

# CSR Action Plans of the Textile Company

## MISSION

**Contributing to the creation of a healthy, prosperous, and active society by meeting the diverse needs and expectations of our customers through the provision of assured quality and new value**

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Textile Material & Industrial Textile Division	Risk and quality control, and management of business partner relations accompanying overseas procurement	Suppliers	1. Managing business partner relations based on management guidelines and checklists 2. Exploring new procurement sites in addition to China	1. Drafting management guidelines (checklists) 2. Holding interviews to identify problems at new procurement sites
	Expanding transactions related to environmental business projects	Suppliers Consumers	Establishing technologies in collaboration with partners, and commercializing prospective products based on scientific and technical analyses and criteria Assisting the establishment of next-generation technology for DPF, expanding sales (in Japan, Europe, Asia, etc.) through the ITOCHU Group, and publicizing our vigorous actions on environmental issues to consumers	Commercializing prospective products at the earliest possible date by supporting technology development by partner firms and conducting market research
Textile Division	Monitoring, and providing guidance for improvement to, overseas suppliers as regards the treatment of employees, the on-site workplace environment, and other compliance matters	Suppliers	Promoting concerted approaches between the headquarters and overseas offices by utilizing the ISO 14001 system	Conducting surveys and studies using prepared questionnaire forms
	Understanding environmental management systems at overseas suppliers (factories)	Environment and suppliers	Taking concerted approaches between the headquarters and overseas offices	Conducting fact-finding surveys on invested factories
	Fair employment, compliance with laws, and better work environment	Employees	Promoting cooperation between the staff in charge of personnel administration of the Textile Company and its group companies	Conducting training and education programs not only for ITOCHU employees but also for employees of group companies and consignees
	Maintaining and stabilizing transactions with domestic producing districts by bolstering the capabilities of local branches	Local communities	Promoting local community-oriented activities by hiring indigenous professionals and leveraging their human network; increasing the vitality of indigenous human resources working at branches in the producing districts; and promoting cooperation with development team located at branch office.	Continuing regular communication between development teams and the Sales Section based in Osaka with a view to bolstering branch capabilities in the sales aspect.
Apparel Division	Risk control, quality control, and management of business partner relations accompanying overseas procurement	Clients	Maintaining structure to prevent a decline in the level of control along with familiarity, and reinforcing educational programs for factories	Selecting new factories, narrowing down existing factories for sourcing, and strengthening the management system
	Compliance with laws and regulations including international human rights standards throughout the supply chain	International community	Selecting suppliers (especially factories) in developing countries upon a review of their degree of compliance with laws and regulations	Conducting surveys and studies using questionnaire forms
Brand Marketing Division 1	Reinforcing CSR for major brands (including quality control and check of environmental impact)	Suppliers (factories)	Sharing production management know-how (including brand-holders' supervision) among major brands	Promoting the sharing of production management know-how for global brands, and checking CSR issues (environmental impact) regarding materials
		Business partners (brand holders)	Gaining an understanding of global sales and manufacturing situations of business partners for major licensed brands, and gathering information to set up selection standards of suppliers adapted to the brand market and production / quality control	Studying production control of European business partners
	Managing business partners (regarding production by sub-licensees)	Clients and suppliers	Gaining an understanding of situations at the factories for major brands (especially when ITOCHU is involved in logistics)	Preparing draft standards for selection of partners for major factories
	Promoting communication to increase level of customer satisfaction	Clients and consumers	Conducting retail training to increase customer satisfaction, inclusive of the handling of claims	Continuously promoting participation by employees of group companies in retail training programs at ITOCHU Corporation, and preparing training programs concerning CSR and customer satisfaction for group companies
Brand Marketing Division 2	Tightening quality control for domestic and overseas production and imported products	Suppliers	Sharing production control know-how	Sharing information about management systems in each division of the Company, preparing plans for improvement, and sharing related know-how

## Business Outline

The mission of the Textile Company lies in the global provision of all sorts of goods and services pertaining to everyday life, with its basis firmly rooted in the textile business. Our business development across a wide range of fields is supported by versatile capabilities extended in a vertical orientation, from materials procurement to production and sales of finished products.

## Products & Services

Textile and industrial materials, textiles, apparel, fashion goods, and brand-name products in such spheres as clothing, food, household goods, and music

## CSR Outlook

### Reinforcement of procurement-related supply chain management and ties with consumers

The Textile Company considers its CSR to be an accommodation of desires for better living through contributions to lifestyle diversity via apparel and other fields.

Given that we have numerous production sites and suppliers in China and other parts of Asia, one of our key CSR tasks for the foreseeable future is the reinforcement of supply chain management. We appreciate that social aspects pertaining to suppliers and purchased products (in terms of working conditions, legal and statutory compliance, human rights, and product liability, etc.) are assuming increased importance for the textile industry, and, indeed, in the building of a sustainable society. It is our mid-term objective to establish the optimum selection standards for our suppliers through dialogue with transaction partners, with full consideration for the social aspects stated above.

As another key task, we also recognize the ongoing importance of enhancing our relationship with consumers. As we continue to expand our downstream business, including retail operations and e-commerce, we also intend to promote our CSR initiatives by ensuring the protection of personal information, maintaining product reliability, reinforcing customer relations and striving to meet and exceed the needs and desires of consumers as stakeholders.

## Examples of Our Initiative

### Reinforcing procurement-related supply chain management

The CSR agenda includes the controlling of risks accompanying procurement from other countries, and the management of quality and suppliers involved in such procurement. In certain group companies outside Japan, we station full-time quality control officers at host-country locations to ensure that factories are rigorously managed to headquarter expectations. We have posted mid-term targets including the establishment of standards (in the form of a checklist) for supplier selection and formulation of management guidelines, to continuously guarantee that we procure reliable goods for consumers from reliable producers.

## Major Group Companies

Group companies	Business
ITOCHU Fashion System Co., Ltd.	Comprehensive consulting in the fashion industry
Prominent Apparel Ltd.	Production control and wholesale of textiles and apparel
Roy-ne Co., Ltd.	Manufacture and wholesale of woven and knitted products
JOI'X CORPORATION	Sales of men's apparel
TOMMY HILFIGER JAPAN CORPORATION	Sales of Tommy Hilfiger brand products
RAIKA CO., LTD.	Design, manufacture and wholesale of apparel

## CSR Initiative



**Kiyoshi Yamaguchi**  
General Manager  
Planning & Coordinating Department  
Textile Company

### The awareness of each and every employee is the basic requirement for our CSR initiative

Along with the diversification of lifestyles, our domains are broadening at an accelerating pace. We are increasingly dealing directly with individuals (consumers) in addition to transactions with companies. To further expand our business under these circumstances, it will no longer be sufficient merely to pursue profit as a corporate enterprise; it is becoming imperative for us to secure the absolute trust of all parties concerned, such that they can take for granted the reliability of the goods and services we offer. Therefore, a fundamental element of CSR is shared awareness and the actions taken accordingly by each and every employee on a daily basis. I am determined to build a high-level structure for CSR to align such awareness between employees.

### Closer ties with individuals including consumers

We are committed to strengthening our system to protect personal information whilst expanding retail and e-commerce sales of brand-name products under the initiative of group companies. We implemented a questionnaire survey concerning the handling of such information in the fiscal year ended March 2005, and have conducted biannual reviews in this area ever since. For members of our group that fail to meet the standards, we have personnel visit them to identify problems, offer advice for improvement, and assist them in efforts to maintain and raise levels of control. We are also acquiring Privacy Mark certification where necessary, as in some cases personal information itself is an asset for a particular group company.

# CSR Action Plans of the Machinery Company

## MISSION

**Contributing to the creation of an environment-friendly society by developing eco- businesses and products to help mitigate environmental impact, and expanding their sales. Contributing to the advancement of local communities and the international community by complying with laws and regulations.**

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Plant & Project-Division	Resolving problems in urban transport (congestion, exhaust emissions, etc.)	Environment and clients	Providing environment-friendly Japanese-made railway transport systems	Promoting High-Speed Surface Transport (HSST; an urban transportation system using electromagnetic levitation liner motorcars) overseas
	Supplying clean energy	Environment and clients	Promoting environmental, conservation-oriented projects in fields such as shipping, petrochemicals, and power generation	Promoting transport by LNG carriers
	Contributing to efficient use of energy	Environment and clients	Promoting projects in fields such as wind power, biomass, geothermal energy, and energy from waste (EFW), and projects to refurbish and retrofit dilapidated plants (power, petrochemical, and water desalination plants, etc.) to new international environmental standards	Promoting EFW projects in Europe
	Conducting demonstration tests for technology to mitigate environmental impact	Business partners and R&D	Gathering data on the onsite hydrogen generation system through demonstration tests, and conducting final tests for commercialization	Confirming the performance and durability of the onsite hydrogen generation system in Japan with the cooperation of the Tokyo Gas Group, and conducting demonstration tests
	Consulting to mitigate environmental impact, and promoting eco-friendly equipments	Clients	Extensively introducing and installing LED signboards, which help reduce CO <sub>2</sub> emissions, in convenience stores	Experimental introduction and installation of LED signboards, which help reduce CO <sub>2</sub> emissions, in convenience stores
Automobile Division	Contributing to the creation of a recycling-oriented society by expanding automobile recycling business	Clients	Making investment to improve processing capacities	Assuring processing capacities to 15,000 vehicles per year
		Suppliers	Cultivating suppliers for a stable supply of end-of-life vehicles	Assuring purchase of 15,000 units of end-of-life vehicle per year
		Employees	Improving in-house management systems	Improving in-house management systems to keep up with expansion of operations
	Contributing to the mitigation of environmental burden by expanding sales of diesel engines with excellent fuel efficiency and low emission levels	Clients	Continuously exploring new clients	Establishing and launching businesses
		Environment	Checking trends in emission regulations in each country	Gathering information on trends in emission regulations and response by automakers in each country
	Contributing to the mitigation of environmental burden by developing and commercializing high-performance DPF	R&D	Conducting tests and acquiring a license from the Ministry of Land, Infrastructure and Transport	Exploring sales channel and starting sales
R&D		Aiming to commercialize DPF in the construction machinery retrofitting market in California and in the construction machinery and truck markets as OEM products in Japan after its performance is assessed by Clean AIR Systems, Inc. in the US	Starting sales activities in the retrofitting market after Clean AIR Systems, Inc. completes the development of DPF; and continuously developing DPF as OEM products in Japan, and jointly assessing its prototypes	
Industrial Machinery & Solution-Division	Meeting the seeds with the needs to mitigate environmental impact	Business partners and R&D	Promoting the development of next-generation cell technology	Introducing manufacturer testing and considering the possibility of and promoting its mass production
		Business partners	Supplying materials for solar cells, selling modules, and serving as a broker for technology licensing	Promote projects
All Divisions	Contributing to the international community including the advancement of local communities	Local communities and international community	Contributing to advancement of developing countries, improving conditions for education, and promoting environment-friendly projects	Studying measures to improve existing projects, and promoting specific projects
	Reinforcing communication	Employees	Conducting CSR-related education and enlightenment activities on the Company level (particularly putting efforts to gain an understanding of CSR activities by competitors and business partners)	Planning and conducting CSR-related training programs on the Company level, and reviewing the results, and studying measures for improvement

## Business Outline

We in the Machinery Company are engaged in trading and business investment toward our goal of developing local communities and contributing to the international society. Our Plant & Project Division is involved in many infrastructure projects overseas. Our Automobile Division is diversifying its business from the field of trading to those of retailing and financing. Our Industrial Machinery & Solution Division handles a wide spectrum of items, including construction machinery, industrial machinery, and medical devices, and provides solutions together with our group companies inside and outside Japan.

## Products & Services

Plants (oil, gas, and chemical), Ships, Automobiles, Rolling stock, Power generating equipment, Construction machinery, Textile machinery, Industrial machinery, Medical devices, Electronic devices and equipment

## CSR Outlook

### Developing local communities and contributing to the international society through business

In the Machinery Company, we handle projects and items with a substantial impact on society and the environment, such as social infrastructure projects, automobiles, ships, and industrial machinery. We intend to fulfill our social responsibility through business activities that help alleviate environmental burden and resolve problems in local and international communities. In recent years, there has been an increase in requests received from customers about environment-friendly specifications. We are consequently deploying educational and consciousness-raising programs among all our employees so that they can make proper decisions from the viewpoint of CSR.

We also believe it is important to get an accurate picture of the impact our business activities have on the environment and society, and apply the CSR perspective in our decisions on investment and selection of partners.

Each of our divisions is engaged in projects reflecting concern for the environment. Our Plant & Project Division, for example, is promoting infrastructure projects for power generation utilizing renewable energies such as wind power, geothermal energy, and biomass. Similarly, our Automobile Division is expanding sales of diesel engines with excellent features in respect of fuel efficiency and exhaust emissions in emerging markets such as China in order to reduce environmental burden, and our Industrial Machinery & Solution Division is striving for the practical utilization and spread of new environment-friendly technology.

By vigorously engaging in businesses that show concern for the environment as described above, we are committed to helping develop local communities and contributing to international society.

## Examples of Our Initiative

### Starting demonstration tests to bring environment-friendly technology up to the practical level

We invested in H2Gen Innovations Inc., a US company engaged in the development of high-quality and compact onsite hydrogen generation systems\*, and began demonstration tests of the first pre-commercial unit for the Japanese market in March 2006. With assistance from the Tokyo Gas Group, performance, durability and safety of the unit will be clarified in terms of the characteristics of city gas in Japan, and commercial sales of industrial units are planned to start in the fiscal year ending March 2008.

\* Onsite hydrogen generation systems are installed in the site when in use. There are great expectations that, in future, such systems will be widely used for hydrogen filling stations for CO<sub>2</sub> emission-free fuel cell vehicles.

## Major Group Companies

Group companies	Business
ITOCHU SANKI CORPORATION	Wholesale of industrial machinery
Century Medical, Inc.	Wholesale of medical equipment and materials
MCL Group Ltd.	Warehousing, retail and financing of motor vehicles
ITOCHU Automobile America Inc.	Holding company for auto-related business
Century Leasing System, Inc.	Diversified leasing business

## CSR Initiative



Shigeji Sugimoto

General Manager  
Planning & Coordinating Department  
Machinery Company

### Actively developing environment-friendly business

I am really pleased to have an opportunity to profile the Machinery Company's approaches to environment-friendly business through the ITOCHU Corporation CSR report. While machines are apt to be thought of as cold and hard, we are taking various steps on this front by handling materials incorporating environment-friendly technology and participating in environment-conscious projects. In fact, the activities introduced in this report are only a small fraction of the total. I want to continue expanding business that will merit mention in this report and actively pursue operations that will be given high ratings from the CSR standpoint as well.

### Expanding business in transport of LNG, a clean energy

Our Plant & Project Division is actively promoting the transport of liquefied natural gas (LNG), of which demand is increasing as a from of clean energy. We came into possession of three LNG carriers for Korea and Algeria, and finished building a new type of LNG carrier in Oman in the fiscal year ended March 2006. We plan to charter the new carrier on a long-term basis to use in off-taking Oman-produced LNG for a period of 20 years and supply to electric power companies in Japan. Our ownership and chartering of LNG carriers will offer support for the midstream section of the natural gas value chain and assist the supply of clean energy.

# CSR Action Plans of the Aerospace, Electronics & Multimedia Company

## MISSION

1. Contributing to the creation of a safe, convenient, and rich society through corporate activities
2. Contributing to the interest of consumers, business partners, shareholders, and employees through corporate activities

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Aerospace & Electronic Systems Division	Delivering safety and convenience in the air transport field	Clients and suppliers	<ol style="list-style-type: none"> <li>1. Proposing security equipments and systems meeting the needs of airports and customs checkpoints</li> <li>2. Anticipating the market needs related to business jets and helicopters for disaster relief</li> <li>3. Contributing to safe operation by clients (including national authorities and local governments)</li> </ol>	<ol style="list-style-type: none"> <li>1. Maintaining close communication with suppliers</li> <li>2. Gaining an understanding of needs through close communication with clients (including airports, customs, and other public agencies as well as national authorities and local governments)</li> <li>3. Reinforcing maintenance business to provide stable services</li> </ol>
IT & Business Solutions Division	Promoting life science business	Consumers and business partners	<ol style="list-style-type: none"> <li>1. Unearthing and satisfying the needs for preventive medicine in the health-oriented society</li> <li>2. Improving reliability by further reinforcing expertise and technological capabilities when promoting clinical trial business</li> <li>3. Checking and responding to trends in the creation and revision of related laws and regulations</li> </ol>	<ol style="list-style-type: none"> <li>1. Unearthing the market needs by looking ahead to changes in social environments such as declining birthrates and an aging society, and establishing a new PET center</li> <li>2. Reinforcing development systems, and continuously promoting the development of human resources</li> <li>3. Promoting initiatives</li> </ol>
	Fully enforcing and promoting information security management at group companies	Clients, suppliers, consumers, and employees	<ol style="list-style-type: none"> <li>1. Improving software and hardware related to information security</li> <li>2. Promoting the acquisition of the Information Security Management System (ISMS) certification and the Privacy (P) Mark certification</li> <li>3. Responding to accidents swiftly and properly</li> <li>4. Continuously providing educational and enlightenment programs to employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Improving software and hardware related to information security</li> <li>2. Promoting the acquisition of the ISMS certification and the P Mark certification</li> <li>3. Responding to accidents swiftly and properly</li> <li>4. Continuously providing educational and enlightenment programs to employees</li> </ol>
Media Business Division	Deepening environmental awareness through 3R (Reduce, Reuse, and Recycle) activities	Consumers, business partners, and mass media	Contributing to society through the recycling business	Expanding business partners through wider recognition
	Improving social infrastructures by providing more pleasant means of communication, applications, and services	Consumers and business partners	To bolster approaches to consumers while deepening their trust in ITOCHU: <ol style="list-style-type: none"> <li>1. Rigorously managing customer information</li> <li>2. Identifying and meeting the end-user needs</li> </ol>	<ol style="list-style-type: none"> <li>1. Solving problems identified by the results of fact-finding surveys at group companies</li> <li>2. Studying and implementing specific measures</li> </ol>
	Contribution to the creation of a rich society by promoting meaningful contents	Consumers and business partners	<ol style="list-style-type: none"> <li>1. Further acquiring and distributing content</li> <li>2. Identifying end-user needs</li> </ol>	<ol style="list-style-type: none"> <li>1. Establishing and improving ties of trust with clients, suppliers, and business partners through transactions</li> <li>2. Studying and implementing specific measures</li> </ol>

## Business Outline

The company's IT & Business Solutions Division and the Media Business Division are actively developing business and new projects applying new technology, such as IT-related services and mobile communications. The Aerospace & Electronic Systems Division is involved in sales and leasing of aircraft, and sales of space- and security-related devices.

## Products & Services

Programming supply and entertainment business, Mobile-phone and related equipment and services, IT services and related equipment, e-business and services, Aerospace systems, Security and electronics systems

## Major Group Companies

Group companies	Business
ITOCHU TECHNO-SCIENCE Corporation	System consultation, integration, administration, maintenance, support, training, and outsourcing
CRC Solutions Corp.	Information processing service, system integration, sales, administration, and support
Excite Japan Co., Ltd.	Internet portal services
ITC NETWORKS CORPORATION	Retail network of mobile phones
NANO Media Inc.	Provision of mobile contents and services in broadcasting / communications connection
SPACE SHOWER NETWORKS INC.	Music channel on cable / satellite television
CAPLAN Corporation	Placement services, temporary staffing services, educational training services, reemployment support services, and outsourcing services

## CSR Outlook

### Contribution to safe, convenient, and enriched living

The Aerospace, Electronics & Multimedia Company has helped to enrich society by developing various businesses such as international telephone services and TV program supply services as part of the satellite communications business since 1985, when the telecom sector was deregulated. We therefore have a tradition of boldly taking up the challenge of opening up new industries and fields. True to this tradition, we are continuing to challenge new business toward the goal of building an even more advanced sustainable society. As we see it, our mission lies in contributing to the creation of a society in which all members have access to the information they want and need.

A case in point is our new social contribution business on which we are collaborating with the MOTTAINAI Project now under way. This constitutes a new business model that proceeds from our challenging spirit. The future business spawned by these operations will have an immense impact on the whole world, and the presentation of our vision for it will at the same time manifest the orientation of ITOCHU's CSR activities.

➔ For more information on the MOTTAINAI Project, see page 40.

## CSR Initiative



**Hiroshi Suguta**  
General Manager  
Planning & Coordinating Department  
Aerospace, Electronics &  
Multimedia Company

### Expansion of CSR activities to group companies as the task for the future

The Aerospace, Electronics & Multimedia Company is engaging in various businesses toward the goal of raising levels of safety, convenience, and quality in modern life. We are distinguished by our pursuit of such businesses through a concerted effort by our diverse group companies.

To heighten the effectiveness of our CSR activities, we are considering the deployment of consciousness-raising campaigns to see that our employees constantly bear CSR in mind in the execution of their duties (i.e., ask themselves whether their work will contribute to the creation of a sustainable society) and to encourage the spread of the CSR activities among all members of our group.

## Examples of Our Initiative

### Creating an enriched society through new media

Our Media Business Division launched video-on-demand (VOD) services adapted to the broadband age, and commenced the supply of these services in March 2005 by On-Demand TV. Inc. The number of households receiving broadband services is projected to double over the next three years, and On-Demand TV. Inc. is enlarging its service area to meet increasing demand for VOD services. The Division is planning to develop a variety of services harnessing the interactive capabilities of broadband circuits, in keeping with our CSR goal of enhancing the quality and convenience of modern life.

### Acquiring certification related to information security

For the Company that handles mainly information, the maintenance and improvement of information security is our CSR task. Some of our group companies that handle personal information have acquired Information Security Management System (ISMS) certification and Privacy Mark certification to heighten the quality of their information security. We are encouraging other group companies that especially handle personal information to take advantage of their experience and acquire such certification on a priority basis. GLOBE-TROTTER T&E Inc. has commenced studies with a view to obtaining the P-Mark in 2006.

# CSR Action Plans of the Energy, Metals & Minerals Company

## MISSION

1. Stably developing and procuring resources and energy
2. Supplying safe, environmentally-friendly energy to consumers
3. Giving due consideration to the global environment in these processes

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Metals, Mineral Resources & Coal Division	Contributing to the creation of a recycling-oriented society through resource recycling. Task: Properly recovering, treating, managing, and acquiring waste for recycling	Suppliers and business partners	1. Establishing recycling systems for waste beverage containers 2. Transforming waste from all group companies into resources	1. Selecting and determining waste treatment companies 2. Starting recycling activities
		Group companies		1. Holding seminars on waste and recycling 2. Starting recycling activities
		Local communities and governments		1. Holding recycling study meetings with local governments 2. Starting recycling activities
	Contributing to and promoting projects to reduce greenhouse-gas emissions approved by the United Nations	International community	Reducing methane emissions from livestock manure	Identifying and targeting projects for participation
	Business partners	Reducing N <sub>2</sub> O emissions from chemical processes		
Energy Development Division	Implementing countermeasures against global warming	International community, business partners, and environment	Implementing measures to mitigate the environmental burden through discussions with operators (oil and gas developers, etc.)	Reviewing and checking environmental standards
		Environment, international community, and local communities	Accelerating the development of new energy that has low environmental impact	Continuously promoting the development of new energy that has low environmental impact
	Contributing to social advancement in oil- and gas-producing developing countries	Local communities	Improving the efficiency of our contribution by conducting in-depth studies of the benefits thereof	Studying and engaging in contribution projects in the areas of education, sports, etc. in oil- and gas-producing countries
		Local communities	Checking the effects and formulating measures to improve efficiency as necessary	Studying and implementing measures for improvement
Energy Trade Division	Preventing tanker accidents and responding to emergencies	Environment	Rigorously applying standards for chartered ships within ITOCHU's energy group companies	Educating new employees and strictly applying standards for chartered ships
	Assuring safety at tank terminals	Local communities and environment	Reviewing security measures at terminals	Rigorously implementing security measures
	Making CSR efforts related to oil and gas sales at ITOCHU ENEX	Local communities and environment	Actively engaging in social activities such as encouraging employees to acquire disaster prevention expert qualifications	Encouraging all salespersons in the Car Life Division (for Automotive Lifestyle Business) to acquire disaster prevention expert qualifications
All Divisions	Making effective communication	Local communities and local governments	Establishing opportunities for communication with local communities and local governments	Holding recycling study meeting with local governments
		Group companies	Encouraging group companies to resolve waste and recycling problems	Holding waste and recycling seminars
		Business partners	Monitoring compliance with environmental standards through communication with operators	Continuously communicating with operators
		Environment	Rigorously applying in-house voluntary standards for the environment, such as standards for tanker chartering, within group companies	Monitoring whether group companies are rigorously applying in-house voluntary standards for the environment
		International community	Monitoring the degree of contribution through communication with the governments of oil- and gas-producing countries	Maintaining communication with the governments of oil- and gas-producing countries

## Business Outline

Based on our "Frontier-2006" initiative, our company-wide focus has been on business related to resource development. With regard to metals, mineral resources, and coal, we are participating in several iron ore, coal, and aluminum development projects, mainly in Australia. Concerning the development of energy resources, we are involved in natural gas and LNG projects in countries including Qatar, Oman, and Algeria. In the area of oil exploration and production, we are active participants in the ACG Project in Azerbaijan, the BTC Pipeline Project, the Sakhalin-1 Project, and other projects.

## Products & Services

Crude oil, petroleum products, LPG, LNG, nuclear fuel, iron ore, coal, aluminum, steel scrap, steel products

## CSR Outlook

### Stable supply of resources and energy in Japan and the world

Our primary mission is to provide a stable supply of resources and energy to Japan and the world. We are focused on creating a system to ensure the stable supply of crucial resources and energy to safeguard against shortages, regardless of the state of the economy, the outbreak of disputes, or the occurrence of natural disasters.

As resource and energy development businesses can impose a heavy burden on society and the environment, CSR requires our utmost consideration. With that in mind, we conduct social and environmental assessments prior to investment and base our determination on whether to participate in the projects on such assessments. Once engaged in a project, we continue to conduct business from a CSR standpoint. By doing so, we wish to demonstrate our belief in socially-responsible resource development. We also strive to contribute to local communities through the projects in which we participate.

In terms of energy trading, we promote diversification of our supply sources through global trade. In addition, we are committed to compliance with vessel chartering standards to ensure safe transport as well as the implementation of security measures for tank facilities.

## Examples of Our Initiative

### Starting business in CO<sub>2</sub> emissions trading

In April 2006, our Metals, Mineral Resources & Coal Division instituted a department to establish new environmental businesses; such department has already commenced projects related to CO<sub>2</sub> emissions trading.

We are also pursuing business opportunities that utilize the Clean Development Mechanism (CDM<sup>\*1</sup>). Our activities on this front may be exemplified by one project in which tent-like equipment was used in connection with the recovery and combustion of methane gas derived from hog manure collected at hog farms in developing countries so as to curtail the release of gas into the atmosphere. Another such project was one in which a catalyst was used to decompose nitrogen oxide released into the atmosphere as a by-product by nitric acid plants, and thereby curtail such release.

<sup>\*1</sup> CDM is a scheme whereby developed countries promoting emission-reducing projects in developing countries can transfer part of the emission reduction resulting from the project to their own countries.

## Major Group Companies

Group companies	Business
ITOCHU Non-Ferrous Materials Co., Ltd.	Import, export and wholesale of non-ferrous / light metals and products
ITOCHU Petroleum Japan Ltd.	International trade in crude oil and petroleum products, charter and operation of oil tankers, sale of bunker fuel oil, and operation of oil storage facilities
ITOCHU Minerals & Energy of Australia Pty Ltd	Investment in projects for iron ore mining, coal mining and sales, manufacture of alumina, mining of bauxite, and oil exploration
ITOCHU Oil Exploration (Azerbaijan) Inc.	Exploration and production of crude oil
Marubeni-Itochu Steel Inc.	Import, export and wholesale of steel products
ITOCHU ENEX CO., LTD.	Wholesale of petroleum products and gas
i-Recycle Inc.	Steel scrap trading and recycling business development

## CSR Initiative



Masanori Mitsuhashi

Deputy General Manager  
Planning & Coordinating Department  
Energy, Metals & Minerals Company

### Promoting environmentally-friendly development of resources and energy

In resource-poor Japan, establishing a stable supply of resources and energy and recycling such resources and energy are crucial components of our corporate mission. As a company that cares about local communities and the global environment, builds strong partnerships with stakeholders, and contributes to the development of society as a whole, we are determined to continue conducting business in accordance with our CSR philosophy.

In addition, we are also looking to become more extensively involved in projects that can help to prevent global warming, such as emissions trading and new forms of energy development.

Concerning CSR, it is critical to deepen the awareness of each and every employee. We are endeavoring to establish a corporate culture that encourages employees to take CSR measures on their own initiative.

### Activities to promote and diffuse new energy

Within our Energy Development Division, in an effort to expand the use of environmentally-friendly natural gas, we are working to cultivate new technology for the utilization of dimethyl ether (DME<sup>\*2</sup>), a new energy that can be used as fuel. In 2001, together with Mitsubishi Gas Chemical Company, Inc., Mitsubishi Heavy Industries, Ltd., and JGC Corporation, we established Japan DME Ltd. to develop all phases of our DME business, from global scale material procurement to promotion of the use of DME. In the meantime, with regard to LNG<sup>\*3</sup> fields, we became the first *Sogo Shosha* to conclude a long-term contract for the purchase of LNG from Oman, with sales under such contract commencing this year. Such activities demonstrate our commitment to developing new business to promote the further use of LNG.

<sup>\*2</sup> DME is a new energy that can be manufactured from biomass as well as natural gas, imposes a low environmental impact, and is easy to handle.

<sup>\*3</sup> LNG is formed by pressurizing natural gas generated by fossil fuels under the ground (consisting mainly of methane) at low temperatures to liquefy it in order to facilitate its transport.



# CSR Action Plans of the Chemicals, Forest Products & General Merchandise Company

## MISSION

**Contributing to the fulfillment of rich lifestyles through swift and stable supply of products, resources, and commodities that fully meet customer needs while assuring product quality and safety with maximum concern for the environment**

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Forest Products & General Merchandise Division	Assuring raw material traceability	Suppliers	Expanding approaches with suppliers based on legitimate and sustainable forest resources	Continuously examining raw material traceability systems through on-site investigations and questionnaire surveys at suppliers
		Government ministries/agencies	Establishing traceability systems for imported lumber	Confirming procurement guidelines under the Green Purchasing Law announced annually, and preparing documents in accordance with laws and regulations
	Handling products certified for international forest management	Clients	Actively expanding sales of forest-management certified pulp	Handling 1.1 million tons of forest-management certified pulp per year
		Suppliers	Requesting uncertified suppliers to acquire forest-management certification, and promoting the acquisition of such certification within group companies	Acquiring Australia Forestry Standard (AFS) certification in connection with resources for chip processing in eastern Australia
		NGOs/NPOs	Disclosing information on the status of forest management certification at group companies	Disclosing information on the status of forest management certification at group companies over our website, etc.
	Responding to the Green Purchasing Law	Government ministries/agencies	Establishing a system in accordance with the Green Purchasing Law	Acquiring certification from importers' associations, and continuously conducting on-site investigations and questionnaire surveys at suppliers
	Protecting natural forests	Local communities	Expanding actions with suppliers recognized by local communities	Confirming whether suppliers harmonize with local communities through on-site investigations, etc.
NGOs/NPOs		Sharing common perceptions on protection of natural forests	Gathering information on protection of natural forests, and having dialogue with NGOs/NPOs through the Global Environment Office	
Chemicals Division	Managing dangerous / hazardous chemical substances	Clients	Strongly encouraging our sales people to obtain copies of sales licenses for toxic / deleterious substances from all the clients, and also examining whether it is appropriate for us to sell the chemicals to such clients	Checking whether all various requirements under the Poisonous and Deleterious Substances Control Law are complied with
		Suppliers	Strongly encouraging our sales people to acquire the Material Safety Data Sheet (MSDS) from the suppliers and urging suppliers to disclose information on ingredients (for search of applicable laws and regulations)	Requesting suppliers to disclose information on ingredients
		Employees	Continuously educating employees about chemical-related laws and regulations, maintaining search for all products once a year, establishing systems to check compliance with applicable laws and regulations overseas, and appointing a full-time officer in charge of compliance with chemical-related laws and regulations	Holding courses on chemical-related laws and regulations, and searching such laws and regulations for all products even at overseas offices
		Government ministries/agencies	Eradicating omissions in approval and notification, and accurately and swiftly notifying in the event of incidents and following official instructions	Eradicating omissions in approval and notification to authorities
		Transport companies	Giving instructions regarding the observance of related laws and regulations, such as the possession of yellow cards (detailing emergency response measures)	Requesting transport companies to rigorously observe laws and regulations in a written form, and examining whether they comply with such laws and regulations
		Assuring sources for stable supply of resources and materials (at the Inorganic Chemicals Department)	Suppliers	Studying projects for new mineral resources (fluorite, cobalt, etc.)
	Local communities		Rigorous complying with laws and regulations in host countries, and creating new business	Creating employment opportunities through the establishment of new group companies
Procuring safe and secure products	Suppliers	Continuously instructing suppliers to reinforce systems for inspection of imported products, and requesting them to acquire the ISO certification	Aiming at reducing complaints to zero, and requesting suppliers to acquire the ISO certification	

## Business Outline

In domains that support modern life, we are conducting various businesses, ranging from resource development to retailing. In markets prioritized by our "Frontier-2006," such as North America, China, and other Asian countries, we are aggressively promoting business in overseas markets. In consumer-related fields, we are retailing lifestyle goods by leveraging our horizontal business strength.

## Products & Services

Logs & Lumber, Construction materials, Chips, Pulp, Paper, Natural rubber, Tires, Ceramic products, Basic chemicals, Fine chemicals, Pharmaceutical materials, Inorganic chemicals, Plastics, Various consumer products

## CSR Outlook

### Protection of the natural environment and safety management

— Promotion of CSR encompassing investment destinations

Our Company considers protection of the natural environment and safety management for dangerous and hazardous chemical substances as our key CSR tasks.

In our Forest Products & General Merchandise Division, where business related to forest resources accounts for a high percentage of the sales, it is vital to take account of environmental and social aspects in the countries and regions that supply materials. Specifically, we are promoting conservation of the natural environment through activities to protect natural forests and acquisition of forestry-related certification. At the same time, we hope to establish a scheme to trace materials we procured.

In our Chemicals Division, our main tasks are to fully understand chemicals-related laws and regulations, which are frequently revised; to comply with all such laws and regulations, and to improve labor safety and hygiene in the operation of plants by group companies.

We are trying to implement a business model that can take advantage of the synergistic effects of trading and investment. CSR activities encompassing our group companies are tasks of prime importance.

## Examples of Our Initiative

### Sustainable forest management by CENIBRA in Brazil

CENIBRA, our group company in Brazil, is involved in everything from forest management to pulp production. On land measuring 230,000 hectares, CENIBRA planted trees in 120,000 hectares, an area about twice as large as the ward area of Tokyo, and is producing 960,000 tons of pulp per year. The CENIBRA's forest management is firmly grounded in concern for the natural environment in the region.

CENIBRA obtained certification for sustainable forest management by the Forest Stewardship Council (FSC) in June 2005, and Chain of Custody (CoC) certification in July 2005.

## Major Group Companies

Group companies	Business
ITOCHU Kenzai Corp.	Wholesale of wood products and building materials
ITOCHU Pulp & Paper Corp.	Wholesale of paper, paperboards, packaging materials, and pulp
ITOCHU CHEMICAL FRONTIER Corporation	Wholesale of fine chemicals and related raw materials
ITOCHU PLASTICS INC.	Development and sale of plastics and related products
DAIKEN CORPORATION	Manufacture and sale of building materials and construction part
TAKIRON Co., Ltd.	Manufacture and sale of flat and corrugated plastic sheet
C. I. KASEI. Co., Ltd.	Manufacture and sale of PVC pipe and film and related materials
Japan Brazil Paper and Pulp Resources Development Co., Ltd.	Investment in CENIBRA, one of the largest eucalyptus pulp manufacturers in Brazil

## CSR Initiative



Michichika Suzuki

Manager, CSR & Compliance Team  
Planning & Coordinating Department  
Chemicals, Forest Products & General Merchandise Company

### Aiming at becoming a Company that gives consideration to safety and the environment as well as is trusted by a wide range of stakeholders

Our Company is distinguished by its handling of an enormous assortment of products used in modern life and wide range of business extending from purchasing of resources and materials to retail sale to consumers. Safety management in the area of chemicals in particular and concern for the environment, mainly in connection with life materials, are consequently key requirements. It is essential for us to remain aware of our many stakeholders in our actions, respond to their needs, and retain their trust. We are also taking positive action to tighten compliance with all requirements and thereby to prevent the occurrence of any incidents and accidents that could detract from the reputation of the ITOCHU Group. We hope to assist many of our group companies to share these policies.

### Research of water-retention agent to help green deserts

ITOCHU CHEMICAL FRONTIER Corporation, our core group company in the field of organic chemicals, is promoting use of super absorbent polymer (SAP), a water-retention agent, to support afforestation and greening projects. The company's goal is to green an area equivalent to 0.1 percent of the total land area of China while expanding the area of farmland and improving the life environment there. In order to commercialize SAP, the company began to conduct tests with a Chinese research institute a few years ago. SAP is effective water conservation technology to preventing desertification, a global concern. The company intends to support greening projects through the use of SAP, which enables sure conservation of water.

# CSR Action Plans of the Food Company

**MISSION**

- 1. Contributing to the sound growth of society while gaining high trust of customers**
- 2. Providing rich and varied diet through stable supply of safe foods and contributing to health and happiness of consumers**
- 3. Contributing to the benefit of consumers, business partners, shareholders, and employees through fair corporate activities**

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Provisions Division	Improving productivity and efficiency in food processing	Suppliers, clients, and business partners	<ol style="list-style-type: none"> <li>1. Establishing even more stable transaction relationships with suppliers through frequent exchanges of information</li> <li>2. Creating information routes to track consumer demand</li> </ol>	Promoting approaches, and checking the effects in each field
	Developing and introducing production processes, products and packaging materials with less environmental burden	Business partners	<ol style="list-style-type: none"> <li>1. Research on utilization of by-products</li> <li>2. Expanding products that use packaging materials with less environmental burden</li> </ol>	Expanding the scope of use for such packaging materials
Fresh Food & Food Business Solutions Division	Establishing traceability systems (TS) for major products handled	Clients	<ol style="list-style-type: none"> <li>1. Active utilizing TSs already established</li> <li>2. Studying the possibility of introducing TSs for other products</li> </ol>	Publicizing for and actively utilizing TSs already established
	Assuring proper food labeling	Suppliers Business partners	<ol style="list-style-type: none"> <li>1. Promoting proper food labeling in Japan</li> <li>2. Surveying the situations of domestic business in other countries and giving instructions for improvement</li> </ol>	Responding to new requirements for indication of allergens in the EU Conducting survey on overseas group companies
Food Products Marketing & Distribution Division	Improving stability and efficiency by sharing information among all areas from wholesalers to food service and retailing sector	Business partners	<ol style="list-style-type: none"> <li>1. Constructing information infrastructure for retail support</li> <li>2. Supporting the food wholesalers to streamline the management</li> </ol>	Promoting approaches, and studying the effects
	Developing products and distribution channels in response to the changing needs of consumers	Consumers	Conducting feasibility studies anticipating changes in population structure, and developing optimal products based on the results	Developing products taking account of the generational and regional characteristics, and checking the effects
	Assisting affected areas in the event of disaster	Consumers, local communities, and government ministries/agencies	<ol style="list-style-type: none"> <li>1. Promoting to conclude agreements on emergency relief activities</li> <li>2. Establishing an emergency system, and making all parties understand the system</li> </ol>	Conclusion of agreements on emergency relief activities with local governments. Confirming the emergency system through such drills with local governments
	Establishing a environmentally-friendly distribution system	Business partners	Expanding environmental preservation measures while checking the effects	Expanding the implementation of hybrid vehicles
	Introducing energy- and resource-conserving facilities	Business partners	Expanding the use of energy- and resource-conserving equipments in the facilities while checking the effects	<ol style="list-style-type: none"> <li>1. Promoting the introduction of LED signs</li> <li>2. Refining energy-saving air conditioning/refrigeration systems and light-adjustment systems</li> <li>3. Promoting store fixture recycling</li> </ol>
All Divisions	Educating and raising awareness of food safety management	Employees Business partners	Sharing and improving manuals for food safety management	Continuously auditing food safety management Holding meetings to explain food safety management to raise awareness
	Improving and strengthening control systems of origin, ingredients and labeling	Suppliers	<ol style="list-style-type: none"> <li>1. Japan: Action to address the “positive list” system</li> <li>2. North America: Improving traceability systems, strict control of contract conditions and product standards, and continuing efficacy evaluation</li> </ol>	Tightening control system of origin and labeling management Establishing and observing rules for regular inspections Giving guidance to improve checking systems for residual agricultural chemicals
		Clients		Confirming the conditions for proper labeling
		Business partners		North America: Inspection of traceability systems, contract conditions, and product standards
	Efficiently procuring materials and products based on the needs of business partners	Consumers	Communicating more closely with retailers and better meeting consumer needs	Understanding consumer needs through retailers
		Suppliers		Reinforcing capabilities to convey consumer needs to suppliers Jointly developing products to satisfy consumer needs
	Preventing accidents in the production and distribution stages	Business partners, suppliers, and employees	<ol style="list-style-type: none"> <li>1. Strengthening safety management systems at partner manufacturers</li> <li>2. Expanding existing approaches through food safety audit</li> </ol>	Checking measures, and continuously examining their validity
Properly responding to emergencies	Employees, consumers, and mass media	Strict compliance with applicable rules	Giving guidance for improvement in food safety audit	

**Business Outline**

The Food Company's mission is the stable supply of safe food products. Our business seamlessly brings together all elements of the foodstuff field, from material procurement in Japan and overseas, to manufacturing, processing, distribution, and retail business. We have built a value chain spanning the downstream, midstream, and upstream sectors, and are developing our supply and demand system based on consumer needs. We are also expanding our business overseas by applying the know-how acquired in Japan.

**Products & Services**

Wheat/barley, vegetable oils, soybeans/corn, juice/coffee, sugar, dairy products, marine, livestock, and agri products, frozen foods, processed foods, pet foods, soft drinks, liquor

**CSR Outlook**

**Ensuring the safe and stable supply of foods to meet consumer needs**

We are developing our business by applying a Strategic Integrated System (SIS), which features the building of a supply and demand system based on the needs of consumers, such as FamilyMart customers. In the domestic distribution sector, the Company has built a top-level food distribution network consisting of the food wholesale companies within our group, such as ITOCHU SHOKUHIN Co., Ltd. and NIPPON ACCESS, INC. In the food materials procurement sector, we are striving to reinforce our relationships with major producers in North America, China and other countries. In all of these activities, our chief CSR concern is to meet the diversifying needs of consumers by ensuring food safety and securing a stable supply of food.

In several market sectors, consumers consider full disclosure about safety and security to be essential for purchasing decisions. They express strong demand for labeling that meets their needs. In response, we are strengthening our checking capabilities as a distributor and pressing for appropriate label indications. In order to provide more accurate information that consumers seek, we are also endeavoring to establish traceability systems for the major products we handle.

In terms of products characterized by price volatility and unstable supply, all related parties—including manufacturers, distributors and customers—place even greater emphasis on stable supply. In this regard, we aim to ensure a distribution scheme focused on supply stability while assuring food safety.

Through these activities, we set out to offer an environment enabling consumers to choose products in accordance with their priorities as regards safety, quality, and price.

**Examples of Our Initiative**

**Education and training**

The Food Company established a Food Safety Management Office in 2002 which—in addition to its consulting services—furnishes programs for the education and enlightenment of ITOCHU Corporation, its group companies, and business partners. As part of these activities, an e-learning course in food safety management was provided to employees working at the ITOCHU Corporation headquarters and those on secondment to group companies in the fiscal year ended March 2006—a course which all 546 completed.

We also hold lectures about the Waste Management and Public Cleansing Law and the Positive List System for Agricultural Chemical Residues that was enacted in May 2006. Furthermore, we extend this information to our group companies and business partners to ensure compliance.

**Major Group Companies**

Group companies	Business
ITOCHU SHOKUHIN Co., Ltd.	Wholesale and distribution of foods
Nishino Trading Co., Ltd.	Wholesale of foods and sundries
NIPPON ACCESS, INC.	Wholesale of foods
Japan Foods Co., Ltd.	Production of soft drinks
Fuji Oil Co., Ltd.	Integrated manufacturer of cooking oil and soybean protein
FamilyMart Co., Ltd.	Franchise-based convenience store business
Prima Meat Packers, Ltd.	Production and marketing of meat, ham, sausage, and processed foods
CGB Enterprises, Inc.	Handling of grain and operation of barges

**CSR Initiative**



**Michiaki Takai**  
 General Manager  
 Food Safety Administration Office  
 Planning & Coordinating Department  
 Food Company

**Assuring safety and security by building a safety management system out of the food marketing and distribution industry**

It is the ambition of all in the food production and marketing business to deliver health and happiness to the general public by encouraging the consumption of healthy food for one's well-being and vitality, and to enrich cuisine with a delicious line-up of foods.

On the other hand, BSE and various other food-related concerns have made the public extremely wary about food safety. We have numerous tasks to tackle in connection with issues such as labeling, food allergies, traceability, and chemical residues.

Thus, the need for safety management systems within the food industry is growing rapidly.

In order to ensure our customers' safety and security, we are switching from the former post-incident reactive approach, to a new approach using an integrated prevention system. We remain dedicated to "Safeguarding our Food".

**Activities to reduce environmental burden**

Family Corporation, Inc. delivers merchandise to FamilyMart stores throughout the major regions of Japan daily. The company is now introducing environmentally-friendly hybrid trucks to the fleet. As of the end of March 2006, 47 such trucks had been incorporated into its operation. In order to maximize the reduction in emission of pollutants such as CO<sub>2</sub>, NO<sub>x</sub>, and particulate matters, the company plans to replace its entire fleet with hybrid models by 2012. We are also addressing a reduction in the environmental load imposed by the FamilyMart chain as a whole. The introduction of LED signs in stores represents one such effort.

# CSR Action Plans of the Finance, Realty, Insurance & Logistics Services Company

## MISSION

1. Promoting highly transparent and convenient financial business
2. Assuring impartiality and trustworthiness as an insurance broker
3. Increasing the degree of customer satisfaction and giving further consideration to the environment and safety in the logistics business
4. Providing highly-reliable reaty goods and services

Division	CSR tasks	Stakeholders	Medium-term action plans	Action plans for April 2006–March 2007
Financial Services Division	Rigorously managing personal information and tightening security measures for a better control	Individual customers	Reinforcing measures to prevent illegal access to customer information and rigorously educating employees	Heightening the awareness among members of management, educating staff, and continuously conducting periodical reviews
	Securing channels to local communities, and unearthing needs	Local communities	Contributing to business activities and revitalization of local economies by offering services with a focus on financial solutions to small- and medium-sized enterprises (SMEs), including local ones	1. Reinforcing inter-divisional functions in businesses related to SMEs 2. Establishing a new customer base and customer relations 3. Discovering new investment projects through private equity funds
Construction & Realty Division	Supplying quality housing	Consumers	Continuously building high-quality houses and providing rewarding residential environments to society	Studying product plans to attain the medium-term goal
	Helping provide high-quality public services through PFI projects	Local governments, and consumers	Providing private-sector ideas, expertise, and business experience to society as a whole	Reinforcing the capabilities of group companies and the cooperation among them to attain the medium-term goal
Insurance Services Division	Observing the Insurance Business Law and various other laws and regulations	Employees	Helping employees gain full knowledge on compliance programs and industry-specific legal manuals (through consciousness-raising and educational activities), and reviewing them once a year	1. Reviewing compliance programs and industry-specific legal manuals 2. Helping employees gain full knowledge on compliance requirements at departmental meetings etc. 3. Holding insurance agency compliance seminars for newly posted personnel (by the Division)
		Clients	1. Complying with laws governing sale of financial products and consumer contracts 2. Reinforcing personal information management	1. Explaining important items at sale of insurance products 2. Managing personal information in accordance with the Privacy Mark standard
		Suppliers	Sharing information on the amendment to industrial laws and regulations etc.	1. Sharing information on the amendment to industrial laws and regulations by fax or post 2. Participating in seminars held by suppliers on various concerned laws and regulations
	Providing appropriate insurance products accompanied by accurate and easy-to-understand explanations	Employees	1. Increasing the understanding of products 2. Reinforcing purchasing capabilities 3. Continuously implementing consciousness-raising and educational activities	1. Increasing the understanding of products by participating in external new products seminars 2. Proposing new product development to other insurance companies 3. Continuously implementing consciousness-raising and educational activities
		Customers	1. Holding hearings about customer needs 2. Proposing new products matching customer needs 3. Proposing multiple types of products satisfying customer needs	1. Continuously holding hearings about customer needs 2. Proposing development of the new product based on the findings of hearings to each insurance company 3. Continuously proposing multiple types of insurance products to customers
	Handling insurance benefit claims	Employees	Participating by personnel in charge of benefit claims in education and training activities in order to enhance their knowledge	1. Participating by personnel in charge of benefit claims in internal and external seminars on the handling of insurance products and claims 2. Helping newly appointed personnel mastering expertise for handling claims by engaging in ordinary operations with experienced staff
Logistics Services Division	Constructing logistics schemes reflecting concern for the environment and safety	Business partners	Aiming at constructing logistics schemes that take full account of the environment and safety on business sites	Selecting new partners that follow CSR requirements, and biannually conducting monitor reviews with reference to the following CSR items 1. Compliance with laws and regulations 2. Acquisition and renewal of requisite licenses and permits 3. Preparation of manuals for safety and waste handling
Insurance Services Division	Reinforcing communication	Employees	1. Sharing information on insurance products and claims with other employees 2. Helping employees gain knowledge about compliance at departmental meetings and through other consciousness-raising and educational activities	1. Continuously exchanging business progress reports at departmental and sectional meetings 2. Continuously helping employees gain knowledge about compliance at departmental and sectional meetings 3. Encouraging new employees to attend compliance courses for insurance agencies
		Suppliers	Sharing information to provide products accommodating customer needs, and developing new products	1. Participating in seminars and product presentation meetings held by suppliers 2. Promoting information sharing when legally permissible, including claim-related information 3. Continuously holding business study conferences
Logistics Services Division		Clients, business partners, and employees	Gaining an understanding of stakeholder needs through regular meetings with clients and logistics firms by strongly focusing on CSR considerations (the environment and safety), and updating our CSR activities	Reviewing the contents and frequency of regular meetings

## Business Outline

The Finance, Realty, Insurance & Logistics Services Company is a "Service and Solution Provider"; our four divisions in the areas of financing, real estate, insurance, and logistics provide highly creative services to customers inside and outside the group. In collaboration with our group companies, we are involved in various financial and insurance services such as credit card and insurance agency business; logistics network creation projects; housing-related business; and construction and real estate business including Private Finance Initiative (PFI) schemes.

## Products & Services

Foreign exchange, Credit card business, Fund (securitization) business, Insurance agency/brokerage business, Integrated international logistics and warehouse business, Housing-related business

## CSR Outlook

### Our shared objective: provision of a sense of security and reliability to our customers

Our Financial Services, Realty, and Insurance Services Divisions do business in accordance with various laws and regulations. We constantly strive for proper service provision with a view to furnishing customers with a sense of security and reliability by giving full advance explanations of products, along with our effort to tighten personal and other information security and comply with laws and regulations. We intend to continue enlightening and educating group employees toward the goals of sustained expansion of our business by rigorously complying with laws and regulations, further reinforcing our information systems, and improving convenience for customers.

Another major part of our mission is to contribute to the advancement and vitality of local communities through investment activities utilizing various private equity funds.

To create smooth logistics schemes rooted in customer needs, our Logistics Services Division sets standards for the selection of our partners, and monitors and reviews them from the viewpoint of their concern for society and the environment. We are going to apply this policy not only in Japan but also in China and other countries, which hold immense potential as markets.

## Examples of Our Initiative

### Information security system at FX Prime Corporation

Our wholly-owned group company, FX Prime Corporation, handles on-line transactions in foreign currencies. From the perspective of information security management, the company has established systems to identify information assets including personal (customer) information, and timely respond to and review security risks based on risk management. The company also has laid down a particularly strict control system for customer information that meets standards set by the law protecting personal information by limiting the number of in-house personnel who are allowed access to this information.

## Major Group Companies

Group companies	Business
ITOCHU Finance Corporation	Lending and other financial business
CENTURY 21 REAL ESTATE OF JAPAN, LTD.	Headquarters of real estate franchise system
i-LOGISTICS CORP.	Comprehensive logistics services (warehousing and overland transport, international air cargo handling, customs clearance, NVOCC)
Cosmos Services Co., Ltd.	Corporate insurance brokerage and consulting services
Orient Corporation	Consumer credit

## CSR Initiative



**Tsutomu Arakawa**  
Deputy General Manager  
Administration Department  
Finance, Realty, Insurance & Logistics  
Services Company

### Providing inter-divisional products and services that satisfy customer needs by leveraging synergy effects

While each of our four divisions covers a distinct business domain independently, we are hoping to improve customer services by leveraging inter-divisional synergy effects generated through integrated operations within our Company. This is, in fact, an important priority of ours.

Such synergy may be exemplified by interaction between the Financial Services and Realty Divisions (securitization of real estate), the Realty and Logistics Services Divisions (logistics funds), and the Insurance and Logistics Services Divisions (international logistics). In those cases, we are already offering inter-divisional goods and services that match customer needs. As we further engage in such businesses, we believe that increasing the safety and security of our goods and services as well as the degree of customer convenience and satisfaction by acting with CSR awareness will strengthen our ties of trust with the customer and lead directly to business growth.

### Contributing to the community through PFI projects

As of July 2006, ITOCHU has participated in three PFI\* projects. In a project to construct a new building for the Museum of Modern Art, Kamakura & Hayama in Kanagawa Prefecture, we are serving as a project manager, and recruited a wide range of partners from different industries to form a consortium. We are currently in charge of the construction, ownership, and maintenance of public facilities and the operation of incidental facilities. While making a multifaceted response to outsourcing needs among national and local governments, we are furnishing ordinary citizens with a high value for money.

\* PFI (Private Finance Initiative) is a scheme for utilizing private-sector funds, technology, and operation know-how in the design, construction, operation, and management of public facilities.