



CSR

72 CSR for ITOCHU Corporation

74 Documentary Report Project on Supply Chains
Enthusiasm of Pulp Producers: Green Economy Project
—CENIBRA’s Environmental Business Initiatives

78 ISO 26000 Core Subjects and ITOCHU’s Initiatives

79 Human Rights

80 Labor Practices

82 The Environment

85 Fair Operating Practices

86 Consumer Issues

87 Community Involvement and Development

ITOCHU Corporation is pursuing multifaceted corporate activities in various regions of the world and a wide range of fields. As such, ITOCHU is well aware of the impact of those activities on the global environment and society.

For ITOCHU, CSR entails making a contribution to building sustainable societies through business activities. As a global company, it is our mission to be “Committed to the Global Good.”

ITOCHU Mission and Values

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of *sampo yoshi* (good for the buyer, good for the seller, and good for society), a management philosophy embraced by Ohmi merchants.

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated “Committed to the Global Good” as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its

core element, “Committed to the Global Good,” was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To properly embed the ITOCHU Values, ITOCHU has formulated “5 self-tests” that employees can refer to in order to determine that the five values are present in their actions.

ITOCHU's CSR Promotion: Basic Policies and Promotion System

We at ITOCHU Corporation, in accordance with the ITOCHU Mission “Committed to the Global Good,” believe that fulfilling our social responsibility through our business activities is important. To make sure that CSR is systematically implemented involving the whole organization, we established basic policies for CSR promotion as a corporate-wide policy and drafted CSR Action Plans in each organization to promote CSR.

Basic Policies for CSR Promotion

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

During the period of the “Brand-new Deal 2012” management plan, which covers fiscal 2012 to fiscal 2013, the “Basic policies for CSR promotion” are as follows.

- 1 Strengthening communication with stakeholders through a front-line approach
- 2 Promoting businesses that help solve social issues
- 3 Strengthening supply chain management (Respect for human rights and consideration for the environment)
- 4 Promoting education on CSR and environmental conservation
- 5 Involving in and contributing to development of local and global communities

ITOCHU Mission

Committed to the Global Good



The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.

ITOCHU Values & 5 self-tests

	Visionary	Am I communicating vision and moving forward with others?
	Integrity	Am I proud to say I am involved in the work?
	Diversity	Am I including the ideas and skills of a variety of people to create the best result?
	Passion	Am I taking responsibility for and caring intensely about what I am doing?
	Challenge	Am I actively trying new things and pursuing innovative solutions?

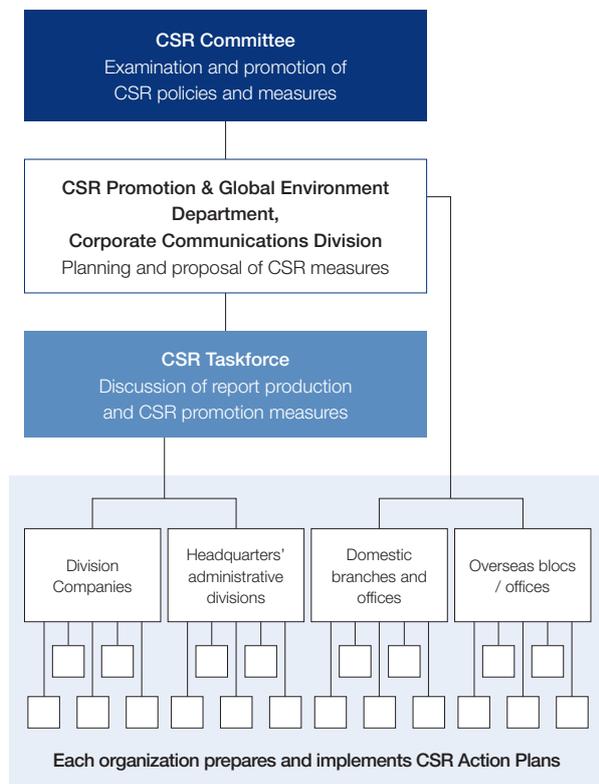
CSR Promotion through CSR Action Plans

ITOCHU Corporation conducts a wide variety of businesses through six Division Companies. To reliably promote CSR in our businesses, in accordance with the basic policies for CSR promotion shown on the left, each Division Company defines the CSR issues that are important in its business areas, formulates “CSR Action Plans,” and executes them based on a PDCA (plan–do–check–act) cycle system. CSR Action Plans are also formulated and exercised by each organization, such as the Headquarters’ administrative divisions, domestic branches and offices, and overseas bases, in line with their respective businesses and functions. A pillar of our CSR promotion is that every employee understands the plans and steadily executes them in his or her job.

CSR Promotion System at ITOCHU Corporation

At ITOCHU Corporation, with the aim of enhancing communication with stakeholders, the Corporate Communications Division’s CSR Promotion & Global Environment Department plans and proposes strategies for promoting CSR corporate-wide, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the reports and CSR promotion measures.

CSR Management System



Participation in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth of the international community. In compliance with the Global Compact’s ten principles in the areas of human rights, labour standards, the environment, and anti-corruption, ITOCHU is striving to fulfill its corporate mission of “Committed to the Global Good.”



The Ten Principles of the United Nations Global Compact

Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2 make sure that they are not complicit in human rights abuses.
Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4 the elimination of all forms of forced and compulsory labour;
	Principle 5 the effective abolition of child labour; and
	Principle 6 the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges;
	Principle 8 undertake initiatives to promote greater environmental responsibility; and
	Principle 9 encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Enthusiasm of Pulp Producers: Green Economy Project —CENIBRA's Environmental Business Initiatives

ITOCHU believes that informing the public about where products originate is vital to its role as a trading company. Accordingly, since 2009 ITOCHU has conducted the “Documentary Report Project on Supply Chains,” offering a glimpse across the entire supply chain of individual products that it handles.

This report, from Kazuma Yamane, covers the supply chain from the production of pulp in Brazil to the making of everyday paper tissues.

Research Period: March 2012

Front-line Report: Kazuma Yamane

(Nonfiction writer and Dokkyo University Department of Economics
Specially-Appointed Professor)

Visited Brazil for the first time in 1972, and has done on-site research in Brazil about 20 times. In 1996 sponsored the Amazon's first international environmental symposium as representative of Future Association Amazon, an NGO. In 1997, he received an award for distinguished service from the Para state legislature. Brazil and the Amazon are the starting point of his outlook on life and his environmental awareness.



Islands of Green Amidst Treeless Hills

Tissue paper is a product that we use everyday. I heard that pulp from CENIBRA, in Brazil, is the raw material for the well-known Nepia brand of tissue paper. To see the site where the pulp is produced, I traveled to Brazil to visit Ipatinga City in the state of Minas Gerais.

Ipatinga, a small city with a population of about 250,000 people, is located about 700 kilometers northeast of São Paulo.

This was my 20th trip to Brazil since 1972, but my first visit to Minas Gerais. As the plane from São Paulo entered Minas Gerais, I began to see a line of low, gently rolling mountains. On the

surface of the mountains, I was surprised at the conspicuous reddish-brown clear areas. Through the window of the plane, I could see the western edge of the Atlantic Rainforest. This rainforest used to cover 1.3 million square kilometers, or about 3.3 times the size of Japan, but 93% of the rainforest has been lost, and today only 91,000 square kilometers remains.

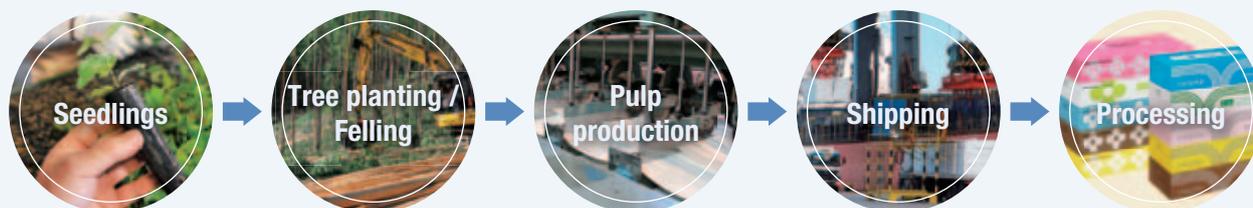
However, as the plane approached Ipatinga, I began to see many dark green areas in the Rio Doce river basin's barren mountain surfaces and small flat spaces. I later learned that these were CENIBRA plantations.

About CENIBRA

CENIBRA was established on September 13, 1973, as a Japan–Brazil joint venture project after a decision by the Japanese Cabinet. Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP), which was a joint venture by large Japanese pulp and paper companies, OECF, and ITOCHU Corporation, owned 48.5% of CENIBRA. The other 51.5% was owned by Brazil's Companhia Vale do Rio Doce

(currently Vale S.A.). CENIBRA began operations in March 1977. Subsequently, in 2001 JBP acquired shares in CENIBRA that were owned by Companhia Vale do Rio Doce, and today CENIBRA is operated with 100% Japanese capital. JBP is owned by 14 companies, including Oji Paper (48.98%) and ITOCHU (32.11%) (as of the end of June 2012). It is the seventh largest hardwood market pulp producer in the world, and sales in fiscal 2011 were \$728 million.

Paper Product Supply Chain



Photographs on pages 74 to 77 by Kazuma Yamane (except for photograph of Kazuma Yamane and photographs of tissue paper boxes)

15 Million Seedlings per Year

In one day, 50,000 eucalyptus logs are fed into the production line. That means that large quantities of eucalyptus seedlings are necessary for planting, more than 50,000 a day, and CENIBRA uses its own nursery to produce 100% of the seedlings it needs. At the nursery, which is like a large test plantation, highly experienced Japanese specialists from Oji Paper, which is the lead shareholder, provide enthusiastic guidance about seedling development. To select rootstock that are highly resistant to aridity, changes in temperature, insect pests, and wind; matches the soil; and will grow well, 10,000 seed plants are created each year by crossbreeding rootstock (100 x 100). After trial planting, the best rootstocks are selected. The rootstocks selected in this way are known as clones, and the branches and leaves of the rootstocks (5

to 8 cm scions) are cut and placed in a small pot, in which they grow into 20–30 cm seedlings in 70 to 80 days. If all goes well, they are then sent on to the plantation site. At the nursery, 15 million seedlings are produced in a year. The cost competitiveness of pulp producers is said to be based on the growth of the eucalyptus trees, which are the raw material. CENIBRA continually repeats the process of seed improvement, patiently taking time and selecting the best seed plants. Outstanding cost competitiveness is maintained by painstakingly producing each individual seed stock in-house.



Logs That Can Be Harvested in 7 Years

The plantations of CENIBRA are interspersed among an area the size of the Kanto Plain, or about 17,000 square kilometers. Those were the green areas I saw out of the plane window when we were nearing Ipatinga. CENIBRA's holdings total 255,000 hectares, about the size of Kanagawa Prefecture.

I was able to visit one of the plantations. First, the employees open holes in the surface soil with a digging machine. Then other employees use a metal tube to plant the seedlings in the soil, and finally employees with a water supply hose sprinkle water on the seedlings and apply fertilizer.

Each hectare of eucalyptus trees grown in this way yields 41 cubic meters of wood a year, with harvesting conducted after seven years. The speed of this growth supports the international competitiveness of CENIBRA. At the harvest site, the arm of the harvester grabs and cuts the eucalyptus trees, which have grown to about 30 meters. It takes about 20 seconds to harvest one tree and turn it into a log. The efficiency of the process was hard to believe.



Forest Certification and 70 Awards

Near the plantation and the harvesting area, there is a temporary tent that is used for the workers to take breaks and have lunch. I was surprised at the thorough approach to appropriate working conditions. The reason is that the industrial use of forest resources entails the strict observance of such things as conservation of the natural environment, maintenance of biodiversity, and contributions to the workers and the local community. We have reached an age in which the only companies that survive will be those that market products that have been “certified” as clearing a management process that meets these social requirements.



In 2005, CENIBRA became the first company to simultaneously receive FSC (Forest Stewardship Council) forest certification and CERFLOR (Sistema Brasileiro de Certificação Florestal) forest certification. In total, the company has received 3,828 environmental licenses.

CENIBRA's eucalyptus plantations are not connected in any way to the harvesting of primary forests. Out of CENIBRA's holdings, an area of 103,000 hectares is sustaining the ecosystem as permanent forest reserve or legal forest reserve. These reserves account for about 40% of the forest holdings. Just since 2000, CENIBRA has received 70 awards, which is an indication of their passionate commitment to the environment.

Rigorous Approach to Saving Energy and Handling Wastewater and Odors

In the huge log yard at the pulp mill, there were mountains of eucalyptus logs brought in by truck and rail. Pulp is shipped in the form of sheets that look much like dried sake lees that are used as a raw material for *amazake*. The paper mills that buy the pulp dissolve the boards with water and use the fiber as raw material to make paper for specific needs, such as for tissues or printing.

Pulp plants require large quantities of water and fuel. The production process also generates substantial amounts of odors and wastewater. CENIBRA conducts rigorous daily monitoring of odors outside the plant grounds and of the degree of contamination of wastewater. The environmental facilities here are top level. In addition, the bark from the logs is used in biomass electric power generation, and the lignin, an impurity that is generated during the cooking process, is used

as fuel for in-house power generation. In these ways, a rigorous approach to energy conservation is implemented.

The amount of water consumed in the production process has been reduced to one-fifteenth the level in 1977, and the amount of bleaching agent has been reduced 32% in comparison with 2006 (available chlorine equivalent units). The amount of electricity purchased has declined 29%, and boiler fuel is down 82% (both in comparison with 2011). Everywhere I looked, I saw this type of innovation and effort in the areas of production and the environment. This progress is the fruit of daily efforts to improve operations and cut costs, on a base of papermaking technology from Japan, which is at the world's highest level. ISO 9001 and ISO 14001 certifications have been acquired.



Specialized Shipping Terminal for Pulp Export (5.5 Million Tons a Year)

Annual sales of this pulp total 1.2 million tons, with 90 customers in 25 countries. Sales to the domestic Brazilian market are handled directly by CENIBRA (5%), while exports are handled by ITOCHU Corporation. Exports to Asia, including Japan, are increasing, and now account for 48% of total exports. Exports to overseas destinations are shipped from Portocel, which is on the Atlantic Coast about 375 kilometers away from the mill. Each day, about 3,200 tons are carried to Portocel via the Vitoria a Minas Railway.

Portocel (full company name Terminal Especializado de Barra do Riacho S.A.), is owned 49% by CENIBRA and 51%

by Fibria S.A. (Brazilian pulp maker). The world's largest specialized pulp terminal, it exported 5.5 million

tons of pulp in 2011. Brazil is in the process of establishing its infrastructure. In this setting, the fact that CENIBRA had, in advance, secured a rail transport route from the mill to a port, and owned a shipping port, was one of the sources of CENIBRA's cost competitiveness.



IN HARMONY WITH LOCAL COMMUNITIES

Moving Ahead in Tandem with Local Communities and Farmers

CENIBRA is moving ahead with contracts under which it consigns the plantations to local farmers and then purchases the logs that they cultivate. Many of the farming families operate pastureland, but the eucalyptus plantations turn barren areas into green areas, and the income is more than from farming, so it is a very attractive business for the farming households. The contract farmer that I visited was satisfied with the stable income from eucalyptus plantations. The "contract plantations," which began in 1985, already number 1,200, with total plantation area of 25,000 hectares. This is a new business model that helps the environment through the greening of barren areas and also reduces plantation costs for CENIBRA.



400 Million Boxes of Tissue Paper Annually

After I came back to Japan, I visited the Oji Nepia Nagoya Plant (Kasugai City, Aichi Prefecture), which is a major user of CENIBRA pulp and is the maker of Nepia brand tissue paper.

When I observed the final production line of the Nagoya Plant, which has an area equivalent to about two Tokyo Domes, I was overwhelmed by the scene of high-speed tissue packaging. The production volume reaches 400 million boxes a year.

The process of making tissue paper uses only one gram of pulp fiber per liter of water, to realize the soft texture that is easy on the skin. However, the ultra-thin tissue has two-ply construction, with the side that touches the skin using soft fibers and the back side using slightly stiffer fibers for support. The fibers that are used on the easy-on-the-skin portion are

made from CENIBRA pulp from Brazil. The CENIBRA pulp is produced with 100% plantation trees, and the raw material eucalyptus trees are produced and managed by the company from the individual seedling stage. Today, when environmental problems are the focus of attention, this traceability gives consumers a sense of security.



Concluding the Observation

Tissue paper, an everyday product that I have always used without really thinking about it, is made from raw materials that are obtained through rigorous consideration for the environment and hard work. It was at just this point when the theme of the United Nations Conference on Sustainable Development, known as Rio +20, was released: "Green Economy." The eco business advanced by CENIBRA is certainly a desirable "green economy," I think. CENIBRA's implementation of environmental measures should be studied by many other companies.

INITIATIVES TARGETING BIODIVERSITY

Conservation and Breeding of Rare Endangered Species

Over many years, much forest area has been lost, and CENIBRA is working to restore natural forests. In an area totaling 300 hectares that constitute natural forest, the company is planting 40 varieties of tree seedlings, a total of 70,000 seedlings a year.

A representative example of these efforts to sustain and restore biodiversity is the Reserva Particular do Patrimônio Natural (RPPN) Macedonia Farm. I wanted to visit when I heard that endangered birds are protected and bred here.

The forests in this area are the habitat of a pheasant family bird with the Brazilian name mutum (a type of curassow). The mutum habitat here is the only one in the Americas, so there are very few people in Japan who know of it. When I first saw it, I was impressed with the black, rather large bird that flew slowly and walked like a chicken. The conservation, breeding, and release activities, are, in the final analysis, Brazil's version of the Japanese programs for the crested ibis and white stork. It was 21 years ago that CENIBRA, with partners Crax NPO and Crax Internacional, began working to prevent the extinction of these birds with the conservation, breeding, and release project.

The base for those activities is in the forest. There are seven endangered bird species being raised in cages, awaiting release, including the mutum and the



Black-fronted Piping Guan. I received a several-hour presentation from a CENIBRA team, and I was overwhelmed with their enthusiasm. As a result of continued breeding and release, 20% of the world's mutum are on the Macedonia Farm. The curassow have been around since 4,000 to 5,000 years ago, and they are considered to be something like the "coelacanth" of birds. As a result, CENIBRA's enthusiastic activities are well-known in Brazil.

Activities to conserve and breed rare endangered species have a significant educational effect. At the Macedonia Farm, they are also working to welcome ordinary environmental visitors (6,000 a year) and offer school teacher training (1,760 people). The public school teachers who have received training here have already gone on to teach 220,000 students. I admired the manner in which the program to raise local environmental awareness has been enriched.

ISO 26000 Core Subjects and ITOCHU's Initiatives

Aiming to contribute to the realization of a sustainable society, ITOCHU Corporation has participated in the United Nations Global Compact since 2009. This annual report provides information about ITOCHU's CSR approach and initiatives, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility that was launched in November 2010 to provide an enhanced response to the requirements of a wide range of stakeholders in international society based on the Global Compact's ten principles.



Organizational Governance

For ITOCHU, CSR is not simply acting with consideration for how corporate activities affect the global environment and society but also contributing to the realization of a sustainable society through business activities.

P12-19 President's Message
 P89-93 Corporate Governance
 P72-73 CSR for ITOCHU Corporation
 P73 Participation in the United Nations Global Compact



Human Rights (Global Compact Principles 1-6)

With a commitment to the global good of society and individuals alike, ITOCHU conducts its business activities with respect for human rights and individuality. In addition, as a company with diverse operations worldwide, we believe it is important to implement initiatives with a focus on human rights in the supply chain.

P79 In-House Training Regarding Respect for Human Rights
 Human Rights in the Supply Chain



Labor Practices (Global Compact Principles 3-6)

To steadily implement the policy "Proactively Seek New Opportunities," which is a part of the medium-term management plan, ITOCHU is aggressively advancing efforts to cultivate "industry professionals" and "strong human resources" who can support "proactive initiatives" and can play active role in global business. In addition, we are also focusing on the establishment of a system that enables diverse human resources to make the most of their capabilities.

P79 ITOCHU Corporation's CSR Action Guidelines for Supply Chains
 P80 Human Resources Development Supporting the "Seeking of New Opportunities"
 A Variety of Training Schemes
 Global Human Resources Strategy Enters a New Stage
 Creating Environments that Bring Out the Best in Employees
 Promoting Human Resources Diversification in Japan
 Communications with Employees



The Environment (Global Compact Principles 7-9)

For ITOCHU, which conducts wide and diverse range of business activities on a global scale, consideration for the environment is indispensable. We pay close attention to the influence of our business activities on the environment and we also consider what we can create to pass on to the next generations.

P74-77 Documentary Report Project on Supply Chains
 P82 Environmental Policy
 Environmental Management
 Precautionary Approach to Environmental Risks
 Office Environmental Performance
 P84 Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem



Fair Operating Practices (Global Compact Principles 3-10)

In addition to ensuring that our business activities are in accordance with laws and international rules, we also have established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.

P79 Human Rights in the Supply Chain
 P85 Compliance



Consumer Issues

ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is taking steps to deal with consumer-related issues at every level of the supply chain, such as working to ensure product safety and quality and developing products that contribute to environmental conservation.

P74-77 Documentary Report Project on Supply Chains
 P86 Ensuring Food Safety
 Raising Consumer Awareness of Environmental Conservation through MOTTAINAI Campaign
 Introducing Supply Chains for Individual Projects



Community Involvement and Development

In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we will strive to participate in local communities in ways that transcend the scope of our business activities and to contribute to the sustainable development of those communities.

P87 Community Contribution
 P87-88 Social Contribution



Human Rights

The ITOCHU Mission “Committed to the Global Good” incorporates a commitment to the global good of society and individuals alike, and ITOCHU’s respect for human rights and individuality is based on this philosophy.

We work to foster awareness of this approach within the company and, as a company that conducts business transactions around the world, we also implement initiatives with a focus on human rights in the supply chain.

Policy on Respect for Human Rights

Of the ITOCHU Mission “Committed to the Global Good,” the “global good” refers not only to improved living standards but also a general sense of well-being. ITOCHU works to support the global good of society as well as the global good of individuals, and we respect human rights and individuality.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009, which is derived from this Declaration and other international standards.

In-House Training Regarding Respect for Human Rights

In-House CSR Seminar Held on “Human Rights and Global Business for a General Trading Company”

As a general trading company that operates around the world and plays an important role in supply chains, we held this seminar in March 2012 to keep up with the latest developments relating to corporate business and human rights, and to use this knowledge for its business. Mr. Hideki Wakabayashi, Executive Director of Amnesty International Japan, the international human rights NGO and public interest group, was invited to speak at the seventh CSR in-house seminar, which was attended by 110 employees of ITOCHU Corporation and its related Group companies.

Mr. Wakabayashi spoke on developments in international human rights standards and the relationship between business and human rights, giving specific examples. Afterward a question-and-answer session was held, where participants actively exchanged opinions on human rights and other issues in the supply chain.

Raising Awareness through Internal Training Programs

We work to extensively embed understanding of human rights through in-house training programs held each year. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. In fiscal 2012, 295 people participated in human rights training.

Human Rights in the Supply Chain

To promote CSR supply chain management with consideration for such issues as human rights, labor, and environmental problems, we have formulated ITOCHU Corporation’s CSR Action Guidelines for Supply Chains, and are working to foster understanding of these guidelines and to promote their implementation in supply chains. To that end, in order to check the status of our suppliers, we conduct surveys with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the 10 items in our CSR Action Guidelines for Supply Chains.

In fiscal 2012, we surveyed 401 companies, including 28 suppliers of overseas offices and 115 suppliers of 16 Group companies. Excluding suppliers for which continued follow-up is due to legal or other factors in the supplier’s country, no serious problems requiring immediate response were found in the survey results.

We are committed to continually increasing our employees’ awareness and to enhancing the understanding and implementation of our suppliers by continuing these surveys and through dialogues with suppliers.

CSR Survey: Survey Results by Organization (Fiscal 2010 to Fiscal 2012)

Division Company*	Fiscal 2012	Fiscal 2011	Fiscal 2010
Textile	26	24	28
ICT & Machinery	16	15	17
Energy, Metals & Minerals	14	14	11
Chemicals, Forest Products & General Merchandise	202	193	133
Food	117	105	93
Logistics Services Department	26	23	18
Total	401	374	300

* Division Company names are as of fiscal 2012.

ITOCHU Corporation’s CSR Action Guidelines for Supply Chains (provisions only)

- Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner.
- Suppliers shall not engage in forced labor or child labor.
- Suppliers shall not practice discrimination in hiring and employment.
- Suppliers shall prevent unfair low-wage labor.
- Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
- Suppliers shall ensure that employees’ working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
- Suppliers shall strive to provide employees with a safe and healthy work environment.
- In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
- Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
- Suppliers shall disclose information regarding the above items in a timely and appropriate manner.



Labor Practices

Human resources are what support the stable, ongoing growth of ITOCHU Corporation.

One of the basic policies of the “Brand-new Deal 2012” medium-term management plan is to “Proactively Seek New Opportunities.” To this end, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting a commitment to taking assertive and forward-looking action. Our long-standing promotion of a global human resources strategy also remains unchanged.

Human Resources Development Supporting the “Seeking of New Opportunities”

Our human resources development activities are available to employees throughout the Group, both domestically and in overseas blocs. Based on each employee’s work experience and abilities, we strive to help them develop into professionals who play an active role in their business field and to provide them with the skills necessary to manage business on a global level. Through individual evaluations and feedback, centered on valuable job experience via on-the-job training (OJT), we help to cultivate the motivation and willingness of employees to increase their career opportunities within the Group. To further support employees’ self-development, we not only provide skills and knowledge through training but also actively support career development. We will continue to invest substantially in our human resources, while at the same time promoting human resources development which is proactively led by the front lines.

Basic Structure of Human Resources Development



A Variety of Training Schemes

ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as selective and elective training. We have a wide range of programs for the development of global management human resources, including global development programs and workshops for managers. In 1999, we instituted a system for sending new employees overseas as a means of fostering English proficiency and an international perspective in young employees. In 2010, we launched a new program designed to dispatch junior staff to China and other

emerging markets for overseas training in Chinese and other languages. Our plan is to develop candidates who will become specialists in each target market in the future. We also offer a wide range of training for specific objectives, such as “Career vision support training” and distinctive training based on the human resources strategies of each Division Company and Headquarters’ administrative division, with the aim of developing the professionals of each business field with diverse values.

Human Resources Development Policy and Training Details (Excerpt)

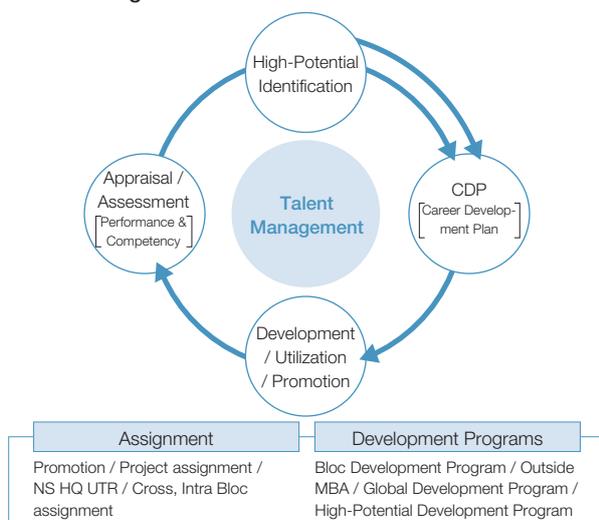
Overview of human resources development system	Training program name (excerpt)
Development of global management talent	Global development programs (GEP, GLP, GNP*), organization manager workshop, pre-manager training, sending employees to short-term business school programs
Business leader development	Sending of new employees overseas, dispatch of junior staff overseas to learn Chinese and other languages
Development of industry professionals and diverse human resources	Career vision support training, distinctive training for each Division Company, Headquarters’ administrative division

* Global Executive Program (GEP): This core part of the global talent development program provides training to cultivate global executives.
 Global Leadership Program (GLP): The purpose of this training is to cultivate organization managers who can be active in global business.
 Global Network Program (GNP): Through training held at Headquarters, this program enables locally-hired overseas staff to learn firsthand about the ITOCHU Group’s global operations and build up a network with other participants.

Global Human Resources Strategy Enters a New Stage

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and to optimize the talent development of the Group on a global basis. By fiscal 2011, we had taken steps to create a platform for promoting the development and utilization of human resources worldwide, including the development of a global human resources database and the establishment of leadership standards for managers. From fiscal 2012, we are strengthening our human resources strategy in core overseas markets such as China and Asia. In addition, cooperating with each Division Company, we are implementing a Talent Management Process by preparing individual development plans for talented personnel who will play key roles in the expansion of revenues and profits overseas. Through these initiatives, we are bolstering the recruitment, development, and utilization of personnel who will contribute to global business development.

Talent Management Process



* Program in which overseas bloc employees are trained through work at the Tokyo Headquarters

Specific Initiatives

1. We are inviting employees from our overseas blocs worldwide to come to our Headquarters for approximately two years as a form of HR development through actual operations. These employees are provided the opportunity to learn business operations, gain a firm understanding of our corporate philosophy and culture, and build interpersonal networks. At the same time, this initiative encourages our Headquarters to become more global in its outlook. (From April 1, 2008 to March 31, 2012, a cumulative total of 60 employees have been dispatched.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, using the ITOCHU Global Classification (IGC) as a common measure of job level / level of responsibility for all jobs and positions worldwide.
3. ITOCHU Mission and Values, which we have passed down since our founding more than 150 years ago, and the ITOCHU Values have been incorporated into the human-resource requirements for ITOCHU leaders. These requirements are reflected in our recruiting standards and our evaluation and human resources development programs and are passed on through in-house instructors. This enables us to hire and develop human resources around the world who are suited to ITOCHU's values.

Creating Environments that Bring Out the Best for Employees

ITOCHU has expanded and upgraded systems to help enable employees to continue working with peace of mind at all of the various stages of their life and to demonstrate their fullest potential. These systems are available to both male and female employees, and provide support to them in their work as well as child and / or nursing care duties.

In 2010, we opened I-Kids, a childcare center for our employees, at a location close to our Tokyo Headquarters. This move was made in light of a widespread social issue where many children are currently waiting for entry to nurseries in the Tokyo metropolitan area, and female workers face difficulties in planning their return from childcare leave. Subsequently, we took this step to minimize factors that might hinder our employees from continuing their careers and support their motivation to keep working. Also, in 2011 we launched the "Furusato Care Service." Under this service, employees working in overseas can arrange

for care to be provided for their elderly relatives who are living alone in Japan. All of the associated costs are borne by ITOCHU. As ITOCHU aims to increase overseas revenues and profits, one of the key strategic approaches in its overseas policy is to increase the number of staff on overseas assignment. Through this care service, we are working to establish an environment that responds flexibly to individual circumstances and enables employees to concentrate on their overseas assignments.

Promoting Human Resources Diversification in Japan

Since December 2003, ITOCHU has promoted efforts to diversify its workforce in Japan. The motivation here is a recognized need to respond to changes in the external environment, such as intensifying competition spurred by economic globalization and the race to secure human resources due to Japan's declining birthrate and aging society. ITOCHU must also respond to the need to create new businesses, as well as address the disproportionate age makeup of its workforce.

In fiscal 2010, ITOCHU launched the "Promotion Plan on Human Resources Diversification 2013 (Japan)," a new roadmap aimed at enhancing individual and organizational abilities further by putting an environment in place that leverages and utilizes the characteristics of each employee without regard to gender, nationality, or age. Under this new plan, we are working to create a more attractive company and corporate culture by supporting the push to secure, embed, and utilize more diverse human resources.

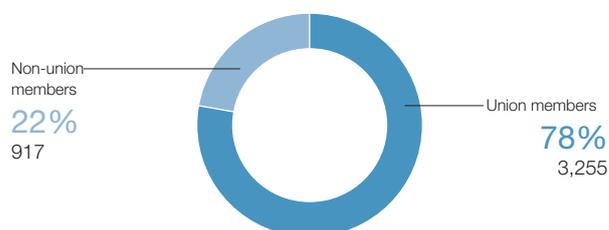
Number of Male and Female Employees (Unit: persons)

	Male	Female	Total
Fiscal 2010	3,191	1,068	4,259
Fiscal 2011	3,212	1,100	4,312
Fiscal 2012	3,162	1,093	4,255

Communications with Employees

At ITOCHU Corporation, a wide range of issues is discussed with the labor union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2012, we held 6 meetings, including management meetings with the president and similar meetings with Division Companies. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.

Ratio of Labor Union Members (As of April 1, 2012)





To fulfill its corporate philosophy “Committed to the Global Good,” ITOCHU has established an Environmental Policy. We advance our business activities on a global scale under this policy, while keeping a strong awareness of global environmental problems. This is undertaken from a perspective that considers not only what we can contribute to the prosperity of the present generation but also what we can create to pass on to the next generation. From that viewpoint, we believe that a sustainable society cannot be achieved without consideration for environmental problems.

Environmental Policy

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environmental problems. We believe that a sustainable society cannot be realized without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in ITOCHU’s Activity Guidelines on the Environment (the predecessor of our current Environmental Policy). In 2010, these guidelines were revised to the “ITOCHU Group Environmental Policy” and we will subsequently revise this policy in response to changes in the social background.

The ITOCHU Group Environmental Policy

I. Basic Philosophy

Global warming and other environmental issues are affecting the future of mankind. As a global enterprise, ITOCHU Group is positioning these issues as one of the most important management policies. ITOCHU Group contributes to the realization of a sustainable society by promoting “Actively addressing the better global environment” based on The ITOCHU Group Corporate Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, “Committed to the Global Good.”

II. Activity Guidelines

In keeping with the basic philosophy presented above, ITOCHU Group pursues a continual improvement of its environmental management system and defines the following guidelines concerning activities of environmental conservation.

(1) Prevention of environmental pollution	In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
(2) Observance of laws and regulations	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
(3) Promotion of environmental conservation activities	Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.
(4) Harmonious coexistence with society	As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.
(5) Promotion of educational activities	Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010

Masahiro Okafuji, President & Chief Executive Officer

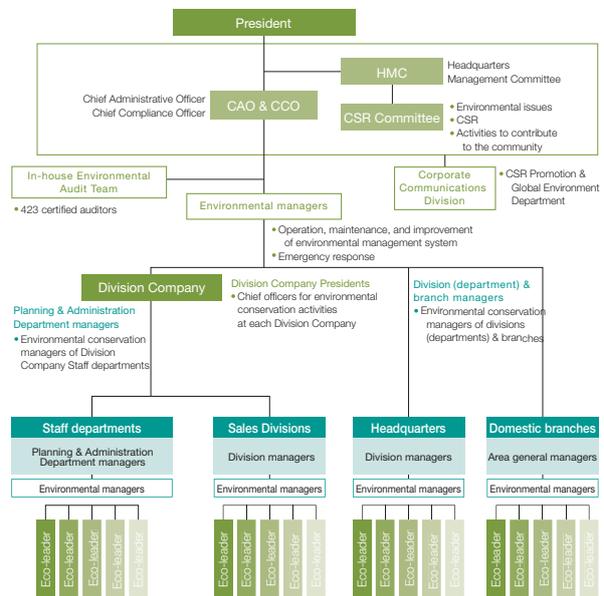
Environmental Management

To comply with environment-related laws and take a rigorous precautionary approach to environmental risks, in 1997 ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001.

Environmental Management System

The chairman of the CSR Committee (CAO & CCO), who is appointed by the president, has complete authority for the environmental management system. Environmental managers are assigned to each division, branch, and Group company, and operate with authority delegated from the leader of their organizational unit (total of 64 in fiscal 2012). The environmental managers are assisted by eco-leaders (total of 213 in fiscal 2012), and with the participation of all employees the system is continually improved through a PDCA (plan-do-check-act) cycle.

Environmental Management Organization



Internal Environmental Audits

Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as in-house environmental auditors (423 registered individuals). Internal audits are conducted to confirm that initial plans are being appropriately implemented, with an emphasis on confirming compliance with environment-related laws and regulations. Our in-house environmental audits for fiscal 2012 covered a total of 64 departments.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 2012 inspection was to retain certification. The outcome of the inspection was an overall "improvement" grade and continued certification.

Precautionary Approach to Environmental Risks

To prevent the occurrence of environmental problems, we have established a framework to identify the factors that could have an adverse influence on the environment in the products we handle and in new investment projects, and to evaluate their influence in advance. We are working to raise environmental awareness through environmental education initiatives with the ITOCHU Group and are linking these efforts to a precautionary approach to environmental risk. As a result, there were no environment-related lawsuits (against ITOCHU Corporation or its subsidiaries).

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We carry out our own original environmental impact evaluations regarding the relationship of these products to the global environment. In these initiatives, we use a so-called LCA*-based analysis method at each stage of a product's life cycle, from procurement of raw materials, production, and use, through disposal of products.

* LCA (life-cycle assessment) is a method that evaluates the environmental impact of products at all stages of their life cycle, from manufacturing, transport, and use through to disposal and recycling or reuse.



Environmental Fact-Finding Investigations of Group Companies

We began fact-finding investigations of our Group companies after several of them received complaints about environmental pollution from their surrounding neighborhoods in 2001. To prevent a recurrence, over the 11 years to the end of March 2012, we did on-site investigations at 164 companies (230 worksites). The evaluation is made using Q&As between auditors and management; inspections of plants, warehouses, and other facilities; surveys of wastewater released into rivers; and assessments of compliance with environmental laws and regulations. Problem areas are pointed out and preventive measures are provided, and progress with rectification is confirmed.

Evaluating the Environmental Impact of New Investment Projects

We employ a CSR and environmental checklist for investments to evaluate in advance the market, social, and environmental impact of business investment projects. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the absence of any major problems is confirmed.

Promotion of Environmental Education and Awareness

In order for ITOCHU Group employees to be aware of and comply with the requirements of environmental laws and regulations, and simultaneously to raise their environmental awareness, we hold seminars on laws, such as the Waste Management and Public Cleaning Law and the Soil Contamination Countermeasures Act, as well as the Global Environmental Management Seminar and the ITOCHU Symposium. Through these activities, ITOCHU is thoroughly developing among its employees a strong "defensive" stance with respect to strict compliance and an assertive "offensive" stance regarding the development of environment-conserving businesses.

Office Environmental Performance

All employees always do their best to reduce environmental impacts not only when conducting business but also in their office activities. We tackle environmental conservation initiatives that are achievable in our immediate surroundings by conserving energy at our offices and recycling waste. In addition, from fiscal 2012, we expanded the scope of the environmental performance data that is collected. We will use this data to ascertain actual conditions and to enhance our environmental conservation activities in the future.

Environmental Data: Fiscal 2012

	Domestic	Overseas	Total
(1) Electric power (MWh)	1,931,122	983	1,932,105
(2) City gas (thousand m ³)	15,162	0	15,162
(3) Hot water (GJ)	124,689	0	124,689
(4) Cold water (GJ)	3,392,014	22,861	3,414,875
(5) Steam (GJ)	13,075	0	13,075
(6) CO ₂ (CO ₂ -t): (1) - (5) conversion	1,384,612	2,018	1,386,630
(7) Volume of waste (t)	390,284	5	390,289
(8) Tap water (m ³)	6,330,686	6,774	6,337,460
(9) Grey water (m ³)	501,670	0	501,670

<<Subject Organizational Units>>

- "Domestic" refers to ITOCHU Corporation (1 company) and 27 domestic Group companies that have obtained ISO14001 certification or are a designated enterprise under the Law Concerning the Rational Use of Energy.
- "Overseas" refers to 10 offices of overseas trading subsidiaries that have obtained ISO 14001 certification
- Conversion to carbon dioxide (CO₂-t) is handled in accordance with the Law Concerning the Rational Use of Energy for ITOCHU Corporation and in accordance with IEA (International Energy Association) standards for others.

For further information, please refer to our CSR website.

http://www.itochu.co.jp/en/csr/environment/office_activities/

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

In addition to environmental conservation activities in its business activities, ITOCHU is also working aggressively to help establish a better environment through social contribution activities as well.

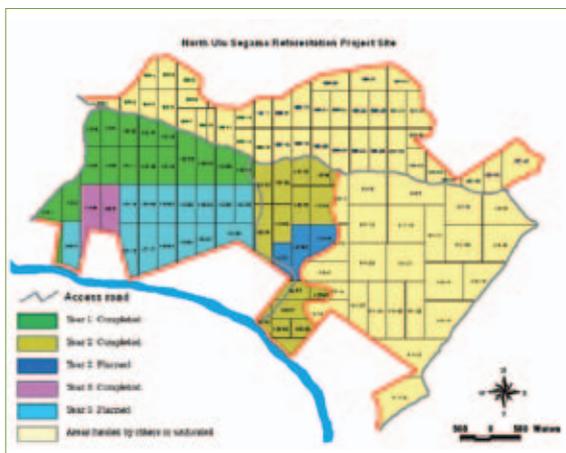
In accordance with our environmental policy and our basic policy for social contribution activities, we are supporting "Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem," which aim to restore the tropical rainforest through reforestation and to conserve the ecosystem in Borneo, which have deteriorated as a result of development.

Overview of Program

As a social contribution program to commemorate the 150th anniversary of the founding of the Company, ITOCHU and its Group companies are donating ¥250 million to World Wide Fund for Nature Japan (WWF Japan) over five years, commencing in fiscal 2010 to support the WWF's project for reforestation and conservation in Borneo. The purpose of this program is threefold: to plant trees in order to restore rainforest that has been damaged by logging and other factors, and which cannot be expected to recover naturally; to secure habitats for animals, including endangered species like orangutans; and to restore and preserve biodiversity in the rainforest as a whole.

The support provided by the ITOCHU Group covers 967 hectares, which is one of the largest-scale reforestation support provided by a single enterprise. The tree planting work is scheduled for completion in December 2012, and subsequently the young tree conservation and maintenance work will continue until September 2014.

Reforestation area	North Ulu Segama, Sabah, Malaysia
Total area covered	967 hectares
Activities	Planting trees in target areas, subsequent management of seedlings, and monitoring of the status of orangutan habitats



Third Tree Planting Tour

In fiscal 2012, the third year of the program, 14 employees, including employees of group companies, visited Borneo on a reforestation experience tour and were able to directly experience reforestation work. The tour participants were able to see the growth of the seedlings that were planted by the participants of the previous tours. With the trees that have steadily grown serving as a link among the employees, the tour participants were able to monitor the management of reforestation activities and the status of the habitats of orangutans and other wild animals.



Tour participants engaged in tree planting

Comments from WWF Japan

Let's increase the life force of the world!



WWF Japan
Director
Fundraising & Marketing
Communications

Yoko Minami

diverse tropical rainforests, such as those in Borneo, is extremely important in the sense of increasing the "life force of the planet," which is the base not only for wildlife but also for human life itself.

Trial calculations indicate that to sustain human activity at the current level would require about 1.5 times the productive capacity of the earth. We have exceeded by 50% the earth's ability to produce natural resources and absorb emitted CO₂. To live within the capacity of "one earth," we must reevaluate our consumption and revive the production capacity and absorption capacity of the earth, which are declining. The restoration of our highly



Fair Operating Practices

Integrity is one of the ITOCHU Values that are a part of ITOCHU's corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider "What is correct?" and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

Compliance

ITOCHU Group's Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. These compliance officers are strengthening compliance by creating systems, conducting education and training, responding to individual cases, and any other necessary measures based on directives and support from their respective managers, as well as consideration of local laws, business characteristics, and operational formats.

In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

Major Compliance Measures in Fiscal 2012 and Tasks for the Future

In fiscal 2012, On-Site Compliance Training was held for all Headquarters employees. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Based on trends in former incidences

of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

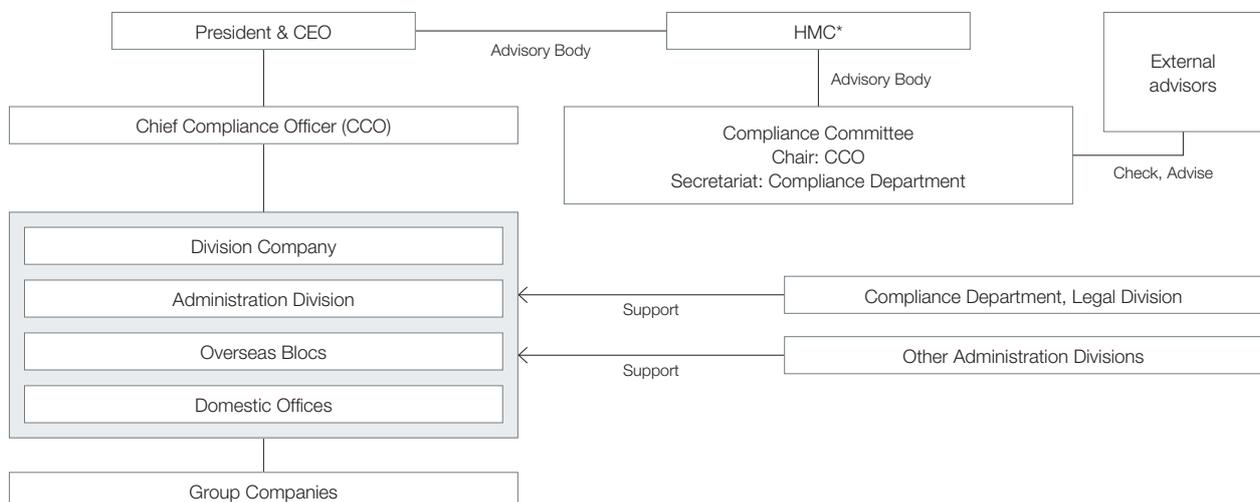
Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010 on July 1, 2011, ITOCHU in June 2011 revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area.

Going forward, we will work to circulate information regarding the aforementioned revisions within ITOCHU and to overseas blocs. At the same time, steps will be taken to conduct risk assessment and monitoring with respect to payoffs, bribery, and similar impropriety.

Compliance System



*HMC = Headquarters Management Committee



As a general trading company with businesses that encompass upstream raw materials business areas through to downstream retail business areas, ITOCHU is working with consumer issues through the provision of a wide variety of goods and services that support people's everyday lives. At the various stages of the supply chains for the products that we handle, we are implementing activities that contribute to the improvement of people's lives. These include ensuring the safety and quality of products through cooperative initiatives with suppliers and using the distinctive strengths of products to raise awareness about environmental conservation.

Ensuring Food Safety

In recent years, there have been several incidents that have caused concern about the safety of imported food products, such as the BSE problem, food poisoning caused by gyoza from China, and products containing melamine. In this setting, ensuring food safety has become a major issue. To minimize the risk of harm to the health of consumers, the Food Company is implementing a variety of initiatives to ensure the safety of imported foods. One of the initiatives is the implementation of periodic on-site audits at the processing plants of overseas suppliers from fiscal 2012. The subjects of the audits and the audit frequency are determined with reference to individual information, such as the management system of the country and the degree of cleanliness-related risk for the characteristics and the processing procedures of the product. Visits are made by employees from Headquarters and local staff, the management situation is confirmed, and improvements are proposed if necessary. Checks are made of 125 items, and in fiscal 2012 approximately 150 on-site audits were conducted at more than 100 companies. To conduct audits effectively, it was necessary to increase the level of the auditors' skills, and in fiscal 2012 training in audit methods was implemented for Headquarters employees and for local staff in China and other Asian markets.

Raising Consumer Awareness of Environmental Conservation through MOTTAINAI Campaign

ITOCHU participates in the MOTTAINAI Campaign, which was started in 2005. The word MOTTAINAI connotes the "3Rs" of environmental practice—Reduce, Reuse, and Recycle—and it also encompasses Respect for irreplaceable global resources. The campaign seeks to make MOTTAINAI an international watchword for environmental protection and to build a sustainable and recycling-oriented society.

The MOTTAINAI Campaign supports the Green Belt Movement, a tree planting program in Kenya that continues the philosophy of Dr. Wangari Maathai, who was awarded the Nobel Peace Prize. The support from companies that are in accord with the purposes of the campaign takes many forms. These include donating a portion of the profits from sales of environment-friendly products such as *furoshiki* wrapping cloths, eco-bags for shopping, and reusable chopsticks; donating a portion of the profits at flea markets; and promoting "click for donation" activities. ITOCHU is also working on the next generation of environmental education. In April 2012, we spon-

sored an "Eco-Shop" pavilion with MOTTAINAI Campaign themed-activities in KidZania Tokyo, which is a facility for children to experience diverse occupational and social activities. The pavilion will function as a place where children can learn about environmental conservation from a global perspective.



The amount equivalent to one tree sapling for planting will be donated to the Green Belt Movement for each child who participates.

Introducing Supply Chains for Individual Projects

In recognition that it is important to inform the consumer where things come from, since 2008 we have been implementing the Documentary Report Project on Supply Chains, in which we introduce the entire supply chain, from the upstream level to the downstream level, for each product handled by ITOCHU. Apart from the price and quality of a product, through the viewpoints of experts we introduce how products affect society through the environmental and human rights aspects of the production process. By sharing information with consumers, we promote sustainable consumption.

Documentary Report Project on Supply Chains: Previous Reports

Fiscal 2009	Vol. 1 India	From Raw Cotton to T-Shirts
Fiscal 2010	Vol. 2 El Salvador / Guatemala	Coffee from Central America
Fiscal 2011	Vol. 3 Ecuador	How Coffee Reaches Your Doorstep
Fiscal 2012	Vol. 4 Brazil	From Pulp to Tissue Paper



For the content of previous reports, please visit our website.
http://www.itochu.co.jp/en/csr/supply_chain/reportage/



Community Involvement and Development

ITOCHU conducts business activities in diverse regions throughout the world. We consider ourselves to be members of local communities in ways that extend beyond the scope of our business activities, and we are aiming to participate in these communities and contribute to their sustainable development. We respect the history and culture of all of the world's regions, and are contributing to the development of communities, with a focus on the direction of international society, such as the United Nations' Millennium Development Goals (MDGs).

Community Contribution

Promoting CSR in Each Region through CSR Action Plans

To steadily implement CSR activities, we formulate CSR Action Plans (see page 73) at every office in Japan and overseas blocs. As a member of local communities, we strive to contribute to their further development.

Support for Manila Hemp Plantation Rehabilitation Project

On the occasion of the 100th anniversary of the establishment of our Manila branch in 1912, in June we signed a project agreement with the Fiber Industry Development Authority of the Department of Agriculture and the St. Ann's Family Service Cooperative, a local agricultural cooperative. The agreement is for support of the rehabilitation project for a Manila hemp plantation located in an agricultural district in the central province of Sorsogon. Manila hemp was an important product at the time the Manila branch was established, but after an epidemic of Manila hemp diseases in the 1970s, the cultivation industry fell into a critical state. Subsequently, however, the Philippine government earmarked Manila hemp as a key industry in terms of rural development and started to develop disease-resistant Manila hemp. ITOCHU provided support to enhance its relationship with the local community and to contribute to the textile industry, ITOCHU's founding business. The project has begun in August 2012, and ITOCHU will donate ¥2 million, the amount needed to plant and grow 90 hectares of Manila hemp (about 144,000 plants), which is scheduled to be completed by March 2014. In addition, the project is expected to absorb approximately 18 tons of CO₂ a year.

Karawang Industrial Park Aims for Harmony with Indonesian Society

Karawang Industrial Park (KILIC, development area 1,177 hectares), which ITOCHU has invested in and operated from 1992, is working jointly with tenant companies to aggressively conduct CSR activities with an aim of co-existence and co-prosperity with neighboring communities.

In addition to direct support such as supplying baby food to infants in neighboring villages and providing scholarships to junior and senior high school students, an agricultural park has been established within the industrial park with the cooperation of Bogor Agricultural University, with programs conducted to instruct local farmers in the cultivation of high-value-added vegetables

and catfish farming, as well as environmental improvement. In addition, more than 10,000 seedlings that are grown in the agricultural park's nursery and planted in the grounds of the industrial park or in neighboring villages, and support is also provided for local healthcare facilities. Furthermore, by providing business opportunities, such as for production of the work clothes of the tenant companies, we are working to contribute to the development of local small-scale businesses and to operate the industrial park with close ties to neighboring communities.

Social Contribution

Basic Activity Guidelines on Social Contribution

In line with our Basic Activity Guidelines on Social Contribution, which comprise five areas of focus, we are implementing a range of activities in Japan and overseas.

Basic Activity Guidelines on Social Contribution

1. Action on global humanitarian issues

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. Environmental conservation

ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.

3. Community contribution

As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.

4. Growth of next generations

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. Support for volunteer work by our employees

ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

Growth of Next Generations: The ITOCHU Foundation

ITOCHU conducts ongoing support for the "growth of next generations" through the ITOCHU Foundation, which was established in 1974. In 2012, the ITOCHU Foundation became a Public Interest Incorporated Foundation, and currently the Foundation is implementing activities that contribute to the sound growth of children, principally subsidizing the development of children's literature collections and promoting the development of an e-book library.

Providing Subsidies for Children's Literature Collections

In fiscal 2012, children's literature collection subsidy activities included not only subsidies for the purchase of children's books and the 100 Children's Books Subsidy but also emergency support for areas affected by the Great East Japan Earthquake.

In addition, the Foundation has aggressively provided subsidies for library development at Japanese schools and supplementary schools overseas. This support has been provided to 56 schools.

Subsidizing the Development of Children's Literature Collections

	Number of subsidies
Subsidies for purchase of children's books	37 (of which, 1 overseas)
Subsidies for purchase of children's books for hospitals	8
100 Children's Books Subsidy	32 (of which, 11 overseas)
Subsidies for libraries at Japanese schools / supplementary schools	52 (of which, 52 overseas)
Emergency support for areas affected by the Great East Japan Earthquake	6
Total	135 (of which, 64 overseas)



Students at a Japanese school in Guatemala hold books sent from the ITOCHU Foundation

Promoting the Use of E-Books

In fiscal 2011 the Foundation began to promote the development of an e-book library that utilizes PCs for children with disabilities who are unable to read conventional books. The Foundation has revised the scope of this project, which is now focused on making it easier to read for more children. The Foundation has provided, at no cost, 38 works to 501 locations throughout the country, such as schools for children with special needs.

Great East Japan Earthquake Reconstruction Support

Fostering Recovery Over the Long Term

Immediately after the Great East Japan Earthquake, ITOCHU began to provide emergency support to the affected areas, including ¥400 million in monetary donations as well as apparel, food, and other goods.

From May 2011, to make it easier for employees to participate in volunteer activities, we instituted a system under which the Company pays for travel, board, and other expenses. By the end of June 2012, a total of 120 people had used this system. In addition, we established the Great East Japan Earthquake Recovery Assistance Site on our intranet. This site provides information on volunteer activities and reports from employees who have participated in volunteer activities. We are using this site to keep employees informed about support activities for fostering recovery over the long term.

In addition, as one facet of support activities, in February 2012 we implemented an employee suggestion for a Valentine Donation Campaign, and in March we held a one-year anniversary donation campaign. These activities were implemented on a corporate-wide basis. We also had a panel exhibition about the current state of the affected areas, and shared the importance of ongoing support. The collected donations, which were matched by the Company, were used to support school reconstruction, through Nippon International Cooperation for Community Development, and as library subsidies in the affected areas, through the ITOCHU Foundation. In January 2012, through Japan Foreign Trade Council, Inc., new support for the three affected prefectures was provided through donations for children who were orphaned by the earthquake.

Working Together with Shareholders to Provide Support for Affected Areas

From fiscal 2012, ITOCHU has provided shareholder information, such as notices of ordinary general meetings of shareholders, by e-mail rather than postal delivery of printed materials, to shareholders who have agreed to receive such information in digital form. The resulting savings, which include savings from paper and postage, together with matching funds from ITOCHU, have been donated to the 100 Children's Books Subsidy, an ITOCHU Foundation program that subsidizes the development of children's literature collections.

In fiscal 2012, with approval having been received by more than 7,500 shareholders, a total of 15 sets of children's books (1 set = 100 books) were donated to volunteer organizations conducting activities in the area affected by the Great East Japan Earthquake.

Donations were made to 13 organizations, including organizations in Minamisoma City, Fukushima Prefecture, Shiogama City, Iwate Prefecture, Shibata Town, Miyagi Prefecture.

Report from an Employee Volunteer

Yuichi Yasura, volunteered in February 2012 Temporarily transferred to ITOCHU CHEMICAL FRONTIER Corporation

"Thanks to everyone's support, there are sufficient supplies of material goods. However, there is still a lack of volunteers. At first, many people came, but as time has passed that number has dwindled. At this point it is not possible to predict how many years it will take." That was the opinion recently voiced by the people of Rikuzentakata and Kesenuma. "Hands" are something basic that we all have, but right now there is a shortage of them. When we work together the capabilities of the united group are greater than the sum of our individual capabilities. I would definitely like to participate again.



With other volunteers