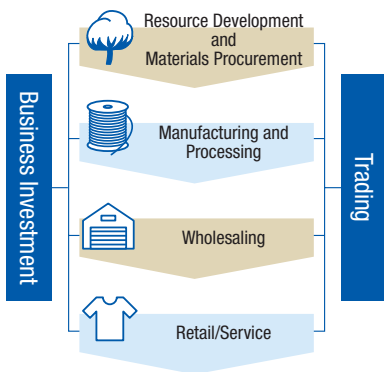


# CSR AND OUR BUSINESS

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.

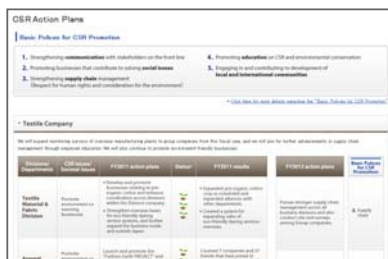
## Business Outline of ITOCHU

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.

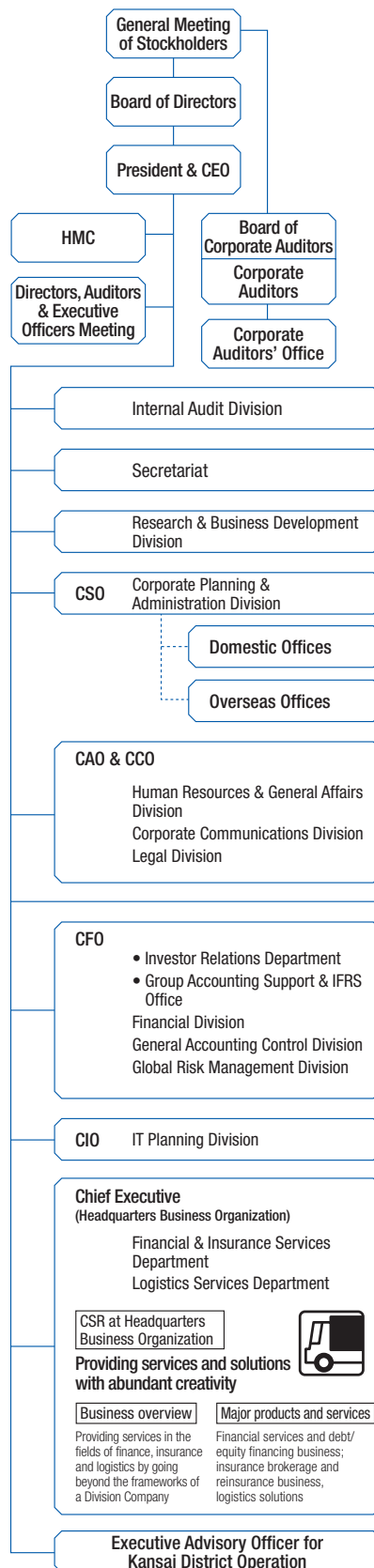


## CSR Promotion Through CSR Action Plans

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/>



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

**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

\* 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
<b>Textile Material &amp; Fabric Division</b>	Promote environment-conserving businesses	<ul style="list-style-type: none"> <li>Develop and promote businesses relating to pre-organic cotton and enhance coordination across divisions within the Division company.</li> <li>Strengthen overseas bases for eco-friendly dyeing service systems, and further expand the business inside and outside Japan.</li> </ul>		<ul style="list-style-type: none"> <li>Expanded pre-organic cotton crop as scheduled and expanded alliances with other departments.</li> <li>Created a system for expanding sales of eco-friendly dyeing services overseas.</li> </ul>	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.	<b>3. Supply chain</b>
<b>Apparel Division</b>	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.	<b>2. Social issues</b>
<b>Brand Marketing Division 1</b>	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.		
<b>Brand Marketing Division 2</b>	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.	<b>4. Education</b>

\* : 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 CO<sub>2</sub> 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 CO<sub>2</sub> emission rights to apparel manufacturers. This project has led to the reduction of about 4,000t of CO<sub>2</sub> 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"> <li>Continuously promote the rehabilitation of desalination plant projects.</li> <li>Continuously promote desalination plant projects in Australia and Middle East where water shortage is a concern.</li> </ul>		<ul style="list-style-type: none"> <li>Received order for desalination plant rehabilitation project in Saudi Arabia</li> <li>Continued with desalination plant projects</li> </ul>	Participate in desalination plant projects and water/wastewater businesses	2. Social issues
	Effective use of renewable energy	<ul style="list-style-type: none"> <li>Actively take on geothermal, biomass and wind power projects</li> <li>Adopt binary technology</li> </ul>		<ul style="list-style-type: none"> <li>Invested in power generation businesses in U.S. states of Oklahoma and Oregon</li> <li>Continued to develop wind power generation business in North America</li> <li>Promoted bioethanol business primarily in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Supply clean electric power through power generation businesses utilizing wind power, geothermal, biomass, etc.</li> <li>Steadily carry out construction of bioethanol projects in Vietnam</li> <li>Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc.</li> </ul>	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



<b>Aerospace &amp; Industrial System Division</b>	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"> <li>Delivered X-ray inspection devices and devices for detecting explosive materials to Haneda Airport</li> <li>Continued to propose new systems to airports, customs, the Japanese military and other entities</li> <li>Enforced extensive awareness of strict compliance through study sessions at department and section meetings</li> </ul>	<ul style="list-style-type: none"> <li>Focus on trends and new technologies in security systems and actively propose options mainly to agencies responsible for safeguarding and managing critical infrastructure</li> <li>Continue to do extensive awareness-raising around strict compliance</li> </ul>	3. Supply chain
	Promote environment-considering businesses	<ul style="list-style-type: none"> <li>Activities to expand sales of rechargeable battery/solar cell manufacturing equipment</li> <li>Establish business to promote widespread use of rechargeable batteries</li> </ul>		<ul style="list-style-type: none"> <li>Received large order for and completed delivery of large-scale manufacturing equipment to Germany</li> <li>Participated in smart grid demonstration project in Tsukuba City (Japan)</li> </ul>	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
<b>Information &amp; Communication Technology Division</b>	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"> <li>Continuous activities to promote penetration of the MOTTAINAI philosophy into lifestyles</li> <li>Continuous measures to promote widespread uptake of insurance service for mobile phones</li> </ul>		<ul style="list-style-type: none"> <li>Actively promoted an Eco-point exchange business/expanded number of exchanges</li> <li>Provided messages of encouragement and relief supplies to areas affected by the Great East Japan Earthquake as part of MOTTAINAI campaign</li> <li>Increased the number of mobile phone protection service members</li> </ul>	<ul style="list-style-type: none"> <li>Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy</li> <li>Bolster promotion of measures to encourage spread of insurance for mobile phones</li> </ul>	2. Social issues
<b>Healthcare Business Department</b>	<ul style="list-style-type: none"> <li>Support measures for combating new influenza outbreaks</li> <li>Address preventive healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Conduct event planning jointly with local governments to achieve information provision and workshops from the perspective of residents</li> <li>Review the extent of uptake and market viability of health exam business targeting individuals, and conduct a review of services and business partners</li> </ul>		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
<b>All Divisions</b>	CSR training and awareness	Achieve practical CSR activities by deepening understanding of CSR among employees		<ul style="list-style-type: none"> <li>Enforced each Group company's action plan</li> <li>Conducted CSR awareness-raising activities through Group workshops</li> </ul>	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

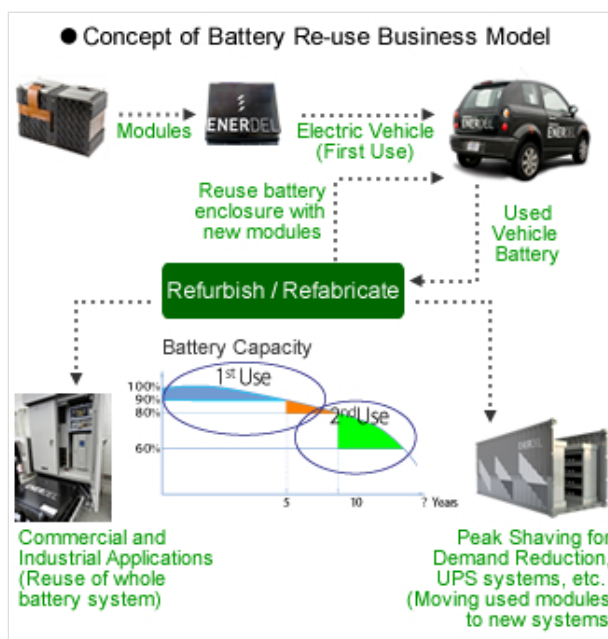
In April 2011, ITOCHU won an order to rehabilitate the Shoaiba Phase 1 Seawater Desalination Plant from Saline Water Conversion Corporation (“SWCC”) of the Kingdom of Saudi Arabia through the Arabian Company and Sasakura for Water & Power, a joint venture with local capital in the country. The plant 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"> <li>Implemented supply chain management among key suppliers/business partners and verified that there were no CSR-related problems.</li> <li>Conducted awareness-raising among partners.</li> </ul>	Continue to examine and check supply chains, conduct environmental enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	<ol style="list-style-type: none"> <li>Supply chain</li> <li>Education</li> </ol>
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"> <li>Share thorough commitment to safety management during coal extraction and mining with JV partners</li> <li>Develop uranium mines and stably supply uranium to help realize a low-carbon society.</li> <li>Promote projects to reduce greenhouse gases. Expand trade in emis</li> </ul>	<ol style="list-style-type: none"> <li>Communication</li> <li>Social issues</li> </ol>
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"> <li>Conducted employee lectures. Also offered explanations of HSE in relation to mining exploration.</li> <li>Began promoting an electronic manifest system among select customers as part of proper waste disposal efforts.</li> <li>Enacted monitoring and review of flow co</li> </ul>	<ul style="list-style-type: none"> <li>Extensively ensure and improve safety and reliability in resource development businesses.</li> <li>Expand penetration of electronic manifest software (electronic version of industrial waste management manifests) among group companies and business partners.</li> <li>Maintain system for proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system</li> </ul>	<ol style="list-style-type: none"> <li>Social issues</li> <li>Supply chain</li> </ol>
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"> <li>Implemented workshops and training on practical operations for employees.</li> <li>Repeatedly confirmed HSE status at partner meetings and continued safe operations.</li> <li>Donated PCs and other devices to schools and orphanages in provincial cities in Azerbaijan.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular seminars to promote broad awareness of security management in ship chartering.</li> <li>Promote energy businesses with low environmental impact.</li> <li>Build, maintain and strengthen good relations through educational and cultural contributions to I</li> </ul>	<ol style="list-style-type: none"> <li>Social issues</li> <li>Education</li> <li>Local and international communities</li> </ol>



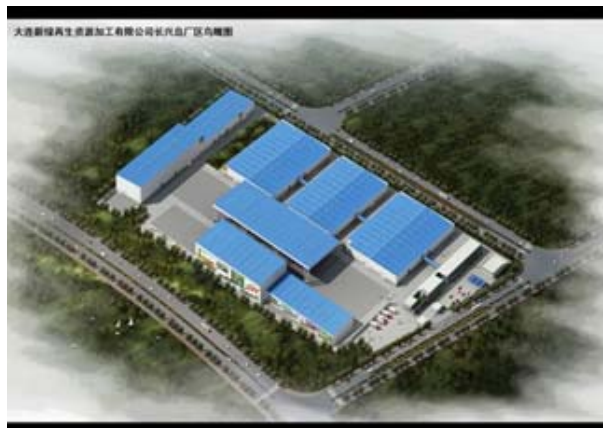
\* 🌱🌱🌱 : Achieved   🌱🌱 : Nearly achieved   🌱 : Unachieved

## 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 CO<sub>2</sub> 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"> <li>Increase the ratio of FSC-certified materials handled, by continuously requesting non-certified suppliers to acquire certification.</li> <li>Continuously expand lineups and supply chain capacity of low-formaldehyde products by group companies.</li> </ul>		<ul style="list-style-type: none"> <li>Boosted the volume of FSC-certified pulp and wood chips handled by 33% year on year</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the ratio of FSC-certified materials handled, by continuously requesting non-certified suppliers to acquire certification.</li> <li>Maintain system for supplying low-formaldehyde products and expand handling of such products.</li> </ul>	2. Social issues
Chemicals Division	Management of hazardous and harmful chemical substances	<ul style="list-style-type: none"> <li>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.</li> <li>Continuously take measures to respond to the EU REACH regulations.</li> </ul>		<ul style="list-style-type: none"> <li>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.</li> <li>Carried out necessary procedures in response to EU REACH regulations.</li> </ul>	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"> <li>Enhance checking functions of compliance and implement audits for food safety and compliance.</li> <li>Establish a sustainable food inspection system in Japan and China, and strengthen the stable supply system for safe and reliable food.</li> </ul>		<ul style="list-style-type: none"> <li>Visited each department and office to monitor operations management in May, and conducted a food safety and compliance audit in November.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor operation system with food safety management manual/compliance program.</li> <li>Continue seamless ties with food inspection partners.</li> </ul>	1. Communication
Provisions Division	Ensure a stable supply of safe and reliable raw materials stable supply of them	<ul style="list-style-type: none"> <li>Establish a stable supply system; promote food-resource procurement businesses.</li> <li>Ensure the safety of food resources; share information with business partners and discuss improvement items.</li> </ul>		<ul style="list-style-type: none"> <li>Steady progress made on construction of a grain terminal in North America. Operations are scheduled to begin in 2011.</li> <li>Continuous implementation of residual agricultural chemical inspections and sharing of food safety information in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>Establish stable supplies: Promote a food-resource procurement business.</li> <li>Ensure safety of food resources: Continuously secure information on food resource-producing nations; offer guidance on items for improvement and share information with customers.</li> </ul>	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.

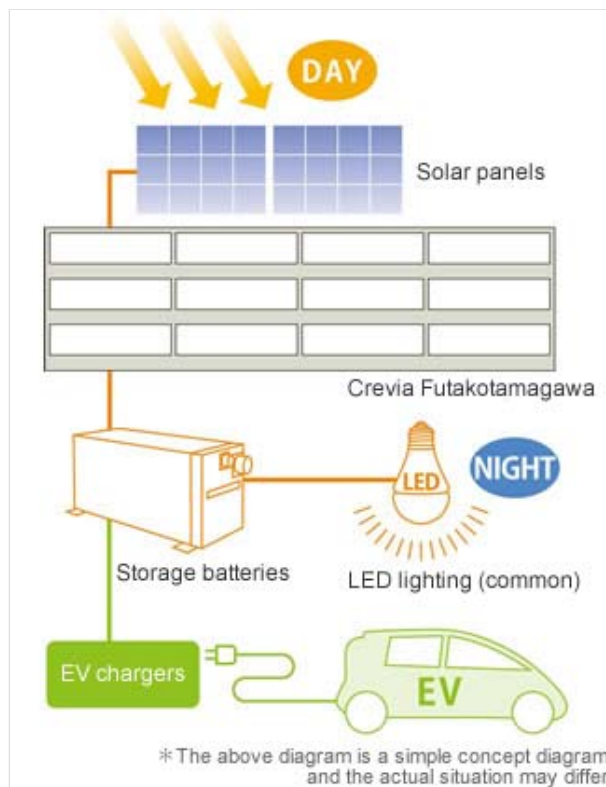
Divisions/ Departments	CSR Issues/ Societal Issues	FY2011 action plans	Status*	FY2011 results	FY2012 action plans	Basic Polices for CSR Promotion
Construction & Realty Division	Supply quality facilities with emphasis on safety and security	<ul style="list-style-type: none"> <li>Ensure strict compliance with relevant laws and regulations through verifiable enhancement of Construction &amp; Realty Group management; check compliance status (twice a year) at the Project Inspection Meeting and Transaction Review Meeting</li> <li>Supply quality housing based on the “Master Specification” (reviewed annually) designed to boost customer satisfaction.</li> </ul>		<ul style="list-style-type: none"> <li>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.</li> <li>Reviewed the “Master Specification” (partially revised in 2010), with future amendments to be made as needed.</li> </ul>	<ul style="list-style-type: none"> <li>Publicize measures for bolstering new division management in the Construction &amp; Realty Group</li> <li>Ensure thorough compliance with relevant laws and regulations</li> <li>Check status of individual projects at project inspection meetings (twice a year)</li> <li>Hold an inspection meeting for manufacturing projects (twice a year)</li> </ul>	<ol style="list-style-type: none"> <li>1. Communication</li> <li>2. Social issues</li> </ol>
	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"> <li>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.</li> <li>Followed up on existing projects in operation.</li> </ul>	<ul style="list-style-type: none"> <li>Smooth operational follow-up of projects in process</li> <li>Identify new projects</li> </ul>	<ol style="list-style-type: none"> <li>1. Communication</li> <li>2. Social issues</li> <li>5. Local and international communities</li> </ol>
	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"> <li>1. Communication</li> <li>4. Education</li> </ol>
	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"> <li>Acquired CASBEE (abridged edition) Rank “A” for the Higashi Ueno Office Building.</li> <li>Attended CASBEE seminar</li> <li>One individual acquired qualification as a CASBEE [Construction] evaluator</li> </ul>	Aggressively promote environment-friendly businesses	<ol style="list-style-type: none"> <li>1. Communication</li> <li>3. Supply chain</li> </ol>

\* : 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"> <li>Research and examine business creation in environmental, new energy, and consumer-related fields in China.</li> <li>Expand response to individual funding needs through finance businesses in Asia and Europe.</li> <li>Promote insurance coverage for large projects to enable reliable and consistent infrastructure businesses in developing countries.</li> </ul>	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"> <li>Follow up on additions to the Financial Instruments and Exchange Act and other laws and continuously raise awareness among employees.</li> <li>Ensure thorough compliance awareness through seminars and other means</li> <li>Review the compliance program and special ind</li> </ul>		<ul style="list-style-type: none"> <li>Verified the presence monthly of new laws or regulations pertaining to the Financial Instruments and Exchange Act and other special industry laws.</li> <li>Took compliance seminars outside the company regarding industry laws, and convened training workshops an</li> </ul>	<ul style="list-style-type: none"> <li>Follow up on additions to the Financial Instruments and Exchange Act, the Insurance Business Act and other laws, and raise awareness among employees.</li> <li>Ensure thorough compliance awareness through seminars and other means.</li> <li>Review the compliance progra</li> </ul>	4. Education

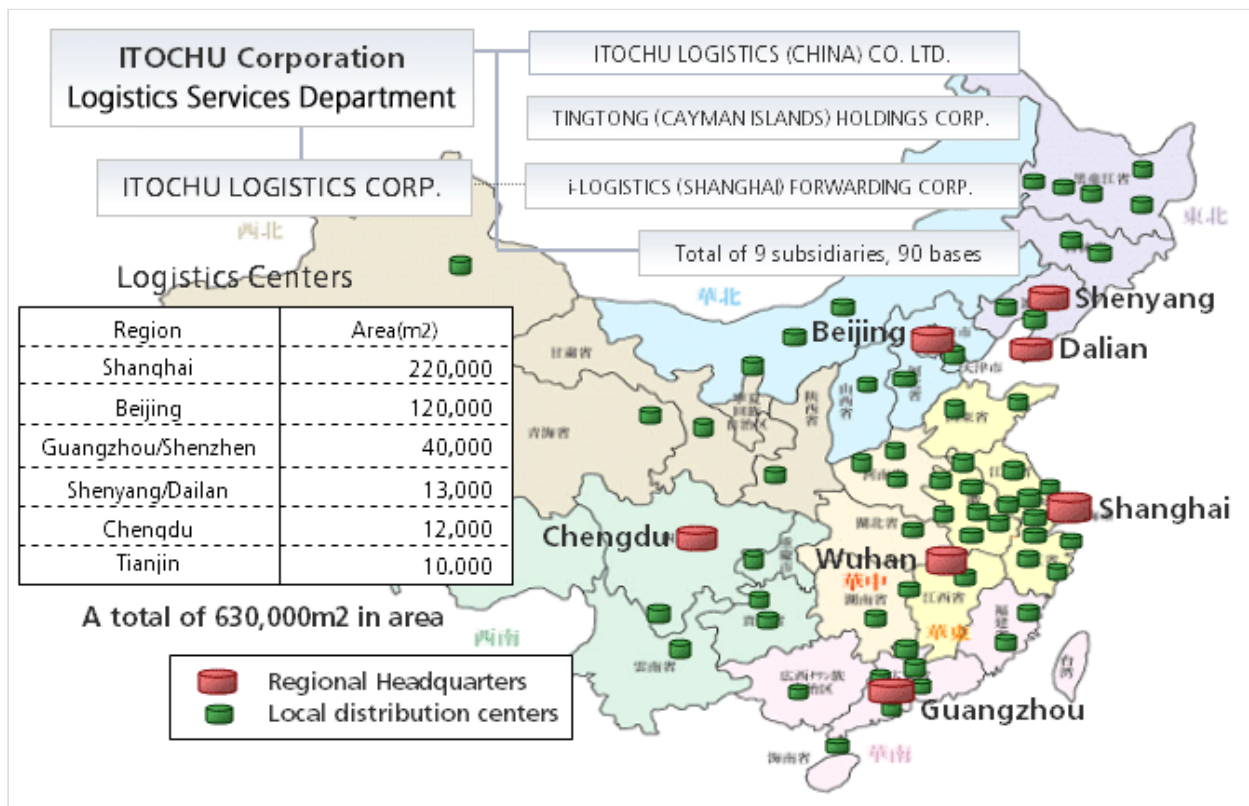
Logistics Services Department	Develop logistics infrastructure to contribute to more robust social capital and improve levels of customer satisfaction	Reorganize and merge logistics business in China through integrated management with ITOCHU Logistics Corp. Build an efficient logistics scheme in China 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.

