

# CSR and Our Business

## 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

### Spain

Metals & Minerals

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



### Kenya

ICT, General Products & Realty

Participation in the Green Belt Movement through MOTTAINAI Campaign



Kenya

### India

Textile

Pre Organic Cotton Program



### Malaysia

Textile

Conserving Forests with HUNTING WORLD



Headquarters

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



### China

Metals & Minerals

Integrated Recycling Business at Dalian Changxing Island, China



ICT, General Products & Realty

Contributions to Local Communities in Overseas Distribution Business

### Japan

Textile

Fashion Earth **Highlight** PROJECT P17-18



### Indonesia

ICT, General Products & Realty

Karawang Industrial Park Aims for Harmony with Indonesian Society



- Textile Textile Company
- Machinery Machinery Company
- Metals & Minerals Metals & Minerals Company
- Energy & Chemicals Energy & Chemicals Company
- Food Food Company
- ICT, General Products & Realty ICT, General Products & Realty Company
- Headquarters Headquarters

**Machinery**

Supporting Disaster Control by Supplying Medical Equipment



**Food**

Karada Smile Project



**ICT, General Products & Realty**

Development of Energy and Smart IT Infrastructure Business Utilizing IT



**ICT, General Products & Realty**

Promoting Protection of Water Resources and Resource Recycling



**Philippines**

**Headquarters/Overseas Offices**

Support for Manila Hemp Plantation Rehabilitation Project



**U.S.A.**

**Machinery**

World's Largest Wind Farm Goes into Operation



**Metals & Minerals**

Establishment of Soligent, LLC, Largest Solar Distribution Company in US



**Energy & Chemicals**

Initiatives in Lithium-ion Battery-related Business



**Food**

Promotion of Food Resource Procurement Focused on Stable Supply and Assured Safety



**ICT, General Products & Realty**

Contributing to Environmental Conservation just by Living; Adoption of "Green Power" Generated with Natural Energy



**Brazil**

**Energy & Chemicals**

Promoting Plant-derived Energy Business



**Highlight**

▶ P13-16

**ICT, General Products & Realty**

Environment-conserving Business of CENIBRA



# CSR at the Textile Company

## CSR at this Division Company

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

In its CSR activities, The Textile Company places a top priority on further improving the safety of its products and services as well as customer satisfaction. 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 continue conducting monitoring surveys of overseas manufacturing plants belonging to group companies, and we will target further advancements in supply chain management through employee education. We will also continue to promote environment-friendly businesses.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
All Divisions	Supply chain management	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.		Completed onsite, face-to-face surveys of all 27 companies expected to be the subjects.	Pursue stronger supply chain management across all business divisions and also conduct site visit surveys among Group companies.	3. Supply chain
All Divisions	Promote environment-conserving businesses	<ul style="list-style-type: none"> <li>Promote environment-conserving businesses across all the business divisions.</li> <li>Expand the businesses of pre-organic cotton project, promote to develop "Fashion Earth PROJECT", and other.</li> </ul>		<ul style="list-style-type: none"> <li>Expanded pre-organic cotton to more than 40 brands.</li> <li>For the "Fashion Earth PROJECT (FEP)", steadily increased the cumulative number of sales tags to 4.25 million. Also started selling products with green FEP tags, which support forest preservation projects.</li> </ul>	<ul style="list-style-type: none"> <li>Promote environment-conserving businesses across all the business divisions.</li> <li>Expand the businesses of pre-organic cotton project, promote to develop "Fashion Earth PROJECT", and other.</li> </ul>	2. Social issues
All Divisions	Strengthen response to customers and consumers	Deepen understanding and raise awareness of compliance through seminars across all business divisions, strive to prevent a variety of societal issues.		<ul style="list-style-type: none"> <li>Held practice review meetings in Tokyo and Osaka in December.</li> <li>Also undertook all scheduled training to ensure through compliance awareness.</li> </ul>	Deepen understanding and raise awareness of compliance through seminars across all business divisions, strive to prevent a variety of societal issues.	4. Education

※ :Achieved :Nearly achieved :Unachieved

## Major CSR Initiatives

### ■ Pre-Organic Cotton Program

ITOCHU and kurkku jointly plan and operate the Pre Organic Cotton Program, which helps farmers in India to transfer cotton farming to organic cotton cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Program activities began in 2007. Since then, more than 2,500 farming households have been supported and upward of 40 domestic brands have been introduced. At the Good Design Award 2011 program, this program won the Good Design / Sustainable Design Award, as it was highly evaluated as a program that significantly contributes to the realization of a sustainable society through business. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by understanding and empathy among companies, organizations, and consumers.



Receipt of Good Design Sustainable Design Award



Cotton harvesting on one of our farms in India

## 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 Machinery Company

### CSR at this Division Company

### Contributing to the prosperity of local communities and international society through environment-friendly businesses

We strive to develop and expand sales related to environment-friendly businesses and products that help reduce environmental impacts. We will also endeavor to help toward the realization of a society that is in harmony with the environment, and contribute to the prosperity of local communities and international society.



**Takao Shiomi**  
President, Machinery Company

### CSR Action Plans

#### Key points of our FY2012 action plans

In this fiscal year, continuing the management considering environmental and CSR issues, we will aggressively work on businesses related to renewable energies including biomass, geothermal, and wind power, as well as those related to water, placing a specific focus on desalination plants.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Participate in desalination plant projects and water/wastewater businesses		Promoted as scheduled the desalination plant project in Melbourne, which is planned to be completed in 2013.	Participate in desalination plant projects and water/wastewater businesses	2. Social issues
	Effective use of renewable energy	<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 the Philippines and Vietnam</li> <li>Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc.</li> </ul>		<ul style="list-style-type: none"> <li>Continued marketing geothermal power generation.</li> <li>Participated in a biomass power project located in Gainesville, Florida in the United States.</li> <li>Also promoted a wind power generation project.</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of binary technology to geothermal power generation developed by Ormat Technologies Inc.</li> <li>Supply clean electric power through wind power generation businesses</li> </ul>	2. Social issues
	Improve convenience and safety in the air transportation business area	<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>		Helped ensure safety by introducing a gamma detection system.	Propose state-of-the-art security systems, mainly to government agencies responsible for safeguarding and managing critical infrastructure, such as airports, customs, police, and Self-Defense Forces.	2. Social issues

Automobile, Construction Machinery & Industrial Systems Division	Better communication with stakeholders	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	🌱	Together with an automobile manufacturer, planned and carried out a study session titled "A Seminar on Safe, Fuel-Efficient Driving."	➡	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	4. Education
	Promote environment-conserving businesses	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	🌱	Promoted sales, targeting European and Asian markets.	➡	Promote equipment to help reduce the energy consumption and conserve the environment, such as battery storage systems and LED lighting.	4. Education
	<ul style="list-style-type: none"> <li>Support measures for combating new influenza outbreaks</li> <li>Address preventive healthcare</li> </ul>	Conduct continuous reviews, and increase partners and expand sales formats for health exams to promote business expansion	🌱	Increased business capacity to book health exams as an agent, enabling to handle 85,000 examinees per year.	➡	🔄 (Continue promoting the same measures.)	
	Support for measures against disaster				➡	<ul style="list-style-type: none"> <li>Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others.</li> <li>Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a consortium of various companies.</li> </ul>	<ol style="list-style-type: none"> <li>1. Communication</li> <li>2. Social issues</li> <li>3. Supply chain</li> <li>4. Education</li> <li>5. Local and international communities</li> </ol>

※ 🌱🌱🌱 :Achieved 🌱🌱 :Nearly achieved 🌱 :Unachieved

### Major CSR Initiatives

#### ■ World's Largest Wind Farm Goes into Operation

The Shepherds Flat Wind Project (845 megawatt), in which we participate through U.S. subsidiary Tyr Energy, began commercial operation in stages from February 2012.

Once completed in 2012, the project will generate enough energy to supply more than 235,000 average U.S. homes, and will achieve a reduction of about 1.5 million tons of carbon dioxide per year, equivalent to the annual amount of carbon dioxide from approximately 200,000 passenger vehicles.

This project is the second project implemented under the memorandum on business collaboration concerning co-investment in renewable energy worldwide, concluded between ITOCHU and General Electric Company.



Shepherds Flat power plant

### ■ Supporting disaster control by supplying medical equipment

We supply equipment for disasters to local municipalities, Self-Defense Forces, police, and fire department, etc. Japan Medical Partners, for which ITOCHU is the leading member, is a non-profit organization consisting of private companies. It helps ensure the continued provision of medical services at times of disaster and supports local municipalities in educational activities and operations involving countermeasures against infectious diseases and disasters.

We create “products and services,” “information,” and “operational knowhow” by combining and merging the functions of member companies of Japan Medical Partners. By providing them, we spread the correct knowledge about disasters daily, help take related initiatives, and help ensure the continued provision of medical services in the event of disaster.



A training session for healthcare workers on measures for preventing infections

# CSR at the Metals & Minerals Company

## CSR at this Division Company

### Promoting CSR through the development and stable supply of mineral resources

We promote CSR with the entire ITOCHU Group, while pursuing the following missions:

- 1) development and stable supply of mineral resources; and
- 2) initiatives for solar- and recycling-related businesses that are ecological to the earth.



**Ichiro Nakamura**  
President, 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	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Policies for CSR Promotion
Metals & Mineral Resources Division	Ensuring safety in mining and exploration businesses	Extensively ensure and improve safety and reliability in resource development businesses.	☘☘☘☘	<ul style="list-style-type: none"> <li>Formulated EHS guidelines concerning the environment and safety of resource development businesses.</li> <li>Conducted lectures on the environment.</li> </ul>	Start implementing the Environment, Health and Safety (EHS) guidelines.	<ol style="list-style-type: none"> <li>Supply chain</li> <li>Education</li> </ol>
	appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> <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>	☘☘☘☘	<ul style="list-style-type: none"> <li>Had beverage manufacturers and group companies (8 in total) adopt electronic manifest systems.</li> <li>Monitored and reviewed fluorocarbon flow control.</li> </ul>	<ul style="list-style-type: none"> <li>Expand the penetration of electronic manifest software for industrial waste management.</li> <li>Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system.</li> </ul>	<ol style="list-style-type: none"> <li>Social issues</li> <li>Education</li> </ol>
Coal, Nuclear & Solar Division	Exploring environment-friendly energies and providing a stable supply of them	Share thorough commitment to safety management during coal extraction and mining with JV partners	☘☘☘☘	Took thoroughgoing measures concerning the safety management of mine operations.	Strive to reduce the impact of coal extraction and mining on the environment (together with JV partners).	<ol style="list-style-type: none"> <li>Communication</li> <li>Supply chain</li> <li>Local and international communities</li> </ol>
	Exploring environment-friendly energies and providing a stable supply of them	<ul style="list-style-type: none"> <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 emissions credits. Pursue solar and solar thermal projects worldwide.</li> </ul>	☘☘☘☘	Helped realize a low-carbon society by being indirectly involved in projects to reduce greenhouse gases, promoting global measures such as the stable supply and expansion of uranium, and promoting solar and solar thermal projects.	Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact.	<ol style="list-style-type: none"> <li>Social issues</li> <li>Local and international communities</li> </ol>
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	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"> <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>

※ ☘☘☘☘ :Achieved ☘☘☘☘ :Nearly achieved ☘☘☘☘ :Unachieved



## Major CSR Initiatives

### ■ Integrated Recycling Business at Dalian Changxing Island, China

The 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 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.



Two solar power plants jointly operated with Abengoa Solar

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

## ■ Establishment of Soligent, LLC, 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 U.S.'s largest solar distribution company for mainly household and industrial use. (changed its company's name to Soligent, LLC in June 2012) 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



Logo of Soligent LLC



Solar power generation system constructed by Stellar Energy (a subsidiary of Soligent) at the world's largest winery (California, USA)

# CSR at the Energy & Chemicals Company

## CSR at this Division Company

### Promoting CSR through global environmental preservation and stable supply of high quality products

Ensuring stable supply of high quality products and services with maximum consideration for the global environment, we contribute to the realization of a sustainable society.



**Yuji Fukuda**  
President, Energy & Chemicals Company

## CSR Action Plans

### ■ Key points of our FY2012 action plans

Our group promotes stable supply of energy and environmentally friendly business like lithium-ion battery supply. We will also continue to provide education on related laws, regulations and safety tips to energy and chemical products.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Polices for CSR Promotion
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>Held workshops and training for employees on practical operations.</li> <li>Repeatedly confirmed HSE status at partner meetings, and continued safe operations.</li> <li>Donated PCs and other equipment to schools and orphanages in provincial cities in Azerbaijan. Focused efforts on charitable donation activities as a part of social contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular seminars to promote a 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 by making educational and cultural contributions to the local communities where project sites are located.</li> </ul>	2. Social issues 4. Education 5. Local and international communities
	Measures to reduce CO2 emissions	<ul style="list-style-type: none"> <li>Promote environmentally friendly businesses</li> <li>Promote businesses that generate plant-derived energy</li> </ul>		Strived to reduce CO2 emissions through the production of ethanol as a renewable energy source by crushing sugarcane and using bagasse (the fibrous matter that remains after sugarcane is crushed) for all electric power used at plants.	Increase bioethanol production taking local environment into account.	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>Held training sessions on the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. in Osaka in April and Tokyo in May (total number of trainees: 287).</li> <li>Created a handbook showing the outline of related laws and regulations and performance obligations, etc., and distributed 1,600 copies to the employees of group companies. In response to the handbook, held a total of four seminars on laws and regulations related to chemical products (twice in Tokyo and once in Osaka and Nagoya, respectively) (total number of participants: approx. 500).</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	<ul style="list-style-type: none"> <li>Promotion of environment-conserving businesses</li> <li>Expand lineups of lithium-ion battery related materials and parts.</li> </ul>		Reached a basic agreement with partners toward establishing a joint venture on developing plant-derived anode materials for lithium-ion batteries. The project is being promoted, aiming to start mass production by 2013.	Expand transactions in lithium-ion battery-related businesses (lithium resources, battery-related materials and parts).	2. Social issues
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※  :Achieved  :Nearly achieved  :Unachieved

## Major CSR Initiatives

### ■ Business development of plant-derived energy

Since 2008, in partnership with Bunge Ltd., a major grain provider of the United States, we have been operating a business producing and selling bioethanol and sugar made from sugar cane. Two projects have been in progress in Minas Gerais and Tocantins of Brazil, which is the world's leading producer of bioethanol, providing about 30% of the world's supply. Bioethanol made from sugar cane in these projects is more effective in terms of reducing greenhouse gas emissions than that made from other materials. It is therefore widely viewed as an alternative for fossil-based fuel for transportation and power generation in a tight market environment. It is also expected to become a potential petrochemical feedstock. We are planning to increase production of bioethanol in the above two projects up to 500,000 kl/year. In addition, we will develop the business further by extending our business to sugar sales as well as in-house power generation fueled by bagasse, the pulpy residue of sugar cane, from which the surplus electricity can be sold.



Bioethanol production plant in Santa Juliana

### ■ 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.

Through Simbol Materials, a U.S. company in which ITOCHU invested in June 2010, ITOCHU participated in the production of high-purity lithium carbonate for lithium-ion batteries (LiB).

Simbol is developing and promoting operations whereby lithium compounds are produced by extracting lithium from used geothermal brine at geothermal power plants. Simbol's manufacturing technology is being further developed and refined ahead of commercial production. High-purity lithium carbonate is used as a raw material for electrolyte salts (LiPF<sub>6</sub>) used in electrolyte solution, one of the main components for LiB. It is used in LiB for electric cars, for which a demand is expected to grow rapidly in the near future, as well as in stationary rechargeable batteries and in the clean energy field.

Also, together with KUREHA Corporation and KURARAY Co., Ltd., we are involved in the joint development and commercialization of hard carbon for LiB anode material including "Biocarbotron", a new hard carbon material derived from plants.



Geothermal brine well in southern California

# 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	FY2012 action plans	Status*	FY2012 results	FY2013 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>Verify compliance with food safety management manual/compliance program.</li> <li>Continue seamless ties with food inspection partners.</li> <li>Support food safety management for business partners in China.</li> </ul>		<ul style="list-style-type: none"> <li>Visited each department and office to conduct a food safety and compliance audit.</li> <li>Maintained relations, including business partnership agreements, with inspection centers in China.</li> </ul> <p>Visited the manufacturing plants and restaurants of business partners in China (nine sites in total) to give advice and propose improvements.</p>	<ul style="list-style-type: none"> <li>Verify compliance with food safety management manual/compliance program.</li> <li>Support food safety management for business partners in China.</li> </ul>	1. Communication
Provisions Division	Ensure a stable supply of safe and reliable raw materials	<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>		<ul style="list-style-type: none"> <li>Put a grain terminal in North America into full-scale operation in February 2011. Established a system for the stable supply of grain from the region.</li> <li>Continued to implement residual agricultural inspections and disseminate food safety information in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>Promote a food-resource procurement business and establish stable supplies.</li> <li>Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries.</li> </ul>	3. Supply chain
Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).		Took active part in division company training and conducted training for overseas staff. Conducted a total of approximately 100 plant audits in 15 countries.	Strive for measures that 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 for at-home dining as animal feed	Develop recycling loops for conversion of food products to animal feed or fertilizer in line with the characteristics of each region.		As a coordinator, promoted the establishment of a recycling loop (converting unused food to animal feed and selling pork products from animals raised on that feed) undertaken by a partner retailer in June 2011.	Maintain and expand recycling loops for converting food products to animal feed and fertilizer in line with the characteristics of each retail format.	2. Social issues

※ :Achieved :Nearly achieved :Unachieved

## Major CSR Initiatives

### ■ 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, which went into full-scale operation in February 2012.



Grain export terminal

### ■ Karada Smile Project

The importance of health promotion is increasing in the current social environment, and consumers are increasingly concerned with health. In this setting, four companies—UNY Co., Ltd., Circle K Sunkus Co., Ltd., FamilyMart Co., Ltd., and ITOCHU Corporation—founded the Karada Smile Project in January 2008 with the aim of facilitating research into and the development of healthy products throughout the entire process of their production from the raw material stage. The first merchandise from Hahanokimochi, a new brand under the Karada Smile Project, was launched in June 2011. The brand concept comes from a mother's unceasing wish (kimochi) for the good eating habits of her whole family, including an appropriate nutritional balance and calories and a sufficient intake of tasty vegetables. Bread and yogurt products are currently available. Moving forward, we will select concepts based on consumer marketing, and provide products that actively promote health through daily eating habits and offer a high level of value for customers.



Bread and yogurt of the *Haha no Kimochi* brand

# CSR at the ICT, General Products & Realty Company

## CSR at this Division Company

### Raising environmental awareness and contributing to the development of prosperous communities and societies

Through the provision of environmentally friendly products and services as well as products and solutions that help realize more prosperous societies by responding to regional and social needs, we will contribute to advancing the development of regional communities and the international society as a whole while also supporting safe and affluent lifestyles.



**Tomofumi Yoshida**  
President, ICT, General Products & Realty Company

## CSR Action Plans

### Key points of our FY2012 action plans

As part of our environmentally friendly business efforts, we will trade internationally certified forest products and promote the development of solar power generation systems and other highly functional, environmentally friendly housing and social infrastructure. At the same time, we will step up our supply chain management efforts. In addition, we will utilize information technologies to develop creative energy management solutions businesses, smart infrastructure businesses, retail finance businesses in Asia and Europe, and other businesses that contribute to the realization of prosperous societies by addressing social needs.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2012 action plans	Status*	FY2012 results	FY2013 action plans	Basic Policies for CSR Promotion
Forest Products & General Merchandise Division	Enhance the traceability of raw materials and ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys and conduct questionnaires concerning compliance with labor laws.		Conducted surveys of 95 subject companies on traceability and compliance with labor laws by visiting them or sending questionnaires. Received responses from 87 of the 95 companies.	Update survey items and survey recipient data; carry out traceability surveys.	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>Maintain system for supplying low-formaldehyde products and expand handling of such products.</li> </ul>		Increased the ratios of the FSC-certified pulp and wood chips handled to levels beyond targeted values, with a 92% pulp ratio and a 51% wood chips ratio.	Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification.	2. Social issues
	Provide products and services for realizing a reliable, safe and prosperous society	Offer green tech solutions (expand sales of energy-saving solutions) utilizing IT		An energy management solution services is being expanded and developed. The number of customers are being increased (by 15%)	Enhance green tech solutions utilizing IT to increase the number of customers.	2. Social issues
	Creating businesses based on the 3R philosophy	<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>		<ul style="list-style-type: none"> <li>Developed new products and held various events (such as flea markets and garbage cleanups).</li> <li>Increased the number of enrollees in the mobile phone protection service by 6%, and helped promote the recycling of mobile terminals.</li> </ul>	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	2. Social issues

ICT, Insurance & Logistics Division	Compliance with the Insurance Business Act and other relevant laws and regulations	<ul style="list-style-type: none"> <li>Follow up on additions to 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 program and special industry laws.</li> </ul>		Conducted compliance education for employees at department/office meetings to continue to maintain aware of compliance among employees. Also held discussions on individual topics.	➔  (Continue promoting the same measures.)	4. Education
	Assist businesses that contribute to achieving a more prosperous society	Promote insurance coverage for large projects to enable reliable and consistent infrastructure businesses in developing countries.		Concluded 13 contracts during the year. Plan to continue focusing on promoting insurance coverage for projects in developing countries.	➔  (Continue promoting the same measures.)	2. Social issues
	Develop logistics infrastructure to contribute to more robust social capital and improve levels of customer satisfaction	Expand logistics networks in China, India and other parts of Asia, review status of contribution to local communities in each region.		<ul style="list-style-type: none"> <li>Established and started operating a subsidiary in India in February 2012.</li> <li>Reorganized subsidiaries in China.</li> </ul>	➔  (Continue promoting the same measures.)	2. Social issues
	Strengthen supply chain management	Review content of questionnaire for logistics companies in China (addition of environmental conservation-related items, etc.) and implement survey.		Surveyed logistics companies in China by adding questionnaire items related to environmental conservation.	➔ Review content of questionnaire for logistics companies in China and implement survey.	3. Supply chain
Construction, Realty & Financial Services Division	Supply quality facilities with emphasis on safety and security	<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 (once in first half of year)</li> <li>Hold an inspection meeting for manufacturing projects (once in first half of year)</li> </ul>		<ul style="list-style-type: none"> <li>Reviewed measures for strengthening management in the construction field.</li> <li>Held project inspection meetings and inspection meetings for manufacturing projects as scheduled. Found no problems with compliance status.</li> </ul>	➔ <b>Reinforce internal control system</b> <ul style="list-style-type: none"> <li>Hold inspection meetings for manufacturing projects.</li> <li>Reinforce system for ensuring compliance with related laws.</li> <li>Check status of individual projects by holding project inspection meetings, etc.</li> <li>Reinforce system for checking the compliance status of individual departments.</li> </ul>	1. Communication 2. Social issues
	Provide quality governmental services by utilizing PFI business schemes and other means	<ul style="list-style-type: none"> <li>Smooth operational follow-up of projects in process</li> <li>Identify new projects</li> </ul>		<ul style="list-style-type: none"> <li>Completed the Kobe City Hospital project in March 2011 and finished ITOCHU work in April.</li> <li>Followed up and completed three other projects (the Museum of Modern Art, Kanagawa &amp; Hayama, a children's nature center in Chiba, and Sendai Astronomical Observatory), which are now operating smoothly with no problems.</li> </ul>	➔  (Continue promoting the same measures.)	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 FY2011, monitored and reviewed the status of the management of personal information. No problems were found.	➔  (Continue promoting the same measures.)	1. Communication 4. Education
	Care extensively for the environment	Aggressively promote environment-friendly businesses		<ul style="list-style-type: none"> <li>Promoted self-development projects by continuing to be considerate of the neighborhood in our construction methods.</li> <li>Actively promoted environmental projects (solar power generation and projects related to electric vehicles) at ITOCHU Property Development, Ltd.</li> </ul>	➔ <b>Comprehensively support the environment</b> <ul style="list-style-type: none"> <li>Aggressively promote environmentally friendly businesses.</li> </ul>	1. Communication 3. Supply chain



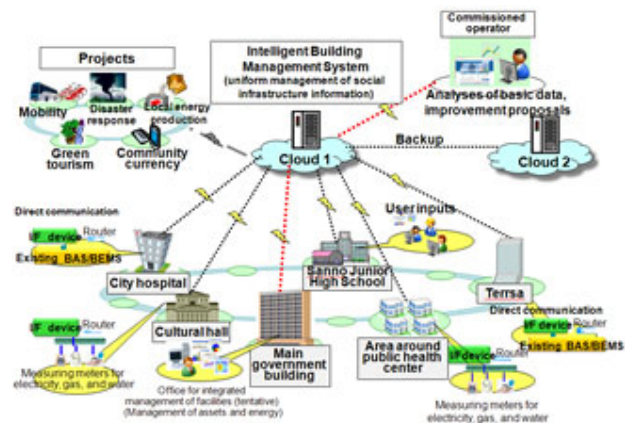
<p>Participate in businesses that contribute to achieving a more prosperous society</p>	<ul style="list-style-type: none"> <li>Research and examine business creation in environmental and new energy fields, and consumer-related fields in China.</li> <li>Expand response to individual funding needs through finance businesses in Asia and Europe.</li> </ul>		<ul style="list-style-type: none"> <li>Formulated specific business plans concerning the creation of businesses in consumer-related fields in China together with local and Japanese partnership candidates.</li> <li>Supported subsidiaries in the retail financial service business developed in Asia and Europe, helping them respond to individual funding needs.</li> </ul>	<p>Participate in local and international communities and contribute to their development</p> <ul style="list-style-type: none"> <li>Aggressively expand the retail financial service business developed in Asia and Europe.</li> <li>Contribute to the development of local and international communities by steadily promoting each project.</li> </ul>	<p>2. Social issues</p>
<p>Compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations</p>	<ul style="list-style-type: none"> <li>Follow up on additions to the Financial Instruments and Exchange Act and raise awareness among employees.</li> <li>Ensure thorough compliance awareness through seminars and other means.</li> <li>Review the compliance program and special industry laws.</li> </ul>		<ul style="list-style-type: none"> <li>Continued to collect information about the Financial Instruments and Exchange Act and other laws.</li> <li>Continued to raise awareness among employees concerning the management of personal information by educating them as necessary.</li> </ul>	<p>(Continue promoting the same measures.)</p>	<p>1. Communication 4. Education</p>

※ :Achieved :Nearly achieved :Unachieved

### Major CSR Initiatives

#### Development of Energy and Smart IT Infrastructure Business Utilizing IT

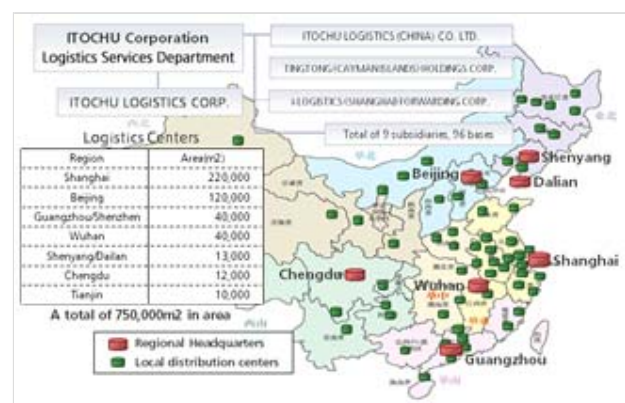
Under the brand ecoFORTE, ITOCHU is developing energy and smart infrastructure business utilizing IT. Drawing on IT, we are providing integrated solutions for measurement and control of energy consumption in air conditioning and lighting equipment. For example, we are participating in the Akita City Smart City Integrated Information Management Platform Project in "Akita Smart City Project." We are also providing management and control solutions for outdoor street lighting. Under the Ministry of the Environment's "2011 Challenge 25 Regional Development Project," we introduced these solutions in Tsukuba City in cooperation with Iwasaki Electric Co., Ltd., and Panasonic Corporation. Moving forward, we will continue to implement initiatives in the area of energy and smart IT infrastructure utilizing IT.



Conceptual diagram of Akita Smart City Project

#### 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 95 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

**■ Karawang Industrial Park aims for harmony with Indonesian society**

Karawang Industrial Park (KIIC, development area 1,177ha), which ITOCHU has invested in and operated from 1992, is working jointly with tenant companies to aggressively conduct CSR activities with an aim of co-existence and co-prosperity with neighboring communities. In addition to direct support such as supplying baby food to infants in neighboring villages 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. In addition, more than 10,000 seedlings that are grown in the agricultural park's nursery and planted in the grounds of the industrial park or in neighboring villages, and support is also provided for local healthcare facilities. Furthermore, by providing business opportunities, such as for production of the work clothes of the tenant companies, we are working to contribute to the development of local small-scale businesses and to operate the industrial park with close ties to neighboring communities.



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

**CSR Initiatives by Major Group Companies**

**■ Contributing to environmental conservation just by living  
Adoption of "Green Power" generated with natural energy**

**ITOCHU Property Development, Ltd.**

Green Power is electric power generated using natural energy such as wind power, hydraulic power, and biomass (biological resources), which is available to companies, etc. for use as one of their voluntary environmental measures. Under the system of Green Power, the environmental added value of power generated using natural energy is traded in the form of the "Certificate of Green Power," and companies and organizations that hold this certificate are recognized as having improved the environment based on the amount of power described on the certificate and thus as having contributed to the promotion of natural energy.

ITOCHU Property Development, Ltd. purchases 1,000,000 kWh/ year of Green Power (equivalent to reduction of CO<sub>2</sub> by 370 tons per year \*1 ) from Japan Natural Energy Co.,



Process of issuing Certificate of Green Power

Ltd. The company allocates the purchased Green Power (amount for the first year) to power consumed in the communal areas of the condominiums it sells \*2 . This means that residents of the condominiums can contribute to reducing CO<sub>2</sub> emissions.

\*1 Calculated using Tokyo Electric Power Company's emissions factor after adjustment for fiscal 2010, which is of 0.000374t-CO<sub>2</sub>/kWh.

\*2 In principle, the introduction of Green Energy to newly offered condominiums is undertaken only in projects operated solely by ITOCHU Property Development, Ltd., which is subject to change in future.

## ■ 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 Overseas Offices

### Middle East Bloc: Supporting Japan Self-Defense Forces in UN Peacekeeping Activities in South Sudan

ITOCHU Corporation and ITOCHU AVIATION CO. LTD. have been supporting the Japan Self-Defense Forces in their peacekeeping activities in the Republic of South Sudan. The Japan Air Self-Defense Force (JASDF) is conducting this peacekeeping operation under a United Nations Security Council resolution.

South Sudan has absolutely no established social infrastructure due to its prolonged civil war. The Self-Defense Forces are currently engaged in constructing critical infrastructure, including roads and bridges, mainly in the capital of Juba under the direction of the United Nations.

The role of the ITOCHU Group is to provide ground support at overseas airports for JASDF's aircraft transporting equipment and materials to South Sudan. Since it covers a long distance flying from Japan to South Sudan, the aircraft needs to make stopovers at several airports on the way for reasons such as refueling, refilling water, and resupplying in-flight meals for crew members. Dedicated companies provide these services, and ITOCHU staff visit the airports to coordinate matters with the airport authorities and supervise service companies, together with the JASDF advance team.



**Mahmoud Fahmy**  
ITOCHU Corporation,  
Cairo Liaison Office

On June 11, 2012, a JASDF C-130H transport aircraft landed at its final destination of Juba Airport in South Sudan. I (Mahmoud Fahmy) am a member of ITOCHU's Cairo Liaison Office, and had the task of looking after support services at the airport. The aircraft stayed at the airport for just a few hours, but I had to spend a great deal of time in advance coordinating matters through ITOCHU AVIATION between the airport service company in Juba and the JASDF headquarters. I had to come to Juba three days prior to the arrival of the C-130H in order to receive the JASDF advance team that came separately from Japan to prepare for the aircraft's arrival. Immediately after the aircraft arrived at the airport, we had to check it, unload and load cargo, arrange transportation within the airport for the crewmembers, and perform many other tasks. The aircraft took off from the airport within the scheduled time thanks to the crewmembers' well-disciplined work.

I have learned many things from this experience. I now hope to apply them to my everyday job in Egypt in order to work even more efficiently.

I am very proud that I can contribute to the global good through this work in South Sudan work twice a year as one of the employees of ITOCHU. I would like to continue to support this peacekeeping operation in South Sudan, especially since their people and I are human beings living on the same African continent.



A C-130H transport aircraft after landing at its destination of Juba Airport in South Sudan



The author is second from the left

## Europe Bloc: Aiming to Create Next-generation Power Grids

The Europe Machinery Group, together with the Battery Systems Section of the Tokyo headquarters, is aiming to optimize power grids with European energy major E.ON AG. In this endeavor, we are conducting a demonstration project combining Smart Homes and Vehicle-to-Grid (V2G) business models as key components. Since the Fukushima nuclear power accident in Japan, countries in Europe have been re-examining nuclear power generation as a source of electricity. Along with the expansion of renewable energy, the construction of next-generation power grids that are safer, more efficient and have a lower environmental impact has been accelerating.

We believe that one of the key elements of this will be the construction of a distributed energy network. Such a network would optimize the economic performance and safety of power grids. It would use small-scale wind power, solar power and other forms of renewable power generation as the energy source, as well as using electricity storage systems in homes, housing complexes and elsewhere, and electric vehicles (EV) for storing power to compensate for the fluctuations in the amount of electricity that is generated via renewable energy.

ITOCHU and E.ON plan to work with EV manufacturers to jointly build an electricity service model for next-generation power grids and a business model for the reuse of batteries. They will test optimal ways of using batteries and performance degradation in the UK, Sweden and Germany using lithium-ion batteries produced by companies such as EnerDel, Inc. in which ITOCHU has an equity interest.

The Europe Machinery Group is cooperating broadly with E.ON in business fields related to a low-carbon society, aiming to help create next-generation power grids with a small environmental footprint.



**Tsuguhito Shimpo**

Europe Machinery  
Group



E.ON Smart Homes and EV



E.ON representatives inspect the Green Crossover Project being conducted by ITOCHU in Tsukuba, Ibaraki Prefecture

## East Asia Bloc: ICN and ILC Plant Trees and Make Donations to Aid a Local Community

In the East Asia Bloc, since last year ITOCHU has been engaged in planting trees in Donghongyu Village of Fuping Prefecture, Hebei, some 300 kilometers from Beijing, and in donating school supplies for local children.

This year on April 14, about 80 people comprising employees and their family members from ITOCHU (CHINA) HOLDING CO., LTD. (ICN) and ITOCHU LOGISTICS (CHINA) CO., LTD. (ILC) joined in these social contribution activities in the local community.

As soon as they arrived at Donghongyu Village, the volunteers started digging holes for the trees and carrying in the saplings to be planted. After about an hour's hard work, they had a



**Wan Jing**

ITOCHU (CHINA)  
HOLDING CO., LTD.

great sense of achievement when they looked at the rows of young walnut trees on the mountain sides that they themselves planted. They knew that as well as providing the benefits of greenery, the walnut trees will also help the local people in their attempts to pull themselves out of poverty. After they'd finished with the trees, the group visited a nearby elementary school to give the children some new books and 25 sets of stationery. They were also able to chat with the children, who responded with smiling faces that took away all the accumulated day's tiredness of the group. All the participants felt they'd spent a very worthwhile weekend.

During a ceremony held for the donations, Shuichi Koseki, CEO of the East Asia Bloc, spoke about ITOCHU's mission, which the Company has expressed as "The ITOCHU Group respects the individual, society, and the future in its Commitment to the Global Good." He added that he hoped the town would grow more beautiful and prosperous so that the children could grow up strong and healthy in a good environment.

Through these CSR activities, the participants could feel the lifestyles of a deprived local community that hasn't experienced the abundant resources available in a city like Beijing, and could go on to grasp the reality of how ITOCHU's mission of being "Committed to the global good" can benefit society at large. Moreover, the happy faces of the local children strengthened the resolve of those of us involved with CSR activities to widen our support in the future.



Together with elementary schoolchildren

#### Comment from Stakeholder



**Wang Xing**  
A senior staff member  
from the administrative  
office of the Fuping  
Prefecture government

The ITOCHU Group is both developing business activities in China and working to support the poorer local regions. By means of these CSR activities, contributing to tree planting and children's education, I can keenly feel that ITOCHU is a global company making efforts in line with its strong sense of responsibility. I'd like to express my deep gratitude to ITOCHU on behalf of both the prefecture government and the town.