

ITOCHU's Approach to CSR

ITOCHU Corporation is pursuing multifaceted corporate activities in various regions of the world and across a wide range of fields. For ITOCHU, CSR entails making a contribution to the building of sustainable societies through business activities. As a global company, it is our mission to be "Committed to the Global Good."

ITOCHU Group Corporate Philosophy

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of *sampo yoshi* (Good for the seller, Good for the buyer, and Good for society), a management philosophy embraced by Ohmi merchants.

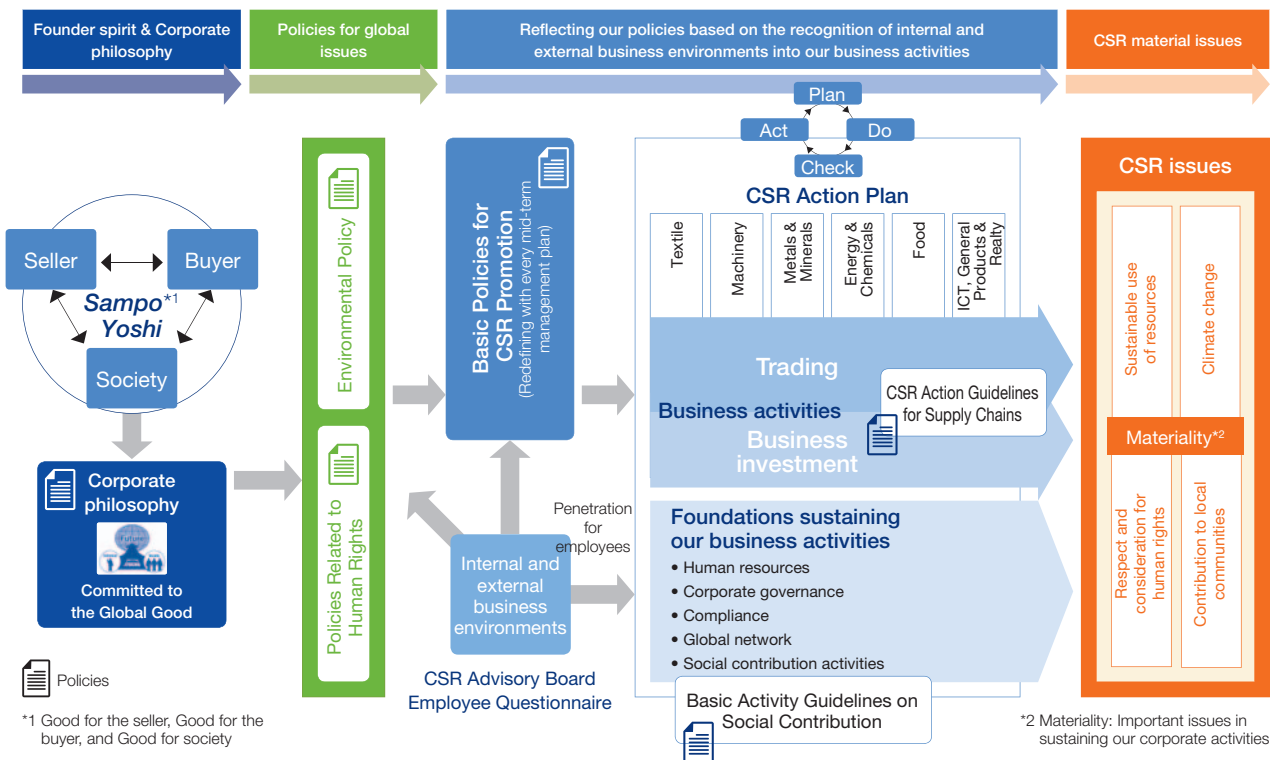
After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for employees around the world to properly understand and put into practice the responsibility that the ITOCHU Group is charged with fulfilling for society, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group, and five values, called the ITOCHU Values, were positioned as vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission.

Approach to CSR Promotion at ITOCHU

We at ITOCHU, in accordance with the ITOCHU Mission "Committed to the Global Good," believe that fulfilling our social responsibility through our business activities is important. While addressing such tasks as environmental conservation and respect for human rights, we have defined the orientation for our promotion of CSR based on changes in internal and external business environments in the form of our Basic



Policies for CSR Promotion, and are promoting CSR activities in both an organized and systematic manner. In addition, each organizational unit also formulates CSR Action Plans grounded in the basic policies. These action plans are linked to the resolution of CSR material issues through the business activities of trading and business investment as well as corporate governance, compliance, and other components of the foundation supporting our business activities.



Basic Policies for CSR Promotion

Alongside the drafting of its management plan, ITOCHU formulates the Basic Policies for CSR Promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

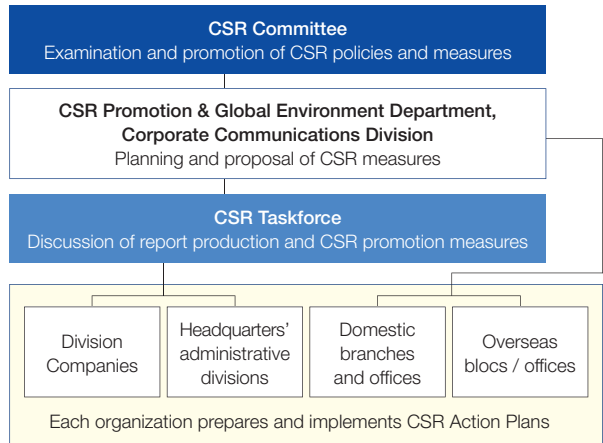
Basic Policies for CSR Promotion during the Period of “Brand-new Deal 2014” Covering Fiscal 2014 to Fiscal 2015

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

CSR Promotion System at ITOCHU

The CSR Promotion & Global Environment Department within our Corporate Communications Division plans and drafts policies and initiatives for companywide CSR promotion based on internal and external business environments and the opinions of the CSR Taskforce, which is composed of representatives of each Division Company and administrative divisions. These policies and initiatives are discussed and determined by the CSR Committee, which is one of our key internal committees.

CSR Management System



Awareness of Risks and Ongoing Review in Each Business Field

ITOCHU Corporation’s business spans a wide range of fields. We regularly make reviews to assess industry-specific risks in each field, covering both internal factors and the external environment. More specifically, we identify CSR risks in each field, ascertain the prospective frequency of incidence and degree of importance, and assess them. Taking account of these assessment results, we develop measures linked to prevention of actualization and curtailment of their influence. We likewise incorporate these assessments into the CSR Action Plans and review them on a continuous basis.

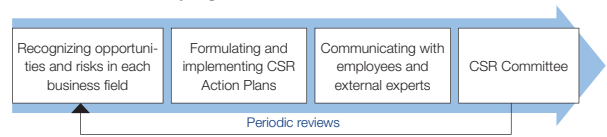
CSR Action Plans

In order to steadily promote CSR through its business activities in trading and business investment, each Division Company formulates CSR Action Plans setting forth key CSR tasks in its fields, and then promotes CSR in accordance with the plan-do-check-act (PDCA) cycle system.

CSR Material Issues

By analyzing CSR Action Plans, ITOCHU identified four CSR material issues which are important issues in sustaining our corporate activities. We will strive to ensure that our activities contribute to resolution of these issues, in accordance with the Basic Policies for CSR Promotion.

Process of Identifying CSR Material Issues



CSR Material Issues

- 1 **Climate change (see page 76)**
Climate change is an issue capable of affecting all sorts of business activities. We are going to assist the resolution of this issue through measures in each of two aspects: adaptation to risks such as natural disasters induced by climate change, and mitigation of impact by solutions-oriented business in areas such as reduction of greenhouse gas emissions from, and use of renewable energy in, our business activities.
- 2 **Sustainable use of resources (see page 72)**
The wide-ranging business activities of ITOCHU depend on diverse resources from the natural world and their circulation. Amid increasing apprehensions about resource depletion, we have positioned resource conservation as a major task to be approached from both the risk and opportunity aspects in all phases, from development to utilization, with consideration for sustainability.
- 3 **Respect and consideration for human rights (see page 74)**
As the scale of our business expands, the influence of our business activities is widening in scope. With an awareness of this situation, we consider it vital to view our business activities as a value chain, ascertain who can possibly be impacted, and thereby make full provisions for respect and consideration for the human rights of the people involved.
- 4 **Contribution to local communities (see page 77)**
While developing business in various regions around the world, we take actions on issues and needs faced by host societies in both our business activities and social contribution initiatives. By so doing, we hope to assist the advancement of those societies and cultivate the development of new markets that will lead to growth for us.

Participation in UN Global Compact

ITOCHU participates in the United Nations Global Compact, a global initiative to achieve sustainable growth of the international community.



CSR Material Issues

~Documentary Report Project on Supply Chains~

Sustainable use of resources

ITOCHU's Australian Coal Supply Chain: Coexisting with Natural Environments

Documentary Report Project on Supply Chains for Products Handled by ITOCHU Corporation.

This year's report, the sixth in the series, covers ITOCHU's supply chain for Australian coal, from the extraction at the mine to the shiploading at the port.

From the perspective of using sustainable resources, the report introduces how management gives consideration to environmental conservation and a safe working environment.

Front-Line Report

Jiro Yamamoto, Dr.

Professor, Department of Systems Innovation, University of Tokyo



Coal being transported from the mine to the port

In the Hunter Valley, New South Wales (N.S.W.), Australia, which is located about 150 kilometers north of Sydney, there is a coal mining area producing high-quality coal. The Hunter Valley is famous for its wine, and as I traveled through the region's grasslands dotted with pastureland and vineyards, I came to the coal mining site. In March 2014, I visited Ravensworth North (RVN), which belongs to the Ravensworth Complex owned by Glencore Coal Assets Australia*, a resource major. During my visit, I was able to confirm the operational status of the site and the related CSR activities. ITOCHU owns 10% of RVN through a local subsidiary.

* A group company of Glencore Xstrata, a major resources company



Consideration for the Environment at the Site of the Coal Mine

Operations began at RVN in May 2012, with initial mine production achieving 3.0 million tonnes per annum (Mtpa) of run of mine (ROM) coal by December 31, 2012. Throughout 2013 and 2014 the mine has progressively grown by the introduction of additional equipment. By 2015, production is scheduled to be about 11 million ROM tonnes, which equates to 7.8 million tonnes (clean coal). Coal reserves at the site total 280 million ROM tonnes, and the mine life is more than 20 years. The mine manager said that this is the latest large-scale, high-grade coal development project in the Hunter Valley. The start-up of the RVN mine required an investment of approximately AUD1.4 billion to expand the coal handling and preparation plant, relocate roads and power transmission lines, and purchase giant mining equipment including off-highway trucks and hydraulic excavators.

Over the four years from 2010 to 2013, 493 hectares of land were disturbed for RVN development and coal mining activities, while rehabilitation of 396 hectares in the Ravensworth Complex was performed. In mining coal, soil and waste rock over and between coal seams are removed prior to mining, which is known as stripping. The topsoil is directly placed on prepared rehabilitation areas or stockpiled and later used in the rehabilitation of the mine site. The overburden is placed in nearby emplacement

areas. Mined coal is transported to the coal handling and preparation plant, where coal tailings and rejects, associated soils and minerals in coal seams, are removed from ROM coal and later used to fill up the ex-open cut void. Plans call for the site to be rehabilitated back to the typical landscape of the Hunter Valley, with woodlands and grasslands, through a series of planting and other rehabilitation initiatives.

In its operations, RVN is paying special attention to the impact on the environment caused by dust generation and blasting vibration. Air and water monitoring is conducted at several locations on and off the site. Water is sprayed on roads using a water truck, and automatic water sprinkling equipment is installed in the conveyor transfers, dump hopper, and crushing plants. In addition, the site also continues to use and trial other dust minimization technologies such as fogger and water cannons. Moreover, RVN restricts or ceases dust-generating activities on extremely windy or dry days. RVN has had positive results with these measures. In 2013, there were three complaints regarding blasting vibration from nearby residents, and the person in charge responded immediately in accordance with site procedures. The maintenance of good relationships with local communities is an essential element of mining operations, and the entire Ravensworth Complex is taking steps to sustain those relationships. For example, comprehensive operational and environmental reports are issued several times a year.



The world's largest off-highway trucks and hydraulic excavators in use at the RVN site



Hunter Valley, N.S.W., Australia

Column: Japan's Clean Coal Technology for the Earth

In April 2014, Japan's Cabinet decided on the new Strategic Energy Plan. In regard to coal, the plan stated that, "Though coal has a problem—it emits a large amount of greenhouse gas—it is now being re-evaluated as an important base-load power supply... It is an energy source that we should use while reducing the environmental load..." Currently, coal accounts for about 25% of Japan's primary energy, and that importance is not expected to change in the future. Globally, electric power is the foundation for economic development, especially in emerging countries, and coal-fired thermal power generation will have an extremely important position. Accordingly, demand for coal is forecast to increase. In terms of efficiency, environmental countermeasures, and facility operations, Japan has the world's most advanced technologies for the use of coal. Moving forward, Japan will have a significant role to play in the development and use of coal resources with consideration for the environment.



Motohiko Kato

Senior Executive Director and
Secretary General
Japan Coal Energy Center

Protecting the Health and Safety of Employees

RVN is also working hard in training employees. For example, on the road to the RVN offices there is a series of signs with nine safety provisions. At the main entrance, a monitor is used to give employees and guests an induction comprising questions about safe behaviors and operations. There is also a device used to conduct breath tests to check blood alcohol concentration. On the mining site, the huge off-highway trucks used to carry coal, which are dozens of times larger than passenger vehicles, move back and forth at a rapid pace. Directly viewing this scene in person impressed upon me the importance of ensuring that machinery is operated correctly.

Realizing Communications with Close Ties to Local Communities

RVN is working to achieve continual communications with Federal and State authorities and local communities. For example, in 2013 RVN participated in 26 local activities in such areas as tree planting, school commemorative activities, emergency rescue helicopter training, and fund raising for cancer eradication. Twice a year, a consultative community meeting is held with the participation of local residents and government authorities, and reports are made on a variety of topics, such as the state of operations, results of monitoring, and safety records. The regional support program is also discussed.

Rail Transport from the Mine to the Port

Railroad tracks have been laid to the Ravensworth Complex handling and preparation plant, and clean coal for export is loaded onto freight cars and transported by rail about 100 kilometers to the Port of Newcastle. In 2013, about 7.24 million tonnes of coal was transported on 979 trains, with measures taken to prevent the coal from falling off the rail car during transport.

Consideration for the Environment and Safety at the Port

The Port of Newcastle has three coal terminals with a combined annual shiploading capacity of about 200 Mtpa. In 2012, about 134 million tonnes was loaded. Two of the terminals, Kooragang, which has the highest shiploading capacity (120 Mtpa), and



Large reclaimer in operation as coal is loaded onto belt conveyor

Carrington (25 Mtpa), are operated by Port Waratah Coal Services Limited. Investors in Port Waratah include Glencore Xstrata and other mining companies, Japanese coal users, and general trading companies, such as ITOCHU. Coal from the RVN mine is exported from the Port Waratah terminals to Japan and other destinations in Asia.

Kooragang has four rail receipt facilities that automatically unload coal from bottom-dumping wagons of coal trains. Coal is then carried by belt conveyor to open coal stockpile yards. There are four large stockpile yards, each of which is 2.5 kilometers long and 56 meters wide. At the stockpiles, dust is controlled through the sprinkling of water at regular intervals, depending on the weather conditions. When it is time for coal to be loaded, reclaimers are used to collect coal from the stockpiles, and then belt conveyors transport coal to the shiploaders. Port Waratah is actively committed to environmental conservation and its relationship with local communities. Accordingly, despite the recent increase in volume of coal handled, the quantity of dust deposited, as regularly measured at monitoring sites, has generally remained the same.

To ensure the safety of workers, education and training are complemented with a rigorous approach to safe operations based on know-how accumulated over many years.

Concluding the Observation: Japanese Society and Australian Coal Supply Chain

Other than steam locomotive enthusiasts, the number of Japanese who have actually seen coal is probably declining. Australia's coal exports have expanded rapidly over the past several years, especially to China, yet Japan is still the largest importer of coal from Australia. The Hunter Valley's coal operations are conducted with awareness of the burden placed on the environment and nature, and of the importance of local communities as coal is exported to Japan. Visiting the RVN mine firsthand left me with a strong

impression of how that awareness is incorporated into the front-line coal mining operations that provide Japan with an ongoing supply of coal, as well as the important role that trading companies play in that mission. All of us in Japan benefit from the work that is being done on the front lines and throughout the coal supply chain.

Website for Documentary Report Project on Supply Chains

http://www.itochu.co.jp/en/csr/supply_chain/reportage/

CSR Material Issues

Respect and consideration for human rights

Manufacturing Strategy which Supports the Marketing Company

As a customer-oriented marketing company, ITOCHU's Textile Company is pursuing a new business model which aims to add value within the supply chain that is socially beneficial and environmentally friendly.



Textile Company's Manufacturing Strategy

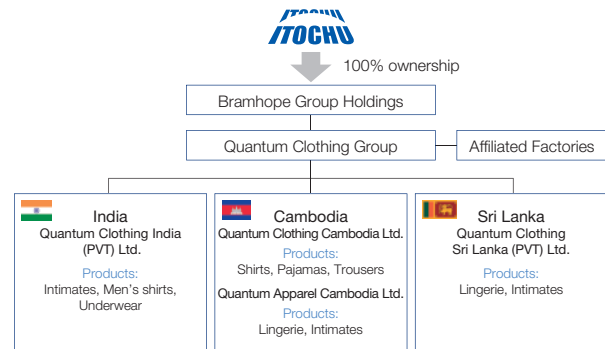
The Textile Company, the roots of which are in manufacturing, handles a broad range of products such as apparel, sportswear, underwear, uniforms, bags, and shoes for both men and women. It is able to provide products with high added value due to its ability to recommend materials and its extensive network of production bases. This has become a major source of the Textile Company's growth. Furthermore, in the apparel industry, substantial added value for customers and consumers is generated not only by product quality and competitive prices but also a wholehearted commitment to improving labor conditions and making contributions to society.

ITOCHU acquired Bramhope Group Holdings Ltd. (hereinafter "Bramhope") in July 2012. Bramhope is an apparel manufacturer and wholesaler with headquarters in the U.K., founded in 2000. The major strength of its subsidiary, Quantum Clothing Group (hereinafter "Quantum Group"), is its extensive production network that includes the company's own factories in India, Sri Lanka, and Cambodia and affiliated factories in various ASEAN countries.

The Quantum Group's main customer is Marks & Spencer PLC (hereinafter "M&S"), which is one of the world's top U.K.-based retailers. M&S purchases a large percentage of its apparel from the Quantum Group. In addition to handling various products including women's underwear (hosiery, lingerie, etc.) and men's shirts, the Quantum Group has the ability to develop stylish products in the U.K. that are in line with the M&S Plan A

initiative, a progressive program that M&S has developed to pursue sustainability. Each of the Quantum Group's factories meet strict management standards related to working environment, contributions to society, environment protection, and other aspects. Also, in addition to possessing advanced technical skills related to quality and price competitiveness, the company creates high added value in terms of society and the environment.

Building on the solid production infrastructure that combines Bramhope's expertise in supplying ethically compliant products and the ITOCHU Group's production network, which extends throughout Asia, the Textile Company will strive to enter global markets such as those of North America, China, and developing countries and develop a new business model as a marketing company.



Quantum Group's CSR

In 2010, the Quantum Group's management came together and compiled a plan in order to create a firm footing for a sustainable business; this would later become the Quantum Business Excellence Model. Developed with the Quantum Group's medium- and long-term strategy in mind, this program, which covers people, the environment, and sustainable use of raw materials, is implemented by the Quantum Group throughout the world.

Efforts by Quantum Cambodia

In Cambodia, which is in the spotlight as a center of textile manufacturing, the Quantum Group has its two main factories, one for Quantum Clothing and one for Quantum Apparel. The

country is an extremely important production base where more than 5,000 employees from both companies work. Quantum Clothing is ISO 9001 and ISO 14001 certified, while Quantum Apparel is currently developing their model. Both companies give due consideration to high quality standards and the environment.



Efforts to Ensure Employee Safety

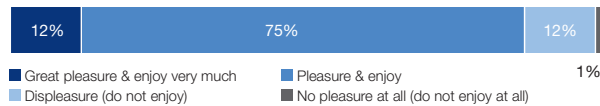
Recognizing human resources as its most important asset, the Quantum Group strives to create a working environment in which employees can not only work enthusiastically but also do so safely. As for the factory's produc-



Packing assembly line

tion floor, where many employees work, the company was the first to manage factory workers' working time using a computerized system. The company also has thorough health and safety controls and checks in place to look after workers' well-being and to prevent accidents. In addition, the company has been able to create an easy-to-work-in environment that includes break areas, a cafeteria for factory workers, and a nurse's office. Surveys of employee satisfaction are also regularly conducted and acted upon, which leads to improvements that make the workplace one that employees want to work in and take pride in.

Satisfactory in Working with the Company



Providing Employees with Learning Opportunities

As for Quantum Group's CSR activities, the company considers it important that each employee properly understands CSR, and initiatives are in place to fulfill the company's responsibilities at all worksites, offering a wide range of programs and providing employees with opportunities to learn. The factory is equipped with training rooms and the company actively works to develop the skills of factory workers and to conduct educational activities, which include instruction from sewing technicians, courses in the English language, IT skills courses, and workshops in calculating wages. The company has also

introduced an outstanding employee award system, which reinforces employee drive and motivation. These efforts have been highly praised in terms of their contributions to society, as can be seen in various outcomes



English class

such as the factory being officially recognized by the local government as one with a labor environment which makes it possible for factory workers to do their work with peace of mind.

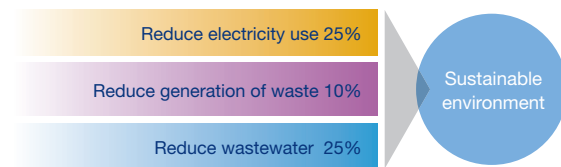
Efforts to Preserve the Environment

In 2004, the company received ISO 14001 certification and continually works to make improvements through the plan-do-check-act (PDCA) cycle. Since this PDCA cycle was introduced, the company has implemented a variety of measures that have resulted in reductions in electricity use, wastewater, and waste. An ongoing monitoring program helps to continually drive these numbers down.

With regard to specific measures, the company has not only installed energy-efficient T5 fluorescent lights on factory production floors but has also made meticulous efforts to save energy wherever it can, such as introducing light-emitting diodes (LEDs) for all sewing machines. In addition, the company conducts various educational activities and is striving to spread and raise awareness among front-line workers.

Environmental Target

Quantum Clothing (Cambodia) Ltd. has set the following plan for Eco Sustainable Management against a base line in 2007:



Comment from a Customer

M&S launched its Plan A initiative in 2007 in order to become the most sustainable retailer in the world. The plan consists of 180 concrete goals in seven fields related to sustainability which the company plans to achieve by 2020; these goals relate to areas such as climate change, waste, and natural resources.

The most important way of promoting Plan A is by gaining the understanding of consumers and business partners regarding the aims of the plan and sharing the same values. In order to do this, we provide awards to suppliers who fully understand the principles embodied in Plan A and have contributed to improving the quality of people's lives and maintaining the environment. In 2013, the Quantum Group was selected as the Supplier of the Year. For the apparel industry, issues relating to sustainability include worker welfare, raw materials, and use of chemicals throughout the supply chain, and the Quantum Group has aggressively worked on all these

issues. In particular, the company continuously implements innovative measures related to employees, including education and training programs, welfare systems, and maintaining an active dialogue. In addition, many of the company's factories have won our Eco-Factory status because of their passionate environmental efforts.

Throughout the world there is a growing focus on transparency and there are demands that companies fulfill their responsibilities, which are proportional to the scale of their operations. We are hopeful that as leading companies in the industry, both the Quantum Group and the ITOCHU Group will continue to pursue innovation which leads to sustainability within their daily operations and that those efforts become part of their corporate cultures.



Krishan Hundal
Marks & Spencer
Director of GM Technology

CSR Material Issues

Climate change

Working to realize sustainability that will deliver enrichment for the next generation by advancing environment-friendly businesses, centered on renewable energy

Renewable energy, such as geothermal and wind power, is expected to record growth as a key pillar of the energy supply in the future. Through business investment in power generation assets that utilize renewable energy, ITOCHU is working to help alleviate climate change, which is a pressing issue for global society.



Geothermal IPP Project in Indonesia

In April 2013, ITOCHU concluded a contract to construct a 320 MW geothermal power generation plant in Indonesia's Sarulla region in North Sumatra and to sell the power generated by the plant to Indonesia's state-owned electricity company for 30 years. In addition, a loan contract concerning this project was concluded in March 2014. Indonesia's potential geothermal resources are among the most extensive in the world, accounting for 40% of global geothermal resources, and the country has positioned geothermal energy as a strategic power source.

Geothermal power generation uses high-temperature and high-pressure steam and hot water extracted from geothermal

reservoirs deep underground to generate electricity. The CO₂ emitted during power generation is limited. In addition, the power generation is not dependent on weather conditions, and as a result the supply of electric power is stable in comparison with other forms of energy. Consequently, geothermal power is a form of renewable energy that is drawing attention around the world. This project is one of the largest geothermal independent power producer (IPP) projects in the world. Plans call for commercial operation to commence in stages from 2016, and the project is expected to contribute to economic development in Indonesia, where demand for electric power is projected to increase in the future.

Working with GE to Advance the Wind Power Generation Business in the United States

In May 2010, ITOCHU and General Electric Company (GE) entered into a comprehensive agreement to identify co-investment opportunities in renewable energy worldwide, and ITOCHU is now forging ahead with renewable energy operations.

The Shepherds Flat Wind Project in the U.S. state of Oregon is one of the world's largest wind power projects, with a total capacity of 845 MW. The power is supplied to approximately 235,000 regular households in California under a 20-year power purchase agreement with Southern California Edison, a California power utility. The project is contributing to the

reduction of greenhouse gas emissions by approximately 1.5 million tons annually. The Shepherds Flat Wind Project and the Keenan II Wind Power Project in the U.S. state of Oklahoma, which has a total capacity of 152 MW, are expected to reduce greenhouse gas emissions by a combined total of approximately two million tons annually. Moving forward, ITOCHU will continue working to contribute to the stable supply of electricity and the alleviation of climate change through these two projects.

Global Map of Renewable Energy Power Generation Projects

U.K.: Waste processing / power generation (See page 53)

Project name	Waste processing capacity per year	Greenhouse gas emissions reduction scale
ST&W	260,000 tons	Approx. 62,000 tons per year
Cornwall	240,000 tons	Approx. 60,000 tons per year
Merseyside	460,000 tons	Approx. 130,000 tons per year
West London	350,000 tons	Approx. 830,000 tons per year



U.S.: Wind power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Shepherds Flat	845 MW	Approx. 1,500,000 tons per year



Spain: Concentrating solar power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Solaben2&3	100 MW	Approx. 63,000 tons per year



U.S.: Wind power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
CPV Keenan II	152 MW	Approx. 410,000 tons per year



South Africa: Solar power generation (See page 57)

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Kalkbult	75 MW	Approx. 125,000 tons per year
Dreunberg	75 MW	Approx. 125,000 tons per year
Linde	40 MW	Approx. 65,000 tons per year



Indonesia: Geothermal power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Sarulla	320 MW	Approx. 1 million tons per year



CSR Material Issues

Contribution to local communities

ITOCHU is aiming for sustainable growth through the establishment of business models that contribute to the development of local communities

ITOCHU conducts business activities in regions throughout the world, and we strive to contribute to the development of local regions through both our business activities and our social contribution activities, thereby addressing the challenges and needs of local communities.



Supporting Cotton Farmers in India Transfer to Organic Cotton Cultivation

ITOCHU and KURKKU Co., Ltd., jointly plan and operate the Pre Organic Cotton (POC) Program, which helps farmers in India to transfer from cotton farming to organic cotton 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. From the start of the program in 2008 to its end in 2013, 3,348 farming households took part, and 1,479 of these have acquired organic farming certificates. In addition, with products from upward of 40 companies, including apparel and natural cosmetics manufacturers, having been introduced, in 2013 the volume of cotton handled 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, as a business model achieving commercial activities and sustainable development, 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). Since that time, businesses working on development issues, centered on the UNDP, have earned growing recognition.

Moving forward, we will work to further expand the POC Program, supported by understanding and empathy among companies, organizations, and consumers.

	Volume handled and sales of related products	
2013	1,500 tons	¥500 million
2015*	5,000 tons	¥2.3 billion
2017*	10,000 tons	¥5.0 billion

* Outlook

Contributing to the Reconstruction and Development of Disaster-Affected Areas with the Support of Local Industry

The ITOCHU Group is working to support the reconstruction of the city of Rikuzentakata, which suffered considerable damage due to the Great East Japan Earthquake. As a part of those initiatives, ITOCHU is providing support, from production to sales, of *Takata-no-yume*, a variety of rice grown in the region.

The city of Rikuzentakata is aiming to establish *Takata-no-yume* as an original, regional brand of rice that will serve as a symbol for the reconstruction of farms that suffered catastrophic damage. Production in 2014 is forecast to reach 150 tons. As a means of helping disaster-affected areas through Group business activities, ITOCHU Food Sales and Marketing Co., Ltd., is providing support in the area of sales to department stores in the Tokyo metropolitan area. Moreover, in the area of production, Group employees have volunteered to participate in rice planting

and harvesting while engaging in exchanges with local farmers. The Group is also implementing PR activities.

Nearly every month since the earthquake, ITOCHU Group employee volunteers have visited the city of Rikuzentakata, and the Group is also supporting sports and other activities for the local children (see page 85). Moving forward, the ITOCHU Group will continue to provide support, both through its business activities and through social contribution, thereby contributing to the reconstruction and development of the region.



Supporting Agriculture through Employee Volunteers

Employee volunteers provide assistance from rice planting to harvest while enjoying interaction with local farmers.

PR

- Booth at Roppongi Hills in Tokyo sells rice balls.
- At Takashimaya Department Store in Shinjuku, which sells a wide variety of products including rice, the city of Rikuzentakata photo exhibition was held, providing PR for *Takata-no-yume* rice.
- Rice samples distributed at local cycling event.

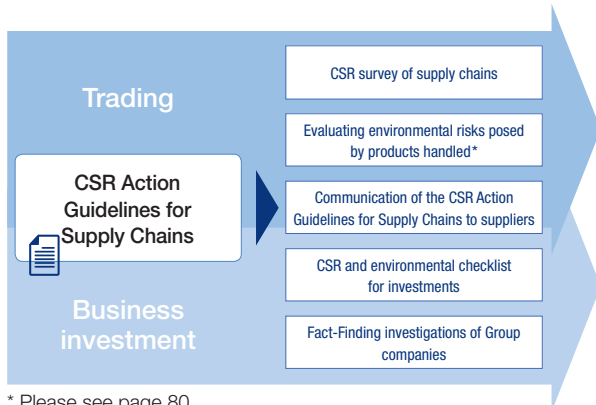
Sales

- ITOCHU Food Sales and Marketing, which handles the ITOCHU Group's wholesale and sales of rice, sold *Takata-no-yume* rice at Shinjuku Takashimaya, Ginza Mitsukoshi, and other stores.
- Le Pain Quotidien, a high-end bakery restaurant operated by ITOCHU, offered a limited-time menu using *Takata-no-yume* rice.



CSR in Our Supply Chain and Business Investment

Engaged in trading and business investment on a worldwide basis, ITOCHU gives full consideration to human rights, labor, and the environment through CSR management that is commensurate with respective business activities for its supply chain and business investment. Through such consideration, the Company is determined to build a sustainable value chain and to link this to a heightening of the competitiveness and corporate value of the ITOCHU Group.



* Please see page 80

Supply Chain Management

ITOCHU has set out its CSR Action Guidelines for Supply Chains, and implements the following surveys and reviews. Through these activities, ITOCHU is striving to prevent the occurrence of any problems. If a problem is detected, however, improvement in the concerned area is sought through communication with suppliers.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner including verbal abuse and physical punishment.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

Communication of the CSR Action Guidelines for Supply Chains to Suppliers

We believe it is important to win the understanding and cooperation of all our suppliers for our procurement-related policies. In keeping with this belief, in fiscal 2014 we again made notice of ITOCHU Corporation's CSR Action Guidelines for Supply Chains to the approximately 4,000 suppliers with whom we have continuing transactions. We are endeavoring to deepen communication with them on our CSR-related policies.

Response to Non-Compliant Supplier

When a case that does not comply with the intent of the guidelines has been confirmed, ITOCHU will request the relevant supplier to take remedial action, and will provide support and guidance as needed. If a remedy is deemed difficult despite ITOCHU making continuous requests for remedial action, ITOCHU will reexamine its dealings with the supplier concerned.

CSR Survey of Supply Chains

In order to check the status of our various suppliers, ITOCHU conducts a survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the 10 requirements of our CSR Action Guidelines for Supply Chains.

Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers and survey them by means of interviews or questionnaires.

In fiscal 2014, we surveyed 380 companies, including 25 suppliers of overseas offices and 89 suppliers of 12 Group companies. No serious problems requiring immediate response were found in the survey results.

Even when surveys have revealed the existence of problems

On-site report

A Fact-Finding Survey at a Natural Rubber Processing Plant in Indonesia

On February 27 and 28, 2014, ITOCHU paid a visit together with an external expert to two plants operated by P.T. ANEKA BUMI PRATAMA, a member and supplier of the ITOCHU Group, in Jambi and Palembang, Indonesia. They confirmed that management was taking due consideration for the environment and labor safety in the processing sequence for natural rubber used to manufacture tires. The external expert advised action to bolster prevention of environmental and labor accidents in areas including control of plant wastewater and rainwater drainage routes, prevention of soil contamination, and anti-noise measures. The plant personnel are rapidly implementing proper initiatives and working to raise the control level even higher.



that are cause for apprehension, we confirm the initiatives for prompt improvement or countermeasures taken by the supplier. We will continue to engage in communication with suppliers to seek their understanding of our thinking.

For our significant suppliers, we also have personnel from the CSR Promotion & Global Environment Department of our Corporate Communications Division make visits for on-site surveys together with external experts, as necessary.

Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue this initiative.

CSR Survey: Survey results by organization (Fiscal 2014)

Division Companies	Suppliers
Textile Company	26
Machinery Company	13
Metals & Minerals Company	12
Energy & Chemicals Company	62
Food Company	118
ICT, General Products & Realty Company	149
Total	380

Business Investment Management

The business activities at companies in which we invest must take account of and address their possible influence on the global environment and society at large. For this reason, we endeavor to understand the potential CSR risks and to prevent the actualization of CSR risks at Group companies. We assess their activities by using a checklist and doing on-site visits, and take the requisite measures in response to the assessment results. We do these assessments as part of our environmental management system and try to improve their management level.

Evaluating the CSR Risks of New Investment Projects

For new business investments, we are required to evaluate in advance whether a potential investee has policies and systems relating to a range of issues as well as whether it has a significantly adverse effect on the environment, whether it violates laws and regulations, and whether it faces the risk of being subject to lawsuits brought by stakeholders. We do this by using a CSR and environmental checklist for investments, which include items covering the seven core subjects of the ISO 26000 standards. If a cause for concern is identified, for projects requiring an expert perspective, a request is made for an advance due diligence study by an external specialized institution. Once the results of these studies confirm the absence of any major problems, ITOCHU then proceeds with investments.

For details about companywide "Managing Investment Risk.", please see page 89.

Fact-Finding Investigations of Group Companies

To prevent environmental pollution and related problems among Group companies, ITOCHU (the CSR Promotion & Global Environment Department of our Corporate Communications Division) has been making on-site visits for the purpose of survey work continuously since 2001. In fiscal 2014, such visits were made to a total of 10 companies, some involving the participation of external experts, with consideration of the level of environmental risk at each company. By the end of March 2014, such surveys had been completed at a total of 249 establishments.

The survey work consists of interviews with management, a survey of facilities such as factories and warehouses as well as

drainage into rivers, and checks of compliance with environmental laws and regulations. Based on the findings, the survey team points out problems, indicates measures for prevention, and confirms the status as regards correction.

On-site report

A Fact-Finding Environmental Survey at Marine Access

On August 7, 2013, ITOCHU visited a site of Marine Access Corporation (which was then named the Shizuoka Center of Access Fresh Food Processing Corporation). The site performs storage and processing of marine products, and there are many environmental laws and regulations pertaining to these operations, such as the Waste Management and Public Cleansing Act and various local ordinances. We consequently advised the site to practice surer control.

They also confirmed that the site's determination to work in response to such advice for prevention of environmental pollution on a continuous basis.



Communication with External Experts

On February 28, 2014, at the Tokyo Headquarters ITOCHU held a meeting of the CSR Advisory Board to host a dialogue between management members of ITOCHU and external experts as regards the promotion of CSR. The Board had a lively discussion for about two hours around the two themes of "Sustainable supply chains and business investment management" and "The further promotion of businesses that help solve social issues." The topics included the building of a value chain that is meaningful and beneficial to a wide variety of stakeholders in fields ranging from materials resources development to production and consumption (recycling) and the creation of more opportunities to explain about CSR issues. Looking ahead, ITOCHU will continue to hold dialogues with stakeholders in order to make use of opinions and ideas from external sources in the promotion of CSR management for supply chains and business investment.



CSR Advisory Board members

Dr. Seiichiro Yonekura (Professor, Hitotsubashi University)
 Mr. Ken Shibusawa (Chairman, Commons Asset Management Inc.)
 Ms. Mariko Kawaguchi (Senior Researcher, Daiwa Institute of Research Holdings Ltd.)



Environmental Initiatives

At ITOCHU, environmental initiatives include both proactively seeking out new opportunities to advance environment-conserving businesses and taking a precautionary approach to the prevention of problems associated with environmental risks. We believe that it is important to contribute to sustainable development by implementing both proactive and precautionary approaches.

Environmental Policy

The ITOCHU Group Environmental Policy states that, as a global enterprise, the ITOCHU Group is positioning environmental problems as one of its most important management policies, and the Group will strive to contribute to the realization of a sustainable society by actively working for a better global environment. Accordingly, the ITOCHU Group has defined five activity guidelines for environmental conservation—prevention of environmental pollution, observance of laws and regulations, promotion of environmental conservation activities, harmonious coexistence with society, and promotion of educational activities. We are taking steps to ensure that all employees in units subject to ISO 14001 are fully aware of our Environmental Policy, such as distributing Environmental Policy cards that employees carry at all times.

For the text of the Environmental Policy, please refer to our CSR website.

<http://www.itochu.co.jp/en/csr/environment/policy/>

Environmental Management

To comply with environment-related laws and regulations and to take a rigorous precautionary approach to environmental risks, in 1997 ITOCHU became the first trading company to establish an environmental management system (EMS) based on ISO 14001. Appointed by the president, the chairman of the CSR Committee (CAO) has complete authority for the EMS, and environmental managers are assigned and operate with authority delegated from the leader of their organizational unit (total of 61 in fiscal 2014). The system is continually improved through a plan–do–check–act (PDCA) cycle with the participation of all employees.

Internal Environmental Audits

Audit teams are comprised of members of the CSR Promotion & Global Environment Department in the main. Internal audits are conducted to confirm that initial plans are being appropriately implemented. Our internal environmental audits for fiscal 2014 covered a total of 60 departments.

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 outcome of the fiscal 2014 inspection was an overall “improvement” grade and renewed certification.

Precautionary Initiatives: Preventing Problems Associated with Environmental Risks

We work to identify the impact on the global environment from ITOCHU Group business activities and to implement initiatives supporting a precautionary approach on environmental risks.

In fiscal 2014, there were no major incidents involving violations of environment-related laws.

Evaluating Environmental Risks Posed by Products Handled

We handle a wide range of products on a global scale, and carry out our own environmental impact evaluations regarding the influence of these products on the global environment. In these initiatives, we use an LCA*-based analysis method at each stage of a product's life cycle, from procurement of raw materials, production, and use, through disposal. If this analysis identifies a product as having a significant effect on the global environment, we register it as having “significant environmental aspects” and implement priority management by preparing regulations or manuals and conducting special training.

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



Please refer to “Business Investment Management” (page 79) for the contents of Evaluating the CSR Risks of New Investment Projects and Fact-Finding Investigations of Group Companies.

Promoting Environmental Education and Awareness

In fiscal 2014, we organized environmental seminars about the Waste Management Act, the Soil Contamination Countermeasures Act, and CSR and the global environment; held general environmental training; and conducted an e-learning test on waste disposal for all employees. A total of 10,431 employees received training through these initiatives. Going forward, the ITOCHU Group will continue working to ensure strict compliance with environmental laws and regulations and to heighten the environmental awareness of its employees.

Proactive Initiatives: Advancing Environment-Conserving Businesses

ITOCHU contributes to solving environmental problems through various businesses, and each of its Division Companies implements a CSR Action Plan through a PDCA cycle system.

For specific examples, please see CSR material issues “Sustainable use of resources” (page 72–73) and “Climate change” (page 76).

Fiscal 2014 Environmental Performance Data

	Domestic	Overseas	Total
(1) Electricity consumption (kWh thousands)	2,092,110	185,809	2,277,919
(2) CO ₂ emissions (CO ₂ -t)	1,194,533	144,112	1,338,645
(3) Waste volume (t)	217,207	155,176	372,383
(4) Water consumption and wastewater discharge (m ³)	6,029,675	9,237,319	15,266,994

Subject Organizational Units

- (1) “Domestic” refers to ITOCHU Corporation and 66 domestic Group companies.
- (2) “Overseas” refers to 15 overseas subsidiaries and 36 overseas Group companies.
- (3) Conversion to carbon dioxide (CO₂-t) is handled in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation and the Law Concerning the Rational Use of Energy for ITOCHU Corporation and in accordance with IEA (International Energy Agency) standards for others.

For further information (including a third-party opinion), please refer to our CSR website.

http://www.itochu.co.jp/en/csr/environment/office_activities/



Respect for Human Rights

The ITOCHU Mission “Committed to the Global Good” stands at the heart of the ITOCHU Group’s corporate philosophy. “Global good” refers not only to improved living standards but also a general sense of well-being. As a company with diverse operations worldwide, ITOCHU respects human rights and individuality and is committed to the global good of society and individuals alike.

Policy on Respect for Human Rights

Accompanying this corporate philosophy, the ITOCHU Values consist of five values important for fulfilling the ITOCHU Mission “Committed to the Global Good.” One of those values is “Diversity,” under which the Group holds the human rights and individuality of every person as important.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009, which is derived from this Declaration and other international standards.

Guided by this approach, we clearly prohibit the violation of human rights and sexual harassment in our employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

Respect for Human Rights in Business Activities

ITOCHU Corporation engages in business activities all over the world and conducts its business while respecting people’s human rights in each of the regions in which it operates. In fiscal 2014, as part of its commitment to respecting human rights in business activities, ITOCHU formulated “Respecting the Rights of Indigenous Peoples,” “Approach to Engaging the Services of Security Firms,” and “Approach to Conflict Minerals Issues.”

Respecting the Rights of Indigenous Peoples

When conducting business activities in regions that are home to indigenous populations, ITOCHU will recognize the unique cultures and histories of such peoples and endeavor to respect and consider their human rights in accordance with the laws of the country or region concerned as well as international standards, such as those of the United Nations and the International Labour Organization (ILO).

Approach to Engaging the Services of Security Firms

ITOCHU Corporation supports the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, in which the United Nations established basic principles governing the use of firearms by law enforcement officials in order to facilitate the respect and safeguarding of people’s dignity in the execution of the duties of those officials.

Approach to Conflict Minerals Issues

To fulfill its social responsibility in procurement activities, in keeping with the spirit of the Dodd-Frank Wall Street Reform and Consumer Protection Act*, which was enacted in the United States in July 2010, ITOCHU will coordinate with its business

partners and work to procure minerals that do not help armed groups that violate human rights.

* Requirement that U.S. listed companies disclose information such as their use of conflict minerals produced in the Democratic Republic of the Congo and neighboring countries in their products. ITOCHU Corporation is not bound by this Act because it is not listed on a stock exchange in the United States.

Raising Awareness Internally of Respect for Human Rights

Raising Awareness through Internal Training Programs

We work to extensively embed understanding of the relationship between business activities and human rights through in-house training programs. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. Also, training conducted prior to overseas assignments includes the topic of consideration for human rights in the supply chain. In this way, we are working to raise awareness in each region. In fiscal 2014, 370 people participated in ITOCHU’s human rights training programs.

Number of Employees that Participated in Human Rights Training Programs

	Number of employees that participated
Training for new recruits	124 people
Training for newly appointed managers	48 people
Training prior to overseas assignments	198 people

Raising Awareness in Regard to “Business and Human Rights”

As a general trading company that operates around the world and plays an important role in supply chains, we are implementing educational activities about “business and human rights.” The objective of these activities is to keep up with the latest developments relating to business activities and human rights, and to incorporate this knowledge into our business.

In fiscal 2014, we implemented an e-learning program on the subject of “business and human rights” for all ITOCHU employees worldwide. This training provided the CSR-related knowledge that all employees should have, at a minimum. The content of this program reflected the UN Guiding Principles on Business and Human Rights and examples of corporate responsibilities in regard to respecting human rights. Of the total 6,738 employees of ITOCHU Corporation and overseas bloc employees, 6,505, or 96.5%, completed this training.

Establishment of a 24-Hour Employee Consultation Desk System

ITOCHU has set up an employee consultation desk to allow employees to discuss problems they may be individually confronting. As well, the “HR Help Guide Book” has been posted to the ITOCHU intranet, and efforts to broadly raise employee awareness of the consultation desk are part of a structure that allows employees to consult on issues of concern. An external Hotline System staffed by independent counselors has also been established.



Employee Relations

As we are a general trading company with diverse businesses around the world, human resources are our greatest management asset. Accordingly, ITOCHU is developing and strengthening human resources as the foundation supporting the growth of its businesses.

Developing Human Resources to Enable the “Seeking of New Opportunities”

Human resources support the stable ongoing growth of ITOCHU. Accordingly, our human resource development targets employees throughout the Group, in Japan and overseas. Based on each employee's work experience and abilities, we help them develop into professionals who contribute to their business fields and provide them with the skills necessary to manage businesses on a global level. Through individual evaluations and feedback centered on on-the-job training, we motivate employees to increase career opportunities within the Group. To further support employees' self-development, we provide skills and expertise through training and support career development in light of each person's abilities.

Supporting Activity by Diverse Human Resources

Amid intensifying competition with newly emerging economies, we believe diversity as an organization is indispensable to respond accurately to diversifying needs in the global market and to continue creating new businesses and additional value. Based on this belief, we formulated the Plan for Promotion of Human Resource Diversification in December 2003. Reflecting the plan, ITOCHU began increasing personnel diversity. For personnel that joined us as a result, we began providing support to enhance their work fulfillment and thereby contribute to our businesses. We will continue to strengthen individual and organizational capabilities, as these efforts make ITOCHU an attractive company with an appealing corporate culture.

Holding Women's Executive Forum

In April 2013, ITOCHU became the first major Japanese general trading company to appoint a woman to the position of executive officer. In March 2014, we held a panel discussion with Tokio Marine & Nichido Fire Insurance Co., Ltd., and Calbee, Inc., featuring three women whose respective companies appointed them executive officers at approximately the same time. More than 70 people attended the forum, mainly female managers from each company and budding female managers. Attendees gained valuable insights into the mindset of a leader and into stepping up fearlessly from the panelists' lively discussion about their experiences as pioneers for women in senior management positions.



Continuing Global Human Resources Strategy

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy to maximize the value of human resources and to optimize talent development on a global basis. Currently, we are collaborating with each Division Company to develop a Talent Management Process, which encourages the preparation of individual development plans by talented personnel who will play key roles in growing revenues and earnings overseas.

Creating Environments that Bring Out the Best in Employees

ITOCHU considers the development of environments that allow employees to enjoy peace of mind and concentrate on their work with a sense of job satisfaction to be of crucial importance. Accordingly, we are expanding and improving a range of systems to create environments that enable employees to work with peace of mind even when they have child-rearing or nursing care responsibilities.

Year	Initiative
2010	Opened I-Kids, a childcare center for employees close to our Tokyo Headquarters
2011	Received “Kurumin” certification mark from Ministry of Health, Labour and Welfare
	Launched “Furusato Care Service” to help employees posted abroad care for elderly relatives
2012	Implemented revisions to treat five-day period following start of childcare leave as paid leave
	Extended period of shorter working hours for nursing care from three years to five years

Occupational Health and Safety

Aiming to ensure that employees reach their full potential and that they and their families in Japan and overseas live safely, healthily, and with a greater sense of fulfillment, we have established a comprehensive system based on a contract with a specialist security company.

- Assigning persons responsible for security, distributing information in-house about Japan and overseas as required
- Conducting seminars for employees before they assume positions overseas about local safety, medical care, and culture
- Encouraging employees to manage own emotional and physical well-being through health management system
- Providing counseling by clinical psychologists at in-house stress management room

Communicating with Employees

ITOCHU provides opportunities for direct dialogue between the president and employees. In fiscal 2014, we held 15 dialogue meetings with the president at domestic branches and offices and overseas bases. In addition, discussions with the ITOCHU Labor Union cover a wide range of issues. In fiscal 2014, we held five management meetings for such discussions.

Ratio of ITOCHU Labor Union Members (As of April 1, 2014)

Union members
3,313 (78%)

Non-union
members
939 (22%)

Taking Steps to Achieve a More-Effective Working Style

Introduction of Morning-Focused Working System

On May 1, 2014, ITOCHU officially introduced a morning-focused working system to achieve a more-effective working style.

With a focus on managing employee health and promoting effective operations, ITOCHU has long sought to reduce overtime work. To that end, we decided that it was necessary to implement decisive reforms by reevaluating the traditional working style, which is based on the assumption that employees will work overtime. In October 2013, we started a trial of a new working system that was intended to foster a shift from a night-focused, overtime-based system to a morning-focused working style.

Reviews that were conducted during the trial period confirmed that the new system was effective. For example, the morning-focused working system did not cause any particular inconvenience

for operations in any workplace. In addition, the system met the initial objective, which was a significant reduction in the number of overtime work hours. Consequently, ITOCHU decided to officially introduce the system on May 1, 2014, in accordance with the labor-management agreement with the ITOCHU Labor Union.

ITOCHU believes that this initiative will help individual employees to reform their approach to their own working styles and to advance well-balanced operational reforms. In this way, the Company will strive to achieve a work environment that further strengthens the effectiveness of operations, supports the maintenance and improvement of employees' health, and helps diverse employees, including female employees, to make full use of their capabilities.

Outline and Effects of Initiatives during Trial Period

Period: October 2013 to March 2014 Scope: Approx. 2,600 employees in Japan (excluding employees on temporary assignment)

Outline of Initiatives (Continued after official introduction)

Night work (10 p.m.–5 a.m.) is prohibited. Work after 8 p.m.–10 p.m. is, in principle, prohibited, though it is permitted upon prior application when such work needs to be performed due to unavoidable reasons.

As an incentive for employees who work early in the morning (5 a.m.–8 a.m.), extra wages are provided at the same rate paid for night work (employees subject to time management: 50%; employees not subject to time management: 25%).

* When an employee starts working at 7:50 a.m. or before, the extra wage rate is applied not only for 5 a.m.–8 a.m. but also for 8 a.m.–9 a.m.

From the perspective of managing employees' health, the Company provides light meals to employees who begin work before 8 a.m.

Cost

(1) Amount of overtime allowance	Reduced by about 7%, even when extra wages provided for early-morning work are included
(2) People receiving light meals	Average of 550 people per day
Overall (1 + 2)	Reduction of about 4%*

* With overtime allowance (including extra wages for early-morning work) and cost of light meals, overall reduction of about 4%*.

Effects of Initiatives

(Comparison with same period in the previous fiscal year)

Entering and Leaving Office (Percentage of employees who entered / left the office)

		Prior to introduction	Trial period
Leaving	8:00 p.m. or after	About 30%	About 7%
	10:00 p.m. or after	About 10%	Nearly 0*
Entering	8:00 a.m. or before	About 20%	About 34%

* Includes employees who applied in advance or on-the-spot

Hours of Overtime Work per Person (Monthly average)☆

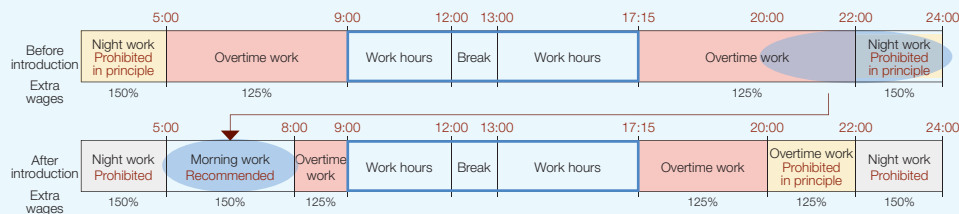
	Prior to introduction	Trial period	Effectiveness
Employees in career-track positions	49 hours 11 minutes	45 hours 20 minutes	Reduction of about 4 hours
Employees in clerical positions	27 hours 3 minutes	25 hours 5 minutes	Reduction of about 2 hours

Reduction of a cumulative total of about 20,100 hours over six months (Employees subject to time management)

☆ Data assured by a third party, an external assurance provider based on the international standard ISAE 3000, in our CSR website

Electricity Consumption (Tokyo Headquarters) About 6% reduction

Diagram of Morning-Focused Working System Time Schedule: Employees subject to time management



Employee Voice

Now I have more time to spend with my family after the day's work is done. My children are still young, so I get a great deal of enjoyment when I find their growth each day. It makes me feel positive and realize that I should keep working hard. Also, since I want to find time to think quietly every day, I go to a library near my house to make some time for thinking and studying after my children are asleep. Now that I go to sleep earlier than I used to, I wake up refreshed and start the day with a good feeling.

Typical day

- 5:00 Wake up
- 5:30 Go to the gym
- 7:30 Drop children off at I-Kids (childcare center for employees)
- 7:40 Arrive at work
- 18:30 Pick up children at I-Kids
- 19:00 Dinner, cleaning up, relax with family
- 21:30 Study or reading at nearby library
- 23:00 Lights out



Keisuke Masuda
Legal Division



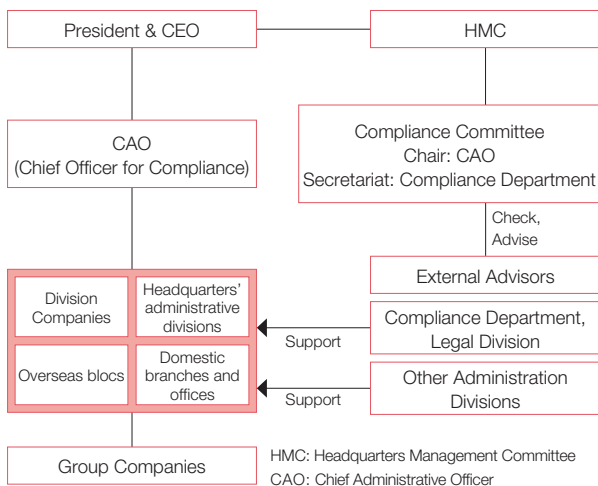
Compliance

Integrity is one of the ITOCHU Values that are a part of ITOCHU's corporate philosophy. Accordingly, we have established systems and environments that enable each individual employee to study and strictly observe the rules that are related to corporate activities, such as laws and international rules, and to conduct their activities from a highly ethical viewpoint.

ITOCHU Group's Compliance System and Management

The ITOCHU Group is building a promotion system of compliance by placing compliance officers in each organization within Headquarters and at all major Group companies worldwide. The ITOCHU Group Compliance Program is part of the system and structure of the ITOCHU Group that was established so that each organization can consider local laws, business characteristics, and operational formats while complying with compliance. Besides carrying out Monitor & Review surveys once a year for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Furthermore, based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented.

Compliance System



Internal Information Reporting System (Hotlines)

ITOCHU has formulated regulations on the Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at Group companies as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Implementation of Compliance Training

On-Site Compliance Training

We periodically conduct On-Site Compliance Training for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual incidences of compliance violations as teaching materials. We also conduct separate programs of finely-tuned education and training for each employee layer that are likewise based on actual cases.

In fiscal 2014, compliance training was provided to an extended total of 6,300 employees at ITOCHU Headquarters and 52 Group companies.

Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees. The survey ascertains the status in regards to penetration of compliance among the employees, and assists the implementation of specific initiatives. In fiscal 2014, we conducted the survey of about 30,000 Group employees, and received response from 27,598 of them (retrieval rate of 90.7%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system.

Bolstering Measures to Fight Corruption

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. In response, to prevent involvement in any illicit transactions, we regularly revise our Anti-Monopoly Law Manual and the document "A Must-Read! 51 Q&A about the Anti-Monopoly Law," which facilitates referral. Through various Monitor & Review surveys and education and training programs as well, we are making sure all employees are aware of requirements.

Fundamental Approach to Dealing with Antisocial Forces

ITOCHU has formulated a basic policy and specific points for the issue of antisocial forces and groups, which declare a position of resolute opposition. We are working to ensure that all employees are aware of this approach.



Social Contribution Activities

ITOCHU pursues harmony with local communities and international society and contributes to the realization of a sustainable society. We advance initiatives in accordance with an awareness of the role we should play as a good corporate citizen from a global viewpoint and in accordance with our Basic Activity Guidelines on Social Contribution in five priority areas: action on global humanitarian issues, environmental conservation, community contribution, growth of the future generation, and support for volunteer work by our employees.

Supporting Development of the Future Generation for Four Decades

Through the ITOCHU Foundation, established in 1974, we have continued supporting the future generation's development. This Foundation supports the sound development of children and supplies books to children in disaster areas by providing children's literature collection subsidies (purchasing books and providing subsidies for the purchase of children's books for hospitals, the 100 Children's Books Subsidy, and subsidies for libraries at Japanese schools and supplementary schools) and promoting the development of an e-book library.



Children from the Great East Japan Earthquake disaster area helping send picture books overseas

Subsidies for Children's Literature Collections

	Number of subsidies
Subsidies for purchase of children's books	41 (of which, 2 overseas)
Subsidies for purchase of children's books for hospitals	7
100 Children's Books Subsidy	27 (of which, 7 overseas)
Subsidies for libraries at Japanese schools / supplementary schools	30
Award for distinguished service to children's literature collections and related initiatives	2
Support for areas affected by the Great East Japan Earthquake	21
Total	128 (of which, 39 overseas)

Promoting Use of e-books

Multimedia Daisy Library	55 titles (sent to 600 locations)
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Reflecting Employee Feedback in Social Contribution Activities

In 2008, ITOCHU celebrated the 150th anniversary of its foundation. We decided to implement a social contribution program to commemorate this occasion. A questionnaire found that employees were most interested in forest conservation programs. Since then, we have been restoring the tropical rainforests and conserving the ecosystem in Borneo by collaborating with World Wide Fund (WWF) for Nature Japan. Because the area we are supporting is a habitat for orangutans, an endangered species, we have named the program the ITOCHU Group Forest for Orangutans. Since 2009, ITOCHU and its Group companies have donated ¥250 million through the



At the ITOCHU Group Forest for Orangutans

program and restored 967 hectares of rainforest—one of the largest areas a general company has ever restored as part of forest conservation activities.

Helping Improve Medical Technology in Emerging Countries and Providing Solutions to Problems of Japan's Aging Society

ITOCHU donated ¥500 million to build a facility that will foster international medical exchanges, ITOCHU Medical Plaza. It will be located in Kobe Medical Industrial City, the largest cluster of medical facilities in Japan. Furthermore, we made the donation through the Foundation for Kobe International Medical Alliance. ITOCHU expects the facility to become a hub for a range of initiatives focused on Japan and Southeast Asia, including the development of overseas doctors and medical professionals, international exchanges, and various research projects. The facility is scheduled for completion in fall 2014.



An image of the completed ITOCHU Medical Plaza

Contributing to Education as the Foundation of National Development

In collaboration with Save the Children, an international organization specializing in support for children, ITOCHU launched a program providing mobile library buses for street children in India, which has the largest number of children in the world. This recent initiative has points in common with our long-standing activities that provide children with picture books and books through the ITOCHU Foundation. Bearing in mind the aspirations of international society, such as the United Nations' post-Millennium Development Goals, we will contribute to the development of communities through this initiative.



Unveiling a new mobile library bus in June

Maintaining Long-Term Support for Areas Affected by the Great East Japan Earthquake

The Great East Japan Earthquake caused significant damage in many parts of Eastern Japan. Since directly after the earthquake, ITOCHU has been sending volunteers, mainly to the city of Rikuzentakata in Iwate Prefecture.



The ITOCHU Children's Dream Cup baseball tournament

More than 335 of our employees have participated in these voluntary activities as of March 31, 2014. Furthermore, in October 2014 we gave children of Rikuzentakata the opportunity to have a great time playing baseball by holding the ITOCHU Children's Dream Cup baseball tournament through the ITOCHU Children's Dreams Fund, which we established to support the Great East Japan Earthquake disaster area. Going forward, we are committed to continuing support for the restoration of areas affected by the Great East Japan Earthquake.