

# Corporate Social Responsibility

ITOCHU's corporate social responsibility (CSR) involves considering the role we should play through our corporate activities toward the achievement of a sustainable society and acting accordingly. That approach to CSR is true to the spirit of *sampo yoshi*, upon which Chubei Itoh founded his business and which each of our employees has inherited. ITOCHU has grown and developed over 150 years because, since the era of its founder, we have put into practice this philosophy, that is, good for all three parties: the seller, the buyer, and the society. We will incorporate CSR initiatives into our corporate activities that are rooted in the *sampo yoshi* philosophy to contribute to the achievement of a sustainable society over the next 150 years and play our part as a good corporate citizen.

## Basic CSR Philosophy

Modern society faces various social and environmental problems, such as global warming. Everyone in the world—in the public sector, in the civilian sector, and in the corporate sector—must work together to solve those significant problems. Among those sectors, situated at the center of economic activity, the corporate sector shoulders significant responsibility. Society will not recognize companies as good corporate citizens unless they take steps to solve such problems through their corporate activities.

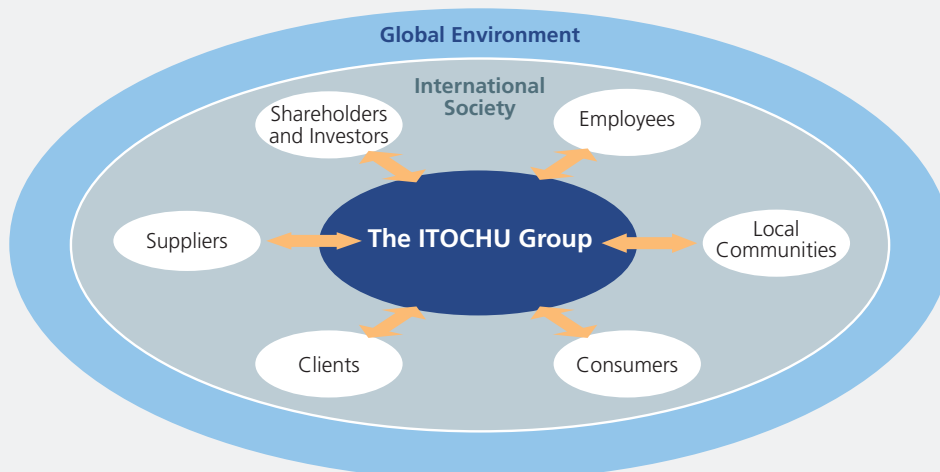
ITOCHU operates multifaceted businesses at a large number of bases around the world. We must recognize the effect

our corporate activities have on society and understand clearly the various demands society makes of us. And, we must spare no effort in responding to those demands. We believe that such responsiveness will realize CSR consistent with our *sampo yoshi* philosophy. Putting that CSR philosophy into practice will earn us recognition as a good corporate citizen, enable sustainable corporate activities, and thereby contribute to the achievement of a sustainable society. In its next century and a half, ITOCHU aims to be a *truly global enterprise* that society continues to trust and need.

## CSR Approaches through Dialogue with Our Stakeholders

In each and every one of our wide range of corporate activities, we always take care to avoid arbitrary logic and judgments. For this reason, in our approaches to CSR as well, we engage in dialogue with our stakeholders based on the premise that judgments in society are by definition correct.

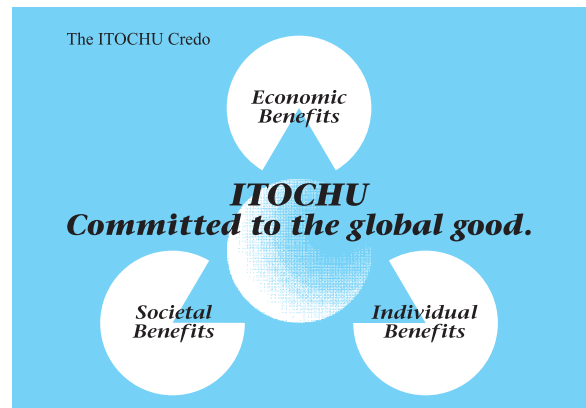
### Major Stakeholders of the ITOCHU Group



Besides those noted above, our major stakeholders include many other parties, such as NGOs and NPOs, financial institutions, government ministries and agencies, mass media, and the coming generations.

## ITOCHU Credo

Aiming to define its commitment to society as an internationally integrated corporation, ITOCHU established *Committed to the global good* as the ITOCHU Credo in 1992. Forming the basis of our approach to CSR, the ITOCHU Credo represents values that ITOCHU employees share worldwide and that we put into practice in corporate activities.



## Incorporating CSR into Our Medium-Term Management Plan to Share and Realize ITOCHU Credo Worldwide

ITOCHU's Mid-Term Management Plan Frontier+ 2008—Enhancing Corporate Value on the World Stage, sets out as an overriding goal becoming *a global enterprise that is highly attractive to all stakeholders*. To that end, the entire ITOCHU Group, as an international organization, must share the ITOCHU Credo and implement CSR initiatives as a group. Therefore, Frontier+ 2008 positions the advancement of CSR

initiatives as a priority. Further, we included consideration of CSR when preparing other measures for that Mid-Term Management Plan. Taking such an approach incorporates CSR initiatives into the mainstay operations of departments throughout the Company, which makes our CSR initiatives practical and effective.

## Basic Policies in the CSR Promotion Activities during Fiscal 2009

In order to incorporate more specific CSR initiatives into management plans, when preparing Frontier+ 2008 we established basic policies in the CSR promotion activity during the period of Frontier+ 2008 throughout the Company.

To become a *truly global enterprise*, we must extend our CSR initiatives to encompass overseas bases, Group companies, and suppliers in its supply chain.

Accordingly, ITOCHU is expanding the scope of its CSR initiatives to include all overseas offices and overseas blocs during the period of Frontier+ 2008.

In the fiscal year ended March 2008, seven overseas blocs/offices led the way by formulating and implementing CSR Action Plans, reviewing implementation progress, and revising plans accordingly. In the fiscal year ending March 2009, we began formulating and implementing CSR Action Plans in the remaining blocs/offices. As a result, all 18 overseas blocs/offices are implementing CSR initiatives.

Further, regarding the CSR initiatives of Group companies, in the fiscal year ended March 2007, 13 companies formulated CSR Action Plans based on model method for Group companies and reviewed their progress in implementing these plans.

In the fiscal year ended March 2008, the initiatives were extended to additional 24 companies. And, in the fiscal year ending March 2009, as well as having the accumulated 37 Group companies continue to implement, review, and improve their CSR Action Plans, we plan to broaden the scope of plan formulation activities and advance CSR initiatives in accordance with each Group company's business lines.

Also, we have extended the scope of CSR initiatives to include our suppliers.

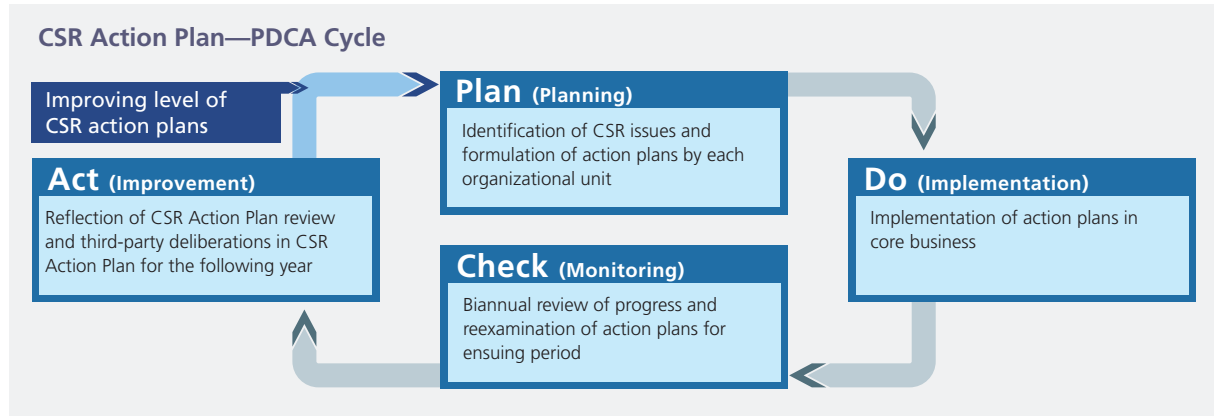
### Basic policies in the CSR promotion activities during Frontier+ 2008

- 1) Strengthening communication with stakeholders
- 2) Ensuring and enhancing safety and reliability in the products, service and human aspects
- 3) Promoting CSR-related education and enlightenment
- 4) Expanding the scope of CSR activities

### Implementing Our CSR Action Plan

At ITOCHU, each organization prepares a CSR Action Plan and, after understanding the CSR Action Plan applicable to them, employees carry out this plan in their respective duties. That approach lies at the heart of our advancement of CSR initiatives. For our CSR Action Plans, we use a plan-do-check-act

cycle (please see the chart below). To continuously improve CSR Action Plans, we incorporate objective third-party viewpoints and take a range of other measures. In the fiscal year ended March 2008, we invited outside experts to meetings tasked with scrutinizing each division company's CSR Action Plan.



### Supplier Check in Terms of CSR

ITOCHU began company-wide initiatives to advance CSR in supply chains, which it views as a priority CSR issue. Through dialogue with suppliers, we are ascertain the current situation in supply chains of businesses we are involved in, focusing in particular on whether there are any problems relating to human rights, labor, and the environment. And, we work with suppliers to resolve any problems identified.

Specifically, each division company prepared a checklist that mainly focuses on human rights and labor and reflected

the situation in each industry. Using that checklist as a guide, managers investigated actual conditions in supply chains by visiting suppliers to conduct interviews or implementing questionnaires. In the fiscal year ended March 2008, six division companies conducted investigations of 229 companies, which provided a good opportunity to gain understanding among suppliers of ITOCHU's CSR philosophy.

### Engagement with Stakeholders

ITOCHU is concentrating efforts on incorporating feedback from stakeholders. Measures to strengthen communication with stakeholders include the holding of meetings with third parties to consider the CSR Action Plans of each division company and the holding of regular internal CSR seminars themed on the CSR issues that each division company should concentrated on in their businesses. In addition, from the fiscal year

ended March 2007, ITOCHU has held annual stakeholder dialogue meetings in which ITOCHU's president and CEO Eizo Kobayashi and other members of the senior management team exchange opinions with experts on material topics. Through such initiatives, ITOCHU reflects feedback from stakeholders inside and outside the Company in its CSR activities.

# Compliance

**A company built over a century and a half can be lost in a day. To ensure that we do not betray the trust our predecessors have placed in us, we will make concerted efforts to further expand and upgrade compliance systems and achieve rigorous compliance—the minimum requirement and the foundation of CSR.**

## Compliance System

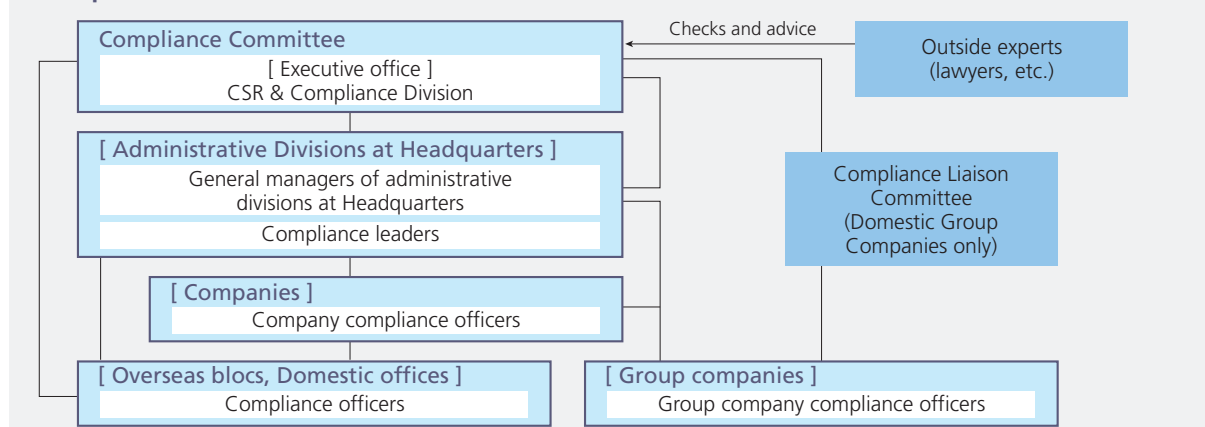
ITOCHU Group's compliance system centers on ITOCHU's chief compliance officer (CCO), the Compliance Committee, and the CSR & Compliance Division. In conjunction with those bodies and the CCO, compliance officers at each division company, domestic branch office, overseas bloc, and Group company strengthen and control compliance in accordance with the business lines of their organizations.

In particular, ITOCHU is concentrating efforts on mobilizing the whole Group to achieve stringent compliance. To that end, the Compliance Liaison Committee, comprising all compliance

officers from Group companies and holding legal research workshops as needed in response to compliance trends and other circumstances, convenes twice a year.

Also, we monitor and review the compliance programs of all organizations within the Group twice a year. At the same time, viewing the education and training of employees as the most important factor in achieving rigorous compliance, we promote education by holding related workshops in each organization, distributing in-house information through e-mail newsletters, and conducting e-learning programs.

## Compliance Structure



## Compliance Initiatives for Global Security Risk Management and Importing

To prevent the proliferation of weapons of mass destruction and conventional weapons, Japan maintains strict trade-security under the Foreign Exchange and Foreign Trade Law. To observe such laws and regulations, we have implemented our own internal trade-security control program. Further, to ensure that we do not take part in business transactions that threaten international peace and security, not only do we meticulously comply with existing government laws and regulations, but we are voluntarily taking extra measures to ensure that our stakeholders and corporate reputation are adequately safeguarded through our implementation of a comprehensive global security risk management program.

The potential intersection of corporate operations with global terrorism or the development and proliferation of weapons of mass destruction can give rise to reputational and financial risks for ITOCHU and other companies with extensive international business operations.

Accordingly ITOCHU recognizes that, as a responsible member of society and the global business community, we need to manage carefully the potential risks associated with business operations in certain locations. In response to the growing field of corporate governance termed global security risk, ITOCHU

has developed and implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence with respect to projects and transactions in which security issues are implicated.

During the fiscal year ended March 2008, ITOCHU developed an overseas e-learning program addressing global security risk management and a trade-security control program for overseas national staff. Further, aiming to reduce exposure to global security risk in light of changes in international geopolitics, we re-evaluated which countries we regard as requiring prior risk control and management scrutiny.

Furthermore, to strengthen customs control, we established the Customs Control Office in the CSR & Compliance Division at Headquarters in April 2007. Since then, we have been developing systems and taking all necessary measures to implement overall control. The Customs Control Office is further ensuring customs compliance by conducting internal research at each Division Company before and after customs authorities' regular inspections, holding training sessions on import applications and customs valuation, and carrying out in-house monitoring activities.

# Employee Relations

Personnel underpin ITOCHU's stable, continuous growth. Under Frontier<sup>+</sup> 2008, we aim to become a *global enterprise that is highly attractive to all stakeholders* by pursuing human resources strategies that recruit, develop, and leverage employees worldwide. In those efforts, we help employees fully realize their potential, irrespective of their gender, nationality, or age.

## Diversifying Personnel Further and Pursuing Global Human Resources Strategy

In order to become highly attractive *global enterprise*, we need to further diversify human resources. Under the Promotion Plan on Human Resource Diversification, we have supported the efforts of a variety of personnel since January 2004.

### Employing, Developing, and Promoting Diverse Personnel

Based on ability and aptitude, we are recruiting more female employees for career-track positions to broaden the areas in which female employees can realize their abilities and encourage their promotion to senior management positions. Further, because we value personnel with diverse knowledge and experience regardless of age, we are hiring mid-career employees. Also, through an employment extension system, we provide support for the efforts of employees that caters to the diverse values of senior citizens.

Based on our principle of *strengthening employee capabilities while respecting the careers and diversity of individuals*, we carefully balance on-the-job-training and off-the-job-training for employees in accordance with their aptitude. Those personnel development initiatives focus on three main areas: managers, international personnel, and personnel diversity.

### Promotion Plan on Human Resource Diversification

(January 2004–March 2009)

#### OBJECTIVES

- Provide maximum support to fully utilize the strengths and abilities of a variety of employees, **regardless of gender, nationality, or age**
- Create an **attractive company and corporate atmosphere** through the execution of the plan

### Initiatives to Develop International Personnel

With a view to becoming a *truly global enterprise*, ITOCHU established an organization to strategically and continuously secure, develop, and recruit employees on a worldwide basis. In October 2007, we established a Global Talent Enhancement Center at bases in Japan, New York, London, Shanghai, and Singapore, a Global Talent Enhancement Center Headquarters (GTEC Headquarters) in Headquarters to supervise these centers, and a Global Talent Enhancement Office to act as a secretariat for GTEC Headquarters. For general trading companies, which do not have technological capabilities, employees are the drivers of growth strategies. Therefore, the extent to which we can add value to employees as a management resource is key to achieving growth strategies. With that in mind, we are optimally deploying employees on a worldwide basis, irrespective of their national, race, gender, or age.

## Achieving Comfortable Workplaces and a Balance between Work and Other Commitments

Because ITOCHU is diversifying its workforce, creating workplaces that enable a variety of employees to play an active part in operations is important. At ITOCHU, we define the balance between work and other commitments as follows.

- The ability of employees who want to continue working to act autonomously through diverse working styles

- The creation of a culture of mutual respect (Respect Work styles / Respect lifestyles / Respect You)

In March 2008, ITOCHU expanded and improved its child care and nursing care systems. To enable employees to achieve further successes in their working lives, we will pursue diverse working styles unencumbered by previous ideas.

## Communications with Employees

In order to create a highly attractive *global enterprise* and corporate culture, good communication between our senior management team and other employees is essential. Since fiscal 2002, once or twice a year ITOCHU has held Company-Wide Employee Meeting, in which all employees are free to participate, to promote direct dialogue between senior management and other employees and lively discussion.

Further, in September 2006 we instituted the Diversity Forum, where employees formulate specific measures to further diversify our workforce. Themed on "Balancing Professional and Life Commitments to Support Employee Diversity," the forum in the fiscal year ended March 2008 deliberated "diverse ways of working" that are rational, efficient, and unencumbered by previous ideas about working styles and reported to senior

management its findings, which we are steadily reflecting in personnel initiatives. ITOCHU continues to create comfortable workplace environments by further improving mutual communication between senior management and other employees.



"Question and answer" session in which everyone participates

President and CEO Eizo Kobayashi talks with employees

# Social Contribution Activities

ITOCHU undertakes a variety of social contribution initiatives in accordance with the ITOCHU Credo, which calls on the Company to fulfil its role as a Good Corporate Citizen.

## Basic Activity Guidelines on Social Contribution

### BASIC ACTIVITY GUIDELINES

- 1 As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.
- 2 ITOCHU Corporation shall vigorously pursue activities of environmental preservation and contribute to sustainable social advancement.
- 3 As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.
- 4 ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.
- 5 ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

## Specific Programs

### Establishment of Social Contribution Week

We made the two weeks centered on December 1, the anniversary of our establishment, a period for undertaking various voluntary activities from the fiscal year ended March 2008. Those activities included implementing the Table for Two program, which aims to resolve the imbalance in relation to food between developing countries and developed countries, at the employee restaurants of our Tokyo Head Office and Osaka Head Office, and our branch in Nagoya. Moreover, we donated picture books and used books to a non-profit organization.

### Panel Exhibition of the United Nations World Food Programme

From December 11 to 21, 2007, we held a panel exhibition on "WFP school feeding programme—food and future for children—" on the first floor of our Tokyo Head Office. The panels of WFP's school feeding activities for children suffering from hunger and pictures drawn by children who receive assistance from WFP were displayed. We also conducted an office donation drive at lunchtime during the event.

### ITOCHU Baseball Class

ITOCHU has started to give physically challenged children various opportunities to discover their full potential. In November 2007, we invited an instructor from Tokyo Yakult Swallows Baseball Club and held a baseball class at Jingu Gaien Indoor Baseball Practice Place, which 84 people including volunteers participated in.

### Aid to Areas Affected by Major Natural Disasters

For humanitarian reasons, we collaborate with local branch offices to donate money for the emergency relief of people affected by natural disasters. We have provided help in response to such disasters as earthquakes in Peru and Japan's Niigata Chuetsu region and a cyclone in Bangladesh. Further, we have provided aid through local trading subsidiaries to those affected by large wildfires in southern California in the United States and record snow damage in central and southern China.

### ITOCHU Lobby Concerts

ITOCHU Lobby Concerts featuring the New York Symphonic Ensemble have become an annual fixture. In the fiscal year ended March 2008, we invited physically challenged individuals from general welfare facilities in Kanagawa Prefecture to come and enjoy the music. On the day of the concerts volunteers from inside and outside the Company helped the concert guests.

### ITOCHU FOUNDATION

ITOCHU established the ITOCHU FOUNDATION in 1974 to foster youths of sound body and mind. The Foundation mainly supports educational reading programs for children conducted by volunteers in many areas, manages the Center for Tokyo Elementary and Junior High School Students—said to be the first of its kind in the private sector—and organizes camping activities that emphasize interaction among different age groups. Continued over many years, those efforts have earned approval from society.



Table for Two menu



ITOCHU baseball class



ITOCHU FOUNDATION donated 100 books to ICBA (International Children's Bunko Association) in London



# Environmental Issues

ITOCHU has positioned global environmental problems such as global warming as one of its highest management priorities, and to fulfill our corporate credo, Committed to the Global Good, the Company takes measures in all aspects of corporate activities to conserve the environment based on its Environmental Policy.

## Environmental Policy

ITOCHU revised its Environmental Policy in September 2007. As well as changing the wording throughout and using modern, readily understandable expressions, we included *contribution to the realization of a sustainable society*—a fundamental facet of CSR—in Basic Philosophy. Further, in Activity Guidelines we stated our approach to furthering conservation of the environment in business activities under the heading *Promotion of*

*environmental conservation activities*. The new content reflects changes in the frames of reference that society uses to make value judgments. As an indication of the responsibilities it will meet as a company in relation to the environment, ITOCHU has set out the Basic Philosophy and Activity Guidelines below, to which the top management has committed himself inside and outside the Company.

### ITOCHU's Environmental Policy

#### [ I ] BASIC PHILOSOPHY

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

#### [ II ] ACTIVITY GUIDELINES

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

- |                                           |                                                        |                                         |
|-------------------------------------------|--------------------------------------------------------|-----------------------------------------|
| (1) Prevention of environmental pollution | (3) Promotion of environmental conservation activities | (4) Harmonious coexistence with society |
| (2) Observance of laws and regulations    |                                                        | (5) Promotion of educational activities |

## Evaluation of the Environmental Impact of Products through Life Cycle Assessment

As a global company with trading and other business activities in Japan and overseas that involve a very wide variety of products, ITOCHU annually provides using life cycle assessment-based procedures to evaluate the respective environmental risks associated with the products and services it provides. In order to investigate the impact division companies' business activities

have on the environment, we ascribe numerical values to the environmental impact that each product has throughout its life-cycle from raw material procurement, to production, finally to disposal after use. We designate aspects a product's environmental impact that are above a certain level as "significant environmental aspects" and control them accordingly.

## Environmental Risk Management of Group Companies

As part of Environmental Management of ITOCHU Group, since the year ended March 2002, Global Environment Department of ITOCHU annually visits about 20 group companies for proactive measures of environmental risks. Then, they evaluate and analyze whether the companies try to conduct environmental conservation activities, whether they observe

applied environmental laws and regulations adequately, and whether they continuously carry out employee education in each site. ITOCHU leads them to comply with applied regulations and also advises them to prevent possible accidents as much as possible, and accordingly strengthens environmental management system of each group company.

## Harmonious Coexistence with Society

As a good corporate citizen, ITOCHU coexists with society through initiatives that reflect a policy of giving prosperity to the next generation, benefiting society, helping with environmental education in local communities, and supporting research on the conservation of the global environment. For example, the Company and its Group companies support basic research on themes such as global warming by Center for Climate System Research, University of Tokyo. As part of that support, we annually hold public seminars once in Tokyo, and another in Osaka to announce research results. Further, we

organize Summer School Programs on the Environment every year mainly for elementary school students in Minato-ku, the location of our Tokyo Head Office.



A seminar open to the general public