

CSR at the Textile Company

Medium- to long-term Growth Strategies

Rapport and Reach The Textile Company has inherited the original business of ITOCHU.

Our scope of business covers the entire area of lifestyle categories, and, as a customer-oriented marketing company, we have developed businesses that cover the entire textile industries, from raw materials / fabrics to garment manufacturing, brands, and industrial materials.

In Japan, we are continuously improving our high-value-added production in order to meet consumers' needs. In the retail area, we are also focusing on expanding our business domain, as well as strengthening life & healthcare businesses.

We are also concentrating on brand development in China, countries in the ASEAN region, the Middle East, and Latin America, where consumer markets are expected to expand. Furthermore, we will enhance our production capabilities across Asia to meet our global customers' needs.



Hitoshi Okamoto
President, Textile Company

CSR at this Division Company

A marketing company that adopts a social perspective



The Textile Company places a high priority on further improving the safety of its products and services as well as customer satisfaction. It is promoting sustainable manufacturing that takes full account of labor customs in the supply chain and the environment in its global setup for production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company.




CSR Action Plans

Key points of our FY2015 action plans

We will pursue further advancement in supply chain management through employee education as well as group-wide implementation of monitoring surveys to overseas manufacturing factories. We will also continue to promote socially and environmentally friendly businesses.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	
All Divisions	Supply chain management	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and 3 suppliers from Group companies which conduct survey of their suppliers, and seek to resolve social issues.		A survey was conducted of 26 suppliers that hold transactions with 4 sales divisions and 5 Group companies.	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and 3 suppliers from Group companies which conduct survey of their suppliers, and seek to resolve social issues.					3. Supply Chain

All Divisions	Promote environment-conserving businesses	Promote environment-conserving businesses across all the business divisions. <ul style="list-style-type: none"> Expand the businesses of Pre Organic Cotton (POC) Program Promote to develop "Fashion Earth PROJECT" (FEP), and other. 	 <ul style="list-style-type: none"> Number of farmers participating in the POC as of the end of 2013: 3,348 (including 1,479 already certified for organic cultivation). Volume of raw cotton handled in FY2014: about 1,500 tons. Participation by 18 firms and 54 brands at the FEP. Acquired membership in the textile exchange (TE), proceeded to handle materials gentle to the earth, and strengthened coordination with other firms around the world. 	Promote environment-conserving businesses across all the business divisions. <ul style="list-style-type: none"> Expand the businesses of POC Program 		2. Social issues
All Divisions	Strengthen response to customers and consumers	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and Textile lectures.	 Participation in seminars related to soil contamination, waste treatment procedure, and CSR/global environment, in order to acquire knowledge for prevention of social problems.	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and Textile lectures.		4. Education

※:Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

Pre Organic Cotton Program

In cooperation with KURKUU K.K., ITOCHU is conducting a Pre Organic Cotton(POC) Program to support the transition of cotton farmers in India to organic cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Since the program began in 2008, 3,348 farming households have taken part as of the end of 2013, and 1,479 of these have acquired organic farming certificates. In addition, having been introduced to products from over 40 companies, including apparel and natural cosmetics manufacturers, the volume of cotton handled in 2013 reached 1,500 tons. In 2014, initiatives with major customers are expected to drive higher POC sales and an expansion of the POC market, and to generate volumes of 2,500 tons. In 2012, the project was approved as an initiative of the Business Call to Action (BCtA), which is a global initiative led by the United Nations Development Programme (UNDP) as a business achieving commercial activities and sustainable development. There has since been a rise in recognition of companies tackling development issues around the UNDP. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by understanding and empathy among companies, organizations, and consumers.



Cotton harvesting on one of our farms in India

For further information about Pre Organic Cotton Program, please see "Contribution to local communities" in Highlight (page26)

■ Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. Besides symbolizing freedom and rebirth, this logo likewise anticipated the issue of protection of endangered species, and underscores the love and respect for nature felt by the brand's founder. To realize its dream of coexistence with nature, Hunting World Japan Co., Ltd., which sells the brand in Japan, has been supporting activities for conservation of biodiversity by the NPO Borneo Conservation Trust (BCT) since 2008. The company designs and sells charity goods, and donates 1% of the proceeds from these sales to BCT. By so doing, it is defraying part of the cost for purchase of land for the green corridors and rescue of Borneo elephants which have strayed into plantations. In addition, the fall of 2011 saw the birth of Hunting World Kyosei no Mori (Symbiotic Forest of Hunting World) based on independent purchase of four acres of land within the Green Corridor Plan* zone, using the financial aid provided up to that year. Furthermore, BCT Japan, which is supporting BCT, helped out with the funding needed for establishment of the Borneo Elephant Sanctuary, the first facility in the Wildlife Rescue Center project, which began in September 2013.

* Green Corridor Plan: A initiative for conservation of biodiversity by such activities as buying back land separating forest preserves and protected forests, to make a corridor for movement between them by wild animals.



Borneo bag by Hunting World



Panoramic view of the rescue center

For further information on supply chain approaches exhibiting concern for the environment and human rights, please see "Respect and consideration for human rights" in Highlight (pages23-24)

CSR at the Machinery Company

Medium- to long-term Growth Strategies

In IPP, water supply, environmental, energy, and other infrastructure businesses, we will give consideration to environmental impact. At the same time, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in developing countries. We will endeavor to expand trade in line with improvements in the external environment such as foreign exchange in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical value chain to meet anticipated future growth in this sector, aiming to further enhance business investment and trade in Japan and other parts of Asia. Through these approaches, we will maximize earnings from existing investments and promote the accumulation of superior assets and ongoing, large-scale asset replacement, maximizing earnings as we also conduct trade in related and ancillary fields.



Takao Shiomi
President, Machinery
Company

CSR at this Division Company

Delivering enrichment to the next generation

Through its business, which provides wide-ranging support for social infrastructure, the Machinery Company aspires for the advancement of communities by providing a more affluent lifestyle. We strive for contribution to the resolution of global problems such as climate change through environment preservation businesses and the building of a healthy society through healthcare businesses.

CSR Action Plans

■ Key points of our FY2015 action plans

In FY2015, we will continue our commitment to implementing management considering environmental and CSR issues. We will also aggressively work on businesses related to renewable energies including wind power and geothermal, participating in EfW (Energy from Waste) projects as well as water-related projects including desalination. Furthermore, we will supply local governments and related organizations in Japan with equipment to prevent epidemics and protect against disasters, conduct awareness-raising activities and endeavor to help maintain a healthy society.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	
	Conservation and development of water resources; supplying of safe, clean water	Work on desalination, water supply and sewage projects.		Investment in a water supply and sewerage business in the Canary Islands (33.4% stake acquired in Feb. 2014)	Work on desalination, water supply and sewage projects.		<input checked="" type="radio"/>		<input checked="" type="radio"/>	2. Social issues
Plant Project, Marine & Aerospace Division	Effective use of renewable energy	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 		Promotion of geothermal power generation projects <ul style="list-style-type: none"> Sarulla geothermal power generation: conclusion of a financing contract in March 2014 Supply of clean power through wind power projects	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 	<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>	2. Social issues
	Maintain and improve public health	Participate in Energy from Waste Projects (EfW).		Two projects of waste incineration and power generation (energy from waste; EfW) in the UK. <ul style="list-style-type: none"> West London: signing of the EfW project contract in Nov. 2013 Merseyside: signing of the EfW project contract in Dec. 2013 	Advancement of EfW project efforts.	<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>	2. Social issues
Automobile, Construction Machinery & Industrial Systems Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics in conjunction with automobile manufacturer.		Holding of collaborative seminars for executives of logistics firms and other private enterprises on subjects such as eco-driving, based on cooperation with automakers.	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics in conjunction with automobile manufacturer.	<input checked="" type="radio"/>	<input checked="" type="radio"/>			2. Social issues
	Support for measures against disaster	Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others. Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a non-profit organization consisting of private companies.		Supplied equipment and materials to hospitals, fire departments, and local governments. Coordinated with Japan Medical Partners for participation in industrial exhibits on crisis management, exhibits on international disaster-prevention, and meetings of learned societies on crisis management by local governments, along with provision of advice and information.	Promotion of awareness activities through exhibits etc. while supplying emergency equipment and materials to local governments, the Self-Defense Forces, police, and fire departments.				<input checked="" type="radio"/>	4. Education

※ : Achieved : Nearly achieved : Unachieved

Major CSR Initiatives

– Equity participation in waterworks business in the Canary Islands

ITOCHU Corporation has reached an agreement with CANARAGUA S.A., a subsidiary of AGBAR (Sociedad General de Aguas de Barcelona) which is Spain's largest private waterworks firm, to acquire 33.4% of the shares of CANARAGUA CONCESIONES S.A., which manages concessions of upstream and downstream water in the Autonomous Community of the Canary Islands. This investment is the second acquisition by ITOCHU in a regulated water utility, after the investment in Bristol Water in the UK, and marks the first Japanese investment in the Spanish water sector. Spanish water utility sector is one of the biggest water concession market in the world and has a long established stable regulatory framework. It is forecasted to have constant growth of the private and P.P.P. market in order to fulfil the need of efficient operation and investment requirements. Through its equity participation in CANARAGUA CONCESIONES, ITOCHU shall contribute in providing high-quality, sustainable and efficient water services in Spain. Furthermore, ITOCHU intends to expand its water concession business activities in Spain as well as in the growing privatized water market worldwide.



Waste water treatment plant - Gran Canaria

– Signature of a contract for Energy from Waste project in Merseyside County, UK

In December 2013, ITOCHU Corporation has signed a contract for Energy from Waste (EfW) project promoted by the Merseyside Recycling and Waste Authority.

ITOCHU has a 20 per cent stake in the consortium. ITOCHU has developed a total of four EfW projects in the UK, and will be involved in about 20% of the annual waste volume treated by EfW facilities in the UK and contribute to reduce greenhouse gases and the amount of waste to be landfilled.

The Merseyside project is environmentally friendly and will be expected to divert 92 per cent of the residual waste from landfill and save 130,000 tons of CO₂ per year. ITOCHU will make use of its experience gained through these UK projects to bolster its approaches to EfW projects in the regions of Eastern Europe, the Middle East and Asia, where the needs for reduction of environmental burden and clean power generation is predicted to rise.



An artist's illustration of the new Energy from Waste facility at Teesside upon completion

For further information on our approaches to renewable energy, please see "Climate change" in Highlight (page25).

CSR at the Metals & Minerals Company

Medium- to long-term Growth Strategies

The Metals & Minerals Company is working to expand its equity interests in order to secure stable supplies of metals and mineral resources underpinning the industrial framework. In addition, we are working to build a value chain that starts from equity interests and to create added value in the trade business by leveraging the ITOCHU Group's comprehensive strengths. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other natural resources that have become increasingly difficult to procure in recent years. In response to growing international concern with environmental problems, we are also actively involved in such areas as solar power and biomass fuels-related business.



Eiichi Yonekura
President, Metals & Minerals Company

CSR at this Division Company

Sustainable development and stable supply of metals & mineral resources

As it promotes the sustainable use of metals & mineral resources for their stable supply, ITOCHU is working with business partners to tighten arrangements for concerning the environment, harmony with communities, and a safe labor environment on development sites. We are also committed to effective use of resources, pursuit of renewable energy projects, and the building of recycling-oriented societies.

CSR Action Plans

Key points of our FY2015 action plans

As a global company, we will promote environmental management both domestically and at overseas Group companies. As well as promoting the concerns for safety, the environment, and local communities with partners when we engage in the development and exploration of mineral resources, we will take on the challenge of businesses that are friendly to the global environment, such as solar businesses and other initiatives aimed at the sustainable utilization of resources. We will also continue to promote CSR education and training based on the social issues facing the industry.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	
Metals & Mineral Resources Division	Strengthening and improvement of safety and security in metals & mineral resource development projects.	Share the thorough implementation of safety management during coal mining and exploration with JV partners.		Worked in coordination with JV partners	Share the thorough implementation of safety management during coal mining and exploration with JV partners.		○	○	○	2. Social issues 3. Supply Chain 4. Education
	Appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		<ul style="list-style-type: none"> Expanded the introduction of the electronic manifests to Group companies and client companies. Received reports each month from waste handling contractors throughout the year, built database and continued to share information with stakeholders. 	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		○			2. Social issues

Coal, Nuclear & Solar Division		Share the thorough implementation of safety management during coal mining and exploration with JV partners.	☘	Worked in coordination with JV partners	➔	Share the thorough implementation of safety management during coal mining and exploration with JV partners.	○ ○ ○	2. Social issues 3. Supply Chain 4. Education
	Exploring environment-friendly energies and providing a stable supply of them	<ul style="list-style-type: none"> Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact. 	☘	<ul style="list-style-type: none"> Promoted development and installation of mega solar projects in Japan and overseas. 	➔	Contribute to the prevention of global warming through PV power generation projects inside and outside Japan.	○ ○	1. Communication 4. Education
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	Continue to examine and check supply chains, conduct enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	☘	<ul style="list-style-type: none"> Conducted surveys of the targeted companies to confirm that no CSR-related problems were present. Conducted awareness-raising among partners. 	➔	<ul style="list-style-type: none"> Continue to examine and check supply chains and conduct enlightenment activities for business partners Raise awareness of CSR among domestic and overseas Group companies. 	○ ○ ○ ○	1. Communication 2. Social issues 3. Supply Chain 4. Education
	Ensuring safety in mining and exploration businesses	<ul style="list-style-type: none"> Continue implementing the Environment, Health and Safety (EHS) guidelines. 	☘	Expanded the coverage of the guidelines to all divisions.	➔	Continue promoting the same measures	○ ○ ○ ○	3. Supply Chain 4. Education

☘☘☘☘: Achieved ☘☘☘: Nearly achieved ☘: Unachieved

Major CSR Initiatives

Launch of the application of environment, health, and labor safety (EHS) guidelines (mining business)

The Metals & Minerals Company has determined and begun applying its own environment, health, and labor safety (EHS) guidelines (for mining). The guidelines are aimed at avoidance or reduction of environmental pollution, accidents, health hazards, and other EHS risks deriving from projects for development, production, or exploration of minerals, such as iron ore, coal or uranium in which it is involved, with full understanding of and maximum concern for host societies and local communities. The application will cover projects being seriously considered for investment, financing, or similar action, regardless of whether or not the Company's involvement is direct or indirect. The Company is educating all employees about the substance and application of the guidelines, to make sure that all know about them.

Construction Started on One of Africa's Largest Solar Power Plants in South Africa

In the first and second bids for solar power generation projects conducted by South Africa's Department of Energy, Norway-based solar power generation system integrator Scatec Solar, where ITOCHU Corporation owns a 37.5% stake, was selected for solar power generation projects with a combined output of 190 MW, and subsequently concluded an agreement with the South African state-owned power utility Eskom to sell power for a period of 20 years. Construction for the first phase (75-MW capacity) commenced in September 2012 and was completed in September 2013. November 2013 saw an on-site tape-cutting ceremony followed by the start of operation. The South African government has established a target of increasing its total power generating capacity up to 85 GW by the year 2030 and plans for renewable energies to account for roughly twenty percent of the increase. This project is being conducted as a part of this effort.



The 75-MW solar power generating system selected in the first bid on operation

Under the project, a 265-hectare site will be carpeted with more than 750,000 solar panels, expected to generate over 370 GWh annually. As well as covering the energy consumption of the equivalent of 88,000 homes, this is expected to have an annual CO₂ reduction effect of 315,000 tons.

With this project, Scatec Solar has firmly established its position in Africa as a solar power generation system integrator involved in all facets of solar power plants from development to construction and ownership.

■ Acquisition of New Interest in the Jimblebar Iron Ore Mine

ITOCHU Corporation has acquired interest in BHP Iron Ore (Jimblebar) Pty. Ltd., which is one of the iron ore businesses of BHP Billiton (an Australian and British concern) and is developing the Jimblebar iron ore mine in Western Australia. The Jimblebar mine is a large iron ore mine with abundant deposits. It is producing high-grade ore with low cost, open pit mining operation. ITOCHU have a long term relationship in three iron ore mines in Western Australia with BHP Billiton, and the ore extracted from the Jimblebar mine will be shipped using the existing railways and port owned by the three concerned companies. To meet the demand in Asia, which is projected to increase over the medium and long terms, ITOCHU is planning to further increase the supply capacity of iron ore projects in Western Australia.



Jimblebar Iron Ore Mine Source: BHP Billiton

For further information on the supply chain for coal produced in Australia, please see "Sustainable use of resources" in Highlight (pages21-22).

CSR at the Energy & Chemicals Company

Medium- to long-term Growth Strategies

Energy Area:

With regard to trading, we will continue to expand the traditional flow of business—importing and wholesaling products to countries in Asia. Meanwhile, we will take advantage of the opportunity presented by growing unconventional crude oil and gas production in North America to encourage the new flow of trade from North America to Asia.

With regard to oil resource development, we plan to expand existing projects and participate in promising new projects while minimizing risks, leveraging our expertise and experience to expand our business in this area.



Yuji Fukuda

President, Energy & Chemicals Company

Chemicals Area:

Based on worldwide trading operations in the areas of organic chemicals, plastics, and fertilizer and other inorganic chemicals, the division will advance projects in upstream areas to secure competitive raw materials. In addition, in downstream areas the division will take steps to expand its business and bolster its supply chains, especially in the retail area, including pharmaceuticals, plastics processing, and electronic materials.

CSR at this Division Company

Pursuit of stable supply of diversifying energy resources and materials

The Energy & Chemicals Company aspires for the stable supply of energy and materials at the foundation of modern living, and is tightening measures for concerning for the environment, harmony with communities, and safety in product handling throughout its wide-ranging value chains for oil, gas, and chemicals. The company is also committed to the building of an enriched society through the development of diverse energy resources and the environment preservation business.

CSR Action Plans

■ Key points of our FY2015 action plans

While working for the stable acquisition and supply of energy resources by conventional development of oil fields, ITOCHU is simultaneously mounting a Group-wide approach to new businesses that are gentle to the global environment, as exemplified by projects related to lithium-ion batteries, which have good prospects for demand expansion as a form of clean energy. Meanwhile, we continue to implement programs of education and training in laws, regulations, and safety related to energy and chemicals.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues					Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	Company	
Energy Division No. 1&2	Promoting initiatives to prevent accidents and protect the environment effectively	Further enhance employee training to prevent accidents, encourage operators through steering committees and environmental councils to achieve environmental measures.		<ul style="list-style-type: none"> Held workshops and training on practical operations for employees. Confirmation and promotion of the safety of project operations through the steering committee and environmental conferences. 	<ul style="list-style-type: none"> Periodic tanker training and notification of all personnel about safety management 	<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>		2. Social issues 4. Education
	contributing to local communities	Engage in initiatives such as community dialogue and regional contribution in regional areas of project sites.		<ul style="list-style-type: none"> Promotion of various CSR activities in Azerbaijan, including provision of computers and related equipment to orphanages. Sending of monetary donations and relief supplies to communities in the central Philippines that incurred tremendous damage from Typhoon 30. 	<ul style="list-style-type: none"> Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations 				<input checked="" type="radio"/>		5. Local and international community
	Measures to reduce CO ₂ emissions	Promote businesses that produce plant-derived energy.		Crushed sugar cane to produce ethanol, renewable energy. In addition, all electric power consumed at plants used sugar cane bagasse. Endeavored to reduce CO ₂ emissions.			<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>	
Chemicals Division	Management of hazardous and harmful chemical substances	Conduct in-house training by holding a range of workshops aimed at thoroughly disseminating information about laws and regulations related to chemical substances such as the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and promote the sharing of information with overseas subsidiaries.		Held a lecture on laws and regulations related to chemicals in Japan and made a presentation on laws related to hazardous chemicals in China. Determination of the facts of compliance with industrial law mainly in overseas offices. Introduction of a system for information searching on laws and regulations, and sounding about a study making full use of this system.	Held seminars for thorough education of all personnel about the amended Act on the Evaluation of Chemical Substances and Regulations of Their Manufacture etc. and other chemical-related laws and regulations, responded to laws and regulations related to hazardous chemicals in China, and promoted information-sharing with overseas offices. Checked laws and ordinances applying to new products before the start of their handling, and rigorous observance of execution obligations.					Safe & Reliable logistics	3. Supply Chain
	Procure safe and reliable products	Expand and increase sophistication of the lithium-ion battery component business.		Efforts to expand sales of LiB materials at TODA KOGYO CORP. and Kureha Battery Materials Japan Co., Ltd. (in which ITOCHU has a stake), and expansion of business in new materials. Advanced efforts for the environmentally friendly stationary rechargeable battery systems and delivered such systems for the first time to condominiums built in the Tohoku region as part of recovery from the disaster.	Expanded and heightened business related to use of lithium-ion batteries.	<input checked="" type="radio"/>	<input checked="" type="radio"/>				2. Social issues

※: Achieved : Nearly achieved : Unachieved

Major CSR Initiatives

Initiatives in the Development of U.K. North Sea Oil Fields Aimed at Secure Stable Resources

For new cluster of oil fields (Western Isles Development Project, "WIDP") discovered at a block owned (23.08% ownership ratio) by CIECO Exploration and Production (UK) Limited (100% owned subsidiary of ITOCHU Corporation) in U.K. North Sea, ITOCHU Corporation decided to make a joint investment with block operator Dana Petroleum (E&P) Limited. Subsequently, the development plan was approved by the British government in December 2012. Since 1993, ITOCHU has engaged in oil development projects in the North Sea, including the additional acquisition of Alba Oilfield interests in 2005, and strived to secure a stable supply of resources. ITOCHU has taken part in the WIDP since exploratory drilling was carried out in 1996, and the project has now transitioned to the development phase. With production commencing in 2015, the volume from ITOCHU's oil and gas interests is expected to be added by approximately 10,000 barrels / day (during peak production). Utilizing the technical and commercial expertise developed in the North Sea, ITOCHU aims to transition the WIDP into production and further expand its operations.

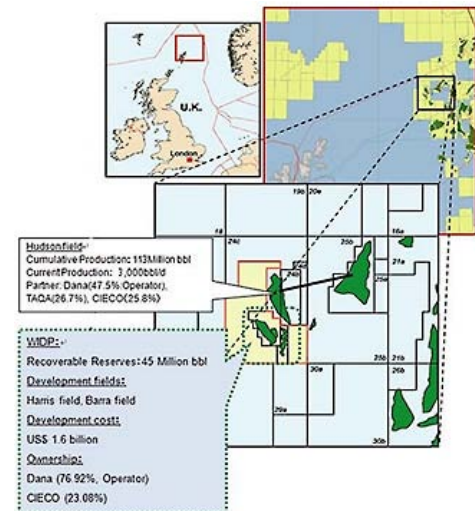


Diagram showing the WIDP Mining Block

Food Stability through Fertilizer Manufacturing and Sales Business

ITOCHU has acquired shares in Agromate Holdings Sdn Bhd ("Agromate"), one of the largest fertilizer manufacturers and distributors in Malaysia. Maintaining seven distribution centers in Malaysia and two in Indonesia, and handling around 1.3 million tons of fertilizer annually, Agromate is one of the largest fertilizer distributors in Malaysia and Asia. The company also owns an NPK (nitrogen, phosphoric acid and potassium) fertilizer plant boasting a production capacity of 200,000 tons annually in Sabah, Malaysia. The demand for fertilizer in Asia is expected to expand in the future, particularly in countries like China and India, and from a global perspective, the demand for fertilizer resources will likely tighten in the medium-to-long term through the increased demand for food associated with population growth. By investing in new fields of fertilizer resources and building a robust Asia-centric sales structure on a joint basis with Agromate, ITOCHU is playing a part in ensuring the stable supply of food.



Agromate products

Initiatives in Lithium-ion Battery-related Business

Lithium-ion batteries (LiB) are expected to experience demand expansion in connection with eco vehicles, stationary rechargeable batteries, and clean energy systems. The Company is emphasizing the construction of value chains for relative businesses (including lithium resources, major battery components such as cathode and anode materials on the upstream side, and rechargeable battery systems on the downstream side).

Through its investment in the U.S. firm Simbol Materials in June 2010, ITOCHU began participating in operations for the manufacture of lithium compounds. Simbol continues to engage in the development and promotion of the business of manufacture of lithium compounds using spent brine containing lithium from geothermal power stations. In October 2013, it succeeded in the manufacture of lithium carbonate at a demonstration plant, and is working on the development and refinement of technology enabling production on commercial footing. In the same month, we launched sales of stationary rechargeable lithium-ion systems which had been developed and commercialized by NF Circuit Design Block Co., Ltd. Furthermore, Kureha Battery Materials Japan Co., Ltd., a joint venture with Kureha Corporation, Kuraray Co., Ltd., and the Innovative Network Corporation of Japan, is working on joint commercialization of Biocarbotron, a hard carbon derived from plant material, in addition to the conventional anode materials. ITOCHU will continue this action by making full use of the Group network.



Geothermal brine well in southern California

■ Chemical Logitec Co., Ltd. acquired certification under ISO 22301:2012 (business continuity)

Chemical Logitec Co., Ltd. manages and operates Nagoya Chemport (name changed from the former Nagoya Oil Tank Facility effective May 1, 2014), which is engaged in work centered around the storage, receipt, and supply of liquid chemicals at the No. 9 lot in the Port of Nagoya. It is an important link in our chain for supply to many customers in the Nagoya and surrounding areas. Learning from the Great East Japan Earthquake that struck on March 11, 2011, the company has since been preparing its facilities for the anticipated Nankai Trough Earthquake. Its aim is a chemical port that is both safe & secure and resilient to disaster, and thereby enables the earliest possible resumption of operations and continuation of business in emergencies.

As a result of its two years of efforts in the areas of employee education and training, facility improvement and systemic arrangements, the company recently obtained certification under ISO 22301-2012. This was a milestone event, because it became the first company in Japan's chemical tank industry and the whole ITOCHU Group to be given such certification. Using this certification as a springboard, Chemical Logitec is going to continue placing top priority on respect for human life and striving to assure the safety of its employees, customers, and visitors in emergencies. It is also committed to achieving higher levels of business continuity management with the guidance of the competent authorities and cooperation of neighboring companies.



Certification

CSR at the Food Company

Medium- to long-term Growth Strategies

In the implementation of the Food Company's SIS strategy, we have further accelerated our initiatives, including capital / business alliances in the retail sector and integration of Group companies in the distribution and marketing area in Japan. We have also broadened the foundations for our SIS strategy through its horizontal extension and development across the food value chain overseas. We have achieved this through joint initiatives with strategic partners in China and other Asian countries such as TING HSIN (CAYMAN ISLANDS) HOLDING because we recognize that although the Japanese market is shrinking due to a falling birthrate and an aging population, demand in fast-growing emerging countries is rising. The acquisition of the Dole businesses in 2013 will enable the Food Company to organically combine its existing food value chain with Dole's global brand and production and sales network. To accelerate the rollout of our global SIS strategy, we will expand sales of existing products and develop new products and businesses that leverage the Dole brand.



Yoshihisa Aoki
President, Food Company

CSR at this Division Company

Construction of value chains for food safety and security




Developing diverse food-related business on a global scale, the Food Company has made rigorous provisions for assurance of food safety and security as well as concern for the environment. It endeavors to deliver healthy and rewarding lifestyles to all people through value chains with high value-added levels encompassing all processes, from stable supply and food resources to their processing, manufacture, wholesaling, and retailing.




CSR Action Plans

Key points of our FY2015 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as ensuring the stable supply of food resources, protecting the environment, strengthening convenience store functions as social and lifestyle infrastructure, developing healthier foods and improving inspection systems to ensure food safety.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues					Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	Company	
Provisions Division	Ensure a stable supply of safe and reliable raw materials	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries. 		Flexible and stable supply was made possible by acquisition of 2 export ports in North America. Additionally expansion of collection capabilities and the logistics network through CGB ENTERPRISES, INC., which is engaged in grain trading and logistics business and the procurement of supply bases in South America	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. (expansion of sites for supply of materials in North America, South America, Australia, etc.). 						3. Supply Chain

<p>Fresh Food & Food Business Solutions Division</p>	<p>Improve and strengthen the management system for production bases inside and outside Japan</p>	<p>Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).</p>		<p>Implemented plant audits based on action plans. Conducted nearly 100 plant audits, mainly for processed agricultural products, beverage materials, and processed livestock products.</p>	<ul style="list-style-type: none"> • Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts). • Promotion of the reinforcement and establishment of the framework for food safety audits in the food company. 	<p>Food safety & Security</p>	<p>4. Education</p>
<p>Food Products Marketing & Distribution Division</p>	<p>Provide a food environment in response to the aging society and to the changes in the household structure.</p>	<p>Develop added-value products that promote health benefits to respond to consumer needs through initiatives in conjunction with food retailers.</p>		<ul style="list-style-type: none"> • 7 products created under the supervision of vegetable culinary expert Ms. Izumi Shoji were launched in FamilyMart nationwide. The products emphasize health in response to the needs of senior citizens and women. • Received certification from the Ministry of Health, Labour and Welfare for our Japan's first bread made with calcium as ingredients. This certification is based on "MHLW"'s health promotion project 	<ul style="list-style-type: none"> • Development of euglena products, containing 59 types of nutrients, through collaboration with Euglena Co., Ltd., whose management philosophy is to make both people and the earth healthy. • Development of products emphasizing health for the elderly using the services of vegetable culinary expert Ms. Izumi Shoji. 	<p>Food safety & Security</p>	<p>2. Social issues</p>
<p>All Divisions</p>	<p>Improve the level of food safety and compliance management</p>	<ul style="list-style-type: none"> • Verify compliance with food safety management manual/compliance program • Support food safety management for Chinese business partners • Support compliance management related to the Dole project 		<ul style="list-style-type: none"> • Implemented food safety and compliance audit for all units of the company and several group companies. • Implemented food safety & quality assurance audit for manufacturing plants and restaurants all units of the Ting Hsin Group twice a year. • Participated in the Dole compliance conference (in Manila), shared problem points and proposed improvements for solution. 	<ul style="list-style-type: none"> • Verify compliance with food safety management manual/compliance • Support food safety management for Chinese business partners • Support compliance management related to the Dole project 	<p>Food safety & Security</p>	<p>1. Communication</p>

※  :Achieved  :Nearly achieved  :Unachieved

Major CSR Initiatives

Improvement and promotion of procurement networks for stable acquisition and supply of food resources

The rapid expansion of the demand for grains and food products is expected worldwide, accompanying the rise in population and income levels in various regions. At the same time, there are rising preferences for safe and secure food among consumers not only in Japan but also in other Asian countries. Increasing importance is consequently being attached to the assurance of quality and safety, and establishment of systems for traceability.

The Food Company works to assure sources for supply of foodstuffs on a global scale, as exemplified by its involvement in projects for grain collection in North America, coffee in Latin America, and dairy products in Oceania. It is making a vital contribution to a stable supply as well as food safety and security for customers in Japan, China, and other Asian countries. In the aforementioned grain business, it is steadily expanding the collection areas and points while augmenting logistics capabilities. As a result, it has been able to keep the supply stable even when the region has been hit by record-breaking droughts.



Capital participation in a dairy product manufacturer in Victoria, Australia

The demand for dairy products is also expanding. In 2009, the Food Company acquired 45 percent of the stock of a dairy company in the Gippsland district of the Australian state of Victoria, one of the major dairy farming areas in the entire country. The dairy company has been smoothly building its business since this stock acquisition. In May of this year, it commenced production of high-value-added powdered milk (for infants) with a vision of entering markets in China and other Asian countries where demand is rapidly expanding.

■ Initiatives to develop foods for healthier lifestyles

ITOCHU Corporation is committed to developing value-added foods which satisfy consumers who are increasingly health-conscious. In FY 2014, the Food Company developed and sold a series of bread products containing the same amount of calcium as a carton of milk, together with Circle K/Sunkus and FamilyMart. These products are made with calcium-reinforced ingredients for bread making, and are the first of their kind in Japan. They were certified under the Smart Life Project (whose slogan is "Let's lead longer and healthier lives!"), which is being led by the Ministry of Health, Labor and Welfare.

On another front, in 2008 ITOCHU established a capital and business alliance with Euglena Co., Ltd., a company involved with the mass cultivation of and research and development into Euglena (Japanese name: Midori Mushi), a type of algae that has been attracting attention as a rich source of nutrients. ITOCHU is considering business development from multiple perspectives.

We have also launched sales of Euglena & Yogurt together with Uny, CircleK/Sunkus, and FamilyMart, as a joint four-company product. This product is made with euglena (Midori Mushi) developed by the Food Company. In addition, ITOCHU developed prepared food products together with a vegetable culinary specialist, under an exclusive contract, that allows for the convenient and tasty consumption of vegetables. In February 2014, FamilyMart began selling these products at all of its stores throughout Japan. As this indicates, we are promoting the development of various food products to deliver healthier living to customers both inside and outside of Japan.



One of the series of bread products containing the same amount of calcium as 1 carton of milk

■ Ensuring food safety through regular auditing of overseas suppliers

Against a backdrop of increasingly diverse dietary lifestyles, the globalization of food distribution and increased awareness of health, consumers are taking an even greater interest in the safety and security of food. Meanwhile, incidents and problems have been occurring that threaten the safety and security of food, such as the BSE problem, violations of residue standards with pesticides and other substances, and the distribution of foods using additives untested for safety. In FY2003, ITOCHU Corporation set up the Food Safety and Compliance Management Office and has since taken broad measures to ensure safety in the trading of food. Since FY2012, as part of these measures, ITOCHU has been regularly visiting and auditing food processing plants of overseas suppliers for imported food.

ITOCHU determines the subjects and frequency of audits in correspondence with various factors, including the management setup in the host country, product characteristics, and sanitation risks in processing steps. Our employees, local staff, and/or Group company employees make on-site visits to carry out audits based on our own Plant Audit Check Sheet. These audits confirm the 25 items related to food protection in addition to the 100 items related to food safety. Proposals for improvement are made as necessary. In FY2014, we conducted a total of 174 on-site audits for a total of 137 suppliers.



A food audit underway

CSR at the ICT, General Products & Realty Company

Medium- to long-term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, our first approach is to add and augment the specialist strengths in each division and sector, while at the same time building a robust earnings platform spanning all organizations. For instance, in Forest Products & General Merchandise we are a leader in the business of distributing domestic and overseas construction products.

Next, to expand earnings we are adopting a holistically cooperative approach that transcends individual departments and sectors. Looking at construction, for example, we are introducing Internet services developed in our ICT business into condominium projects we have developed in our construction business, thereby increasing the level of service to customers and augmenting operations within the Group.

These moves aim to create “new and true value” that supports affluent lifestyles in the sense that they involve new transactions generated by pursuing additional and overlapping earnings.



Tomofumi Yoshida
President, ICT, General Products & Realty Company

CSR at this Division Company

Contribution to concerns for the environment and creation of enriched communities

Developing businesses in diverse domains, the ICT, General Products & Realty Company has adopted the mission of contribution to establishment of safe and rewarding lifestyles. It does so through the provision of products and solutions that are closely intertwined with people’s lives and adapted to societal needs. We also pursue the stable procurement and efficient use of forest resources in sustainable ways and are working to build a more recycling-oriented society.

CSR Action Plans

Key points of our FY2015 action plans

Our development of environment-friendly business may be exemplified by transactions for lumber from certified forests linked to sustainable resource use, energy management solution business utilizing IT, and development of environment-friendly condominiums. We are also assisting advancement of the international community and rise of fulfilling societies through business with partners in Asia and other regions, especially in the fields of logistics, finance, and construction.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Polices for CSR Promotion
						Climate change	Resources	Human rights	Communities	
Forest Products & General Merchandise Division	Enhance the traceability of raw materials and ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys.		Conducted surveys of 91 subject companies on traceability and compliance with labor laws by visiting them or sending questionnaires. Received responses from 90 of the 91 companies.	Update survey items and survey recipient data; carry out traceability surveys.		○	○		1. Communica- tion
	Handle internationally certified forest products as well as health-safe products	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 		Aiming for the expansion of certification among suppliers that have not yet been certified, the certification acquisition rate was pulp: 92%, wood chips: 50%. Target levels were maintained.	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 		○			3. Supply Chain

ICT, Insurance & Logistics Division	Provide products and services for realizing a reliable, safe and prosperous society	Enhance green tech solutions utilizing IT to increase the number of customers.		<ul style="list-style-type: none"> An energy management solution services (EMS) is being expanded and developed. The number of customers are being increased (up 70% from the previous fiscal year-end). 	Enhance green tech solutions utilizing IT to increase the number of customers.		2. Social issues
	Creating businesses based on the 3R philosophy	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy		<ul style="list-style-type: none"> Contributed to the promotion of timber usage from forest thinning in Japan as a replacement operator under the <i>Mokuzai Riyo Points</i> (the Wood Use Points Program) conducted by the Forestry Agency Penetration of the MOTTAINAI philosophy through development of new products and the holding of various events (flea markets etc.) 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy		2. Social issues
	Care extensively for the environment	<ul style="list-style-type: none"> Actively promote environmentally friendly homes in condominiums and elsewhere. 		<ul style="list-style-type: none"> In condominiums developed by ITOCHU Property Development, environmentally friendly homes with features such as solar power generation, storage batteries and support for electric vehicles are being supplied. 	<ul style="list-style-type: none"> Actively supply environmentally friendly homes in condominiums and elsewhere. 		1. Communication 2. Social issues
	Participate in local and international communities and contribute to their development	<ul style="list-style-type: none"> Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world. 		<ul style="list-style-type: none"> Continued to engage in promotion to attract Japanese companies to the Karawang Industrial Park in Indonesia. Contributes to the development of Indonesia's local community as well as the overseas expansion of Japanese companies. Participated in the used car auction business in Shenzhen, China with partners. Intending to promote this business to contribute to higher levels of rationalization and efficiency in China's used car distribution. 	<ul style="list-style-type: none"> Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world. 		1. Communication 5. Local and international community

※:Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

Sustainable forest management of CENIBRA in Brazil

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem. The company also addresses the restoration of natural forests. Each year it plants some 70,000 tree samplings of the four varieties that make up the native forests in an initiative that spans as much as 300 hectares each year.

Protective breeding activities for endangered species of bird are also underway at Macedonia Farm in a protected zone of natural forest. Scarce wild birds such as the pheasant family bird, mutum are protected and bred at the farm and later released into the wild.



One of CENIBRA's vast plantations

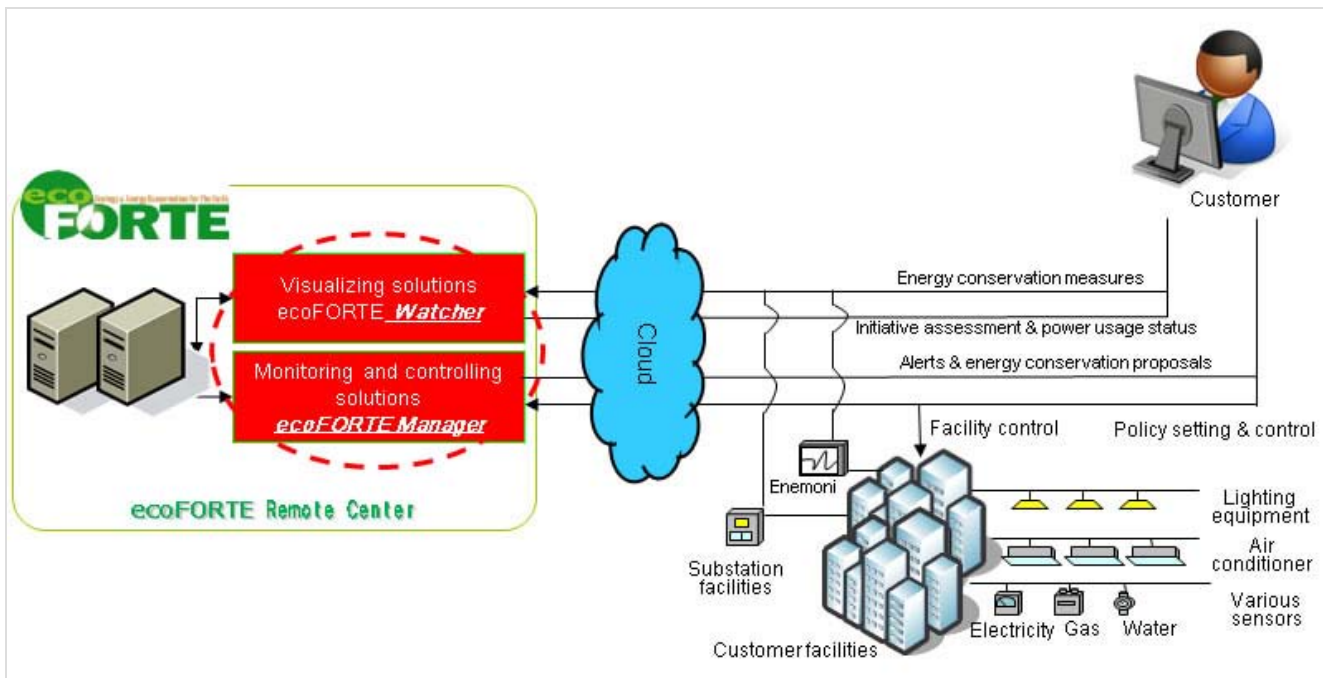


The rare mutum at Macedonia Farm

■ Energy management business with IT

ITOCHU Corporation is developing businesses in energy management and smart infrastructures utilizing IT, under the ecoFORTE brand and in collaboration with partners inside and outside of Japan. In Japan, there has been an increase in CO2 emissions in the last few years because of a rise in dependence on thermal power in the energy mix. In addition, the jump in prices for energy use is becoming a critical issue for companies. ecoFORTE's capabilities extend from apprehension of the facts of energy use and discovery of issues to selection of solutions and their execution with automatic control. As such, it provides a mechanism for enabling reduction of energy use even without any specialized knowledge.

Recently, we made ecoFORTE easier to be introduced even in small and medium-sized commercial facilities, which have found it hard to do so thus far, by offering more compact, low-priced models. We are going to continue contributing to the reduction of CO2 emissions and preservation of the environment on a global scale by supporting the efficient utilization of finite energy resources.



Outline of ecoFORTE

CSR Initiatives by Major Group Companies

- Contribution to the reduction of power consumption based on power visualization

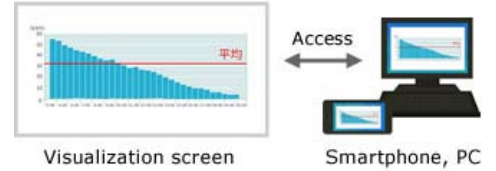
ITOCHU Urban Community, Ltd.

ITOCHU Urban Community developed the Mansion Energy Management System (MEMS) aggregator, which provides services to support energy management. Upon registration with the Sustainable Open Innovation Initiative (SII), the MEMS aggregator was adopted in the project for accelerated input of "smart condominiums" (contained in the supplemental budget for fiscal 2012) conducted by the Ministry of Economy, Trade and Industry. For customers or condominium management associations introducing its energy management service, ITOCHU Urban Community offers visualization of power consumption based on automatic measurements taken every 30 minutes using the latest "smart meters." It also alerts all condominium residents, by smart phone or computer, of the time periods in which the power supply is forecast to be tight. This arrangement supports energy conservation while helping to reduce power consumption. Following the adoption of this aggregator, the company hopes to propose and provide additional services to support energy management (based on measurement of power consumption and support for its reduction) for condominiums for sale or rent. It likewise intends to develop approaches extending to area-wide energy management in the future.

Energy Management Service (ENEMANE)

1) Visualization of power consumption

The latest "smart meters" are used for automatic measurement of power usage (for air conditioning, lighting, etc.) and visual depiction of the results at 30-minute intervals. These visualizations can be checked by residents on their smart phones or computers to help them conserve energy.



2) Power saving notification function

The service alerts residents, by smartphone or computer, about time periods in which the power supply is forecast to be tight.

