

Corporate Social Responsibility

As a global company engaged in multifaceted business activities in a wide range of fields and various regions of the world, ITOCHU fully recognizes the impact of its actions, contributes to building sustainable societies through its core businesses, and plays a role as a good corporate citizen.

BASIC PERSPECTIVE ON CSR AT ITOCHU

ITOCHU has a keen awareness of the need to coexist with society as a good corporate citizen. The circumstances currently surrounding society contain many factors on a global scale that threaten sustainability, such as global warming and other environmental problems and poverty in developing countries. These are critical issues that cannot be resolved unless industries and citizens in addition to the public sectors take initiatives respectively. As we are engaged in a multifaceted business activities at many locations both in Japan and abroad, we must firmly realize the magnitude of the impact our activities can have on society and take proactive approaches to environmental problems and other global issues.

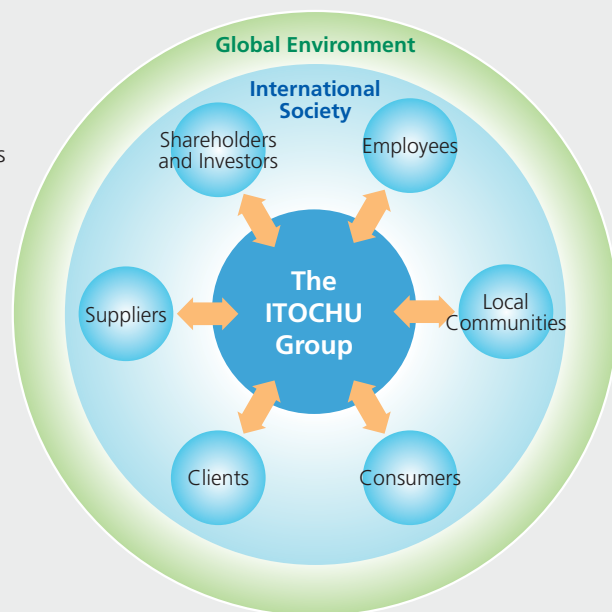
We are also making ongoing efforts to listen to the views in society and to respond to its needs. While contributing to the creation of a sustainable society through our core businesses, we aspire to be the kind of company that is supported, trusted, and needed by society ten and even 100 years from now.

CSR Approaches through Dialogue with Our Stakeholders

In each and every one of our wide range of corporate activities, we always take care to avoid arbitrary logic and judgments. For this reason, in our approaches to CSR as well, we engage in dialogue with our stakeholders based on the premise that judgments in society are by definition correct.

Besides those noted right, our major stakeholders include many other parties, such as NGOs and NPOs, financial institutions, government ministries and agencies, mass media, and the coming generations.

Major stakeholders of the ITOCHU Group



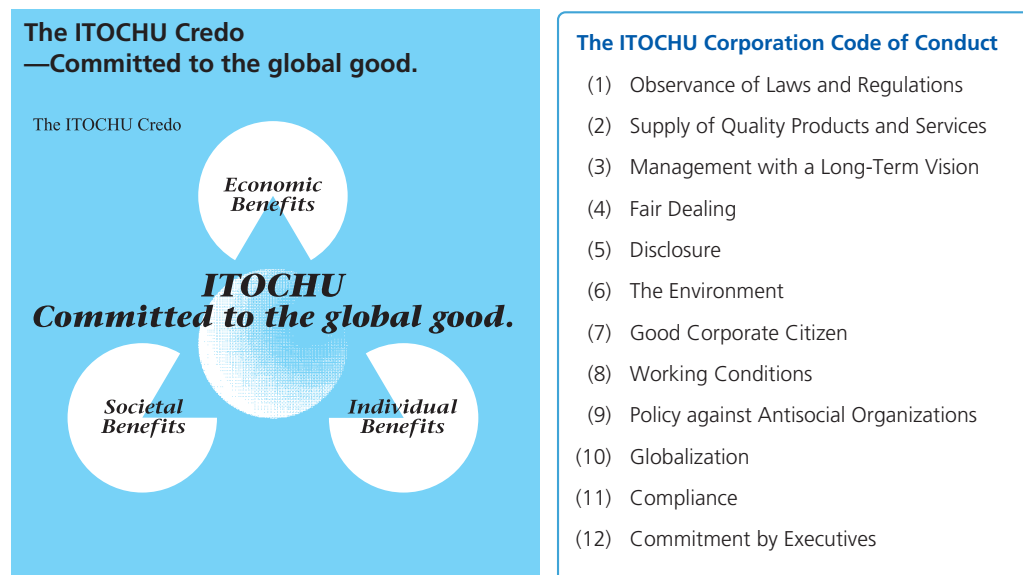
ROOTED IN SAMPO YOSHI

ITOCHU traces its origins to the fabric wholesale business started by Chubei Itoh, its founder, in 1858, in the twilight years of the Tokugawa Shogunate. Chubei grounded his business in the spirit of “*sampo yoshi*,” a management philosophy embraced by merchants in the feudal province of Omi, where he was born. The central idea is that transactions must be good for (“*yoshi*”) all three parties (“*sampo*”), that is, the seller, the buyer, and the society. It may be viewed as a precursor of today’s idea of CSR, which rests on the belief that companies ought to do business that delivers a balanced benefit to all of their stakeholders. ITOCHU has been steadily practicing this ideal for some 150 years.

PENETRATION AND PRACTICE OF THE ITOCHU CREDO

In 1992, ITOCHU established its corporate credo, “Committed to the global good,” in the aim of considering how to make a commitment to society down the road as a global company and putting it into practice. In our view, the fulfillment of CSR is nothing less than the sharing and realization of this credo by all of our employees. In August 2006, at the initiative of the ITOCHU Labor Union, a conference for consultation on the ITOCHU Credo between the management and the union was held. The conference reiterated the background leading up to the adoption of the Credo and reconfirmed its various connotations. It also underscored the necessity of having the ITOCHU Credo shared by all employees as a concrete target and sense of values so that it is reflected in actual corporate activities. We also implemented the union’s proposal that the ITOCHU Credo be printed on business cards as a means of instilling the philosophy in employees.

In addition, we formulated the ITOCHU Corporation Code of Conduct as an explicit statement of corporate behavior based on the ITOCHU Credo. We are continuously making efforts to promote understanding of the ITOCHU Credo among employees by distributing pamphlets on the Credo and the Code of Conduct and instructing them through e-learning programs.



INCORPORATING CSR INTO THE MID-TERM MANAGEMENT PLAN

In Frontier⁺ 2008, our mid-term management plan, we have positioned the promotion of CSR activities as a key priority. To give due consideration to CSR in corporate activities, each organizational unit identified priorities for CSR activities during the term of Frontier⁺ 2008 when formulating its basic mid-term plan.

We strive to make our CSR activities more effective by mapping out CSR tasks when formulating our management plans.

BASIC POLICIES IN THE CSR PROMOTION ACTIVITIES IN THE YEAR ENDING MARCH 2008

ITOCHU has determined basic policies for the CSR promotion activities in the course of Frontier* 2008. The policies include the same three items from the past, including “ensuring and enhancing safety and reliability (going beyond the level of mere compliance with laws and regulations),” which is a strong requirement of society. We added to them a fourth item (expanding the scope of CSR activity) to encourage the spread of these activities throughout the Group, including overseas offices, as a corporation practicing consolidated management on a global scale.

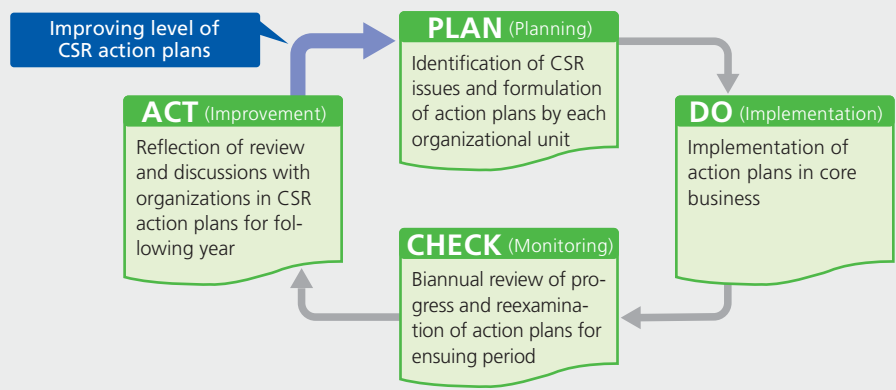
Basic policies in the CSR promotion activities during Frontier* 2008

- (1) Strengthening communication with stakeholders
- (2) Ensuring and enhancing safety and reliability in the products, service and human aspects
- (3) Promoting CSR-related education and enlightenment
- (4) Expanding the scope of CSR activities

METHODS AND STRUCTURE FOR PROMOTING CSR

We are building a framework to raise the effectiveness of our CSR activities where each individual employee plays key roles in driving businesses and projects. Reflecting ITOCHU’s business structure with activities in a wide range of fields, all Division Companies and Administrative Divisions at Headquarters formulate their own CSR action plans. Under these action plans, each organizational unit identifies specific issues, sets goals, implements appropriate measures, and reviews their progress biannually. A PDCA cycle system is employed to improve the next period’s plans and to continuously raise the effectiveness of our CSR activities.

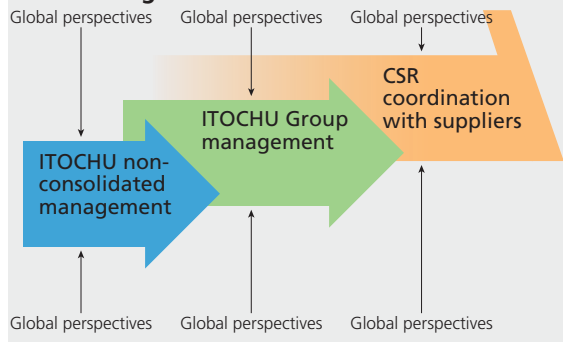
CSR Action Plan—PDCA Cycle



EXPANDING THE SCOPE OF CSR ACTIVITIES

As the ITOCHU Group practices consolidated management on a global scale, it is critical to carry out CSR activities throughout the Group. For this reason, under Frontier* 2008, we are going to systematically expand CSR activities to the whole Group by applying the methodology of defining CSR action plans implemented in ITOCHU. Several major domestic Group companies and certain overseas offices have already begun promoting CSR, and going forward these activities will be extended to our supply chain.

Road Map to Expand the Scope of CSR Management

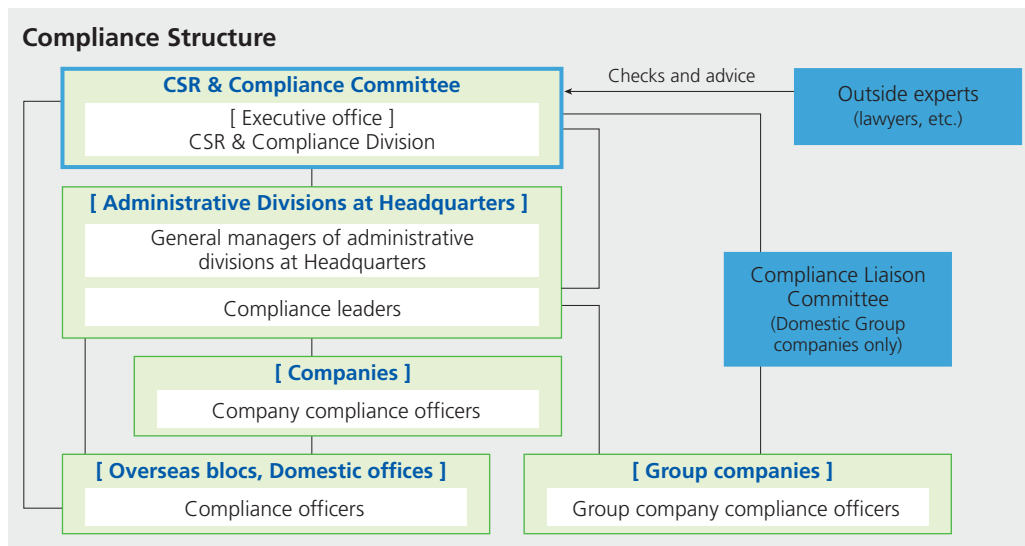


Compliance

ITOCHU's compliance structure, which was originally created with the slogan of "Clean, Honest, and Beautiful," is the foundation of the Company's CSR program. Keeping in mind the fact that "what has been built up over 150 years can be lost in a day," ITOCHU is taking steps to advance its compliance structure, from the construction stage to a phase of fine-tuning operation and performance, to achieve an even higher level of compliance.

ITOCHU GROUP'S COMPLIANCE STRUCTURE

The ITOCHU Group's compliance structure revolves around ITOCHU's Chief Compliance Officer (C.C.O.), the CSR Compliance Committee, and the Compliance Office. Each Division Company, domestic branch office, overseas bloc, and Group company has appointed its compliance officer and has been working to implement compliance enhancement according to operations in its organization.



MONITOR AND REVIEW

We have in place a mechanism of monitor and review to check the status of compliance activities throughout the entire Group on a semiannual basis. At the time of conducting our most recent monitor and review during the year under review, we introduced a new system under which each Division Company identified the items particularly related to its business activities and confirmed the status of compliance.

COMPLIANCE EDUCATION AND TRAINING

In recognition of the fact that individual training for employees is of the utmost importance in order to maintain thorough compliance, each employee undergoes education and training through classes conducted within each Group organization. We also plan to continue providing compliance education through e-learning and by providing information via e-mail magazines.

INTERNATIONAL TRADE-SECURITY CONTROL PROGRAM / ESTABLISHMENT OF THE CUSTOMS CONTROL OFFICE

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

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

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

In addition, ITOCHU implemented an e-learning program on trade-security control for all employees during the fiscal year ended March 2007 and made an internal assessment of the risk profile for every sales department through an export-control self-check list during years ended March 2006 and 2007. Furthermore, the Customs Control Office was established at the Headquarters on April 1, 2007, to further strengthen the Company's customs control functions.

Employee Relations

ITOCHU's diverse group of personnel underpins the Company's stable and continuous growth. Accordingly, the Frontier* 2008 mid-term management plan incorporates the slogan, "Valuing people and enhancing the competitive strength of individual employees by respecting, utilizing, and cultivating their careers." With the aim of being a highly regarded global company, we proactively support all our employees, regardless of gender, nationality, or age, so that they can realize their full potential.

MOVING FORWARD WITH HUMAN RESOURCE DIVERSIFICATION

One of the principles in ITOCHU's personnel structure is to further diversify staffing in order to enhance the Company's strength in terms of human resources. Specific measures have been implemented since January 2004 based on the "Promotion Plan on Human Resource Diversification" with the aim of "Valuing people and enhancing the competitive strength of individual employees by respecting, utilizing, and cultivating their careers."

Promotion Plan on Human Resource Diversification

(January 2004–March 2009)

OBJECTIVES

- Provide maximum support to fully utilize the strengths and abilities of a variety of employees, **regardless of gender, nationality, or age**
- Create **an attractive company and corporate atmosphere** through the execution of the plan

(1) Securing a diverse employee base and providing comfortable working conditions

ITOCHU aims to create an attractive company and corporate atmosphere by further diversifying its employee base. Specifically, we are increasing the number of women in career-track jobs and aggressively working to secure and cultivate national staff* overseas. We are also actively hiring mid-career employees as we make steady progress in personnel diversification. At the same time, we must provide comfortable working conditions for our employees and promote work-life balance in order for them to remain active in the workforce. Therefore, we regularly conduct attitude surveys and are expanding our facilities for child care and nursing care.

(2) Promoting personnel development

ITOCHU stresses the cultivation of managers and worldwide staff from a consolidated, global perspective. We also work to provide systematic personnel development for our diverse staff, including wide-ranging support for young employees and career guidance for career-track women employees and for mid-career employees.

* National staff refers to locally hired staff at overseas offices.



National staff from overseas bases participated in training at ITOCHU Headquarters

STRENGTHENING COMMUNICATION WITH EMPLOYEES

Communication between top management and employees is indispensable if we are to create an attractive company and corporate atmosphere. The Company-Wide Employee Meeting ("CWEM") has been held semiannually in principle since the fiscal year ended March 2002, and the "Diversity Forum" was established in September 2006 as a venue for employees to independently put together specific proposals related to personnel diversity and present them to top management. In addition, along with dispatching messages, top management constantly strives to listen carefully to employees and improve two-way communication.



Communication between management and employees through "CWEM"

Social Contributions

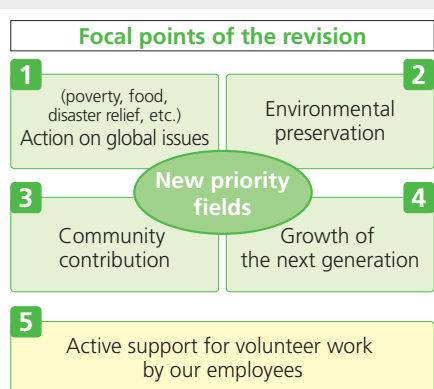
Viewing issues from a global perspective, ITOCHU shall always remain aware of the role that it is to play as a good corporate citizen, see that its activities are in harmony with both local communities and the international community, and contribute to the rise of societies offering a higher quality of life.

BASIC ACTIVITY GUIDELINES

ITOCHU adheres to the corporate philosophy of being “Committed to the global good,,” and social contribution is one of its standards of corporate behavior. Based on our recognition of the necessity to further enrich our social contribution activities, as expected of a good corporate citizen, we partially revised our Basic Policy for Social Contribution Activities in 2006. The revised policy is shown below. Going forward, we intend to enhance our social contribution programs in accordance with this basic policy.

Basic Activity Guidelines

- 1** As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.
- 2** ITOCHU Corporation shall vigorously pursue activities of environmental preservation and contribute to sustainable social advancement.
- 3** As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.
- 4** ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.
- 5** ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.



The Basic Policy for Social Contribution Activities and the five important post-revision points are linked.

SPECIFIC PROGRAMS

Addressing global issues

The world is faced with a variety of social issues, and at present ITOCHU is focusing its efforts on hunger and poverty and emergency relief for major natural disasters.

Environmental conservation

Since 1992, we have held Summer School Programmes on the Environment. With an emphasis on “environmental education for the next generation,” “living in harmony with one’s surroundings,” and “cultivating employee volunteers,” the summer school is primarily for elementary school students in Tokyo’s Minato Ward and staffed by employees and university student volunteers.



Regional contributions

ITOCHU promotes a variety of local activities at its domestic branches and overseas locations. Among such activities, our Kyushu Branch Office and Coca-Cola West Holdings Co., Ltd., have jointly conducted forest conservation activities at the Sawayaka nature reserve in Tosu City, Saga Prefecture.



Educating the next generation

ITOCHU established the ITOCHU FOUNDATION in 1974 and continues to positively support its activities. For 32 years, the foundation has supported reading programs for children (BUNKO), managed a center for children (Center for Tokyo Elementary and Junior High School Students), and held outdoor educational activities.



Actively supporting voluntary efforts of ITOCHU staff

ITOCHU actively supports the volunteer activities of its employees, primarily through the Friendship Network (Fureai no Network).

Environmental Issues

ITOCHU considers addressing global environmental issues to be one of its most important management priorities. As part of implementing the responsibilities under its corporate philosophy of being "Committed to the global good.," ITOCHU constantly strives to tackle global environmental issues from new perspectives as it looks to leave a positive legacy for the next generation.

ENVIRONMENTAL POLICY

ITOCHU formulated its Guidelines on the Environment in April 1993 and commenced voluntary environment-related activities based on those guidelines. On the occasion of the Tokyo and Osaka headquarters acquiring ISO 14001 certification in December 1997, the Environmental Policy was formulated in October 1997 based on the 1993 Guidelines and the "ITOCHU's Corporate Code of Conduct," which was established in October 1997. The Environmental Policy was partially revised in July 2004 and continues to be the policy under which we operate today.

ITOCHU's Environmental Policy

1 Basic Philosophy

Global environmental issues are a matter of serious global concern, since they affect the future of mankind. As a member of the international community, ITOCHU is positioning issues of environmental concern as one of the most important management policies.

ITOCHU is committed to economic development in harmony with the natural environment, under the corporate

ideal of being "Committed to the Global Good." We are actively promoting involvement by addressing environmental issues based on ITOCHU's Corporate Code of Conduct, in order to protect our precious earth and make a lasting contribution to the global community.

2 Basic Policy

ITOCHU's products and services encompass textiles, machinery, aerospace, electronics, multimedia, energy, metals, minerals, chemicals, forest products, general merchandise, food, finance, realty, insurance, and logistics services by way of imports and exports between Japan and various countries and offshore trading. We are also engaged in

development and business investment activities in Japan and abroad. Through such activities, ITOCHU will periodically work to evaluate and continually improve its environmental policy. At the same time, we shall define our basic policy on environmental conservation as follows: (only titles are listed)

- 1) Consideration for environmental impact
- 2) Observance of environmental laws and regulations
- 3) Promotion of environmental conservation activities
- 4) Harmonious coexistence with society
- 5) Promotion of educational activities

July 2004

Eizo Kobayashi

President and Chief Executive Officer

LCA METHOD OF EVALUATING THE ENVIRONMENTAL IMPACT OF PRODUCTS

ITOCHU provides trading businesses and is engaged in investment activities. With regard to trading businesses, regular annual environmental risk evaluations are carried out for each project using the Life Cycle Assessment (LCA) method. The business activities of each company are assessed to determine their impact on the environment. A scoring system is used to quantify the environmental impact of each product throughout its life span, from its raw materials to disposal. Products receiving over a certain score are deemed as having a "significant environmental aspect" and are managed accordingly.

ENVIRONMENTAL IMPACT EVALUATION FOR NEW INVESTMENT PROJECTS

When making applications for new investment projects, the applying department fills out the Application of Investment and Development Project Management Check Sheet, in which it evaluates the environmental impact of the project from all angles (nature, social environment, pollution, legal, etc.). After this process, if necessary, external specialist institutions are also asked to provide impact assessments. Projects are assessed and, in turn, approved, put on hold, or turned down using the process shown in the chart.

Flow Chart of Environmental Assessment in New Investment and Development

