



Corporate Governance and Corporate Social Responsibility

As part of our efforts to maintain stakeholders' support, we are steadily implementing measures in order to realize sustainable growth, including the establishment of highly transparent corporate governance and the enhancement of CSR.

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CORPORATE GOVERNANCE

ITOCHU proactively works to reinforce corporate governance, recognizing it as one of the most important issues for management. Our basic policy is to establish a highly transparent management system that benefits stakeholders, including stockholders, through the following approaches:

- 1. Enhance transparency in decision-making processes**
- 2. Strengthen corporate information disclosure and management accountability**
- 3. Thoroughly manage risk, which includes compliance with laws and regulations**
- 4. Maintain business ethics through the strict application of rewards and punishments**

Management System

ITOCHU has established a management system to facilitate the work of the Board of Directors and its members. The system maintains the number of Board members at a level that allows swift decision-making. It also separates business execution from management supervisory functions by introducing the executive officer position, thus

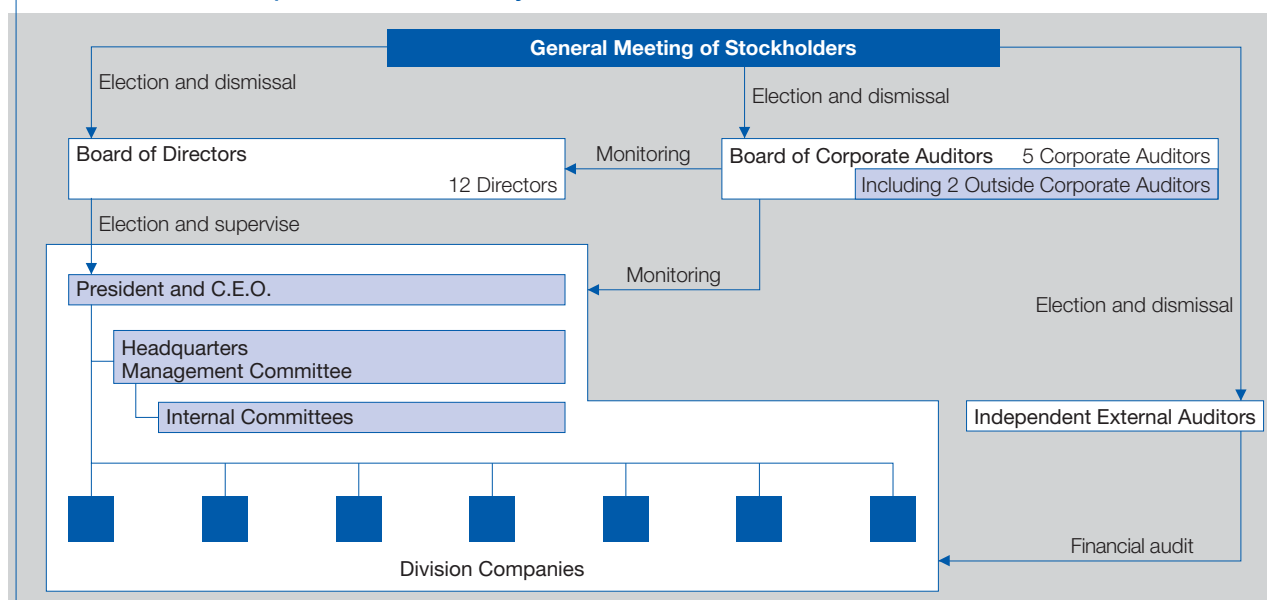
permitting directors and executive officers to carry out each of their roles more effectively.

We have established a compensation system for directors and executive officers that is tied to business performance and evaluates how well they have fulfilled their required functions. In addition, we will bring more clarity to the tie between performance and directors' compensation by discontinuing the directors' retirement and severance system after the regular general meeting of stockholders in 2005.

We also have an Advisory Board composed of outside experts from various fields. The Board's independence allows us to obtain useful opinions on management from an objective point of view.

Instead of creating a company with a Committees System, we will continue to reinforce our corporate governance system by enhancing the current corporate auditors system, which is predicated on management supervision by the Board of Corporate Auditors, an organization that is independent of the Board of Directors, because we believe it is well suited to ensuring adequate independent monitoring.

Current ITOCHU's Corporate Governance System



The Headquarters Management Committee and Other Internal Committees

Established as a support body to the President, the Headquarters Management Committee (HMC) discusses general management policy and important issues relating to management. We have also created other internal committees that assist the decision-making of the President and Board of Directors through the careful examination and discussion of management issues in their particular areas. (Please see the table on page 46.)

Division Company System

Under the Division Company system that we have had in place since fiscal year 1998, seven Companies—Textile; Machinery; Aerospace, Electronics & Multimedia; Energy, Metals & Minerals; Chemicals, Forest Products & General Merchandise; Food; and Finance, Realty, Insurance & Logistics Services—bear full responsibility for managing each of their business areas with an autonomy comparable to that of an independent company. Decision-making in each of these Division Companies rests with its president, who, with the support from the Division Company Management Committee, promptly deals with the needs of markets and clients. At the same time, the Headquarters specializes in the planning of business strategy for ITOCHU as a whole and overall management. It also maintains control over the Division Companies by setting covenants (total assets, interest-bearing debts, risk assets, etc.) and exercising its authority with regard to particularly important issues. With autonomous management by Division Companies on the one hand, and business strategy planning for ITOCHU as a whole and overall management by Headquarters on the other, we have built a well-balanced and efficient management system.

Reinforcing Disclosure and Accountability

The ITOCHU Corporate Code of Conduct states that ITOCHU values communication with its shareholders, other stakeholders, and the public at large, and will fulfill its duty to make full, fair, and timely disclosure of corporate information. In keeping with this commitment, we have taken steps to ensure that our practice of disclosure is timely and appropriate. We have established internal policy on disclosure and set up a system of close communication among concerned organizations. We are also planning to improve further our disclosure system by establishing a Disclosure Committee from fiscal year 2006.

Risk Management

To deal adequately with various risks associated with our business operations, such as market risk, credit risk, and investment risk, we are reinforcing a self-management system for individual types of risk by each Division Company. We are also developing more sophisticated risk management techniques. Specifically, we have established internal covenants related to principal balance sheet items and manage each exposure by setting exposure limits, transaction guidelines, and profit requirements for each product category. We have also introduced the management technique of RCM (Risk Capital Management) based on RAROC (Risk Adjusted Return on Capital), and perform portfolio management using risk assets and a risk-return index (RRI) as management indexes.

Enhancing the Internal Control System

We have in place an Internal Control System for ensuring the proper execution of business by clarifying the authority and responsibilities associated with individual job positions and by incorporating appropriate checks and monitoring functions in the work process and achieving the three following specific objectives of the internal control:

1. Improve the effectiveness and efficiency of management
2. Practice thorough compliance with laws and regulations
3. Ensure the reliability of financial reports

In particular, in relation to practicing thorough compliance with laws and regulations, one particular area of emphasis has been reinforcing our compliance system (please see page 51 for details). Further, a reevaluation and systemization of internal control to ensure the reliability of financial statements has begun from fiscal year 2006 under the supervision of the Disclosure Committee established that year.

Role of the Board of Corporate Auditors

ITOCHU's Board of Corporate Auditors is comprised of five auditors (two of whom are outside corporate auditors), who are appointed by the General Stockholders Meeting and are independent of the Board of Directors. The Board of Corporate Auditors contributes to ITOCHU's healthy growth by monitoring the Company's

management and the Board of Directors on behalf of the stockholders. Its principal roles are as follows:

1. Review performance of independent external auditors and auditing details
2. Supervise consolidated group companies' internal controls, risk management, and governance
3. Monitor executive decisions of the President and other officers

To carry out these roles, the auditors regularly attend Board meetings to express their views, although they do not have the right to vote. In addition, standing corporate auditors supervise management by attending important internal meetings and regularly meeting with top managers. They also work to ensure close ties between the independent external auditors and the internal audit division, and cooperate with auditors at consolidated group companies by regularly meeting with group companies, including the Group Audit Committee (GAC), which is made up of auditors from the principal group companies. Substantial attention is paid in selecting the outside corporate auditors to ensure their independence.

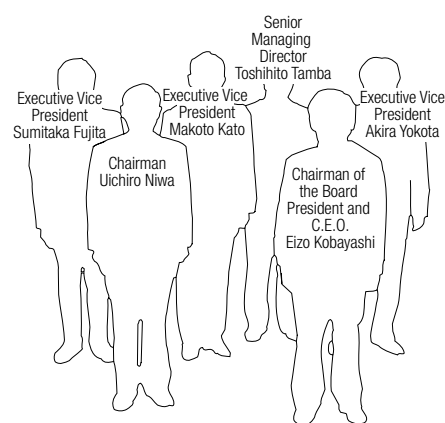
Principal Internal Committees

| Name | Roles |
|-------------------------------------|--|
| Disclosure Committee | <ul style="list-style-type: none"> • Examines policies and measures concerning internal control associated with information disclosure (including internal control related to financial statements) (established in April 2005) (Chairman: Executive Vice President Fujita; meets as required) |
| Strategic Investment Committee | <ul style="list-style-type: none"> • Examines strategic investment as planned in the mid-term management plan (Chairman: Executive Vice President Kato; meets once a month) |
| ALM* Committee | <ul style="list-style-type: none"> • Administers comprehensive balance sheets and risk management, and makes proposals regarding monitoring systems and improvement measures for management (Chairman: Executive Vice President Fujita; meets twice a month) |
| FV* Committee | <ul style="list-style-type: none"> • In order to facilitate a reinforcement of each Division Company's function and value creation, pursues synergies by leveraging the Company's comprehensive functions and strengths, as well as supports and promotes project involvement by the whole Company (Chairman: Executive Vice President Kato; meets once every two months) |
| CIO* Committee | <ul style="list-style-type: none"> • Examines and promotes policies for the Group's information strategy (Chairman: Senior Managing Director Tamba; meets once a month) |
| Group Profits Improvement Committee | <ul style="list-style-type: none"> • Analyzes subsidiaries' cost and earnings structures to build a consolidated cost structure appropriate to the level of profits; studies ways to improve profit structure and conducts follow-ups to track improvements (Chairman: Senior Managing Director Tamba; meets once a month) |
| CSR Compliance Committee | <ul style="list-style-type: none"> • Examines and promotes policies and measures concerning CSR • Sets programs for a thorough understanding of the Company's management principles and corporate code of conduct, and comprehensively manages their enforcement (Chairman: Executive Vice President Fujita, meets once every two months) |

*ALM = Asset Liability Management *FV = Function and Value *CIO = Chief Information Officer

CORPORATE OFFICERS

As of July 1, 2005



Board of Directors

Chairman of the Board President and C.E.O.

Eizo Kobayashi

1972 Joined ITOCHU Corporation
2004 President and C.E.O.

Chairman

Uichiro Niwa

1962 Joined ITOCHU Corporation
2004 Chairman

Executive Vice Presidents

Makoto Kato

Chief Operating Officer, Division
Companies Operation;
Chief Officer for Domestic Branch
Offices
1964 Joined ITOCHU Corporation
2001 Executive Vice President

Sumitaka Fujita

Chief Administration Officer;
Chief Financial Officer;
Chief Compliance Officer
1965 Joined ITOCHU Corporation
2001 Executive Vice President

Akira Yokota

President, Energy, Metals & Minerals
Company
1967 Joined ITOCHU Corporation
2003 Executive Vice President

Senior Managing Directors

Kouhei Watanabe

President, Food Company
1971 Joined ITOCHU Corporation
2004 Senior Managing Director

Toshihito Tamba

Chief Corporate Planning Officer;
Chief Information Officer;
Chief Officer for International
Operation
1972 Joined ITOCHU Corporation
2005 Senior Managing Director

Managing Directors

Akira Kodera

President, Finance, Realty,
Insurance & Logistics Services
Company
1970 Joined ITOCHU Corporation
2004 Managing Director

Jiro Takemori

President, Machinery Company
1971 Joined ITOCHU Corporation
2004 Managing Director

Shigeki Nishiyama

President, Aerospace, Electronics &
Multimedia Company
1974 Joined ITOCHU Corporation
2004 Managing Director

Masahiro Okafuji

President, Textile Company
1974 Joined ITOCHU Corporation
2004 Managing Director

Hiroshi Kitamura

President, Chemicals, Forest
Products & General Merchandise
Company
1971 Joined ITOCHU Corporation
2005 Managing Director

HIGHLIGHTS &
TOP MANAGEMENT

SPECIAL FEATURE

REVIEW OF OPERATIONS

CORPORATE GOVERNANCE &
CSR

OTHER INFORMATION

FINANCIAL SECTION

CORPORATE DATA



Tadashi Kudo Corporate Auditor Nobuyoshi Umeno Standing Corporate Auditor Tsutomu Miyakushi Standing Corporate Auditor Masahiro Asano Standing Corporate Auditor Haruo Sakaguchi Corporate Auditor

Board of Corporate Auditors

Corporate Auditors

Tsutomu Miyakushi

1968 Joined ITOCHU Corporation
2003 Standing Corporate Auditor

Masahiro Asano

1970 Joined ITOCHU Corporation
2001 Standing Corporate Auditor

Nobuyoshi Umeno

1968 Joined ITOCHU Corporation
2004 Standing Corporate Auditor

Haruo Sakaguchi

1989 Vice Chairman, Japan Federation
of Bar Association
1990 Chairman, Osaka Bar Association
2001 Chairman, Osaka Public Bid
Monitoring Committee
2003 Corporate Auditor, ITOCHU
Corporation

Tadashi Kudo

2002 President & Chief Executive Officer,
Mizuho Bank, Ltd.
2004 Advisor, Mizuho Bank, Ltd.
2005 Corporate Auditor, ITOCHU
Corporation

Executive Officers

Managing Executive Officers

Akihisa Matsumoto

Executive Vice President, Energy,
Metals & Minerals Company
1970 Joined ITOCHU Corporation
2004 Managing Executive Officer

Satoshi Tanioka

General Manager for European
Operation;
Group Director, Machinery,
Aerospace, and Non-Ferrous
Metals Group;
C.E.O., ITOCHU Europe PLC.;
C.E.O., ITOCHU Deutschland
GmbH.
1971 Joined ITOCHU Corporation
2004 Managing Executive Officer

Etsuro Nakanishi

Executive Vice President, Textile
Company;
Chief Operating Officer, Textile
Division;
Chief Officer for Kansai District
Operation
1971 Joined ITOCHU Corporation
2005 Managing Executive Officer

Toru Ota

General Manager for Nagoya Area
1970 Joined ITOCHU Corporation
2005 Managing Executive Officer

Yoshio Akamatsu

President & C.E.O., ITOCHU
International Inc.;
President, ITOCHU Canada Ltd.
1974 Joined ITOCHU Corporation
2005 Managing Executive Officer

Masahiro Nakagawa

General Manager, Human Resources
Division
1974 Joined ITOCHU Corporation
2005 Managing Executive Officer

Yosuke Minamitani

Executive Vice President, Chemicals,
Forest Products & General
Merchandise Company;
Chief Operating Officer, Chemicals
Division
1974 Joined ITOCHU Corporation
2005 Managing Executive Officer

Shigeharu Tanaka

Executive Vice President, Food
Company;
Chief Operating Officer, Food
Products Marketing & Distribution
Division
1974 Joined ITOCHU Corporation
2005 Managing Executive Officer

Executive Officers

Nobuo Kuwayama

General Manager for China;
Chairman, ITOCHU (China)
Holding Co., Ltd.;
Chairman, ITOCHU Shanghai Ltd.
1971 Joined ITOCHU Corporation
2003 Executive Officer

Minoru Akimitsu

General Manager, IT Planning
Division
1973 Joined ITOCHU Corporation
2003 Executive Officer

Takanobu Furuta

Executive Vice President, Machinery
Company
1973 Joined ITOCHU Corporation
2003 Executive Officer

Yoshihisa Aoki

Chief Operating Officer, Provisions
Division
1974 Joined ITOCHU Corporation
2003 Executive Officer

Hiroo Inoue

Chief Operating Officer, IT &
Business Solutions Division
1975 Joined ITOCHU Corporation
2003 Executive Officer

Yoshihisa Suzuki

Chief Operating Officer, Aerospace &
Electronic Systems Division
1979 Joined ITOCHU Corporation
2003 Executive Officer

Yoshio Matsumi

General Manager, Innovative
Technology Business Development
Office
1969 Joined ITOCHU Corporation
2004 Executive Officer

Kazutomo Shima

Senior Vice President, Textile
Company;
Chief Operating Officer, Apparel
Division
1971 Joined ITOCHU Corporation
2004 Executive Officer

Yoichi Kobayashi

Chief Operating Officer, Metals,
Mineral Resources & Coal Division
1973 Joined ITOCHU Corporation
2004 Executive Officer

Tadayuki Seki

General Manager, Finance Division
1973 Joined ITOCHU Corporation
2004 Executive Officer

Akitomo Noto

Chief Operating Officer, Fresh Food &
Food Business Solutions Division
1973 Joined ITOCHU Corporation
2004 Executive Officer

Toyoshige Yamada

General Manager, Strategic Business
Development Department
1973 Joined ITOCHU Corporation
2004 Executive Officer

Nobuyuki Kaneko

Chief Operating Officer, Media
Business Division
1974 Joined ITOCHU Corporation
2004 Executive Officer

Kazutoshi Maeda

General Manager, Legal Division
1974 Joined ITOCHU Corporation
2004 Executive Officer

Kenichi Kamiyoshi

Chief Operating Officer, Textile
Material & Industrial Textile Division
1974 Joined ITOCHU Corporation
2004 Executive Officer

Shuichi Morozumi

Chief Operating Officer, Forest
Products & General Merchandise
Division
1975 Joined ITOCHU Corporation
2004 Executive Officer

Takeyoshi Ide

Chief Operating Officer, Automobile
Division;
General Manager, Department of
Automobile Business Strategy and
Development
1975 Joined ITOCHU Corporation
2004 Executive Officer

Takao Shiomi

Chief Operating Officer, Financial
Services Division
1975 Joined ITOCHU Corporation
2004 Executive Officer

Masahito Tominaga

General Manager, Affiliate
Administration & Risk Management
Division
1971 Joined ITOCHU Corporation
2005 Executive Officer

Kazuhide Sasa

Chief Operating Officer,
Brand Marketing Division 1
1974 Joined ITOCHU Corporation
2005 Executive Officer

Shozo Yoneya

General Manager, General
Accounting Control Division
1974 Joined ITOCHU Corporation
2005 Executive Officer

Kenji Okada

Chief Operating Officer, Construction
& Realty Division
1974 Joined ITOCHU Corporation
2005 Executive Officer

Tetsushi Ishizuka

General Manager for Indochina
Region;
President, ITOCHU (Thailand) Ltd.
1975 Joined ITOCHU Corporation
2005 Executive Officer

Koji Takayanagi

Chief Operating Officer, Energy Trade
Division
1975 Joined ITOCHU Corporation
2005 Executive Officer

Toru Nomura

Chief Operating Officer, Plant &
Project Division
1976 Joined ITOCHU Corporation
2005 Executive Officer

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ITOCHU's Concept of Corporate Social Responsibility

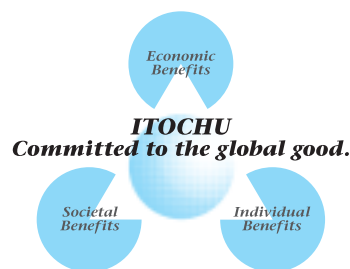
ITOCHU believes that corporate social responsibility (CSR) refers to tasks which must be performed in order to fulfill the obligations of a good corporate citizen. A company must promote communication with its stakeholders, and based on that, develop and achieve management vision and measures that benefit society.

To serve as a standard of judgment and conduct for its employees in their fulfillment of the social responsibilities that are expected of ITOCHU as a corporation, ITOCHU has established "ITOCHU's Credo and Way" and the "ITOCHU Corporation Code of Conduct" as a concrete formulation of "ITOCHU's Credo and Way." We are making every effort to ensure that our employees understand it thoroughly and observe it strictly.

To step up our proactive promotion of CSR, we established the CSR & Compliance Division in April 2005.

ITOCHU's Credo and Way

The ITOCHU Credo



The ITOCHU Way

***Yes, we can.
Fight fair.
Open minded.***

ITOCHU Corporation Code of Conduct

1) Observance of Laws and Regulations

ITOCHU respects the laws and regulations of the countries where it does business and international rules, and will pursue the highest standards of ethical behavior in its dealings with customers, suppliers, employees, shareholders, and other stakeholders.

2) Supply of Quality Products and Services

ITOCHU is concerned with product safety and the conservation of the environment, energy, and natural resources, and maintains a keen interest in the supply of safe, quality products. ITOCHU will carefully consider the social utility of products and services it supplies.

3) Management with a Long-Term Vision

ITOCHU will not pursue short-term interests at the expense of its reputation for integrity, and will conduct its business with a long-term vision.

4) Fair Dealing

ITOCHU recognizes that free and fair competition is a fundamental principle of the market economy and will engage in free and fair competition. In addition, ITOCHU will maintain a fair, sound, and open relationship with government agencies and political bodies.

5) Disclosure

ITOCHU values communication with its shareholders, other stakeholders, and the public at large, and will fulfill its duty to make full, fair, and timely disclosure of corporate information.

6) The Environment

ITOCHU will remain vigilant in addressing today's critical environmental issues.

7) Good Corporate Citizen

ITOCHU will seek harmony between the pursuit of profit and contribution to society, and will actively fulfill its role as a good corporate citizen.

8) Working Conditions

ITOCHU will promote good working conditions for its employees, respect the dignity and personality of employees, and foster an open culture where ideas can be freely expressed and creativity can be fully developed.

9) Policy Against Antisocial Organizations

ITOCHU will stand firmly against forces or organizations that threaten the order and security of the public.

10) Globalization

ITOCHU will respect the cultures and customs of all countries in which it operates, and conduct its overseas activities in a way that contributes to development in all such locales.

11) Compliance

ITOCHU intends that all directors, officers, and employees of ITOCHU understand and comply with this Code and will develop a system to enhance the understanding, implementation, and effectiveness of this Code.

12) Commitment by Executives

The executives of ITOCHU will take the lead in implementing and enforcing this Code, and will vigorously address violations through investigations. Fair and appropriate disclosure shall be made of any such incidents, and appropriate discrepancy measures, based on principles of accountability, including action directed toward themselves, shall be taken by ITOCHU's executives.

Corporate Ethics and Compliance

Corporate Ethics and Compliance System

Since September 2002, the ITOCHU Group has implemented a system striving toward thorough compliance under the Corporate Ethics and Compliance Committee, as shown in the diagram below.

In April 2005, because the committee was given an additional function of promoting CSR, it was renamed CSR Compliance Committee.

Hotline

Every Group employee is required to report violations of laws and other specified situations to his or her superior. In cases where such violations do not get corrected or whistle-blowing would be awkward, a hotline is available for directly contacting the head of the Compliance Office and outside counsels. Written rules are in place guaranteeing that employees suffer no negative consequences for whistle-blowing.

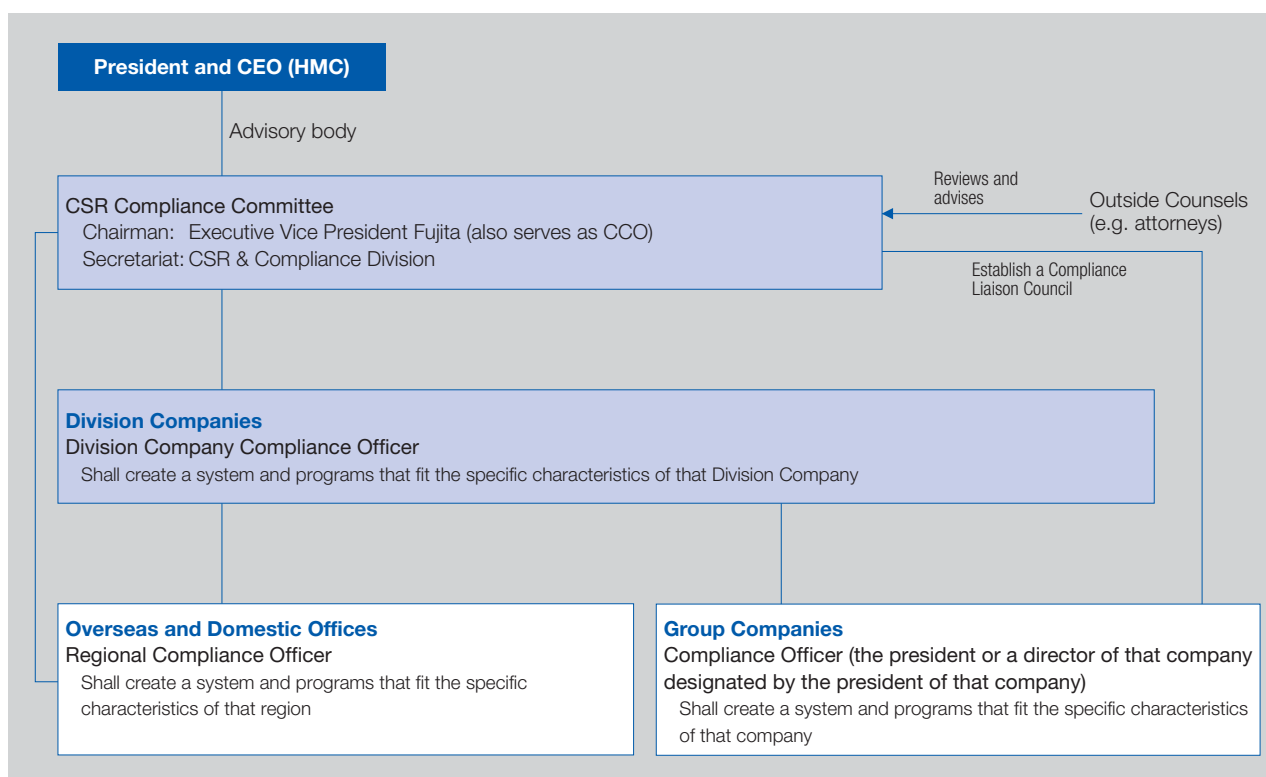
Compliance Education

We educate and train employees on a group-wide basis to ensure that all employees understand the importance of compliance. Division Companies and group companies also undertake original education and training with manuals prepared by Compliance Officers in cooperation with the Compliance Office.

In fiscal year 2005, we fully revised our compliance education pamphlet for the first time in two years, and distributed it to employees, directors, and officers. The pamphlet was also translated into English and distributed to overseas regional staff.

We also began providing education programs through e-learning. All employees took and passed courses on Information Security and Corporate Ethic and Compliance. In fiscal year 2006, we plan to create new e-learning programs on the "ITOCHU's Credo and Way" and "Corporate Code of Conduct," and have all employees, including overseas regional staff, take the programs.

Current ITOCHU Group CSR and Compliance System



Review and Evaluation

Twice each year, Compliance Officers throughout the Group, the Compliance Office, and the CCO individually review the compliance situations, report on them to the Board of Directors, propose necessary improvements, and reflect them in the implementation plan for the following fiscal year. Moreover, our personnel assessments and individual performance evaluations also include sections for evaluating compliance and observance of the ITOCHU Corporation Code of Conduct.

Security Trade Control

To prevent the proliferation of weapons of mass destruction and conventional weapons, Japan maintains strict control of trade based on the Foreign Exchange and Foreign Trade Law. To observe such laws and to make sure we do not take part in business transactions that

threaten international peace and security, we have formulated our own management regulations (trade control program) for security trade control. Through security management, we are putting forth efforts to fulfill our social responsibility to the international community.

Personal Information

The Personal Information Protection Law took effect on April 1, 2005. To ensure compliance with this law, ITOCHU developed internal Company rules on information management and held in-house workshops and other educational activities. To enhance our information management system, we have identified departments possessing databases on personal information prescribed by this law and appointed a chief administrator in those departments to follow our strict management standards.

Proactively Tackling Environmental Issues

In addition to providing diverse products and services in Japan and overseas, ITOCHU has been putting forth efforts in resource development. Because some of our works may greatly influence the environment, we consider tackling environmental issues to be one of the most important aspects of our management policy.

Environmental Management Systems

ITOCHU has built an Environmental Management System based on an Environmental Policy that conforms to the ISO14001 standard, and set specific environmental goals and targets to be pursued on a company-wide basis. The Global Environment Committee headed by a member of the Board of Directors makes policy decisions, and the environmental manager in each department provides guidance and oversees operations. We will continue to

encourage overseas offices and group companies in Japan and overseas, in addition to our main offices (Tokyo and Osaka headquarters and five branches), to obtain ISO 14001 certification.

Environmental Risk Management

We manage the environmental risk of the products we handle by using our own Life Cycle Assessment-based procedures to analyze the flow from raw materials to disposal. We also evaluate in advance, as a preventive measure, the environmental impacts of all new investments and development projects. Furthermore, we select group companies annually whose operations pose a potential risk to the environment, and provide them with preventive guidance against environmental degradation.



Social Contributions

One of the three pillars of “The ITOCHU Credo” is to make societal benefits a reality—to make the world a richer and more comfortable place to live. To that end, we engage in social contribution activities from an international perspective and are fully aware of our obligation to be a good corporate citizen.

Social Contributions through Business

ITOCHU promotes businesses that seek to achieve a “harmony of corporate benefits and social benefits” and that make use of our own information, know-how, and marketing expertise. A unique example of such efforts is our promotion of regional development-type businesses through alliances with local governments both in Japan and overseas. Through alliances with Gifu, Fukui, and Shimane Prefectures in Japan; Shandong Province, Jiangsu Province, and Nanjing City in China; and New Mexico in the U.S., we are providing diverse supports for the development of local industry through our businesses.

After establishing the Gambare Japanese Company Fund in July 2003 to support small and medium-sized enterprises (SMEs) with high technical capabilities, we also developed the locally-oriented Gambare Kansai Fund in January 2004, as well as the Gambare Hokkaido Company Fund and Gambare Gifu Fund in December 2004. ITOCHU will promote the growth of SMEs, which are considered as the backbone of the Japanese economy, by providing investments and sales supports to promising SMEs through such funds, the total amount of which is now worth ¥4.3 billion. At the same time, we wish to contribute to the revitalization of local economies. (Three photos from the left: ZERO/SPORTS Co., Ltd. in Gifu Prefecture, invested by both “Gambare Japanese Company Fund” and “Gambare Gifu Fund”)

Social Contributions as a Corporation

ITOCHU focuses on five areas of social contribution activities: welfare; education, culture, and art; the environment; international exchange; and local regions.

In the area of education (culture and art), the ITOCHU Foundation was established in 1974 to provide activities to help in the sound upbringing of children. Such activities include the year-round operation of Tokyo Elementary and Junior High School Students’ Center, outdoor education programs such as summer and winter camps, and children’s library assistance projects.

In the area of environment, ITOCHU and its group companies have been supporting the University of Tokyo’s Center for Climate System Research (CCSR) in basic research on global warming since 1992, and the results are disclosed to the public at the annual ITOCHU Symposium.

To promote our coexistence with local communities, we hold the ITOCHU LOBBY CONCERT every year. We have been inviting the New York Symphonic Ensemble for a summer concert performed in the first floor lobby of our Tokyo Headquarters Building since 1992. We invite employees and their families, as well as local residents, school officials, and those from facilities for disabled persons to come and enjoy the performance.

Employees’ Social Contribution Activities

The ITOCHU Group’s volunteer organization, “Fureai no Network,” which currently has approximately 130 members, was established in July 1994. The organization is planned and operated on a volunteer basis. To allow for more specialized activities through the acquisition of qualifications and skills, four subcommittees were created: nature watching, disaster relief, contribution by articles, and reading aloud at senior welfare centers. As part of our efforts to support these employee volunteer activities, we have put in place a volunteer time-off system (a leave of absence was taken by eight employees in fiscal 2005). We also provide a matching system for fund raising activities for disaster relief, as well as subsidies to help support employees who wish to attend training courses.



Providing Comfortable Working Conditions for Our Employees

ITOCHU Corporation is committed to provide comfortable working environments and to ensure the safety and well-being of its employees. At the same time, we seek to create a corporate atmosphere conducive to freedom and creativity while respecting the personality and distinctive traits of individuals as far as possible.

Maximizing Diversity

To sharpen our response to economic globalization and promote consolidated management, it has become vital to assign employees in accordance with the specific situations of our respective business fields. We seek to maximize the diversity of employees, regardless of gender, nationality, or age, and to this end we formulated our Promotion Plan on Human Resource Diversification in December 2003. Under this plan, we work hard to implement concrete programs such as a mentor system to recruit and retain female and overseas local staff.

Meanwhile, we strive to provide comfortable working environments for the physically and mentally disabled. In 1987, we established ITOCHU Uneedus Co., Ltd., as a special company under the Law for Employment Promotion, etc. of the Disabled. As of April 1, 2005, disabled people accounted for 2.3% of our total workforce, compared with 1.8% as mandated by law. We will continue to maintain this high ratio in the future.

In our efforts to employ diverse personnel, ITOCHU was selected as a Business of Excellence for the Employment of Disabled Persons by the Minister of Health, Labor, and Welfare in fiscal year 2002, and received the Corporation Award for the Promotion of Gender Equality from the Director-General of the Tokyo Labor Bureau for fiscal year 2006.

Establishing and Implementing Personnel Strategies

To develop management personnel who will take charge of our business strategies, we have built consolidated person-

nel strategies that focus on securing and developing personnel for each Division Company. We have opened a managerial school and are making efforts to train overseas regional staff and young people who will become the leaders of tomorrow. Furthermore, we introduced a personnel assessment system to help place our employees in the right positions. Under this system, superiors interview their subordinates to gain an understanding of their individual capabilities and specialist expertise. Based on that, a training plan is prepared for each employee. Beginning in fiscal year 2005, those in managerial positions are given feedback from their subordinates as a way for them to improve their management skills by reflecting on their own actions.

Respecting Employees' Personalities and Individual Traits

To maintain the mental health of employees and address their job-related concerns, we implement measures that place focus on prevention rather than treatment, including periodic ongoing seminars. We have also set up a system to provide in-house counseling from psychiatrists and clinical psychologists.

To help those balancing work and family obligations, we have a system enabling employees to take time off or work fewer hours while their children are wait-listed for day-care facilities or when unprecedented nursing care needs arise.

Maintaining Dialogue with Employees

We hold a company-wide employees meeting twice a year to communicate messages from top management directly to employees, and to provide an opportunity for employees to ask face-to-face questions with the management.

Periodic conferences are held among the ITOCHU LABOR UNION, management team, and Division Companies, facilitating free employee-employer discussions on management issues and problem areas found in each business segment.