



ITOCHU Corporation

CSR Report
2011

Full Report

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Editing Policy

ITOCHU Corporation's Perspectives on CSR

We at ITOCHU Corporation believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This report presents the role we must discharge and our initiatives for it.

HIGHLIGHT

The following two initiatives, which ITOCHU is placing special focus on, are presented in this report as highlighted features.

- ① Taking on the Challenge of Renewable Energy
(Solar energy, wind power, bioenergy)
- ② Documentary Report Project on Supply Chains:
Tracing our products from downstream to upstream

Core Subjects of ISO 26000 and Our Initiatives

ISO 26000, an internationally recognized set of guidelines to social responsibility for all types of organizations, was published in 2010. ITOCHU aims through its global activities to achieve a sustainable society. To take these activities a step further, we have classified our initiatives based on the seven core subjects embedded in ISO 26000.



The Role of This Report

This report is designed to publically report on our CSR activities and promote understanding of those programs. For the convenience of our growing stakeholders across the globe, the report is published in three languages—Japanese, English and Chinese.

Referenced guidelines

Sustainability Reporting Guidelines 2006 issued by Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2007 version) issued by the Ministry of the Environment
ISO 26000 (Guidance on social responsibility)

A side-by-side comparison of GRI guidelines and the UN Global Compact can be found at:
<http://www.itochu.co.jp/en/csr/report/>

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2010, and ended on March 31, 2011 (FY2011). However, some of the most recent information on our activities and initiatives are also included.

Reporting scope

This report covers ITOCHU Corporation (9 domestic offices and 117 overseas offices) and its major group companies.

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We will strive to solve social issues and create new corporate value through CSR rooted in the front-lines of business.



Fully Committed to Recovery in the Disaster Region and of the Japanese Economy

I would first like to extend my deepest sympathies to everyone affected by the Great East Japan Earthquake that occurred on March 11, and express my sincere gratitude for the words of encouragement for Japan received from so many countries around the world. The entire ITOCHU Group is committed to offering its full support to the region. The role of private-sector corporations like us in a crisis of unprecedented proportions is to provide the kind of highly targeted, long-term support that cannot be provided by the government. In talking with local people in the disaster area, I came away with a strong sense of the necessity to meet a truly diverse set of needs going forward. Recovery efforts are currently transitioning from emergency post-disaster relief to regional revitalization and economic recovery. We intend to accurately identify changing local needs and continue providing sustained support through our main businesses as a general trading company with many functions. Furthermore, amid concerns that Japan's international presence is waning, we will reaffirm the importance of the roles general trading companies play, and tackle business with the resolve of a company set on driving Japan's economy forward. (See pages 5 and 6)

Shifting to Proactive Management and Rigorously Practicing a Front-line Approach to CSR

Our new medium-term management plan, "Brand-new Deal 2012," was set in motion in April 2011. The name evokes something completely new, while also suggesting a new set of measures. Under the banner of the new ITOCHU, we will shift to a distinctly proactive management approach and promote the basic policies of strengthening front-line capabilities, proactively seeking new opportunities, and expanding our scale of operations. Effective April 2011, we implemented a major organizational restructuring of the largest scale in 11 years, going from seven Division Companies to five and reducing administrative divisions at the head office from 16 divisions to 11, in an effort to expedite and increase the efficiency of operations. (See page 13)

We also revised our basic policies for CSR promotion, adding "through a front-line approach" to "communication with stakeholders" as well as new policies on promoting businesses that help solve social issues and involvement in and contributions to the development of local and global communities. First of all, communication through a

Masahiro Okafuji
President and
Chief Executive Officer

Medium-Term Management Plan Brand-new Deal 2012 FY2012–FY2013

Guided by the basic policies of "Strengthen Our Front-line Capabilities," "Proactively Seek New Opportunities," and "Expand Our Scale of Operations," every officer and employee is moving with assertive and forward-looking action to "Earn, Cut, Prevent!" in the drive to create a new ITOCHU.

Basic Policies

- Strengthen Our Front-line Capabilities
- Proactively Seek New Opportunities
- Expand Our Scale of Operations

Measures by Key Sector

- China: Aggressively Expand Business
- Machinery-related: Increase and Accumulate Assets
- Natural Resources: Expand and Upgrade Business

front-line approach fundamentally means interacting humbly with other people as equals. In my own experience, visiting customers directly and communicating with them from their perspective while constantly thinking about the issues affecting their industry translates into a sustained business relationship. There is an enormous difference in the quality of information you acquire by going to the site, getting a feel for the atmosphere and listening, compared to just handling something over the phone. There were many times I learned the customer's expectations for ITOCHU and their concerns just based on offhand remarks.

The business of a general trading company spans a range of countries and industries. We recognize that we must understand the expectations placed on us and concerns about us through communication on these various front-lines of countries and industries and incorporate them into our businesses. Furthermore, to exist in harmony with society we must identify what stakeholders expect of us and what concerns they have about us, which means communication on the front-lines is highly important. Based on this understanding we will further strengthen communication with diverse stakeholders on our many front-lines.

General Trading Companies Should Actively Work to Solve Social Issues

Guided by "*Committed to the Global Good*," the mission of ITOCHU, we are working to solve social issues at the global level. People pursue prosperous, affluent lives in both a material and spiritual sense. We want to help people enjoy prosperous and better lives. Linking this intention to the creation of sustainable societies may be considered the ultimate form of CSR. This also leads to the practice of *sampo yoshi* (good for the buyer, seller and society), which was trumpeted by the Ohmi merchant Chubei Itoh, the founder of ITOCHU.

For this reason as well we must do what we can for society through our businesses to help solve social issues, specifically climate change and human rights concerns. Corporations must also operate based on the idea of helping solve social issues by anticipating market growth over the long term and establishing a foothold in those markets. We believe that businesses in the early stage of development are precisely what general trading companies should be involved in, and in our new medium-term management plan, renewable energy (see pages 9 and 10) and rechargeable batteries are positioned as priority sectors. Active involvement by general trading companies, which build value chains from upstream to downstream, helps markets emerge, promotes technology advances, raises efficiency and fosters businesses. Through this cycle we hope to help solve issues facing society. However, getting involved in businesses in booming but unstable markets requires

considerable size and strength. This is one of the reasons companies strive for growth. ITOCHU, for its part, intends to give equal weight to increasing revenues and helping solve social issues.

At the same time, we believe that in conducting business around the world it is important to actively participate in society as a member of the local community and the global community and to contribute to development at the local level, even outside of our businesses. ITOCHU will continue to energetically engage in social contribution activities all over the world.

Developing Human Resources for Front-line CSR

Conducting business in a multitude of countries with differing cultures and laws necessarily takes partners that are locally rooted, have a strong sense of ethics and are trusted by society. When selecting partners we place a great deal of emphasis on the company's values and ethical outlook. Moreover, in order to effectively carry out a joint project with a partner, human resources must be developed who are capable of communicating in a timely and straightforward manner. It is said that people are the real assets of a general trading company, and for ITOCHU human resources are our lifeblood—we are among the top companies in Japan in terms of money spent on training per person. We spare no expense when it comes to human resources development. Last year we launched a new program targeted at younger employees for short-term study of Chinese and other specialty languages, and began sending them to China and other countries positioned as priority markets where the languages are spoken. Through the program we hope to train more locally rooted specialists in the respective markets. These personnel will promote locally rooted CSR with high proficiency as professionals in their industries.

Creating New Corporate Value with Society

The relationship between companies and society is currently undergoing considerable change. In the midst of this change, we must be fully aware of the impact of our business activities on society and must not inadvertently become indirectly complicit in any human rights violations or incidents of environmental pollution. ITOCHU has taken part in the United Nations Global Compact since 2009, a set of universal principles on human rights, labor, the environment and anti-corruption, and we continue to work to raise awareness within the company and among suppliers.

Serious engagement in creating value that can be shared with society through our businesses will raise our competitiveness and lead to further growth. We will take on the challenge of creating new corporate value by further strengthening the front-line capabilities that enable successful performance as industry professionals by each and every employee.

Basic Policies for CSR Promotion

FY2012–FY2013

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan. Through integrated CSR and management promotion, ITOCHU seeks to promote CSR via its core business activities.

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

Steps Taken After the Great East Japan Earthquake

The Great East Japan Earthquake that occurred on Friday, March 11, 2011, caused widespread damage throughout eastern Japan. Immediately after the disaster, ITOCHU set up a BCP (Business Continuity Plan) Response Headquarters and began taking steps to restore operations and provide the affected areas with assistance in the form of monetary donations and supplies. Over the longer term, we will continue to spare no effort in the execution of our business activities in order to provide the necessary support to recovery efforts in the region.

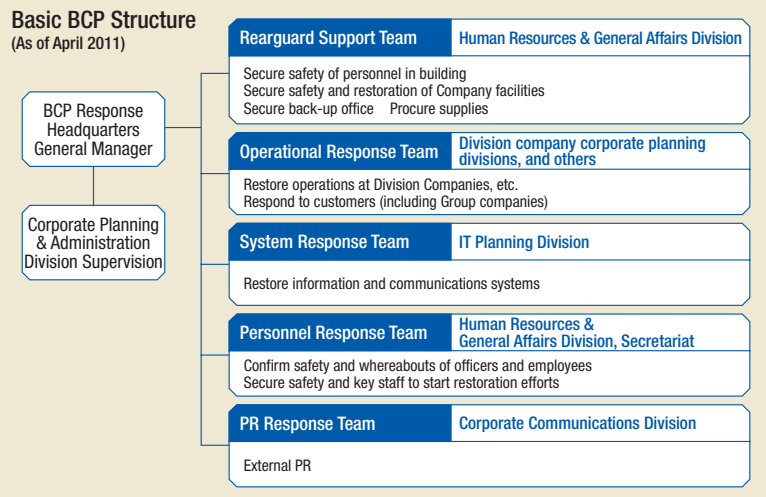
Major Steps Taken in the Immediate Aftermath

After the scale of damage from the earthquake and tsunami became clear, the BCP Response Headquarters was set up over the weekend (March 12, 13) and began operating on March 14 with the initial aim of ascertaining the safety of our employees and sustaining business operations.

Our primary focus was on establishing a structure to provide support for the damaged Tohoku Branch. We then assessed the situation at Group companies to determine what support they needed, and provided assistance accordingly. The disaster wreaked havoc on the transportation networks in Tokyo and surrounding areas, preventing many people from traveling to work on the following Monday. In response, we used internal emergency contact networks, our email system for verifying safety and whereabouts (sending of group email), and our intranet and extranet to communicate with our employees in the early hours of the 14th about coming in to work that day.

Although the earthquake overturned office fixtures and caused other damage to the Tohoku Branch, normal operation was resumed barely ten days later on March 22. While the state of emergency that prompted enactment of the BCP was rescinded on March 29, the BCP Response Headquarters will remain in place to mount a response to anticipated power shortages.

Also, another point of having a BCP is to have specific preventive steps of some kind already in place, not just enact them when catastrophe strikes. Going forward, ITOCHU will do all it can to prevent further tragedy and help those in the region who have already suffered.



Donations and Supplies

Of the monetary donations of ¥400 million made by ITOCHU, one part we used to support a wide range of activities in those areas hardest hit by the earthquake and tsunami through the local governments of Miyagi Prefecture, Iwate Prefecture, Fukushima Prefecture, Ibaraki Prefecture and Aomori Prefecture. Another part of the donations was made through an NPO, JAPAN PLATFORM, a consortium of NPOs, the business community, and representatives from government agencies. This part was used to fund the activities of NPOs working on the ground. Emergency relief supplies were prepared, packed, and delivered in accordance with the requests of the disaster relief headquarters for the affected areas. Our deliveries of SPAM®, a canned, precooked meat product, were particularly well received as it requires neither refrigeration nor a can opener.

Actions by the BCP Response Headquarters

- Confirmed safety and whereabouts (ITOCHU Corporation employees, Group company employees)
- Confirmed damage status (branches, Group companies)
- Secured and reestablished ways to contact employees
- Responded to employees
Flexibility in coming to/returning from work, limited business trips
- Business continuity-related matters
- Preparing for large-scale aftershocks and sporadic, large-scale blackouts
Emergency power generation, emergency food supplies, cafeteria food supplies, emergency supplies, etc.
- Preparing to sustain normal operations during planned blackouts and expected power shortages during summer
Set up an Osaka BCP organization, examined issues in each organization, promoted a BCP network
- Social contribution (including support to affected areas)
Provisioned ¥400 million in donations, and provided clothing and food
Conducted fundraising activities
Transported food to the Tohoku Branch and Group companies
Met requests to conserve energy (adjusted room temperatures, lighting intensity, elevator use, toilet facilities)
- Provided information to employees and outside stakeholders

Donations & Supplies of Food, Clothing, etc.

| | |
|----------|--|
| Clothing | 10,000 items of underwear, children's clothing, and towels |
| Food | 3,000 boxes containing a total of 72,000 cans of SPAM* |

* Of which, 1,500 boxes (36,000 cans) were donated by Hormel Foods Corporation, the American maker of SPAM®.

Continuing Power Conservation Efforts

The invocation in Japan of Article 27 of the Electricity Business Act has mandated a 15% year-on-year reduction in peak electric power usage. To ensure that it clears this hurdle, ITOCHU set a conservation target at the Tokyo Headquarters Building that represents a 25% reduction from the previous fiscal year. We are effectively combining the use of an energy management system with several energy-saving measures, including a switch to LED ceiling lights, the use of LED desk lights, optimal air-conditioning settings, and the use of energy-saving software on PCs. Power consumption at the Tokyo Headquarters Building is also posted to the Company intranet approximately every 30 minutes as a way to promote active participation in the

effort to save energy. As concern that the problems surrounding the electric power supply in Japan will grow protracted, ITOCHU will offer energy management and energy-saving solution businesses to meet customer needs.

The Great East Japan Earthquake Recovery Assistance Site

In May 2011, ITOCHU launched a new website, the Great East Japan Earthquake Recovery Assistance Site, on its intranet to share information on the support activities of ITOCHU employees and the ITOCHU Group itself.

Posted on the website are up-to-date information on the Group's assistance programs and employee volunteers, updates from the Tohoku Branch on local conditions, reports submitted by volunteers and more. We intend to use this site to keep employees informed about support activities for fostering recovery over the long term.



Charity Concert Held in Sendai

Every year for the past 20 years, ITOCHU has been holding a concert in the lobby of its Tokyo Headquarters. This year however, the event was moved to Sendai in an effort to help cheer up communities affected by the recent disaster. Held on July 19, the concert saw an audience of 1,000 treated to a performance of classical music by the New York Symphonic Ensemble. A talk show featuring actress Keiko Takeshita, the audience's guide to the evening's entertainment, Masahiko Ichiriki, president of regional news company Kahoku Shimpo, and ITOCHU chairman Eizo Kobayashi was also held during the event. Donations collected from those attending were presented to the Kiwanis Club of Sendai Children's Fund.



New York Symphonic Ensemble



Chairman Kobayashi in conversation with President Ichiriki

Produce from Affected Areas Served Up at the Employee Cafeteria

Many farmers in the affected areas have had difficulty selling their produce. This is a direct result of many consumers avoiding all goods grown or reared in the prefectures close to the troubled Fukushima Daiichi Nuclear Power Plant. As a show of support, the Tokyo Headquarters has made a point of sourcing as much of the vegetables for the salads and side dishes offered at its cafeteria, from such producers as of April. The same is true for the liquor served by the cafeteria in the evenings. With roughly 1,600 employees patronizing the Tokyo headquarters establishment alone, we hope that this initiative will play a part, no matter how small, in helping local agriculture through this difficult time.



Steps taken at the employee cafeteria

New Program Initiated to Encourage Employees to Volunteer in Relief Efforts

In May, ITOCHU set up a system for supporting employees wanting to volunteer for relief efforts. A Workers' Volunteer Program organized by the Joint Committee for Coordinating and Supporting Voluntary Disaster Relief Activities, with recruitment handled by the 1% (One Percent) Club*. Employees were also directed to the "Kankeiren Volunteer Bus," with recruitment efforts handled by the Kansai Economic Federation (Kankeiren). In addition, ITOCHU is encouraging employees to take volunteer leave to participate in the program, and is paying the actual costs for participation (transportation, board, and other costs). As a Group we intend to encourage more and more employees to give their time to help those in need, and in doing so contribute to the recovery of the affected regions.

* Established by Keidanren in November 1990. Members are enterprises and individuals who pledge to contribute 1% or more of their operating profits or disposable incomes to social contribution activities.

Volunteer Report

Don't Think, Do

Satoshi Takagi, Legal Division

Before going up to Tohoku I had seen pictures of the destruction on the TV and read about it in the news, so I thought I knew what I was getting into. I was wrong. Seeing something in print and witnessing it in person, right in front of your eyes, are two very different things. I still wonder whether or not what I did in Tohoku will be able to actually accomplish anything of value. Be that as it may, I believe we should take action without hesitation. I really think that the Workers' Volunteer Program was a very good chance to participate in volunteering, especially because it was supported and encouraged by my employers at ITOCHU. It has become easier now to participate in volunteering compared with how the situation was in the past. Please make that first step. The experience really changes people. I hope that many more people have such an opportunity to help those affected by this catastrophe.



Far left: Satoshi Takagi

Growing Post-Disaster Volunteerism from Western Japan

Rieko Ueda, Textile Company, Planning & Administration Department

After the earthquake struck, I was eager to volunteer to help. But the distance of the the Tohoku area from western Japan, among other things, ended up becoming barriers to me doing so for a while. However, I finally managed to volunteer thanks to the Kansai Economic Federation, a volunteer leave of absence from ITOCHU, and my colleagues, who shared my workload during my absence. I was greatly encouraged by all of this support. I am grateful for the incredibly valuable experience that volunteering gave me. Before leaving, I was unsure whether I was physically strong enough to help, and worried that I might end up getting in the way. But once I arrived, those concerns were quickly brushed aside as I took on the mud and grime all around me with a shovel tightly in hand. This is just one indication of the virtual mountain of work that needs to be done there. Now that I and everyone else who took part are highly aware of the situation, I hope that we can help encourage more people from western Japan to volunteer in rebuilding the stricken northeastern region of the country.



Left: Rieko Ueda

CSR for ITOCHU Corporation

ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields. As such, ITOCHU is well aware of its impact on the global environment and international society. Being “Committed to the Global Good,” we will continue to contribute to building a sustainable society going forward.

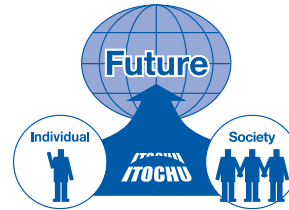
ITOCHU Mission and Values

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 buyer, seller and society), a management philosophy embraced by Ohmi merchants that is the source of its CSR thinking today.

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 all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, “Committed to the Global Good,” was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To embed the ITOCHU Values, ITOCHU has formulated “5 self-tests” that employees can refer to in order to determine that the five values are present in their actions.


ITOCHU Mission


Committed to the Global Good





The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.


ITOCHU Values & 5 self-tests

-  **Visionary** Am I communicating vision and moving forward with others?

-  **Integrity** Am I proud to say I am involved in the work?

-  **Diversity** Am I including the ideas and skills of a variety of people to create the best result?

-  **Passion** Am I taking responsibility for and caring intensely about what I am doing?

-  **Challenge** Am I actively trying new things and pursuing innovative solutions?

ITOCHU's Participation in the United Nations Global Compact



In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve the sustainable growth of the international community. In compliance with the Global Compact's ten principles in the areas of human rights, labour standards, the environment and anti-corruption, ITOCHU is striving to fulfill its corporate mission of “Committed to the Global Good.”

The Ten Principles of the United Nations Global Compact

Human Rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** make sure that they are not complicit in human rights abuses.

Labour

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labour;
- Principle 5:** the effective abolition of child labour; and
- Principle 6:** the elimination of discrimination in respect of employment and occupation.

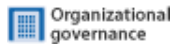
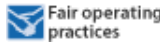
Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Sampo Yoshi and ITOCHU CSR

Organizational
governanceHuman
rightsLabor
practicesThe
environmentFair operating
practicesConsumer
issuesCommunity involvement
and development

Our history has been built together with the philosophy of *sampo yoshi*. We intend to practice CSR that is rooted in this principle going forward as well.

Basic perspective on CSR at ITOCHU

ITOCHU Corporation is strongly aware that companies are also members of society, and that a company cannot remain sustainable unless it coexists with society as a good corporate citizen, and meets the expectations of society through its business activities. We at ITOCHU Corporation believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This approach ties into a management philosophy of *sampo yoshi* held by the Ohmi merchants, which forms the cornerstone upon which our founder Chubei Itoh built his business. We believe that it is our mission to understand diverse values as a truly global enterprise, meet the expectations of society, and continue to be a company that is needed by society.

Our founder Chubei Itoh and *sampo yoshi*

ITOCHU traces its origins back to 1858, the year in which Chubei Itoh set out from Toyosato Village in Shiga Prefecture on a journey to Nagasaki as a traveling linen merchant.

Chubei Itoh grounded his business in the spirit of *sampo yoshi*, a management philosophy embraced by merchants in the feudal province of Ohmi, where he was born. In adherence with their *sampo yoshi* philosophy, as well as being good for the seller and the buyer, Ohmi merchants contributed to the economies of the regions they visited. In the shogunate era, Ohmi merchants came into existence and their economic activities were permitted because they were regarded as being good for society. This can be said to be the roots of today's idea of CSR, which calls on companies to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of society."



Our founder Chubei Itoh
(1842-1903)



Ohmi merchants
(courtesy of Museum of
Ohmi Merchant)

The roots of a management philosophy passed down for 150 years

Our founder Chubei Itoh established a “store law” in 1872. Also, he adopted a meeting system. The store law was a set of house rules covering what in modern parlance we would call management philosophy, a human resources system, and employment regulations, which subsequently became the foundation of ITOCHU Corporation’s management philosophy. Emphasizing communication with employees, Chubei Itoh chaired meetings himself. Moreover, he incorporated a series of what were at the time groundbreaking management systems, including the codification of “sharing of profit by three parties” (*) and Western bookkeeping methods. Those initiatives built the foundations of mutual trust between the store owner and employees. Since that era, we have based our corporate management on CSR.

* Sharing of profit by three parties: In a predominately feudal era, this was an extremely progressive philosophy of sharing profits with employees. The store’s net profit was divided among three parties: the store owner, the store’s reserve fund, and store employees.



A daifukuchō ledger from the time of ITOCHU’s founding

150 years of history and CSR

In 2008, ITOCHU Corporation marked its 150th anniversary. Why has ITOCHU continued to develop? Because ITOCHU has over 150 years put into practice the spirit of *sampo yoshi*, a management philosophy trumpeted by Ohmi merchants that is the source of its CSR thinking today. At the same time, as the business environment has changed with the times, ITOCHU has built a corporate culture that anticipates change and turns it into opportunities.

Since its foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and periods of economic volatility. Launched as a trading company mainly handling textiles, ITOCHU Corporation has fulfilled the role of a trading company that has responsively changed according to the demands of each generation while significantly changing its product and business portfolios—expanding its sphere of influence to include areas from upstream raw materials through to downstream consumer sales. As it has grown, ITOCHU Corporation has evolved into a general trading company and from there into a globally integrated corporation.

We are convinced that our history has continued for 150 years because we have surely upheld and passed on the spirit of *sampo yoshi* while remaining an essential component of society by responding to changes in its expectations in different eras.



“Itoh Itomise” thread and yarn store at the time of its opening in 1893

Basic Policy on CSR and Promotion System



Approach to CSR promotion at ITOCHU Corporation

We at ITOCHU Corporation believe that fulfilling our social responsibility through our business activities is important. To make sure that CSR is systematically implemented involving the whole organization, we established basic policies for CSR promotion as a corporate-wide policy and drafted CSR action plans in each organization to promote CSR.

In addition, we communicate with our various stakeholders to grasp the expectations and demands of society towards our company and leverage these for the promotion of CSR.

Basic Policies for CSR Promotion

Basic policies for CSR promotion "Brand-new Deal 2012"

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

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

In the "Basic policies for CSR promotion" during the period of the "Brand-new Deal 2012" plan, which covers fiscal 2012 to fiscal 2013, we made revisions to reflect the results of an annual employee questionnaire about the Company's CSR Report. Below are the main points of the new policy.

1. Strengthening communication with stakeholders through a front-line approach

Strengthening front-line capabilities is one of the basic policies of the medium-term management plan. At the business front-lines of all division companies, ITOCHU will work to understand the needs of stakeholders through more intensive communication with them by each and every employee, and take advantage of and reflect those needs in businesses and operations.

2. Promoting businesses that help solve social issues

A sustainable society is essential for ensuring the continuity of businesses. In order to ensure the continuation of one's businesses, a company must do what it can for society through its businesses to help solve social issues such as climate change and human rights abuses. ITOCHU aims to help solve social issues through businesses that respond to social needs.

3. Strengthening supply chain management (Respect for human rights and consideration for the environment)

As a company that develops business around the world, ITOCHU views supply chain management as an important issue to be addressed. Preventing human rights, labor, environmental and other problems, and working for improvement together with suppliers, ITOCHU in April 2009 formulated "ITOCHU Corporation CSR Action Guidelines for Supply Chains." Based on these action guidelines, ITOCHU conducts annual supplier surveys regarding human rights, labor, the environment and other matters, and requests suppliers' understanding of ITOCHU's approach and supplier cooperation in putting it into practice.

4. Promoting education on CSR and environmental conservation

The expression of CSR rests in the hands of each individual employee. This is why it is critical that all employees correctly understand the kind of CSR that the ITOCHU Group should engage in. In a bid to have a CSR mindset take root among all employees, ITOCHU conducts education on CSR and environmental conservation through a wide range of training and other programs, and all organizations conduct lively discussions about CSR action plans.

5. Involving in and contributing to development of local and global communities

ITOCHU is a member of the local communities where it has a business base. At the same time, it is a member of the global community. Accordingly, in areas even outside the Company's main business, ITOCHU aims to actively participate in society as a member of the local community and the global community and contribute to development at both levels.

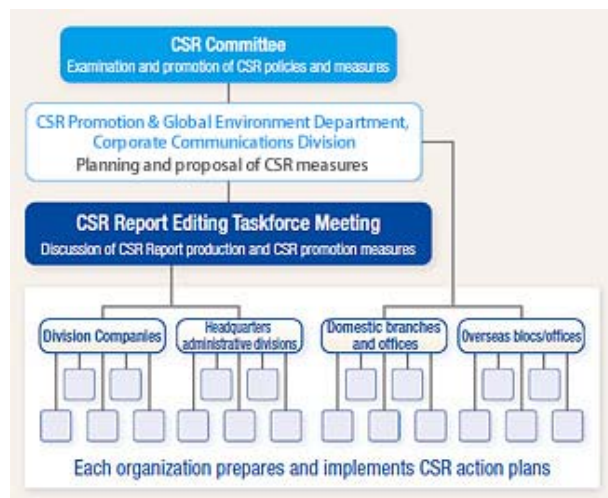
CSR promotion through CSR action plans

ITOCHU Corporation conducts various businesses through five Division Companies, the Construction & Realty Division, and the Headquarters Business Organization. To reliably promote CSR in our businesses, each Division Company defines the CSR issues that are important in its business and formulates the "CSR action plans," and execute them based on a PDCA cycle system.

In actual practice, the responsible sales divisions draft and execute the CSR action plans under the lead of the general manager of the Planning and Coordination Department and the staff in charge of CSR promotion of each Division Company.

CSR action plans are also formulated and exercised by each organization such as the Headquarters' administrative divisions, domestic branches and offices as well as overseas bases in line with the respective businesses and functions. A pillar of our CSR promotion is that every employee understands the plans and steadily executes them in his or her job.

CSR promotion system at ITOCHU Corporation



CSR promotion system

At ITOCHU Corporation, in April 2011 the CSR Promotion & Global Environment Department was moved into the Corporate Communications Division, with the aim of enhancing communication with stakeholders. This department plans and proposes strategies for promoting CSR, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Report Editing Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the CSR report and CSR promotion measures.

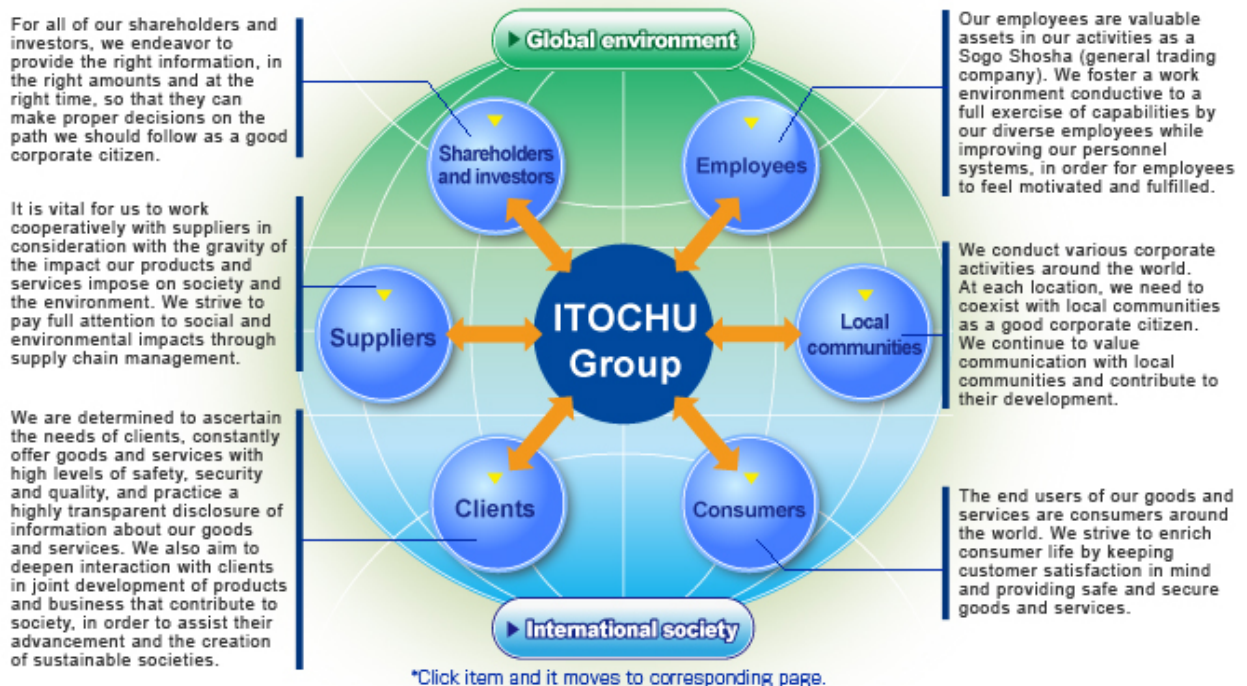
Stakeholder Relations



Stakeholders of the ITOCHU Group

Approaching CSR through dialogue with our stakeholders.

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. Through these efforts, we promote CSR activities to help solve social issues by comprehending the expectations and concerns that industry and regional society may have regarding ITOCHU and reflecting this understanding in our business activities.



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

Respect for Human Rights



Policy on Respect for Human Rights

■ Corporate Philosophy and Code of Conduct of the ITOCHU Group

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

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.

Guided by this approach, the Group clearly prohibits the violation of human rights and sexual harassment in its employment regulations, and has outlined punitive measures to be taken against those who engage in such conduct.

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

We value the rights and individuality of each person. We show respect and are attentive to others regardless of gender, race, religion, or position. We don't discuss matters that cause discomfort; we don't discriminate or harass; we respect basic labor rights and eliminate forced labor and child labor.

■ United Nations Global Compact

ITOCHU Corporation supports the principles of the United Nations Global Compact, guaranteeing the fundamental labor rights of its employees.

Excerpt from the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Raising Awareness Internally of Respect for Human Rights

■ Raising awareness through internal training programs

We work to extensively embed understanding of human rights through training programs held each year.

■ Workshops for Organization Heads

Preventions against sexual harassment and power harassment are discussed at training workshops for all of general managers and managers in the company.

■ Training for New Recruits

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.

| | FY2010 | FY2011 |
|----------------------------------|----------------|------------|
| Workshops for Organization Heads | 972 people (*) | 466 people |
| Training for New Recruits | 190 people | 147 people |

* Held twice in fiscal 2010 (471 in first half of year, 464 in second half)

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

ITOCHU has set up an employee consultation desk to allow employees to discuss problems they may be individually confronting. A “HR Help Guide Book” has also been posted to the ITOCHU intranet, and efforts to broadly raise employee awareness of the consultation desk are made as 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.



The “HR Help Guide Book” posted on the intranet

■ Career Counseling Center

ITOCHU was one of the first Japanese companies to establish its own Career Counseling Center, where employees can consult regarding not only their individual careers, but on workplace culture, interaction with colleagues, remuneration, harassment, and other issues. Consultations can take place via phone, fax, email, post, or other means, and are dealt with by expert office staff.

■ Raising Awareness Through Various Publications

In an effort to avoid violations of human rights in the workplace, ITOCHU strives to raise awareness of human rights through a variety of publications distributed to all employees.

- ITOCHU’s basic stance regarding respect for human rights is conveyed in a booklet explaining the ITOCHU Group’s corporate philosophy and code of conduct to all employees.
- The Compliance Handbook has pages on respect for human rights, as well as power and sexual harassment, giving concrete examples of such conduct in an effort to avoid any violations of human rights in the workplace.
- A pocket-sized card on proper workplace etiquette details rules on the strict prohibition of any forms of harassment.

■ Fair and Honest Recruitment

At ITOCHU, recruitment decisions are based solely on an individual’s abilities and merits, for fair and honest recruitment practices without regard for age, sex, or nationality. A watchdog system for ensuring fair and honest recruitment is also in place, and employees are selected and notified to serve as watchdogs and to promote awareness of human rights.

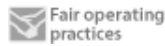
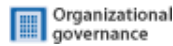
Human Rights in the Supply Chain

Consideration for human rights and labor in the supply chain is an important CSR issue for companies with transactions that take place on a global scale.

At ITOCHU, each Division Company surveys the actual situation in this regard among its suppliers, checking to ensure that suppliers are not engaged in forced labor, child labor or any other immoral labor practices.

[Click here](#) to read more about surveying actual labor practices in the supply chain.

Penetration of CSR at ITOCHU



CSR Report 2010 questionnaire for employees

With publication of the CSR Report 2010, an Employee Questionnaire Survey was conducted again to deepen and assess CSR awareness. This year, 79.1% of the 7,073 employees responded to the survey, a total of 5,598 respondents.

In the questionnaire, ITOCHU Corporation employees selected "promoting businesses that help solve social issues" as the top theme that ITOCHU Corporation should address; it was the third-highest theme among employees of overseas blocs. As such, it was made one of the "Basic policies for CSR promotion" in the "Brand-new Deal 2012 (*)." ITOCHU will continue to reflect the opinions of employees in CSR, while promoting CSR through its business activities.

* ITOCHU Corporation FY2011-FY2012 Medium-Term Management Plan

■ Replies to the CSR Report 2010 questionnaire for employees

| | Questionnaire for employees of ITOCHU Corporation | Questionnaire for employees of overseas blocs | Total |
|---------------------|---|---|-------|
| Number of employees | 5,160 | 1,913 | 7,073 |
| Number of replies | 4,343 | 1,255 | 5,598 |
| Reply rate | 84.2% | 65.6% | 79.1% |

<Questionnaire Results Excerpt> CSR Issues that ITOCHU Corporation should address

| | Questionnaire for employees of ITOCHU Corporation | Questionnaire for employees of overseas blocs |
|---|---|--|
| 1 | Promoting businesses that help solve social issues | Relationships with employees |
| 2 | Ensuring a transparent corporate governance structure | Global warming countermeasures |
| 3 | Employees relations | Promoting businesses that help solve social issues |

CSR workshops

As one measure for promoting CSR, the Company holds CSR Workshops in each organization, where employees take part in discussions about important CSR themes.

In the CSR Workshops held in fiscal 2011, 10 themes were set with reference to CSR Report 2010. These themes included "the work of my department and CSR," "supply chain management," "social contribution activities," "environmental measures," and "ITOCHU's corporate image." The workshops were a forum to debate and exchange views on selected themes in each organization. 163 workshop reports were submitted, which were attended by a total of 2,238 people.



A CSR Workshop

The most-selected theme was "the work of my department and CSR," which was chosen by 63 departments. This was followed by "ITOCHU's corporate image," with 41 departments selecting this theme for discussion and debate. A large number of departments also selected multiple themes for discussion.

Employee questionnaires on the CSR Report every year together with workshops are expected to deepen individual employee understanding of CSR. Participants in the CSR Workshops expressed positive opinions about them, such as "this sort of opportunity was a meaningful use of department meeting time," and "I was able to exchange opinions with colleagues about something we don't normally give much thought to during the course of our normal workday." We will continue to hold these workshops and think about theme selection and other points for future workshops.

CSR seminars

We regularly organize internal CSR seminars to incorporate the views and opinions on various CSR issues from outside experts.

We plan to continue CSR seminars focusing on CSR issues that require particular attention.

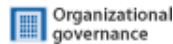


Inside CSR seminar of the 2010 6th time

■ Internal CSR Seminars in the past

| | |
|-------------|--|
| 1st seminar | Human rights / labor issues |
| 2nd seminar | Global warming and the business of general trading companies |
| 3rd seminar | The social impacts and roles of information technology in Japanese society |
| 4th seminar | Loss and recycling in food distribution |
| 5th seminar | Biodiversity and corporate initiatives |
| 6th seminar | Procedures for assessing environmental and social risk in project finance |

Implementing CSR Initiatives at Group Companies



Since fiscal 2007, we have been gradually expanding CSR promotion for major group companies, based on the model methods of ITOCHU Corporation; establishing CSR action plans and executing these in PDCA cycles. By fiscal 2011, an accumulated total of 48 companies established CSR action plans.

In fiscal 2011, we held CSR training for group companies. The training program involved workshops that introduced examples of group companies within the ITOCHU Group that are engaged in advanced initiatives and the latest trends in CSR, as well as ISO 26000, which was issued in November 2010. Two training sessions were held and were attended by employees from 37 companies.



Workshop for CSR representatives of group companies

Looking ahead, we plan to promote the development of CSR according to the nature of the business and scale of each group company.

Group companies targeted for CSR implementation at a glance

| Organization | Companies targeted |
|---|--|
| Textile Company | ITOCHU FASHION SYSTEM Co., Ltd., ROY-NE CO., LTD., ITOCHU MODEPAL CO., LTD, CI SHOPPING SERVICE CO., LTD., ITOCHU Home Fashion Corporation |
| ICT & Machinery Company | ITOCHU Plantech Inc., ITOCHU Automobile Corporation, ITOCHU CONSTRUCTION MACHINERY CO., LTD., ITOCHU Techno-Solutions Corporation, ITC NETWORKS CORPORATION, ITOCHU ELECTRONICS CORP., CAPLAN Corporation, JAPAN AEROSPACE CORPORATION, NANO Media Inc., ITOCHU MACHINE-TECHNOS CORPORATION, ITOCHU SysTech Corporation, ACRONET Corp. |
| Energy, Metals & Minerals Company | ITOCHU Metals Corporation, ITOCHU Oil Exploration Co., Ltd. |
| Chemicals, Forest Products & General Merchandise Company | ITOCHU KENZAI CORPORATION, ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., ITOCHU PULP & PAPER CORP., ITOCHU CERATECH CORPORATION, The Japan Cee-Bee Chemical Co., Ltd., Chemical Logitec Co., Ltd., VCJ Corporation, ITC Green & Water Corp., ITOCHU Windows Co., Ltd., C.I. Kasei Co., Ltd. |
| Food Company | Yayoi Foods Co., Ltd., ITOCHU Feed Mills Co., Ltd., ITOCHU Rice Corporation, ITOCHU Sugar Co., Ltd., I-FOODS Co., Ltd., ITOCHU FRESH Corporation, Universal Food Co., Ltd., NIPPON ACCESS, INC. |
| Construction & Realty Division | ITOCHU PROPERTY DEVELOPMENT, LTD., ITOCHU Urban Community Ltd. |
| Headquarters Business Organization | ITOCHU LOGISTICS CORP., FX PRIME Corporation, ITOCHU Orico Insurance Services Co., Ltd., Superex Corporation. |

ITOCHU GLOBAL CSR MAP

Conducting ITOCHU CSR through Business Activities

ITOCHU Corporation is a general trading company with business operations worldwide. Through business domains spanning upstream areas like raw materials to downstream areas such as retailing, ITOCHU is working through trading and business investment to support the lives of people everywhere.



SPAIN
P09 HIGHLIGHT
 Solar Thermal Power Generation Business with Abengoa Solar

CHINA
 Integrated Recycling Business at Dalian Changxing Island



Food Safety Management Support for Chinese Business Partner



Logistics Network Enhancement in China

SAUDI ARABIA
 Rehabilitation of Seawater Desalination Plant



INDIA
 Pre-Organic Cotton Project



MALAYSIA
 Conserving Forests with Hunting World



VIETNAM
P10 HIGHLIGHT
 Bioethanol Production Project with Petrovietnam Oil Corporation



INDONESIA
 Karawang Industrial Park Aims for Harmony with Society



U.S.A.
 Initiatives in Lithium-ion Battery-related Business



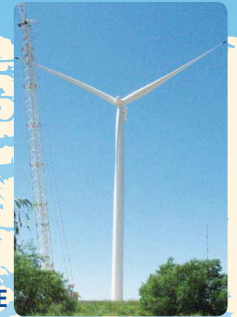
Grain Export Terminal Project on the US West Coast



P10 HIGHLIGHT
 Biomass Power Project



P10 HIGHLIGHT
 Wind Power Project with GE



P09 HIGHLIGHT
 Establishment of Largest Solar Distribution Company in US



ECUADOR
P11-12 HIGHLIGHT
 Documentary Report Project on Supply Chains (Cacao)



BRAZIL
P10 HIGHLIGHT
 Production of Bioethanol with Bunge



Textile Company



ICT & Machinery Company



Energy, Metals & Minerals Company



Chemicals, Forest Products & General Merchandise Company



Food Company



Construction & Realty Division



Headquarters Business Organization

More details of each project are available on the ITOCHU corporate website CSR pages

HIGHLIGHT Items with this mark are part of Taking on the Challenge of Renewable Energy
http://www.itochu.co.jp/en/csr/activities/renewable_energy/

HIGHLIGHT Item with this mark is part of Documentary Report Project on Supply Chains
http://www.itochu.co.jp/en/csr/supply_chain/reportage/?step=03

Information on other projects can be found in "ITOCHU Global CSR Map" on the CSR top page of the ITOCHU corporate website.
<http://www.itochu.co.jp/en/csr/>

For the Prosperity of Future Generations

Taking on the Challenge of Renewable Energy

The following is an introduction by field to ITOCHU Corporation's involvement in renewable energy projects worldwide.



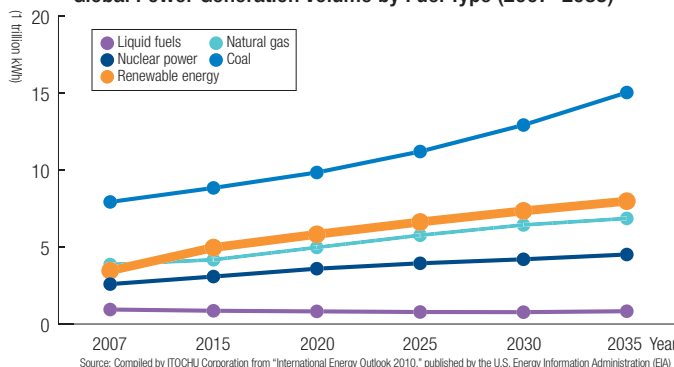
Core Subjects of ISO 26000



Background to Renewable Energy and ITOCHU's Role

Bolstering activities in the renewable energy sector is cited as a priority area in our medium-term management plan, "Brand-new Deal 2012." Wind, solar, geothermal and other renewable energies are expected to see growth going forward as major sources of energy due to better government policy and greater knowledge in countries around the world, lower technology costs, and other factors. ITOCHU intends to invest in power generation assets and other facilities that utilize these renewable energy sources and take part in manufacturing and distribution projects for products like bioethanol. Through these initiatives we will take on challenges that affect the entire planet: reducing greenhouse gas emissions and addressing resource depletion.

Global Power Generation Volume by Fuel Type (2007–2035)



Solar Energy

ITOCHU is working to form competitive value chains by organically linking upstream raw materials, midstream intermediate products, and downstream system integration and power projects being developed in Japan, North America and Europe.

Partnership with Abengoa Solar of Spain in Solar Thermal Power Generation Business

In December 2010, a partnership was formed with a major Spanish solar thermal power generator, Abengoa Solar, to develop solar power projects in Asian and European countries. An agreement was also reached to jointly construct two 50 megawatt concentrating solar thermal power plants in Extremadura in western Spain and carry out power generation business. ITOCHU will take a 30% stake. Commercial operation is scheduled to start in 2012, with power generated at these plants sold to the grid based on the Spanish feed-in tariff system*. Taking advantage of abundant sunlight in Extremadura, the two plants will produce enough energy to meet the electricity needs of about 52,000 households and achieve emissions reductions totaling approximately 63,000 tons of CO₂ per year.

* Feed-in tariff system: A system for purchasing electricity at preferential rates designed to promote the use of renewable energy sources



Similar solar thermal power plant also operated by Abengoa (image courtesy of Abengoa)

Establishment of SolarNet Holdings, Largest Solar Distribution Company in US

The solar power distribution business has been expanding significantly in recent years due to heightened environmental awareness and government support measures. ITOCHU has been developing its solar business in the US, one of the three major solar markets in the world along with Europe and Japan, acquiring system integrators* Solar Depot in June 2007 and SolarNet in April 2009. These two companies were integrated in February 2011 to further bolster the business, creating SolarNet Holdings, the world's largest solar distribution company for mainly household and industrial use. Going forward, synergistic effects from integration will be targeted through unification of sales networks and reducing costs.

* System integrator: Operator that handles design, sales, and construction of solar power generation systems that combine solar cell modules and peripheral equipment



Example of past SolarNet projects: Beringer Vineyards, California

Wind Power

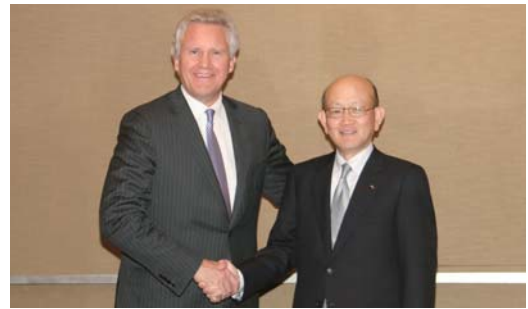
In May 2010 ITOCHU and General Electric agreed to comprehensively partner in uncovering joint investment projects around the world in the renewable energy sector and signed a memorandum of agreement to this effect. The agreement strengthens the two companies' partnership in anticipation of increased investment opportunities in renewable energies at the global level. GE and ITOCHU have cooperated on two joint wind power projects to date.

Keenan II Wind Power Project in Oklahoma

The total power capacity of the Keenan II wind farm in the U.S. state of Oklahoma, which ITOCHU invested in with GE in October 2010, is 152 megawatts (66 2.3-megawatt wind turbines). A 20-year power purchase agreement has been signed with Oklahoma Gas & Electric Company, and power will be supplied to approximately 45,000 households in Oklahoma. The project is expected to reduce greenhouse gas emissions by roughly 413,000 tons annually. Commercial operation commenced in December 2010. The wind farm's operations and maintenance is handled by NAES Corporation, a wholly owned subsidiary of ITOCHU and one of the world's major power plant operation and maintenance service companies.



Keenan II wind farm



GE Chairman and CEO Jeff Immelt and ITOCHU President & CEO Masahiro Okafuji

World's Largest Wind Power Project Shepherds Flat, Oregon

The second joint project with GE after Keenan II is the Shepherds Flat wind farm in Oregon, which is slated for completion in 2012. Total capacity will be 845 megawatts (338 2.5-megawatt turbines), and when completed it will be the world's largest wind power project. Power will be 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 will reduce greenhouse gas emissions by approximately 1.5 million tons annually, and uses 2.5 megawatt wind turbines from GE Energy. The turbines are larger than other models and generate power using permanent magnets. The technology used in the generators is highly reliable and highly efficient. It will improve connectivity with the grid and help reduce wind power costs. The project also includes laying approximately 150 kilometers of road and stringing roughly 270 kilometers of power lines.

Bioenergy

ITOCHU is promoting projects that utilize bioenergy, a renewable energy that has garnered attention because it addresses the global problems of resource depletion and reduction of greenhouse gases.

Participating in Largest Biomass Power Project in the U.S.

ITOCHU will develop, invest in and operate a biomass power project in northern Florida through Tyr Energy, a U.S. independent power producer. The power plant will be the largest biomass power project in the U.S., with a generating capacity of 100 megawatts, and will be fueled by wood chips and tree thinnings. After going into commercial operation in 2013 the project will supply power to approximately 70,000 households based on a 30-year power supply agreement with the power utility in Gainesville, Florida. Operations and maintenance will be performed by NAES, a wholly owned subsidiary of ITOCHU and one of the world's largest operation and maintenance service companies. We intend to actively develop and promote renewable energies through project initiatives.



Biomass Power Generation Plant

Initiatives with Bunge in Brazil

ITOCHU has been developing production and sales projects for bioethanol and sugar made from sugarcane with Bunge, a major U.S. agribusiness firm, in the Brazilian states of Minas Gerais and Tocantins since 2008. Plans call for expanding the total ethanol production capacity of both projects to approximately 500,000 kiloliters. The ethanol will be sold domestically in Brazil but also exported to North America, Europe and Japan. In addition, bagasse, fibrous matter that remains after the sugarcane is crushed, is effectively utilized as fuel for onsite power generators, with any surplus power sold in the country. Brazil is a major bioethanol producer, accounting for approximately 30% of the global market, and is working to provide stable supplies of highly cost competitive bioethanol.



Sugarcane being harvested

Bioethanol Production Project in Vietnam

ITOCHU is taking part in a fuel bioethanol production project in Binh Phuoc Province, Vietnam in partnership with Petrovietnam Oil Corporation of the Petrovietnam Group, Vietnam's national oil and gas company. Commercial production of bioethanol from cassava, which is cultivated extensively in Vietnam, is slated to commence in the spring of 2012 with targeted output of approximately 100,000 kiloliters annually. Bioethanol produced by the project is expected to be distributed to the market through gas stations affiliated with Petrovietnam Oil. Vietnam is expected to promote the production and supply of ethanol-gasoline blends going forward as a domestically produced alternative to gasoline.



Gas station selling ethanol-gasoline blends

How Chocolate Reaches Your Doorstep

ITOCHU believes that informing the public about where products originate is vital to its role as a trading company. Accordingly, since 2009 ITOCHU has conducted the “Documentary Report Project on Supply Chains,” offering a glimpse across the entire supply chain of individual products that it handles.



Issues Surrounding Chocolate and ITOCHU's Role

Cacao is produced in equatorial regions far from Japan, so cacao production faces challenges common to agriculture in tropical regions: inconsistent harvests and quality due to irregular weather patterns, and crop damage due to pests and disease. As a result, cacao farmers often struggle to maintain a decent standard of living.

As a major supplier of cacao beans to the Japanese market, ITOCHU

continuously visits cacao-producing countries to work with local suppliers in ensuring that consumers receive a stable source of high-quality cacao beans.

As a part of efforts to maintain the sustainability of cacao cultivation, we contribute to the KAOKA Fund in Ecuador to support the activities of local farmers involved in cultivating regional cacao varieties and help raise their standard of living.

Core Subjects of ISO 26000



Consumer issues



Community involvement and development

Ecuador

Cultivation Harvest

Chocolate Starts as Tropical Fruit

Cacao is a tropical plant that grows mainly within 20 degrees latitude of the equator.

Cacao trees are generally planted and cultivated between tall shade trees. The shade provided by the branches allows just the right amount of tropical sunlight to get through. Saplings are grown from seeds, and healthy saplings are then planted in the ground. Saplings are often grafted as a way to maintain high-quality, stable cacao cultivation. For example, in Ecuador, agricultural cooperatives use regional cacao varieties that are highly disease resistant as their crop foundation, which are then grafted to cacao branches that produce highly aromatic fruit: this enables production of a stable supply of high-quality cacao.

Cacao trees bloom with countless small flowers, but less than three percent of the flowers end up bearing fruit. Small insects serve as pollen go-betweens and once pollinated it takes about six months for the flowers to grow into fruit that can finally be harvested. The period from the start of cultivation to when the trees bear fruit is around three to six years. High-yield hybrid cacao varieties may bear fruit in less than two years. Cacao is a tropical fruit, so it can be eaten as a fruit. Regional Ecuadorian cacao varieties include fruit with a sweet, flower-like aroma. There are also hybrid varieties that produce fruit with a refreshing lemon-lime aroma.

Cacao seedpods (=fruit) contain seeds that are used to make chocolate. Once the pods are harvested they are split open and the fleshy pulp and seeds are removed as soon as possible. Farmers harvest the cacao pod and remove the pulp from the pods all by hand. The next step is fermentation.



Cacao flowers. Many, many extremely small flowers bloom on each tree, but only some bear fruit



Cacao pod. The seeds, which are used to make chocolate, are contained in the fruit's white pulp

Fermentation Drying

From Seed to Cacao Bean

Pulp and seeds taken from cacao pods are fermented for several days. Yeast, acetic bacteria and other microorganisms activate various chemical reactions during the process of fermentation, which creates the basis of the chocolate aroma and foundation of its flavor. White pulp containing the seeds is gradually reduced during fermentation, eventually leaving only the seeds, which turn brown.

For agricultural cooperatives and export companies with well-established quality control systems in place, the entire harvest to fermentation process is managed by co-op farmers, contracted farmers, or directly owned farms from various regions; furthermore, the entire process until the start of fermentation is completed in the same day. It is also common for farmers not affiliated with any cooperative or organization to sell to brokers after individually conducting fermentation and drying. Even within the same country, there are various routes for the harvest to fermentation process.

After being fermented cacao seeds (cacao beans) contain water, so they are dried until the remaining water content is only 7% to 8%. There are several drying methods, including drying the beans under the sun or drying them with a mechanical dryer that uses gas heat. Since the climate is tropical, with high humidity and a rainy season, organizations like agricultural cooperatives and export companies that consolidate and process cacao in large quantities tend to use both sunlight and mechanical drying methods.



Left: Cacao pulp and seeds at the start of fermentation. Surface covered with banana leaves



Right: Fermentation in progress. Color gradually turns brown

Quality inspection and Control

Careful Inspection of Cacao Beans



Cacao beans are not shipped for export until they pass quality inspections for aroma, flavor, water content and other characteristics. If the water content is high, it is adjusted again before shipping. Cacao beans are also split open to inspect for mold and insect damage.

Cacao beans produced in various regions are consolidated and exported to Japan, but prior to export the traceability of the beans is verified.

Pulp and seeds harvested by farmers are transported to fermentation facilities. They are carried by donkey on mountain paths



Shipment

KAOKA Fund and UNOCACE Initiatives

Chocolate is made from cacao beans, and the cultivation of these beans is highly dependent on small farmers in tropical regions. Likewise, Ecuador also depended on many small farmers for the cultivation of its highly aromatic cacao; however, after World War I, the country lost its means to export. As a result, the production balance greatly deteriorated and crop disease spread: these combined factors devastated the industry. Moreover, the international cacao market lacked stability and the situation gradually grew worse. Given this background, the Union of the Ecuador National Cacao Producers (UNOCACE) was established in 1999 to support farmers and help raise crop quality. KAOKA, a French manufacturer of organic

chocolate, runs a project that involves returning a portion of sales proceeds to cacao production activities. Starting in 2002, KOAKA began supporting the UNOCACE through proceeds from its project fund. The fund primarily works to re-train farmers on the cultivation of regional domestic cacao, while also supporting the production techniques and livelihoods of small farmers by returning the added value gained from high-quality cacao to the farmers. The project has also received support from the chef Toshi Yoroizuka, who creates sweets with KAOKA products. The ITOCHU Group supports the project as well by donating to the fund and selling related products.

Farmer undergoing training on grafting cacao trees



Confection created by Chef Toshi Yoroizuka



Chocolate processing



From Cacao Beans to Chocolate

Chocolate imported into Japan goes to chocolate manufacturing facilities after passing through quarantine for residual agricultural chemicals and other quality and health inspections.

Pebbles, cacao branches and other foreign substances are removed in the cleaning process and the beans are then roasted. Roasting is a major factor determining chocolate quality, as is the blend of cacao beans that is used. The roasted beans are crushed and the shell removed and then pulverized in a grinder to make a paste called cacao mass.

Chocolate dough is made by adding sugar and cocoa butter to the cacao mass. For milk chocolate, milk powder is also added. Fine particles of cacao, sugar and other ingredients are ground with a precision-crafted metal roll refiner to create smoothly textured chocolate flakes. Next the flakes are processed for an extended period of time in a machine called a conche to complete the process.

Chocolate made through this process is then tempered, put into containers, cooled and hardened or is transported to confectionary manufacturers in melted form via tanker trucks.

Confectionary manufacturers process the chocolate into various sweets and candies and deliver them to consumers through retail outlets.

Confectionary manufacturers



Everyday Chocolate Candies

Chocolate mass is processed into chocolate candies by confectionary manufacturers. Some companies create chocolate by roasting the cacao beans themselves.

Specialty shops



Professional Chocolate

Some cacao beans with distinctive aroma and flavor, like regional Ecuadorian cacao, are processed into chocolate for specialty shops. The chocolatiers at such shops create chocolate sweets that bring out the characteristics of this type of chocolate.

Cacao farmers. Farmers from various production regions gather for joint technical training run by the cooperative



Consumers

Reflections After the Inspection Visit

Everyone is familiar with sweet, delicious chocolate, but what people are less familiar with is what chocolate is made from, the cacao bean, and where and how it is grown. Most cacao beans are cultivated in agricultural areas far from urban centers in countries near the equator. Cacao beans are produced on the other side of the world, in places like Ecuador, where this inspection was conducted. Cacao beans are able to reach the Japanese market safely and securely, only through the efforts, trust and cooperation of producers and exporters.

What is important in the cacao supply chain is that ITOCHU serves as a bridge between cacao producers and chocolate consumers, who are far removed from one another, and link all the steps on the path from cacao tree to chocolate.



café-CACAO Representative Cacao Hunter®
Mayumi Ogata

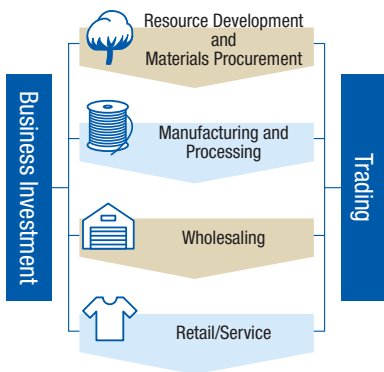
Technical advisor on cacao and chocolate. Also participates in producer technology development in various countries, including a chocolate development project in Indonesia undertaken by the Asian Development Bank.

CSR AND OUR BUSINESS

ITOCHU Corporation combines trading, business investment and other functions to develop a variety of businesses around the world, and is promoting CSR through its business activities to realize a sustainable society.

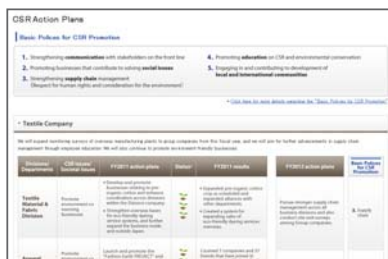
Business Outline of ITOCHU

The businesses of the ITOCHU Group comprehensively encompass upstream raw materials business areas through to downstream retail business areas, enabling it to provide a wide variety of goods and services that support people's everyday lives. In order to advance businesses worldwide, we make the fullest use of our capabilities as a *Sogo Shosha* (general trading company). In other words, we trade, invest in businesses, and add value to these businesses through their overall coordination. Precisely because ITOCHU develops business across such a broad range of industries and business areas, our emphasis is on promoting CSR that is deeply rooted in the respective front-lines of these businesses.

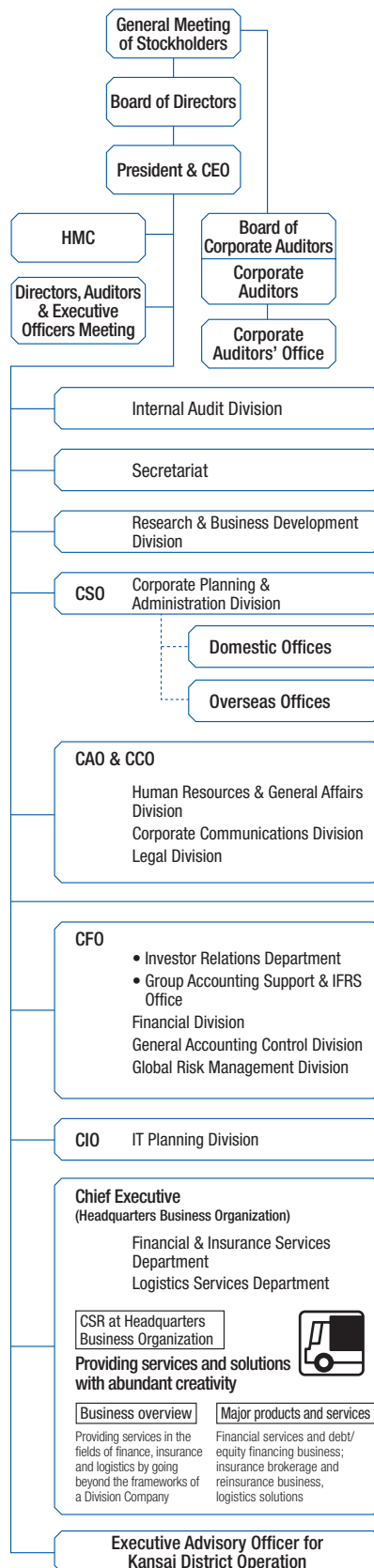


CSR Promotion Through CSR Action Plans

ITOCHU Corporation has five Division Companies involved in substantially different lines of business; therefore, sustainability issues that arise vary markedly. To steadily promote CSR through their business activities, each Division Company, and the administrative divisions that support them, takes the lead in identifying important social issues to confront and creating frontline-driven CSR action plans. CSR is then advanced in line with PDCA cycles. Refer to the following website to view reports on the CSR activities and action plans at each Division Company.



<http://www.itochu.co.jp/en/csr/activities/actionplan/>



Textile Company

CSR at this Division Company
Contributing to the realization of a healthy, prosperous, and active society

Business overview
Providing new values and impressions in fields ranging from brand fashion-related merchandise to hi-tech industrial fibers and materials.

Major products and services
Fiber raw materials; industrial materials; textile, apparel and fashion goods; brand marketing, including food and daily living-related products.

ICT & Machinery Company

CSR at this Division Company
Developing an international society and creating an affluent lifestyle through environment-friendly businesses

Business overview
Partnering with a host of Group companies to develop wide-ranging businesses and services to lead the next generation in the fields of ICT and machinery

Major products and services
Industrial plants; ships; automobiles; construction; machinery; aircraft; electronic devices; IT, media and mobile businesses; medical equipment and materials

Energy, Metals & Minerals Company

CSR at this Division Company
Promoting CSR through the development and stable supply of resources and energy

Business overview
Contributing to global economic progress and the protection of the global environment through the development and stable supply of resources and energy

Major products and services
Crude oil; petroleum products; LPG; LNG; nuclear fuel; Dimethyl ether (DME); bio fuel; iron ore; coal; aluminum; steel scrap; steel products

Chemicals, Forest Products & General Merchandise Company

CSR at this Division Company
Caring for the natural environment and ensuring the safety of chemical substances

Business overview
Expanding in the two fields of general merchandise and chemicals in search of a higher order of contact between affluence and the environment

Major products and services
Housing materials; logs and lumber; woodchips, pulp and paper; crude rubber and tires; shoes; organic chemicals; inorganic chemicals; plastics; consumer-related products

Food Company

CSR at this Division Company
Responding to the needs of consumers and society with environmental consideration

Business overview
Engaged in food businesses in the value chain that extends from food resource development in Japan and overseas, production and processing, through to intermediate distribution and retailing

Major products and services
Grain; ingredients for animal feed; fats and oils; sugar; beverages; dairy; agricultural, livestock, and marine products; frozen and processed foods; other food products

Chief Executive (Construction & Realty Division)

CSR at Construction & Realty Division
Providing "secure," "safe" and "highly functional" facilities

Business overview
Developing facilities and providing creative services in the real-estate and construction business fields as a global and general trading company

Major products and services
Real estate-related businesses; real estate solutions; private finance initiative (PFI) projects; trade in construction facilities, machinery and materials

HMC: Headquarters Management Committee
CSO: Chief Strategy Officer
CAO: Chief Administrative Officer
CCO: Chief Compliance Officer
CFO: Chief Financial Officer
CIO: Chief Information Officer

* In April 2011, ITOCHU reorganized its former seven Division Companies into five Division Companies; headquarters administrative divisions were also reorganized by function from 16 divisions into 11.

CSR at the Textile Company

CSR at this Division Company

Contributing to the realization of a healthy, prosperous, and active society

The Textile Company places a top priority on further improving the safety of its products and services as well as customer satisfaction in its CSR activities. It also strives to promote environment-friendly businesses and expand its CSR activities into our group companies.



Hitoshi Okamoto
President, Textile Company

CSR Action Plans

Key points of our FY2012 action plans

We will expand monitoring surveys of overseas manufacturing plants to group companies from this fiscal year, and we will aim for further advancements in supply chain management through employee education. We will also continue to promote environment-friendly businesses.

| Divisions/ Departments | CSR Issues/ Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|---|--|--|---------|--|---|---------------------------------|
| Textile Material & Fabric Division | Promote environment-conserving businesses | <ul style="list-style-type: none"> Develop and promote businesses relating to pre-organic cotton and enhance coordination across divisions within the Division company. Strengthen overseas bases for eco-friendly dyeing service systems, and further expand the business inside and outside Japan. | | <ul style="list-style-type: none"> Expanded pre-organic cotton crop as scheduled and expanded alliances with other departments. Created a system for expanding sales of eco-friendly dyeing services overseas. | Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies. | 3. Supply chain |
| Apparel Division | Promote environment-conserving businesses | Launch and promote the "Fashion Earth PROJECT" and further advance our efforts for environmental conservation across the industry. | | Counted 7 companies and 37 brands that have joined in promoting the "Fashion Earth PROJECT," lifting cumulative number of sales tags to 3.95 million. | Promote environment-conserving businesses across all the business divisions. Expand pre-organic cotton project businesses, develop the "Fashion Earth PROJECT," and others. | 2. Social issues |
| Brand Marketing Division 1 | Strengthen response to customers and consumers | Ensure participation of group companies in compliance meetings of the Division company in order to reinforce their compliance, and plan and hold CSR-related meetings for consumer response, etc. | | Enacted awareness-raising at board meetings and other venues to strengthen compliance at Group companies. | | |
| Brand Marketing Division 2 | Promote environment-conserving businesses | Develop environment-friendly products in the area of non-fiber materials. | | After three years in development, launched sales in May of a vehicle cooler that operates without engine idling. Initiated development of attachments to increase the number of applicable vehicles and began developing and conducting studies to gauge interest in overseas markets. | Deepen understanding and raise awareness of compliance through seminars across all business divisions to assess various risks and prevent accidents. | 4. Education |

* : Achieved : Nearly achieved : Unachieved

Major CSR initiatives

■ Pre-Organic Cotton Program

We are promoting the rollout of products made of pre-organic cotton material through collaboration with well-known brands that support this program, as a cross-divisional project in the Textile Company. Particular elements of this project that have been well received by consumers are, first of all, the traceability of the cotton used, from harvest through until it reaches the hands of the consumer, and the consideration taken with regards the associated environmental burden. Fiscal 2011 was the third year of the program, with 300 tons of certified organic cotton harvested out of this program. Going forward, we will continue working to spread pre-organic cotton, aiming for production that is kind to both the Earth's environment as well as producers.



Cotton harvesting on one of our farms in India

■ Fashion Earth PROJECT

An initiative was started in 2010 to procure CO₂ emission credits from a number of sources, including a UN-certified wind power generation project in India, and sell blue hang tags with FEP-original CO₂ emission rights to apparel manufacturers. This project has led to the reduction of about 4,000t of CO₂ to date.

In 2011, the International Year of Forests, a green FEP tag that supports forest preservation projects in Japan based on Ministry of the Environment systems will be developed with co-operation from the "more trees" organization. This activity gives both apparel manufacturers and consumers an opportunity to contribute to environmental conservation by having apparel makers attach FEP hang tags on their products, and having consumers purchase products with these tags. By calling on wide-ranging participation by apparel manufacturers, we aim to spread environmental conservation initiatives to the across the industry as a whole, contributing to the prevention of global warming.



Blue and green FEP hang tags

CSR initiatives by major group Companies

■ Conserving Forests with Hunting World

Under a campaign bearing the slogan "Save the Elephants," Hunting World has been contributing 1% of sales of charity goods to the Borneo Conservation Trust's "Green Corridor Plan" from 2008.

This "Green Corridor Plan" will connect fragmented sections of forest to re-establish continuous, natural migratory pathways that wild animals can negotiate in order to protect the rich ecosystem of forests, starting with Bornean elephants.

These support funds have now enabled the purchase of 4.6 acres of private land that connects separated protected areas.

Going forward, Hunting World will continue to promote initiatives for enabling our co-existence with nature.



Borneo bag by Hunting World

CSR at the ICT & Machinery Company

CSR at this Division Company

Developing an international society and creating affluent lifestyles through environment-friendly businesses

The ICT & Machinery company will endeavor to develop and promote environment-friendly businesses and products which will reduce the environmental impact of our operations, and develop new businesses in a wide range of fields to contribute to the prosperity of local communities and international society, as well as to the establishment of safe and affluent lifestyles.



Toru Matsushima
President, ICT & Machinery Company







CSR Action Plans

■ Key points of our FY2012 action plans

In fiscal 2012, we will continue to actively engage in renewable energy business such as biomass, geothermal, and wind power, as well as water-related business such as desalination plants, while pursuing management objectives with due regard for our obligations to the environment and society.

In addition to existing initiatives, we will aggressively promote new businesses such as green tech, smart grids, and secondary batteries, providing products and services that contribute to a secure, safe, and affluent society at the same time as protecting the environment.

| Divisions/ Departments | CSR Issues/ Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|--|---|---|---------|---|---|---------------------------------|
| Plant Project & Marine Division | Conservation and development of water resources; supplying of safe, clean water | <ul style="list-style-type: none"> Continuously promote the rehabilitation of desalination plant projects. Continuously promote desalination plant projects in Australia and Middle East where water shortage is a concern. | | <ul style="list-style-type: none"> Received order for desalination plant rehabilitation project in Saudi Arabia Continued with desalination plant projects | Participate in desalination plant projects and water/wastewater businesses | 2. Social issues |
| | Effective use of renewable energy | <ul style="list-style-type: none"> Actively take on geothermal, biomass and wind power projects Adopt binary technology | | <ul style="list-style-type: none"> Invested in power generation businesses in U.S. states of Oklahoma and Oregon Continued to develop wind power generation business in North America Promoted bioethanol business primarily in Asia | <ul style="list-style-type: none"> Supply clean electric power through power generation businesses utilizing wind power, geothermal, biomass, etc. Steadily carry out construction of bioethanol projects in Vietnam Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc. | 2. Social issues |
| Automobile & Construction Machinery Division | Better communication with stakeholders | Promote response after objective assessment of societal demands | | Conducted study sessions on fuel-efficient and safe driving with an automaker (Isuzu), contributing to improved customer satisfaction and better awareness of safe driving and energy conservation | Contribute to society through improved CS, safety and energy efficiency by continuously holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics | 1. Communication |

| | | | | | | |
|--|---|--|---|--|---|-------------------------|
| Aerospace & Industrial System Division | Improve convenience and safety in the air transportation business area | Focus on global security systems, including new technologies, and continuously propose new systems to airports, customs, police and other entities |  | <ul style="list-style-type: none"> Delivered X-ray inspection devices and devices for detecting explosive materials to Haneda Airport Continued to propose new systems to airports, customs, the Japanese military and other entities Enforced extensive awareness of strict compliance through study sessions at department and section meetings | <ul style="list-style-type: none"> Focus on trends and new technologies in security systems and actively propose options mainly to agencies responsible for safeguarding and managing critical infrastructure Continue to do extensive awareness-raising around strict compliance | 3. Supply chain |
| | Promote environment-considering businesses | <ul style="list-style-type: none"> Activities to expand sales of rechargeable battery/solar cell manufacturing equipment Establish business to promote widespread use of rechargeable batteries |  | <ul style="list-style-type: none"> Received large order for and completed delivery of large-scale manufacturing equipment to Germany Participated in smart grid demonstration project in Tsukuba City (Japan) | Continue efforts to establish a business for realizing the widespread use of rechargeable batteries, which carry a smaller environmental impact, and bolster efforts to expand sales of battery manufacturing equipment | 2. Social issues |
| Information & Communication Technology Division | Provide products and services for realizing a reliable, safe and prosperous society | Expand service menu in the energy-saving solution business and enact measures to attract customers |  | Currently developing and increasing customers for an energy-saving solution services business | Offer green tech solutions (expand sales of energy-saving solutions) utilizing IT | 2. Social issues |
| | Creating businesses based on the 3R philosophy | <ul style="list-style-type: none"> Continuous activities to promote penetration of the MOTTAINAI philosophy into lifestyles Continuous measures to promote widespread uptake of insurance service for mobile phones |  | <ul style="list-style-type: none"> Actively promoted an Eco-point exchange business/expanded number of exchanges Provided messages of encouragement and relief supplies to areas affected by the Great East Japan Earthquake as part of MOTTAINAI campaign Increased the number of mobile phone protection service members | <ul style="list-style-type: none"> Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy Bolster promotion of measures to encourage spread of insurance for mobile phones | 2. Social issues |
| Healthcare Business Department | <ul style="list-style-type: none"> Support measures for combating new influenza outbreaks Address preventive healthcare | <ul style="list-style-type: none"> Conduct event planning jointly with local governments to achieve information provision and workshops from the perspective of residents Review the extent of uptake and market viability of health exam business targeting individuals, and conduct a review of services and business partners |  | Publicized health exam awareness to 80 thousand people through a major card company and held seminars to raise awareness of breast cancer at 40 sites across Japan in cooperation with partner companies leading to breast cancer exams for approx. 1,200 individuals. | Conduct continuous reviews, and increase partners and expand sales formats for health exams to promote business expansion | 2. Social issues |
| All Divisions | CSR training and awareness | Achieve practical CSR activities by deepening understanding of CSR among employees |  | <ul style="list-style-type: none"> Enforced each Group company's action plan Conducted CSR awareness-raising activities through Group workshops | Continuously promote CSR awareness-raising activities through workshops and regular liaison meetings, and hold CSR seminars | 4. Education |

*  : Achieved  : Nearly achieved  : Unachieved

Major CSR initiatives

■ Participation in the rehabilitation of a desalination plant in Saudi Arabia

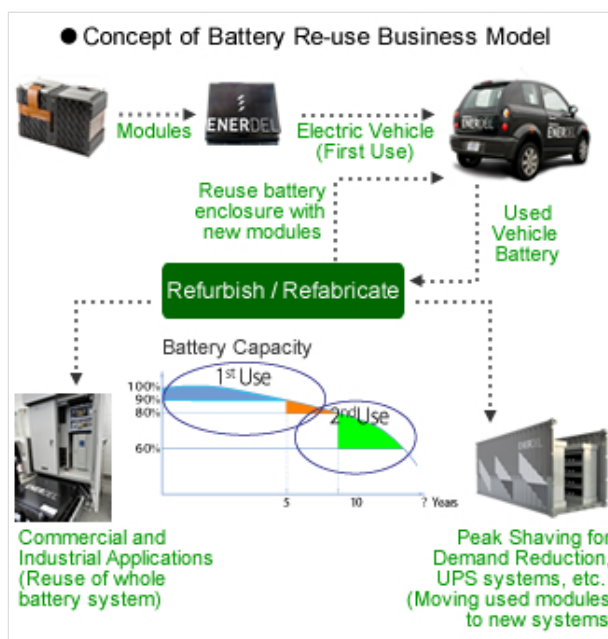
In April 2011, ITOCHU won an order to rehabilitate the Shoaiba Phase 1 Seawater Desalination Plant from Saline Water Conversion Corporation (“SWCC”) of the Kingdom of Saudi Arabia through the Arabian Company and Sasakura for Water & Power, a joint venture with local capital in the country. The plant to be rehabilitated is a multi-stage flash (MSF) desalination plant constructed in 1988. It is possible for normal plant life (20-25 years) to be extended by another 15 years or more by replacing heat exchanger tubes and other corroded components and modifying the venting system in the evaporator. In Saudi Arabia, where a large majority of water demand for household use is met through desalination plants, water supply is tightening due to rapid population growth and industrialization. ITOCHU will aim to boost orders for rehabilitation as well as to win orders for new plant construction, contributing to the stable supply of water through this business.



SWCC seawater desalination plant in Shoaiba, Saudi Arabia

■ Alliance with major US electric utility in lithium-ion battery business

An agreement was signed with major US electric power company Duke Energy in November 2010 regarding an alliance in the smart grid (next-generation electricity transmission network) and renewable energy fields. As a first step, evaluation and testing will be carried out for the re-use of lithium ion batteries (“LiB”) that have been used for a certain period of time for household and industrial use. Evaluation will use automotive lithium-ion batteries produced by US battery system manufacturer Ener1, Inc., an Indiana-based company in which ITOCHU owns a stake, for a range of applications and analyze battery management and the potential impact on the existing power grid. The initial objective is to develop, with Duke Energy, a product ready for commercialization.



A conceptual diagram for LiB second-life applications

CSR at the Energy, Metals & Minerals Company

CSR at this Division Company

Promoting CSR through the development and stable supply of resources and energy

We promote CSR with the entire ITOCHU Group, while pursuing the following missions: 1) development and stable supply of resources and energy; 2) development of new energy that are kind to the earth; and 3) initiatives for recycling-related businesses.



Ichiro Nakamura
President, Energy, Metals & Minerals Company

CSR Action Plans

Key points of our FY2012 action plans

As a global company, we will promote environmental management and businesses that are environmentally friendly both domestically and at overseas Group companies. We will also continue to promote CSR education and training.

| Divisions/Departments | CSR Issues/Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|----------------------------|--|---|---------|--|---|--|
| All Divisions | Further strengthening supply chain management and advancing CSR initiatives at a group-wide level | Examine and check supply chains, conduct environmental enlightenment activities for business partners, enhance CSR education activities at overseas group companies to raise their awareness. | | <ul style="list-style-type: none"> Implemented supply chain management among key suppliers/business partners and verified that there were no CSR-related problems. Conducted awareness-raising among partners. | Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies. | <ul style="list-style-type: none"> 3. Supply chain 4. Education |
| New Energy & Coal Division | Exploring environment-friendly energies and providing a stable supply of them | Make further efforts to provide a stable supply of energies with a low impact on the environment by building and promoting a range of environment-conserving businesses, participating in uranium mine development projects, and exploring other new projects. | | Increased shareholding in a corporate group holding interests in Namibia's Husab Uranium Project, where ITOCHU acquired interests in FY2009. ITOCHU is now a strategic partner for the corporate group, and will allow it to influence efforts to promote dev | <ul style="list-style-type: none"> Share thorough commitment to safety management during coal extraction and mining with JV partners Develop uranium mines and stably supply uranium to help realize a low-carbon society. Promote projects to reduce greenhouse gases. Expand trade in emis | <ul style="list-style-type: none"> 1. Communication 2. Social issues |
| Metals & Minerals Division | Ensuring safety in mining and exploration businesses, appropriate treatment of wastes, and prevention of ozone destruction | Provide lectures on safety in mining and exploration businesses for employees involved, check operation conditions at worksites, implement the waste flow control system and an electronic manifest system, and monitor and review the flow control of fluoroca | | <ul style="list-style-type: none"> Conducted employee lectures. Also offered explanations of HSE in relation to mining exploration. Began promoting an electronic manifest system among select customers as part of proper waste disposal efforts. Enacted monitoring and review of flow co | <ul style="list-style-type: none"> Extensively ensure and improve safety and reliability in resource development businesses. Expand penetration of electronic manifest software (electronic version of industrial waste management manifests) among group companies and business partners. Maintain system for proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system | <ul style="list-style-type: none"> 2. Social issues 3. Supply chain |
| Energy Division | Promoting initiatives to prevent accidents and protect the environment effectively, and contributing to local communities | Further enhance employee training to prevent accidents, appeal to operators for the practice of eco-conscious initiatives through administrative and environmental meetings, communicate with and contribute to local communities in the project areas, etc. | | <ul style="list-style-type: none"> Implemented workshops and training on practical operations for employees. Repeatedly confirmed HSE status at partner meetings and continued safe operations. Donated PCs and other devices to schools and orphanages in provincial cities in Azerbaijan. | <ul style="list-style-type: none"> Conduct regular seminars to promote broad awareness of security management in ship chartering. Promote energy businesses with low environmental impact. Build, maintain and strengthen good relations through educational and cultural contributions to I | <ul style="list-style-type: none"> 2. Social issues 4. Education 5. Local and international communities |

* 🌱🌱🌱 : Achieved 🌱🌱 : Nearly achieved 🌱 : Unachieved

Major CSR initiatives

■ Integrated Recycling Business at Dalian Changxing Island, China

The Energy, Metals & Minerals Company, together with a major Japanese recycling company and Chinese partners, established an integrated recycling business for steel, nonferrous scrap, consumer electronics, home appliances and plastics, Dalian New Green Recycle & Resources Corporation, at Dalian Changxing Island Harbor Industrial Zone in China, with a groundbreaking ceremony held on 24 December 2010.

Going forward, Dalian New Green, as the only recycling facility licensed by the Chinese Government at Dalian Changxing Island Harbor Industrial Zone, is planning to install cutting-edge equipment and sophisticated Japanese environmental technology to further improve operations. The aim is to start operations in January 2012 and set this facility apart as a model for all integrated recycling centers built in China in the future.



Rendering of the completed facility

■ Partnership with Abengoa Solar of Spain in solar power generation business

In December 2010, a partnership was formed with a major Spanish solar power generator, Abengoa Solar, to develop solar power projects in Asian and European countries. An agreement was also reached to jointly construct two 50 megawatt concentrating solar power plants in Extremadura in western Spain and carry out power generation business. ITOCHU will take a 30% stake. Commercial operation is scheduled to start in 2012, with power generated at these plants sold to the grid based on the Spanish feed-in tariff system (*). Taking advantage of abundant sunlight in Extremadura, the two plants will produce enough energy to meet the electricity needs of about 52,000 households and achieve emissions reductions totaling approximately 63,000 tons of CO₂ per year.



Similar solar power plant also operated by Abengoa (image courtesy of Abengoa)

* Feed-in tariff system: A system for purchasing electricity at preferential rates designed to promote the use of renewable energy sources

■ Establishment of SolarNet Holdings, largest solar distribution company in US

The solar power distribution business has been expanding significantly in recent years due to heightened environmental awareness and government support measures. ITOCHU has been developing its solar business in the US, one of the three major solar markets in the world along with Europe and Japan, acquiring system integrators (*) Solar Depot in June 2007 and SolarNet in April 2009. These two companies were integrated in February 2011 to further bolster the business, creating SolarNet Holdings, the world's largest solar distribution company for mainly household and industrial use. Going forward, synergistic effects from integration will be targeted through unification of sales networks and reducing costs.

* System integrator: Operator that handles design, sales, and construction of solar power generation systems that combine solar cell modules and peripheral equipment



Example of past SolarNet projects: Beringer Vineyards, California

CSR at the Chemicals, Forest Products & General Merchandise Company

CSR at this Division Company

Caring for the Natural Environment and Ensuring the Safety of Chemical Substances

We constantly strive to improve the quality and safety of our products in a broad scope of business areas, and ensure a smooth and stable supply of products and services that precisely respond to the needs of our customers. We do this while giving maximum consideration to the environment, thus contributing to everyone's quality of life.



Satoshi Kikuchi
President, Chemicals, Forest Products & General Merchandise Company

CSR Action Plans

Key points of our FY2012 action plans

We will promote increased business in internationally certified forest products and low-formaldehyde products as well as lithium-ion batteries as an environment-friendly business. We will also work as a Group to bolster supply chain management through efforts to secure traceability for suppliers and strengthen education and training in chemical product-related laws and safety.

| Divisions/Departments | CSR Issues/Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|--|---|---|---------|--|---|---------------------------------|
| Forest Products & General Merchandise Division | Enhance the traceability of raw materials and ensure the observance of labor laws and regulations | Further update the contents of questionnaires, and conduct various questionnaires and surveys. Continuously conduct regular visits to business partners for surveys, and update their data. | | Conducted traceability surveys at 100 companies, with 79 also receiving visits. Questionnaire concerning compliance with labor laws given to 105 companies. | Update survey items and survey recipient data; carry out traceability surveys and conduct questionnaires concerning compliance with labor laws. | 1. Communication |
| | Handle internationally certified forest products as well as health-safe products | <ul style="list-style-type: none"> Increase the ratio of FSC-certified materials handled, by continuously requesting non-certified suppliers to acquire certification. Continuously expand lineups and supply chain capacity of low-formaldehyde products by group companies. | | <ul style="list-style-type: none"> Boosted the volume of FSC-certified pulp and wood chips handled by 33% year on year Raised the volume of low-formaldehyde products handled by 10% year on year in the first half, and by 2% in the second half of the year. | <ul style="list-style-type: none"> Increase the ratio of FSC-certified materials handled, by continuously requesting non-certified suppliers to acquire certification. Maintain system for supplying low-formaldehyde products and expand handling of such products. | 2. Social issues |
| Chemicals Division | Management of hazardous and harmful chemical substances | <ul style="list-style-type: none"> Host seminars on the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., to raise awareness of chemical-related laws and regulations and the importance of observance across the entire division. Continuously take measures to respond to the EU REACH regulations. | | <ul style="list-style-type: none"> Some training sessions were postponed to April and May 2011 due to the Great East Japan Earthquake. However, sessions were held twice in Tokyo and once in Osaka, and were attended by 520 people, including those from other division companies and operating companies. Carried out necessary procedures in response to EU REACH regulations. | Host a full range of seminars and training (training sessions and guidebook distribution) on the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and similar laws in Japan and overseas in an effort to share information and boost consciousness around legal and regulatory compliance. | 3. Supply chain |
| | Procure safe and reliable products | Promotion of environment-conserving businesses Expand lineups of lithium-ion battery related materials and parts. | | Invested in and began transactions with makers of materials and parts for lithium-ion batteries. | Expand transactions in lithium-ion battery-related businesses (lithium resources, battery-related materials and parts). | 2. Social issues |

* : Achieved : Nearly achieved : Unachieved

Examples of Key Initiatives

■ Initiatives in Lithium-ion Battery-related Business

The Chemicals Division is focusing on lithium-ion batteries, where demand is expected to grow for use in electric vehicles and hybrid vehicles, with business advances made to date in the area of component and materials production.

As a step in securing lithium resources, ITOCHU Corporation invested in U.S.-based resource development company Simbol Materials in fiscal 2011. Simbol is developing and promoting operations whereby lithium compounds are produced by extracting lithium from used geothermal brine at geothermal power plants in southern California. Simbol's manufacturing technology is being further developed and refined ahead of commercial production.

Using the unique advantages found in geothermal brine, such as the carbonated gas and heat it contains, not only enables competitive production of lithium compounds but also enables an environmentally friendly business with a reduced carbon footprint.



Geothermal brine well in southern California

CSR Initiatives by Major Group Companies

■ Promoting Protection of Water Resources and Resource Recycling

ITC Green & Water Corp.

ITC Green & Water Corp. has been working for some 30 years to develop and improve technologies for cleaning organic effluent such as livestock wastewater. The company has leveraged its expertise in wastewater treatment to create a new business with a system for improving substratum and water quality in dam reservoirs and ports that have become polluted due to oxygen depletion. The company also operates an environmental solutions business that contributes to resource recycling with its integrated treatment system, from wastewater treatment to making effective use of sludge. One example is an initiative to compact organic sludge, which had conventionally been treated as waste, and compost or convert it into fuel.



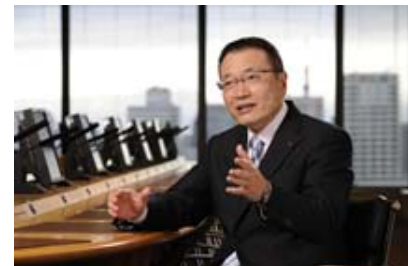
Compound lagoon for livestock

CSR at the Food Company

CSR at this Division Company

Responding to the needs of consumers and society with environmental consideration

We aim to conduct good businesses that can contribute to society by ensuring a stable supply of safe products, checking multiple aspects of food safety, and paying attention to preserving the environment. In this manner, we strive to earn the trust of our customers and local communities.



Yoshihisa Aoki
President, Food Company

CSR Action Plans

■ Key points of our FY2012 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as promotion of a procurement business to secure stable food resources, monitoring food safety through creation of inspection systems/supply chain management/internal audits, and promotion of prepared food recycling for environmental protection/waste product reduction.

| Divisions/ Departments | CSR Issues/ Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|---|---|---|---------|---|--|---------------------------------|
| All Divisions | Improve the level of food safety and compliance management | <ul style="list-style-type: none"> Enhance checking functions of compliance and implement audits for food safety and compliance. Establish a sustainable food inspection system in Japan and China, and strengthen the stable supply system for safe and reliable food. | | <ul style="list-style-type: none"> Visited each department and office to monitor operations management in May, and conducted a food safety and compliance audit in November. Concluded a business partnership agreement with inspection centers in China, and entered agreements with major inspection centers in Japan granting priority inspection rights when contingencies arise. | <ul style="list-style-type: none"> Monitor operation system with food safety management manual/compliance program. Continue seamless ties with food inspection partners. | 1. Communication |
| Provisions Division | Ensure a stable supply of safe and reliable raw materials stable supply of them | <ul style="list-style-type: none"> Establish a stable supply system; promote food-resource procurement businesses. Ensure the safety of food resources; share information with business partners and discuss improvement items. | | <ul style="list-style-type: none"> Steady progress made on construction of a grain terminal in North America. Operations are scheduled to begin in 2011. Continuous implementation of residual agricultural chemical inspections and sharing of food safety information in Japan. | <ul style="list-style-type: none"> Establish stable supplies: Promote a food-resource procurement business. Ensure safety of food resources: Continuously secure information on food resource-producing nations; offer guidance on items for improvement and share information with customers. | 3. Supply chain |
| Fresh Food & Food Business Solutions Division | Improve and strengthen the management system of production bases inside and outside Japan | Move to improve the accuracy and effectiveness of plant audits, and work on the achievement of plans (conduct training for auditors, audits by experts, etc.). | | Took active part in division company training and enforced partial plant inspections during ordinary visits in an effort to improve audit capacity among national staff overseas. | Achieve plans to improve the accuracy and effectiveness of plant audits (introduce training for plant auditors and partial audits by experts). | 4. Education |
| Food products Marketing & Distribution Division | Initiatives to recycle prepared foods as animal feed | Develop recycling loops for conversion of food products to animal feed or fertilizer in line with the characteristics of each region | | Expanded initiatives around the recycling loop developed in May 2009 (conversion of leftover merchandise in stores to animal feed, sale of products made using pork raised on that feed). (Collected from approx. 240 convenience stores, sold at approx. 300 stores) | Develop recycling loops for conversion of food products to animal feed or fertilizer in line with the characteristics of each region. | 2. Social issues |

* : Achieved : Nearly achieved : Unachieved

Examples of Key Initiatives

■ Food safety management support for Chinese business partner

The Food Company places the Chinese market at the center of its strategy, with its largest initiative in China being the creation of a business partnership with the Ting Hsin Group, the leading food/distribution group in China. As a result of China's high growth, demands for food safety are increasing rapidly, and providing Japan's advanced food safety management knowhow can be a major differentiating factor. Therefore, we visited 13 major manufacturing plants/restaurants in China and Taiwan from 2010, and have been making wide-ranging recommendations and proposals for improving on-site hygienic/operational processes and management methods with the cooperation of Universal Food Co., Ltd. Executive Officer Toshio Watanabe (currently seconded to Nippon Access Inc.), an expert on food safety management within the ITOCHU Group and a holder of the ISO inspector qualification. This initiative is also contributing greatly to building good relations with the Ting Hsin Group.



Inspection of a Ting Hsin Group restaurant

■ Promotion of food resource procurement focused on stable supply and assured safety

Populations and income levels are rising sharply around the world, including in Asian countries, and global demand for grains is expected to increase in the future. Meanwhile, consumers are increasingly aware of food safety, with rising demands for assuring safety and establishing traceability. The Food Company will create a global distribution network connecting the supply and demand sides of this business and promote food resource procurement, while focusing on the stable supply of grains and assuring safety. One such initiative is construction of a new grain export terminal in Longview, Washington (U.S.A.), mainly for exports to Asia. Operations are scheduled to start in 2011.



Grain export terminal (as of May 2011)

CSR at the Construction & Realty Division

CSR at the Construction & Realty Division

Providing “secure,” “safe,” and “highly functional” facilities

We will provide secure and safe facilities and services offering a high degree of customer satisfaction. We will develop facilities, centered on highly functional homes with environmental awareness, and provide “secure,” “safe,” and “highly functional” facilities and services not only in Japan but overseas as well based on the concept of Socially Responsible Property Investment (SRPI) as a general trading company.



Kenji Okada
Chief Executive for Construction & Realty

CSR Action Plans

■ Key points of our FY2012 action plans

We will provide facilities and services focused on security, safety, and consideration for the environment, in line with rules and monitoring systems established internally, and also bolster protection of private information.

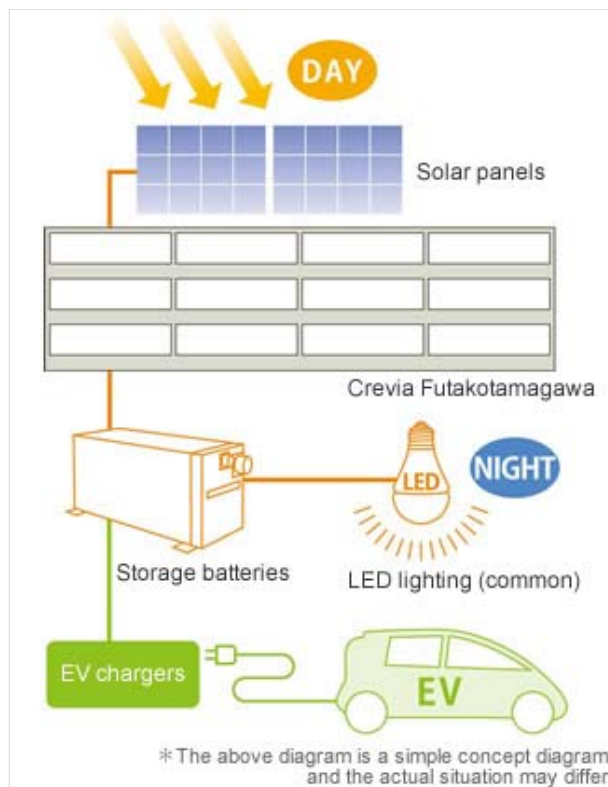
| Divisions/ Departments | CSR Issues/ Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|--------------------------------------|---|--|---------|---|--|--|
| Construction & Realty Division | Supply quality facilities with emphasis on safety and security | <ul style="list-style-type: none"> Ensure strict compliance with relevant laws and regulations through verifiable enhancement of Construction & Realty Group management; check compliance status (twice a year) at the Project Inspection Meeting and Transaction Review Meeting Supply quality housing based on the “Master Specification” (reviewed annually) designed to boost customer satisfaction. | | <ul style="list-style-type: none"> Checked the status of compliance with laws and regulations through the Project Inspection Meeting and Transaction Review Meeting. Continued ongoing efforts to strengthen structures pertaining to quality management and compliance with relevant laws and regulations. Reviewed the “Master Specification” (partially revised in 2010), with future amendments to be made as needed. | <ul style="list-style-type: none"> Publicize measures for bolstering new division management in the Construction & Realty Group Ensure thorough compliance with relevant laws and regulations Check status of individual projects at project inspection meetings (twice a year) Hold an inspection meeting for manufacturing projects (twice a year) | <ol style="list-style-type: none"> 1. Communication 2. Social issues |
| | Provide quality governmental services by utilizing PFI business schemes and other means | Carry out smooth follow-up on projects in process (rebuilding and operation support for Kobe City Medical Center General Hospital) and identify new projects. | | <ul style="list-style-type: none"> Continued follow-up from completion and opening of project in process (rebuilding and operation support for Kobe City Medical Center General Hospital) in April 2011. Followed up on existing projects in operation. | <ul style="list-style-type: none"> Smooth operational follow-up of projects in process Identify new projects | <ol style="list-style-type: none"> 1. Communication 2. Social issues 5. Local and international communities |
| | Bolster protection of personal information | Ensure that established operation structure is operating properly and continuous penetration of awareness and basic behaviors among organization members. In the event of an accident, make sure that relevant staff members are in close contact and can take appropriate action. | | As in the previous year, monitored and reviewed the status of management of personal information. No problems were found. | Ensure that established operation structure is operating properly and continuous penetration of awareness and basic behaviors among organization members. In the event of an accident, make sure that relevant staff members are in close contact and can take appropriate action | <ol style="list-style-type: none"> 1. Communication 4. Education |
| | Care extensively for the environment | Aggressively promote and review of the status of environment-friendly businesses, and hold related training seminars. (twice a year) | | <ul style="list-style-type: none"> Acquired CASBEE (abridged edition) Rank “A” for the Higashi Ueno Office Building. Attended CASBEE seminar One individual acquired qualification as a CASBEE [Construction] evaluator | Aggressively promote environment-friendly businesses | <ol style="list-style-type: none"> 1. Communication 3. Supply chain |

* : Achieved : Nearly achieved : Unachieved

Examples of Key Initiatives

Development of energy-saving residences that utilize solar power and other technologies

There is a great deal of interest at present around the concept of ecology. Accordingly, we are promoting the “eco-condominium of the future” in our Crevia brand of ITOCHU Group condominiums, contemplating a more fulfilling future for people, homes, and the environment regarding ecology encapsulated by the slogan, “Make Original Tomorrow.” By including various energy-saving technologies in overall plans and exclusive spaces, we aim to contribute to society and the environment while also allowing residents to actually feel the benefits in their daily lives. At the Crevia Futakotamagawa condominium (Setagaya Ward, Tokyo), solar panels and storage batteries are combined to store electricity generated from solar power and used to light common spaces at night (LED lighting), with the goal of electrical self-sufficiency.



Overview diagram of the electricity storage system at the Crevia Futakotamagawa condominium

Karawang Industrial Park aims for harmony with Indonesian society

Karawang Industrial Park (KIIC, development area 1,140ha=equivalent to the area of Chiyoda Ward, Tokyo), which ITOCHU has invested in and operated from 1992, is an industrial park that provides “an environment for focusing on main businesses with a sense of security” for tenant companies.

It is the only Indonesian industrial park to have acquired both ISO 9001 and 14001 certifications, and CSR activities are conducted jointly with tenant companies with an aim of co-existence and co-prosperity with neighboring communities.

In addition to direct support such as supplying baby food to infants and providing scholarships to junior and senior high school students, an agricultural park has been established within the industrial park with the cooperation of Bogor Agricultural University, with programs conducted to instruct local farmers in the cultivation of high-value-added vegetables and catfish farming, as well as environmental improvement. We are also providing support for local healthcare facilities and small businesses.



Excited schoolchildren with donated notebooks, baby food distribution, the agricultural park project, activities to preserve endangered tree species, health checks for children

CSR at the Headquarters Business Organization

CSR at the Headquarters Business Organization

Providing services and solutions with abundant creativity

We will contribute to the realization of an affluent and sustainable society both domestically and overseas through the provision of services and solutions in the fields of finance, insurance and logistics.



Kenji Okada
Chief Executive for Construction & Realty; Chief Executive for Financial & Insurance Services, Logistics Services

CSR Action Plans

■ Key points of our FY2012 action plans

We will work to generate financial business in environmental and new energy fields, consumer-related fields, promote insurance coverage for large projects, build and expand distribution networks and strengthen supply chain management, mainly in China and the rest of Asia.

| Divisions/ Departments | CSR Issues/ Societal Issues | FY2011 action plans | Status* | FY2011 results | FY2012 action plans | Basic Polices for CSR Promotion |
|--|---|---|---------|--|--|---------------------------------------|
| Financial & Insurance Services Department | Participate in businesses that contribute to achieving a more prosperous society | | | | <ul style="list-style-type: none"> Research and examine business creation in environmental, new energy, and consumer-related fields in China. Expand response to individual funding needs through finance businesses in Asia and Europe. Promote insurance coverage for large projects to enable reliable and consistent infrastructure businesses in developing countries. | 2. Social issues |
| | Compliance with the Financial Instruments and Exchange Act, the Insurance Business Act, and other relevant laws and regulations | <ul style="list-style-type: none"> Follow up on additions to the Financial Instruments and Exchange Act and other laws and continuously raise awareness among employees. Ensure thorough compliance awareness through seminars and other means Review the compliance program and special ind | | <ul style="list-style-type: none"> Verified the presence monthly of new laws or regulations pertaining to the Financial Instruments and Exchange Act and other special industry laws. Took compliance seminars outside the company regarding industry laws, and convened training workshops an | <ul style="list-style-type: none"> Follow up on additions to the Financial Instruments and Exchange Act, the Insurance Business Act and other laws, and raise awareness among employees. Ensure thorough compliance awareness through seminars and other means. Review the compliance progra | 4. Education |

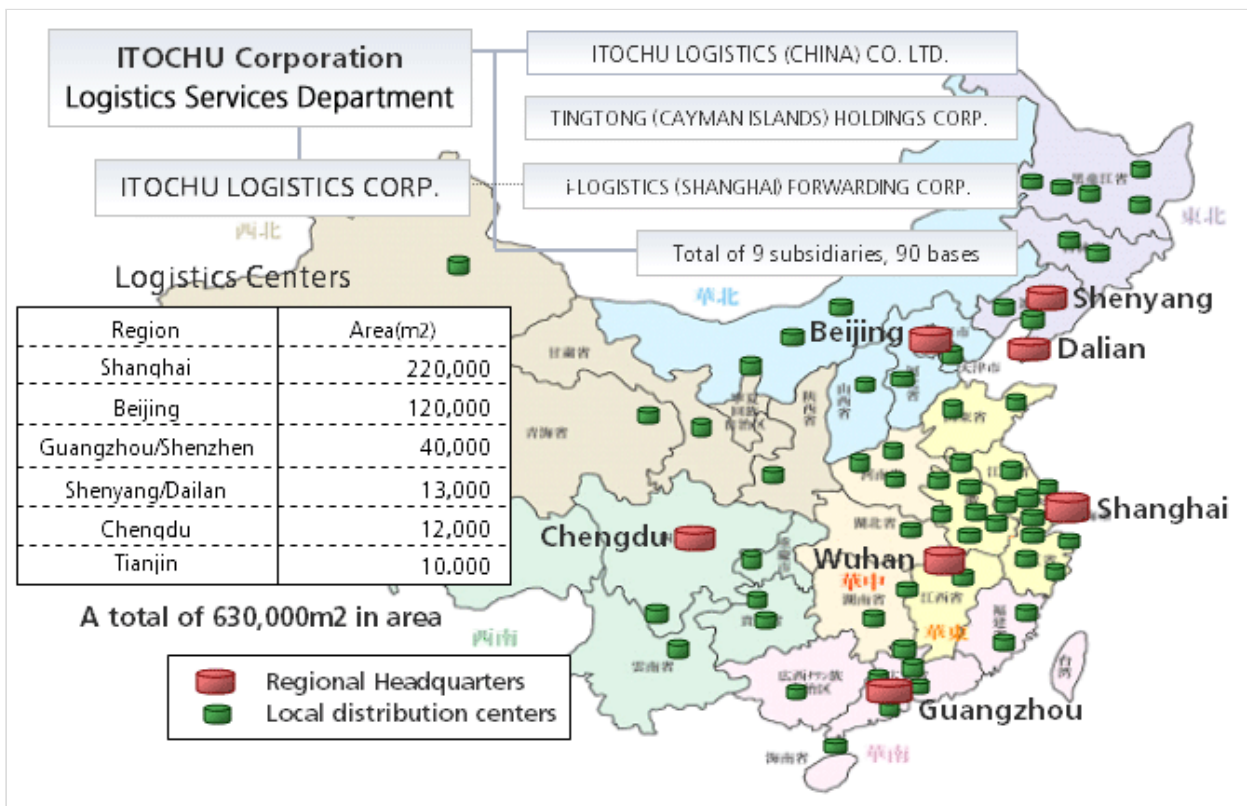
| | | | | | | |
|-------------------------------|--|--|--|---|---|------------------|
| Logistics Services Department | Develop logistics infrastructure to contribute to more robust social capital and improve levels of customer satisfaction | Reorganize and merge logistics business in China through integrated management with ITOCHU Logistics Corp. Build an efficient logistics scheme in China for a distribution-side contribution to local communities. | | Built a logistics network in China for a distribution-side contribution to local communities. Began building a logistics network in India in partnership with ITOCHU Logistics. | Expand logistics networks in China, India and other parts of Asia, review status of contributions to local communities in each region. | 2. Social issues |
| | Strengthen supply chain management | Conduct FY2011 supplier survey among logistics companies in China used by three subsidiaries. | | Questionnaire conducted among 23 companies, 5 more than last fiscal year, by three subsidiaries in China (review of target companies carried out of 2 companies that conducted the questionnaire last fiscal year). | Review content of questionnaire for logistics companies in China (addition of environmental conservation-related items, etc.) and implement survey. | 3. Supply chain |

* : Achieved : Nearly achieved : Unachieved

Major CSR initiatives

Contributions to local communities in overseas distribution business

The Logistics Services Department conducts logistics operations throughout Asia. In China, where we have a network of around 90 locations that cover the entire nation, our operations are led mainly by Itochu Logistics (China) Co., Ltd. and Ting Tong Logistics Co., Ltd., in what is the leading Japanese distribution network. By utilizing this network, we have extended our reach into the country's interior and are able to deliver consumer goods to all corners of China. In this way and others, we are expanding business opportunities for ITOCHU Corporation itself as well as customers and contributing to local communities from the standpoint of distribution. We have also begun expanding distribution networks in India and Indonesia.



Itochu Group China Logistics Network

CSR initiatives by major group companies

■ Introducing E-Statements for Credit Cards

Orient Corporation (Orico)

Orico is providing a new Web service called “e-Orico Service” whereby users can access their card information, such as charged amounts and use history online. As a result, Orico is able to suspend the mailing of account statements and new usage guides issued each time when cash advances are used. Resources and energy will be saved by digitizing paper statements that had hitherto been mailed and putting them on the Web. Also, the risk of personal information leaks is alleviated. Transfer details can be notified quickly by e-mail, and since documents are in digital format, data can be saved on PCs, making it easier for users to organize their finances.



Corporate Governance and Internal Control/ Compliance



Corporate Governance



ITOCHU operates its business in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. Our fundamental policy is to work toward the long-term preservation and enhancement of our corporate value by building positive and effective relationships with our stakeholders. To execute our business activities in a fair and efficient manner in accordance with our fundamental policy, we are increasing the transparency of our decision-making process and constructing a corporate governance system that incorporates appropriate monitoring and supervisory functions.

Features of ITOCHU's Corporate Governance System

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors). The corporate auditors including outside corporate auditors monitor and audit business management independently and objectively. And ITOCHU elected outside directors at the General Meeting of Shareholders held in June, 2011, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and improving the transparency of decision making.

Comprising 14 directors (including 2 outside directors) as of June 24, 2011, the Board of Directors makes decisions on important management matters and supervises each director's business management.

ITOCHU has adopted an Executive Officer System in order to separate the decision-making and supervisory functions of the Board of Directors from its implementation of business management.

One feature of ITOCHU's corporate governance system is the HMC (Headquarters Management Committee), a supporting body of the CEO, where company-wide management policy and important issues are discussed and decided.

In addition, management issues in individual areas of responsibility are discussed and screened by various internal committees in order to support the decision making of the CEO and the Board of Directors. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in which outside experts become members of some internal committees.

The table below details steps ITOCHU has taken to strengthen corporate governance.

■ Steps Taken to Strengthen Corporate Governance

| | | |
|------|---|--|
| 1997 | Introduced the Division Company System | To accelerate decision making / increase efficiency of business management |
| 1999 | Introduced Executive Officer System | To strengthen decision-making and supervisory functions of the Board of Directors |
| 2007 | Shortened the terms of office of directors and executive officers to one year | To clarify management responsibility during terms of office |
| 2011 | Introduced an Outside Directors System | To increase the effectiveness of the supervision of management and improve the transparency of decision making |

Increasing the Effectiveness of the Supervision of Management by the Board of Directors (Introduced an Outside Directors System)

ITOCHU has elected 2 outside directors at the General Meeting of Shareholders held in June, 2011. The outside directors are believed to further increase the effectiveness of the supervision of management by the Board of Directors and improve the transparency of the Board of Directors' decision making by providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

■ Relationship of Outside Directors with ITOCHU

| Name | Reason for Appointment |
|----------------------|--|
| Yuko Kawamoto *1 | ITOCHU has elected her, anticipating that she will use her wealth of knowledge on corporate management nurtured through her long expertise as a management consultant and a professor of a university's graduate school and supervise the corporate management of ITOCHU from an independent perspective. And she has no material interests in ITOCHU. |
| Kazuyuki Sugimoto *1 | ITOCHU has elected him, anticipating that he will use his insight on public finance and financing nurtured through his many years of experience at the Ministry of Finance and supervise the corporate management of ITOCHU from an independent perspective. And he has no material interests in ITOCHU. |

*1 Yuko Kawamoto and Kazuyuki Sugimoto are independent directors as prescribed by domestic financial instrument exchanges, such as the Tokyo Stock Exchange.

Systems to Ensure Effectiveness of Supervisory Functions

ITOCHU appoints five corporate auditors, of whom three are outside corporate auditors. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and working in cooperation with ITOCHU's independent external auditors and other audit bodies inside and outside ITOCHU. ITOCHU's Audit Division is responsible for internal audits. Aiming to facilitate exchanges of information and close collaboration, members of this division meet regularly with corporate auditors to discuss such matters as internal audit planning. In addition, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, supports corporate auditors.

Relationship of Outside Corporate Auditors with ITOCHU

| Name | Reason for Appointment |
|---------------------|--|
| Ryozo Hayashi *1 | ITOCHU has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his wealth of experience at the Ministry of Economy, Trade and Industry and the former Ministry of International Trade and Industry, and his long-term perspective and broad vision as a professor of a university's graduate school. And he has no material interests in ITOCHU. |
| Keiji Torii *1 | ITOCHU has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his many years of experience and insight as a former executive of a major financial institution. Before being appointed as a Corporate Auditor of ITOCHU, he had served as an executive of a major financial institution, with which ITOCHU has dealings, but he retired from his position at the financial institution before being appointed as a Corporate Auditor of ITOCHU and he has no material interests in ITOCHU at present. |
| Masahiro Shimojo *1 | ITOCHU has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. And he has no material interests in ITOCHU. |

*1 Ryozo Hayashi, Keiji Torii and Masahiro Shimojo are independent auditors of ITOCHU as prescribed by domestic financial instrument exchanges, such as the Tokyo Stock Exchange.

Comments from Corporate Auditor

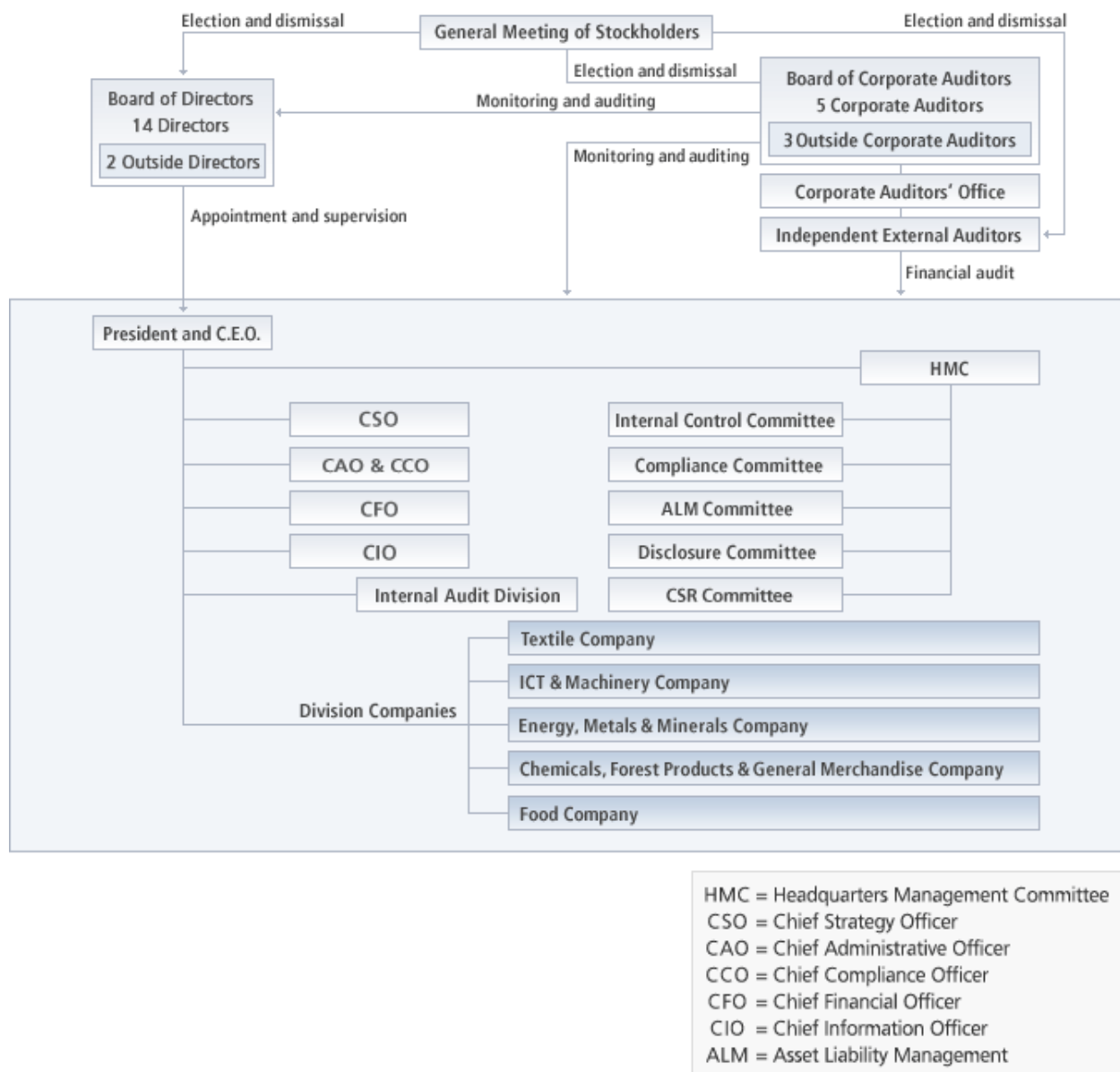


Ryozo Hayashi
Corporate Auditor

My major activities at the Ministry of Economy, Trade and Industry as well as at the University of Tokyo were focused on corporate governance and corporate social responsibility. Based on my experiences, I intend to contribute to the enhancement of management performance by introducing an outside perspective and by focusing on enhancing the corporate governance system.

The current business environment surrounding major global companies, such as ITOCHU, is unprecedentedly difficult. The opportunities and risks that such companies face change swiftly and drastically. In such a business environment, management is required to show both strong leadership to pursue the business opportunities and an effective corporate governance system that limits risks. In particular, ITOCHU, as one of the largest trading companies engaged in diversified businesses around the world, has not only to perform a wide range of operations skillfully but also to maintain a balance between the realization of short-term business performance and the maintenance of sustainable long-term value creation. As a corporate auditor, I will monitor management performance and advise management with a view to developing a strong and well-balanced management system, which is an imperative to coping with these challenges. In developing such a system, I will keep reminding myself of the interests of ITOCHU shareholders as well as the interests of a wide range of other stakeholders.

ITOCHU's Current Corporate Governance System



*1 Each Division Company has a Division Company President.

*2 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Further, the Internal Control Committee receives reports from internal departments related to internal control on the development and operation of respective internal controls for which they are responsible; evaluates and confirms the overall development status of internal control; and reports items for improvement to the HMC and Board of Directors.

■ Principal Internal Committees

| Name | Objectives |
|--|---|
| Internal Control Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to the development of internal control systems |
| Disclosure Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting |
| ALM Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to risk management systems and balance sheet management |
| Corporate Officer Compensation Consultative Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement |
| Compliance Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to compliance |
| CSR Committee | <ul style="list-style-type: none"> ▪ Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives |

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System and made a commitment to continuously improve internal control systems.

The following highlights some noteworthy initiatives under the Basic Policy regarding the Internal Control System.

Initiatives to Further Enhance the Reliability of Financial Reporting

In order to further enhance the reliability of our consolidated financial reporting, Chief Operating Officers, etc. are appointed as Chief Responsible for Internal Control to establish a Group-wide line of responsibility. And the Disclosure Committee is designated as a steering committee to maintain and improve the internal control system to comply with the internal control reporting system.

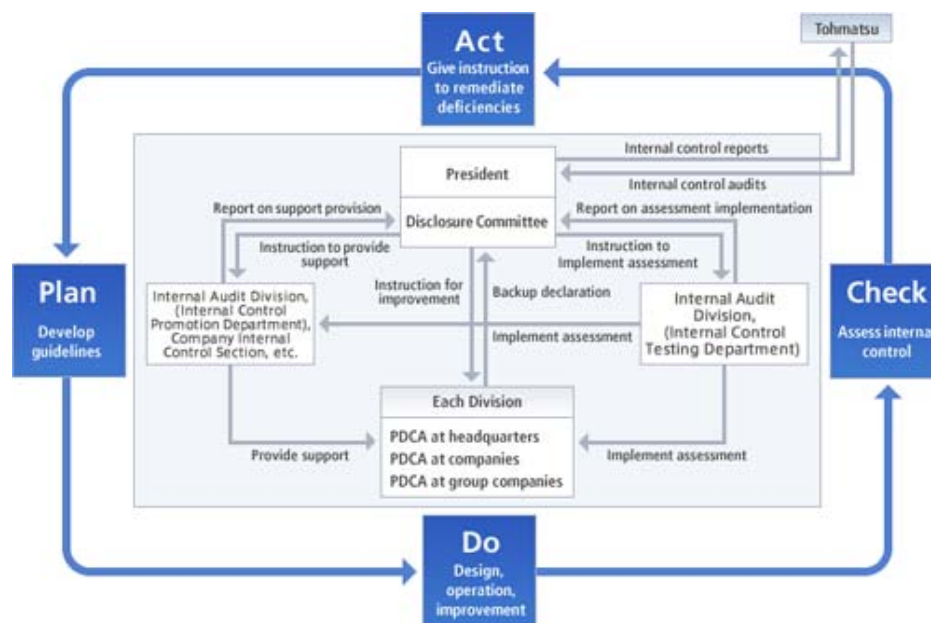
Furthermore, a new organization called the Internal Control Promotion Department promoting a risk-base approach has been created in parallel with the existing Internal Control Testing Department within the Internal Audit Division, in order to increase the effectiveness and the efficiency of the internal control system.

Results of the independent assessment conducted by the Internal Control Testing Department are submitted to each related unit and are used to establish and maintain the adequate internal control system. This Plan-Do-Check-Act cycle enables ITOCHU to improve the internal control system.

Strengthening Risk Management

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, ITOCHU has developed the risk management systems and methods to manage company-wide and specific risks. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on balance sheet management as well as analysis and management of risk.

Organizations to Secure the Appropriateness of Financial Reporting (PDCA Cycle)



Basic Policy Regarding the Internal Control System

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and articles of incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy regarding the Internal Control System, which the Board of Directors approved on April 19, 2006. (It has been partially revised on May 6, 2011.)

Notes

1. System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

■ (1) Corporate Governance

- (1) As the decision-making body, the Board of Directors which comprises of Directors and Outside Directors is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.
- (2) Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
- (3) ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making.
Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.
- (4) The corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards."

■ (2) Compliance

- (1) Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct.
- (2) ITOCHU is to establish a department that oversees all compliance matters, including all matters relating to the CCO (Chief Compliance Officer) and the Compliance Committee. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

■ (3) Internal Control to Ensure Reliability of Financial Reporting

- (1) ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO (Chief Financial Officer) to ensure the reliability of financial reporting.
- (2) ITOCHU is to establish the Disclosure Committee and regularly review and improve the internal control systems to ensure the reliability of financial reporting.

■ (4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations." Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

2. System for the Storage and Preservation of Information Related to Director Duties

The directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Stockholders, in accordance with the "Information Management Regulations," the "Document Management Rules" and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the directors and auditors at any time. Further, the Company will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

3. Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, and investment risk, ITOCHU is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, ITOCHU is to regularly review the effectiveness of the risk management system.

4. System to Ensure Efficient Performance of Directors

■ (1) The HMC and Other Internal Committees

The HMC (Headquarters Management Committee) as a supporting body to the president, and a number of other internal committees, are to facilitate the proper and agile decision-making by the president and the Board of Directors.

■ (2) Division Company System

Under the Division Company System, the position of Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

■ (3) Clearly Define the Scope of Authority and Responsibilities

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

5. System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU Corporation and Its Subsidiaries)

■ (1) Subsidiary Management System

ITOCHU is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU Corporation are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU Corporation is to send directors and auditors to each subsidiary to ensure the adequacy of the subsidiary's operations.

■ (2) Compliance

ITOCHU Corporation is to provide guidance to its subsidiaries for the purpose of implementing a compliance system at each subsidiary in accordance with the "ITOCHU Group Compliance Program," and is to implement full compliance in the entire ITOCHU Group through education and training.

■ (3) Internal Audits

All of the operations and activities of the subsidiaries are to be subject to internal audits by the Audit Division.

6. Matters Concerning Supporting Personnel to Auditors and Independence of Such Personnel from the Directors

ITOCHU is to establish the Corporate Auditors' Office under the direct jurisdiction of the Board of Corporate Auditors and is to put in place full-time employees with the sole responsibility of supporting the work of the corporate auditors. The supervisory authority over such employees is to belong exclusively to the corporate auditors, and evaluation of such employees is to be carried out by the corporate auditor designated by the Board of Corporate Auditors. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such corporate auditor.

7. System for Reporting by Directors and Employees to Corporate Auditors

■ (1) Attendance at Important Meetings

The corporate auditors are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the directors and other relevant persons regarding the performance of their duties. In addition, the corporate auditors are to have the right to inspect all relevant materials.

■ (2) Reporting System

- (1) The directors and corporate officers are to regularly report to the corporate auditors about their performance. Furthermore, in addition to the matters required by laws and regulations, the directors and corporate officers and divisional managers are to report all the decisions that could have a major impact on the finance or business of ITOCHU to the corporate auditors immediately after such decisions are made.
- (2) Employees are to have the right to report directly to the corporate auditors any matters that could cause serious damage to ITOCHU.

8. Other Relevant Systems to Ensure the Proper Functioning of Audits

■ (1) Coordination with the Auditors in the Audit Division

The Audit Division is to maintain close communication and coordination with the corporate auditors with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

■ (2) Retaining External Experts

When deemed necessary, the corporate auditors are to independently retain external experts for the implementation of an audit.

* ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 6, 2011, evaluated the developments and operations of items pursuant to the basic policy in fiscal 2011 and confirmed that there were no significant deficiencies or defects.

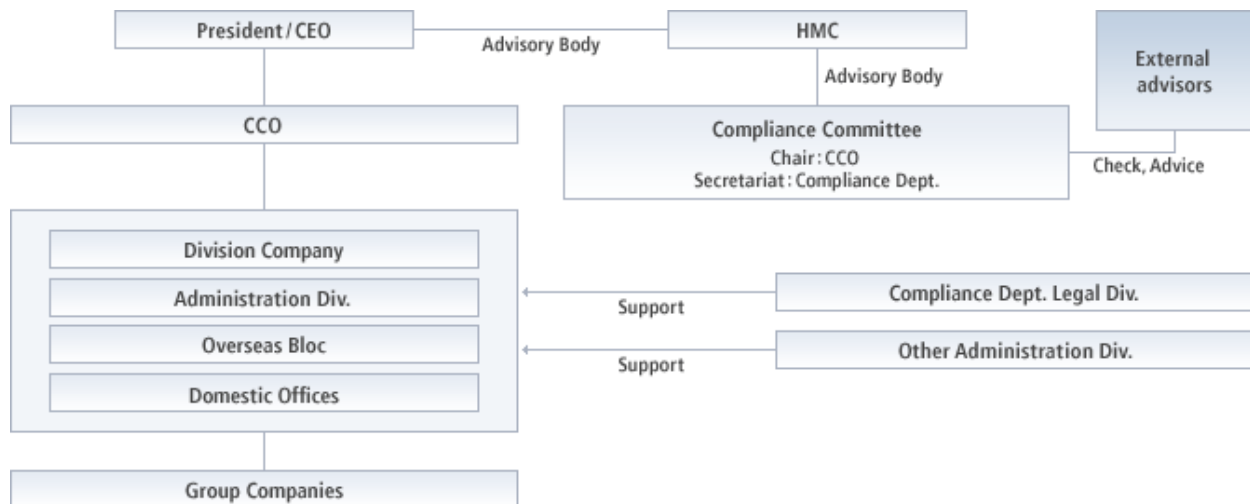
Compliance



Group Promotion Structure

The ITOCHU Group has compliance officers in each organization within Headquarters and at all Group companies worldwide. These compliance officers are strengthening compliance by creating systems, conducting education and training, responding to individual cases, and any other necessary measures based on directives and support from their respective Division Companies, as well as consideration of local laws, business characteristics, and operational formats. In addition, we conduct simultaneous companywide Monitor & Review surveys every six months. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

■ Compliance Structure



Major Compliance Measures in Fiscal 2011 and Tasks for the Future

During fiscal 2011, we compiled and distributed to all employees a Compliance Handbook summarizing rules that each employee is expected to strictly observe. In conjunction, we conducted a test to confirm understanding of handbook contents via an e-learning module.

Additionally, overseas and Group companies received visits and subsequent guidance designed to assess actual frontline conditions and identify risk, as we pursue activities that emphasize compliance system operations. Furthermore, we formulated and moved to steadily implement distinctive measures to enhance compliance at each Division Company, based on existing incident trends, Monitor & Review results, and other data. Along with further promotion of these measures, we will continue striving to strengthen compliance with an emphasis on overseas and Group companies.



Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including enforcement of a major anti-corruption law in the UK on July 1, 2011, ITOCHU in June revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area.

Going forward, we will work to circulate information regarding the aforementioned revisions within ITOCHU and to overseas blocs. At the same time, steps will be taken to conduct risk assessment and monitoring with respect to payoffs, bribery and similar impropriety.

Global Security Risk Management

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

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

Accordingly ITOCHU recognizes that, as a responsible member of society and the global business community, we need to manage carefully the potential risks associated with business operations in certain locations. In response to the growing field of corporate governance termed global security risk, ITOCHU has developed and implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence with respect to projects and transactions in which security issues are implicated.

CSR in Our Supply Chain



ITOCHU Corporation's CSR Action Guidelines for Supply Chains



Basic stance on supply chain management

Developing business all over the world, ITOCHU Corporation has positioned supply chain management as an important issue to be addressed. Preventing human rights, labor and environmental problems, and working for improvement together with the supplier. We are striving to practice these actions steadily and incorporated them into our [basic policies for CSR promotion](#) as "3.Strengthening supply chain management (Respect for human rights and consideration for the environment)."

As part of our efforts to promote supply chain management, we established action guidelines in April 2009 in order to have this philosophy penetrate the entire company and to clearly communicate ITOCHU's stance to suppliers. It is our intention to present these action guidelines to our suppliers, to deepen the dialogue on human rights, labor and environmental conservation, and to ask our suppliers to understand and practice ITOCHU's stance.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

To fulfill the ITOCHU Mission, "Committed to the global good," ITOCHU promotes CSR through its business activities, with the aim of achieving a sustainable society.

Due to the characteristics of its business activities, ITOCHU has to keep working to manage its supply chains in consideration to the social or environmental impact of a variety of products and services handled.

ITOCHU has established the CSR Action Guidelines for Supply Chains to explain its position to suppliers, and expects and encourages their understanding and implementation of every item mentioned below.

1. Suppliers shall respect the human rights of employees, and never treat employees in an inhumane manner.
2. Suppliers shall prevent 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, for smooth negotiation between labor and management.
6. Suppliers shall strive to provide employees with a safe and healthy work environment.

7. 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.
8. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
9. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

CSR Survey of Supply Chains



CSR Survey of Supply Chains

ITOCHU develops various businesses around the world. In order to check the status of our various suppliers, we conduct survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the nine items in our “CSR Action Guidelines for Supply Chains.”

In addition to the nine items covering human rights, labor, and environmental issues, we added further items specific to each Division Company. For example, we added check items for forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); product safety items for the Food Company; and items on protection of intellectual property for our Textile Company. Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts by referring to the criteria of the FTSE4Good Index. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers, and survey them by means of interviews or questionnaires.

In April 2009, ITOCHU established ITOCHU Corporation’s CSR Action Guidelines for Supply Chains to clearly communicate its stance to suppliers. ITOCHU is promoting dialogue on human rights, labor and environmental protection, as it seeks understanding and implementation of these action guidelines.

Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue similar measures at suppliers of overseas offices and Group companies, which were added in the fiscal year ended March 31, 2011.

■ Sample checklist for a supply chain survey [Food Company]

| Supplier Checklist/Guide | | Supplier: _____ | |
|--------------------------|---|---------------------------|----------|
| | | ITC Unit in charge: _____ | |
| | | Prepared by: _____ | |
| | Check item (reference)/Guide | Check | Comments |
| 1 | The company has a policy or system for compliance with laws and regulations , and implements them. (ITC CSR checklists) | | |
| 2 | The company guarantees the rights of freedom of association and collective bargaining . (ILO International Labor Standards - Fundamental Principles and Rights at Work) | | |
| 3 | The company does not practice forced labor or inhumane treatment (ILO International Labor Standards - Fundamental Principles and Rights at Work) | | |
| 4 | The company does not practice child labor . (ILO International Labor Standards - Fundamental Principles and Rights at Work) | | |
| 5 | The company does not practice discrimination in hiring and employment . (ILO International Labor Standards - Fundamental Principles and Rights at Work) | | |
| 6 | The company has taken measures to protect occupational health and safety . (ILO International Labor Standards) | | |
| 7 | The company observes the national (host country) laws and regulations regarding working hours . (ILO International Labor Standards) | | |
| 8 | The company observes the national laws and regulations regarding minimum wage . (ILO International Labor Standards) | | |
| 9 | The company has a policy or system for dealing with complaints from its business partners, and implements them. (ITC CSR checklists) | | |
| 10 | The company has a policy or system for environmental conservation/complies with national laws and regulations concerning environmental conservation (ITC CSR checklists) | | |
| 11 | The company ensures that its products are safe and secure . | | |
| 12 | The company ascertains the country of origin of the procured items and checks the environmental and social aspects of its suppliers . | | |

Check symbols:○: Implemented;△: Partially implemented;X: Not implemented

CSR Surveys in the Fiscal Year Ended March 2011

In fiscal 2011, we conducted a survey, targeting not only suppliers of ITOCHU Corporation but also suppliers of overseas offices and Group companies. As a result, we surveyed 374 companies, including 21 suppliers of overseas offices and 24 suppliers of Group companies. No serious problems requiring immediate response were found in the survey results. We also found that the survey results were more focused this time on the key points, thanks to increased understanding by the employees conducting the surveys, and we received feedback that participants had seen improvement due to the continuation of the surveys.

We are committed to continually increasing our employees' awareness in our daily business and to improving the CSR of our suppliers by continuing these surveys and dialogue with suppliers.

■ Survey results by organization (FY2009 to FY2011)

| | FY2011 | FY2010 | FY2009 |
|--|----------------|------------|------------|
| Textile Company | 24 | 28 | 17 |
| ICT & Machinery Company | 15 | 17 | 12 |
| Energy, Metals & Minerals Company | 14 | 11 | 8 |
| Chemicals, Forest Products & General Merchandise Company | 193 | 133 | 149 |
| Food Company | 105 | 93 | 57 |
| Finance, Realty, Insurance & Logistics Services Company | 23 | 18 | 18 |
| Total | (*) 374 | 300 | 261 |

* Includes 21 suppliers of overseas offices and 24 suppliers of Group companies

Employee Relations



One of the basic policies of the “Brand-new Deal 2012” medium-term management plan is to “Proactively Seek New Opportunities.” To this end, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting a commitment to taking assertive and forward-looking action. Our longstanding promotion of a global human resources strategy also remains unchanged.

■ Policies and Tasks for Fiscal 2012



Fumihiko Kobayashi
Executive Officer, General
Manager, Human Resources &
General Affairs Division

For ITOCHU Corporation, human resources are its greatest management assets as a general trading company.

“Brand-new Deal 2012,” our medium-term management plan launched from fiscal 2012, outlines a variety of initiatives pertaining to human resources, such as cultivating “industry professionals” and “strong human resources.” By executing the medium-term plan and these measures, we intend to further enhance the structure that will support utilization of our human resources, enabling our employees to demonstrate their skills and abilities to the fullest.

Human Resource Development Supporting the “Seeking of New Opportunities”



Human Resource Development Supporting the “Seeking of New Opportunities”

Human resources are what support the stable, ongoing growth of ITOCHU Corporation.

Our human resource development activities are available to employees throughout the Group, both domestically and in overseas blocs. Based on each employee’s work experience and abilities, we strive to help them develop into professionals who play an active role in their business field and to provide them with the skills necessary to manage business on a global level.

Through individual evaluations and feedback, and by providing valuable job experience via on-the-job training (OJT), we help to cultivate the motivation and willingness of employees to increase their career opportunities within the Group. To further the support of employees’ self-development, we not only provide skills and knowledge through training but also actively support individual career development. We will continue to invest substantially in our human resources, while at the same time promoting human resource development which is proactively led by the front-lines.



Basic Structure of Human Resource Development

A Variety of Training Schemes

ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as select and elective training. We have a wide range of programs for the development of global management human resources, including global development programs (such as the GEP, GLP and GNP) (*), and workshops for organization managers. We also have a system for sending new employees overseas, instituted in 1999 as a means of fostering English proficiency and an international perspective in our young employees. As a follow-up to this program, we launched a new program designed to dispatch Junior staff overseas training for multi-language. Our plan is to develop candidates who will become specialists in each target market in the future. We also offer a wide range of training for specific objectives, such as “Career vision support training” and distinctive training based on the human resource strategies of each Division Company and administrative division at ITOCHU Headquarters, with the aim of developing industry professionals and diverse human resources.



Global development program

- * Global executive program (GEP) is one of our core programs for developing global human resources. Its aim is to develop global executives.
- * The Global Leadership Program (GLP) is a program designed to foster organization managers capable of acting on a global stage.
- * The Global Network Program (GNP) for staff hired locally overseas seeks to help them learn about the ITOCHU Group’s global operations firsthand through training at ITOCHU Headquarters, and to create a peer network among program participants.

Human resources development policy and training details (excerpt)

| Overview of human resources development system | Training program name (excerpt) |
|---|--|
| Development of global management talent | Global development programs, organization manager training, sending employees to short-term business school programs |
| Business leader development | Sending of new employees overseas, dispatch of junior staff overseas to learn Chinese and other languages |
| Development of industry professionals and diverse human resources | Career vision support training, distinctive training for each Division Company, headquarters administrative division |

Number of employees participated in major training programs

| Training program name | FY2011 Results |
|--|----------------|
| Global development program | 108 |
| Organization manager workshops | 466 |
| Sending of employees to short-term business school programs overseas | 44 |
| Junior staff overseas training for English and Junior staff overseas training for multi-language | 76 |
| Career vision support training | 2767 |

Comments by Training Participants



Sang-Chul Choi
Division General Manager
Corporate Planning &
Business Development
Department
ITOCHU Korea LTD.

Global Executive Program (GEP)

Through the GEP training program, I learned about the requirements of a global leader, and that the most important thing for true communication is the willingness to learn. During the course of various discussions with executives, I gained a tangible appreciation for how much ITOCHU is changing and the role we have to play in the future.



Shinji Ishikawa
Chemical Compliance Team,
Chemicals Division

Junior staff overseas training for English

I was posted to the U.S. state of Maine under the system, Junior staff overseas training for English. By actually living locally, I came into contact with differences in cultures and values that can't be communicated by video and voice alone. I feel it was a major step on the path to becoming a global human resource.



Ryoko Nagao
Supply Chain Facilities
Development Section,
Construction & Realty
Department No. 2



Junior staff overseas training for multi-language

Every day was stimulating and allayed my unease ahead of my posting.

While interacting with various bright, kind and passionate Chinese people, my preconceived image of China changed. In addition to learning the language, I developed a keen sense of the Chinese economy, which continues to go from strength to strength. I really appreciated this wonderful opportunity.

Global Human Resources Strategy Enters a New Stage



Global Human Resources Strategy Enters a New Stage

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and optimize the talent development of the Group on a global basis. In parallel, an environment is being developed that will allow employees to take on new challenges by respecting their diverse values and individuality, heightening their motivation, and optimally bringing their skills and talents to the fore, all without regard to nationality, age or gender. In promoting this global human resources strategy, each Division Company, the Human Resources & General Affairs Division at ITOCHU Headquarters, and Global Talent Management Centers (GTECs) in four major cities worldwide had, by fiscal 2011, come together to create a common global platform, including standardized evaluation items and a global human resources database. From fiscal 2012, focusing on individual employees, we will strengthen human resources strategy in core overseas markets such as China and Asia in order to secure, develop, and optimize personnel that will contribute to business development worldwide.



Talent Management Process

Specific Initiatives

1. We are inviting employees from our overseas blocs worldwide to come to our headquarters for approximately two years as a form of HR development through actual operations. These employees are provided the opportunity to master business operations, gain a firm understanding of our corporate philosophy and culture, and build interpersonal networks. At the same time, this initiative encourages our headquarters to become more global in its outlook. (From April 1, 2008 to March 31, 2011, a cumulative total of 54 employees have been accepted.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, using the ITOCHU Global Classification (IGC) as a common measure of job level/level of responsibility for all jobs and positions worldwide.
3. We promoted a globally shared human resources strategy through the ITOCHU Global Recruitment website, a channel that human resources desiring local recruitment overseas can also utilize. In addition, we conducted an internship in English for foreign university students in August 2010 as a form of PR targeting talented human resources.
4. We have incorporated the five ITOCHU Values, formulated as the new ITOCHU Mission, into the human-resource requirements for ITOCHU leaders. These requirements are reflected in our hiring standards and our evaluation and HR development programs led by internal instructors, enabling us to hire and develop human resources suited to ITOCHU's values globally.

Number of overseas bloc employees by region (As of March 31, 2011)

(Unit: persons)

| | | | |
|---------------|-----|-------------------------|--------------|
| North America | 157 | Latin America | 164 |
| Europe | 242 | Africa | 38 |
| Middle East | 161 | Oceania | 39 |
| East Asia | 628 | ASEAN & South West Asia | 667 |
| CIS | 88 | | Total: 2,184 |

Providing Comfortable Working Environment for Employees



Efforts to Support Employees' Childcare and Nursing Care

During the course of their working lives, employees inevitably pass through life stages that require them to render childcare and nursing care. To enable them to continue working with peace of mind and demonstrate their fullest potential, ITOCHU has expanded and upgraded systems to help that are far and above those required by law. These systems are available to both men and women, and provide support to employees in their work as well as child and/or nursing care duties.

In fiscal 2008, along with offering a system for childcare leave, we added systems that allow employees to choose the days they wish to work and to work shorter hours when raising children. We also established a paternity leave system as yet another way to support employees in both work and parenting, with the number of employees utilizing this system growing each year.

In fiscal 2010, we opened I-Kids, a childcare center for our employees, at a location close to our Tokyo headquarters. This move was made in light of a widespread social issue where many children are currently waiting for entry to nurseries in the Tokyo metropolitan area, and female workers face difficulties in planning their return from childcare leave. Subsequently, we took this step to minimize factors that might hinder our employees from continuing their careers and support their motivation to keep working. Furthermore, in line with revisions to Japan's Child Care and Family Care Leave Law, in fiscal 2011, we expanded our system for supporting the participation of male employees in childcare, and established a new system of nursing care leave, allowing employees to take short periods off from work as a way to support them in meeting their work and nursing care responsibilities.

Through the continued expansion and upgrade of support and systems of this kind, ITOCHU is creating a working environment that will enable employees to retain their motivation to continue working.

Acquisition of leave according to child care or nursing care related systems

(Unit: persons)

| | | FY 2009 | FY 2010 | FY 2011 |
|----------------------|--|---------|---------|------------------------------|
| Child care | Parental leave | 30 | 43 | 49 (2 males; 47 females) |
| | Leave to nurse sick children | 71 | 98 | 125 (58 males; 67 females) |
| | Shorter working hours for child care | 40 | 32 | 50 (1 males; 49 females) |
| | Special parental leave | 21 | 16 | 13 (7 males; 6 females) |
| | Paternity leave | 48 | 53 | 62 (62 males) |
| Nursing care | Nursing care leave | 0 | 0 | 0 |
| | Special nursing care leave | 9 | 8 | 9 (3 male; 6 females) |
| | Nursing care responsibilities | - | - | 16 (7 males; 9 females) |
| | Shorter working hours for nursing care | 1 | 2 | 2 |
| Family support leave | | 247 | 383 | 469 (285 males; 184 females) |

Comments from an I-Kids user

Investor Relations Department
Akihide Chiba



Birthday party at I-Kids

I was unable to get my child into an approved nursery school, so I chose to use I-Kids instead. I was a bit worried at first if my daughter would adapt to being in daycare. But she quickly became accustomed to going to I-Kids and seems to enjoy being there each day, which as a parent makes me glad. While commuting to work on the train with a one year old can be tough, my wife and I both appreciate knowing that we can continue to work while having her looked after by nursery school teachers, nutritionists and other staff that we can trust.

Comments from a user of childcare leave



HR Management Department,
 Human Resources & General
 Affairs Division
Takashi Kawasaki

When my second child was born last year, I decided to take leave from the Company after discussing the decision with my supervisor and my wife. Thanks to the support of my supervisor and colleagues, I was able to give my all to helping raise my child during this irreplaceable time in a baby's development. Although there are still not many male employees opting to take leave, as Japan's birthrate declines and its population grows older, supporting childcare efforts will become an increasingly major social responsibility that companies must fulfill. I think that more must be done to create an environment and atmosphere that will allow men and women alike to meet their respective parental duties.

Acquired "Kurumin" Mark Certification

On July 11, 2011, ITOCHU Corporation obtained approval from the Tokyo Labor Bureau to display the Next-Generation Certification Mark (affectionately known as Kurumin) after satisfying approval criteria stipulated by Japan's Act on Advancement of Measures to Support Raising Next-Generation Children (*).

In an effort to create working environments suitable for all of its employees, ITOCHU has a full range of systems in place to support them in balancing their work and parental responsibilities. Steps taken to embed and promote active participation by more of our diverse workforce over the years have included the establishment of an in-house child daycare center, called I-Kids, in January 2010. Approval to display the Kurumin Mark is an acknowledgement of ITOCHU's track record in this important area.

ITOCHU will continue to create environments that make diverse working styles possible, allowing employees to balance work and childrearing, as well as give ample play to their own skills and abilities.



* Act on Advancement of Measures to Support Raising Next-Generation Children
 The Act on Advancement of Measures to Support Raising Next-Generation Children calls on regional public-sector organizations to formulate and present local action plans to help reverse Japan's rapidly declining birthrate. Meanwhile companies, based on the number of employees employed, are mandated to formulate action plans of their own for supporting employees in balancing work and parental duties, and submit a detailed summary of these to prefectural labor bureaus. (Excerpt from the Ministry of Health, Labour and Welfare (Japanese only))

Career Counseling

The Career Counseling Center offers a wide range of counseling and support for diverse career stages, ranging from new recruits to organization managers. Staffed by several employees certified as career counselors, the department touches on an array of topics with its clients, including relationships with supervisors, junior staff and peers, approaches to work, and considerations about one's own future. A mechanism is in place in which all young employees go to career counseling at certain milestones after joining ITOCHU as part of their training. Counseling, moreover, is available to all employees when choosing a career path, as well as for middle-aged employees looking to extend their employment. In the words of one employee, "Since I usually don't have time on a given day to really sit and consider my situation, being able to go to career counseling was a very valuable experience for me."

Employee Health Management

For ITOCHU Corporation, employees are assets, and thus the health management of every single employee is extremely important to ensure that a diversity of employees can freely exert their capabilities.

We have developed an in-house system that allows employees to receive counseling on their health at any time. For example, the Health Administration Center at ITOCHU's Tokyo Headquarters, which also serves as a clinic, has 20 specialist physicians on staff, as well as an X-ray technician and a pharmacist. These health maintenance professionals, who each act as a "health concierge," care for every aspect of health for each employee, providing them with the support needed to manage their own health.

Where mental health is concerned, we have established a stress management room in-house, and have a system where employees can talk at any time with a psychiatrist or clinical psychologist.

We are also taking steps to prevent long working hours, including setting days at each business site for early dismissal from work. At the same time, we are further strengthening our system for ensuring proper time management as a company, including utilizing an objective labor time management system based on building entry and exit records.

Employee Safety Measures

To ensure that ITOCHU Corporation employees stationed around the world and their families spend a meaningful assignment term in safety and good health, we have built a full system not only for incidents, accidents, disasters and other emergencies, but also for health management.

To prepare for emergencies such as diseases or injuries, including preventive measures for infectious diseases in the dispatched area, we collaborate with multiple medical emergency service companies for a complete support system.

Communications with Employees



Dialogue Meetings with the President

Dialogue meetings that employees can freely take part in are held in an effort to deepen communication through two-way discussions between employees and the ITOCHU president.

Although Company-wide Employee Meetings have been held since 2001, from this fiscal year the meetings were divided into three sessions in an effort to deepen dialogue. At the dialogue meetings, the president himself can directly share his passion around management policies and their realization with employees. At the same time, employees can share their opinions and any questions they may have directly with the president. As such, these meetings are extremely valuable opportunities for two-way communication.

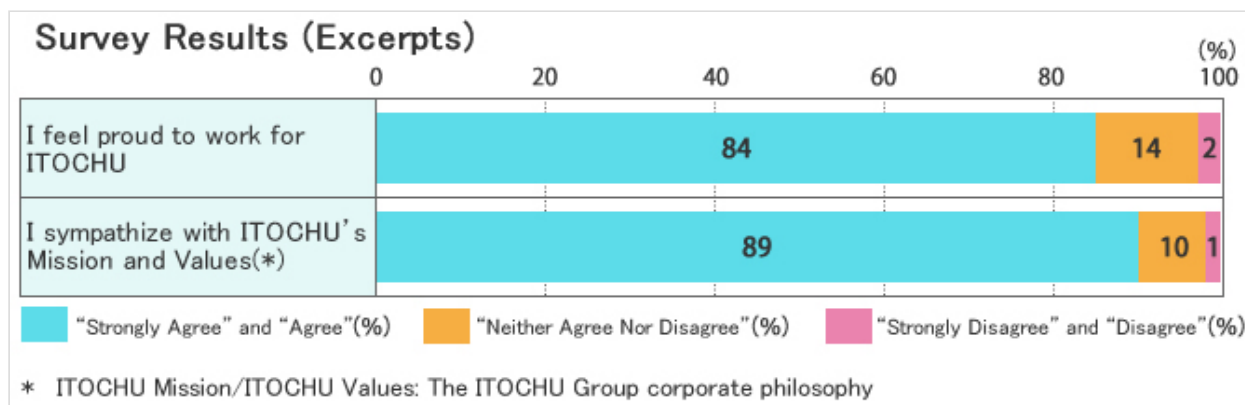
The dialogue meeting for fiscal 2012 took place in August. The meeting was an exceptionally lively one, and touched on everything from management policies to more personal topics.



Enactment of Engagement Survey for Employees

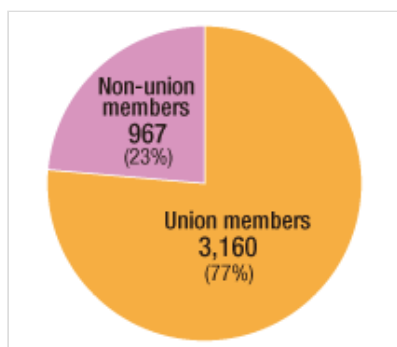
ITOCHU continuously surveys the level of engagement present among employees. In fiscal 2011, we conducted a survey targeting all employees, including those on assignment overseas, with the goal of assessing motivation, satisfaction, and engagement (*), and utilizing survey results in a range of measures designed to improve employee engagement and corporate value.

* Engagement: The degree to which employees, with a strong desire to contribute to ITOCHU, can of their own initiative optimally capitalize on their own abilities.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues is discussed with the labor union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2011, we held a number of meetings, including management meetings with the President and similar meetings with Division Companies. Through opportunities of this kind, labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.



Ratio of labor union members in April 2011

Initiatives with the Labor Union in fiscal 2011

| | |
|----------------------|---|
| Apr. 2010 | Chemicals, Forest Products & General Merchandise Company management meeting |
| June 2010 | Settlement of accountings meeting |
| July 2010 | Management meeting with the President |
| August 2010 | ICT, Aerospace & Electronics Company management meeting |
| October 2010 | Headquarters management meeting |
| December 2010 | Meetings to discuss branches and offices in Japan |
| December 2010 | Energy, Metals & Minerals Company management meeting |
| February 2011 | Management meeting with the President |

Comments from the Labor Union President



Satoshi Morikawa
President, ITOCHU Labor Union

The ITOCHU Labor Union is involved in a host of measures designed to realize working environments that allow one of the Company's key stakeholder groups, its employees, to be more enthusiastic and motivated, and bring their individual abilities to the fore. As a labor union, we hope to contribute to CSR activities through active dialogue with ITOCHU, based on input gathered from a wide array of frontline operations.

Promoting Human Resources Diversification in Japan



Commitment to promoting more diverse human resources in Japan

Promoting efforts to embed and utilize through numerical expansion and systems enhancement

Promotion Plan on Human Resources Diversification 2013 (Japan)

Since December 2003, ITOCHU has promoted efforts to diversify its workforce in Japan. The motivation here is a recognized need to respond to changes in the external environment, such as intensifying competition spurred by economic globalization and the race to secure human resources due to Japan's declining birthrate and aging society. ITOCHU must also respond to the need to create new businesses, as well as address the disproportionate age makeup of its workforce.

In fiscal 2010, ITOCHU launched "Promotion Plan on Human Resources Diversification 2013 (Japan)," a new roadmap aimed at enhancing individual and organizational abilities further by putting an environment in place that leverages and utilizes the characteristics of each employee without regard to gender, nationality or age. Set to run from April 2009 to March 2014, this new plan outlines concrete measures to implement with emphasis on supporting career formation for women, seniors and other human resources in their respective fields.

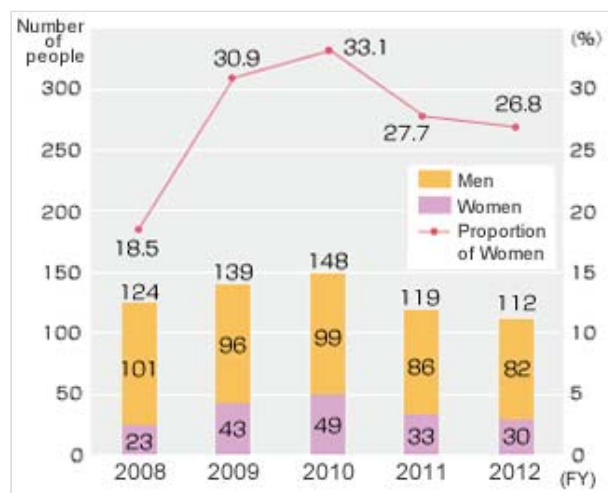
One example of these efforts is the hiring of students from universities overseas to work at ITOCHU Headquarters. By supporting the push to secure, embed and utilize more diverse human resources, our goal is to create a more attractive company and corporate culture. Similarly, by reforming consciousness around our approach to work, and through measures that encourage appropriate time management and the taking of holidays, we seek to realize comfortable, dynamic working environments inside ITOCHU.

Number of male and female employees

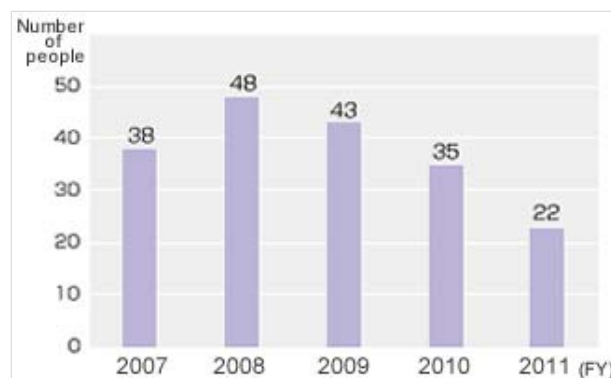
(Unit: persons)

| | Men | Women | Total |
|---------|-------|-------|-------|
| FY 2009 | 3,161 | 1,014 | 4,175 |
| FY 2010 | 3,191 | 1,068 | 4,259 |
| FY 2011 | 3,201 | 1,100 | 4,301 |

(As of March 31, 2010)



Total hires of new graduates



Mid-career hires (career-track)

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established Itochu Uneedus Co., Ltd., as a special subsidiary based on the Disabled Persons Employment Promotion Act (Law for the Employment Promotion of the Disabled) in order to create work opportunities for those with disability. As of July 2011, the proportion of our workforce with disabilities is 1.99%, which exceeds the legally stipulated ratio of 1.8%. We will continue to actively support the participation in society by people with disabilities.

Social Contribution



Basic Activity Guidelines on Social Contribution



Following our corporate mission "Committed to the global good," we have identified five areas of focus in our basic activity guidelines.

Basic Activity Guidelines on Social Contribution



1. Action on global humanitarian issues

As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.



2. Environmental conservation

ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.



3. Community contribution

As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.



4. Growth of future generations

ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.



5. Support for volunteer work by our employees

ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

Social Contribution Activities



ITOCHU Foundation

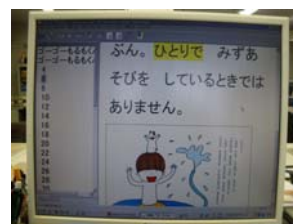
Growth of future generations

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation in 1974.

In addition to its present projects, the foundation searches for new opportunities to help that match the needs of the times. Current projects include subsidizing the development of children's literature collections (including subsidies for library development at schools and supplementary schools for Japanese nationals overseas), and promoting the development of an e-book library.



Reading aloud from a subsidized book (Higashi Motomachi library, Tokyo)



Onscreen e-book

For details, please refer to the webpages of the [ITOCHU Foundation](#)

Providing aid to areas affected by major natural disasters

Action on global humanitarian issues

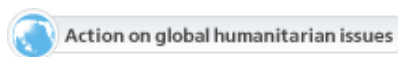
For humanitarian reasons, we donate money and provide supplies for the emergency relief of people affected by natural disasters.

By collaborating with local branch offices and related organizations, we provided the following aid.

Recent examples

| | |
|-----------------------------------|--------------|
| Flooding in Gansu Province, China | ¥10,000,000 |
| Flooding in Pakistan | ¥3,000,000 |
| Flooding in Australia Approx | ¥8,000,000 |
| Flooding in Brazil | ¥5,000,000 |
| Earthquake in New Zealand Approx | ¥1,800,000 |
| Great East Japan Earthquake | ¥400,000,000 |

Support activities for the World Food Programme (WFP)



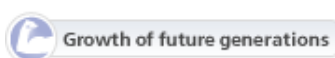
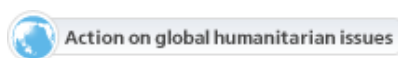
With the hope of alleviating hunger and poverty worldwide, we have been serving as a council member of the Japan Association for the WFP, a nonprofit organization that focuses on building support in Japan for the World Food Programme and its hunger relief operations.

Every year, employees of the ITOCHU Group participate in Walk the World in Yokohama. Since 2007, we have made a panel exhibition introducing WFP activities at our Tokyo head office.



WFP fund-raising

Support the “House for Youth” in Philippines of NGO “Kokkyo naki Kodomotachi (KnK)”



We support the activities of “Kokkyo naki Kodomotachi” (KnK: meaning Children without Borders), an NGO that supports street children, children who are victims of major disasters, and other children in developing countries. On December 11, 2009, renovating was completed for House for Youth, made possible through support from ITOCHU. Located in the outskirts of Manila (Philippines), House for Youth is a home that helps young people become independent. It was also put to



House for Youth re-opened after renovating



Children in the House for Youth

effective use as an emergency evacuation center when typhoons hit the Philippines in September 2009. Moving forward, the home will provide a wide range of support to approximately 1,000 young people per year.

KnK Reports From the Philippines

KnK’s support activities in the Philippines based around House for Youth are growing. In addition to housing 14 children, House for Youth is also used as a venue each month for computer skills training, a youth development program and development seminars for mothers. We aim to continue using House for Youth as a base for expanding our community activities to support youth and people living in slums.



Together with the staff members of KnK

ITOCHU baseball class



Growth of future generations

As part of nurturing young people, thinking that we want to give disabled children the opportunity to challenge themselves in a variety of activities, and that we would like to help create opportunities for them to explore their own potential, we have sponsored the classes since 2007.

The instructor Kazuya Yano, former pitcher for the Yakult Swallows, covered a lot of ground, from sportsmanship, basic movements and other fundamentals that are difficult to master by practicing at home, to catching fly balls and practicing pitching. Expressing a common sentiment, one child who participated said, "I am happy because it was the first opportunity for me to use some of this gear. From now on I want to practice more." The event is very popular with everyone including the children, their guardians and the volunteers.



Children practicing

Activities at the Branch Offices

Branch offices in and outside of Japan proactively promote volunteer activities. For further details, please refer to ITOCHU's Social Contribution Report.

Supporting Independent Activities by Employees

We have created a system of "Volunteer Holidays" to support the activities of employees. In addition, we support the activities of Fureai No Network, a staff volunteer organization.

Volunteering in Collaboration with External Organizations (NPOs, NGOs)

We assist in the recruitment of volunteers to participate in the activities of external organizations.

Reports on Social Contribution Activities (From April to December, 2010)



April

■ Biodiversity seminar at the 2010 new employees' training

We invited Ms. Yumiko Kawamura, Director, Fundraising & Marketing Communications of WWF Japan, and listened to a talk she gave about what biodiversity was about and what we needed to care about. Rather than simply listening to the lecture, the participants had been given an assignment in advance and corrected their answers on this day. The event turned out to be very stimulating. In a friendly atmosphere, they learned about biodiversity in a way that was easy to understand.



■ Briefing for Borneo Tree-Planting Tour (Tokyo, Osaka, and Nagoya)

We spent four days holding briefings for the tour at both Tokyo and Osaka Head Offices and Nagoya Branch. On April 13, we invited Dr. Noko Kuze from the Wildlife Research Center of Kyoto University and took part in a seminar on the ecology of orangutans and the reality of Borneo. Her lecture using videos had a great impact on the audience, and made it clearer than ever the reason why we needed to protect Borneo's forests.



■ Participation in a tree planting activity in South Korea

On April 10, 20 staff members of ITOCHU Korea, including its president and vice president, took part in "tree planting for the future generation."

After arriving at the site of the subsidized "forest of world peace" in the Yeongjong Island of Incheon, the participants received an explanation about forests and how to plant trees before going ahead and planting pine species in Korea.

Pebbles mixed in with the soil made the job very tough. But the participants helped one another and felt a sense of fulfillment through the teamwork of achieving a common goal.



■ ITOCHU International and ITOCHU Prominent USA employees volunteered to clean up New York City park

On a sunny Saturday in April, a team of 24 volunteers from ITOCHU International and ITOCHU Prominent USA clean up the Flushing Meadows Park in Queens, New York, located between the NY Mets Stadium and the US Open Tennis center. The team cleaned up garbage along the shoreline and painted the benches.



May

■ Small environmental tour to learn about Lake Biwa

On May 15, a total of 24 people including staff members of our affiliates and their families visited the Harie area of Shiga Prefecture to view kitchens named *kabata*, and planted trees in the World Citizens' Forest park where the tree planting activity had also taken place two years ago. In Harie region, the culture of water and water-usage called *kabata* remains since a long time ago. The spring water is drawn into the house and into a pond on the premises with the cleanest water being used for drinking and cooking. The grains of rice stuck to the tableware after a meal are fed to carps in the ponds and after the water is purified it is flowed into the town's river.



■ First Volunteer Field Work at Saitama Farming Village (rice planting and taro potato manuring)

A total of 60 people, including staff members of our affiliates and their families, planted rice in the Sagiyama area of Saitama-shi. Abounding in the scenery of traditional countryside, this area has excellent access to large cities; it is just 20 minutes by car from Omiya and Urawa. Despite this advantage, many of the fields lie idle due to a shortage of younger farmers and other factors.



Children, covered in mud, earnestly planted rice. They used a furnace and firewood to cook rice for lunch. The day was filled with new experiences for them.

■ Participation in the Gaienmae cleanup campaign for "Akasaka Aoyama Utsukushii Machi, Manner no Machi" (Akasaka and Aoyama Beautiful Towns of Well-mannered People)

On May 27 and 28, ITOCHU employees participated in the cleanup campaign organized by the Minato ward eco-conscious consortium. The area we cleaned up this time were the streets around the Gaienmae station.

■ Accepting university students from China for a one-night homestay

ITOCHU supports and cooperates with the "Get Closer to Japanese Companies and Feel Japan" Project sponsored by the Japanese Chamber of Commerce and Industry in China. ITOCHU provides volunteers who host students from China. The project was established with the purpose of inviting Chinese university students, especially those who are likely to be future leaders and to help enhance their understanding of Japan and Japanese companies. Two families from ITOCHU volunteered this time.



■ ITOCHU scholarship students' workshop and satoyama preservation volunteer

On May 28, 45 ITOCHU scholarship students gathered at the Tokyo head office for a workshop and get-together. Following on May 29, the 45 students and 9 ITOCHU Group junior staff traveled to Hinode-Machi in Tokyo's Nishitama district to participate in thinning a bamboo forest, as part of a *satoyama* (rural environment) preservation project.



Upon their arrival, they received instructions from local volunteers before donning safety helmets to charge in the bamboo forest. The hill sides were steep, and also muddy and slippery from the drizzle that day. Once their work was done, the volunteers enjoyed the challenge of various bamboo crafts using the bamboo they had cut themselves. While in the past, bamboo was an integral part of everyday life, declining use of bamboo in recent years has left bamboo stands in many rural areas neglected, and they often overrun other property. Bamboo's rapid growth also means regular maintenance is needed to keep it in check.

Through this project, the scholarship students and ITOCHU staff not only gained an awareness of the importance of *satoyama* preservation, but were able to deepen their own relationships with one another. Going forward, we plan to conduct similar joint volunteer projects between our scholarship students and staff about once a year.

■ Tokyo Sports Festival for the Disabled

Since 1994, staff members of ITOCHU have served as volunteers in the sports festival for the disabled, and the Food Company provides drinking water for the event.

This year, a total of 7 volunteers from ITOCHU together with their friends supported athletes from *Soleil Hana no Sato*, a facility for people with the developmentally challenged.

June

■ “Looking at our city from a high place”—Off-campus class for 3rd year students at Aoyama elementary school in Minato Ward

This year again, 22 third-year students from Aoyama Elementary School visited the Tokyo head office on June 3. The purpose of this off-campus class is to look at the city they live in from a high place and to know what is in their city.



■ A trip to Disneyland with disabled children

On June 4, 5 volunteers from ITOCHU participated in the KIDS Project 2010. Some of the volunteers were assigned the role of a steering committee, and others were assigned the role of an attendant. Since the project was cancelled last year due to the outbreak of influenza, the satisfaction of finally having the great experience they would have enjoyed last year made the children's smiles all the brighter.

■ Participation in “End Hunger: Walk the World”

On June 6, 87 ITOCHU employees and families participated in the charity walk for alleviation of child hunger “Walk the World” organized by The World Food Programme (WFP) and Japan Association for WFP. Starting together under a sun that was as hot as the height of summer, participants enjoyed walking through the atmospheric city of Yokohama.



■ AED Seminar by the Japanese Red Cross Society

Four times a year, we held seminars by the Japanese Red Cross holds at the Tokyo head office, and the first seminar for this year was held on June 16. 31 employees took part and learned about first-aid procedures using an automated external defibrillator (AED).



■ Participating in the JP Morgan Chase Corporate Challenge in Central Park in New York (ITOCHU International Inc.)

On June 17, 44 runners/walkers of ITOCHU International Inc. and ITOCHU Prominent USA were among 15,000 participants from 373 companies participating in the 34th Annual JP Morgan Chase-organized Corporate Challenge to support the Central Park Conservancy. Members of our team donning ITOCHU-blue T-shirts enjoyed the 3.4 mile run/walk inside the Central Park.



■ Blood Donation Drive and Bone Marrow Donor Registration (Tokyo)

The Japanese Red Cross Society conducted a drive for blood donations at the Tokyo head office. A total of 158 employees cooperated in the blood donation drive and 18 employees registered as bone marrow donors.

July

■ The 2nd Saitama farm volunteer activity (weeding in a paddy field and crawfish fishing)

The seedlings planted in May had grown nicely. The participants listened to an explanation about a weeding tool named a *takosuriki*, before stepping into the paddy field without taking off their socks. The paddy fields need frequent weeding because no chemical herbicide is used. After the weeding, everyone went to a nearby canal for crawfish fishing. It was a great catch. Many crawfish were caught in the first cast. However, we heard that once the canal is paved with concrete, no crawfish or other fish can live there.



After the volunteer activity, some of the participants stayed on the farm and enjoyed digging potatoes and picking blueberries.

■ Volunteer activity to cover grapes on the Kimura grape farm in Setagaya

On July 10, 26 people took part in an activity to cover grapes with bags. Covering grapes one by one while keeping both arms raised is a very strenuous job to do. But this job can only be done by hand. The participants experienced a little bit of the hard work that is the daily life of farmers. Allocated to wine grapes located in lower areas, children covered them one by one just like grown-up participants did.



■ Participation in Komae Waterfront School: Cleaning of Tama River, preparation of spawning bed for dace, and river safety class

On July 11, a total of 34 people, including staff members of our affiliates and their children, joined local children in the waterfront school. It was another hot and muggy day, and looked like it might rain.

First, they walked to the riverside while viewing the biotope maintained by local people. They competed in picking up riverside garbage before putting on a life jacket and entering the river to prepare the spawning bed. To their surprise, they saw some fish coming to the bed only 30 minutes after the preparation work was over.

The gathering was closed with what every child was waiting for: the safety class. Mr. Ken Nakamoto, the lecturer, gave the participants a simple and fun explanation about what to do in the event that you are washed away in the river.



■ Volunteering to make preserved flower corsages for the disabled

On the occasion of the lobby concert at the Tokyo head office on July 27, 26 employees volunteered to make preserved flower corsages to present to everyone from the Agape Center. Volunteers say that with this activity, they can be help of others and have fun at the same time.



■ 2010 ITOCHU LOBBY CONCERT

Every year we invite people from the Agape Center* to a concert held in the lobby of the Tokyo head office. This year, 26 people including staff were able to enjoy music played by the New York Symphonic Ensemble. Volunteers of the ITOCHU Group helped out by guiding the guests to the lobby.

* Comprehensive social services for persons with disabilities under the auspices of the Japan Church World Service



August

■ A charity bazaar at the Asahi Beer Evening

On August 3, we held a charity auction and bazaar at the annual event Asahi Beer Evening. This year, the proceeds and contributions were donated to a youth assistance facility "Wakamono-no-ie" (House for Youth) located outside Manila and run by a Japanese NGO, *Kokkyo naki Kodomotachi* (Children without Borders, KnK). The facility was rebuilt on December 2009, under financial support from ITOCHU.



■ A visit to your parent's workplace: the 2nd gathering of the Chemicals, Forest Products & General Merchandise Company

The 2010 Summer Holidays Kids Project was held on Tuesday, August 17.

Like last year, children of 32 of our employees experienced the commuter rush hour with their parents and learned the proper greeting from new recruits in the morning. The children looked nervous while practicing the greetings in the office.

The highlight of this year's event was the workshop held at the Minato District Aoyama Elementary School, under the guidance of theater director Ms. Minato

It was not long before the nervous children were relaxed and made new friends. In the afternoon, they were divided into groups to write and perform a short play.



This year's event was about teamwork, a sense of achieving goals and self-expression.

The office visit in the evening gave the children the opportunity to see how their fathers and mothers usually work, which helped renew their views on parents.

Having started under a concept of making children learn how their moms and dads look different during working hours, the project was in its second year and improved to a higher level.

■ Users of neighboring facilities invited to the Jingu-gaien fireworks (Tokyo head office)

On August 19, the annual fireworks event took place in the Jingu Stadium located by our Tokyo head office. We invited the children who use the neighboring facilities to the event.

They jubilantly enjoyed watching the fireworks displayed in front of them.

September

■ Donating Items through "First Night Kit Program" in New York (ITOCHU International Inc.)

In summer, ITOCHU International Inc. volunteers collected hygiene items (soap, shampoo, conditioner, toothbrushes, toothpaste, ect.), socks, notebooks, pens and small toys for kids for the "First Night Kit Program" run by Jersey Cares. Jersey Cares is a community based organization in New Jersey. They collect these items for domestic violence shelters, runaway safe havens, and foster homes. By the end of summer, ITOCHU International, Inc. donated 3 boxes (moving size) of these items to the Program.

December

■ Donating Christmas Gifts to Foster Children through Angel Tree Program in New York (ITOCHU International Inc.)

ITOCHU International Inc. sponsored the "Angel Tree Program" organized by the Forestdale Foster Home, a non-profit agency that assists children and their families in the Queens area of New York by providing foster care placement, adoption and mentoring services. ITOCHU staff volunteered to purchase and wrap gifts written on angel shaped decorations on the Christmas tree in the company's reception area. Each angel decoration had the name of a child along with the gift the child wished for. In the case of very young children, gifts the care givers had deemed suitable. ITOCHU International Inc. donated as Christmas presents to 30 children, aged from 2-month to 18-year old, a wide range of gifts from gift cards and coats to iPods, scooters, walkers, etc. The children were delighted with the gifts, says the Thank You letter sent by Jersey Cares.



■ Visiting Orphanage with New Year presents ("CIECO Azerbaijan" Rep. office of ITOCHU OIL Exploration (Azerbaijan) Inc.)

CIECO Azerbaijan is rendering assistances to refugees, orphanages and disabled every year by means of the variety of donation. End of December 2010, three staff members visited the Orphanage House to interact with disable children, and deliver the presents. Smile of these children are so pure and sincere, so all members of ITOCHU shed a few tears.



Reports on Social Contribution Activities (From January to March, 2011)



January

■ Donating New Calendars to Various Organizations

We donated new but surplus calendars to kindergartens in Saitama and various similar institutions in Tokyo.

■ Participation in the Akasaka Aoyama Campaign for a Clean Town with No Littering

ITOCHU employees participated in the Akasaka Aoyama Campaign for a Clean Town with No Littering on January 27 and 28, joining forces with employees from neighboring companies to clean up the area in front of Gaienmae Station.

February

■ Blood Donation Event Held (Osaka Head Office)

A blood donation event through the Japanese Red Cross Society was held at the Osaka Head Office building. Sixty-five people participated.

■ Charity Sale of Valentine's Day Chocolate

On February 8, we held an in-house charity sale of chocolate with assistance from the Food Company. This year, the renowned entertainer and mathematician Peter Frankel volunteered to assist the sale. Mr. Frankel supports various needy groups as an individual, and not only sold chocolates alongside ITOCHU employees but also gave a marvelous street performance. All proceeds from the sale were donated to the NPO Kokkyo naki Kodomotachi ("Children Without Borders") and will be used to fund educational support activities for deprived children living in the "House for Youths" that was recently completed in Manila.



■ Handmade Stuffed Toys Given to Children in Developing Countries

Twenty-three employees participated in the Happy Toys Project, which is focused on making handmade stuffed toys. Now in its fourth year, the project is run in cooperation with FELISSIMO CORPORATION.



■ Kids' Day in KidZania Koshien

On February 16, we held a family event at the Osaka Head Office and KidZania Koshien. ITOCHU booked the entire KidZania Koshien complex for the day, and invited 850 children from local elementary schools in Chuo ward, Osaka, and children of employees to join the event. The children spent a fun day trying various activities in the facilities and pavilions, as well as learning about different types of work.



Before visiting KidZania, 50 employees of the ITOCHU Group and their children assembled at Osaka Head Office. There they divided into two groups for a tour of the ITOCHU workplace. The tour offered the children a chance to see the offices where their parents work, the staff cafeteria, and the executive boardroom. The goal was to help them to understand the importance of working, and foster deeper communication within families.

March

■ ITOCHU Donates ¥400 Million to Aid Victims of the Great East Japan Earthquake

ITOCHU Corporation has decided to contribute ¥400 million in aid to help the victims of the Great East Japan Earthquake. Moreover, we are prepared to offer as much support as we can, depending on the needs that arise in stricken areas as the situation progresses. We offer our heartfelt sympathy to people in the disaster-hit areas and hope for a swift recovery.

■ Collecting Employee Donations for the Great East Japan Earthquake

On March 15 and 16, 2011, we held a two-day emergency drive to collect donations from employees in the B1 basement lobby of our Tokyo Head Office. Further donations were collected at other ITOCHU sites in and outside Japan, bringing the total amount collected at the end of March to ¥8.15 million. Donations collected within Japan were given to the Japanese Red Cross Society, and those collected outside Japan were given to overseas Red Cross societies or similar organizations, to be used for the support of people in the areas affected by the disaster.



■ Material Aid for Disaster-hit Areas

In addition to providing ¥400 million in monetary aid, in March ITOCHU also helped to supply food, clothing and other living essentials to the affected areas, including the following.

1. Clothing
10,000 items of underwear, children's clothing, and towels are currently being shipped and distributed in Miyagi Prefecture.
2. Emergency dwellings and rooms for indoor installation (TECCEL products)
These are currently being shipped to emergency shelters in Higashi Matsushima City. Plans are to use them for changing rooms and other purposes.
3. "Spam" precooked meat (Canned meat)
1500 cases (36,000 cans) of spam have been shipped to the prefectures of Iwate, Miyagi, and Fukushima.



All the material supplies from ITOCHU mentioned above were secured and delivered in response to requests from the prefectures.

■ Indonesian Children Send Messages of Encouragement through ITOCHU INDONESIA

Employees at PT ITOCHU INDONESIA have long provided support to local children forced to search through refuse as a way to help their families survive. When these children heard about the Great East Japan Earthquake, they wanted to send a message of thanks and support to the people of Japan in return. Although they had no money to spare for donations, the children sent letters of support together with drawings addressed to the people living in the disaster zone.



Social Contribution Programs to Commemorate the 150th Anniversary

Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

 Organizational governance
  Human rights
  Labor practices
  The environment
  Fair operating practices
  Consumer issues
  Community involvement and development



Activities to restore the tropical rainforests and conserve Borneo's ecosystem

This program is aimed at rejuvenating tropical rainforests in Borneo, which have been degraded due to rapid development.

ITOCHU Group Forest for Orang-utan

A worldwide issue, the striking decline and deterioration of tropical rainforests and the accompanying collapse of ecosystems was pointed out at the United Nations Conference on Environment and Development (UN Earth Summit) held in Brazil in 1992, but even today it has not stopped. In addition, it is also said that the destruction of forests is a source of the increase in CO₂ that is a cause of global warming.

The island of Borneo (Kalimantan) is a tropical rainforest region extending across the three nations of Malaysia, Indonesia and Brunei. With a surface area that is approximately 1.9 times that of Japan, it is the third largest island in the world.

Ranked with the Amazon, the island of Borneo is considered a treasure house of biodiversity, but recently development has made headway and some of the tropical rainforests have been damaged to the degree that it is not possible to preserve the ecosystem with natural regenerative power alone. This program is designed to assist with the regeneration of these damaged rainforests. In the northeast of Borneo, at North Ulu Segama in the state of Sabah in Malaysia, where ITOCHU supports an area for rainforest regeneration, WWF, the international conservation organization, is collaborating with the Forestry Department of the State Government of Sabah, to carry out reforestation of an area of approximately 2,400 hectares.



Within the area, the ITOCHU Group is supporting the regeneration of 967 hectares. The land in question is also a habitat for orangutan s, an endangered species. The reforestation not only protects the orangutans ; it is linked to the protection of many living creatures whose habitat is here.

Reforestation of 381 hectares had been completed as of the end of June 2011.

It takes a long time to regenerate a tropical rainforest. Five years alone is not enough. However, taking this opportunity, both employees and Group companies are cooperating, aiming to regenerate a forest where the animals can live in peace.

Program Description

| | |
|------------------------------|---|
| Recipient | WWF Japan |
| Term | From FY2010 to FY2014 (five years) |
| Location | Borneo (North Ulu Segama, Sabah, Malaysia) |
| Area | 967 hectares (approximately half the size of Minato Ward in Tokyo) |
| Contribution | A total of 250 million yen (including donations from Group companies) |
| Tree-planting | We will plant species of trees that are appropriate to local conditions with the focus on the local Dipterocarpaceae species. We will plant trees and undertake maintenance for a period of five years. |
| Employee volunteering | We are involved in local forestation activities (tree-planting, cutting undergrowth), wildlife observation, and other activities by employee volunteers, including those from Group companies. |

Reforestation Activities by Employee Volunteers



Careful tree planting together with local staff



Trees planted in 2009 have grown substantially in just nine months



Commemorative photo taken at the ITOCHU Group reforestation site

WWF Program Outline

* The reference material predates the decision by ITOCHU to support the project.

■ Reforestation Activities in the North Ulu Segama on Borneo: Revive! The Forest of the Orang-utan, an Endangered Species

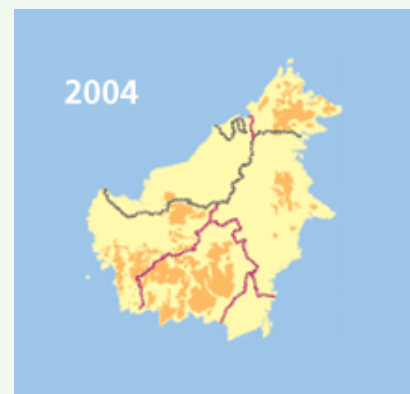
Objective

To undertake reforestation of an area of 2,400 hectares with high conservation priority and requiring human intervention due to severe deterioration in the state of Sabah, Malaysia.

The Significance of the Location

A diversity of plants and indigenous species, including the orang-utan, inhabit the island of Borneo, which is a treasure house of biodiversity. To cite one example, the orang-utan, the mammal that is the symbol of Borneo, is an endangered species of primate that only survives on Borneo and Sumatra. In 2005, WWF established areas of particularly high priority as habitats for the orang-utan on Borneo: three areas on Indonesian territory and in Sabah, Malaysia. The five areas listed below (in order of importance), in Sabah, are of particular significance.

The decline in the headcount for native orang-utans is caused by the overall decline of forested areas as well as the splitting off of forested areas. Securing the habitat is directly linked to the preservation of the forest ecosystem on Borneo.



Orang-utan habitat
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| Region | area (km ²) | headcount |
|----------------------------|-------------------------|-----------|
| Ulu Segama Malua | 3,000 | 5,000 |
| Kinabatangan north | 1,400 | 1,700 |
| Tabin Wildlife Reserve | 1,200 | 1,400 |
| Kinabatangan lower reaches | 400 | 1,100 |
| Kulamba Wildlife Reserve | 210 | 500 |

Significance of the Activities

In the most important area of Ulu Segama Malua (USM), logging for timber started in the early 1960s but was stopped as of January 2008 with the State Government of Sabah inviting WWF Malaysia to join the team that will produce a ten-year plan for USM forest management. In this way, the opportunity for protection is increased and the work can go ahead in an environment where it is easy to promote conservation activities to achieve the following four goals.

1. To protect the biodiversity and genotype by restoring the Dipterocarpaceae forests in the lowlands where many species survive.
2. To secure for the long term a habitat for large primates and endangered species.
3. To save indigenous species from the crisis of extinction.
4. To secure for the long term an environment where the separated forests are linked together to allow wild animals to move over a wider range and to secure food.

Location

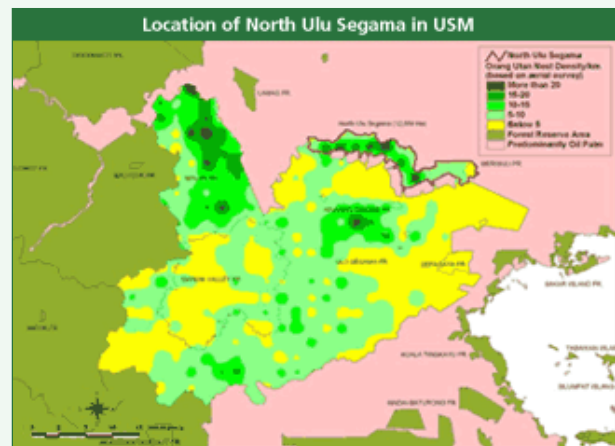
In Ulu Segama, and particularly in North Ulu Segama where deforestation is severe, there are approximately 90 orang-utans, but, since the deterioration is too severe, there is no prospect for forest regeneration without human intervention such as planting trees and clearing the undergrowth. It has been decided to restore 2,400 hectares of forest in this area. The Ulu Segama area is a forest reserve where commercial use is allowed and, as is the case with other forest reserves, the Sabah Forestry Department (SFD) owns the land. WWF has already established a local officer here and have a team in place to monitor the orang-utans. The target area is divided into three blocks; work has started in one block with funding from:

- Marks & Spencer (UK)
- The Addesium Foundation (Netherlands)
- WWF UK
- WWF Germany
- WWF US



Ulu Segama-Malua

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| Local name of species/ | scientific name | commercial name |
|------------------------|---------------------------------|-----------------|
| Laran | <i>Neolamarckia cadamba</i> | Laran |
| Binuang | <i>Octomeles sumatrana</i> | Binuang |
| Seraya Kepong | <i>Shorea ovalis</i> | Seraya |
| Kapur Paji | <i>Dryobalanops lanceolata</i> | Kapur |
| Seraya Tembaga | <i>Dipterocarpus caudiferus</i> | Keruing |
| Seraya Daun Kasar | <i>Shorea fallax</i> | Seraya |
| Kawang Jantung | <i>Shorea macrophylla</i> | Tengkawang |
| Selangan Jangkang | <i>Hopea nervosa</i> | Merawan |
| Urat Mata Daun Licin | <i>Parashorea mallanonan</i> | White seraya |
| Seraya Daun Mas | <i>Shorea argentifolia</i> | Seraya |
| Seraya Punai | <i>Shorea parvifolia</i> | Red seraya |
| Seraya Kuning | <i>Shorea kudatensis</i> | Yellow seraya |

News from Borneo: Vol. 2



In the Malaysian state of Sabah of the island of Borneo, where the activities of the ITOCHU Group Forest for Orangutans take place, eleven Company employees and employees of Group companies participated in a tree-planting tour. We introduce here the fascinating natural environment the participants encountered and their thoughts about the tour.



Kota Kinabalu



The gateway to tours of Borneo, Kota Kinabalu the city is also a growing commercial center with a population of approximately 300,000. WWF-Malaysia also has an office here.

Comments from Participants

The day before we began tree-planting activities, at the WWF office we heard about plans to create a Green Corridor stretching some 700 km that would connect the fragmented forests. While the trees we planted on this tour would account for only a fraction of the distance of this corridor, we felt that we had been entrusted with a major role since this was an important area right in the middle of the corridor.

North Ulu Segama



This is the reforestation area for this project. We are supporting 967 hectares (207 times the size of the Tokyo Dome) for forest regeneration. By the beginning of November 2010, approximately 160 hectares of forest had been planted.

Comments from Participants

Whether from the boat, the car or the plane, the palm tree plantations we saw seemed to stretch on forever. I was also struck by the harsh reality of man's destructive power in seeing how people have tried to create a new world by chopping down the jungle where so many forms of wild life lived in balance.

The tragic landscape isn't on some distant planet, but stretches as far as the eye can see right under the same sky as ours, in a country with an hour time difference from Japan. This is something we must be careful never to forget.

Sukau



This is a popular location for cruises on the Kinabatangan River, and a place where you can come across many wild animals such as crocodiles and proboscis monkeys.

Comments from Participants

The cruise took on a different appearance at night than in the morning, and made me feel like I really was in the middle of the jungle. At night, we happened upon rarely seen slow loris and colorful kingfishers in the trees. As the boat proceeded along the river, we could see the red eyes of crocodiles reflect in the light on the surface of the water! In the morning, we encountered proboscis monkeys having breakfast. It was a great location for learning how humans and animals live side by side.

Sandakan



Sandakan is the second city after Kota Kinabalu. It flourished as trading post and as the heart of British North Borneo until 1947 when the capital was moved to Kota Kinabalu.

Comments from Participants

I heard that Sandakan was the second largest city in the province of Sabah, but I was surprised at how small it was and the densely packed old houses. New buildings were being constructed on the shabby remnants of the colonial era. I felt mixed emotions. On the one hand, I hope that an attractive cityscape befitting a tourist destination is created. At the same time, I also wish the genial locals can continue to live as they have until now.

Sepilok



The Orang-utan Rehabilitation Centre, which returns orang-utans on the verge of extinction to the wild, is located here.

Comments from Participants

The sight of orangutans chasing away monkeys that were trying to pinch the food given to them by their keepers was human-like. I now understand why they say that the genetic makeup of orangutans is 96% the same as humans. While witnessing this spectacle, it reaffirmed for me the importance of forestation so that the number of protected orangutans doesn't increase. After all, this place was a facility for protecting orangutans that had lost their parents due to forest development and other reasons.

Tree-Planting Tour

Itinerary

| | | |
|------|-------|--|
| Day1 | 11/18 | Haneda - Kota Kinabalu(Borneo)(WWF Office) |
| Day2 | 11/19 | Kota Kinabalu - Lahad Datu - Ulu Segama(planting site) - Sukau |
| Day3 | 11/20 | Sukau - Sandakan - Sepilok(Orang-utan Rehabilitation Centre) |
| Day4 | 11/21 | Sepilok - Sandakan - Kota Kinabalu |
| Day5 | 11/22 | Kota Kinabalu - Haneda |

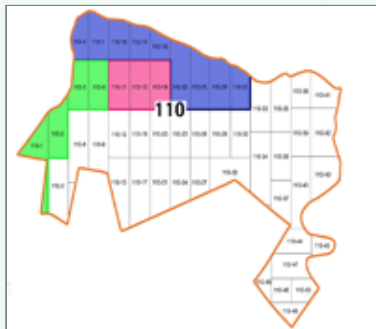
Video of the tour

• [High-quality video \(1 Mbps\)](#) 📺

• [Standard-quality video \(300 Kbps\)](#) 📺

■ Reforestation Status as of November 2010

As of early November 2010, 163 hectares of forest had been planted (blue portion). At present, approximately 80 hectares is being reforested (green portion), and the aim is to have completed planting 300 hectares by the end of 2010. Work was interrupted between February and May 2010 by a local drought, but is now proceeding steadily. This tour planted trees in the 110-5 block in the upper left part of the map.



Blue: Reforestation completed
Green: Reforestation in progress
Red: Next planned reforestation area

■ Tree-planting Report

We took the red-eye from Kota Kinabalu to Lahad Datu, where we left the plane and traveled to the tree-planting site in four 4WD vehicles.



The day before, we learned a lot about methods and the importance of forest protection as well as orangutan survey methods at the WWF-Malaysia office, which filled everyone with expectation and enthusiasm.



Handy Information 1

The area surrounding the ITOCHU forest has a relatively higher concentration of Borneo orangutans than other areas. In this area, the lives of 14 orangutans are studied by 5 researchers. The WWF has given names to currently identified orangutans and continues to conduct surveys. A helicopter is also used to conduct ongoing surveys from the air.

Under clear skies that belied the rainy season, palm tree plantations spread out before our eyes as we left the town from the airport. All we could see was palm trees of varying sizes that went on and on.



Here and there, palm trees were immersed in water, and we learned later that just before our visit, heavy rains had flooded some villages.

All of a sudden the palm trees ended, and we had arrived at our destination, the protected area managed by the WWF.

This area was definitely different from the jungle image that I had painted in my mind. There were pockets of tall trees here and there under the wide blue sky.



After arriving, we assembled for a group photograph shoot first with local workers before we got sweaty and muddy.

There were lots of girls, so it was a cheerful atmosphere. The workers seemed to be happy as well. Later, we planted a commemorative tree in front of the board.



After the photo shoot, we went to inspect the growth of the trees that had been planted in the past while getting bitten by various insects along the way. We saw a small stream in the middle of the jungle inhabited by shellfish and fish.



Growth Status of Planted Trees

Pioneer tree variety



November 2010

Dipterocarpaceae



November 2009 tree-planting



November 2010

The photograph on the left shows trees that were planted in February 2010. The trees had grown quite tall in just nine months. A type of tree indigenous to Malaysia with a particularly high growth rate had been planted. These trees are now around six meters high.



Handy Information 2

The Pioneer tree variety grows quickly, creating shade. In the shade of these trees, Dipterocarpaceae trees, a commonly found local variety of tree, grow slowly, eventually reaching a height of 70 to 80 meters. The fruit and leaves of Pioneer trees are eaten by wild animals.

After eating lunch and drinking coconut juice, we finally headed off to plant trees. We entered the jungle under the blazing sun.



Under the guidance of the workers who were paired with ITOCHU employees, we carefully planted each tree one by one.



We planted the trees at intervals of eight meters. It was exhausting work just moving through the jungle to the next planting spot. There were still pockets of abundant flora and fauna in the surrounding area. The indigenous but endangered Borneo Elephant uses the ITOCHU forest as a refuge.



Eventually, 11 people planted close to 200 trees, which brought smiles to everyone's faces.



While we were working, we received news that orangutans had been seen in the protected forest. We left the tree-planting site filled with the hope that someday in the near future orangutans would also populate the forest area we had planted.



Handy Information 3

Orangutans use leaves to make new beds for themselves in the trees every day. However, sometimes they get lazy and use existing beds.

“Heartfelt Thanks to All of You!”



Toshiaki Mizuno
Operations Office, WWF
Japan

This latest tour held two especially moving experiences for me. The first was confirming with my own eyes that many of the trees we planted last year have since grown to more than 2 meters in height. The growth of these trees brought home for me the fact that the restoration of the forest has finally begun. The second experience was watching every volunteer show such passion for planting new trees despite the sweltering heat. I was touched by the beauty of seeing people tackle the challenge of trying to restore a forest, as well as the strength of resolve it demands. For me, the tour reaffirmed that the compassion and actions of individuals will one day make the area an abundant forest again. This ITOCHU program is spearheading activities to restore the globally important forests of Borneo. We thank ITOCHU for its continued participation.

Pictures of some of the animals on Borneo we encountered on this tour.



Handy Information 4

The proboscis monkeys and slow loris seen in these photos of the Kinabatangan River basin have fallen in number so dramatically that they have been placed on the IUCN Red List of Threatened Species. We were therefore extremely fortunate indeed to see them in the wild.

Establishing the ITOCHU Scholarship Fund



Assisting Non-Japanese Students to Lead the Next Generation

To celebrate the 150th anniversary of its founding, ITOCHU Corporation established the "ITOCHU Scholarship Fund" in 2009 in order to reduce the financial burden during their study in Japan for foreign students in Japanese universities. This support will enable them to better focus on their academic work, while encouraging these students to contribute to the development and strengthening future ties between Japan and their home countries.

Each year the scholarship will be awarded to 20-30 foreign students in their third and fourth year, who are currently enrolled in Japanese universities. Each student will receive ¥1.5 million per year (¥3 million per student over 2 years), and additional 20 to 30 students will be selected every year.

As part of this program, students are not only provided financial assistance via the scholarships, but are also given an opportunity to gain a deeper knowledge about ITOCHU Corporation by taking part in our Company's CSR activities, including volunteer work, and attending lectures on ITOCHU's businesses and international operations. These and other steps are part of the Company's plans to proactively encourage interaction with these students from abroad.

At the end of May in fiscal 2011, students on scholarship from ITOCHU and young employees took part in the Satoyama (rural environment) preservation project in the town of Hinode in Nishitama County, Tokyo. After breaking into groups, the students and employees cut down bamboo, which was later used by the participants for various handcrafts. Along with recognizing the importance of Satoyama preservation, the volunteer action provided an opportunity to deepen interaction between the students and ITOCHU employees.

Through these activities supporting foreign students, whom will one day be leaders, ITOCHU is helping to develop and strengthen ties between Japan and their home countries in the future. At the same time, this scholarship fund serves as one of ITOCHU's international social contributions as a truly global enterprise.



Group photo of the ITOCHU scholarship students and employees



Everyone working together to cut bamboo

Our Initiatives for the Environment



Environmental Activities Policies



ITOCHU Corporation positions global warming and other environmental problems as one of the top priority issues in its management policy. In addition, to fulfill our corporate philosophy “Committed to the Global Good,” we have established an Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

The ITOCHU Group Environmental Policy

■ I . Basic Philosophy

Global warming and other environmental issues are affecting the future of mankind. As a global enterprise, ITOCHU Group is positioning these issues as one of the most important management policies. ITOCHU Group contributes to the realization of a sustainable society by promoting “Actively addressing the better global environment” based on The ITOCHU Group Corporate Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, “Committed to the Global Good”.

■ II . Activity Guidelines

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

| | |
|---|--|
| (1) Prevention of environmental pollution | In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution. |
| (2) Observance of laws and regulations | Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed. |
| (3) Promotion of environmental conservation activities | Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment. |
| (4) Harmonious coexistence with society | As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment. |
| (5) Promotion of educational activities | Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities. |

May 2010

Masahiro Okafuji

President & Chief Executive Officer

ITOCHU Corporation's stance on the environment

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems. We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines in our current Environmental Policy, in order to make it clear that our commitment goes a step beyond conserving ecosystems, to conserving biodiversity as well. The expression was thus changed from "conserve ecosystems" to "conserve ecosystems and biodiversity."

Environmental Management



ITOCHU Corporation has formulated an Environmental Policy covering the entire ITOCHU Group. ITOCHU is aware of the impact that its business activities may have on the global environment. We have thus built a framework for assessing the impact of the products we handle, and in particular before making new investment, in order to prevent environmental risk.

Environmental Management System

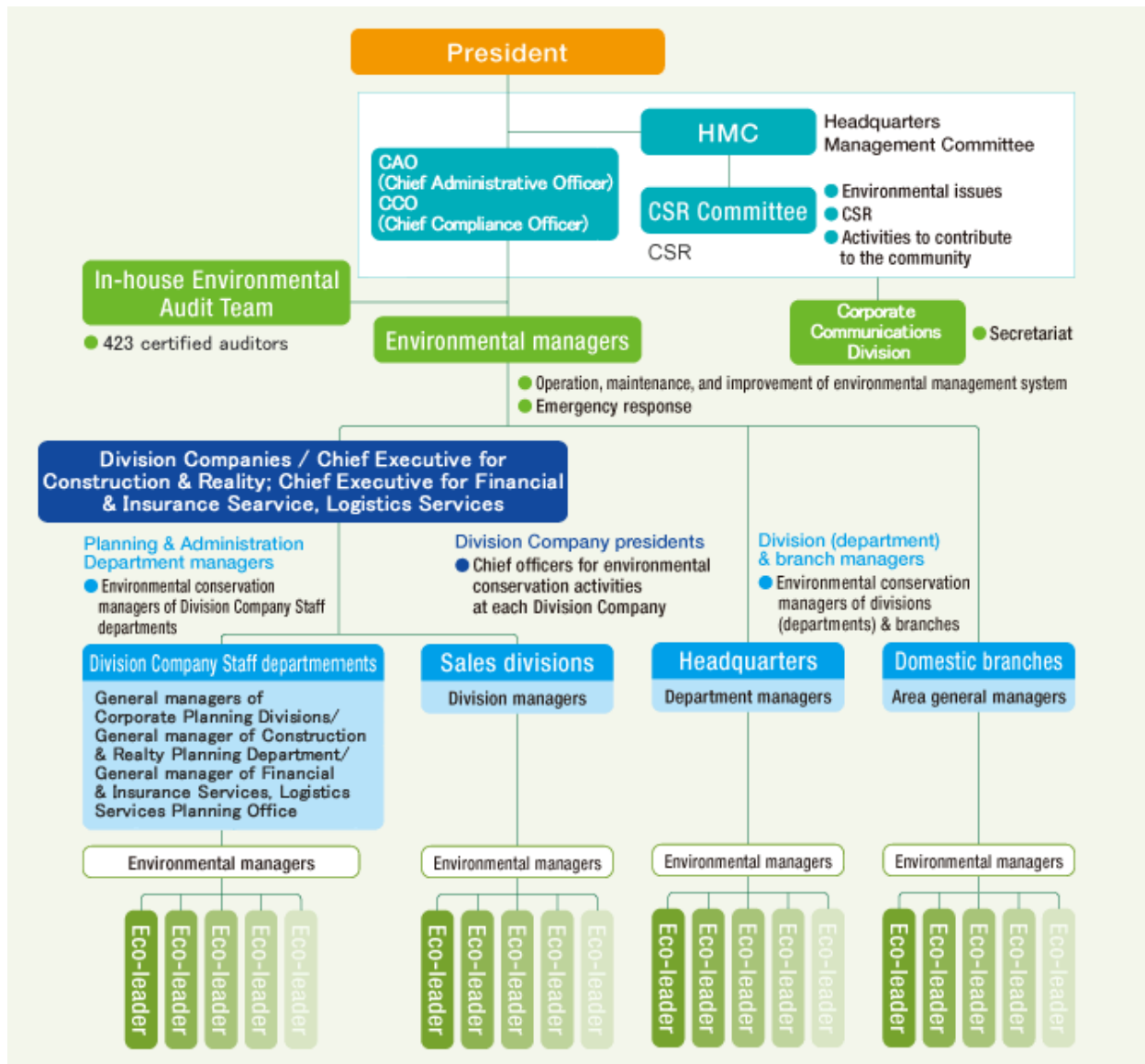
In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, and take precautionary approaches to environmental pollution. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's environmental management organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO & CCO who has the authority to determine the environmental policy and environmental management manual that form the core of our environmental management.

Concrete management work is carried out by the CSR Committee, established to review environmental policies and perform annual reviews of corporate-wide activities. The CSR Promotion & Global Environment Department of the Corporate Communications Division serves as the CSR Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (65 total in fiscal 2012), and assisted by eco-leaders (300 total as of May 31, 2011), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

In fiscal 2011, In-house environmental audits based on ISO 14001 were carried out in 73 departments. Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (423 registered individuals). These teams carried out their work this fiscal year as well with an emphasis on auditing legal compliance. This fiscal year marked the introduction of a new auditing approach – a combined format in which two or three departments were audited at once. This approach not only boosted audit efficiency but heightened audit effectiveness by encouraging mutual understanding of other 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 fiscal 2011 inspection was to retain certification, and is performed in the first and second years of certification. Inspections in the third year are to renew certification, after which the cycle repeats itself each year. The outcome of the inspection was an overall "improvement" grade and continued certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Precautionary Approach to Environmental Risks

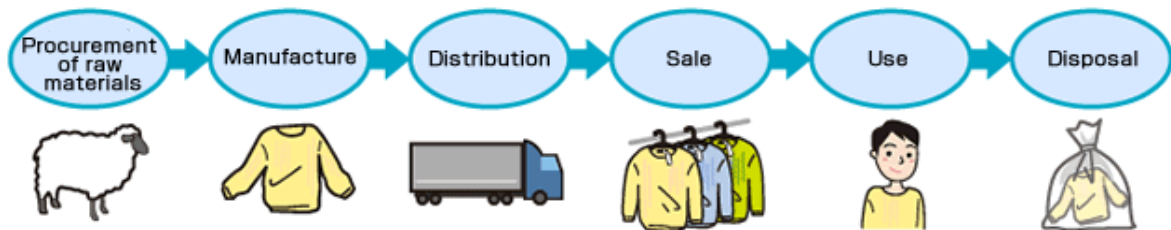


In addition to evaluating environmental risks of the products we handle, we are committed to taking a precautionary approach to environmental risks. This commitment also extends to ITOCHU Group companies, reflecting the need to identify the impact on the global environment of the business activities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

Evaluating Environmental Risks Posed by Products Handled

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

* LCA (life-cycle assessment) 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.



Fact-finding investigations of Group companies

We began fact-finding investigations of our Group companies after several of them received complaints about environmental pollution from their surrounding neighborhoods in 2001. We analyze about 200 of our roughly 400 Group companies (as of March 31, 2011) with relatively higher levels of impact on the global environment, and conduct investigations of about 20 of them per year. The evaluation is made using Q&As between auditors and management, inspections of plants, warehouses, and other facilities, surveys of wastewater released into rivers, and assessments of compliance with environmental laws and regulations.



Inspecting the management of parts containing regulated substances, at our Auto Parts Distribution Center in the United States

Evaluating the Environmental Impact of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ a CSR and environmental checklist for investments to evaluate in advance the market, social and environmental impact of business investment projects entered via M&A in Japan and overseas. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the presence of no major problems are confirmed.

Environmental-Related Consultations (Year Ended March 31, 2011)

In the year ended March 31, 2011, we received a total of 36 inquiries from outside the Company, which were broken down as follows: environmental groups (6), industry (5), government (5), ratings and evaluation agencies (5), media (5) and local citizens and others (10). The number of inquiries is increasing year by year, particularly regarding the Company's measures to address environmental problems. There were no environment-related incidents, problems, lawsuits or complaints against the Company. Meanwhile, the number of consultations from within the Company and ITOCHU Group companies has increased. Various environmental education programs have led to greater environmental awareness among employees. We fielded 65 inquiries regarding Japan's Waste Management and Public Cleaning Law, 16 about the Soil Contamination and Countermeasures Act, and other inquiries regarding business investments.

Promotion of Environmental Education and Awareness



We are committed to improving the environmental awareness of the entire ITOCHU Group. To encourage environmental conservation efforts among our employees we offer a wide range of education programs, as well as seminars on environmental law, and seminars to raise awareness of global environmental issues, which also target Group employees.

Seminars

We actively hold seminars in order to ensure that all employees of the ITOCHU Group are aware of and comply with the requirements of environmental laws and regulations, and in order to raise environmental awareness.

■ Internal seminars (fiscal 2011 results)

(Number of people)

| Legal seminars | Times held | Total participants |
|---|------------|--------------------|
| Seminars on Waste Management and Public Cleansing Law | 12 | 791 |
| Soil Contamination Countermeasures Act | 2 | 217 |

Global Environmental Management Seminar

In January 2011, ITOCHU sponsored a seminar on the promotion of global environmental management at the Tokyo Head Office. The seminar was led by invited speaker Prof. Taikan Oki of the University of Tokyo's Institute of Industrial Science, who spoke on the theme of "Water, Climate Change and the Global Environment—Finding Solutions to Problems." Centered on emerging global environmental issues, the lecture offered up-to-date information on water-related issues and other concerns close to our daily lives. His talk also touched heavily on topics connected to ITOCHU businesses, including water-related industries, such as desalination plants and water/wastewater infrastructure, as well as food and energy. The seminar was heard by a large number of employees (approximately 680), with those unable to attend later viewing an edited version of the videotaped lecture. Ultimately, the seminar was a rich source of many insightful suggestions as ITOCHU prepares to strategically promote businesses that support environmental conservation going forward.



Prof. Taikan Oki of the University of Tokyo's Institute of Industrial Science.

Co-existence with Society



As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.

Summer school programs on the environment

Every year since 1992, we have been organizing "Summer school programs on the environment" at the Tokyo Head office, mainly targeting elementary school students of Minato Ward, Tokyo. The aim of these programs is to promote environmental education among Japan's next generation and coexistence with society. Now in their 19th year, the latest edition of the programs was held in August 2010, with 45 children taking part. The dynamic, hands-on program featured lectures and a number of experiments led meteorologists and weathercasters around the theme of global warming.



Experiment showing rising sea levels caused by global warming

Supporting Center for Climate System Research, The University of Tokyo

ITOCHU has supported basic research by the University of Tokyo's Center for Climate System Research (reorganized as the University of Tokyo Climate System Research System from fiscal 2010) since 1991, and holds an annual "ITOCHU Symposium" as a forum for publicizing the center's research findings. The symposium's 19th annual meeting was held in January 2011 at the Osaka Head Office, and in February 2011 at the Tokyo Head Office. The research findings focused on the problem of global warming, with Associate Prof. Kensuke Fukushi presenting a paper titled, "The Health Risks of Climate Change—Waterborne Infections During Floods" (presented at Tokyo Head Office only), while Associate Prof. Masahiro Watanabe presented a paper titled, "Climate Change and Weather Abnormalities." A total of around 230 people attended the two symposiums.

Office Activities



All employees at ITOCHU Corporation always do their best to reduce environmental impacts not only when conducting business, but also in their office activities. We tackle environmental conservation initiatives that are achievable in our immediate surroundings by conserving energy at our offices and recycling waste. The following outline some examples of those efforts:

Participation in “Challenge 25 Campaign”

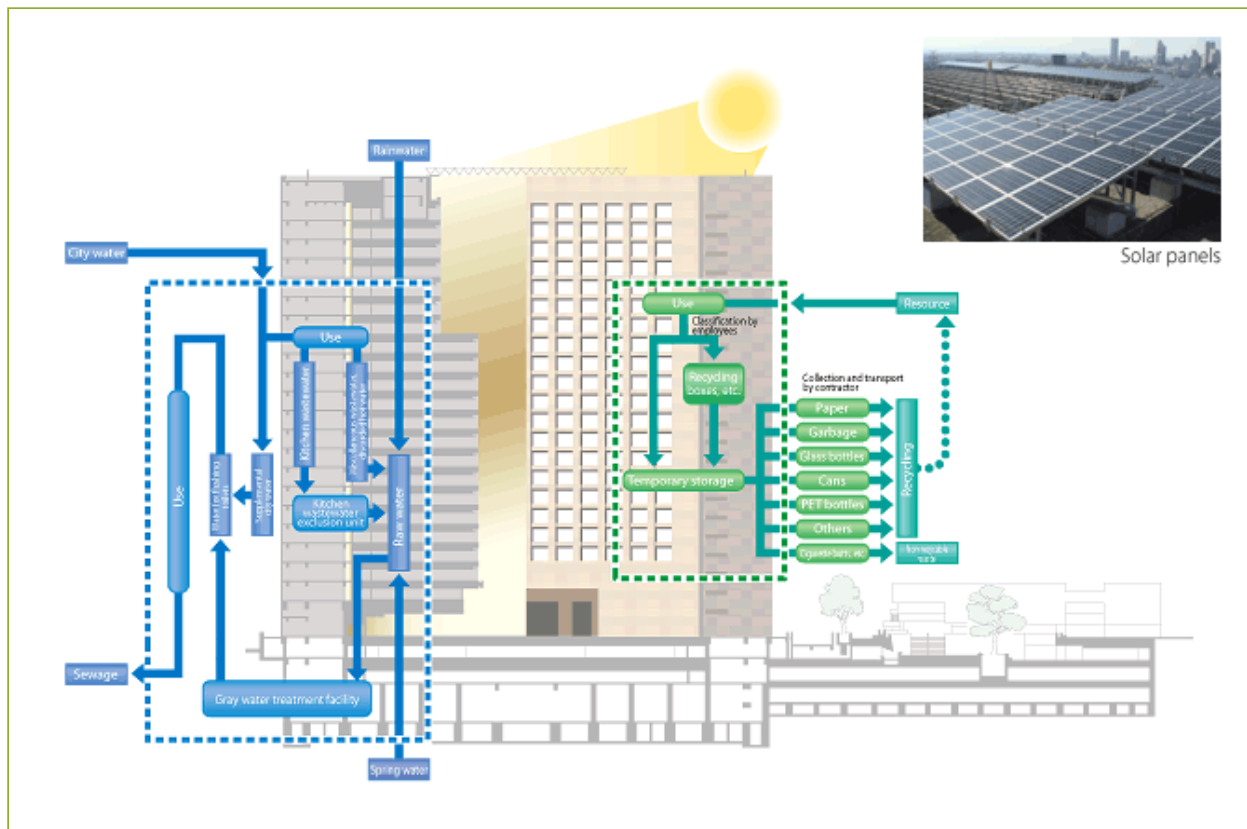
ITOCHE Corporation is a participant in the national “Challenge 25 Campaign (*)” to mitigate global warming. This campaign includes such initiatives as adjusting the air conditioning temperatures during the summer and winter, turning off lights when they are not needed, and setting computers to a “hibernation” mode when away from the desk for extended periods. It also encourages the separation of trash inside the office and promotes recycling. As a result, all employees act to protect the environment starting with the little things around them every day.



* The name was changed in January 2010 from “Team Minus 6%” to “Challenge 25 Campaign”

Environmental Conservation at the Tokyo Headquarters Building

ITOCHE Tokyo Headquarters Building consumes the largest volume of energy among all of its offices. You will find the following figures explaining the electricity consumption, total waste, recycled waste volume, usage of water resources and so forth in Tokyo Headquarters from FY2007 to 2010.



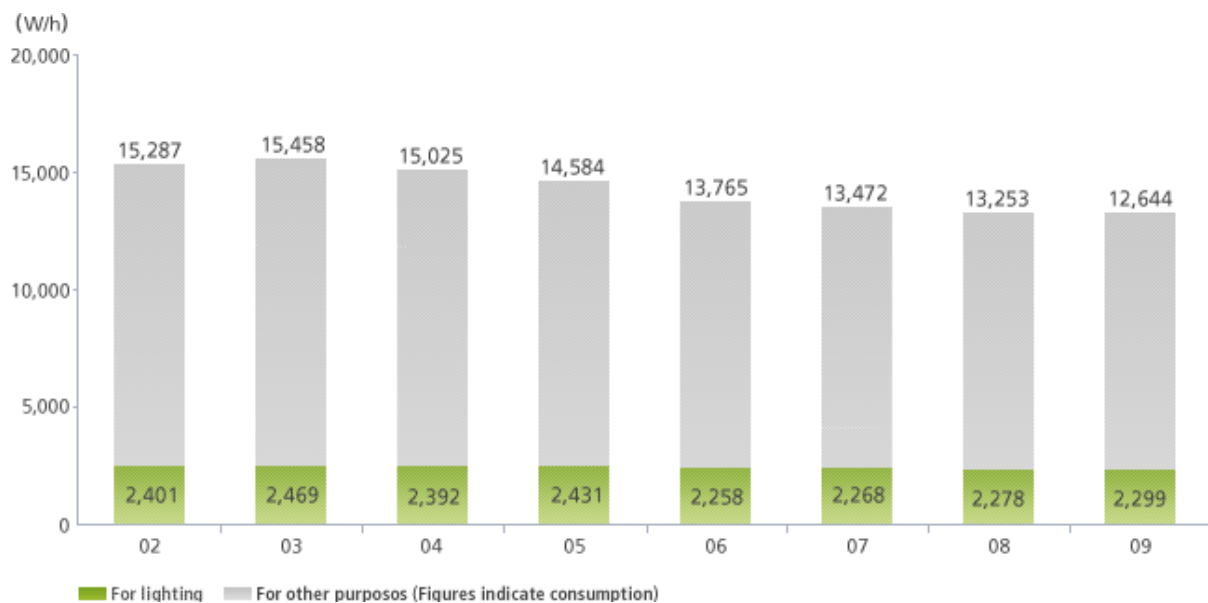
■ Solar power generation

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

■ Electricity Consumption

The table below shows the volume of electricity consumption in Tokyo Headquarters from FY2007 to 2010. We implemented energy-saving measures such as the installation of inverters for the heating, cooling and ventilation system, and promoted individual involvement in turning off lights and office equipment. In FY2010, we reduced the electricity consumption by 4.6%, compared to FY2009.

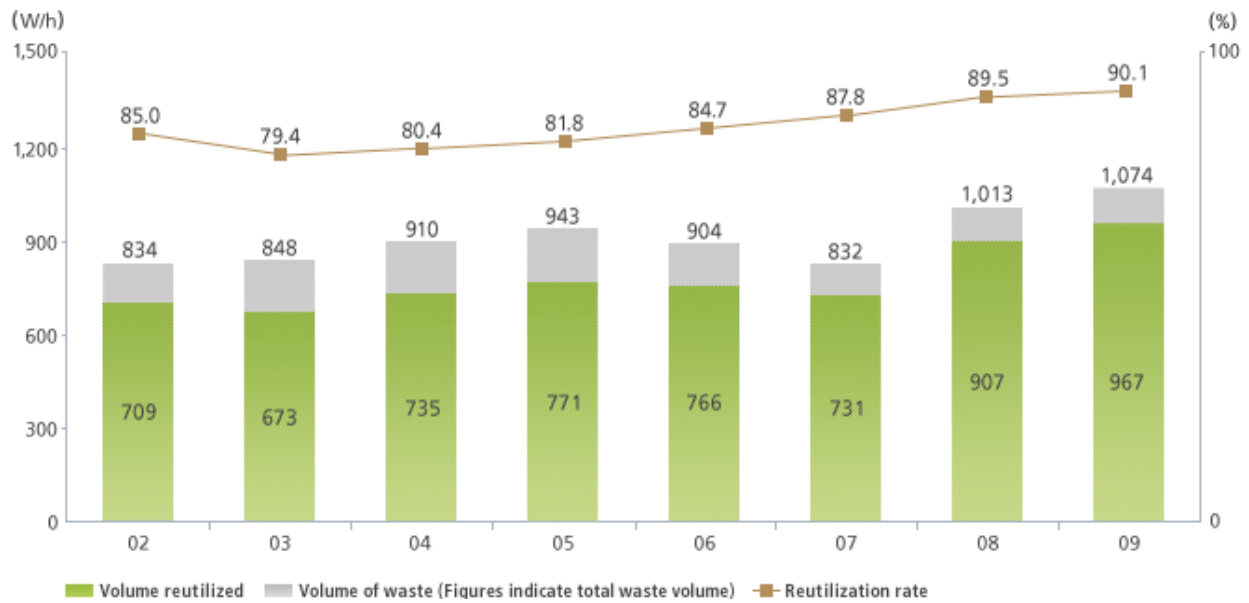
| Year (FY) | Consumption volume (MWH) | Reduction rate compared to the previous fiscal year (%) |
|-----------|--------------------------|---|
| 2007 | 13,765 | 5.6% |
| 2008 | 13,472 | 2.1% |
| 2009 | 13,253 | 1.6% |
| 2010 | 12,644 | 4.6% |



■ Volume of Waste and Recycled Waste

The table below shows the total volume of waste, amount of waste recycled, etc. in Tokyo Headquarters from FY 2007 to 2010. The recycling rate has been improving due to individual efforts such as enforcing waste separation.

| Year (FY) | Total waste volume | Amount of waste disposed | Amount of waste recycled | Recycling rate |
|-----------|--------------------|--------------------------|--------------------------|----------------|
| 2007 | 904 tons | 138 tons | 766 tons | 85% |
| 2008 | 832 tons | 101 tons | 731 tons | 87.8% |
| 2009 | 1,013 tons | 106 tons | 907 tons | 89.5% |
| 2010 | 1,074 tons | 106 tons | 967 tons | 90.1% |



Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo Headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets. The table below shows the amount of water usage in Tokyo Headquarters from FY2007 to 2010.

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

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

(Unit: m³)

| Year (FY) | City water usage | Gray water production |
|-----------|------------------|-----------------------|
| 2007 | 39,604 | 43,122 |
| 2008 | 48,514 | 37,505 |
| 2009 | 52,567 | 37,330 |
| 2010 | 46,532 | 33,553 |

Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 to Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental Conservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo Headquarters by 4.1% , compared to the benchmark(the average of annual CO₂ emissions from FY2003 to 2005), during the period between FY2006 and FY2010. ITOCHU emitted 7,549 tons of CO₂ in FY2010 with the reduction rate 18%, compared to the amount of the benchmark.

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

- Greenhouse Gas Emission Reduction Plan for FY2006 to 2010 (Submitted in Dec.2005) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2006 (Submitted in June 2006) (Japanese Only)
- Mid-term Report (Submitted in June 2007) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2008 (Submitted in June 2008) (Japanese Only)
- Report on Greenhouse Gas Emission for FY2009 (Submitted in June 2009) (Japanese Only)
- Report on Greenhouse Gas Emission (Submitted in June 2010) (Japanese Only)

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

Third-Party Opinion

This third party opinion was written based on the content of the ITOCHU Corporation CSR Report 2011, and interviews with ITOCHU personnel from three Division Companies, namely the ICT & Machinery Company, the Food Company, and the Chemicals, Forest Products & General Merchandise Company, as well as personnel with responsibilities in the areas of compliance, human resources, the environment, logistics and CSR.

In my opinion, ITOCHU has begun to implement PDCA management cycles in its CSR activities across an expansive range of subjects. These items range from measures to reduce the environmental impact of operations to efforts to promote and enhance diversity in the workforce.



Hideto Kawakita
Chief Executive Officer
International Institute for
Human, Organization and the
Earth (IIHOE)

Areas of Excellence

In regard to strengthening compliance, ITOCHU has prepared and distributed a Compliance Handbook based on concrete examples covering a wide range of subjects. The Company conducted a test to confirm understanding of handbook contents via an e-learning module, and has launched Group-wide expansion initiatives. Looking ahead, we hope that ITOCHU will increase case examples and training regarding knowledge and responses required in each field and business. We also hope that ITOCHU starts actively opening lines of reporting from outside the company.

In regard to the promotion and enhancement of diversity in the workforce, ITOCHU has been advancing a global human resources strategy since fiscal 2008. The Company has taken proactive measures and put in place a system for achieving truly global management and organizational frameworks. For example, it has used the ITOCHU Global Classification (IGC) as a common measure of job level/level of responsibility for all jobs and positions worldwide. At the same time, it has amassed a database of management personnel at overseas subsidiaries in various countries around the world.

In regard to providing even more comfortable working conditions that enable employees to continue their careers, we highly commend the fact that 6.14% of all ITOCHU employees were able to take advantage of leave, holidays, or shorter working hours to provide child care, or nursing care for infirm or elderly family members. We hope that similar programs will spread throughout the rest of the ITOCHU Group. We particularly hope to see the Company increase the number of program participants and raise the level of understanding and support for such programs, by providing examples of employees using nursing care programs. Such employees are expected to grow in number going forward.

Similarly, in regard to providing comfortable working environments for employees, ITOCHU offers health management support to employees with regard to mental health. There is a system in place whereby employees in their 2nd, 4th and 10th year at the Company have the opportunity to receive counseling during one-hour interviews.

Areas Where Progress is Recognized Yet Further Efforts Are Desired

The reduction of the environmental impact of one's business, including reducing CO2 emissions at business partners, has become a key issue for companies across the globe. Accordingly, we hope that, as an important common priority for all Division Companies, ITOCHU will disclose results on how far it has reduced its environmental impact so far, and its forecasts regarding the extent of future reductions in environmental impact over the medium term.

Regarding the promotion of CSR initiatives in supply chains, ITOCHU conducts traceability surveys of 100 paper, pulp and wood material suppliers—almost all of its suppliers in these fields. ITOCHU conducts on-site surveys of 79 of these suppliers. While applauding these efforts, we hope that ITOCHU will obtain a more detailed understanding of the activities of its suppliers, and develop survey questions that encourage the suppliers themselves to identify issues and develop solutions. We also hope that ITOCHU will develop a system for recognizing suppliers that conduct outstanding

activities with awards and sharing best practices with other companies.

In regard to reducing environmental impact, we commend ITOCHU's fact-finding surveys of Group companies, which target roughly 20 such companies a year. At the same time, we hope for greater disclosure of information on the activities of each company in order to encourage Group companies to reduce their environmental impact and work to preserve the environment on their own initiative.

In regard to social contribution activities through its businesses, we highly commend ITOCHU's progress with efforts to optimally utilize food resources. For example, the ITOCHU Food Company has developed deli pastries using pork grown on feed produced from recycled unsold boxed lunches and bread from supermarkets and convenience stores. Canned food products have also been donated to organizations operating food banks. We hope that similar perspectives and initiatives are implemented by ITOCHU's other Division Companies.

Areas Where Further Efforts Are Desired

We understand that ITOCHU, despite being a single entity, is general trading company and as such operates on front lines all over the world through a multitude of varying business models. We also understand that this makes the global application of a uniform CSR management policy across all operations difficult. However, we hope that in its major business models ITOCHU can find certain elements of its CSR management that can be standardized or shared across different task areas to allow for a more comprehensive approach, be it as part of aggressive CSR initiatives, or a more defensive tack.



Hideto Kawakita, Chief Executive Officer

International Institute for Human, Organization and the Earth (IIHOE)

- [Organization Profile:](#) 

Established in 1994, IIHOE is a non-profit organization (NPO) dedicated to promoting "balanced and democratic development for all life on earth." Alongside its main activity of providing management support to civic groups and social entrepreneurs, IIHOE also offers CSR-related support to leading companies.

Response to Third Party Opinion

ITOCHU conducts businesses in a wide range of areas all over the world. As such, the Company faces markedly different social issues depending on the industry and region. Therefore, having established basic policies for CSR promotion for the entire company, CSR activities are promoted by each of ITOCHU's organizations in Japan and overseas, including business divisions, centered on our five Division Companies, and administrative divisions. In this process, these organizations identify material issues they face, formulate CSR action plans, and implement CSR activities according to PDCA management cycles.

In response to this third party opinion, ITOCHU will seek to incorporate several initiatives into its CSR activities, including providing disclosure of more detailed information to stakeholders, and promoting development of best practices and progressive initiatives throughout the Company, as it strives to increase the precision of these activities. At the same time, we will continue to enhance two aspects of our CSR activities that were highly commended, namely compliance and employee relations, while continuing to listen carefully to the opinions of employees on the front-lines.

Almost all business models of general trading companies are premised on collaboration with business partners, not standalone operations by a parent company like ITOCHU. We recognize that in promoting CSR, we must also work tirelessly to foster an understanding of ITOCHU's principles and policies, as well as activities, among our customers and business partners. Accordingly, we will work to prepare reports and disclose information from the readers' perspective.

Looking ahead, we will redouble our efforts in regards to strengthening communication with stakeholders through a front-line approach, one of our basic policies for CSR promotion. Through these efforts, we aim to help realize a sustainable society by deepening dialogue with the diverse array of stakeholders we face in each industry, while sharing a common understanding of issues and building shared values. As such a corporate citizen, we will continue working to fulfill the ITOCHU Mission—"Committed to the Global Good."

Yoshio Akamatsu

Director

Senior Managing Executive Officer




CAO & CCO

GRI Guideline

| GC Principles | Item | Indicator | Digest | Full Report | WEB |
|---------------------------------|------|---|----------|--------------|---|
| 1 Strategy and Analysis | | | | | |
| | 1.1 | Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. | 3-4 | 2-3 | President's Commitment |
| | 1.2 | Description of key impacts, risks, and opportunities. | 1 3-4 | 2-3 11 | President's Commitment Stakeholder Relations |
| 2 Organizational Profile | | | | | |
| | 2.1 | Name of the organization. | 18 | 120 | Corporate Profile |
| | 2.2 | Primary brands, products, and/or services. | 13 | 22-41 | CSR and Our Business |
| | 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | 13 | 22-41 | CSR and Our Business |
| | 2.4 | Location of organization's headquarters. | 18 | 120 | Corporate Profile |
| | 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | 18 | 120 | Corporate Profile |
| | 2.6 | Nature of ownership and legal form. | 18 | 120 | Corporate Profile |
| | 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | 13 18 | 22-41 120 | Corporate Profile CSR and Our Business |
| | 2.8 | Scale of the reporting organization, including: <ul style="list-style-type: none"> ▪ Number of employees; ▪ Net sales (for private sector organizations) or net revenues (for public sector organizations); ▪ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ▪ Quantity of products or services provided. | 18 | 22-41 120 | CSR and Our Business Corporate Profile Financial Statements |
| | 2.9 | Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ▪ The location of, or changes in operations, including facility openings, closings, and expansions; and ▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for Oprivate sector organizations). | 18 | 120 | News Release (Relocation of the Osaka Headquarters) |
| | 2.10 | Awards received in the reporting period. | 15 | 63 | News Releases |
| 3 Report Parameters | | | | | |
| Report Profile | | | | | |
| | 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | 1 | 1 | |

| | | | | | |
|--|------|--|----|---------|---------------------------------------|
| | 3.2 | Date of most recent previous report (if any). | 1 | 1 | |
| | 3.3 | Reporting cycle (annual, biennial, etc.) | 1 | 1 | |
| | 3.4 | Contact point for questions regarding the report or its contents. | 1 | 1 | |
| Report Scope and Boundary | | | | | |
| | 3.5 | Process for defining report content, including: <ul style="list-style-type: none"> ▪ Determining materiality; ▪ Prioritizing topics within the report; and ▪ Identifying stakeholders the organization expects to use the report. | 1 | 1 | |
| | 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | 1 | 1 | |
| | 3.7 | State any specific limitations on the scope or boundary of the report. | - | - | N/A |
| | 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | - | - | N/A |
| | 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. | 18 | 120 | |
| | 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | - | - | N/A |
| | 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | - | - | N/A |
| GRI content index | | | | | |
| | 3.12 | Table identifying the location of the Standard Disclosures in the report. | 1 | 110-119 | GRI Comparative Table |
| Assurance | | | | | |
| | 3.13 | Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider (s). | - | 107-109 | Third-Party Opinion |
| 4 Governance, Commitments, and Engagement | | | | | |
| Governance | | | | | |
| | 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | 14 | 42-52 | Corporate Governance |
| | 4.2 | Indicate whether the Chair of the highest | 14 | 42-52 | Corporate |

| | | | | | |
|--|--|---|-------|----------------|---|
| | | governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). | | | Governance |
| 4.3 | | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | 14 | 42-52 | Corporate Governance |
| 4.4 | | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | 14 | 42-52 65-66 | Corporate Governance Communications with Employees |
| 4.5 | | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | - | - | Financial Report P59 (Japanese only)  (1,258KB) |
| 4.6 | | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | 14 | 42-52 | Corporate Governance |
| 4.7 | | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics. | 14 | 42-52 | Corporate Governance |
| 4.8 | | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | 2 | 6 | ITOCHU Mission |
| 4.9 | | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | 2, 14 | 6 42-52 | The United Nations Global Compact Corporate Governance |
| 4.10 | | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | - | - | |
| Commitments to External Initiatives | | | | | |
| 4.11 | | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | 2, 14 | 6 42-52 | The United Nations Global Compact Corporate Governance |
| 4.12 | | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | 2 | 6 | The United Nations Global Compact |
| 4.13 | | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> ■ Has positions in governance bodies; ■ Participates in projects or committees; ■ Provides substantive funding beyond routine membership dues; or ■ Views membership as strategic. | 2 | 6 | The United Nations Global Compact |
| Stakeholder Engagement | | | | | |
| 4.14 | | List of stakeholder groups engaged by | 1 | 11 | Stakeholder |

| | | | | | |
|---|------|---|---------------------|---|--|
| | | the organization. | | | Relations |
| | 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 1 | 11 | Stakeholder Relations |
| | 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 1 11-13 15-16 | 20-21 53-56 22-41 57-68 69-94 | CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations |
| | 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | 1 11-13 15-16 | 20-21 53-56 22-41 57-68 69-94 | CSR in Our Supply Chain CSR and Our Business Employee Relations Social Contribution Investor Relations |
| 5 Management Approach and Performance Indicators | | | | | |
| Economic | | | | | |
| | | Disclosure on Management Approach | 18 | 120 | Financial Statements |
| Aspect: Economic Performance | | | | | |
| | EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 5, 16 | 4 69-94 | Steps Taken After the Great East Japan Earthquake Social Contribution Financial Report P2, 15, 43, 47 (Japanese only)  (1,258KB) |
| Principle 7 | EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | 9-10 | 18-19 | Financial Report P26 (Japanese only)  (1,258KB) |
| | EC3 | Coverage of the organization's defined benefit plan obligations. | - | - | Financial Report P100 (Japanese only)  (1,258KB) |
| | EC4 | Significant financial assistance received from government. | - | - | |
| Aspect: Market Presence | | | | | |
| Principle 1 | EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | - | - | - |
| | EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | 16 | 53-56 | ITOCHU Corporation's CSR Action Guidelines for Supply Chains |
| Principle 6 | EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. | 15 | 57-68 | Employee Relations |
| Aspect: Indirect Economic Impacts | | | | | |
| | EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | 9-10 13,16 | 18-19 22-41 70-72 | Taking on the Challenge of Renewable Energy CSR and Our Business Social Contribution Activities |
| | EC9 | Understanding and describing significant indirect economic impacts, including the | - | - | - |

| | | | | | |
|-----------------------------|------|---|------|---------|--|
| | | extent of impacts. | | | |
| Environmental | | | | | |
| | | Disclosure on Management Approach | 17 | 95-106 | Environmental Activities Policies |
| Aspect: Materials | | | | | |
| Principle 8 | EN1 | Materials used by weight or volume. | - | - | - |
| Principle 8, 9 | EN2 | Percentage of materials used that are recycled input materials. | - | - | - |
| Aspect: Energy | | | | | |
| Principle 8 | EN3 | Direct energy consumption by primary energy source. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN4 | Indirect energy consumption by primary energy source. | - | | |
| Principle 8, 9 | EN5 | Energy saved due to conservation and efficiency improvements. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8, 9 | EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | 9-10 | 18-19 | Taking on the Challenge of Renewable Energy |
| Principle 8, 9 | EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | - | | - |
| Aspect: Water | | | | | |
| Principle 8 | EN8 | Total water withdrawal by source. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN9 | Water sources significantly affected by withdrawal of water. | - | - | |
| Principle 8, 9 | EN10 | Percentage and total volume of water recycled and reused. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Aspect: Biodiversity | | | | | |
| Principle 8 | EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | 16 | 81-93 | Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem |
| Principle 8 | EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | 16 | 81-93 | Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem |
| Principle 8 | EN13 | Habitats protected or restored. | 16 | 81-93 | Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem |
| Principle 8 | EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | 17 | 95-106 | Environmental Activities Policies |
| Principle 8 | EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, | - | - | |

| | | | | | |
|--|------|---|------------|----------------|--|
| | | by level of extinction risk. | | | |
| Aspect: Emissions, Effluents, and Waste | | | | | |
| Principle 8 | EN16 | Total direct and indirect greenhouse gas emissions by weight. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN17 | Other relevant indirect greenhouse gas emissions by weight. | - | | |
| Principle 7, 8, 9 | EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN19 | Emissions of ozone-depleting substances by weight. | - | | |
| Principle 8 | EN20 | NOx, SOx, and other significant air emissions by type and weight. | - | | |
| Principle 8 | EN21 | Total water discharge by quality and destination. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN22 | Total weight of waste by type and disposal method. | - | 104-106 | Office Activities (Applicable to Tokyo headquarters) |
| Principle 8 | EN23 | Total number and volume of significant spills. | - | - | |
| Principle 8 | EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | - | - | |
| Principle 8 | EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | - | - | |
| Aspect: Products and Services | | | | | |
| Principle 7, 8, 9 | EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | 9-10 13 | 18-19 22-41 | Taking on the Challenge of Renewable Energy CSR and Our Business |
| Principle 8, 9 | EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | 13 | 22-41 | CSR and Our Business |
| Aspect: Compliance | | | | | |
| Principle 8 | EN28 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. | - | - | - |
| Aspect: Transport | | | | | |
| Principle 8 | EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | - | 22 39-40 | CSR at the Headquarters Business Organization |
| Aspect: Overall | | | | | |
| Principle 7, 8, 9 | EN30 | Total environmental protection expenditures and investments by type. | - | | - |

| Labor Practices and Decent Work | | | | | |
|---|------|---|-----------|--------------|---|
| | | Disclosure on Management Approach | 3-4 15 | 2-3 65-66 | President's Commitment Communications with Employees |
| Aspect: Employment | | | | | |
| | LA1 | Total workforce by employment type, employment contract, and region. | 15 | 57-68 | Employee Relations |
| Principle 6 | LA2 | Total number and rate of employee turnover by age group, gender, and region. | 15 | - | - |
| | LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | - | - | ITOCHU Recruitment (Japanese only) |
| Aspect: Labor/Management Relations | | | | | |
| Principle 1, 3 | LA4 | Percentage of employees covered by collective bargaining agreements. | - | 65-66 | Communications with Employees |
| Principle 3 | LA5 | Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. | - | - | |
| Aspect: Occupational Health and Safety | | | | | |
| Principle 1 | LA6 | Percentage of total workforce represented in formal joint management_worker health and safety committees that help monitor and advise on occupational health and safety programs. | - | - | - |
| Principle 1 | LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region. | - | - | - |
| Principle 1 | LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | - | 62-64 | Providing Comfortable Working Environment for Employees |
| Principle 1 | LA9 | Health and safety topics covered in formal agreements with trade unions. | - | - | - |
| Aspect: Training and Education | | | | | |
| | LA10 | Average hours of training per year per employee by employee category. | - | 58-60 | Employee Relations |
| | LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | - | 58-60 | Employee Relations |
| | LA12 | Percentage of employees receiving regular performance and career development reviews. | - | 58-60 | Employee Relations |
| Aspect: Diversity and Equal Opportunity | | | | | |
| Principle 1, 6 | LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | 15 | 67-68 | Promoting Human Resources Diversification in Japan |
| Principle 1, 6 | LA14 | Ratio of basic salary of men to women by employee category. | | | - |
| Human Rights | | | | | |
| | | Disclosure on Management Approach | 16 | 12-13 | Respect for Human Rights |

| Aspect: Investment and Procurement Practice | | | | | |
|---|-----|--|-------|---------------------|---|
| Principle 1, 2, 3, 4, 5, 6 | HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | - | | - |
| Principle 1, 2, 3, 4, 5, 6 | HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | 16 | 20-21 53-56 | CSR in Our Supply Chain |
| Principle 1, 2, 3, 4, 5, 6 | HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | - | 12-13 | Respect for Human Rights |
| Aspect: Non-Discrimination | | | | | |
| Principle 1, 2, 6 | HR4 | Total number of incidents of discrimination and actions taken. | - | | - |
| Aspect: Freedom of Association and Collective Bargaining | | | | | |
| Principle 1, 2, 3 | HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | - | | - |
| Aspect: Child Labor | | | | | |
| Principle 1, 2, 5 | HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | 16 | 6 20-21 53-56 | ITOCHU Mission CSR in Our Supply Chain |
| Aspect: Forced and Compulsory Labor | | | | | |
| Principle 1, 2, 4 | HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | 16 | 6 20-21 53-56 | ITOCHU Mission CSR in Our Supply Chain |
| Aspect: Security Practices | | | | | |
| Principle 1, 2 | HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | - | 12-13 | Respect for Human Rights |
| Aspect: Indigenous Rights | | | | | |
| Principle 1, 2 | HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | - | | - |
| Society | | | | | |
| | | Disclosure on Management Approach | 2, 16 | 6-16 69-94 | CSR for ITOCHU Corporation Social Contribution |
| Aspect: Community | | | | | |
| | SO1 | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | | | - |
| Aspect: Corruption | | | | | |
| Principle 10 | SO2 | Percentage and total number of business units analyzed for risks related to corruption. | - | - | |
| Principle 10 | SO3 | Percentage of employees trained in organization's anti-corruption policies and | - | | - |

| | | | | | |
|---|-----|--|---|--|---|
| | | procedures. | | | |
| Principle 10 | SO4 | Actions taken in response to incidents of corruption. | - | | - |
| Aspect: Public Policy | | | | | |
| Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 | SO5 | Public policy positions and participation in public policy development and lobbying. | - | | - |
| Principle 10 | SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | - | | - |
| Aspect: Anti-Competitive Behavior | | | | | |
| | SO7 | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. | - | | - |
| Aspect: Compliance | | | | | |
| | SO8 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. | - | | - |
| Product Responsibility | | | | | |
| | | Disclosure on Management Approach | | | - |
| Aspect: Customer Health and Safety | | | | | |
| Principle 1 | PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | - | | - |
| Principle 1 | PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | - | | - |
| Aspect: Product and Service Labeling | | | | | |
| Principle 8 | PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | - | | - |
| Principle 8 | PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | - | | - |
| | PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | - | | - |
| Aspect: Marketing Communications | | | | | |
| | PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | - | | - |
| | PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | - | | - |

| Aspect: Customer Privacy | | | | | |
|---------------------------------|-----|--|---|--|---|
| Principle 1 | PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | - | | - |
| Aspect: Compliance | | | | | |
| | PR9 | Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. | - | | - |

Corporate Profile



Tokyo Headquarters



Osaka Headquarters
(North Gate Building)

| | |
|------------------------------|--|
| Corporate name | ITOCHU Corporation |
| Founded | 1858 |
| Incorporated | December 1, 1949 |
| Headquarters*1 | Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan |
| | Osaka: 1-3 Umeda 3-chome, Kita-ku, Osaka 530-8448 |
| President & CEO | Masahiro Okafuji |
| Capital | ¥202,241 million |
| Number of offices*2 | Domestic offices 9 Overseas offices 117 |
| | North America 9 Latin America 10 Europe 18 Africa 5 Middle East 17 Oceania 5 ASEAN, Southwest Asia 21 East Asia 24 CIS 8 |
| Number of employees*3 | Consolidated 62,635 Non-consolidated 4,301 |

(As of March 31, 2011)

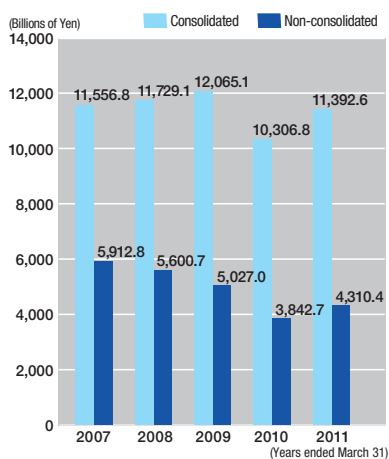
*1 Osaka Headquarters relocated in August 2011

*2 Number of offices as of April 1, 2011

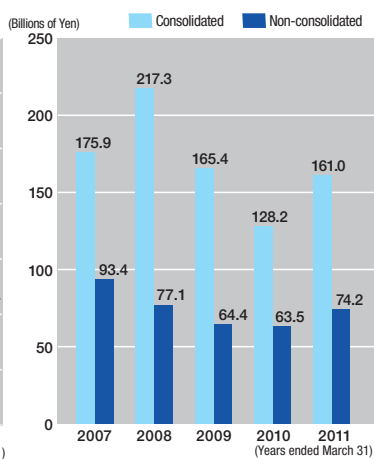
*3 The number of consolidated employees is based on actual working employees excluding temporary staff.

Financial Overview

Total Trading Transactions



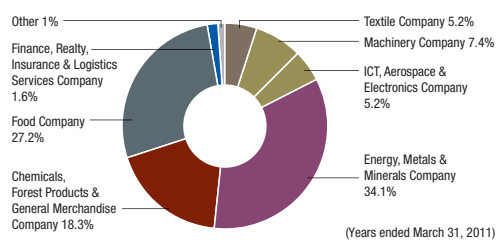
Net Income



Notes:

- The financial data of ITOCHU Corporation are presented in accordance with U.S. GAAP.
- "Total trading transactions" is presented in accordance with Japanese accounting practice, and consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as an agent.
- "Revenue" is attributed to countries based on the locations of the assets.

Total Trading Transactions by Division Company (Consolidated)



Revenue by Region (Consolidated)

