

We will strive to solve social issues and create new corporate value through CSR rooted in the front-lines of business.



Fully Committed to Recovery in the Disaster Region and of the Japanese Economy

I would first like to extend my deepest sympathies to everyone affected by the Great East Japan Earthquake that occurred on March 11, and express my sincere gratitude for the words of encouragement for Japan received from so many countries around the world. The entire ITOCHU Group is committed to offering its full support to the region. The role of private-sector corporations like us in a crisis of unprecedented proportions is to provide the kind of highly targeted, long-term support that cannot be provided by the government. In talking with local people in the disaster area, I came away with a strong sense of the necessity to meet a truly diverse set of needs going forward. Recovery efforts are currently transitioning from emergency post-disaster relief to regional revitalization and economic recovery. We intend to accurately identify changing local needs and continue providing sustained support through our main businesses as a general trading company with many functions. Furthermore, amid concerns that Japan's international presence is waning, we will reaffirm the importance of the roles general trading companies play, and tackle business with the resolve of a company set on driving Japan's economy forward. (See pages 5 and 6)

Shifting to Proactive Management and Rigorously Practicing a Front-line Approach to CSR

Our new medium-term management plan, "Brand-new Deal 2012," was set in motion in April 2011. The name evokes something completely new, while also suggesting a new set of measures. Under the banner of the new ITOCHU, we will shift to a distinctly proactive management approach and promote the basic policies of strengthening front-line capabilities, proactively seeking new opportunities, and expanding our scale of operations. Effective April 2011, we implemented a major organizational restructuring of the largest scale in 11 years, going from seven Division Companies to five and reducing administrative divisions at the head office from 16 divisions to 11, in an effort to expedite and increase the efficiency of operations. (See page 13)

We also revised our basic policies for CSR promotion, adding "through a front-line approach" to "communication with stakeholders" as well as new policies on promoting businesses that help solve social issues and involvement in and contributions to the development of local and global communities. First of all, communication through a

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Medium-Term Management Plan Brand-new Deal 2012

FY2012–FY2013

Guided by the basic policies of "Strengthen Our Front-line Capabilities," "Proactively Seek New Opportunities," and "Expand Our Scale of Operations," every officer and employee is moving with assertive and forward-looking action to "Earn, Cut, Prevent!" in the drive to create a new ITOCHU.

Basic Policies

- Strengthen Our Front-line Capabilities
- Proactively Seek New Opportunities
- Expand Our Scale of Operations

Measures by Key Sector

- China: Aggressively Expand Business
- Machinery-related: Increase and Accumulate Assets
- Natural Resources: Expand and Upgrade Business

front-line approach fundamentally means interacting humbly with other people as equals. In my own experience, visiting customers directly and communicating with them from their perspective while constantly thinking about the issues affecting their industry translates into a sustained business relationship. There is an enormous difference in the quality of information you acquire by going to the site, getting a feel for the atmosphere and listening, compared to just handling something over the phone. There were many times I learned the customer's expectations for ITOCHU and their concerns just based on offhand remarks.

The business of a general trading company spans a range of countries and industries. We recognize that we must understand the expectations placed on us and concerns about us through communication on these various front-lines of countries and industries and incorporate them into our businesses. Furthermore, to exist in harmony with society we must identify what stakeholders expect of us and what concerns they have about us, which means communication on the front-lines is highly important. Based on this understanding we will further strengthen communication with diverse stakeholders on our many front-lines.

General Trading Companies Should Actively Work to Solve Social Issues

Guided by "*Committed to the Global Good*," the mission of ITOCHU, we are working to solve social issues at the global level. People pursue prosperous, affluent lives in both a material and spiritual sense. We want to help people enjoy prosperous and better lives. Linking this intention to the creation of sustainable societies may be considered the ultimate form of CSR. This also leads to the practice of *sampo yoshi* (good for the buyer, seller and society), which was trumpeted by the Ohmi merchant Chubei Itoh, the founder of ITOCHU.

For this reason as well we must do what we can for society through our businesses to help solve social issues, specifically climate change and human rights concerns. Corporations must also operate based on the idea of helping solve social issues by anticipating market growth over the long term and establishing a foothold in those markets. We believe that businesses in the early stage of development are precisely what general trading companies should be involved in, and in our new medium-term management plan, renewable energy (see pages 9 and 10) and rechargeable batteries are positioned as priority sectors. Active involvement by general trading companies, which build value chains from upstream to downstream, helps markets emerge, promotes technology advances, raises efficiency and fosters businesses. Through this cycle we hope to help solve issues facing society. However, getting involved in businesses in booming but unstable markets requires

considerable size and strength. This is one of the reasons companies strive for growth. ITOCHU, for its part, intends to give equal weight to increasing revenues and helping solve social issues.

At the same time, we believe that in conducting business around the world it is important to actively participate in society as a member of the local community and the global community and to contribute to development at the local level, even outside of our businesses. ITOCHU will continue to energetically engage in social contribution activities all over the world.

Developing Human Resources for Front-line CSR

Conducting business in a multitude of countries with differing cultures and laws necessarily takes partners that are locally rooted, have a strong sense of ethics and are trusted by society. When selecting partners we place a great deal of emphasis on the company's values and ethical outlook. Moreover, in order to effectively carry out a joint project with a partner, human resources must be developed who are capable of communicating in a timely and straightforward manner. It is said that people are the real assets of a general trading company, and for ITOCHU human resources are our lifeblood—we are among the top companies in Japan in terms of money spent on training per person. We spare no expense when it comes to human resources development. Last year we launched a new program targeted at younger employees for short-term study of Chinese and other specialty languages, and began sending them to China and other countries positioned as priority markets where the languages are spoken. Through the program we hope to train more locally rooted specialists in the respective markets. These personnel will promote locally rooted CSR with high proficiency as professionals in their industries.

Creating New Corporate Value with Society

The relationship between companies and society is currently undergoing considerable change. In the midst of this change, we must be fully aware of the impact of our business activities on society and must not inadvertently become indirectly complicit in any human rights violations or incidents of environmental pollution. ITOCHU has taken part in the United Nations Global Compact since 2009, a set of universal principles on human rights, labor, the environment and anti-corruption, and we continue to work to raise awareness within the company and among suppliers.

Serious engagement in creating value that can be shared with society through our businesses will raise our competitiveness and lead to further growth. We will take on the challenge of creating new corporate value by further strengthening the front-line capabilities that enable successful performance as industry professionals by each and every employee.

Basic Policies for CSR Promotion

FY2012–FY2013

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan. Through integrated CSR and management promotion, ITOCHU seeks to promote CSR via its core business activities.

- 1 Strengthening communication with stakeholders through a front-line approach
- 2 Promoting businesses that help solve social issues
- 3 Strengthening supply chain management (Respect for human rights and consideration for the environment)
- 4 Promoting education on CSR and environmental conservation
- 5 Involving in and contributing to development of local and global communities