

# Environmental Activities Policies

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

## The ITOCHU Group Environmental Policy

### I. Basic Philosophy

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

### II. Activity Guidelines

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

#### (1) Prevention of environmental pollution

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

#### (2) Observance of laws and regulations

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

#### (3) Promotion of environmental conservation activities

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

#### (4) Harmonious coexistence with society

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

#### (5) Promotion of educational activities

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

May 2010

**Masahiro Okafuji**

President and Chief Executive Officer

### ITOCHU Corporation's stance on the environment

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

We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our

environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the “ITOCHU Corporation Environmental Policy” and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

(1) We changed the name from the “ITOCHU Corporation's Environmental Policy” to “The

ITOCHU Group Environmental Policy,” in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.

(2) We revised the Activity Guidelines in our current Environmental Policy, in order to make it clear that our commitment goes a step beyond conserving ecosystems, to conserving biodiversity as well. The expression was thus changed from “conserve ecosystems” to “conserve ecosystems and biodiversity.”

# Initiatives for the Environment

ITOCHU Corporation is aware of the impact that its business activities may have on the global environment. We have thus built a framework for assessing the impact of the products we handle, and in particular before making new investments, in order to prevent environmental risk. Meanwhile, we are also actively committed to environment-conserving businesses that take advantage of our broad capabilities and network as a *sogo shosha* (general trading company). ITOCHU Corporation advances both individual and group-wide initiatives to mitigate global warming and other increasingly serious global environmental problems.

## Environmental management system

In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, and take precautionary approaches to environmental pollution. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk; evaluating and analyzing progress; and acting to achieve our targets.

### Environmental management system

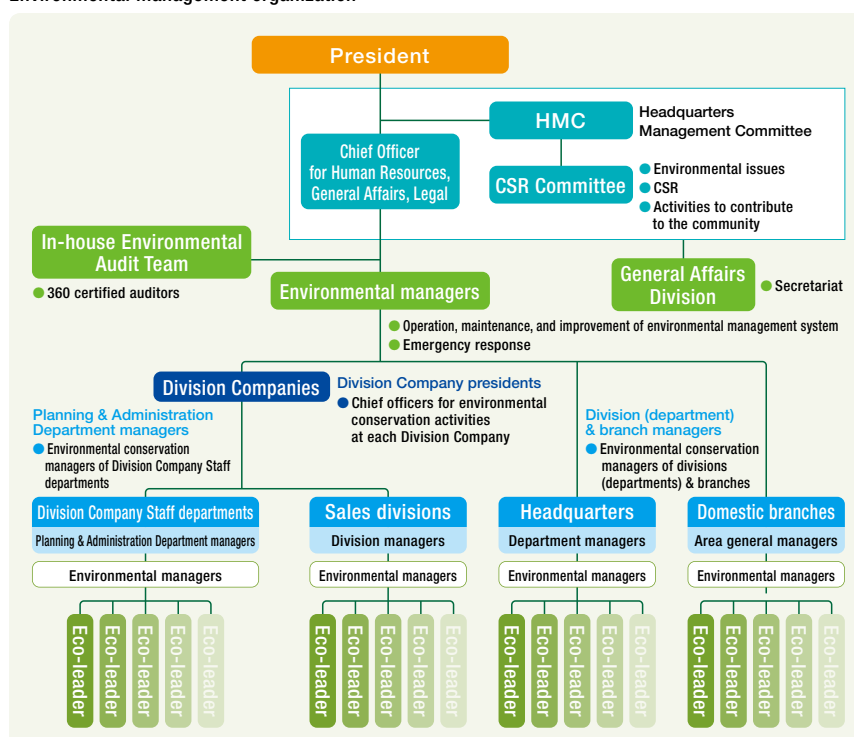


## ITOCHU Corporation's environmental management organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a Chief Officer for Human Resources, General Affairs, Legal, who has the authority to determine the environmental policy and environmental management manual that form the core of our environmental management.

Concrete managements are carried out by the CSR Committee, which is established to review environmental policies and perform annual reviews of corporate-wide activities. The Global Environment Department of the General Affairs Division serves as the committee's secretariat of CSR Committee. Environmental managers, assigned to each division that is subject to environmental audits (75 total in fiscal 2009), and assisted by eco-leaders (215 total as of March 31 2010), are responsible for promoting environmental conservation in their respective divisions.

### Environmental management organization



The "eco" in "eco-leaders" combines the meanings of "ecology" and "economy."

## Precautionary approach on environmental risks

In addition to evaluating environmental risks of the products we handle, we are committed to taking precautionary approach on the environmental risks. This commitment extends to the ITOCHU Group companies, because we need to identify the impact on the global environment from the business activities of the group as a whole.

### ● Evaluation of the environmental impact of products handled

We handle a wide and diverse range of products on a global scale. We thus carry out our original environmental impact evaluations, because we believe that it is vital to evaluate the relationship of these products with the global environment. We use a so-called LCA\*-based analysis method to analyze our products from procurement of raw materials to manufacturing process, use, and disposal of products. If the evaluation shows that the impact on the global environment exceeds a predetermined benchmarks, then we create procedures and manuals for the management of that product.

\* LCA (Life-cycle assessment) is a method that evaluates the environmental impact of products at all stages of their life cycle, from procurement of materials, distribution and use through disposal and recycling or reuse.

### ● Fact-finding investigations of group companies

We began fact-finding investigations of our group companies after several of



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



Inspecting the segregation of post-manufacturing materials at a brewery in China into valuable materials and waste

them received complaints about environmental pollution from their surrounding neighborhoods in 2001. We analyze about 200 of our roughly 700 group companies with relatively higher levels of impact on the global environment, and implement investigations on about 20 of them per year. The evaluation is made using the Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.

### ● Seminars

We actively hold seminars in order to ensure that all employees of the ITOCHU Group are aware of and comply with the requirements of environmental laws and regulations, and in order to raise environmental awareness.

#### Internal seminars (fiscal 2009 results)

(Number of people)

Legal seminars	Num. times	Total participants
Seminars on Waste Management and Public Cleaning Law	6	661
Soil Contamination Countermeasures Act	2	294
Act on the Rational Use of Energy (Cargo Owners)	4	166

These seminars and fact-finding investigations have spurred an increase of consultations with our Global Environment Department regarding ways to prevent environmental problems.

#### Environmental consultations

(Number of inquiries)

Internal inquiries	FY 2008	FY 2009
Relating to Waste Management and Public Cleaning Law	29	44
Relating to Soil Contamination Countermeasures Act	6	24

### ● Communicating environmental information in the ITOCHU Group

We had been planning to appoint Environmental Management Promoters in our group companies in Japan in fiscal 2009, and have these promoters hold periodic liaison meetings on global environmental issues. Taking into consideration our existing system, however, we changed course and determined to create a framework that uses the method of Compliance Monitoring and Review. This encourages

more substantial communication of environmental information between group companies.

This new framework first specified Waste Management and Public Cleaning Law, Soil Contamination Countermeasures Act, and Act on the Rational Use of Energy as the main environmental laws to target, and collected basic information from our group companies through Compliance Monitoring and Review. Moving forward, we will focus on management where it is needed most, in accordance with the status of each group company.

### ● The ITOCHU Group plan for estimating CO<sub>2</sub> emissions

Fiscal 2009 saw repeated actions to revise and toughen energy-conservation laws in Japan. In order to comply with the revised Act on the Rational Use of Energy and the revised Law Concerning the Promotion of the Measures to Cope with Global Warming, ITOCHU Corporation introduced ecoFORTE, a software package for compliance with the revised Act on the Rational Use of Energy (see page 23), at approximately 40 of its offices, including its Tokyo headquarters building. It also consults with energy-conservation consultants if necessary.

We began our plan to estimate the CO<sub>2</sub> emissions of the ITOCHU Group in fiscal 2009, by first ensuring accurate compliance with the abovementioned revised laws, and then beginning to ascertain an overview of emissions within the group companies in Japan through the use of Compliance Monitoring and Review.

### ● Response to outside inquiries

The Global Environment Department serves as the point of contact for responding to complaints, questionnaires, interviews with NGOs and others, and other environmental matters directed at the ITOCHU Group. The department leads to comply with laws and regulations and revises management frameworks as necessary, from the viewpoint of environmental conservation, as well as communicates with many parties, including NGOs, industry groups, government agencies, rating and survey agencies, the media, etc.

## Promotion of Environmental education and awareness

We are committed to improving the environmental awareness of the entire ITOCHU Group for the environmental conservation efforts of our employees.

This includes a wide range of education programs, as well as seminars on environmental law, and seminars to raise awareness of global environmental issues, which also target our group employees.

### ● Training of in-house environmental auditors

Our in-house environmental audits for fiscal 2009 based on ISO 14001 cover currently total 75 divisions. An in-house environmental audit lasting approximately six months has had benefits including the precautionary approach on environmental risks.

Since fiscal 2007, we have held five "In-house environmental auditor training seminars" per year, in order to certify auditors participating in internal audits, and improve their environmental awareness. The feature of seminars is (1) an instructor from our Global Environment Department (a certified CEAR Environmental lead auditor); and (2) as part of the employee education curriculum to encourage trainees to increase their self awareness thorough historical study of environmental issues.

#### Number of in-house environmental auditor increased

Fiscal year	Qualified employee
FY 2006 and before	74
FY 2007	95
FY 2008	93
FY 2009	98
Total	360

### ● Global environmental management seminar

In March 2010, at the Seminar on Global environmental management held at our Tokyo headquarters, we invited Dr. Hiroshi Komiyama, President Emeritus at the University of Tokyo and Chairman of Mitsubishi Research Institute, Inc. to give a lecture entitled "A Vision of Japan in the 21st Century – Initiatives for an Environment to Create New Industries." Dr. Komiyama delivered a powerful message, describing how the various changes in societies as they worked to

respond to global environmental issues provided companies with opportunities to create new businesses. Japan could create huge markets by developing creative demand for environmentally friendly products while leveraging its strengths in the area of manufacturing technologies. Here, trading companies will play an especially important role in coordinating manufacturing sites.

Dr. Komiyama's advice was extremely relevant and valuable for the ITOCHU Group, as we strategically advance environmental conservation businesses.

#### Participants in "Global environmental management seminar" (Number of people)

	Total participants
Global environmental management seminar	377



Dr. Hiroshi Komiyama gives a lecture at the seminar

## Co-existence with society

### ● 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. In fiscal 2009, 82 elementary school students participated in our two-day global environmental program, where they, together with volunteers including our employees, learned in hands-on lessons by certified weather forecasters about global warming and in explorations of the nature around the headquarters guided by nature observation instructors in a very lively class.

### ● Supporting Center for Climate System Research, The University of Tokyo

We have supported the basic research of the University of Tokyo's Center for Climate System Research (re-organized as the Division of Climate System Research, Atmosphere and Ocean

Research Institute in 2010) since 1991. Each year, the ITOCHU Symposium has been held as a place to present the results of this research. In fiscal 2009, we invited as lecturers Dr. Masahide Kimoto, (then) Vice Director of the center, and Dr. Michio Kawamiya, Senior Researcher of the Japan Agency for Marine-Earth Science and Technology. They gave lectures on global warming to total 270 participants in Tokyo and Osaka .

## Office environmental activities

ITOCHU Corporation is a participant in the national "Challenge 25 Campaign"\*1 to mitigate global warming. This campaign includes such initiatives as adjusting the air conditioning temperatures during the summer and winter, turning off lights when they are not needed, and setting computers to a "hibernation" mode when away from the desk for extended periods. It also encourages the separation of trash inside the office and promotes recycling. As a result, all employees act to protect the environment starting with the little things around them every day.

In terms of facilities, when we built our Tokyo headquarters in November 1980, we installed treatment facilities for recycled water to make effective use of water. The facilities can convert rain-water, spring water, and used water from office hot-water dispensers, and hand washing basins in toilet into gray water for flushing toilets. In December 2009, we installed solar panels on the roofs of our Tokyo headquarters and the adjacent CI Plaza (see page 34). This project was selected as the "Solar Environmental Value Purchase Program for fiscal 2009\*2" under a public offer by the Japanese Ministry of the Environment. Please see below for details about our office environmental activities.

 Office environmental activities  
[http://www.itochu.co.jp/en/csr/environment/office\\_activities/](http://www.itochu.co.jp/en/csr/environment/office_activities/)

\*1 The name was changed in January 2010 from "Team Minus 6%" to "Challenge 25 Campaign."

\*2 A program to provide support for the installation of an industrial solar power generation system in which the majority of generated power is self consumed, on the condition that the Green Electric Power Certificate for five years after installation is delivered to the Ministry of the Environment, to offset the Ministry's CO<sub>2</sub> emissions generated by its office work. The program aims to encourage the installation of solar power generation and also addresses the Ministry of the Environment's own environmental concerns about its office operations.