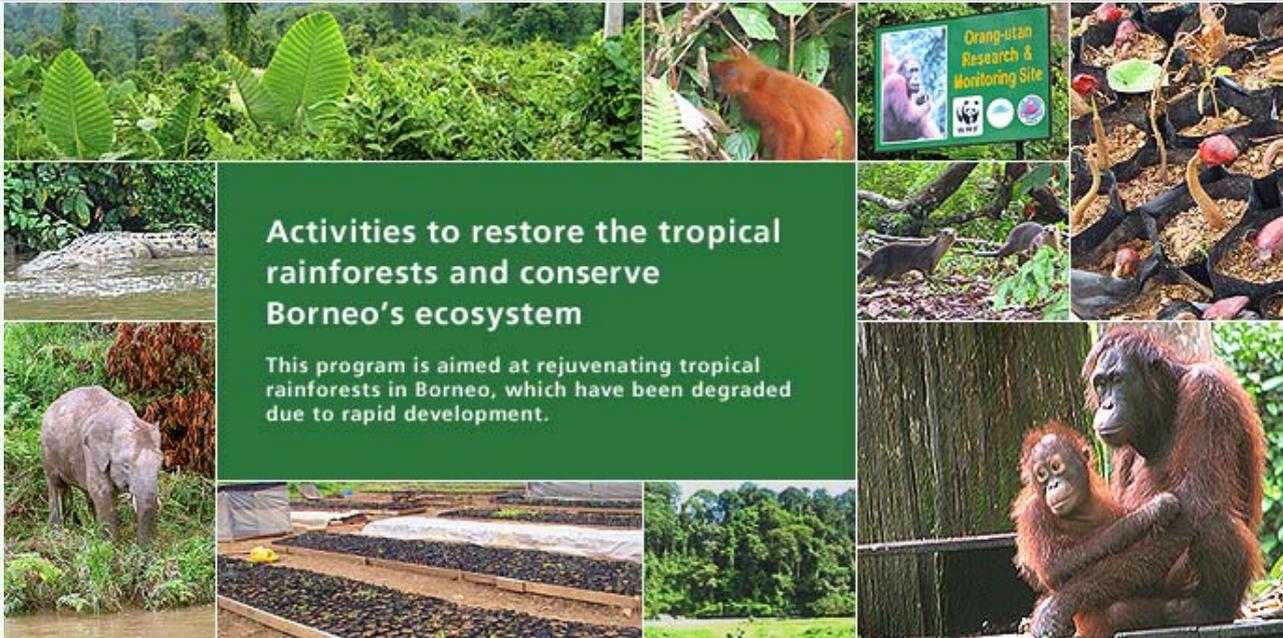


# Social Contribution Programs to Commemorate the 150th Anniversary

## 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 CO<sub>2</sub> 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

<b>Recipient</b>	WWF Japan
<b>Term</b>	From FY2010 to FY2014 (five years)
<b>Location</b>	Borneo (North Ulu Segama, Sabah, Malaysia)
<b>Area</b>	967 hectares (approximately half the size of Minato Ward in Tokyo)
<b>Contribution</b>	A total of 250 million yen (including donations from Group companies)
<b>Tree-planting</b>	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.
<b>Employee volunteering</b>	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 <sup>2</sup> )	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

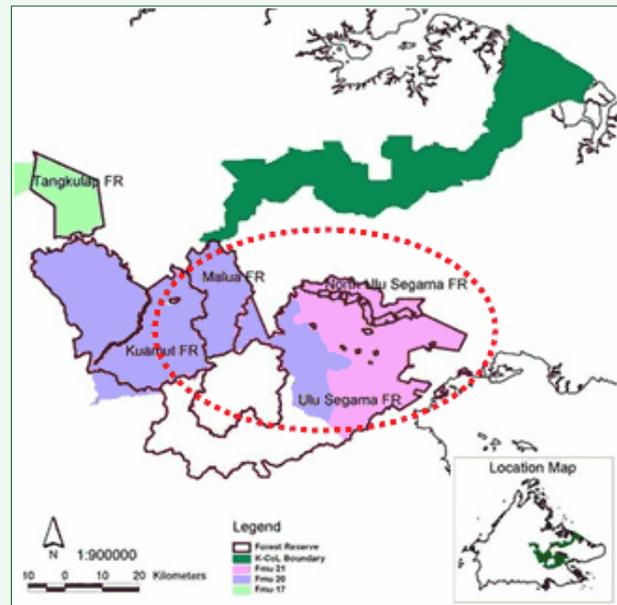
In the most important area of Ulu Segama Malua (USM), logging for timber started in the early 1960s but was stopped as of January 2008 with the State Government of Sabah inviting WWF Malaysia to join the team that will produce a ten-year plan for USM forest management. In this way, the opportunity for 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

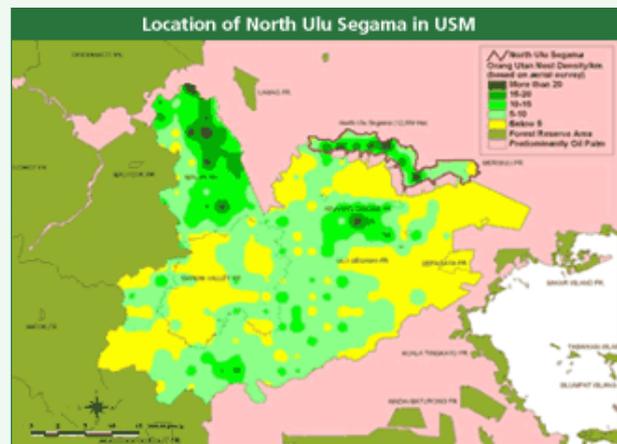
In Ulu Segama, and particularly in North Ulu Segama where deforestation is severe, there are approximately 90 orang-utans, but, since the deterioration is too severe, there is no prospect for forest regeneration without human intervention such as planting trees and clearing the undergrowth. It has been 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

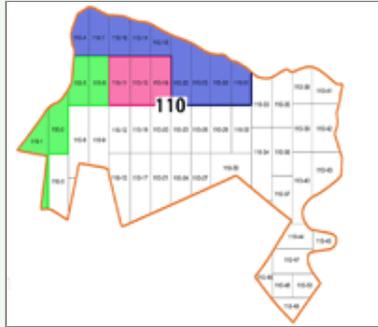
Video of the tour

• [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

Organizational  
governanceHuman  
rightsLabor  
practicesThe  
environmentFair operating  
practicesConsumer  
issuesCommunity involvement  
and development

### 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