

Employee Relations

Personnel underpin ITOCHU's stable, continuous growth. Under Frontier+ 2008, we aim to become a *global enterprise that is highly attractive to all stakeholders* by pursuing a human resources strategy of *recruiting, developing, and leveraging employees worldwide*. In those efforts, we help employees fully realize their potential, irrespective of their gender, nationality, or age.

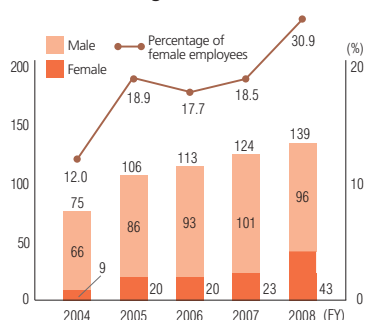
Basic philosophy regarding our human resources system

Our basic approach to human resources is to *pay for performance and strengthen employee capabilities while respecting the careers and diversity of individuals*. We aim to heighten employees' motivation and fulfillment and create workplace environments that give employees the confidence to fully realize their abilities. Further, we support employees' initiatives and ambitions by respecting employees' individuality and values and implementing plans to develop diverse personnel with international outlooks, regardless of their gender, nationality, or age.

Employing, developing, and promoting diverse personnel

Equal employment and opportunities
Unaffected by economic conditions or fluctuations, we consistently hire a diverse group of new graduates each year, regardless of gender, nationality, or age. Furthermore, we ensure fair and open recruitment by widely distributing information to the public through our recruitment web site, company presentations, and recruitment brochures.

Number of new graduates recruited



Supporting the progress of diverse personnel

Enabling diverse personnel to fully realize their capabilities is critical in order to become a *global enterprise that is highly attractive*. Guided by our *Promotion Plan on Human Resource Diversification*, we support a variety of employees.

Promotion Plan on Human Resource Diversification (January 2004–March 2009)

Objectives

- Provide maximum support to fully utilize the strengths and abilities of a variety of employees, **regardless of gender, nationality, or age**
- Create an **attractive company and corporate atmosphere** through the execution of the plan

Gender

We believe that increasing the number of female employees for career-track positions will broaden the areas in which female employees can realize their abilities and encourage their promotion to senior management positions. Based on that belief, we aim to create an in-house environment in which it becomes natural for female employees to play important roles. Accordingly, we are recruiting more female employees based on ability and aptitude. In addition, because we met our numerical target one year ahead of schedule, we have set new targets through to fiscal 2013.

Promotion Plan on Human Resource Diversification: targets and results

	Initial plan (FY2008)	Result for FY2007	New target (FY2013)
Percentage of female employees among newly graduated employees in career-track positions	20% or higher	31%	30% or higher
Percentage of female employees among all employees in career-track positions	5.0%	5.7%	10%

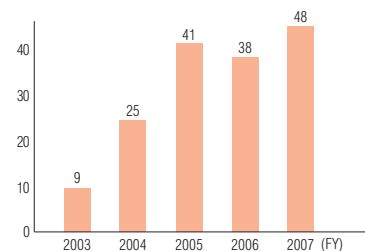
Number of male and female employees

	Male	Female	Total
FY2005	3,126	881	4,007
FY2006	3,122	915	4,037
FY2007	3,134	973	4,107

Age

Because we value personnel with diverse knowledge and experience, regardless of age, we are hiring mid-career employees. Also, through an employment extension system that offers a variety of options, such as enabling employees to continue working until the age of 65, we provide support for employees' efforts that caters to the diverse values of senior citizens.

Number of employees recruited mid-career (career-track)



Supporting the participation in society of people with disability

In 1987, ITOCHU Corporation established Itochu Uneedus Co., Ltd., as a special subsidiary based on the Law for Employment Promotion, etc. of the Disabled (Shogaisha Koyo Sokushin hou) in order to create work opportunities for those with disability. Last year the company celebrated its 20th anniversary. As of April 2008, 2.14% of our employees were with disability, higher than the legally stipulated level of 1.8%. We will continue to support the participation in society of individuals with disability.



Working at Itochu Uneedus Co., Ltd.

Human resources strategy with a global perspective

In adherence with its basic strategy of *recruiting, developing, and leveraging employees worldwide*, ITOCHU Corporation pursues human resources strategies from a global viewpoint. Aiming to maximize the value of its human resources and optimize the Group on a global basis through that strategy, ITOCHU Corporation is pursuing the following goals.

- Continue to develop global management personnel that will lead the ITOCHU group toward its goal of becoming a *global enterprise* and utilize them optimally, regardless of nationality, race, gender, or age
- Revolutionize the mindset of group employees, encourage them to become personnel that can play important roles with global perspectives

To realize those goals, we established a Global Talent Enhancement Center (GTEC) at each of our regional bases in New York, London, Singapore, and Shanghai in October 2007. In order to control those centers, at Headquarters we established GTEC Headquarters and, as its secretariat, the Global Talent Enhancement Office. In their respective regions, each GTEC will be responsible for advancing human resources strategies for personnel recruitment and retention, development, evaluation, promotion, and compensation and benefits.

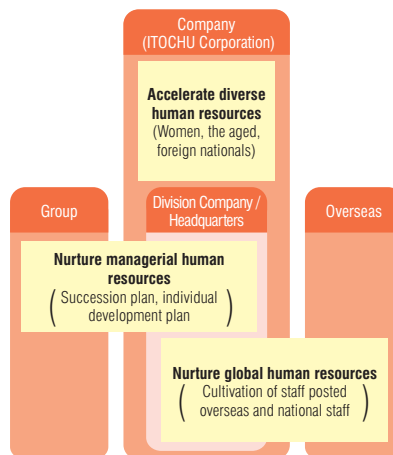
Structure to promote global human resources strategy



Human resources development policy

Based on our principle of *strengthening employee capabilities while respecting the careers and diversity of individuals*, we carefully balance on-the-job-training and off-the-job-training for employees in accordance with their aptitude. Those personnel development initiatives focus on three main areas: managers, international personnel, and personnel diversity. The annual cost of those training initiatives is approximately ¥1 billion.

Overview of human resources development system



Wide variety of training systems

In efforts to develop management human resources, we train all of the approximately 400 managers in Japan through three types of "manager school," focusing on the kind of management capabilities we need to enhance. In initiatives to develop global human resources, we have made it mandatory for newly appointed section managers to attend short-term business schools overseas. Also, we have a system for posting new employees overseas for four months within four years of joining ITOCHU Corporation. Further, mainly through GLP*1 training, we train approximately 150 national staff*2 for two months every year at Headquarters. And, initiatives to develop diverse human resources include regular training for employees recruited mid-career. Moreover, we have developed career vision support training, which enables employees to select careers in accordance with diverse priorities.

Human resources development policy and training details (excerpt)

Overview of human resources development system	Training program name (excerpt)
Management human resources development	Manager school, overseas business school program for new section managers
Global human resources development	Training at Headquarters for national staff*2, posting new employees overseas
Diverse human resources development	Career vision support training, training for employees recruited mid-career/administrative employees

● Trainee comments ●

Participant in system for posting new employees overseas in fiscal 2007

Ryo Nagaike

Foreign Exchange and Securities Section, Financial Markets Department

I was able to improve my language skills by spending four months studying English at Iowa State University and living with local students in a dormitory. Also, the experience widened my outlook by giving me the chance to take part in volunteer activities through which I met local residents.

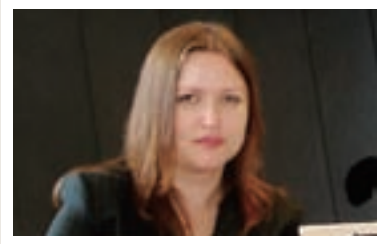


Participant in GLP*1 training in fiscal 2007

Tatiana Snigur

Energy, Metals & Minerals, Moscow Office, ITOCHU Corporation

I found the GLP training rewarding in many different ways. I was able to further my knowledge of ITOCHU Corporation's corporate spirit and of global business and issues. Also, the training honed my management skills and social skills and increased my business knowledge. Further, the program provided me with an opportunity to reconsider the meaning of diversity. Mixing with the managers and members of Headquarters divisions, and other GLP trainees heightened my awareness of being a member of a global company.



*1 Global Leadership Program: one of the training programs conducted at Headquarters for national staff
*2 National staff refers to locally hired staff at overseas offices.

Providing comfortable working conditions for employees

Initiatives to achieve a work-life balance

Because ITOCHU Corporation is promoting the diversification of its human resources, measures to develop environments in which a wide variety of personnel can work are important. With a view to ensuring that employees have fulfilling professional lives and home lives or private lives, we define the work-life balance as follows.

- The ability of employees who want to continue working to act autonomously through diverse working styles
- The creation of a culture of mutual respect (Respect Work Styles / Respect Lifestyles / Respect You)

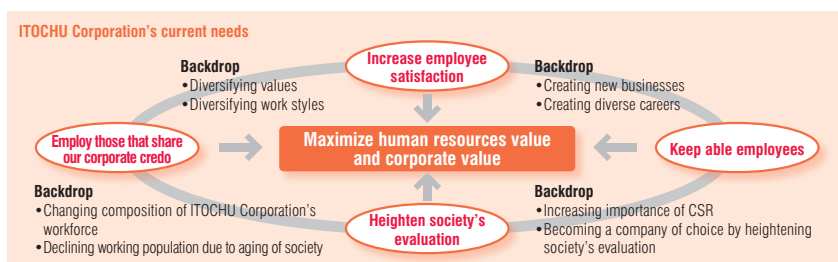
Initiatives to encourage a work-life balance:

- Aim to realize ITOCHU Corporation's *Committed to the global good corporate credo* and are
- Indispensable for securing and strengthening the development of human resources from a global perspective and realizing the goal of becoming a *global enterprise that is highly attractive to all stakeholders*.

We view encouraging a work-life balance as a management strategy for strengthening human resources capabilities.

Going forward, we will encourage employees to take vacations as well as expand and improve child care and nursing care systems. Moreover, in order to enable employees to achieve further successes in their working lives, we will explore diverse working styles unencumbered by previous ideas. For example, we will utilize systems for working at home and flextime.

Why is a work-life balance necessary?



Expanding and improving child care and nursing care systems

Reflecting proposals from the Diversity Forum, a meeting began in fiscal 2006 in which employees participate independently, we expanded and improved initiatives related to balancing work and other life commitments in November 2007. Through those initiatives, we sought environments that are easy to work in by introducing paternity leave and supporting maximum ¥50,000 monthly toward employees' child care or nursing care expenses. And, we organized seminars on nursing care entitled "Don't panic in an emergency! Get basic nursing care knowledge" in the second half of fiscal 2007.



A seminar on nursing care

Main systems established or revised (November 2007)

- Established "Family support vacations" to give families quality time together
- Established "Overseas transfer vacations for spouses"
- Set up "maternity support leave" for male employees
- Extended system for shortened working hours during child-rearing to elementary school graduation
- Increased allowance of child care or nursing care expenses to a maximum of ¥50,000 per month

Strengthening employee health management and consultation services

Our Health Administration Department provides regular health checkups, medical and dental treatment, and health consultation. Further, in light of our belief that prevention is key in mental health care, employees are able to receive counseling at any time from our in-house psychiatrists and clinical

psychologists. Also, we introduced an Internet-based stress-checking tool, or employee assistance program, in July 2007.

In addition, ITOCHU Corporation has an Employee Relation Center, which provides consultation and resolves problems for a variety of work-related worries such as harassment. As a way of strengthening our personnel safety net, we also create an environment conducive to consultation by providing an intranet "Personnel Help Guide Book."



Career counseling

The Career Counseling Center offers career-related consultation services and support for all employees, ranging widely from new employees to senior managerial employees. Through career selection workshops on the employment extension system, the center also helps employees select career paths.

Safety measures

As a company with business activities worldwide, ITOCHU Corporation seeks to assure the safety of its employees and their families through preventative measures for incidents, accidents, and natural disasters and a rapid communication system for emergencies. Also, in fiscal 2006 we introduced a safety confirmation system, and we are taking steps to protect the health of employees by raising awareness of infectious diseases such as avian influenza. And, we have established a comprehensive back-up system for emergency illnesses and injuries through an alliance with an emergency medical services company.

Communication with employees

Company-Wide Employee Meeting

Since fiscal 2001, ITOCHU has been holding Company-Wide Employee Meetings (CWEMs) once or twice a year. Based on free participation, CWEMs enable direct dialogue between our senior management, including the President & CEO, and employees. At the meetings, the President & CEO and other members of senior management inform employees directly about ITOCHU Corporation's management policies and the management team's passionate commitment to realizing them. At the same time, employees can state their opinions and pose questions directly to senior management. These meetings thereby enable valuable two-way communication.

The CWEM for fiscal 2008 was held on May 10. Thanks to the use of television conference systems and the Internet, approximately 1,300 employees participated, including not only those at Tokyo Headquarters and Osaka Headquarters but also those at domestic branch offices and national staff at overseas offices in Shanghai and Singapore. The meeting saw lively exchanges of opinion about the human resources system and management policy and strengthened employees' sense of solidarity. Befitting a company that aspires to be a *truly global enterprise*, questions and answers from national staff about overseas management were in English.



"Question and answer" session in which everyone participates



President and CEO Eizo Kobayashi talks with employees

Diversity Forum

We instituted the Diversity Forum, where employees formulate specific measures to further diversify our workforce in September 2006. Under the theme for fiscal 2007 of "Work-Life Balance to Support Employee Diversity," the forum selected departments and teams to take on the challenge of adopting the working methods and operational styles they wanted for roughly half a year. An example of efforts to adopt diverse approaches working methods that are rational, efficient, and unencumbered by previous work styles was a proposal to change our core working time, between 10 am and 3 pm, and give employees the choice of beginning work at 11 am, 12 noon, or 1 pm, to synchronize their working hours with the time zones of overseas counterparts with whom they are negotiating. The forum reported on that proposal to senior management in March 2008. By steadily reflecting such reports in initiatives, we aim to create workplace conditions in which employees find it comfortable to work.

Dialogue with the Labor Union

We work to establish a shared management vision with the ITOCHU Labor Union and engage in corporate activities based on a sense of solidarity. At the same time, we create workplace environments that allow employees to fully realize their capabilities.

Comments from the Labor Union President

Hironobu Noda

President, ITOCHU Labor Union

ITOCHU Corporation's *Committed to the global good* corporate credo encapsulates the philosophy of CSR. The ITOCHU Labor Union believes that cultivating a shared commitment to that corporate credo, motivating employees and giving them a sense of satisfaction from their work, as well as developing an environment in which they can realize their capabilities to the utmost will advance ITOCHU Corporation's CSR. Accordingly, we are taking a variety of steps to realize related initiatives.



Initiatives with the Labor Union in fiscal 2007

'07	May	Settlement of accountings meeting
	July	Finance, Realty, Insurance & Logistics Services Company management meeting
	August	Management meeting with President & CEO
	October	Chemicals, Forest Products & General Merchandise Company management meeting
	December	Food Company management meeting
'08	February	Aerospace, Electronics & Multimedia Company management meeting
	March	Management meeting with President & CEO

Policies and tasks for fiscal 2008

Aiming to foster human resources that will underpin ITOCHU Corporation for the next 150 years

Kazutoshi Maeda

General Manager, Human Resources Division,
Managing Executive Officer



This year ITOCHU Corporation celebrates the 150th anniversary of its founding. Employees have supported our growth over that period and they will continue to fuel our growth going forward. Guided by our strategy of *honoring human resources capabilities by recruiting, developing, and leveraging employees worldwide*, we will concentrate our efforts on hiring and fostering personnel that will support ITOCHU Corporation over the coming century and a half.

In fiscal 2007, we established a human resources strategy reflecting a global perspective at Division Companies, Headquarters, and overseas bases to hire, develop, and promote a diverse workforce. In addition, we furthered the development of workplace environments that are easy to work in and encouraged communication. In fiscal 2008, we will focus on advancing and further realizing those initiatives.

Social Contribution Activities

ITOCHU undertakes a variety of social contribution initiatives in accordance with the ITOCHU Credo, which calls on the Company to fulfill its role as a Good Corporate Citizen.

Social contribution areas

ITOCHU aims to contribute steadily to society by focusing on five areas: *action on global humanitarian issues, environmental conservation, community contribution, growth of the next generation, and active support for volunteer work by our employees.* To that end, we launched new social contribution programs in fiscal 2007.

Contributions in Japan

Establishment of social contribution week

We made the two weeks centered on December 1, the anniversary of our establishment, a period for undertaking various voluntary activities in which employees could freely take part in the following voluntary programs.

• Eliminating the food imbalance between developing and industrialized nations through the TABLE FOR TWO program

In the TABLE FOR TWO program, customers can contribute ¥20 every time they order a healthy meal from a special menu at the employee restaurants of our Tokyo Headquarters, Osaka Headquarters, and branch office in Nagoya. Including February and July, this was our third such program in 2007. (donations collected: ¥145,100, including ITOCHU Corporation's matching donations of ¥20 per meal)



A TABLE FOR TWO healthy menu

• Establishment of "earth day toys-in-capsules" program in which purchasers of old-fashioned toys-in-capsules from vending machines can make a contribution

• Book Magic program for gathering and selling used books and CDs and donating proceeds to an NGO

The Tokyo Headquarters sold 393 books and CDs collected from our branch offices in the Chugoku and Kyushu regions. Through JEN, we donated the proceeds to help with the building of schools in Afghanistan.

• Bringing depopulated villages back to life by farming nearby areas

In collaboration with the NPO Egao Tsunagete, we cultivated fallow land that had become wasteland. In fiscal 2008, we will plant soya beans in the cultivated fields and make fermented soya bean paste, known in Japan as *miso*, from the crop.



After a day spent working in the fields

• Holding a "getting to know guide dogs" event at Tokyo Headquarters

This event was held based on the cooperation of the Guide Dog & Service Dogs Association of Japan and ITOCHU Techno-Solutions Corporation. Ms. S. Park, Vice President of the Guide Dog & Service Dogs Association of Japan, explained how to behave toward guide dogs and service dogs when encountered on the street and conducted a demonstration using guide dogs and service dogs. Many of the employees that took part praised the event, saying that it taught them for the first time how to help the visually impaired.



A guide dog demonstration

Basic Activity Guidelines on Social Contribution

1. As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.
2. ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.
3. As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.
4. ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.
5. ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

Panel exhibition of the United Nations World Food Programme

From December 11 to 21, 2007, we held an exhibition entitled "WFP School Feeding Programme—Food and Futures for Children" on the first floor of our Tokyo Headquarters. The panels on display showed the World Food Programme's school feeding activities as well as pictures drawn by children who receive WFP food assistance. Also, at lunch breaks during the period of the exhibition many employees helped to collect donations and sold Santa Claus figures for charity. Through those collections and sales, we raised a total of ¥299,897.



WFP panel exhibition

ITOCHU baseball class

ITOCHU has started to give physically challenged children various opportunities to discover their full potential. We invited former Yakult Swallows pitcher Kazuya Yano as an instructor from Tokyo Yakult Swallows Baseball Club and held a baseball class at Jingu Gaien Indoor Baseball Practice Place in November

2007. The instructor taught participants about sportsmanship, basic movements, and basics that are difficult to practice at home—from how to catch balls through to pitching practice. A total of 84 people participated. The class proved very popular not only with the children but also with their guardians.



Interpreting the instructor's explanation by sign language as well

"Picture book delivery campaign" for developing countries

Since fiscal 2007, we have made the second Thursday of every month "picture book day" and taken part in the "picture book delivery campaign of Shanti Volunteer Association (SVA)." In this campaign, we stick seals with local language translations for Cambodia and other countries on the pages of Japanese picture books. The campaign is popular among employees because it enables them to enjoy picture books while contributing as volunteers. In fiscal 2007, a wide range of male and female employees of all ages produced approximately 500 books at the Tokyo Headquarters, the Osaka Headquarters, and our branch offices in Nagoya and the Chugoku region.

Employees participated in whichever way was convenient for them, with some male employees working on the books after taking them home and reading them to their children and others working during their lunch breaks.

Providing aid to areas affected by major natural disasters

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



Presentation of donation (list) for the Niigata Chuetsu Offshore Earthquake

By collaborating with local branch offices and related organizations, such as Nippon Keidanren and NGOs, in fiscal 2007, we provided the following aid.

- The Noto Peninsula Earthquake: Donated ¥3 million (Total amount from Headquarters and Kanazawa branch office) Provided 480 bottles of drinking water (provided by Food Company)
- The Niigata Chuetsu Offshore Earthquake: Donated ¥10 million (Total amount from Headquarters and Niigata branch office) Provided 1,680 bottles of drinking water (provided by Food Company)
- Peru Earthquake: Donated US\$50,000
- Bangladesh Cyclone: Donated US\$100,000

Fureai No Network

The Fureai No Network is a voluntary organization comprising ITOCHU Group employees. Its activities are mainly through four groups for Nature Watching, Disaster Rescue, Stamp Collection Activities, and Reading Aloud Volunteers. Of those, the Reading Aloud Volunteers group has been visiting the Pearl Social Welfare Corporation in Daikanyama on the second Saturday of every month for five years. The managers of the facility have expressed their gratitude because, with the exception of one occasion when trains were cancelled due to a typhoon, volunteers have visited without fail during those five years, regardless of the weather.



Reading aloud at the Pearl welfare facility

ITOCHU Foundation

ITOCHU established the ITOCHU Foundation in 1974 to promote the sound development of youth. The Foundation's main activities comprise the following three programs: the assistance to reading programs for children (BUNKO)*, the operation of a children's house (the Center for Tokyo Elementary and Junior High School Students), and outdoor education programs. As to BUNKO, over

33 years, through to fiscal 2007, the Foundation has supported more than 1,250 cases in Japan and overseas by providing a total of ¥830 million. These initiatives include more than 50 overseas cases in 15 countries. Moreover, for hospitalized children the Foundation offered financial aid for books to 10 cases, and donated sets of 100 children's books each to seven cases in fiscal 2007.

*Voluntary reading activities for children by private groups or individuals.



Reading out loud to children from a book (Higashi-Motomachi BUNKO, Tokyo)

Overseas activities

A huge wildfire, said to be one of the worst natural disasters in California's history, broke out in Southern California in the United States in October 2007. The fire destroyed 2,000 square kilometers, an area almost equivalent to the area of Tokyo, in seven Southern Californian counties, including Los Angeles, Orange, and San Diego. In order to help rebuild the communities devastated by the wildfire and provide support for the evacuees, whose numbers peaked at one million, ITOCHU International Inc. donated US\$10,000 to the Southern California Wildfire Relief Fund through the Japanese Chamber of Commerce and Industry of New York, Inc.

Further, in January 2008 central and southern China saw its heaviest snowfalls in half a century. The snow damage was severe enough to attract the attention of international media and newspapers. Responding rapidly to an appeal from China's Ministry of Commerce, the ITOCHU China bloc donated 150,000 yuan (approximately ¥2.25 million), including donations collected from employees (comprising 50,000 yuan remitted to the Ministry of Civil Affairs of China and 100,000 yuan remitted to Shanghai Charity Foundation Pudong New Area Branch).