

Our Initiatives for the Environment

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 the ITOCHU Group 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 issues 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 "Actively addressing the better global environment" based on The ITOCHU Group Corporate 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 & 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.

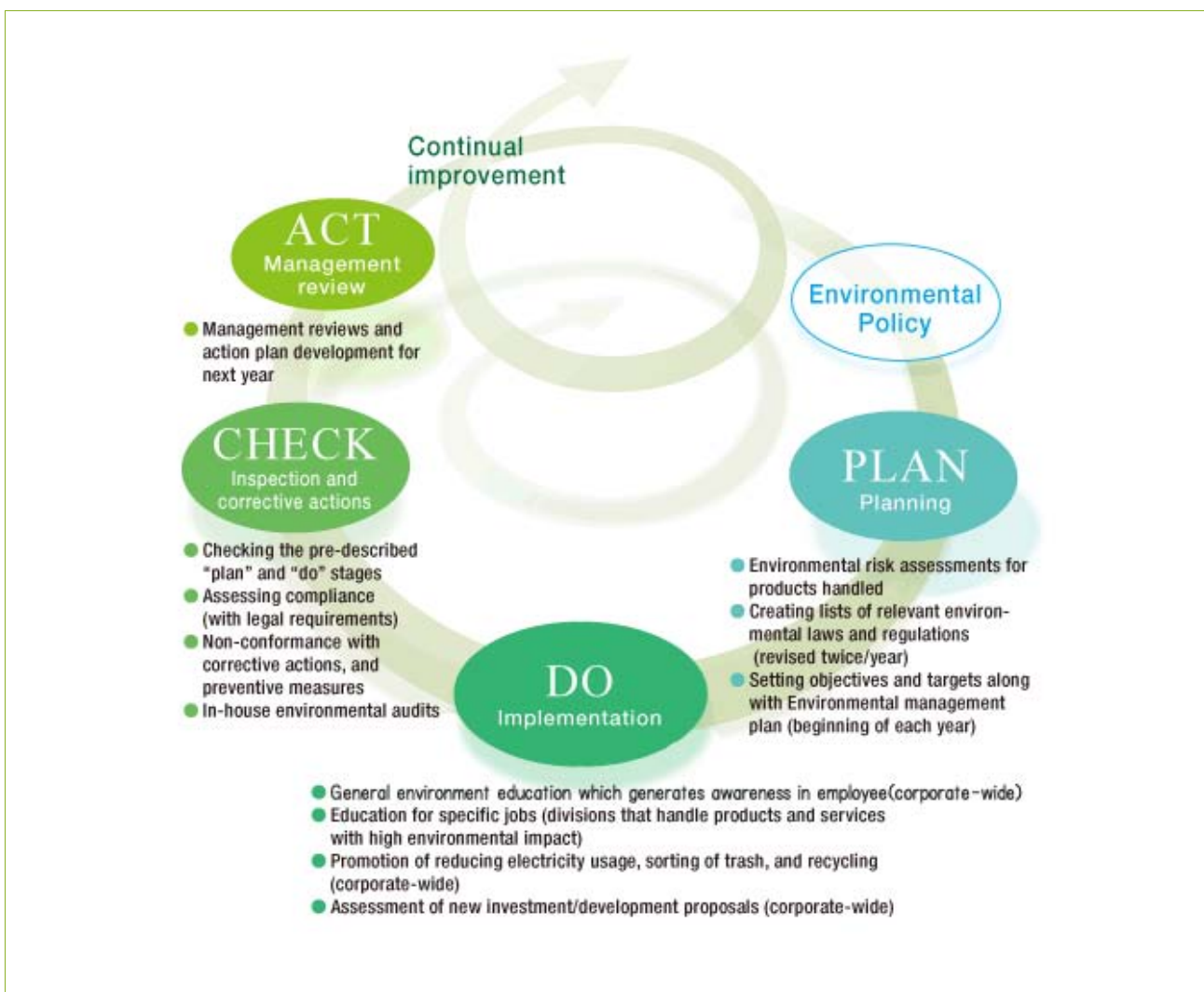
1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines 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."

Environmental Management

ITOCHU Corporation has formulated an Environmental Policy covering the entire ITOCHU Group. ITOCHU 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 investment, in order to prevent environmental risk. We believe it is important to contribute to sustainable development as a corporation by implementing both the offense of promoting environment conserving businesses and the defense of taking a precautionary approach to environmental risks.

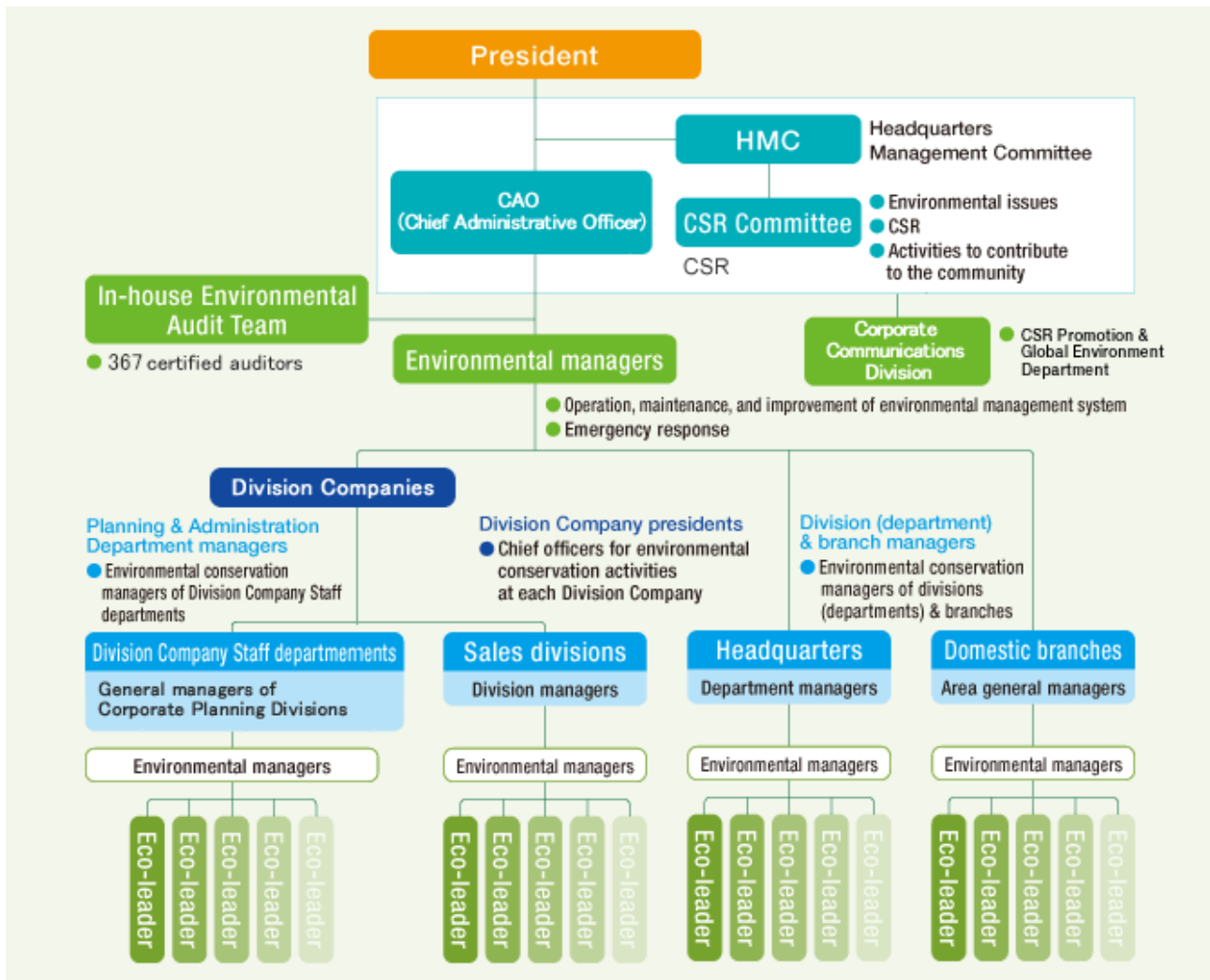
Environmental Management System

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, take precautionary approaches to environmental risks and promote environment conserving businesses. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk and promoting environment conserving businesses; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's Environmental Management Organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO who has complete authority for the environmental management system. Concrete management work is carried out by the CSR Committee, established to review environmental policies and perform annual reviews of corporate-wide activities. The CSR Promotion & Global Environment Department of the Corporate Communications Division serves as the CSR Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (60 total in fiscal 2015), and assisted by eco-leaders (287 total as of April 1, 2014), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2014, they were carried out in 60 departments. Findings from the audits, conducted over roughly six months, are instrumental in taking a precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (367 registered individuals), and carried out their work with an emphasis on auditing legal compliance.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 2014 inspection was to retain certification. The outcome of the inspection was an overall "improvement" grade and continued certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Environmental Management Results and Targets

With respect to environmental management, ITOCHU establishes environmental objectives to be tackled in the medium-term, and then sets specific targets and conducts performance reviews based on those targets each fiscal year.

Item	Fiscal 2014 Environmental Targets	Review	Fiscal 2015 Environmental Targets
Prevention of Environmental Pollution/ Observance of Laws and Regulations	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.	○	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.
	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.	○	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	Select Group companies and conduct onsite surveys of their environmental management status.
Promotion of Environmental Conservation Activities	Expand the scope of monitoring to information such as the energy emissions of major domestic subsidiaries.	○	Expand the scope of monitoring to information such as the energy emissions of overseas Group companies and major domestic and oversea subsidiaries.
	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)	○	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	Conduct environmental education for elementary and junior high school students.
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)
Promotion of Educational Activities	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.	○	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.
	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.	○	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.

* ○: Implemented △: Partially ×: Not yet implemented

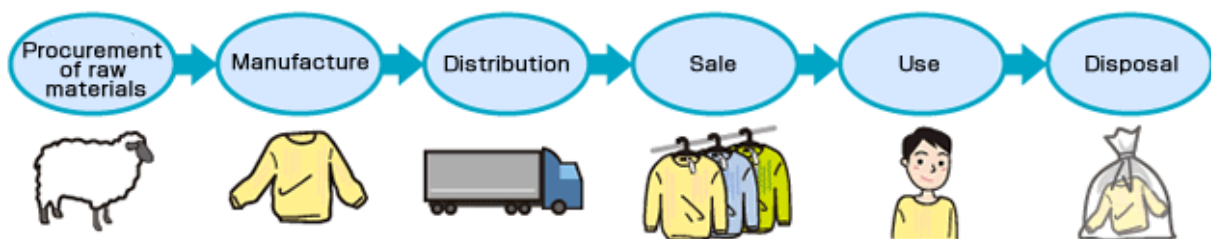
Precautionary Approach to Environmental Risks

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

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We thus carry out our own original environmental impact evaluations on all the products based on our belief that it is vital to evaluate the impact of these products to the global environment, the state of our compliance with environmental laws and regulations, and their relationship with stakeholders. We use a so-called LCA^(*)-based analysis method at all stage of product life cycle from procurement of raw materials, production, and use, through disposal of products. If the evaluation shows that the impact on the global environment by particular products exceeds predetermined benchmarks, then we create manuals and the concrete procedures to manage transactions of these products.

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



Fact-finding Investigations of Group Companies

We analyze about 200 of our 393 Group companies (as of March 31, 2014) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 to 20 of them per year. Over the 13 years to the end of March 2014, we did on-site investigation at 249 worksites. The evaluation is made using 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.

Evaluating the Environmental Risks of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ a CSR and environmental checklist for investments to evaluate in advance the market, social and environmental impact of business investment projects entered via M&A in Japan and overseas. We revised this checklist to reflect the seven core subjects (Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) of ISO 26000, and we began to utilize the new checklist in fiscal 2014. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the presence of no major problems are confirmed.

Internal and External Inquiries and Our Response

In the year ended March 31, 2014, we received a total of 64-inquiries from outside the Company, which were broken down as follows: environmental groups (3), industry (7), government and industry groups (18), and media and research firms (12), requirement of ISO14001 certification from customers (24). There were no environment-related incidents, problems, lawsuits against the Company. Meanwhile, the number of inquiries from within the Company and ITOCHU Group companies was as follows: 54 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 9 inquiries regarding business investments.

Promotion of Environment Conserving Businesses

ITOCHU Corporation is committed to solving environmental issues through its businesses. As a framework for promoting these businesses, each division formulates a CSR Action Plan and promotes initiatives according to the PDCA cycle. ITOCHU also recognizes climate change and sustainable resource utilization as material issues and focuses on finding solutions to these challenges.

Renewable Energy

Details of Initiative	Name of Business Operator/Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	Approx. 1,500,000tons / year
Biodiesel Manufacturing Business	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 500,000~750,000 tons / year
Energy-from-Waste Business	ST&W Waste Incineration and Power Generation Project / SITA South Tyne & Wear Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Incineration and Power Generating Business / SITA Cornwall Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Incineration and Power Generating Business / SITA Merseyside Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Incineration and Power Generating Business / SITA West London Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year
Photovoltaic Power Generation	Scatec Solar AS	South Africa	75MW	125,000 tons/year
Production of aviation biofuel from municipal solid waste	Solena Fuels Corporation	USA	N/A	N/A

ITOCHU Corporation is working for the solution of social issues through investment in power generation assets that are anticipated to experience growth as necessary means of energy supply from now on and that make effective use of renewable energy such as geothermal power and wind power.

Related page: Highlight: Climate change (page25)



Shepherds Flat wind power plant

Water-Related Businesses

Country	Details of Initiative
Seawater Desalination	<p>ITOCHU began delivering large numbers of seawater desalination plants from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura with local capital in the country. In addition, against a backdrop of population growth and industrialization, ITOCHU also expanded into rehabilitation projects for seawater desalination plants.</p> <p>In May 2012, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures reverse osmosis membrane elements for seawater desalination, was established with Saudi Arabian firm ACWA Holding and Toyobo.</p> <p>In 2009, ITOCHU invested and participated in a seawater desalination project (daily capacity of 440,000 tons) in Victoria, Australia. It commenced operation from 2013.</p>
Water treatment	<p>ITOCHU was consigned to perform maintenance and operational services for the North-South Sewage Treatment Facility at the Changxing Island Harbor Industrial Zone in Dalian City, Liaoning Province, China. The facility boasts a processing capacity of 40,000 tons per day.</p> <p>ITOCHU established a joint venture company with Suez affiliate Sino French Water Development Co. Ltd., and is currently implementing the project.</p>
Concession project	<p>In 2012, ITOCHU invested in the UK-based Bristol Water Group. This made it the first Japanese company to participate in the UK water supply business. ITOCHU is currently providing tap water services encompassing everything from water resource management to water purification, water supply and distribution, collection of charges, and customer service to some 1.2 million customers in UK.</p> <p>In 2014, ITOCHU invested in CANARAGUA CONCESIONES S.A., which provides both water supply and sewerage works services in the Canary Islands in Spain. This made it the first Japanese company to participate in a Spanish water supply business. ITOCHU is currently providing water supply and sewerage works services to an extended total of about 1.3 million customers in Spain, based on a concession agreement concluded with the local governments.</p>

About 97.5% of the earth's water consists of sea water. Water available for use by human beings accounts for only 0.01% of the total. Meanwhile, the demand for water worldwide is steadily increasing due to economic development driven by the newly emerging countries, population growth, and changes in precipitation patterns caused by climate change. ITOCHU Corporation has positioned water-related business as a priority field, and is globally developing business in areas such as sea water desalination, water treatment, and concession projects (newly undertaken beginning in 2013), with a view to assisting solution of water problems around the world.



Itochu invests in UK water utility Bristol Water

Tree Plantation

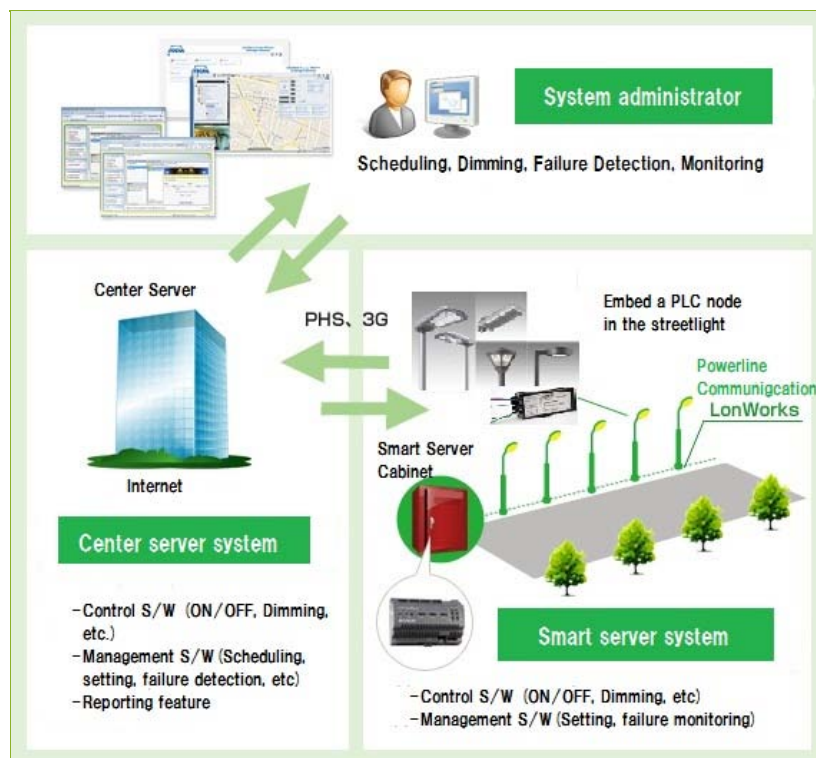
Name of Business Operator/Tree Plantation	Country	Project Size
CENIBRA (Celulose Nipo-Brasileira S.A.)	Brazil	132,000ha
ANCHILE	Chile	27,000ha
Southland Plantation Forest Co.	New Zealand	10,000ha
South East Fibre Exports	Australia	5,000ha
Acacia Afforestation Asia	Vietnam	2,000ha
South Wood Export Ltd.	New Zealand	1,000ha

Other Environmental Businesses

Project Name	Details of Initiative
Lithium-ion Batteries	<p>ITOCHU has invested and participated in a lithium compound manufacturing business, cathode material business and anode material business. ITOCHU has built a value chain in the lithium-ion battery field based on investment projects with the likes of US-based SYMBOL MATERIALS as well as Toda Kogyo Corp. and Kureha Battery Materials Japan Co., Ltd., and will promote the stable production and supply of raw materials, related products, and storage battery system. In 2013, ITOCHU launched a lithium-ion storage battery system for industrial applications with a capacity of 16.8 kWh. The system has been developed and commercialized by NF Corporation.</p>
Energy Management Systems/ Energy-Saving Solutions	<p>Since 2009 ITOCHU has deployed the ecoFORTE IT-based energy management system (EMS), achieving the visualization and automated operating control of the power for air conditioning, lighting equipment and other facilities, and helping customers conserve electricity. In 2013, ITOCHU took a stake in Kankyo Keiei Senryaku Soken, and has been enhancing EMS business.</p> <p>ITOCHU has developed the Smart Street Lighting Service, a smart street lighting business utilizing cutting-edge technologies. In 2012, the service won the Grand Prize for Energy Saving Service in the Eco-Services category of the 9th Eco-Products Awards. Currently, pilot tests are underway at several sites inside and outside of Japan, such as those owned by municipal governments and those located at industrial complexes, and we are strengthening our efforts for the full-fledged start of this business.</p>

For the "Smart Streetlight Service," ITOCHU won the Grand Prize for Energy Saving Service at the 9th Eco Products Awards in 2012.

For this service, devices compatible with power line communications will be attached to each streetlight. These devices will enable remote control of each streetlight, including fine adjustment of the brightness level in accordance with the environment. Moving forward, we will continue to strengthen our energy and smart IT infrastructure business and to promote energy management. In this way, we will strive to contribute to the realization of a low-carbon society.



Approaches to Conservation of Biodiversity

The business activities of ITOCHU Corporation are heavily bound up with consumption of all sorts of resources in the natural world (e.g., water, air, forests, food, minerals, and fossil fuels). Our business rests on supply of the natural bounty produced by the ecosystem to society at large, whether directly or indirectly. With this awareness, we stipulated consideration for biodiversity as part of our Activity Guidelines under the ITOCHU Group Environmental Policy. Our concern for biodiversity in our business activities is reflected in efforts for sustainable forest management, conservation of natural forests, and protection of endangered plant and animal species.

Concern for Biodiversity in Business Activities

Concern for biodiversity in pulp production projects

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). For more details, please see Major CSR Initiatives of ICT, General Products & Realty Company (page44-45)



One of CENIBRA's vast plantations

Activities for Conservation of Biodiversity

Even apart from its business activities, the ITOCHU Group is working to conserve biodiversity through social contribution initiatives.

Activities for Revival of Tropical Forest and Conservation of the Ecosystem on the Island of Borneo

The island of Borneo is largely covered with tropical forests spanning the countries of Malaysia, Indonesia, and Brunei. In area, it is about twice as large as Japan and the third-largest island in the world. It is known as a treasure-trove of biodiversity. However, it is also in the process of development, and some tropical forest areas have been damaged to the point that their ecosystems cannot be conserved on the strength of nature's own powers of revival alone. The ITOCHU Group is supporting activities for revival of forests in the district of North Ulu Segama in the Malaysian state of Sabah, in the northeastern part of the island. The World Wide Fund for Nature (WWF), the globally active organization for protection of nature, is engaged in activities for forest revival in an area of about 2,400 hectares, in coordination with the Sabah Forestry Department. The ITOCHU Group is supporting revival over a portion measuring 967 hectares, larger than any other zone of forest revival supported by an ordinary private enterprise. The district is also a habitat for the orangutan, an endangered species. The revival will help to protect not only the orangutan but also many other species living there.

Related page: Social Contribution Activities: Environmental Conservation (page81)



Tree-planting by four participants



The orangutan, an endangered species

– 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. For more details, please see Major CSR Initiatives of Textile Company (page29)



The Borneo elephant, an endangered species Support is also provided for efforts including construction of facilities for temporary protection and treatment of the elephants before returning them to the forest, as well as for taming them.

– Support for Tree-planting Activities in Kenya

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2014, about 60,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 60,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.

Related page: Social Contribution Activities: Growth of Future Generations (page86)



The ceremony of presenting saplings to the kenyan ambassador in April 2013



Tree-planting activities in Kenya (photo courtesy of the Mainichi Newspapers)

Environmental Education and Awareness

We are committed to improving the environmental awareness of the entire ITOCHU Group. To encourage environmental conservation efforts among our employees we offer 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 Group employees.

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 and Training Sessions (fiscal 2014 results)

Content		Timing	Target	Participant
Environmental Managers Conference		25th April 2013 (Tokyo) 26th April 2013 (Osaka)	Employees and Group Company Employees	135
General Education		From May to July 2013 59 times in total	Employees and Group Company Employees	3960
Education of staff in specific operations		From May 2013 to February 2014 41 times in total	Employees and Group Company Employees	461
Seminar on Soil Contamination Countermeasures Law		18th July 2013 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	218
The Waste Management and Public Cleansing Law	Seminar	11th September 2013 (Tokyo/Osaka/Taiwan) ※Other 1 time	Employees and Group Company Employees	418
	e-learning	October~December 2013	Employees	4818
CSR and Global Environment Seminar		20th February 2014 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	216
CSR Seminar for the specific departments and ITOCHU group companies		at any time	Employees and Group Company Employees	205

CSR and Global Environment Seminar

A CSR and Global Environment Seminar entitled "Climate Change: Risk and Business Opportunities" was held on February 20. 216 members of ITOCHU Corporation and Group companies participated in the seminar by means of a videoconferencing system that connected the ITOCHU Tokyo Head Office, the ITOCHU Osaka Head Office, and ITOCHU TAIWAN. The keynote speech for the first half of the seminar was given by Masahide Kimoto, a professor at the University of Tokyo's Atmosphere and Ocean Research Institute. Professor Kimoto said that global warming had reached a serious stage, and he provided information based on the latest research about what kinds of climate change we may expect to occur in the future, together with their impact on us and what countermeasures are available. In the second half of the seminar, there was a panel discussion in which detailed case studies of climate change phenomena were presented by Shuhei Maeda of the Japan Meteorological Agency who is in charge of information about the El Niño phenomenon, and by Mr. Yakushiji, General Manager of the Planning & Administration Department of the Machinery Company. Based on these case studies, a lively discussion developed about how businesses should embrace climate change and the available future possibilities. A questionnaire revealed a variety of opinions about expanding the environmental business going forward, including hopes concerning these valuable opportunities for the development of ITOCHU's business and the concrete application of this climate data.



The keynote speech being given by Professor Masahide Kimoto of the University of Tokyo's Atmosphere and Ocean Research institute



The panel discussion in progress



Environmental Performance Data

ITOCHU Corporation strives to achieve environmental conservation not only through business activities, but also through office activities, such as cutting back electricity consumption and the promotion of the recycling of waste, in which all its employees can easily participate. In addition, it has gradually expanded the scope of the collection of environmental performance data on Group companies in Japan and overseas, and overseas subsidiaries to understand the actual environmental situation and improve its environmental conservation activities in the future.

Environmental Performance

Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO2 emissions from business facilities	Waste volume	Paper consumption	Water consumption and wastewater discharge
Tokyo headquarters	○	○	○	○	○
Osaka headquarters	○	○	-	-	-
Branches in Japan *1	○	○	-	-	-
Other branches and business facilities in Japan *2	○	○	-	-	-
Group companies in Japan *3	○	○	○	-	○
Overseas subsidiaries *4	○	○	○	-	○
Overseas group companies *5	○	○	○	-	○

*1 The branches in Japan cover all 5 domestic branches of ITOCHU Corporation.

*2 Aggregation since FY2011 (FY2011: 16 offices; FY2012: 14 offices, FY2013: 13 offices; FY2014: 12 offices)

*3 Aggregation since FY2011 (FY2011: 56 companies, FY2012: 61 companies, FY2013: 66 companies; FY2014: 66 companies)

*4 Aggregation since FY2011 (FY2011: 5 offices, FY2012: 10 offices, FY2013: 14 offices; FY2014: 15 offices)

*5 Aggregation since FY2013 (FY2013: 33 offices, FY2014: 36 offices)

Independent Assurance Report (page123): The following data marked with ★ are assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.

★ : Data on electricity consumption, CO2 emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, CO2 emissions attributed to distribution, waste volume and water consumption and wastewater discharge for the Tokyo headquarters.

– Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2011 and FY2014. ITOCHU has announced a goal of reducing specific energy consumption at ITOCHU Corporation itself and its domestic subsidiaries by an average of at least one percent per year and is striving to reduce greenhouse gas emissions. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use. In addition, an early-morning shift option was launched on a trial basis for full-time employees at the headquarters, branch companies, and branch offices in Japan beginning in October 2013, and this has also led to the reduction in our electricity consumption.

Unit:Thousand kWh

	FY2011	FY2012	FY2013	FY2014
Tokyo headquarters ★	13,006	10,418	9,914	9,391
Osaka headquarters ★	1,750	1,119	505	473
Branches in Japan ★	512	472	446	422
Other branches and business facilities in Japan	3,971	3,404	3,237	1,826
Group companies in Japan	1,881,894	1,881,147	1,981,389	2,079,998
Overseas subsidiaries	651	987	2,720	3,580
Overseas group companies			157,908	182,229

- For the Tokyo headquarters, data has been collated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices and other business facilities, data has been collated in accordance with the Act on the Rational Use of Energy (it covers business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwellings).
- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 56companies, FY2012: 61 companies, FY2013: 66 companies, FY2014: 66 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 5 offices, FY2012: 10 offices, FY2013: 14 offices, FY2014: 15 offices).
- Overseas group companies: Data on the overseas group companies that responded was combined (FY2013: 33 companies, FY2014: 36 companies).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.

– CO₂ Emissions from Business Facilities

Unit:t-CO₂

	FY2011	FY2012	FY2013	FY2014
Tokyo headquarters ★	7,032	5,778	5,492	5,202
Osaka headquarters ★	647	413	227	243
Branches in Japan ★	273	255	270	278
Other branches and business facilities in Japan	1,372	1,160	1,494	964
Group companies in Japan	1,099,187	1,095,571	1,132,954	1,187,846
Overseas subsidiaries	441	697	1,582	2,007
Overseas group companies			129,860	142,106

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices, other business facilities and Group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- For overseas subsidiaries, the figures are the total based on the CO₂ conversion factor of the International Energy Agency (IEA).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.
- For the Tokyo headquarters and Osaka headquarters, CO₂ emission of Scope 1 is 154t-CO₂ and CO₂ emission of Scope 2 is 5,569t-CO₂.

– Waste Volume

The table below shows the waste volume generated in Tokyo headquarters building, group companies in Japan, overseas subsidiaries and overseas group companies from FY2011 to FY2014. We have been promoting waste segregation.

		FY2011	FY2012	FY2013	FY2014
Tokyo headquarters building ★	Waste volume (Unit: t)	1,049	706	763	833
	Recycling rate (Unit: %)	89	89	88	94
Group companies in Japan*	Waste volume (Unit: t)	183,098	202,099	213,123	216,374
Overseas subsidiaries	Waste volume (Unit: t)	5	5	5	26
Overseas group companies	Waste volume (Unit: t)			145,098	155,150

- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 49 companies, FY2012: 50 companies, FY2013: 52 companies, FY2014: 52 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 1 office, FY2012: 1 office, FY2013: 1 office, FY2014: 3 office).
- Overseas group companies: Data on the overseas group companies that responded was combined (FY2013: 17 companies, FY2014: 19 companies).
- For the waste volume of Tokyo headquarters includes waste sold as valuable resources.
- We have revised the past FY data of Tokyo headquarters and group companies in Japan, since we expanded the boundaries.

– Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2011 to FY2014. We have been promoting the reduction of paper consumption by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2011	FY2012	FY2013	FY2014
Copy paper consumption	36,558	37,478	36,883	35,315

– Water Consumption and Wastewater Discharge

The table below shows the water consumption and wastewater discharge in Tokyo headquarters, group companies, overseas subsidiaries and overseas group companies from FY2011 to FY2014.

Unit:m³

	FY2011	FY2012	FY2013	FY2014
City water usage by the Tokyo headquarters ★	54,226	44,590	43,068	44,154
Gray water production by the Tokyo headquarters ★	31,577	37,222	37,212	36,431
Wastewater discharge by the Tokyo headquarters ★	51,472	46,095	46,593	60,837 (*1)
Wastewater discharge by group companies in Japan *2	5,390,872	5,556,297	5,774,459	5,968,838
Wastewater discharge by overseas subsidiaries *2	3,482	4,583	15,524	249,861
Wastewater discharge by Overseas group companies *2			8,829,067	8,987,458

*1 We changed the calculation method of wastewater discharge for Tokyo headquarters in fiscal 2014.

*2 Calculation assumes the same volume as water consumption when wastewater discharge has not been ascertained.

- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 33 companies, FY2012: 34 companies, FY2013: 39 companies, FY2014: 40 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 2 office, FY2012: 2 office, FY2013: 5 offices, FY2014: 5 office).
- Overseas group companies : Data on the overseas group companies that responded was combined (FY2013: 27 offices, FY2014: 29 office).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.

Environmental conservation at the Tokyo Headquarters Building

- Solar power generation

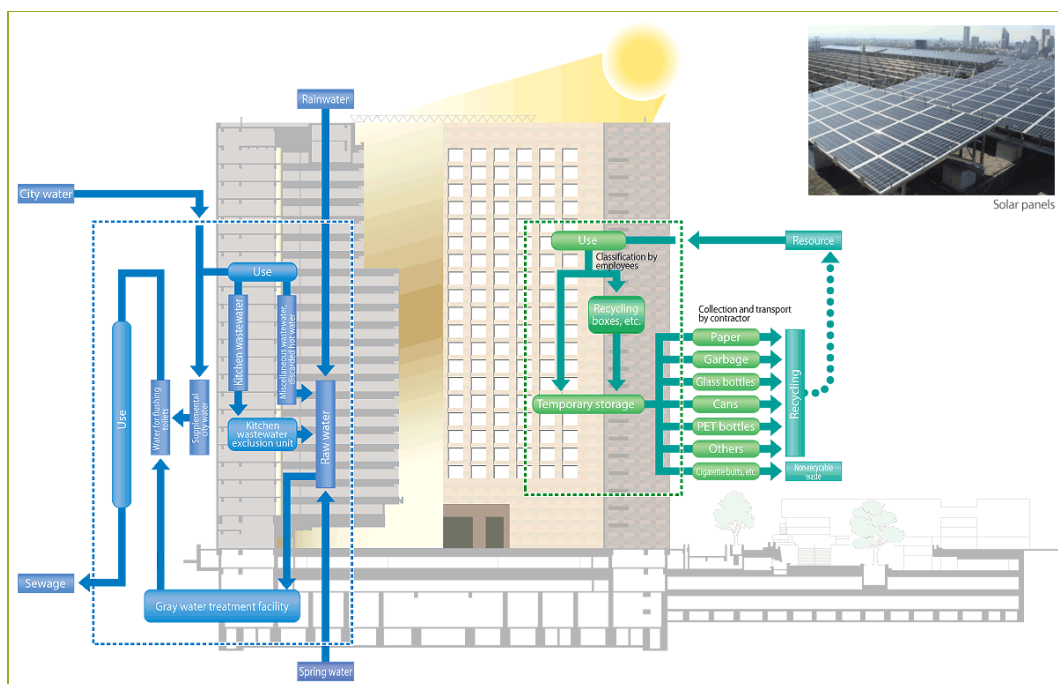
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kw which is equivalent to prevailing 30 detached houses (approximately 3.0kw per detached house). We make use of all clean energy generated solar power in our TOKYO headquarters and it regards as electric energy (Maximum power generation at moment) covered 3.5 floors lighting.

- Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets.

The change on amount of securing gray water may be caused by the rainfall every year so that city water usage tends to increase when the rainfall is a little.

Therefore, we take care of saving water to install the devise for economize hand washing water and flushing in toilets.



- Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental conservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo headquarters by 6%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005). Emissions in FY2013 came to 5,492 tons CO₂, down 35% from the benchmark. (Data for FY2014 will be reported to Tokyo Metropolitan Government in November 2014 after they are compiled.)

Those below submitted to Tokyo Metropolitan Government are available in Japanese.

- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2011) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2012) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2013) (Japanese Only)

* The plan submitted to Tokyo Metropolitan Government for greenhouse gas emission reduction includes not only the Tokyo headquarters, but also the adjacent commercial facility, "CI PLAZA".

Participation in “Fun to Share”

ITOCHU Corporation is participating in “Fun to Share,” the campaign aimed at building a low-carbon society to alleviate climate change, led by the Japanese Ministry of the Environment. In keeping with this participation, it is striving to hold down use of air-conditioning in summer and heating in winter, and to turn power off when not needed. It is also promoting other activities of environmental conservation that can readily be performed by all employees in their workplaces, such as rigorous sorting of refuse in the office and extensive recycling.



Environmental Accounting

Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in fiscal 2014 are as follows.

(Unit: 1,000 yen)

Classification	Investment Amount	Cost
Costs inside business areas	2,090	1,310,892
Up/downstream costs	0	52,632
Management activity costs	0	140,116
Research and development costs	0	980
Social activity costs	0	23,497
Costs to address environmental damage	0	20,589
Total	2,090	1,548,707

Summarized based on the Environmental Accounting Guidelines – 2005 Edition from the Ministry of the Environment.

Scope of Calculation: All domestic branches

Target period: April 1, 2013 to March 31, 2014

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2014 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	1,567,000sheets	1,113
Electricity Usage	579,000kWh	-23,961*
Waste Emissions	-403t	-17,127
Water Usage	-2,687m ³	-1,197

Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.

Scope of Calculation: Paper and Water Usage – Tokyo Headquarters building, Electricity Usage - Tokyo Headquarters building, Osaka Headquarters and five branches, Waste Emissions: All of domestic branches.

*Due to increase in electricity charges.

Monitoring the State of Environmental Liabilities

With respect to environmental risks, particularly asbestos, PCB and soil contamination, associated with tangible fixed assets of ITOCHU Corporation itself and its Group companies including land and buildings, ITOCHU not only complies with legal requirements but also conducts monitoring on a voluntary basis and seeks to respond in a way that is conducive to the switch determination and judgment of management policies.

In fiscal 2014, ITOCHU will continue to promote the sharing of related information through various training (page103) such as Environment and Social Risk Response Seminar.

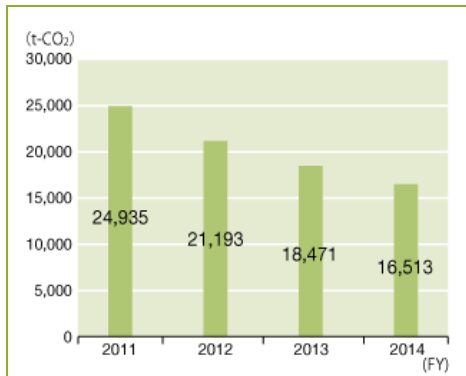
Initiatives toward Environmental Distribution

ITOCHU Corporation is working on green distribution that will reduce the burden on the environment in order to comply with the Act on the Rational Use of Energy.

Carbon Dioxide Emissions Associated with Distribution

The following graph shows the carbon dioxide emissions generated in connection to energy usage through transportation carried out by ITOCHU Corporation.

Change in CO₂ Emissions Attributed to Distribution ★



★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410. Independent Assurance Report (page123)

Environmental Energy-Saving Measures

Environmental Energy-saving measures are set forth in the following measures and policies in effect across the company.

In addition to these, each division company formulates specific measures.

Selection of Modes of Transportation	Promoting utilization of rail and sea transportation
Actions to Improve Transportation Efficiency	Use of partial and consolidated cargo services Selection of appropriate vehicle models and larger vehicles Transportation route ingenuity Improved loading ratios
Coordination between freight carriers and recipients	Review of transportation plans, frequency, etc.

Specific Measures

(1) Selection of Modes of Transportation

- Examine and analyze the circumstances of long-haul truck-based transportation and consider changing modes of transportation, starting with businesses able to transition to rail and domestic vessel-based transportation, which place a comparatively lighter burden on the environment.

(2) Actions to Improve Transportation Efficiency

- Examine the circumstances of transportation and consider actions such as appropriate vehicle model and transportation route selection. Further, try to improve loading efficiency and reduce specific energy consumption.

(3) Coordination between Freight Carriers and Recipients

- ITOCHU's internal judgment criteria on the use of distribution companies requires it to check the status of a company's environmental distribution initiatives and recommends the usage of accredited companies.
- To achieve measures (1) and (2) above, ITOCHU will endeavor to build cooperative frameworks with distribution companies as well as partner suppliers and other parties.