

Involvement with Employees

ITOCHU's diverse group of personnel underpins the company's stable and continuous growth. Accordingly, the Frontier+ 2008 mid-term management plan incorporates the slogan, "Valuing people and enhancing the competitive strength of individual employees by respecting, utilizing, and cultivating their careers." With the aim of being a highly attractive global enterprise, we proactively support all our employees, regardless of gender, nationality, or age, so that they can realize their full potential.

Basic human resources policy

Our current Human Resource system structure was introduced in fiscal 1999 to make the company more competitive, by having all employees share our values and goals and fully exercise their capabilities.

Even after the introduction of the system, we applied a human resources assessment system to reinforce personnel management capabilities and drew up the Promotion Plan on Human Resource Diversification. In such ways, we emphasize placement of personnel in posts adapted to their aptitude, and the hiring and development of diverse human resources.

While respecting their sense of values and personality, we will continue to actively support challenges by employees through systematic development of diverse human resources regardless of their gender, nationality and age.

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 and age**
- Create an **attracting company and corporate atmosphere** through the execution of the plan

Morale survey

As we see it, it is vital to be constantly aware of the views and perspectives of our employees in order to create work environment where they feel working for the company is rewarding, motivating and fulfilling. With this in mind, we regularly conduct a morale survey.

The last survey (conducted in August 2006 with a retrieval rate of 71 percent) revealed that the level of employee satisfaction was high overall. It confirmed the especially high level of satisfaction in our corporate credo and management policy and pride as an ITOCHU employee.

We are going to continue conducting the survey on a regular basis to introduce measures for improvement in order to create better work environment for employees.

Top 3 items of employee satisfaction

- 1 Corporate credo and management policy 88.1%
- 2 Pride as an employee 86.9%
- 3 Understanding and sharing of unit goals 83.5%

Top 3 items of importance

- 1 Work that provides a sense of accomplishment 72.6%
- 2 Job satisfaction and belief in mission 65.2%
- 3 Pride as an employee 63.3%

Communication with employees

Company-Wide Employee Meeting

Since 2001, ITOCHU has been holding Company-Wide Employee Meetings (CWEM) twice a year as a general rule. Based on free participation, the CWEM brings together our top management including the President & CEO and employees for direct dialogue at our Tokyo and Osaka headquarters on designated weekends. At the meeting, the President & CEO and other top management speak directly to employees about their passion and expectation from the workforce. On the other hand, employees can ask about their thoughts directly to the top management. Thus, the meeting serves as a precious opportunity for interactive communication.

The CWEM for the first half of fiscal 2007 was held on May 12 in Tokyo and Osaka, with videoconference system links domestic and overseas offices in Shanghai and Sydney for instance, with participation of about 1,400 employees. At the meeting, opinions were actively exchanged, creating a sense of unity among the workforce.



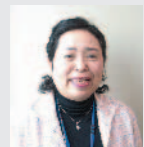
Diversity Forum

In September 2006, we established the Diversity Forum as a venue for employees to put together specific measures on the issue of human resource diversification. The forum broke into subcommittees on three subjects: career-track women, career development of mid-career workers and administrative positions. The employees engaged in a lively discussion at the subcommittees, which submitted their final reports to the top management in March 2007.

We are aiming at creating an attractive company and corporate atmosphere by gradually reflecting the reports in corporate measures.

Comment from a participant

Tamae Kobayashi
Employee on loan to ITOCHU General Services Inc.



The Diversity Forum made me realize how important the goal of human resource diversification is. I feel that it enabled me to network with a lot of people and gave me an even broader perspective. I strive to make the most of things discussed at the forum at my workplace.

Communication with the labor union

We endeavor to share with ITOCHU Labor Union our management vision to engage in corporate activities with a sense of unity. At the same time, we are creating a work environment that allows every single employee to exercise his/her maximum capabilities.

Meetings with labor union in FY2006

2006						2007	
May	June	July	August	November	December	February	March
Conference on the annual financial statement	Conference on working hours	Conference on human resource diversification	Management conference with the President & CEO	Conference on the quarterly financial results	Food Company management conference	Machinery/Company management conference	Textile Company management conference
							Headquarters management conference with the President & CEO

Comment from the labor union president

Hirohisa Otomi
President
ITOCHU Labor Union



ITOCHU's corporate credo of being "committed to the global good" is what CSR activities are all about and is a sense of value common to both the labor and management. I regard contribution to society not only in Japan but also in the rest of the world as a goal and source of pride for all ITOCHU people.

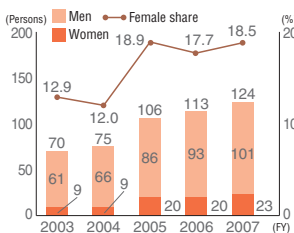
Recruitment of diverse human resources

In accordance with our Promotion Plan on Human Resource Diversification, we are providing maximal support and adopting measures to enable personnel with diversity to exercise their full potential, regardless of gender, nationality, and age.

Gender

Placing importance on creating a work environment where career development by female workers is taken as a matter of course, we are continuing recruitment based on merits, capabilities and aptitude. Also, we are actively striving to increase the number of women in career track positions, which we believe, leads to the expansion of fields that allow female workers to exercise their talents and appointment to executive positions.

Number of newly hired career-track employees



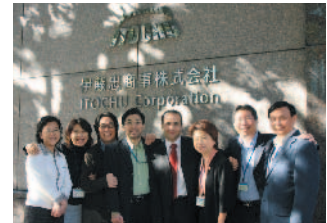
Establishment of numerical targets

Percentage of career-track women: 5.0% by the end of FY2008
 *Corresponding rate as of April 1, 2007: 4.4%
 Percentage of newly hired career-track women: 20%
 → 30.0% (from newly hired employees from FY2008)
 *Corresponding rate in hiring for FY2007 (actual): 18.5%

Nationality

For ITOCHU Corporation aiming to become a highly attractive global enterprise, it is indispensable to promote a borderless pool of human resources hired regardless of nationality. With a goal of placing the right people in the right place on a global scale, we are actively recruiting and cultivating multinational staff at headquarters and overseas locations.

In addition, the newly-established Global Human Resources Center is going to take the critical role at each overseas location. The center is going to reinforce human resources by giving national staff*1 opportunities to work and continuing to hold training for them at headquarters, for instance. Through these efforts, we strive to unite headquarter employees and national staff for further internationalization.



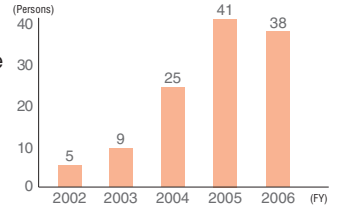
National staff participating in training at headquarters

*1 National staff refers to locally hired staff at overseas offices.

Age

As part of efforts to support human resources with a wealth of knowledge and experience, we are actively recruiting mid-career workers focusing on their career, regardless of age. In addition, we aim to diversify human resources by utilizing the employment extension system that allows employees to decide their own career plan (e.g. selecting an option to work until 65 years old).

Number of mid-career employees hired for career-track jobs



Support for the disabled to participate in society

Hiring of the disabled is one of our major personnel policies. To promote opportunities to work with people who have physical or other disabilities, we established ITOCHU Uneedus Co., Ltd. in 1987 as a special subsidiary based on the Law for Employment Promotion etc. of the Disabled. As of April 2007, the rate of our employees with disabilities to total employees came to 2.2 percent, much higher than the legally stipulated rate (1.8 percent). In 2002, ITOCHU Corporation was awarded by the Minister of Health, Labor and Welfare for actively hiring the disabled. We will continue to provide active support for the disabled to participate in society.



The disabled are working



Corporate brochure of ITOCHU Uneedus, celebrating the 20th anniversary of its founding

Support for diverse career formation

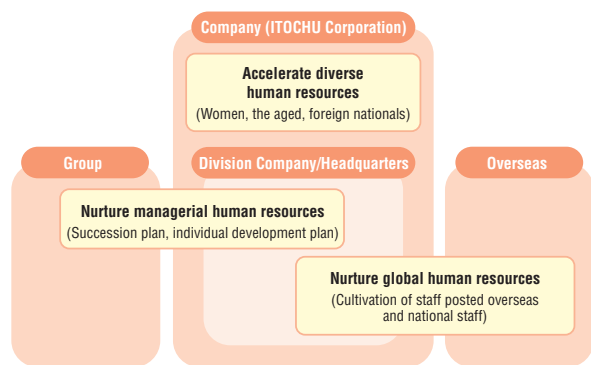
Human resource development

It is human resources that support our continued growth. From a standpoint of consolidated and global management, we are focusing on the development of human resources for management positions and those with global perspective, spending about 1 billion yen annually for training. Furthermore, we are systematically providing training programs for diverse human resources, such as fostering young employees and helping female career-track employees and mid-career workers build their careers.

Human resource development policy and training (excerpt)

HRD framework	Specific program (excerpt)
Nurture managerial human resources	Managers school Dispatch of newly appointed section heads to overseas business schools
Nurture global human resources	Headquarters training for national staff Overseas dispatch of new personnel
Develop diverse human resources	Training for support of career visions Training for mid-career/administrative employees

Human resources strategy with global perspective



Career counseling

Our Career Counseling Center offers career-related consultation services and support for all employees, ranging widely from new hires to managers. Through the career selection workshops on the employment extension system, the center also helps employees select career paths.

Mentor program

Introduced with a view to actively cultivating female executive candidates, since fiscal 2006, the mentor program has expanded to cover mid-career employees, who have been rapidly increasing in number, in order to provide career support for them at an early stage. We have also launched a website to help create a work environment conducive for employees to demonstrate their capabilities, sending out information including advice on career formation.

Providing comfortable working conditions for employees

Flexible programs for childcare and nursing

To create an attractive workplace where employees can strike a good balance between work and home life with peace of mind, we have made programs to assist employee care for children or elderly family members. In addition to reinforcing those programs, we are taking actions for employees to feel comfortable utilizing them. More specifically, we have prepared handbooks not only for employees who are to use such programs, but also for their supervisors to promote better understanding in the workplace.



Chidcare web site

Number of employees to take programs related to childcare in FY2006

Childcare leave 32 Childcare related leave 61

Mental health

We have made arrangements that enable employees to receive professional in-house counseling from psychiatrists or clinical psychologists. Realizing the importance of preventive care against mental health problems, our Health Administration Center is playing an active part, presenting tips for dealing with stress in the corporate magazine.



Information dissemination via corporate magazine

Prevention of harassment

We have established an Employee Relation Center to provide consultation and solve issues on workplace harassment and various worries. We have stipulated a ban on sexual harassment in the company rule, to make employees fully aware of it. At the same time, we are taking preventative measures by conducting education preventing harassment related, for instance, to power and alcohol.

Measures for safety

As a globally active company, to assure the safety of our employees and their families we have established a system for swift communication, in the event of emergencies due to incidents, accidents, natural disasters, terrorism, etc. In addition to the safety confirmation system introduced in fiscal 2006, we have formed a tie-up with an emergency medical service firm in full preparation for such contingencies.

Social Contribution Activities

Viewing issues from a global perspective, we always remain aware of the role to play as a good corporate citizen, see that our activities are at harmony with both local communities and the international community, and contribute to the rise of societies offering a higher quality of life.

Outlook on social contribution

In keeping with our corporate credo of being committed to the global good, social contribution is included in the code of conduct. The mounting demands for CSR from society point to a need for a further reinforcement of our social contribution activities expected of us as a good corporate citizen. Mindful of this need, we held discussions on what activities would utilize our assets and characteristics as well as which field the company should contribute to, and made a partial revision to our basic ideology on social contribution activities in 2006, as shown in the table below. In accordance with this basic ideology, we intend to deepen our social contribution programs.

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.
(Action on global issues)
- 2 ITOCHU Corporation shall vigorously pursue activities of environmental preservation and contribute to sustainable social advancement.
(Environmental preservation)
- 3 As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.
(Community contribution)
- 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.
(Growth of the next generation)
- 5 ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.
(Active support for volunteer work by our employees)

1 Action on global issues

The world is facing various social issues. We decided to focus on activities to contribute to hunger and poverty mitigation and emergency assistance upon large-scale disasters.

Food assistance

Chronic hunger afflicts some 850 million people around the world. To mitigate problems of hunger and poverty if only a little, ITOCHU became a council member of the Japan Association for the United Nations World Food Programme, a certified non-profit organization (NPO) that supports the

United Nations World Food Program (WFP), and has been contributing to its activities since 2005. WFP promotes an annual charity walk, "Walk the World," in many parts of the world. Our employees participated in the walk that took place in Yokohama in May 2006 and deepened their awareness of hunger.



At the "Walk the World" opening ceremony

Response to disasters

ITOCHU furnishes emergency relief from a humanitarian perspective in response to large-scale disasters, which frequently occur in various parts of the world. In addition, the company implements a matching donation program, making the same amount of donation as the total collected from our employees. In fiscal 2006, for the people affected by the earthquake in central Java, we provided monetary assistance of 10 million yen and made donations of 1.05 million yen collected from our employees plus the same amount in a matching donation. We also donated 3 million yen to the communities struck by the earthquake on Japan's Noto Peninsula and furnished 2,400 bottles of (Evian) mineral water at the request of the Nippon Keidanren.

2 Environmental preservation

Summertime environmental classes

In 1992, we began holding summertime environmental classes, mainly for elementary school children in Tokyo's Minato Ward, for the purpose of environmental education for youth, coexistence with the community, and promotion of employee volunteer work. Our employees work with volunteer students to assist children to work on their independent research on the environment during the summer vacation. The classes are designed to impress children with the preciousness of nature. In 2006, a total of 75 students took part and studied in the three-day program.

3 Community contribution

Activities of the Kyushu branch: forest preservation

Together with Coca-Cola West Holdings Co., Ltd., we took part in activities of forest preservation in the "Sawayaka Shizen-no-Mori" in Tosu, Saga Prefecture. Besides planting fungus of mushrooms as the starting point of the food chain and placing fungus-planted tree logs in the forest to create a

mushroom area, the participants received a lecture on the forest ecosystem by prefectural officials.



Forest preservation activities

Overseas activities

About 50 volunteers working for ITOCHU International Inc. have continued the Angel Tree Project for more than five years. Through this project, they give Christmas presents to disadvantaged children in New York who otherwise wouldn't receive gifts.

ITOCHU Australia Ltd., to commemorate its 50th anniversary, donated a surf lifesaving boat to the Surf Life Saving Association, a major volunteer organization in Australia.

ITOCHU (China) Holding Co., Ltd. has continued to make donations to support children with disabilities for their living and schooling since 2004.



The Angel Tree Project

4 Growth of the next generation

Support for the ITOCHU Foundation

The ITOCHU Foundation established by ITOCHU Corporation in 1974 promotes the sound development of youth through assistance to the Association of Children's Libraries*, outdoor education programs and operation of a children's house (the Tokyo Center for Elementary and Junior High School Students). In fiscal 2006, the foundation made 100 advance pledges for assistance to Association of Children's Libraries with a total of approximate 24 million yen in support. Meanwhile, about 200 people participated in the outdoor education programs (youth camp), and approximate 16,000 used the center. On May 16, 2007, the accumulated total of visitors to the center amounted to 700,000.

* The foundation provides aid to the Association of Children's Libraries (individual households and community libraries) and other private groups as well as individuals engaged in reading education and guidance for children. From the first year (1975) to the 32nd (2006), it extended a cumulative sum of about 810 million yen in aid to a cumulative total of about 1,150 cases.



Workshop for leaders for youth activities

5 Active support for volunteer work by our employees

Discussion on social contribution

In February 2007, under the topic of promotion of social contribution activities, a discussion was held between the management including Chairman Niwa and employees to talk about wide ranging subjects such as volunteer activities by individuals and ideal social contribution activities by ITOCHU Corporation. One participant made a proposal on the monetary contribution as part of the international aid program, and it was immediately put into practice. With a view to providing medical assistance to Iraq, a total amount of 170,906 yen collected from employees at Tokyo headquarters was donated to JIM-NET, Japan Iraq Medical Network.

Volunteer activities by employees—"Fureai no Network"

A volunteer organization set up by employees of the ITOCHU Group, the "Fureai no Network" engages in activities centered around its four working groups (Nature Watch, Disaster Rescue, Reading Aloud and Volunteer Stamp Collection Activity). In fiscal 2006, the Nature Watch Working Group staged four gatherings in collaboration with a counterpart group in the Hasu Club of Fuji Xerox Co., Ltd. The Disaster Rescue Working Group discussed measures against the issue of difficulties in getting home that employees would face upon an emergency situation and held a disaster rescue drill with the cooperation of the Crisis Management & Preparedness Organization (CMPO).

Since 2002, members of the Reading Aloud Working Group have been making visits to the Pearl Community Center for Seniors (Daikanyama, Shibuya Ward) on the second Saturday of each month, to read books to the delight of the elderly there.

Volunteer Stamp Collection Activity Group sorted out and trimmed used stamps, and then made arrangements, putting a combination of domestic, overseas and commemoration stamps on a mount as one set, before donating them to the Japanese Organization for International Cooperation in Family Planning (JOICFP), for the purpose of improving living standard of people in developing countries and help them stand on their own feet. Stamps before trimming were also contributed to Japan Overseas Christian Medical Cooperative Service to enhance overseas medical care.

Remaining tasks and targets

**Shoichi Suzuki
Manager, Philanthropy Office**

In fiscal 2007, to further fulfill our responsibilities as a good corporate citizen, we are planning to draw up and promote social contribution projects including environmental activities. At the same time, we will increase volunteer activities, in which employees can voluntarily and freely participate while having fun. We hope that the fiscal 2007 will become the year to promote social contributions furthermore at the corporate and individual level.