

## CSR at the Textile Company

### Growth Strategies for the Medium and Long Terms of this Division Company

Our scope of business spans all lifestyle categories as a customer-oriented marketing company, and we have developed our business around a value chain that covers the entire textile industry, from raw materials / fabrics to garment manufacturing, brands, and industrial materials, demonstrating group-wide strengths.

In Japan, we are continuously improving our high-value-added manufacturing in order to meet consumers' needs. In the retail and life & healthcare areas, we are also focusing on expanding our business domain, as well as enhancing our asset portfolio.

We are also augmenting our asset portfolio overseas, as we endeavor to reinforce our operations in growth markets, including China, other parts of Asia, and emerging countries where consumption is slated to expand. One initiative involves joint business

with CITIC and CP Group. Further tariff liberalization should lead to more opportunities for us to respond to global consumers' needs as we begin to address the pan-Asia market. We will further reinforce manufacturing in the most suitable areas, remaining cognizant of customs benefits, and expand our value chain from materials procurement to sewing throughout China and the rest of Asia. Meanwhile, we will respect human rights and labor customs, protect the environment, and maintain harmony with communities.

As the Company which plays a key role in the consumer-related sector, making the most of superiority as the leading company in the textile business, we will steadily work on initiatives to strengthen our existing businesses and expand synergies within the ITOCHU Group as well as accelerate accumulating superior assets and replace others. These efforts will enable us to firm up the Textile Company's earnings platform.



**Shuichu Koseki**  
President, Textile Company

### CSR at this Division Company

- A marketing company that adopts a social perspective

The Textile Company places a high priority on further improving the safety of its products and services as well as customer satisfaction. It is promoting sustainable manufacturing that takes full account of labor customs in the supply chain and the environment in its global setup for production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company.





### CSR Challenges for Sustainable Growth



Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Supply chain management (labor management)</b>	Overseas Apparel Production Business	As we expand production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company, including manufacturing bases in China and other parts of Asia, we must take full account of labor customs in the supply chain and the environment. A lack of care in such areas could result in reputational damage and legal sanctions which could significantly affect business continuity.

# CSR Action Plans

## - Key points of our FY2016 action plans

We will pursue further advancement in supply chain management through employee education as well as group-wide implementation of monitoring surveys to overseas manufacturing factories. We will also continue to promote socially and environmentally friendly businesses.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
Apparel Division 1	Promotion of environmental conservation-oriented business	Propose businesses that using earth-friendly fabrics such as recycled PET fibers.		Promotion of a business using recycled fibers for uniforms is underway. Business talks have been conducted with around a dozen companies, and contracts were finalized with five of them during the period. Three agreements were reached for uniform initiatives to use recycled PET fabrics and T-shirts made of organic cotton, and to incorporate mechanisms to collect and recycle.	Propose uniforms that use environmentally-friendly and ethical materials such as recycled PET fibers and organic cotton as well as recycling-oriented businesses.	climate change	2.
Apparel Division 2	BOP business	Plant 2,500 ton of Pre Organic Cotton and increase dissemination overseas with a focus on America. Conduct field survey of Pre Organic Cotton based on the findings of Hosei University Associate Professor Yoshida's two-year study.		We continued to stimulate demand for Pre Organic Cotton through new branding. We worked to enhance recognition through participation in things such as side events to the UN General Assembly. We worked with new partners to improve quality and achieved results in social initiatives and higher quality.	Expand sales channels as a more general form of cotton and run promotions that will be linked to organic cotton. Steadily the breadth of products such as polyester/cotton blends.	communities	2.
Brand Marketing Division 1	Consideration of social issues, promotion of environmental conservation business	In addition to equipping bags with self-lighting LEDs that generate power from vibrations, work to achieve widespread adoption of the LEDs by promoting their incorporation the lights into shoes and other related goods. In addition, continue with the development of new products with good generating and storage efficiency by making improvements to the device.		Although we held talks with a major sports manufacturer as a new customer, the talks are still at an early stage. Continued use in business bags has been finalized. While there were talks regarding incorporation in the school bag products of a major sports manufacturer, trials sales were carried out with the lights fitted to the school bags of a department store's private brand, but due to poor sales, the plans were abandoned.	In addition to equipping bags with self-lighting LEDs that generate power from vibrations, work to achieve widespread adoption of the LEDs by promoting their incorporation into shoes and other related goods. In addition to existing customer ACE, develop new customers.	climate changes, resources	2.
Brand Marketing Division 2	Stake holder engagement	Continue support of Borneo Conservation Trust through Hunting World Japan. (Activities to preserve 1.6 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts)		In 2014, domestic and internal sales of approximately 300 million yen (on a retail basis) were generated. 1% of sales were diverted to support Borneo Conservation Trust.	Continue support of Borneo Conservation Trust through Hunting World Japan. (Activities to preserve 1.6 hectares of land as Hunting World Kyosei no Mori and Borneo elephant rescue efforts)	resources	2.

All Divisions	Supply chain management	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and a total of 3 Group companies which conduct survey of their suppliers, and seek to resolve social issues.	 After reconsidering the content of questions asked during the surveys and other aspects, work is underway to conduct surveys in FY2016. Environmental audits at the plants of two Group companies (one in Japan and one overseas) were conducted.	Conduct CSR checks of suppliers, share the issues facing the textile industry and seek solutions to social issues.	human rights	3.
	Conduct employee education and raise awareness through participation in seminars and training on CSR and environmental conservation.	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and industry lectures.	 Employees took part in the following seminars and other events. Environment and Social Risk Response Seminar (July 17, 12 people) Waste Disposal Act Seminar (September 4, 42 people) CSR and Global Environment Seminar (February 6, 34 people) Procurement Risks and Preventative Measures in the Textile Industry (February 16-17, 39 people)	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and industry lectures.	climate change	4.

\*1  :Achieved  :Nearly achieved  :Unachieved

\*2 For further information about CSR Material Issues, please see P10~11.

\*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### - Pre Organic Cotton Program

In cooperation with KURKUU K.K., ITOCHU is conducting a Pre Organic Cotton(POC) Program to support the transition of cotton farmers in India to organic 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. In 2014, farmers from 989 households joined the Pre Organic Cotton Program, bringing the cumulative total to 2,360 households engaging in pesticide-free cultivation under the program since it was started in 2008. With initiatives undertaken with apparel and bedding manufacturers starting to gather momentum, although the quantity of transition period cotton (POC) handled in 2014 held at 1,000 tons, the program has encouraged rising demand for the organic cotton, which has been recognized as a form of organic cotton with complete traceability. In 2012, the POC program was approved as an initiative of the Business Call to Action (BCtA), an endeavor led by the United Nations Development Programme (UNDP), as a business model that achieves both commercial success and sustainable development. In the time since, we have seen a growing recognition among companies tackling development issues through the UNDP.



Cotton harvesting on one of our farms in India



In FY2015, as a result of establishing processes to remove the contamination that is mixed with raw cotton during the handpicking process with the aim of making additional quality improvements, we managed to deliver higher quality products and contribute to the creation of employment in the region. Supported by the understanding and compassion of various companies, groups and consumers moving forward, we will strive to further expand the Pre Organic Cotton Program and continue to handle greater quantities of organic cotton produced as a result.

## ■ Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. Besides symbolizing freedom and rebirth, this logo likewise anticipated the issue of protection of endangered species, and underscores the love and respect for nature felt by the brand's founder. To realize its dream of coexistence with nature, Hunting World Japan Co., Ltd., which sells the brand in Japan, has been supporting activities for conservation of biodiversity by the NPO Borneo Conservation Trust (BCT) since 2008. The company designs and sells charity goods, and donates 1% of the proceeds from these sales to BCT. By so doing, it is defraying part of the cost for purchase of land for the green corridors and rescue of Borneo elephants which have strayed into plantations. In addition, the fall of 2011 saw the birth of Hunting World Kyosei no Mori (Symbiotic Forest of Hunting World) based on independent purchase of four acres of land within the Green Corridor Plan\* zone, using the financial aid provided up to that year. Furthermore, BCT Japan, which is supporting BCT, helped out with the funding needed for establishment of the Borneo Elephant Sanctuary, the first facility in the Wildlife Rescue Center project, which began in September 2013.

\* Green Corridor Plan: A initiative for conservation of biodiversity by such activities as buying back land separating forest preserves and protected forests, to make a corridor for movement between them by wild animals.



Charity bag by Hunting World



Panoramic view of the rescue center

## ■ Supply chain management system aimed at sustainable manufacturing

Our optimal global location sourcing system, which is at the roots of the Textile Company, also takes into account labor practices and the environment in the supply chain to promote sustainable manufacturing. We think it is important to gain the understanding and cooperation of suppliers with regard to our procurement policies, and to that end we pursue initiatives with suppliers that are consistent with ITOCHU Corporation's CSR Action Guidelines for Supply Chains. We also conduct ongoing monitoring surveys of Japanese and overseas production plants, including those of Group companies. In FY2015, we conducted field surveys of the Mikuni Plant, which is the main domestic dyeing and finishing plant under the control of Sankei Co., Ltd., as well as two sites run by FUKUSEN CO., LTD. and UNIMAX SAIGON CO., LTD., a uniform production base in Vietnam. In FY2015 we also invited outside lecturers to hold seminars in the Tokyo and Osaka head offices and the Ho Chi Minh office on the theme of "Procurement Risks and Preventative Measures in the Textile Industry" as part of our commitment to achieving more advanced supply chain management.



Seminar conducted by an outside lecturer at the Ho Chi Minh office

# CSR at the Machinery Company

## Growth Strategies for the Medium and Long Terms of this Division Company

In IPP, water supply, environmental, energy, and other infrastructure businesses, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in developing countries. We will endeavor to expand trade in line with improvements in the external environment, such as foreign exchange in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical device value chain to meet anticipated future growth in medical devices businesses, aiming to further enhance business investment and trade in Japan and other parts of Asia.

We will maximize earnings from existing investments, promoting the accumulation of superior assets and asset replacement, and conducting trade in related and ancillary fields.

In promoting infrastructure projects in emerging countries, we will give due consideration to environmental protection and local communities to ensure projects proceed smoothly. The world faces such issues as climate change, waste management, and water resource securement; the Machinery Company views these as promising medium- to long-term business opportunities. As such, we are taking part in renewable energy-related businesses involving wind and geothermal power, as well as waste management projects. We are also involved actively in seawater desalination and other water-related projects.

Furthermore, based on our strategic business and capital alliance agreement with the CITIC/CP Group, we are considering joint investment and trade expansion that will leverage that group's characteristics, particularly in the ASEAN region and China.



**Takao Shiomi**  
President, Machinery Company

## CSR at this Division Company

- Enriching future generations in local communities through social infrastructure projects

The Machinery Company aims to facilitate development in local communities, enriching lives through social infrastructure projects. We are also committed to environmental businesses, which aim to pass on a better global environment to future generations, and aspire to develop healthy societies through our healthcare businesses.

## CSR Challenges for Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Environmental preservation and considering for local communities</b>	Infrastructure-related Projects	In infrastructure-related businesses, environmental preservation in development regions, harmony with local communities, and consideration for safety, health, and human rights are of paramount importance. Neglect in any of these areas could cause projects to fall foul of country regulations and result in stoppages. Alternatively, projects may not proceed according to schedule, reputation risk may become manifest, and costs may rise further than expected.

# CSR Action Plans

## Key Points of the FY2016 Action Plan

In FY2016, we will consider the impact on the environment as we continue to actively develop our social infrastructure businesses, including renewable energy-related businesses such as wind and geothermal power, waste treatment and power generation businesses, water-related businesses such as seawater desalination and railway-related businesses. In addition, we will join with Japanese automakers to hold seminars on subjects such as accident reduction and fuel-efficient driving, contributing to society through improved CS and other initiatives related to safety and energy conservation.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Work on desalination, water supply and sewage projects.		Currently taking part in a Melbourne seawater desalination project, a water supply project for Bristol Water, and a water supply and sewage project in the Canary Islands, Spain.	Contribute to the safe and stable operation of seawater desalination plants	resources, communities	2.
	Effective use of renewable energy	Promote geothermal power generation projects Supply clean electric power through wind power generation businesses		Construction underway for geothermal power generation project in Indonesia Wind power generation projects in Keenan and Shepherds Flat are both under stable operation.	Target plant construction at the stable operation of the geothermal power generation project Supply clean electricity through wind power generation projects	climate change, resources, communities	2.
	Maintain and improve public health	Advancement of EfW (Energy from Waste) project efforts.		Currently participating in four projects in the UK (South Tyne & Wear, Cornwall, West London and Merseyside).	Help reduce direct landfill waste and greenhouse gases through initiatives for waste incineration power generation projects	climate change, resources, communities	2.
Automobile Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving and other topics in conjunction with		Held an eco-driving training session and ITOCHU transportation strategy seminar in the Kyushu district, contributed to society through improved CS and other initiatives related to safety and energy conservation.	Improve CS by conducting training sessions on fuel-efficient and safe driving, and strengthen coordination with suppliers.	climate change resources	2.
Construction Machinery & Industrial Machinery Division	Support for measures against disaster	Continue to supply machinery and materials for measures against disaster to local governments, self-defense forces, police forces, fire stations and others, and raise awareness through means such as exhibitions.		Provided disaster machinery and materials for measures against disaster to local governments, hospitals, fire stations and others. Mr. Kobayashi delivered a speech on disaster prevention at the UN World Conference on Disaster Risk Reduction Public Forum. Took steps to raise awareness of the importance of disaster prevention.	—	communities	4.
	Continuation of environmental conservation-oriented businesses and contributions to local communities.	No plan for FY2015 since the division was established in FY2016			Begin mass production of drive units for electric power-assisted bicycles Begin introducing non-metallic wheelchairs to improve convenience for persons requiring care.	communities	3.

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\*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### ■ Participation in geothermal power generation project in Indonesia

ITOCHU Corporation has concluded a 30-year Energy Sales Agreement to sell electric power to Indonesia's state-owned electricity company (PLN), in which ITOCHU will sell electricity generated by a geothermal power plant with an output of 320.8MW, to be constructed in the Sarulla region of North Sumatra, Indonesia. Finance Close was achieved in May 2014, with the first unit scheduled to commence operation in 2016. Geothermal power generation is a technology for generating electricity by extracting high-temperature, high-pressure steam and hot water from geothermal reservoirs deep underground. By returning the extracted underground water back into the ground in an appropriate way, geothermal energy can be semi-permanent, making it a source renewable energy with enormous promise worldwide. As only a small amount of CO<sub>2</sub> is emitted during power generation, geothermal has a minimal impact on the environment, and since it is not influenced by the weather, it poses the advantage of more stable year-round output compared with other forms of renewable energy. Indonesia boasts the world's geothermal resources, at 40% of the global total, and its government has positioned geothermal resources as a strategic power source. With this project, ITOCHU will contribute to the Indonesian government's policy of promoting geothermal energy. We will also continue to be active in the power generation business, developing renewable energy resources such as geothermal energy and wind power, with consideration to the environment and local communities.



Drilling site of geothermal well

### ■ Delivery of machinery for subway cars to municipal subway enterprise in Kiev, Ukraine

ITOCHU Corporation has delivered electrical items and brake systems to Kryukov, a leading manufacturer of railroad rolling stock in the Ukraine. The machinery will be installed in 95 subway cars mainly supplied by Japanese companies, including Mitsubishi Electric Corporation and Fuji Electric Co., Ltd., which will be operated by Kiev Metro, a municipal subway enterprise in Kiev. Kiev Metro owns a vast quantity of rolling stock that is about 40 to 50 years old, and was manufactured during the former Soviet era. An upgrade was needed urgently. With this project, existing rolling stock that uses direct current power will be replaced with that which uses alternating current with VVVF inverter control. Power consumption will be reduced by around 35% with the use of regenerative electric power. Adopting cutting-edge Japanese technology, ITOCHU will prolong the life of the rolling stock and help reduce power consumption along with CO<sub>2</sub> emissions.



Modernized metro train assembled with Japanese AC propulsion at Kryukovsky Railway Car Building Works

# CSR at the Metals & Minerals Company

## Growth Strategies for the Medium and Long Terms of this Division Company

The Metals & Minerals Company is working to secure cost-competitive equity interests in metals and mineral resources, which underpin the industrial framework, and make more efficient use of these interests to secure profits even in the face of fluctuating market prices. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other resources for which stable procurement has been an issue. In the trade area, we will persevere on building a value chain centered on equity interests while also leveraging the comprehensive strengths of the ITOCHU Group to concentrate on adding value to our trade business.

We will cultivate superior projects and collaborate on the investment and trade fronts with CITIC and CP Group to promote well-balanced cooperation.

Taking the long-term perspective that is a Metals & Minerals Company hallmark, we will create a sustainable business structure. Based on voluntary standards for environmental management and biodiversity preservation, we will work in tandem with communities and promote safe labor environments. At the same time, we will actively undertake activities in the solar power and environmental businesses, as well as recycling and other businesses that contribute to society.



**Eiichi Yonekura**  
President, Metals & Minerals Company

## CSR at this Division Company

### - Sustainable development and stable supply of metals & mineral resources

As it promotes the sustainable use of metals & mineral resources for their stable supply, ITOCHU is working with business partners to tighten arrangements for concerning the environment, harmony with communities, and a safe labor environment on development sites. We are also committed to effective use of resources, pursuit of renewable energy projects, and the building of recycling-oriented societies.

## CSR Challenges for Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Consideration for human rights and local communities</b>	Development of metals and mineral resource	When developing metals and mineral resources, maintaining harmony with local communities and ensuring a labor environment that gives due consideration to health and safety are paramount. Neglecting these factors could lead to operational stoppages that would result in lost earnings opportunities and escalating costs due to legal sanctions.
<b>Consideration for the environment and ecological preservation</b>	Development of metals and mineral resources	Many locales that have abundant mineral resources are also blessed with biodiversity. We must manage our environmental impact and respect global calls to protect biodiversity. A lack of care in such areas could result in interrupted development and other constraints.



# CSR Action Plans

## - Key points of our FY2016 action plans

As a global company, we will promote environmental management both domestically and at overseas Group companies. As well as promoting the concerns for safety, the environment, and local communities with partners when we engage in the development and exploration of mineral resources, we will take on the challenge of businesses that are friendly to the global environment, such as solar businesses and other initiatives aimed at the sustainable utilization of resources. We will also continue to promote CSR education and training based on the social issues facing the industry.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
<b>Metals &amp; Mineral Resources Division</b>	Strengthening and improvement of safety and security in resource development projects.	Share the thorough implementation of safety management during ore mining and exploration with JV partners.		Full implementation of safety management was confirmed at JV partners at quarterly JV meetings.	Share the thorough implementation of safety management during ore mining and exploration with JV partners.	resources, human rights, communities	2. 3. 4.
	Appropriate treatment of wastes, and prevention of ozone destruction	Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system.		Two companies newly introduced electronic manifests. A database on fluorocarbon recovery and destruction was established and shared with stakeholders.	Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system.	resources	2.
<b>Coal, Nuclear &amp; Solar Division</b>	Strengthening and improvement of safety and security in resource development projects.	Share the thorough implementation of safety management during coal mining and exploration with JV partners		Comprehensive implementation of safety management was confirmed among JV partners at quarterly JV meetings.	Share the thorough implementation of safety management during coal mining and exploration with JV partners	resources, human rights, communities	2. 3. 4.
	Exploring environment-friendly energies and providing a stable supply of them	Contribute to the prevention of global warming through solar business inside and outside Japan.		Operated joint ventures with other companies to steadily expand sales of solar panels. Contributed to reduced greenhouse gases through a domestic large-scale solar power generation project.	Contribute to measures against climate change through domestic and overseas solar power projects and bio-fuel trading.	climate change communities	1. 4.
<b>All Divisions</b>	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	Continue to examine and check supply chains and conduct enlightenment activities for business partners. Raise awareness of CSR among domestic and overseas Group companies.		Accompanied industry groups to receive audits of our interests and cooperated in a CSR response. Conducted appropriate activities to raise awareness among domestic and overseas Group companies.	Continue to examine and check supply chains and conduct enlightenment activities for business partners. Raise awareness of CSR among domestic and overseas Group companies.	climate change, resources, human rights, communities	1. 2. 3. 4.
	Thorough safety in resource development, production and mining operations	Continued operation of EHS guidelines		Took steps to raise awareness after compiling and detailing case examples.	Continue promotion	climate change, resources, human rights, communities	3. 4.

\*1 🌱🌱🌱 :Achieved 🌱🌱 :Nearly achieved 🌱 :Unachieved

\*2 For further information about CSR Material Issues, please see P10~11.

\*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### ■ Operation of environment, health, and labor safety (EHS) guidelines (mining business)

The Metals & Minerals Company has established and operates its own environment, health and labor safety (EHS) guidelines (for the mining business). The aim of the guidelines is to avoid or mitigate environmental, health and labor safety risks. These risks include environmental pollution due to metal, coal and uranium resource exploration, development and production activities, and health issues or accidents suffered by those involved with business activities. The guidelines also seek to preserve biodiversity as well as fully understand and give the utmost consideration to local communities.

Operation of the guidelines mainly targets projects the company is considering investing in, and will be expanded to existing projects as necessary. We will continue to ensure that the guidelines remain compliant with international standards, and will ensure they are distributed to all members of the organization together with specific case examples as part of activities to raise awareness.

### ■ Construction of a large-scale solar power plant in Oita

In August 2014, we began constructing a large-scale solar power plant on a 460,000 m<sup>2</sup> site owned by Mitsui Engineering & Shipbuilding Co., Ltd. ("Mitsui Shipbuilding," hereafter) in Oita, Oita Prefecture. The Project is being run through an operating company jointly established by ITOCHU Corporation (50% share), Kyudenko Corporation (30%) and Mitsui Shipbuilding (20%). For us, it represents the first domestic large-scale solar project in which we have had a central development role. Operation is scheduled to start in March 2016 and the generated electricity will be sold to Kyudenko Corporation for a period of twenty years. The plant will generate 52,500,110 kilowatt hours a year, enough to cover the annual electricity needs of around 9,300 homes, and is expected to reduce CO<sub>2</sub> emissions by the equivalent of about 32,000 tons. Tapping the expertise it has developed through solar power generating projects overseas and aggressively pursuing renewable energy projects in Japan and overseas moving forward, ITOCHU will play a role in building a green society geared to environmental challenges such as climate change.



Steady progress of construction at the Oita Large-Scale Solar power plant

### ■ Laying the groundwork for stable supply with the Jimblebar Iron Ore Mine project

In 2013, ITOCHU acquired 8% of shares in BHP Iron Ore Jimblebar ("BHP Jimblebar," hereafter), a part of the iron ore mining business of resource giant BHP Billiton (based in Australia and the UK, "BHP Billiton," hereafter), which is developing the Jimblebar Iron Ore Mine. Located in Western Australia, the Jimblebar Iron Ore Mine holds rich deposits and is a large-scale iron mine where highly cost competitive high-grade ore is produced through open-cut mining. The mine has completed its expansion to an annual capacity of 45 million tons and is operating at a steady pace. ITOCHU already operates three iron ore mines in Western Australia together with BHP Billiton, and uses the rail and port facilities of these existing projects to ship the iron ore mined from the Jimblebar mine. Moving forward, ITOCHU will make further improvements in operating efficiency to build a stronger revenue base.



Jimblebar Iron Ore Mine Source: BHP Billiton

# CSR at the Energy & Chemicals Company

## Growth Strategies for the Medium and Long Terms of this Division Company

With regard to trading in the energy area, we will continue to expand the traditional flow of business—importing and wholesaling products to countries in Asia. Meanwhile, we will take advantage of the opportunity presented by growing unconventional crude oil and gas production in North America to encourage the new flow of energy trade from North America to Asia.

In the oil and gas exploration and production, we plan to leverage our expertise and experience in working with superior partners to enlarge existing projects while curtailing risk, and to expand our business through participation in producing assets. In development of our projects, we recognize that factors such as consideration for the environment, harmony with local communities, and safe working environments are essential to business continuity. Accordingly, we and our partners have adopted measures appropriate to these considerations.

In the chemicals area, we will expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We will aim to advance projects in upstream areas to secure competitive raw materials, whilst taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, and electronic materials. With regard to the handling of chemical products, we will ensure compliance with chemical-related laws in any jurisdiction by through training and strengthening control across the supply chain, from raw materials until our products reach the hands of the purchaser.

Furthermore, we plan to create synergies with the CITIC/CP Group in line with our strategic business and capital alliance.



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

## CSR at this Division Company

### - Pursuit of stable supply of diversifying energy resources and materials

The Energy & Chemicals Company aspires for the stable supply of energy and materials at the foundation of modern living, and is tightening measures for concerning for the environment, harmony with communities, and safety in product handling throughout its wide-ranging value chains for oil, gas, and chemicals. The company is also committed to the building of an enriched society through the development of diverse energy resources and the environment preservation business.






## CSR Challenges for Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Consideration for human rights and local communities</b>	Energy Development	In energy development, any neglect in ensuring harmony with local communities and working environments that give due consideration to health and safety could lead to operational stoppages, causing lost revenue opportunities and increased costs related to legal sanctions.
<b>Management of dangerous or hazardous substances</b>	Chemicals products	Any deficiencies in managing dangerous or hazardous substances in accordance with related laws and regulations could lead to legal sanctions and the manifestation of reputational risk, ultimately causing operations to be stopped or handling volumes reduced. Accordingly, such deficiencies could have implications for both revenues and costs.

# CSR Action Plans

## Key points of our FY2015 action plans

While working for the stable acquisition and supply of energy resources by conventional development of oil fields, ITOCHU is simultaneously mounting a Group-wide approach to new businesses that are gentle to the global environment, as exemplified by projects related to lithium-ion batteries, which have good prospects for demand expansion as a form of clean energy. Meanwhile, we continue to implement programs of education and training in laws, regulations, and safety related to energy and chemicals.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
Energy Division	Further enhance employee training to prevent accidents, achieve environmental measures.	Periodic tanker training and notification of all personnel about safety management		Outside experts on tanker operations were brought in to conduct training sessions. Training was provided in areas including tanker-related safety management and how to respond to accidents.	Implement tanker training (twice) and notification of all personnel about safety management	climate change, resources, communities	2. 4.
	Strengthen the supply chain with a focus on the environment and local communities	Contribute to environmental conservation by stepping up efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.		Took part in project meetings and encouraged HSE management and environmental conservation appropriate to each project.	Help protect the environment by increasing efforts to encourage operators and partners through operation meetings and HSE (Health, Safety and Environment) meetings.	resources, human rights, communities	3.
	Contribution to local society	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations		Offered scholarships through the Qatar Foundation and made donations to Azerbaijan for orphanages and displaced children.	Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations	communities	5.
Chemicals Division	Management of hazardous and harmful chemical substances	Hold training sessions offering comprehensive information on laws and regulations concerning chemicals, such as the revised Chemical Substance Control Act, and the handling of Chinese laws and regulations covering dangerous chemicals. Facilitate information sharing with overseas branches. Confirm relevant laws and regulations before starting to offer new products, and take action to meet performance obligations.		Held training sessions on chemical industry laws. To confirm the relevant laws and regulations before starting to offer new products, in addition to developing a legal database, careful checks were made with consultants and authorities to ensure that laws and regulations were met without omission.	Provide exhaustive information about laws and regulations relevant to chemicals (including study sessions) and confirmed the relevant laws and regulations before starting to offer new products. Share information on GHS response in each country, including China, Taiwan and South Korea, and facilitated sharing of information about these countries within the Group.	company (Safe and reliable logistics)	3.
	Procure safe and reliable products	Expanded and heightened business related to use of lithium-ion batteries.		Developed domestic residential and commercial stationary storage batteries. Launched sale of commercial products. Reached agreement to invest in new energy-saving business utilizing storage systems in North America.	In addition to the existing lithium-ion batteries related business, contribute to the development of sustainable infrastructure through the new ESS energy-saving business in North America.	climate change, resources	2.

- \*1 🌱🌱🌱 :Achieved 🌱🌱 :Nearly achieved 🌱 :Unachieved
- \*2 For further information about CSR Material Issues, please see P10~11.
- \*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### Initiatives in the Development of U.K. North Sea Oil Fields Aimed at Secure Stable Resources

For new cluster of oil fields (Western Isles Development Project, "WIDP") discovered at a block owned (23.08% ownership ratio) by CIECO Exploration and Production (UK) Limited (100% owned subsidiary of ITOCHU Corporation) in U.K. North Sea, ITOCHU Corporation decided to make a joint investment with block operator Dana Petroleum (E&P) Limited. Subsequently, the development plan was approved by the British government in December 2012. Since 1993, ITOCHU has engaged in oil development projects in the North Sea, including the additional acquisition of Alba Oilfield interests in 2005, and strived to secure a stable supply of resources. ITOCHU has taken part in the WIDP since exploratory drilling was carried out in 1996, and the project has now transitioned to the development phase. When this cluster of oil fields enters production, ITOCHU's share of oil and gas interests is expected to increase to approximately 10,000 barrels / day (during peak production). Utilizing the technical and commercial expertise developed in the North Sea, ITOCHU aims to transition the WIDP into production and further expand its operations.

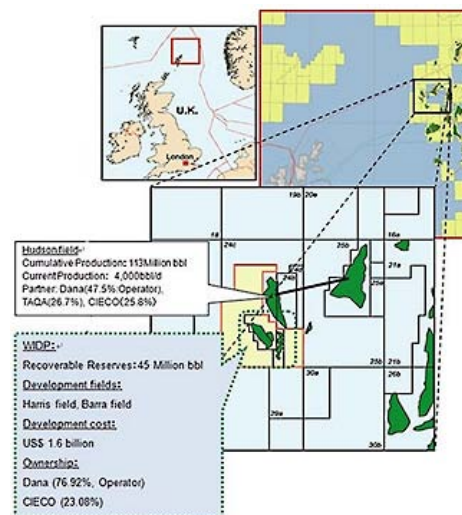


Diagram showing the WIDP Mining Block

### Initiatives aimed at Storage Battery Businesses

From handling key battery components (cathode and anode materials) to the sale of storage battery systems downstream, ITOCHU is working to build a value chain that leverages its group network and creates new value. ITOCHU is positioning its lithium-ion battery operations as an eco-friendly business.

Working in conjunction with the U.S. electric power investment firm K-Road DG ("K-Road"), ITOCHU has accepted a private placement in Green Charge Networks ("GCN"), a U.S. firm running an energy management service business that employs a stationary lithium-ion battery system ("storage battery system"). With this move, in addition to the U.S. market ITOCHU will begin to offer storage battery systems in other markets, including Japan. GCN has developed proprietary software that enables optimized remote control and monitoring of its storage battery system and slashes electricity bills for customers by lowering their maximum demand for electric power (peak power). ITOCHU is looking to build its presence in this area. With its investment in GCN, ITOCHU will help create an efficient and clean distributed energy society by achieving sophisticated peak power reductions on the consumer side and by operating stationary storage batteries with intelligent functions under optimum conditions.



Green Charge Energy Storage

Starting December 2014, ITOCHU commenced sales of the Enepowebo S household lithium-ion storage system ("Enepowebo S," hereafter), jointly planned and commercialized by ITOCHU with NF Corporation through ITOCHU ENEX Co., Ltd., which maintains strong sales channels to regular households. The portable type previously offered was launched for industrial use in 2013. The latest household storage system works with existing solar power generating systems and fuel cells (Ene-Farm). By enabling the effective use of energy through the sale of surplus electricity from solar power generation and the daytime use of storage batteries charged with cheaper nighttime power, ITOCHU will help stabilize Japan's electricity supply and protect against power outages.



Lithium-ion Storage System "Enepowebo S"

## ■ Reducing the environmental footprint with the introduction of side shrink packaging

As an initiative to reduce its environmental footprint, ITOCHU PLASTICS INC. ("CIPS" hereafter) has supported the introduction of "side shrink film" at all stores operated by FamilyMart Co., Ltd. and its domestic area franchise company locations (collectively, "FamilyMart"), with the exception of Hokkaido FamilyMart. Side shrink film is a style of packaging in which the plastic film around a package for a boxed lunch, sushi or noodle product only covers the area where the container and lid meet.

FamilyMart began tests of side shrink packaging in February 2014 and in September 2014 was the first major convenience store chain to fully introduce it and expanded its use to nationwide stores (except Hokkaido) in FY2015. The switch to side shrink packaging from full shrink packaging, where an entire container is covered with cling film, has made packages easier to open, improved the visibility of contents and offered advanced blocking properties. The new packaging will also play a major role in reducing the burden on the environment by decreasing waste, cutting the amount of plastic materials used in packaging (by about 70% per meal, which translates to around 380 tons a year) and lowering CO<sub>2</sub> emissions (by at least 1,300 tons a year).

CIPS has positioned "Committed to the Global Good through the Plastic Business" as one of its basic principles. Through support for the introduction of shrink film and other endeavors, CIPS promotes corporate activities that balance a better global environment with economic growth and strives to preserve the environment, helping to realize a sustainable society.



Bento Box with Side Shrink Packaging

# CSR at the Food Company

## Growth Strategies for the Medium and Long Terms of this Division Company

Although the Food Company is seeing some sales increases in Japan thanks to a partial economic recovery, the market is shrinking due to the country's falling birthrate and aging population, consumers remaining keenly focused on lower prices, and the rising cost of foodstuffs as a result of yen depreciation. Given these factors, we do not view the outlook with optimism. On the other hand, business opportunities are increasing overseas, as growing populations and rising levels of income in Asian and other emerging countries drive demand higher. Against this backdrop, and in line with the Companywide policy of "reinforcing our financial position," the Food Company will work to further improve the quality and efficiency of its assets through asset replacement. We will also continue building a value chain that is high-value-added in Japan, China, and other parts of Asia, as well as throughout the world, concentrating specifically on the Dole operations and joint business development with the CITIC/CP Group.

Simultaneously, we will endeavor to ensure a stable supply of food resources, thereby addressing food issues that affect all of humankind. Recognizing that ensuring food safety and security is its topmost objective, the Food Company will work with investees and partners to further enhance its management system.



**Koji Takayanagi**  
President, Food Company

## CSR at this Division Company

### - Construction of value chains for food safety and security

Developing diverse food-related business on a global scale, the Food Company has made rigorous provisions for assurance of food safety and security as well as concern for the environment. It endeavors to deliver healthy and rewarding lifestyles to all people through value chains with high value-added levels encompassing all processes, from stable supply and food resources to their processing, manufacture, wholesaling, and retailing.





## CSR Challenges for Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Food safety management</b>	Overall business	As an entity that handles food, food safety management is a leading priority for the Food Company. Even more than affecting ongoing performance, any food safety issue due to neglect in this area could endanger our continued existence.
<b>Securing food resources</b>	Raw materials business	Demand for food is expected to continue rising as the world's population increases, but supply risks exist, as arable land is affected by large-scale droughts and overfishing threatens seafood resources. For that reason, ensuring the stable procurement of agricultural and fishery resources, as well as securing new supplies, is essential to our business sustainability.

## CSR Action Plans

### - Key points of our FY2016 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as ensuring the stable supply of food resources, protecting the environment, strengthening convenience store functions as social and lifestyle infrastructure, developing healthier foods and improving inspection systems to ensure food safety.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
Provisions Division	Ensure a stable supply of safe and reliable raw materials	Promotion of business in food resource procurement and establishment of stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.).		CGB continued expanding operations with the purchase of collection bases and a strengthening of distribution functions, etc. Operation of an export terminal on the west coast of North America has stabilized. We also invested in Brazilian oil seek and wheat inland collection companies, securing raw material supply facilities in South America in addition to those in North America.	Promote business in food resource procurement and establish a stable supply (expansion of sites for supply of materials in North America, South America, Australia, etc.)	climate change, resources, communities	3.
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). Promotion of the reinforcement and establishment of the framework for food safety audits in the Company.		Implemented plant audits in accordance with annual plan. Coordinated with Food Safety Compliance Office to conducted training.	Have the Agricultural Production Department support the following CSR activities undertaken by Dole. 1) Activities to plant trees, conduct river improvements and preserve scenery in production regions 2) Activities to donate learning materials, facilities and school lunches to local schools 3) Provision of water supply facilities to regional communities and healthcare support	company (Food safety and security)	4.
Food Products Marketing & Distribution Division	Provided a food environment in response to the aging society and to changes in the household structure.	Development of euglena products, containing 59 types of nutrients, through collaboration with Euglena Co., Ltd., whose management philosophy is to make both people and the earth healthy. Development of products emphasizing health for the elderly using the services of vegetable culinary expert Izumi Shoji.		Continued to sell euglena-related products at a total of 16,000 stores across FamilyMart and the UNI Group and released five new products in the second half of the year. Regularly took part in the Healthy Eating program committee run by the Ministry of Health, Labour and Welfare, and conducted study sessions for retailers.	Development of products using euglena ingredients as a sustainable food resource, expanded sales and awareness-raising activities Coordinate with famima Retail Service Co., Ltd. to select waste disposal operators and implement the introduction of a food recycling loop at stores that apply.	company (Food safety and security)	2.
All Divisions	Improve the level of food safety and compliance management	Verify compliance with food safety management manual/compliance Support food safety management for Chinese business partners Support compliance management related to the Dole project		Conducted food safety and compliance audits of business divisions. In January 2015 a China Food Safety Management Team was established in ICN. Experts in plant audits are working as trainers to give local human resources the ability to perform unannounced and impromptu plant inspections. In December a plant audit was conducted at the Dole site in Thailand.	Conduct audits to confirm the state of compliance with the Food Safety Management Manual and compliance program at each division in ITOCHU Corporation. Visit each Group company and conduct audits with the aim of improving the state of food safety and compliance management. Seek to further improve the food and hygiene management level of China suppliers through support of the China Food Safety Management Team.	company (Food safety and security)	1.



\*1 🍃🍃🍃 :Achieved 🍃🍃 :Nearly achieved 🍃 :Unachieved

\*2 For further information about CSR Material Issues, please see P10~11.

\*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### - Improvement and promotion of procurement networks for stable acquisition and supply of food resources

The rapid expansion of the demand for grains and food products is expected worldwide, accompanying the rise in population and income levels in various regions. At the same time, there are rising preferences for safe and secure food among consumers not only in Japan but also in other Asian countries. Increasing importance is consequently being attached to the assurance of quality and safety, and establishment of systems for traceability.

The Food Company continues to secure raw material supply bases on a global scale, with collection businesses in North and South America, coffee in South and Central America and dairy products in Oceania. In this way, we will make significant contributions to stable supply for customers in Asian markets, including Japan and China, and to food safety and security. With regard to crop collection businesses in particular, in FY2015 we acquired 50% of the shares in the Brazilian crop collection company NATURALLE AGRO MERCANTIL LTDA. ("Naturalle," hereafter). Naturalle holds a strong position in the Brazilian crop collection business, including the trading of products such as seeds, pesticides and fertilizer. Harnessing ITOCHU's distribution and sales network, we aim in a few years' time to be collecting a million tons of soy bean. With the aim of building and strengthening a global value chain, in addition to our existing crop collection centers in North America, we will upgrade and expand our supply bases in South America in an effort to achieve an even more stable supply of food to Japan and Asian countries. Meanwhile, as ITOCHU has agreed to a capital and business tie-up with the Charoen Pokphand Group, one of the largest conglomerates in Thailand, for its part the Food Company plans to proceed with joint ventures in fields such as food and fertilizer.



Capital participation in a crop collection company in Brazil

### - Initiatives to develop foods for healthier lifestyles

ITOCHU Corporation is committed to developing value-added foods which satisfy consumers who are increasingly health-conscious. In FY2014, in conjunction with Circle K Sunkus and FamilyMart, we developed and released a series of bread products with calcium equivalent to a bottle of milk using Japan's first calcium-fortified raw ingredients specifically designed for bread making. The products achieved certification under the "Extend your Healthy Life Span! Smart Life Project" initiative run by the Ministry of Health, Labour and Welfare, and new products in the series are being continually released. Since 2008 we have also been engaged in a capital and business tie-up with Euglena Co., Ltd. The company is involved in the mass cultivation and R&D into euglena, a type of algae attracting attention for its rich nutrients, and we are considering expansion of the business on multiple fronts.



Soymilk Drink with Added Euglena

Euglena & Yoghurt, a product the company has already developed using the euglena algae, has been released as a jointly planned product from four companies, namely UNY, Circle K Sunkus, FamilyMart and ITOCHU Corporation. In another development, home meal replacement products jointly developed by ITOCHU Corporation and a vegetable culinary expert under exclusive contract were released at FamilyMart stores across Japan in February 2014. In this way, we have been proceeding with the development of various products designed to promote healthy lifestyles in Japan and abroad.

## ■ Ensuring food safety through regular auditing of overseas suppliers

Against a backdrop of increasingly diverse dietary lifestyles, the globalization of food distribution and increased awareness of health, consumers are taking an even greater interest in the safety and security of food. Meanwhile, incidents and problems have been occurring that threaten the safety and security of food, such as the BSE problem, violations of residue standards with pesticides and other substances and the distribution of foods using additives untested for safety. In FY2003, ITOCHU Corporation set up the Food Safety and Compliance Management Office and has since taken broad measures to ensure safety in the trading of food. Since FY2012, as part of these measures, ITOCHU has been regularly visiting and auditing food processing plants of overseas suppliers for imported food.



A food audit underway

ITOCHU determines the subjects and frequency of audits in correspondence with various factors, including the management setup in the host country, product characteristics and sanitation risks in processing steps. Our employees, local staff and/or Group company employees make on-site visits to carry out audits based on our own Plant Audit Check Sheet. These audits confirm the 25 items related to food protection in addition to the 100 items related to food safety. Proposals for improvement are made as necessary. In FY2015, we conducted a total of 166 on-site audits for a total of 145 suppliers. In addition to these measures, in January 2015 we set up the China Food Safety Management Team in Beijing to bolster safety management on foods imported from China. In addition to having several Chinese staff dedicated to conducting regular audits, we conduct unannounced and impromptu inspections to cultivate communications with factories and facilitate ongoing improvements. We also dispatch dedicated Japanese staff who are highly experienced at factory audits (senior environmental examiners registered with CEAR\*) to China each month to provide training. Through these efforts, we aim to create a management structure comparable to the one we have in operation in Japan.

\* Japan Environmental Management Association for Industry Center of Environmental Auditors Registration

# CSR at the ICT, General Products & Realty Company

## Growth Strategies for the Medium and Long Terms of this Division Company

As the ICT, General Products & Realty Company is involved in a broad range of areas, we are adding and augmenting specialist strengths in each division and sector to establish a solid industry position. For instance, in the ICT sector, our business ranges from systems-related construction to mobile phone distribution. In the construction business, through collaboration with Japan's largest residential J-REIT, we have the ability to develop and supply excellent housing, and in the finance business, we have retail financing expertise developed through years of domestic and overseas experience.



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

To expand earnings, we will adopt a holistically cooperative approach that transcends boundaries between fields. Specifically, we are introducing Internet services to rental housing developed in our construction business, providing marine and domestic transport for manufacturers of housing products, and supporting Group companies in the logistics and insurance sectors with insurance coverage. By fostering synergy in such ways, we expect to continue enhancing services and providing added value to customers. This approach allows us to pursue multiple layers of profits and create "new and true value" to support affluent lifestyles. We will also promote collaboration with the CITIC/CP Group.

At the same time, we will develop business in a way that embraces societal and environmental problems as opportunities: providing customers and consumers with IT support for energy management systems that address their environmental management needs, offering environmentally considerate condominiums, and exporting blast furnace slag as a cement alternative, among others. In Forest Products & General Merchandise, we recognize ensuring stable supplies of forest resources and harmony with local communities as key business creation issues. An example of our efforts in this regard is our sustainable management of forest resources through CENIBRA of Brazil.

## CSR at this Division Company

### - Contribution to concerns for the environment and creation of enriched communities

Developing businesses in diverse domains, the ICT, General Products & Realty Company has adopted the mission of contribution to establishment of safe and rewarding lifestyles. It provides products and solutions that are closely intertwined with people's lives and adapted to societal needs. We also pursue the stable procurement and efficient use of forest resources in sustainable ways and are working to build a more recycling-oriented society.





## CSR Tasks towards Sustainable Growth



Major Issues	Business	Reason for Importance from a Strategic Perspective
<b>Sustainable forest management</b>	Forest Products & General Merchandise-related business	Natural forests around the world continue to be decreased at high rate due to unsustainable forest management such as large-scale clear-cutting. To continue the sustainable use of limited forest resources, in the areas of logs and lumber, building products and materials, pulp and paper, and wood chips, sustainable forest management and the handling of certified forestry products is essential to developing business from a long-term perspective.

# CSR Action Plans

## Key points of our FY2015 action plans

Our development of environment-friendly business may be exemplified by transactions for lumber from certified forests linked to sustainable resource use, energy management solution business utilizing IT, and development of environment-friendly condominiums. In the fields of construction and finance, we will contribute to the revitalization of local communities in Japan and other countries.

Div./Dept.	CSR Issues/ Societal Issues	FY2015 action plans	Status*1	FY2015 results	FY2016 action plans	CSR Material Issues*2	Basic Policies for CSR Promotion*3
Forest Products & General Merchandise Division	Enhance the traceability of raw materials/ protect natural forest/ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys and ensure to follow labor laws and regulations.		Conducted questionnaires and on-site surveys of suppliers from the viewpoint of ISO only in FY2015, following a review of the contents of the questionnaire for supplier surveys. Held a seminar on raw material traceability in July with a guest speaker from outside the company. Developed the Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials, and Paper Products in December.	Conduct new questionnaires on CSR and on-site surveys to review traceability and the status of compliance with laws and regulations on the protection of natural forests as well as those on labor, and provide education for personnel with specific duties as an opportunity to learn about issues.	resources, human rights	1.
	Handle internationally certified forest products as well as health-safe products	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.		Visited non-certified suppliers and requested them to acquire certification. Target levels of certification acquisition rates were maintained during the period under review.	Maintain and increase the ratios of internationally certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification.	resources	3.
ICT Division	Provide products and services for realizing a reliable, safe and prosperous society	Enhance green tech solutions utilizing IT to increase the number of customers.		Introduced new products that are likely to yield economic effects for smaller facilities as well. Acquired new customers and emphasized the need for emergency demand response and the importance of continuous energy management.	Increase the number of customers of green tech solutions (EMS) and expand the smart IT infrastructure business with a focus on the Smart Street Lighting Service.	climate change, resources	2.
	Creating businesses based on the 3R philosophy	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy		Used timber from forest thinning and eco-friendly products as a replacement operator under the <i>Mokuzai Riyou Points</i> (the Wood Use Points Program) and the <i>Fukkou Shien Jutaku</i> Eco Points (Housing Eco Point Program to Support the Reconstruction from the Great East Japan Earthquake). Promoted the MOTTAINAI philosophy through events (flea markets, eco events, etc.) and PR activities (Facebook, blogs, and paper ads).	Encourage the use of eco-friendly houses through the government's new <i>Sho Ene Jutaku Eco Points</i> (Eco-Point Program for Energy-Saving Houses). Discuss and enact measures to promote the MOTTAINAI philosophy.	climate change, resources, communities	2.

<b>Construction, Realty &amp; Financial Business Division</b>	Care extensively for the environment	Actively promote eco-friendly homes in condominiums and elsewhere		In the CREVIA Toyoda-Tamadaira no Mori RESIDENCE, a condominium developed by ITOCHU Property Management, a community was formed by holding a sapling planting event for purchase contractors in the communal area.	Actively promote projects that contribute to the environment and local communities in condominiums and elsewhere.	climate change, resources, communities	1. 2.
	Participate in local and international communities and contribute to their development	Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world.		Continued with promotions to attract Japanese companies to the Industrial Park in Karawang International Industrial City in Indonesia, which we have invested in and operate. Aided the development of Indonesia's local communities as well as the overseas expansion of Japanese companies.	Seek to identify and develop new businesses as we expand the construction business in Asia through enhanced communication with local partners in Asia and around the world.	communities	1. 5.
<b>Financial and Insurance Business Division</b>	Contribution to the local community	No plan for FY2015 since the division was established in FY2016			Contribute to the activation of local economy by utilizing financial function, together with the local partners.	communities	5.

\*1  :Achieved  :Nearly achieved  :Unachieved

\*2 For further information about CSR Material Issues, please see P10~11.

\*3 For further information about Basic Policies for CSR Promotion, please see P9~10.

## Major CSR Initiatives

### Sustainable forest management of CENIBRA in Brazil

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes).

Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem.

Protective breeding activities for endangered species of bird are also underway at Macedonia Farm in a protected zone of natural forest. Scarce wild birds such as the pheasant family bird, mutum are protected and bred at the farm and later released into the wild.

For plantation logging, we minimize manual tasks and promote the introduction of machines in our efforts to improve worker safety and reduce the physical burden. We have also developed an infrastructure for thermal insulated transport to provide warm lunches to those who work in distant mountain forests. We therefore manage the business in consideration of the labor environment as well.

Further, we also engage in activities to ensure a harmonious coexistence with the local communities surrounding the forests of CENIBRA, such as the leasing of farmland and the provision of instruction on farming techniques to local farm families, and support for the management of a bakery run by a local women's organization.



One of CENIBRA's vast plantations



The rare mutum at Macedonia Farm

■ Initiatives for sustainable forest procurement

In FY2015, ITOCHU Corporation formulated a Policy on Procurement of Wood, Wood Products, Paper Manufacturing Materials and Paper Products(P55) to conserve natural forests and to continue the sustainable use of forest resources.

In addition, under an environmental management system based on ISO 14001, employees engaged in businesses handling forest resources with a high environmental impact, receive education for personnel with specific duties every year. In FY2015, we held a CSR Seminar for a Specific Field under the theme of "Latest Trends of Forest-Friendly Wood Procurement" with a guest lecturer from outside the company. About 70 people participated in the seminar and gained an overview of the latest global movements, including the current facts about deforestation, issues with supply chains, activities of NGOs, and measures taken by other companies. The seminar gave the participants an opportunity to review the roles to be fulfilled by a trading company.

■ Export of Blast-Furnace Slag, a Cement Alternative, to More Than Ten Countries

Blast-furnace slag, a by-product of iron and steel, is mixed with cement for use as a cement alternative. It is an eco-friendly product, which enables reduced energy use and CO2 emissions in its production process by around 40%\* as compared to producing concrete from cement only, in addition to saving natural resources such as cement raw materials and limestone. Iron and steel manufacturers produce high-quality iron and steel with blast furnaces in Japan, and a certain volume of blast-furnace slag is generated in the process.

Over ten years ago, ITOCHU started to export blast-furnace slag because it was impossible to consume all of the slag in the domestic construction market. We have now expanded our export destinations to more than ten countries in Latin America, Asia and other regions, and we boast the largest trade volume among trading companies. By exerting our functions as a trading company, we also contribute to the effective use of resources on a global scale.

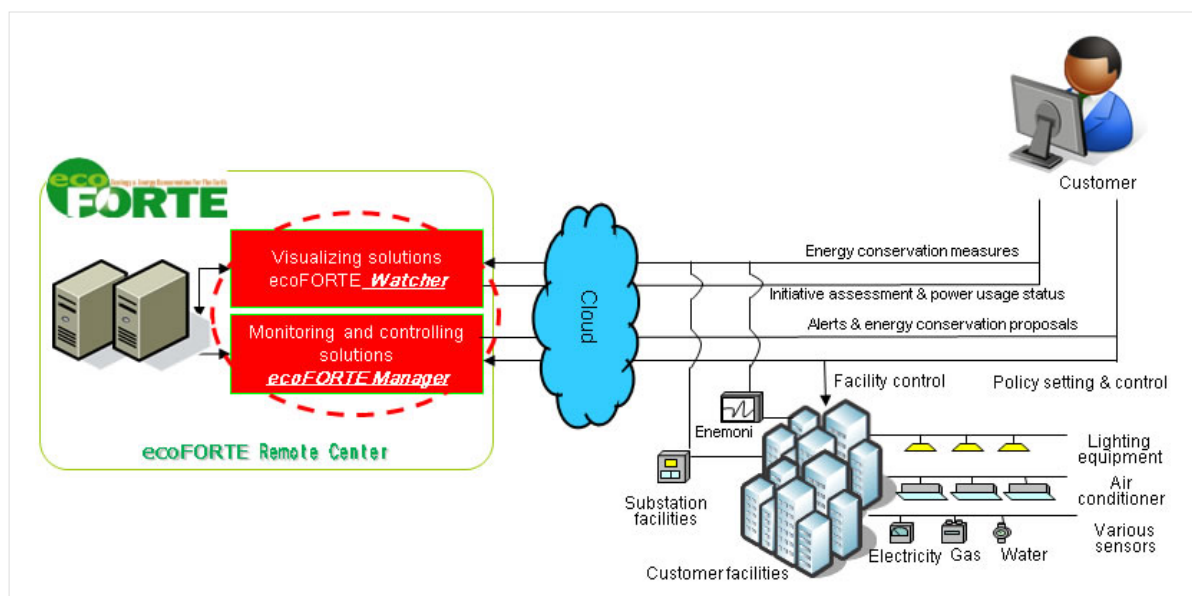


A structure constructed using blast-furnace slag

\* Estimated by assuming a ratio of cement to blast-furnace slag of 55 to 45.

■ Energy management business with IT

ITOCHU Corporation is developing businesses in energy management and smart infrastructures utilizing IT, under the ecoFORTE brand and in collaboration with partners inside and outside of Japan. Given the issue of intermittent rises in power charges in recent years, reducing power consumption has been an urgent task for the corporate sector. ecoFORTE's capabilities extend from tracking energy use and discovering issues to executing solutions with automatic control. As such, it provides a mechanism for reducing energy use even without any specialized knowledge. Recently, we made ecoFORTE easier to introduce even in small and midsize commercial facilities, which have found it hard to do thus far, by offering more compact, low-priced systems. We are going to continue contributing to the reduction of CO2 emissions and preservation of the environment on a global scale by supporting the efficient utilization of finite energy resources.



Outline of ecoFORTE

## ■ Karawang International Industrial City, Aiming for Harmonious Coexistence with Neighboring Communities

ITOCHU Corporation operates the Industrial Park in Karawang International Industrial City (KIIC), which is located in Karawang Regency, West Java, Indonesia, jointly with a local partner. More than 140 companies operate factories on a vast site of more than 1,300 ha. For years, we have undertaken a range of CSR activities in health care, agriculture, environment, education and other areas, to achieve prosperous coexistence with local communities and residents. KIIC's own activities include support for six neighboring villages in their establishment of community baby health centers (ten centers have already been established) and the provision of medical equipment to midwives from those villages. As joint activities with tenants, KIIC donates saplings to local municipalities and plants trees on World Environment Day every year. In the industrial park Telaga Desa Agro Enviro Education Park, it has also established a facility for research, training, education and other activities related to agriculture, environmental conservation and other areas. At this facility, experts provide agricultural instruction to local farmers, and more than 10,000 saplings for tree planting are grown every year. In addition, as a secretariat for the CSR activities of tenants, we supply baby food for babies in the neighboring villages every month, grant scholarships to junior and senior high school students, provide aid in the event of flooding and support pest control and other activities proactively.



Scholarship award ceremony in the 2014 school year