



Environmental Activities Policies

ITOCHU Corporation has positioned global warming and other global environmental problems as one of the top priority issues in its management policy. To fulfill our corporate credo "Committed to the Global Good.," we established an Environmental Policy and are rolling out our corporate management and activities on a global scale while always being aware of global environmental problems, not only to contribute to the prospering of the present generation but from the viewpoint of what we can create to pass on to the next generation.

ITOCHU Corporation's stance on the environment

The social and economic system of the 20th century – mass production, mass consumption and mass disposal – brought about a remarkable economic growth. However, on the other hand, this growth caused the serious deterioration of the global environment. ITOCHU Corporation provides various products and services, develops resources and invests in businesses inside and outside of Japan, and these activities are closely related to global environmental problems.

Following our belief that sustainable corporate growth cannot be achieved without consideration for the global environment, we created a Global Environment Office in 1990 and clearly documented our direction by establishing the "ITOCHU's GUIDELINES ON THE ENVIRONMENT," a predecessor of the present "Environmental Policy," in April 1993.

In 1997, we were also the first *Sogo Shosha* to promote environmental conservation activities introducing ISO14001, an international standard for environmental management system. In the revision of

our "Environmental Policy" in 2007, we used the expression "contributes to the realization of a sustainable society" in a clear statement to the inside and outside of our company that our policy is to pass on an even better environment to the next generation.

Making efforts to reduce the impact from business activities on the environment is natural for any company. We will go further through our core operations, developing and providing products and services, etc. that contribute to environmental conservation.

ITOCHU Corporation's Environmental Policy

I. Basic Philosophy

Global warming and other environmental issues will affect the future of mankind. As a global enterprise, ITOCHU is positioning these issues as one of the most important management policies. ITOCHU contributes to the realization of a sustainable society by promoting active involvement in environmental issues based on ITOCHU Code of Conduct, in order to achieve the goals of ITOCHU Credo, "Committed to the global good."

II. Activity Guidelines

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

(1) Prevention of environmental pollution

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

(2) Observance of laws and regulations

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

(3) Promotion of environmental conservation activities

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

(4) Harmonious coexistence with society

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

(5) Promotion of educational activities

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

September 2007

Eizo Kobayashi

President and Chief Executive Officer



Initiatives for the Environment

ITOCHU Corporation is aware of the impact that its business activities may have on the global environment and has built a framework to assess the impact of handled products or of new investments in order to take precautionary approach. Meanwhile, we proactively work in environment-conserving businesses utilizing our broad functions and networks as a *Sogo Shosha*, and not only ITOCHU Corporation but the entire group is promoting initiatives to fight global warming and other global environmental problems that are becoming increasingly serious.

Environmental Management System

ITOCHU Corporation is running an environmental management system which is based on ISO14001. The CSR Committee, which has a member of our senior management as its chairman, discusses the Environmental Policy and initiatives for each year. Under the instructions of the executive environmental manager, the Global Environment Office works as the secretariat to propose environment-conserving initiatives on a corporate-wide basis. Further, an environmental manager is assigned by official announcement in each division (a total of 76 environmental managers in fiscal 2008), and these environmental managers assign eco-leaders to assist their activities (a total of about 250 as of March 31, 2009) to promote environment-conserving activities in their respective divisions.

Specific activities of environmental managers

The environmental managers are responsible for the environment-conserving activities in their respective divisions, and promote these activities together with the eco-leaders. They cooperate with the Global Environment Office to respond to the applicable environmental laws and regulations for the business activities of their division, to perform environmental risk assessment of the products handled, and to assess the environmental impact



Scene of an eco-leader conference

related to new investments.

In addition, they call upon their colleagues at their division to promote energy conservation and recycling of waste also in their daily office work.



Inspection of a storage point for waste in the basement of our Tokyo headquarters

applicable environment-related laws and regulations for the business activities of the respective divisions, environmental education, energy conservation and waste-recycling initiatives at the office, and others.



Training of in-house environmental auditors at the Tokyo headquarters. The attendants are performing a role play simulating an audit

In-house environmental audits

Every year, an in-house environmental audit is carried out of all divisions within the scope of ISO14001 certification (Tokyo headquarters, Osaka headquarters, five domestic branches, ITOCHU Taiwan and others). In fiscal 2008, some of the employees having qualification as an in-house environmental auditor (233 in total as of March 31, 2009) participated in the auditing team, and all 76 divisions were audited with respect to their compliance with the

Number of employees qualified as an in-house environmental auditor

| | Number of employees |
|-------------------|---------------------|
| FY2006 and before | 49 |
| FY2007 | 92 |
| FY2008 | 92 |
| Total | 233 |

In-house audit results of fiscal 2008

| | Fiscal 2008 | Fiscal 2007 |
|--|---|-------------|
| Improvement opportunities (non-conformity) | 0 | (0) |
| Observations (conformity) | 66 | (52) |
| Main observations | <ul style="list-style-type: none"> ● Waste is disposed of appropriately according to the Waste Management and Public Cleansing Law, but this law is revised yearly, so management should always be up to date ● Step up the involvement of the eco-leaders even more to improve the systems and initiatives | |

External audits

Every year, JACO, a body for ISO certification, audits us with respect to the ISO14001 requirements, in other words, conformity with the system, compliance status with laws and regulations, as well as the achievement status of independently established targets and the status of operation and management. In fiscal 2008, we were examined for the 11th time. We received the overall evaluation result "improved," and certification was maintained.

Environmental impact evaluation

1 Environmental impact evaluation by product

We are trading a huge variety of products on a worldwide scale, and therefore regard evaluating the involvement of each single product with the global environment as vital. As the evaluation method, we have introduced ITOCHU's own techniques. We are using a so-called LCA*-based analysis method covering the procurement of raw material, the manufacturing process as well as the use and even the disposal of the product. If the results reveal a score of impact on the global environment of a certain level, the product becomes subject to control and we will establish various rules and control procedures.

* Life Cycle Assessment: A procedure for evaluating the environmental impact of products at all stages of their lifecycles, from raw material procurement, production, and transportation through to usage, disposal, and reuse.

2 Environmental impact evaluation of new investment projects

For new investment projects, we have developed a system to evaluate the impact that the respective projects have on the environment including natural environment and social environment in advance. For projects that require expert opinions regarding the impact on the environment, we ask external specialist bodies to carry out investigations in advance, and start working on the projects once we confirmed that the investigations found no problems.

Initiatives for eco-system conservation

Since ITOCHU Corporation trades forest resources and marine resources, etc. as products, it is pursuing various efforts to keep the impact of these businesses on eco-systems as small as possible. Divisions that handle forest resources have been conducting yearly questionnaire surveys on legality, sustainability, etc. with roughly 100 overseas suppliers since 1997. They also conduct individual on-site visits and make efforts to increase the handling of certified forest products. Further, regarding dealings with marine resources, we respect international conventions, etc. and ask

our suppliers in the Mediterranean region in direct meetings to catch tuna in consideration of eco-systems.

Environmental education activities

ITOCHU Corporation attaches importance to education activities in having our employees engage in environmental conservation activities and develops various education programs as shown below. We also organize seminars on environment-related laws and regulations or seminars to educate on global environmental problems not only for ITOCHU Corporation alone but for group employees on a wide basis in an effort to improve environmental awareness on the group level.

Internal education (fiscal 2008 results)

| Training | Content |
|---|--|
| General education | Implemented e-learning to improve the environmental awareness of all employees (September – November) |
| Education of staff in specific operations | Taught the determined rules and procedures, etc. to employees performing operations that are subject to control (August – October) |
| In-house environmental auditor training | A two-day training program to develop in-house environmental auditors and improve the level of environment-conserving activities at each division (5 times a year) |

Seminars (fiscal 2008 results)

| Timing | Content |
|------------------|---|
| July 2008 | "Seminar on Soil Contamination Countermeasures Law" (Osaka) |
| September | "Seminar on Waste Management and Public Cleansing Law" (Osaka) "Global Environment Business Strategy Seminar" (Tokyo) <Theme: Technology and Spirit to Challenge Global Environmental Problems> "REACH Seminar" (Tokyo) |
| January 2009 | "ITOCHU Symposium" (Tokyo) <Theme: Global Warming and Its Effect on Society> |
| February | "ITOCHU Symposium" (Osaka) <Theme: Global Warming and Its Effect on Society> |
| February - March | "Seminar on Waste Management and Public Cleansing Law" (Tokyo) * At each Division Company, 12 times in total |
| March | "Seminar on Problems of Soil Contamination" (Tokyo) "Seminar on Act on the Rational Use of Energy" (Tokyo) |



Scene at a seminar

Co-existence with society

1 Summer school programs on the environment

Since 1992, we have been organizing "Summer School Programs on the Environment" mainly targeting elementary school students of Minato ward, Tokyo. Following fiscal 2007, about 90 elementary school students participated in our two-day global environment program in fiscal 2008, where they, together with volunteers including our employees, learned in hands-on lessons by weather forecasters about global warming and in explorations of the nature around the Headquarters guided by nature observation instructors in a very lively class.



Scene at an experiment on the rising sea levels due to global warming

2 Supporting Center for Climate System Research, The University of Tokyo

Since 1991, we have been supporting the basic research of Center for Climate System Research of the University of Tokyo. As an opportunity for the announcement of the results of that research, we organize "ITOCHU Symposiums" every year which are also open to the public. In fiscal 2008, we invited Professor Teruyuki Nakajima, the director of this center, and Visiting Associate Professor Seita Emori of this center as speakers for a lecture under the title "Global Warming and Its Effect on Society" for a total of about 460 attendees at our Tokyo and Osaka headquarters.

3 Integrated Exhibition of the Environment in celebration of the Hokkaido Toyako Summit

In June 2008, the Integrated Exhibition of the Environment 2008 was held as an advance event to commemorate the Hokkaido Toyako Summit that was to be held in July. ITOCHU Corporation exhibited eco-friendly products, etc. of the ITOCHU Group and, on the basis of a cooperation agreement with the govern-

ment of Hokkaido, organized a public lecture under the title "Global Warming and Japan" in collaboration with the government of Hokkaido, the University of Tokyo and Hokkaido University.



Scene of the public lecture titled "Global Warming and Japan"

Environment-conserving businesses

As proclaimed in "endeavor to develop and supply products and services that help to conserve the environment" in its Environmental Policy, ITOCHU Corporation puts great emphasis on conserving the environment through its core businesses. The seven Division Companies leverage their wide network and know-how in their respective fields to pursue various environment-conserving businesses.

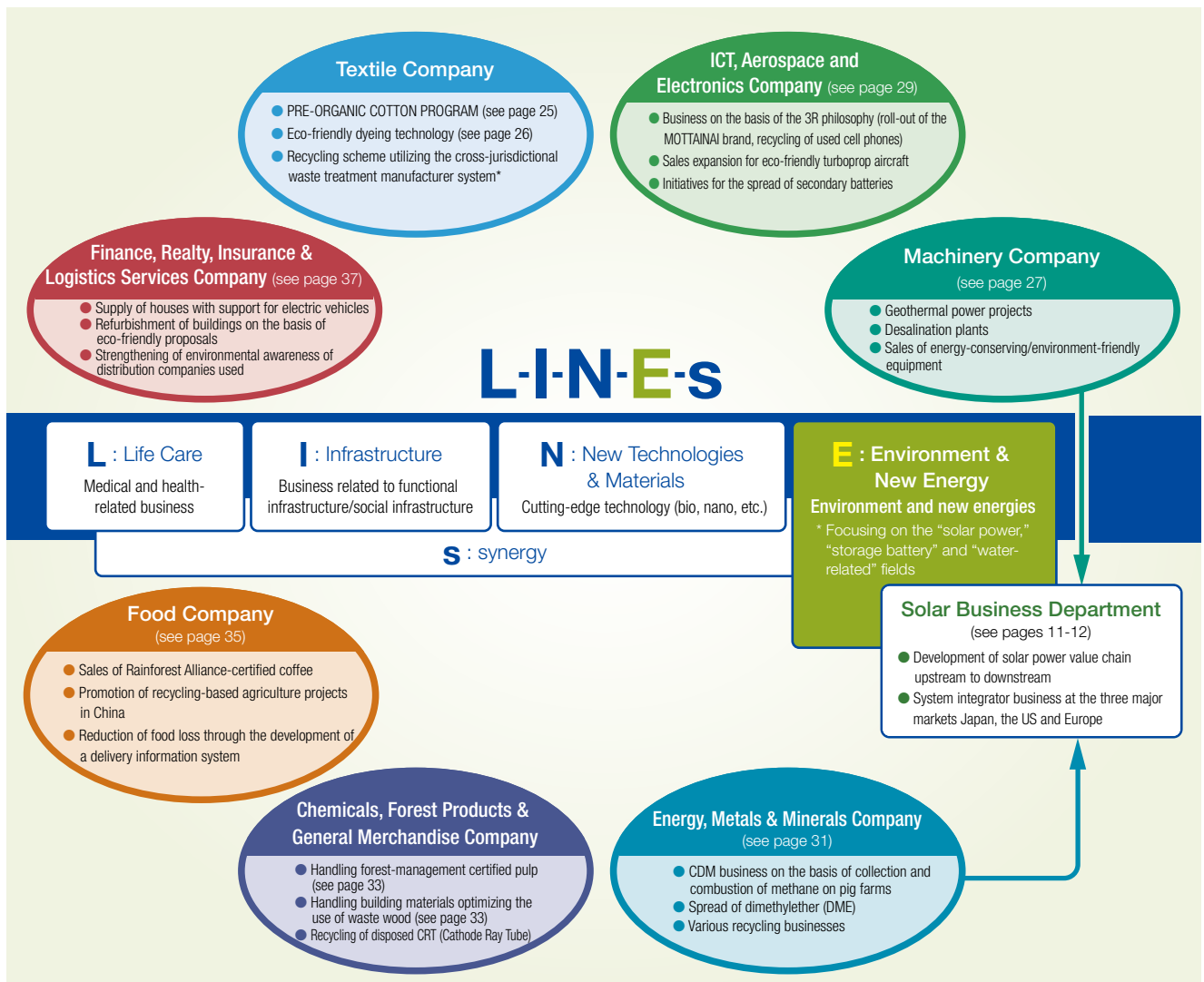
In our mid-term management plan "Frontier+ 2008," we further took the initials of the English terms for those new business areas that will support profits in a future society and are required for long-term growth and created

the term "L-I-N-E-s" (L: Life Care, I: Infrastructure, N: New Technologies & Materials, E: Environment & New Energy, s: synergy; see the figure below) to continue and intensify our efforts. The successor, "Frontier+ 2010," is a policy giving emphasis to the fields of "life care" and "environment & new energy," with a focus on "solar energy," "storage batteries" and "water-related business" in the "environment & new energy" field.

To further strengthen and promote our solar business, we established a "Solar Business Department" on April 1, 2009 (see pages 11-12).

Including initiatives of some group companies, ITOCHU accounted for a total of 174 initiatives for environment-conserving businesses in fiscal 2008.

Initiatives for environment-conserving businesses



* Cross-jurisdictional waste treatment manufacturer system: an exemption system allowing manufacturers that are certified by the Minister of the Environment to collect and recycle used products over multiple prefectures without a license for waste-treatment from each local government. Through Unico Corporation, a 100% subsidiary of ITOCHU Corporation manufacturing uniforms, we collect used uniforms and perform material recycling.

Group-wide environmental management

ITOCHU Corporation has almost 700 group companies inside and outside of Japan, which develop business in a variety of fields on a global scale. Recognizing the impact of these business activities on the global environment, not only ITOCHU Corporation but the whole group is working to conserve the global environment, for example, through fact-finding investigations of group companies and response to environment-related laws and regulations. However, as global warming and other global environmental problems are growing increasingly serious, we realize that we need to further enhance cuts in CO₂ emissions and other environmental management involving the entire group, and we will seek to intensify communication even more.

1 Fact-finding investigations of group companies

We believe that the activities of one group company can impact the entire group, and thus, we conduct fact-finding investigations at about 20 group companies a year, since 2001 also including overseas group companies, in order to prevent environmental risks of the entire group in advance. Global Environment Office visits the group companies, conducts interviews of the senior management and staff at each company, inspects the factory, warehouses and other facilities and then asks questions to find out the status in the compliance with applicable environment-related laws, the management of waste, the use of energy, environmental education and others in order to strengthen the environmental management organization.



Scene at a fact-finding investigation of a group company

2 Response to environment-related laws and regulations

Environment-related laws and regulations have increasingly been reinforced and revised in recent years. To respond to this circumstance, we communicate the contents of the revisions by sending out the "News on Environment-related Laws and Regulations Trends," etc. not only

to ITOCHU Corporation but to the entire group, and hold seminars also targeting the group companies in order to make everyone specifically understand the requirements of the law (see page 51).

Major applicable laws and regulations

"Act on the Rational Use of Energy"
 "Act on Promotion of Global Warming Countermeasures"
 "Tokyo CO₂ Emission Reduction Program on the Tokyo Metropolitan Environmental Security Ordinance"

"Waste Management and Public Cleansing Law"

"Soil Contamination Countermeasures Law"

3 Establishing a plan for grasping the CO₂ emissions of the ITOCHU Group

Out of the awareness that we need to grasp our CO₂ emissions on a consolidated basis, we are working on a <3-year Plan for Grasping CO₂ Emissions> starting in fiscal 2009 as part of the environmental management promotion at the ITOCHU Group.

Grasping our CO₂ emissions on a consolidated basis will enable us to adequately respond to international trends and domestic laws and regulations for the reduction of CO₂ emissions.

Outline of the <3-year Plan for Grasping CO₂ Emissions>

| | |
|------------------|--|
| FY2008 (present) | Tokyo headquarters, Osaka headquarters, 5 domestic branches, etc. |
| FY2009 | Domestic group companies, overseas local subsidiaries / branches, etc. |
| FY2010 | Overseas group companies under control of Japan |
| FY2011 | Overseas group companies under control of overseas offices |

- The scope of grasping the CO₂ emissions will be expanded gradually.
- Regarding the expansion of the scope to overseas group companies from fiscal 2010, we plan to evaluate and analyze information collected from overseas local subsidiaries and branches, etc. in fiscal 2009, also pay attention to laws and regulations, etc. of the respective countries as well as trends in the conversion factor for various energies into CO₂. On the basis of this, we will develop plans both aggressively and carefully at the same time.

We are a *Sogo Shosha* without any manufacturing equipment, but since we are dealing with products on a global scale and make investments all over the world, we believe that it is mandatory that we grasp our CO₂ emissions as the ITOCHU Group.

Therefore, we believe that an important mission for us is to gradually grasp our CO₂ emissions on a consolidated

basis as the ITOCHU Group following the abovementioned 3-year Plan for Grasping CO₂ Emissions and to consider "how we can work to reduce our CO₂ emissions through business, which is our key operation."

4 Developing and strengthening the communication system at the ITOCHU Group

It is important that the entire ITOCHU Group shares information not only on global warming problem, which is said to be caused by emissions of CO₂, etc., but also on environmental problems in general.

While Global Environment Office of ITOCHU Corporation stays at the core of our information transfer system as before, we will gradually expand the scope of our information transfer and work on development and reinforcement to establish a bidirectional system for even more rapid and reliable communication.

FY2009 Plan

- Establish <Environmental Management Promoters (preliminary name)> at the domestic group companies
- Hold regular Liaison Meetings on Global Environmental Problems (preliminary name) mainly targeting <Environmental Management Promoters (preliminary name)>

From fiscal 2010 onwards, we plan to evaluate and analyze the progress status, tasks, etc. of the abovementioned plan and, on the basis of this, continue to steadily promote it starting from items we can implement while also eyeing on an expansion to overseas.

Office activities

ITOCHU Corporation participates in "Team Minus 6%," a national campaign for the prevention of global warming. We make efforts to adjust the temperature setting of the air conditioners during the summer and winter season, to switch off unnecessary lights, to set energy-saving modes for PCs when they are not used for a longer time, and so forth. We also pursue environment-conserving activities starting from what all employees can do in their immediate surroundings, for example, the thorough separation of waste and the promotion of recycling in the offices. For details about our office initiatives please visit the following web site.

URL http://www.itochu.co.jp/main/csr/env/conservation/index_e.html