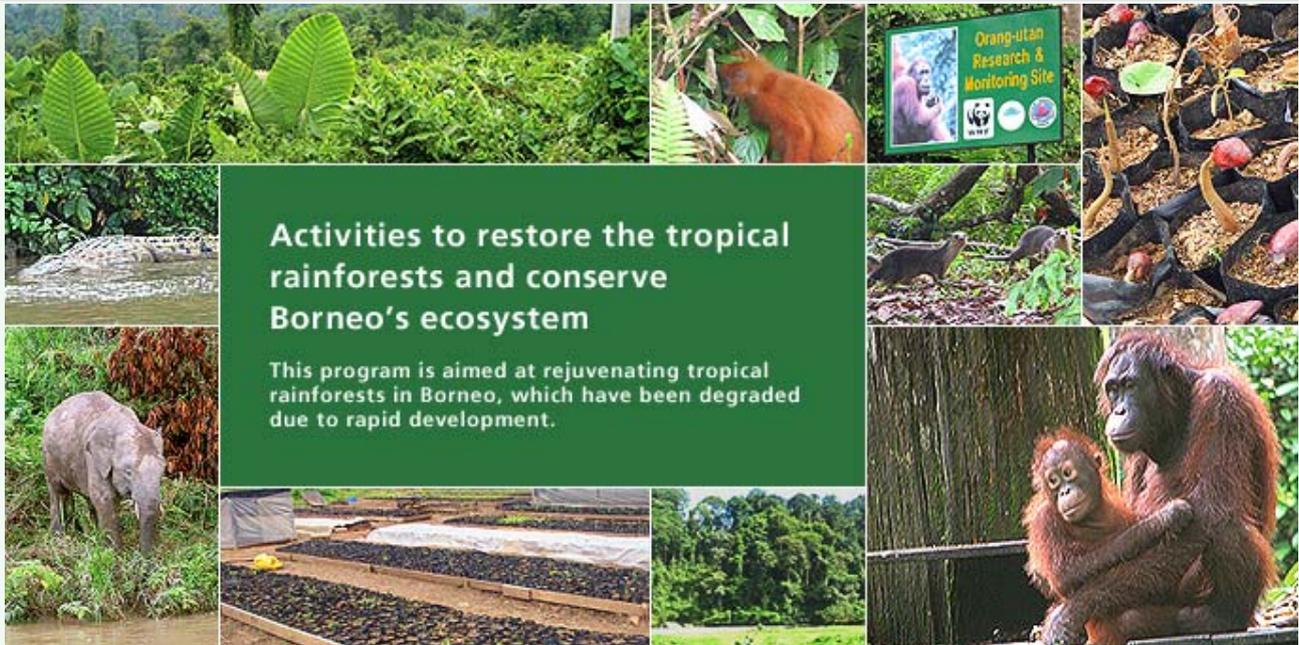


Social Contribution Programs to Commemorate the 150th Anniversary

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

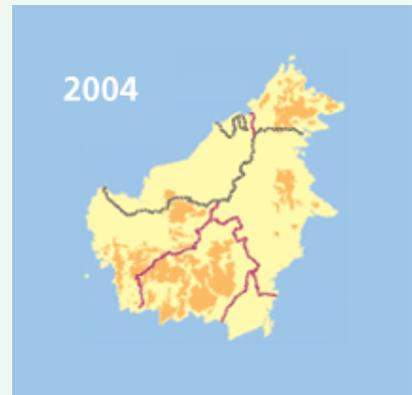
Objective

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.



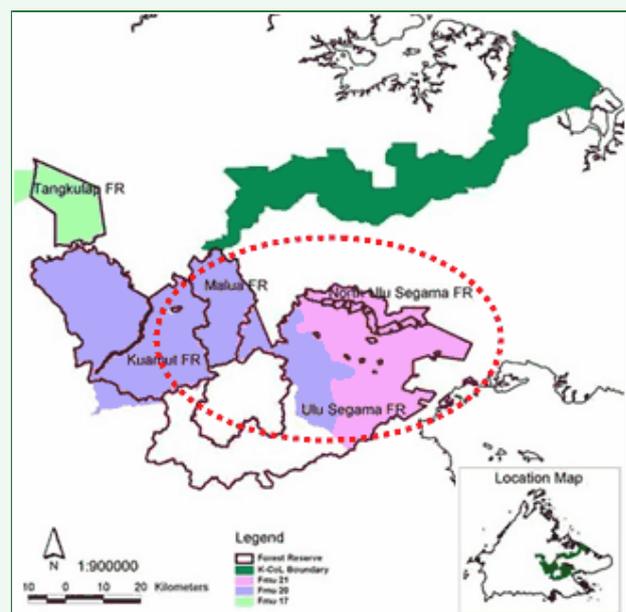
Orang-utan habitat
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Region	area (km ²)	headcount
Ulu Segama Malua	3,000	5,000
Kinabatangan north	1,400	1,700
Tabin Wildlife Reserve	1,200	1,400
Kinabatangan lower reaches	400	1,100
Kulamba Wildlife Reserve	210	500

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.

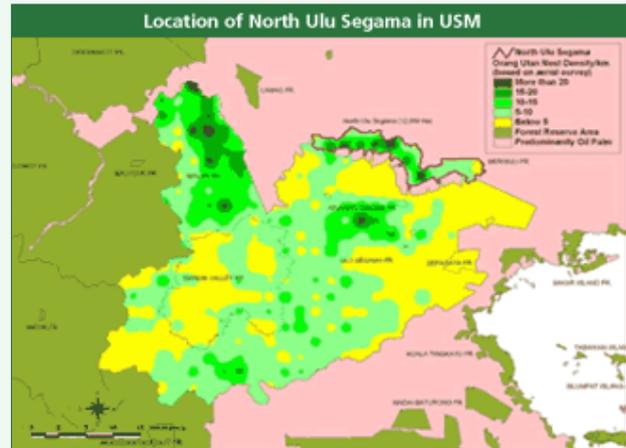


Ulu Segama-Malua
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Location

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 Addesium 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

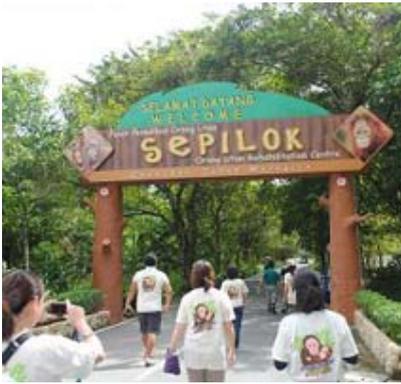


Sandakan is the second city after Kota Kinabalu. It flourished as trading post and as the heart of British North Borneo until 1947 when the capital was moved to Kota Kinabalu.

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

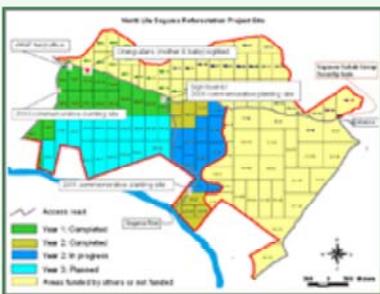
We visited the Rehabilitation Center where I learned that orangutans share 96.4 per cent of their DNA with human beings. Once again, I had a solid sense of how very similar and close orangutans are to human beings. However, orangutans do not have the power to regenerate the forests. The ITOCHU reforestation 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