



CSR Report 2014

I am One with Infinite Missions

ITOCHU Corporation

Editing Policy

ITOCHU Corporation's Perspectives on CSR

ITOCHU Corporation believes that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This report presents the role we must discharge and our initiatives for it.

HIGHLIGHT

The following four initiatives, which are related to the four major CSR agenda items for ITOCHU's sustainable business activities, are presented in this report as highlighted features.

① Climate change

This section introduces ITOCHU's initiatives on solution-based businesses, including business in renewable energy, which are operated globally.

② Sustainable use of resources

This section reports on ITOCHU's supply chain for Australian coal, from the extraction at the mine to the ship loading at the port, in the form of a documentary report by a third party individual. Documentary Report Project on Supply Chains Vol.6 ITOCHU's Australian Coal Supply Chain: Coexisting with Natural Environments

③ Respect and consideration for human rights

This section provides information about initiatives on respect for human rights and labor management that are implemented on the textile manufacturing floor in Cambodia. Manufacturing Strategy which Supports the Marketing Company.

④ Contribution to local communities

This section shows examples of ITOCHU's initiatives with regard to the issues and needs of the host regions through both business activities and social contribution efforts.

From the cover

In June 2014, ITOCHU Corporation announced its Corporate Message, "I am One with Infinite Missions." The Corporate Message is an expression that comes to mind when pondering the corporate philosophy of "Committed to the Global Good." It is also a phrase that enables ITOCHU Corporation to "give its word" to society, with the aim to ensure that there is a shared value between society and ITOCHU employees.



Statement

Mistake me not for just any ordinary person. I am one with countless missions.

My workplace is the entire world. I engage in business across borders, touching people's lives and creating new lifestyles.

Through my business, I bring about a brighter tomorrow for all around me. I dedicate myself to our common future, mindful of my responsibility to promote the prosperity of all earthly beings.

In the end, I believe this leads to my own betterment.

I am Itochu, with infinite missions around the world.

About the design

The blue sky was made the background to convey "sincerity." This is not a sky seen from below while gazing upward, but a dynamic sky spreading out across the horizon, expressing the unlimited possibilities of "infinite missions." Clusters of clouds flowing horizontally in brushstrokes that give off a feeling of wind and movement bring out an impression of an individual employee constantly on the move.

Disclosure of CSR-related Information

To make information on ITOCHU's CSR initiatives widely accessible, information is disclosed through the following media.



Corporate Website CSR Pages

Information is disclosed regarding ITOCHU Corporation's CSR activities in a format that provides detailed coverage across a wide range of themes. Moreover, information on activities conducted during the current year is disseminated on a timely basis.

www.itochu.co.jp/en/csr/



CSR Report

Wide-ranging information covered in detail on the website CSR pages is published in PDF format as an annual CSR report. The reports provide an ongoing perspective of ITOCHU's CSR activities.

www.itochu.co.jp/en/csr/report/



Annual Report

Aimed at investors and other stakeholders, we provide particularly important reporting on ITOCHU's CSR activities, along with information such as management results and future growth strategies, in a comprehensive manner from a perspective based on the characteristics of the business activities of a sogo shosha.

www.itochu.co.jp/en/ir/



Referenced guidelines

Sustainability Reporting Guidelines 2006 issued by Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2012 version) issued by the Ministry of the Environment of Japan
ISO 26000 (Guidance on social responsibility)



A side-by-side comparison of GRI guidelines and the UN Global Compact can be found at: <http://www.itochu.co.jp/en/csr/report/gri/>

Reporting period

This report principally covers actual data for the fiscal year beginning on April 1, 2013, and ended on March 31, 2014 (FY2014).

However, some of the most recent information on our activities and initiatives are also included.

Publication information

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Reporting boundary

This report covers ITOCHU Corporation (9 domestic offices and 115 overseas offices) and its major group companies.

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President's Commitment



M. Okafuji

Masahiro Okafuji
President and
Chief Executive Officer

With Integrity in Business as a Starting Point, Fulfilling Our Missions to Society

Infinite Missions that We Must Accomplish

In June 2014, ITOCHU Corporation announced its Corporate Message, "I am One with Infinite Missions." The Corporate Message is an expression that comes to mind when pondering the corporate philosophy of "Committed to the Global Good" as well as a phrase that passes on to wider society the role of ITOCHU.

ITOCHU has a history of more than 150 years since its foundation in 1858. As Japan's economy transitioned from the post-war recovery phase through a period of rapid economic growth, an economic bubble, and a mature economy, the industrial structure underwent substantial changes. Over that period, ITOCHU and many other general trading companies overcame difficult times to record sustained corporate growth. The reason is that we focused on "selling products that the market wants." This consists of not simply handling a wide range of products and merely trading a commercial good from one place to another, but having individual employees quickly ascertain changing market needs on the front lines of various businesses around the world and continually offer added value. This is how we have maintained our presence.

This approach is not limited to the business front lines. Responding to demands from ever-changing society and providing the abundance that results from trade is required for sustainable growth. And this path is aligned with sampo yoshi (Good for the seller, Good for the buyer, and Good for society), the management philosophy of ITOCHU founder Chubei Itoh and the Ohmi merchants. It is the mission that we must accomplish. The Corporate Message: "I am One with Infinite Missions" expresses ITOCHU's strengths in easy-to-understand words, including the concept of sampo yoshi and the capabilities of individuals. Regarding the message as the starting point of ITOCHU's "integrity," I would like us to set about completing "countless missions." In part to demonstrate our consistent embodiment of this approach in international society, ITOCHU has participated in the United Nations Global Compact since 2009.

Avoiding Risks and Generating Opportunities

Looking at our business environment, the scope of our business activities has expanded and our business fields are becoming increasingly diverse, in accordance with the growth in the scale of our profits. Inevitably, the extent and scale of the impact of our business activities on society are also increasing, and the range of missions that we must fulfill for society continues to expand. For example, if we work to expand our value chain in emerging countries, we will face increased responsibilities in the areas of respect for human rights and environmental conservation. If we neglect those aspects of management, we will be judged harshly by global society, and our corporate value could be adversely impacted in one fell swoop. We must advance while always paying attention to the risks that we face as our business activities grow. If we can establish the practice of responding appropriately to these types of demands from society, then we can generate opportunities to ensure the continuity of our corporate value. In addition, we should be able to capture further diverse opportunities by leveraging the management resources that we have accumulated as a general trading company and sharpening our focus on establishing businesses that resolve the challenges faced by society. To avoid business risks and grasp opportunities that lie within social challenges, individual employees must sustain the values that are shared with society, and continue to carry out our front-line approach to enhance their sensitivity in determining what their missions are.

Securing the Human Resources Who Will Support the Future

In Japan, there are concerns that the working population will decline over the medium to long term due to the trends toward fewer children and an aging population. This is an extremely important issue for ITOCHU because our people are our greatest management asset. We are well aware of the necessity of hiring and developing the people who will support the future. I believe that we need to hire on the basis of talent, without regard to gender or nationality. ITOCHU's female executive officer, the first among general trading companies in Japan, was appointed to this position not because she is a woman but because of her superior abilities. In much the same way, the term "global human resources" does not necessarily refer to non-Japanese. We need to employ and develop human resources who can understand and respect the culture of each country, work effectively on the front lines around the world, and take the lead in business activities.

Being Neither Overconfident Nor Satisfied; Entering a New Growth Stage

We are able to thoroughly go on the offensive and generate strong earnings because we have been sure to inherit the spirit of sampo yoshi and positioned shared values with society as the foundation of our business activities. It is exactly at this time when we are moving to a new growth stage that we can clear a path for ITOCHU's sustained growth by each employee throughout the world possessing integrity in business, accomplishing our missions to society, and not being overconfident. We will steadily move forward step by step while keeping an eye on the next stage.

CSR for ITOCHU Corporation

ITOCHU Corporation is pursuing multi-faceted corporate activities in various regions of the world and a wide range of fields, and as such, ITOCHU is well aware of how significant its impact on society is.

We believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. We also believe that our mission is to fulfill our Corporate Social Responsibility as a global enterprise, always working from the viewpoint of whether we are contributing to the countries of the world and to society.

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, seller and society), a management philosophy embraced by Ohmi merchants that is the source of its CSR thinking today.

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 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 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?

Sampo Yoshi and ITOCHU CSR

Basic Perspective on CSR at ITOCHU

ITOCHU Corporation is strongly aware that companies are also members of society, and that a company cannot remain sustainable unless it coexists with society as a good corporate citizen, and meets the expectations of society through its business activities. We at ITOCHU Corporation believe that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities. This approach ties into a management philosophy of *sampo yoshi* held by the Ohmi merchants, which forms the cornerstone upon which our founder Chubei Itoh built his business. We believe that it is our mission to understand diverse values as a truly global enterprise, meet the expectations of society, and continue to be a company that is needed by society.



"Itoh Itomise"
thread and yarn
store at the time
of its opening in
1893

Our Founder Chubei Itoh and *Sampo Yoshi*

ITOCHU traces its origins back to 1858, the year in which Chubei Itoh set out from Toyosato Village in Shiga Prefecture on a journey to Nagasaki as a traveling linen merchant.

Chubei Itoh grounded his business in the spirit of *sampo yoshi*, a management philosophy embraced by merchants in the feudal province of Ohmi, where he was born. In adherence with their *sampo yoshi* philosophy, as well as being good for the seller and the buyer, Ohmi merchants contributed to the economies of the regions they visited. In the shogunate era, Ohmi merchants came into existence and their economic activities were permitted because they were regarded as being good for society. This can be said to be the roots of today's idea of CSR, which calls on companies to balance their business activities with the interests of a variety of stakeholders. That spirit is evident in Chubei Itoh's personal motto, "Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of society."



Our founder
Chubei Itoh
(1842-1903)



Ohmi merchants
(courtesy of
Museum of Ohmi
Merchant)

The Roots of a Management Philosophy Passed Down for 150 Years

Our founder Chubei Itoh established a "store law" in 1872. Also, he adopted a meeting system. The store law was a set of house rules covering what in modern parlance we would call management philosophy, a human resources system, and employment regulations, which subsequently became the foundation of ITOCHU Corporation's management philosophy. Emphasizing communication with employees, Chubei Itoh chaired meetings himself. Moreover, he incorporated a series of what were at the time groundbreaking management systems, including the codification of "sharing of profit by three parties" (*) and Western bookkeeping methods. Those initiatives built the foundations of mutual trust between the store owner and employees. Since that era, we have based our corporate management on CSR.



A daifukuchō
ledger from the
time of ITOCHU's
founding

* Sharing of profit by three parties: In a predominately feudal era, this was an extremely progressive philosophy of sharing profits with employees. The store's net profit was divided among three parties: the store owner, the store's reserve fund, and store employees.

| 150 Years of History and CSR

In 2008, ITOCHU Corporation marked its 150th anniversary. Why has ITOCHU continued to develop? Because ITOCHU has over 150 years put into practice the spirit of *sampo yoshi*, a management philosophy trumpeted by Ohmi merchants that is the source of its CSR thinking today. At the same time, as the business environment has changed with the times, ITOCHU has built a corporate culture that anticipates change and turns it into opportunities.

Since its foundation, ITOCHU Corporation has consistently thrived despite the turmoil it has faced in different eras, including two world wars and periods of economic volatility. Launched as a trading company mainly handling textiles, ITOCHU Corporation has fulfilled the role of a trading company that has responsively changed according to the demands of each generation while significantly changing its product and business portfolios-expanding its sphere of influence to include areas from upstream raw materials through to downstream consumer sales. As it has grown, ITOCHU Corporation has evolved into a general trading company and from there into a globally integrated corporation.

We are convinced that our history has continued for 150 years because we have surely upheld and passed on the spirit of *sampo yoshi* while remaining an essential component of society by responding to changes in its expectations in different eras.



The headquarters with modern amenities built in 1915

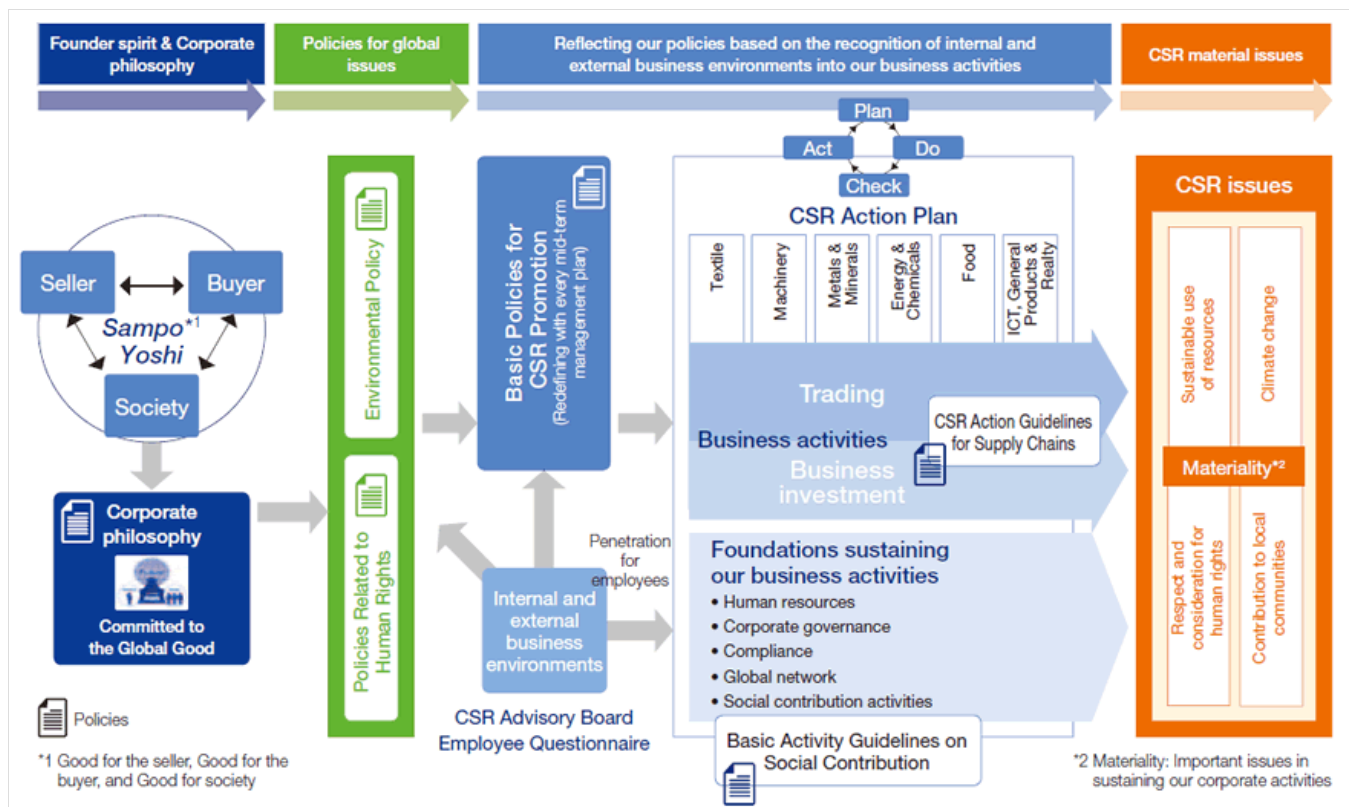
Basic Policy on CSR and Promotion System

Approach to CSR Promotion at ITOCHU Corporation

For more than 150 years since its founding in 1858, ITOCHU Corporation has carried on the spirit of *sampo Yoshi* (Good for the seller, Good for the buyer, Good for society), which might be termed the management philosophy of merchants in the province of Ohmi. 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. While addressing tasks such as environmental conservation and respect for human rights, we have defined the orientation for our promotion of CSR based on changes in the internal and external environments in the form of our Basic Policies for CSR Promotion.

For steady promotion of CSR activities in both an organized and systematic manner, each organizational unit also prepares CSR action plans grounded in the basic policies. These action plans are linked to the resolution of major CSR issues through the business activities of trading and business investment as well as corporate governance, compliance and other components of the foundation supporting our business activities.

In addition, we communicate with our various stakeholders inside and outside the company regularly to grasp the expectations and demands of society towards our company and leverage these for the promotion of CSR.



CSR promotion flow

Basic Policies for CSR Promotion



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

"Basic policies for CSR promotion" during the period of "Brand-new Deal 2014", which covers fiscal 2014 to fiscal 2015, are as follows.

1. Strengthening communication with stakeholders through a front-line approach

At the business front-lines of all division companies, ITOCHU will work to understand the needs of stakeholders through more intensive communication with them by each and every employee, and take advantage of and reflect those needs in businesses and operations.

2. Promoting businesses that help solve social issues

A sustainable society is essential for ensuring the continuity of businesses. In order to ensure the continuation of one's businesses, a company must do what it can for society through its businesses to help solve social issues such as climate change and human rights abuses. ITOCHU aims to help solve social issues through businesses that respond to social needs.

3. Strengthening supply chain management to lead to sustainable use of natural resources with respect for human rights and consideration for the environment

ITOCHU's business is closely related to the consumption of all of natural resources (water, air, forest, food, minerals, fossil fuels, and so on). On each front-line, it is essential to grasp the utilization status of natural resources in supply chains of the products we handle, and to reflect them into the long-term business strategy. Simultaneously, it is also important to prevent problems from arising in areas such as human rights, labor and the environment in individual supply chain. Both actions are directly linked to sustainability of our business. Based on the "ITOCHU Corporation's CSR Action Guideline for Supply Chains" we established in April 2009, we conduct checking of supplier on human rights, labor and environmental conservation every year, and ask our suppliers to understand and practice ITOCHU's stance.

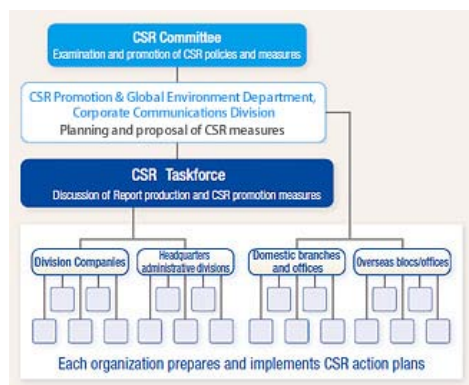
4. Promoting education on CSR and environmental conservation

The expression of CSR rests in the hands of each individual employee. This is why it is critical that all employees correctly understand the kind of CSR that the ITOCHU Group should engage in. In a bid to have a CSR mindset take root among all employees, ITOCHU conducts education on CSR and environmental conservation through a wide range of training and other programs, and all organizations conduct lively discussions about CSR action plans.

5. Involving in and contributing to development of local and global communities

ITOCHU is a member of the local communities where it has a business base. At the same time, it is a member of the global community. Accordingly, ITOCHU aims to actively participate in society as a member of the local community and the global community and contribute to development at both levels. ITOCHU aims to grasp the social issues local to the areas where we operate, and contribute to the medium- to long-term development of the region through its business as well as social contribution activities.

CSR Promotion System at ITOCHU Corporation



CSR management system

At ITOCHU Corporation, the CSR Promotion & Global Environment Department within our Corporate Communications Division plans and drafts policies and initiatives for companywide CSR promotion based on the internal and external business environment and the opinions of the CSR Taskforce, which is composed of representatives of each Division Company and administrative divisions. These policies and initiatives are discussed and determined by the CSR Committee, which is one of our key internal committees. In addition, various CSR-related policies and initiatives are translated into activities by each organizational unit through the personnel in it assigned to CSR.

Awareness of Risks and Ongoing Review in Each Business Field

ITOCHU Corporation's business spans a wide range of fields. We regularly make reviews to assess industry-specific risks in each field in the aspects of both internal factors and the external environment. More specifically, we identify CSR risks in each field, ascertain the prospective frequency of incidence and degree of importance, and assess them. Taking account of these assessment results, we develop measures linked to prevention of actualization and curtailment of their influence. We likewise incorporate these methodologies into the CSR action plans and review them on a continuous basis.

CSR Promotion through the CSR Action Plans

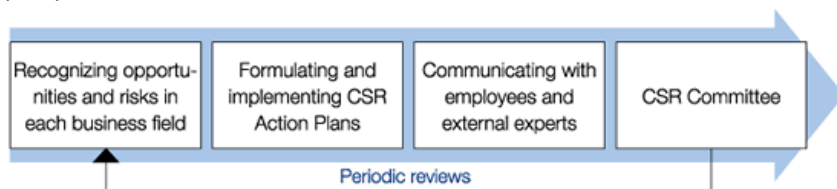
ITOCHU Corporation develops business in a wide range of fields through its six Division Companies. In order to steadily promote CSR through its business activities in trading and business investment, each Division Company formulates CSR action plans setting forth key CSR tasks in its fields, and then promotes CSR in accordance with the PDCA cycle system.

In order to make the foundation supporting our business activities even more solid, our headquarters administrative divisions, domestic branches and offices, overseas sites, and other organizational units also formulate CSR action plans in line with the respective businesses and functions.

We make it a key requirement of our CSR promotion to see that each and every employee understands the action plans and diligently puts them into practice in his or her work.

CSR Material Issues

At ITOCHU Corporation, each Division Company that promotes our business activities regularly reviews the risks and opportunities encountered in each of its business incorporates the findings into its CSR action plans to help solve CSR issues, and makes ongoing reviews of the results. In 2013, ITOCHU selected material CSR issues in sustainable business activities based on its CSR action plans, and is also making ongoing checks of and additions to these material issues while taking account of our business strategy, international developments, and opinions from inside and outside the company (CSR Advisory Board (page13-14), CSR Employee Questionnaire (page19)). Such checks and additions are implemented for promotion of CSR through our business activities from a long-term perspective.



Process of identifying CSR material issues

1. Climate change

Climate change is an issue capable of affecting all sorts of business activities. We are going to assist the resolution of this issue through measures in each of two aspects: adaptation to risks such as natural disasters induced by climate change, and mitigation of impact by solutions-oriented business in areas such as reduction of greenhouse gas emissions from, and use of renewable energy in, our business activities.

2. Sustainable use of resources

The wide-ranging business activities of ITOCHU Corporation depend on diverse resources from the natural world and their circulation. Amid increasing apprehensions about resource depletion, we have positioned resource conservation as a major task to be approached from both the risk and opportunity aspects in all phases, from development to utilization, with consideration for sustainability.

3. Respect and consideration for human rights

As our business physically broadens and becomes more complex, the influence of our business activities is widening in scope. With an awareness of this situation, we consider it vital to view our business activities as a value chain, ascertain who can possibly be impacted, and thereby make full provisions for respect and consideration for the human rights of the people involved.

4. Contribution to local communities

While developing business in various regions around the world, we take actions on issues and needs faced by host societies in both our business activities and social contribution initiatives. By so doing, we hope to assist the advancement of those societies and cultivate the development of new markets that will lead to growth for us.

In accordance with our operating strategy and with international guidelines, such as the Global Reporting Initiative 4.0 and the IIRC Framework, we will continue working to verify and enhance our initiatives to resolve these important issues, and, from a long-term perspective, we will strive to advance CSR through our business activities.

* For further information about specific initiatives, please see Highlight (pages21-26).

CSR management in the Supply Chain and Business Investment

ITOCHU Corporation is developing business in a wide range of fields in regions around the world. In our business activities, which consist of trading and business investment, we ascertain impact in the aspects of human rights, labor, and the environment, and work to construct sustainable value chains.

Related Page: CSR in Our Supply Chain and Business Investment (pages54-57)

Stakeholder Relations

Stakeholders of the ITOCHU Group

Approaching CSR through dialogue with our stakeholders.

In our diverse range of corporate activities conducted worldwide, we place strong emphasis on dialogue with the many stakeholders that surround ITOCHU. Through these efforts, we promote CSR activities to help solve social issues by comprehending the expectations and concerns that industry and regional society may have regarding ITOCHU and reflecting this understanding in our business activities.



* Besides those noted above, the list of our major stakeholders includes many other parties, such as NGOs and NPOs, financial institutions, government ministries and agencies, mass media, and the coming generations.

CSR Advisory Board 2013

ITOCHU Corporation held a meeting of the CSR Advisory Board to host a dialogue between management members of ITOCHU and external experts as regards the promotion of CSR at Tokyo Headquarters.

The CSR Advisory Board was set up to facilitate a dialogue with external stakeholders about whether the direction of ITOCHU's CSR approach matches the needs of society in the context of the diversification and expansion of ITOCHU's business activities. The discussion of this dialogue can then be made use of in CSR promotion going forward. On this occasion, the Board had a lively discussion for about two hours around the two themes of "The further promotion of businesses that help solve social issues" and "Sustainable supply chains and business investment management."

The three external experts who made up the CSR Advisory Board presented a wide array of opinions and proposals as regards the promotion of CSR at ITOCHU going forward. The topics included the building of a value chain that is meaningful and beneficial to a wide variety of stakeholders in fields ranging from materials resources development to production and consumption (recycling), the importance of relationships with stakeholders in local communities around the world, and the creation of more opportunities to explain about CSR issues. Looking ahead, ITOCHU will continue to hold dialogues with stakeholders in order to make use of opinions and ideas from external sources in the promotion of CSR, and to enhance understanding of ITOCHU's activities.

Date	February 28, 2014
Topic	The further promotion of businesses that help solve social issues Sustainable supply chains and business investment management
CSR Advisory Board members	<ul style="list-style-type: none"> ■ Dr. Seiichiro Yonekura Professor, Hitotsubashi University ■ Mr. Ken Shibusawa Chairman, Commons Asset Management Inc. ■ Ms. Mariko Kawaguchi Senior Researcher, Daiwa Institute of Research Holdings Ltd.

ITOCHU members	<ul style="list-style-type: none"> ■ Toru Matsushima Representative Director, Managing Executive Officer, CAO ■ Isao Kubo Executive Officer, General Manager, Corporate Planning & Administration Division ■ Hiroshi Oka General Manager, Planning & Administration Department, Textile Company ■ Masazumi Nishikage General Manager, Planning & Administration Department, Food Company ■ Hiroya Ono Manager, CSR Promotion & Global Environment Department
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■ Representative views of participants



**Dr. Seiichiro
Yonekura**

Social projects have thus far been undertaken mainly by national governments and public entities. On a global scale, private enterprises are being called upon to take a larger part in such projects from now on, through innovative approaches in their own business. In the course of its growth, Japan accumulated know-how in the building and conditioning of diverse social infrastructures. I believe export of this know-how to provide solutions for issues faced by developing countries in the course of their growth is another one of the roles demanded of today's general trading companies.



Ken Shibusawa

Efforts to harness global growth will be linked to the creation of corporate value at ITOCHU. One prerequisite here is a long-term perspective on activities to support this global growth. I would also like to see ITOCHU consider the prospect of creating opportunities for presentations that would give investors and other stakeholders a look at business sites and impart an understanding of how this business is linked to the building of sustainable societies.



**Mariko
Kawaguchi**

As a general trading company involved throughout the product supply chain, I hope that ITOCHU further pursues the construction of schemes that solidly convey added value, including that in the social and environmental aspects, to consumers and gain the empathy and participation of all concerned stakeholders. From now on, I also would like it to squarely address the need for implementation of due diligence extending to the environmental and human rights areas and on a level up to international standards, even in its business in developing countries.

■ Reflections from the Dialogue

I am really grateful to the experts for their views on promotion of CSR activities at ITOCHU. We intend to carefully study the issues and proposals emerging from the meeting, and reflect the results in approaches which will make them realize we have achieved another round of advancement. In keeping with the sampo yoshi spirit of trade that is to benefit not only the seller and the buyer but also society as a whole, we are going to work for assimilation of our corporate value with societal value.



Toru Matsushima
Representative
Director, Managing
Executive Officer,
and CAO

Respect for Human Rights

Policy on Respect for Human Rights

The ITOCHU Mission "Committed to the Global Good" stands at the heart of the ITOCHU Group's corporate philosophy. The "Global good" refers not only to improved living standards, but also a general sense of well-being. ITOCHU, as a company with diverse operations worldwide, respect human rights and individuality, and is committed to the global good of society and individuals alike.

Accompanying this corporate philosophy, the ITOCHU Values consist of five values important for fulfilling the ITOCHU Mission "Committed to the Global Good." One of those values is "Diversity," under which the Group holds the human rights and individuality of every person as important.

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.

Guided by this approach, we clearly prohibit the violation of human rights and sexual harassment in our employment regulations, and have outlined punitive measures to be taken against those who engage in such conduct.

Excerpt from the ITOCHU Group Philosophy and Code of Conduct Booklet

Respecting human rights and individuality

We value the rights and individuality of each person. We show respect and are attentive to others regardless of gender, race, religion, or position. We don't discuss matters that cause discomfort; we don't discriminate or harass; we respect basic labor rights and eliminate forced labor and child labor.

Excerpt from 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.

- Related Page: The United Nations Global Compact (page18)

Respect for Human Rights in Business Activities

ITOCHU Corporation engages in business activities all over the world and conducts its business while respecting people's human rights in each of the regions in which it operates.

■ Respecting the Rights of Indigenous People

As part of its commitment to respecting human rights, when conducting business activities in regions that are home to indigenous populations, ITOCHU will recognize the unique cultures and histories of such peoples and endeavor to respect and consider their human rights in accordance with the laws of the country or region concerned as well as international agreements such as the United Nations Declaration on the Rights of Indigenous Peoples and Convention No. 169 of the International Labour Organization (ILO). Further, when considering investing in new business projects, ITOCHU will enforce prior checks on how such projects might impact the rights of indigenous people.

■ Approach to Engaging the Services of Security Firms

In December 1979, the United Nations adopted the Code of Conduct for Law Enforcement Officials to compel member states to thoroughly enforce and promote appropriate roles for law enforcement officials such as police officers and the military, and to facilitate the respect and safeguarding of people's dignity in the execution of said officials' duties. For its part, ITOCHU Corporation supports the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials in which the United Nations established basic principles governing the use of firearms by law enforcement officials based on the above Code of Conduct, and will engage in the selection of security firms in accordance with such principles.

Human Rights in Our Supply Chain and Business Investment

Consideration for human rights and labor practice in our supply chain and business investment is an important CSR issue for ITOCHU Corporation with business activities in various regions around the world. We regularly make checks to see that our suppliers and investment subjects are properly managing things in this respect.

Related Page: CSR in Our Supply Chain and Business Investment (pages54-57)

Approach to Conflict Minerals Issues

Some of the minerals produced in the Democratic Republic of the Congo and neighboring countries where conflicts are taking place can potentially provide sources of funding to armed groups which engage in inhumane acts, foment conflict or bring about human rights violations. The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the United States in July 2010, required that U.S. listed companies disclose information such as their use of "conflict minerals*" produced in the Democratic Republic of the Congo and neighboring countries in their products.

While ITOCHU Corporation is not bound by the reporting requirements of the United States' Securities Exchange Act, to fulfill its social responsibility in procurement activities, ITOCHU Corporation will coordinate with its business partners in keeping with the spirit of this legislation and promote initiatives to ensure that it does not help armed grounds that engage in human rights violations.

* "Conflict Minerals" as defined by the law refer to tantalum, tin, gold, tungsten and other minerals specified by the U.S. Secretary of State.

Raising Awareness Internally of Respect for Human Rights

Raising awareness through internal training programs

We work to extensively embed understanding of the relationship between business activities and human rights through in-house training programs. 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. Also, training conducted prior to overseas assignments includes the topic of consideration for human rights in the supply chain. In this way, we are working to raise awareness in each region. In fiscal 2014, 370 people participated in human rights training.

Number of employees participated in human rights training programs

	Number of employees participated
Training for New Recruits	124 people
Training for newly-appointed managers	48 people
Training prior to overseas assignments	198 people

Enlightenment about "Business and Human Rights"

As a general trading company that operates around the world and plays an important role in supply chains, we are implementing educational activities about "business and human rights" in each region. The objective of these activities is to keep up with the latest developments relating to business and human rights, and to incorporate this knowledge into our business.

In fiscal 2014, we implemented a program of e-learning on the subject of "business and human rights" for all ITOCHU employees worldwide in order to provide them with CSR-related knowledge they should have at least. The program took up the United Nations Guiding Principles on Business and Human Rights as well as cases involving the corporate responsibility to respect human rights. The program was directed to a total of 6,738 non-consolidated and overseas bloc employees, and was completed by 6,505, or 96.5 percent, of them.

■ Establishment of a 24-Hour Employee Consultation Desk System

■ Employee Consultation Desk and Hotline

ITOCHU has set up an employee consultation desk to allow employees to discuss problems they may be individually confronting. A "HR Help Guide Book" has also been posted to the ITOCHU intranet, and efforts to broadly raise employee awareness of the consultation desk are made as part of a structure that allows employees to consult on issues of concern. An external Hotline System staffed by independent counselors has also been established.

■ Career Counseling Center

ITOCHU was one of the first Japanese companies to establish its own Career Counseling Center, where employees can consult regarding not only their individual careers, but on workplace culture, interaction with colleagues, remuneration, harassment, and other issues. Consultations can take place via phone, fax, email, post, or other means, and are dealt with by expert office staff.



The "HR Help Guide Book" posted on the intranet

■ Raising Awareness Through Various Publications

In an effort to avoid violations of human rights in the workplace, ITOCHU strives to raise awareness of human rights through a variety of publications distributed to all employees.

- ITOCHU's basic stance regarding respect for human rights is conveyed in a booklet explaining the ITOCHU Group's corporate philosophy and code of conduct to all employees.
- The Compliance Handbook has pages on respect for human rights, as well as power and sexual harassment, giving concrete examples of such conduct in an effort to avoid any violations of human rights in the workplace.
- A pocket-sized card on proper workplace etiquette details rules on the strict prohibition of any forms of harassment.

■ Fair and Honest Recruitment

At ITOCHU, recruitment decisions are based solely on an individual's abilities and merits, for fair and honest recruitment practices without regard for age, sex, or nationality. A watchdog system for ensuring fair and honest recruitment is also in place, and employees are selected and notified to serve as watchdogs and to promote awareness of human rights.

The United Nations Global Compact

ITOCHU's 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 the compliance of the Global Compact's ten principles in the areas of human rights, labour, 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 are asked to 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.
Anticorruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Contribution to Activities of the Global Compact Japan Network

ITOCHU Corporation actively engages in activities as a Board Member of the Global Compact Japan Network (GC-JN), the local network of United Nations Global Compact in Japan.

The GC-JN organizes the Working Groups by issues related CSR where member companies are able to learn from other companies' best practices and academic experts and to have discussions and exchange opinions regarding CSR initiatives.

In FY2014, ITOCHU took part in 5 Working Groups related to Human Rights Due Diligence, Human rights Education, ISO26000, Environmental Management, and BOP & Social Businesses.

Moreover, we play an active role as a co-chair in the Expansion Committee to enlarge the Japan Network and raise the level of its activities.

Penetration of CSR at ITOCHU

CSR Employee Questionnaire and Confirmation Test

Each year, we conduct the on-line Employee Questionnaire Survey on CSR and confirmation test with all ITOCHU employees around the world, in order to promote the in-house penetration of CSR awareness. More specifically, once a year, our in-house magazine ITOCHU Monthly, which is published in the three languages of Japanese, English, and Chinese, puts out a special CSR issue. This issue presents the minimum requisite CSR-related knowledge and information which every employee should know. The implementation of the confirmation test on-line helps to heighten understanding of CSR among all employees.



In FY2014, ITOCHU Monthly ran an article that was titled "Exploring Business and Human Rights" as new CSR-related knowledge. The confirmation test presented questions from examples introduced in the article. Non-consolidated employees were requested to take a confirmation test on Waste Management and Public Cleansing Act. Among 6,738 non-consolidated and overseas bloc employees who were covered by the survey and test, a total of 6,505, or 96.5 percent, answered.

As a variety of fixed-point observation, the Employee Questionnaire Survey on CSR, which surveys awareness on the topic, asks employees what CSR issues they think ITOCHU ought to tackle each year. For FY2014, against the backdrop that companies have an increasing responsibility to tackle the issue of the global depletion of resources that is mainly resulting from the development of economies and increase of populations around the world, we see that the CSR issue ranked top is that ITOCHU should address "Sustainable use of natural resources." Furthermore, we see that the CSR issue that ranked second is "Promotion of business contributing to solving social issues." These two results show that we can say that ITOCHU's fundamental thinking about CSR, namely that we can contribute to building a sustainable society through our main business activities, has become firmly established among our employees.

■ Response rate of the CSR employee questionnaire and confirmation test 2014

	Questionnaire for employees of ITOCHU Corporation	Questionnaire for employees of overseas blocs	Total
Number of employees	4,844	1,894	6,738
Number of respondents	4,818	1,687	6,505
Response rate	99.5%	89.1%	96.5%

<Questionnaire Results Excerpt> Top 3 CSR Issues ITOCHU Corporation should address over the past three years

	FY2014		FY2013		FY2012	
1	Sustainable use of natural resources	53.7%	Promotion of business contributing to solving social issues	54.8%	Promotion of business contributing to solving social issues	48.3%
2	Promotion of business contributing to solving social issues	52.6%	Employee relation	45.7%	Transparent corporate governance system	40.5%
3	Employee relations	49.3%	Measures to prevent the depletion of resources	40.2%	Employee relations	36.4%

| CSR Seminars

We regularly organize internal CSR seminars to incorporate the views and opinions on various CSR issues from outside experts. Since FY2014, we have been holding the seminars under the title of the "CSR and Global Environment Seminar" on themes selected for their importance in the pursuit of business activities by ITOCHU employees.

- CSR and Global Environment Seminar

FY 2014 Climate Change: Risk and Business Opportunities (page108)

Sustainable use of resources

ITOCHU's Australian Coal Supply Chain: Coexisting with Natural Environments

Documentary Report Project on Supply Chains for Products Handled by ITOCHU Corporation.

This year's report, the sixth in the series, covers ITOCHU's supply chain for Australian coal, from the extraction at the mine to the shiploading at the port.

From the perspective of using sustainable resources, the report introduces how management gives consideration to environmental conservation and a safe working environment.

Front-Line Report

Jiro Yamatomi, Dr.

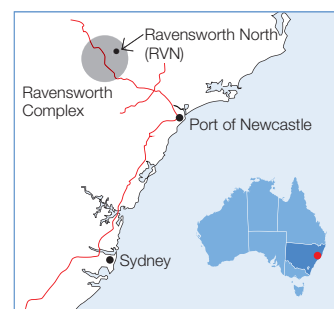
Professor, Department of Systems Innovation, University of Tokyo



Coal being transported from the mine to the port

In the Hunter Valley, New South Wales (N.S.W.), Australia, which is located about 150 kilometers north of Sydney, there is a coal mining area producing high-quality coal. The Hunter Valley is famous for its wine, and as I traveled through the region's grasslands dotted with pastureland and vineyards, I came to the coal mining site. In March 2014, I visited Ravensworth North (RVN), which belongs to the Ravensworth Complex owned by Glencore Coal Assets Australia*, a resource major. During my visit, I was able to confirm the operational status of the site and the related CSR activities. ITOCHU owns 10% of RVN through a local subsidiary.

* A group company of Glencore Xstrata, a major resources company



Consideration for the Environment at the Site of the Coal Mine

Operations began at RVN in May 2012, with initial mine production achieving 3.0 million tonnes per annum (Mtpa) of run of mine (ROM) coal by December 31, 2012. Throughout 2013 and 2014 the mine has progressively grown by the introduction of additional equipment. By 2015, production is scheduled to be about 11 million ROM tonnes, which equates to 7.8 million tonnes (clean coal). Coal reserves at the site total 280 million ROM tonnes, and the mine life is more than 20 years. The mine manager said that this is the latest large-scale, high-grade coal development project in the Hunter Valley. The start-up of the RVN mine required an investment of approximately AUD1.4 billion to expand the coal handling and preparation plant, relocate roads and power transmission lines, and purchase giant mining equipment including off-highway trucks and hydraulic excavators.

Over the four years from 2010 to 2013, 493 hectares of land were disturbed for RVN development and coal mining activities, while rehabilitation of 396 hectares in the Ravensworth Complex was performed. In mining coal, soil and waste rock over and between coal seams are removed prior to mining, which is known as stripping. The topsoil is directly placed on prepared rehabilitation areas or stockpiled and later used in the rehabilitation of the mine site. The overburden is placed in nearby emplacement

areas. Mined coal is transported to the coal handling and preparation plant, where coal tailings and rejects, associated soils and minerals in coal seams, are removed from ROM coal and later used to fill up the ex-open cut void. Plans call for the site to be rehabilitated back to the typical landscape of the Hunter Valley, with woodlands and grasslands, through a series of planting and other rehabilitation initiatives.

In its operations, RVN is paying special attention to the impact on the environment caused by dust generation and blasting vibration. Air and water monitoring is conducted at several locations on and off the site. Water is sprayed on roads using a water truck, and automatic water sprinkling equipment is installed in the conveyor transfers, dump hopper, and crushing plants. In addition, the site also continues to use and trial other dust minimization technologies such as fogger and water cannons. Moreover, RVN restricts or ceases dust-generating activities on extremely windy or dry days. RVN has had positive results with these measures. In 2013, there were three complaints regarding blasting vibration from nearby residents, and the person in charge responded immediately in accordance with site procedures. The maintenance of good relationships with local communities is an essential element of mining operations, and the entire Ravensworth Complex is taking steps to sustain those relationships. For example, comprehensive operational and environmental reports are issued several times a year.



The world's largest off-highway trucks and hydraulic excavators in use at the RVN site



Hunter Valley, N.S.W., Australia

Column: Japan's Clean Coal Technology for the Earth

In April 2014, Japan's Cabinet decided on the new Strategic Energy Plan. In regard to coal, the plan stated that, "Though coal has a problem—it emits a large amount of greenhouse gas—it is now being re-evaluated as an important base-load power supply... It is an energy source that we should use while reducing the environmental load..." Currently, coal accounts for about 25% of Japan's primary energy, and that importance is not expected to change in the future. Globally, electric power is the foundation for economic development, especially in emerging countries, and coal-fired thermal power generation will have an extremely important position. Accordingly, demand for coal is forecast to increase. In terms of efficiency, environmental countermeasures, and facility operations, Japan has the world's most advanced technologies for the use of coal. Moving forward, Japan will have a significant role to play in the development and use of coal resources with consideration for the environment.



Motohiko Kato

Senior Executive Director and
Secretary General
Japan Coal Energy Center

Protecting the Health and Safety of Employees

RVN is also working hard in training employees. For example, on the road to the RVN offices there is a series of signs with nine safety provisions. At the main entrance, a monitor is used to give employees and guests an induction comprising questions about safe behaviors and operations. There is also a device used to conduct breath tests to check blood alcohol concentration. On the mining site, the huge off-highway trucks used to carry coal, which are dozens of times larger than passenger vehicles, move back and forth at a rapid pace. Directly viewing this scene in person impressed upon me the importance of ensuring that machinery is operated correctly.

Realizing Communications with Close Ties to Local Communities

RVN is working to achieve continual communications with Federal and State authorities and local communities. For example, in 2013 RVN participated in 26 local activities in such areas as tree planting, school commemorative activities, emergency rescue helicopter training, and fund raising for cancer eradication. Twice a year, a consultative community meeting is held with the participation of local residents and government authorities, and reports are made on a variety of topics, such as the state of operations, results of monitoring, and safety records. The regional support program is also discussed.

Rail Transport from the Mine to the Port

Railroad tracks have been laid to the Ravensworth Complex handling and preparation plant, and clean coal for export is loaded onto freight cars and transported by rail about 100 kilometers to the Port of Newcastle. In 2013, about 7.24 million tonnes of coal was transported on 979 trains, with measures taken to prevent the coal from falling off the rail car during transport.

Consideration for the Environment and Safety at the Port

The Port of Newcastle has three coal terminals with a combined annual shiploading capacity of about 200 Mtpa. In 2012, about 134 million tonnes was loaded. Two of the terminals, Kooragang, which has the highest shiploading capacity (120 Mtpa), and



Large reclaimer in operation as coal is loaded onto belt conveyor

Carrington (25 Mtpa), are operated by Port Waratah Coal Services Limited. Investors in Port Waratah include Glencore Xstrata and other mining companies, Japanese coal users, and general trading companies, such as ITOCHU. Coal from the RVN mine is exported from the Port Waratah terminals to Japan and other destinations in Asia.

Kooragang has four rail receipt facilities that automatically unload coal from bottom-dumping wagons of coal trains. Coal is then carried by belt conveyor to open coal stockpile yards. There are four large stockpile yards, each of which is 2.5 kilometers long and 56 meters wide. At the stockpiles, dust is controlled through the sprinkling of water at regular intervals, depending on the weather conditions. When it is time for coal to be loaded, reclaimers are used to collect coal from the stockpiles, and then belt conveyors transport coal to the shiploaders. Port Waratah is actively committed to environmental conservation and its relationship with local communities. Accordingly, despite the recent increase in volume of coal handled, the quantity of dust deposited, as regularly measured at monitoring sites, has generally remained the same.

To ensure the safety of workers, education and training are complemented with a rigorous approach to safe operations based on know-how accumulated over many years.

Concluding the Observation: Japanese Society and Australian Coal Supply Chain

Other than steam locomotive enthusiasts, the number of Japanese who have actually seen coal is probably declining. Australia's coal exports have expanded rapidly over the past several years, especially to China, yet Japan is still the largest importer of coal from Australia. The Hunter Valley's coal operations are conducted with awareness of the burden placed on the environment and nature, and of the importance of local communities as coal is exported to Japan. Visiting the RVN mine firsthand left me with a strong

impression of how that awareness is incorporated into the front-line coal mining operations that provide Japan with an ongoing supply of coal, as well as the important role that trading companies play in that mission. All of us in Japan benefit from the work that is being done on the front lines and throughout the coal supply chain.

Website for Documentary Report Project on Supply Chains

http://www.itochu.co.jp/en/csr/supply_chain/reportage/

CSR Material Issues

Respect and consideration for human rights

Manufacturing Strategy which Supports the Marketing Company

As a customer-oriented marketing company, ITOCHU's Textile Company is pursuing a new business model which aims to add value within the supply chain that is socially beneficial and environmentally friendly.



Textile Company's Manufacturing Strategy

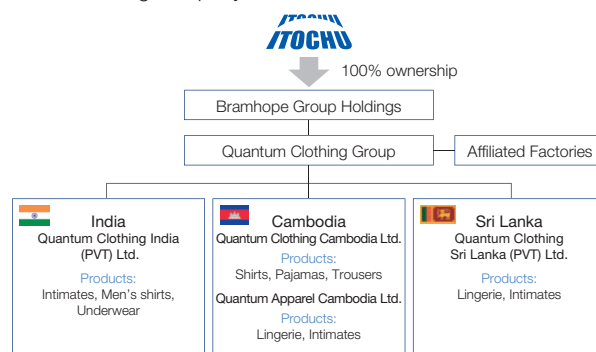
The Textile Company, the roots of which are in manufacturing, handles a broad range of products such as apparel, sportswear, underwear, uniforms, bags, and shoes for both men and women. It is able to provide products with high added value due to its ability to recommend materials and its extensive network of production bases. This has become a major source of the Textile Company's growth. Furthermore, in the apparel industry, substantial added value for customers and consumers is generated not only by product quality and competitive prices but also a wholehearted commitment to improving labor conditions and making contributions to society.

ITOCHU acquired Bramhope Group Holdings Ltd. (hereinafter "Bramhope") in July 2012. Bramhope is an apparel manufacturer and wholesaler with headquarters in the U.K., founded in 2000. The major strength of its subsidiary, Quantum Clothing Group (hereinafter "Quantum Group"), is its extensive production network that includes the company's own factories in India, Sri Lanka, and Cambodia and affiliated factories in various ASEAN countries.

The Quantum Group's main customer is Marks & Spencer PLC (hereinafter "M&S"), which is one of the world's top U.K.-based retailers. M&S purchases a large percentage of its apparel from the Quantum Group. In addition to handling various products including women's underwear (hosiery, lingerie, etc.) and men's shirts, the Quantum Group has the ability to develop stylish products in the U.K. that are in line with the M&S Plan A

initiative, a progressive program that M&S has developed to pursue sustainability. Each of the Quantum Group's factories meet strict management standards related to working environment, contributions to society, environment protection, and other aspects. Also, in addition to possessing advanced technical skills related to quality and price competitiveness, the company creates high added value in terms of society and the environment.

Building on the solid production infrastructure that combines Bramhope's expertise in supplying ethically compliant products and the ITOCHU Group's production network, which extends throughout Asia, the Textile Company will strive to enter global markets such as those of North America, China, and developing countries and develop a new business model as a marketing company.



Quantum Group's CSR

In 2010, the Quantum Group's management came together and compiled a plan in order to create a firm footing for a sustainable business; this would later become the Quantum Business Excellence Model. Developed with the Quantum Group's medium- and long-term strategy in mind, this program, which covers people, the environment, and sustainable use of raw materials, is implemented by the Quantum Group throughout the world.

Efforts by Quantum Cambodia

In Cambodia, which is in the spotlight as a center of textile manufacturing, the Quantum Group has its two main factories, one for Quantum Clothing and one for Quantum Apparel. The

country is an extremely important production base where more than 5,000 employees from both companies work. Quantum Clothing is ISO 9001 and ISO 14001 certified, while Quantum Apparel is currently developing their model. Both companies give due consideration to high quality standards and the environment.



Efforts to Ensure Employee Safety

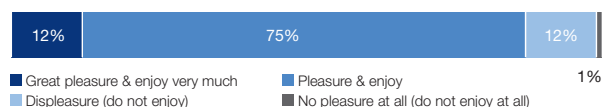
Recognizing human resources as its most important asset, the Quantum Group strives to create a working environment in which employees can not only work enthusiastically but also do so safely. As for the factory's produc-



Packing assembly line

tion floor, where many employees work, the company was the first to manage factory workers' working time using a computerized system. The company also has thorough health and safety controls and checks in place to look after workers' well-being and to prevent accidents. In addition, the company has been able to create an easy-to-work-in environment that includes break areas, a cafeteria for factory workers, and a nurse's office. Surveys of employee satisfaction are also regularly conducted and acted upon, which leads to improvements that make the workplace one that employees want to work in and take pride in.

Satisfactory in Working with the Company



Providing Employees with Learning Opportunities

As for Quantum Group's CSR activities, the company considers it important that each employee properly understands CSR, and initiatives are in place to fulfill the company's responsibilities at all worksites, offering a wide range of programs and providing employees with opportunities to learn. The factory is equipped with training rooms and the company actively works to develop the skills of factory workers and to conduct educational activities, which include instruction from sewing technicians, courses in the English language, IT skills courses, and workshops in calculating wages. The company has also

introduced an outstanding employee award system, which reinforces employee drive and motivation. These efforts have been highly praised in terms of their contributions to society, as can be seen in various outcomes



English class

such as the factory being officially recognized by the local government as one with a labor environment which makes it possible for factory workers to do their work with peace of mind.

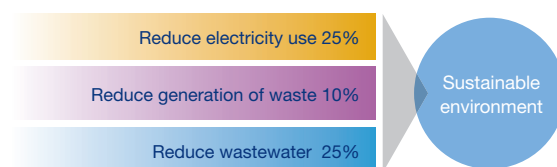
Efforts to Preserve the Environment

In 2004, the company received ISO 14001 certification and continually works to make improvements through the plan-do-check-act (PDCA) cycle. Since this PDCA cycle was introduced, the company has implemented a variety of measures that have resulted in reductions in electricity use, wastewater, and waste. An ongoing monitoring program helps to continually drive these numbers down.

With regard to specific measures, the company has not only installed energy-efficient T5 fluorescent lights on factory production floors but has also made meticulous efforts to save energy wherever it can, such as introducing light-emitting diodes (LEDs) for all sewing machines. In addition, the company conducts various educational activities and is striving to spread and raise awareness among front-line workers.

Environmental Target

Quantum Clothing (Cambodia) Ltd. has set the following plan for Eco Sustainable Management against a base line in 2007:



Comment from a Customer

M&S launched its Plan A initiative in 2007 in order to become the most sustainable retailer in the world. The plan consists of 180 concrete goals in seven fields related to sustainability which the company plans to achieve by 2020; these goals relate to areas such as climate change, waste, and natural resources.

The most important way of promoting Plan A is by gaining the understanding of consumers and business partners regarding the aims of the plan and sharing the same values. In order to do this, we provide awards to suppliers who fully understand the principles embodied in Plan A and have contributed to improving the quality of people's lives and maintaining the environment. In 2013, the Quantum Group was selected as the Supplier of the Year. For the apparel industry, issues relating to sustainability include worker welfare, raw materials, and use of chemicals throughout the supply chain, and the Quantum Group has aggressively worked on all these

issues. In particular, the company continuously implements innovative measures related to employees, including education and training programs, welfare systems, and maintaining an active dialogue. In addition, many of the company's factories have won our Eco-Factory status because of their passionate environmental efforts.

Throughout the world there is a growing focus on transparency and there are demands that companies fulfill their responsibilities, which are proportional to the scale of their operations. We are hopeful that as leading companies in the industry, both the Quantum Group and the ITOCHU Group will continue to pursue innovation which leads to sustainability within their daily operations and that those efforts become part of their corporate cultures.



Krishan Hundal
Marks & Spencer
Director of GM
Technology

CSR Material Issues

Climate change

Working to realize sustainability that will deliver enrichment for the next generation by advancing environment-friendly businesses, centered on renewable energy

Renewable energy, such as geothermal and wind power, is expected to record growth as a key pillar of the energy supply in the future. Through business investment in power generation assets that utilize renewable energy, ITOCHU is working to help alleviate climate change, which is a pressing issue for global society.



Geothermal IPP Project in Indonesia

In April 2013, ITOCHU concluded a contract to construct a 320 MW geothermal power generation plant in Indonesia's Sarulla region in North Sumatra and to sell the power generated by the plant to Indonesia's state-owned electricity company for 30 years. In addition, a loan contract concerning this project was concluded in March 2014. Indonesia's potential geothermal resources are among the most extensive in the world, accounting for 40% of global geothermal resources, and the country has positioned geothermal energy as a strategic power source.

Geothermal power generation uses high-temperature and high-pressure steam and hot water extracted from geothermal

reservoirs deep underground to generate electricity. The CO₂ emitted during power generation is limited. In addition, the power generation is not dependent on weather conditions, and as a result the supply of electric power is stable in comparison with other forms of energy. Consequently, geothermal power is a form of renewable energy that is drawing attention around the world. This project is one of the largest geothermal independent power producer (IPP) projects in the world. Plans call for commercial operation to commence in stages from 2016, and the project is expected to contribute to economic development in Indonesia, where demand for electric power is projected to increase in the future.

Working with GE to Advance the Wind Power Generation Business in the United States

In May 2010, ITOCHU and General Electric Company (GE) entered into a comprehensive agreement to identify co-investment opportunities in renewable energy worldwide, and ITOCHU is now forging ahead with renewable energy operations.

The Shepherds Flat Wind Project in the U.S. state of Oregon is one of the world's largest wind power projects, with a total capacity of 845 MW. The power is supplied to approximately 235,000 regular households in California under a 20-year power purchase agreement with Southern California Edison, a California power utility. The project is contributing to the

reduction of greenhouse gas emissions by approximately 1.5 million tons annually. The Shepherds Flat Wind Project and the Keenan II Wind Power Project in the U.S. state of Oklahoma, which has a total capacity of 152 MW, are expected to reduce greenhouse gas emissions by a combined total of approximately two million tons annually. Moving forward, ITOCHU will continue working to contribute to the stable supply of electricity and the alleviation of climate change through these two projects.

Global Map of Renewable Energy Power Generation Projects

U.K.: Waste processing / power generation (See page 53)

Project name	Waste processing capacity per year	Greenhouse gas emissions reduction scale
ST&W	260,000 tons	Approx. 62,000 tons per year
Cornwall	240,000 tons	Approx. 60,000 tons per year
Merseyside	460,000 tons	Approx. 130,000 tons per year
West London	350,000 tons	Approx. 830,000 tons per year



U.S.: Wind power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Shepherds Flat	845 MW	Approx. 1,500,000 tons per year



Spain: Concentrating solar power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Solaben2&3	100 MW	Approx. 63,000 tons per year



U.S.: Wind power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
CPV Keenan II	152 MW	Approx. 410,000 tons per year



South Africa: Solar power generation (See page 57)

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Kalkbult	75 MW	Approx. 125,000 tons per year
Dreunberg	75 MW	Approx. 125,000 tons per year
Linde	40 MW	Approx. 65,000 tons per year



Indonesia: Geothermal power generation

Project name	Power generation capacity / scale	Greenhouse gas emissions reduction scale
Sarulla	320 MW	Approx. 1 million tons per year



CSR Material Issues

Contribution to local communities

ITOCHU is aiming for sustainable growth through the establishment of business models that contribute to the development of local communities

ITOCHU conducts business activities in regions throughout the world, and we strive to contribute to the development of local regions through both our business activities and our social contribution activities, thereby addressing the challenges and needs of local communities.



Supporting Cotton Farmers in India Transfer to Organic Cotton Cultivation

ITOCHU and KURKKU Co., Ltd., jointly plan and operate the Pre Organic Cotton (POC) Program, which helps farmers in India to transfer from cotton farming to organic cotton cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. From the start of the program in 2008 to its end in 2013, 3,348 farming households took part, and 1,479 of these have acquired organic farming certificates. In addition, with products from upward of 40 companies, including apparel and natural cosmetics manufacturers, having been introduced, in 2013 the volume of cotton handled reached 1,500 tons. In 2014, initiatives with major customers are expected to drive



higher POC sales and an expansion of the POC market, and to generate volumes of 2,500 tons. In 2012, as a business model achieving commercial activities and sustainable development, the project was approved as an initiative of the Business Call to Action (BCTA), which is a global initiative led by the United Nations Development Programme (UNDP). Since that time, businesses working on development issues, centered on the UNDP, have earned growing recognition.

Moving forward, we will work to further expand the POC Program, supported by understanding and empathy among companies, organizations, and consumers.

	Volume handled and sales of related products	
2013	1,500 tons	¥500 million
2015*	5,000 tons	¥2.3 billion
2017*	10,000 tons	¥5.0 billion

* Outlook

Contributing to the Reconstruction and Development of Disaster-Affected Areas with the Support of Local Industry

The ITOCHU Group is working to support the reconstruction of the city of Rikuzentakata, which suffered considerable damage due to the Great East Japan Earthquake. As a part of those initiatives, ITOCHU is providing support, from production to sales, of *Takata no Yume*, a variety of rice grown in the region.

The city of Rikuzentakata is aiming to establish *Takata no Yume* as an original, regional brand of rice that will serve as a symbol for the reconstruction of farms that suffered catastrophic damage. Production in 2014 is forecast to reach 150 tons. As a means of helping disaster-affected areas through Group business activities, ITOCHU Food Sales and Marketing Co., Ltd., is providing support in the area of sales to department stores in the Tokyo metropolitan area. Moreover, in the area of production, Group employees have volunteered to participate in rice planting

and harvesting while engaging in exchanges with local farmers. The Group is also implementing PR activities.

Nearly every month since the earthquake, ITOCHU Group employee volunteers have visited the city of Rikuzentakata, and the Group is also supporting sports and other activities for the local children (see page 85). Moving forward, the ITOCHU Group will continue to provide support, both through its business activities and through social contribution, thereby contributing to the reconstruction and development of the region.



Supporting Agriculture through Employee Volunteers

Employee volunteers provide assistance from rice planting to harvest while enjoying interaction with local farmers.



PR

- Booth at Roppongi Hills in Tokyo sells rice balls.
- At Takashimaya Shinjuku Store, which sells a wide variety of products including rice, the city of Rikuzentakata photo exhibition was held, providing PR for *Takata no Yume* rice.
- Rice samples distributed at local cycling event.

Sales

- ITOCHU Food Sales and Marketing, which handles the ITOCHU Group's wholesale and sales of rice, sold *Takata no Yume* rice at Takashimaya Shinjuku, Ginza Mitsukoshi, and other stores.
- Le Pain Quotidien, a high-end bakery restaurant operated by ITOCHU, offered a limited-time menu using *Takata no Yume* rice.

CSR at the Textile Company

Medium- to long-term Growth Strategies

Rapport and Reach The Textile Company has inherited the original business of ITOCHU.

Our scope of business covers the entire area of lifestyle categories, and, as a customer-oriented marketing company, we have developed businesses that cover the entire textile industries, from raw materials / fabrics to garment manufacturing, brands, and industrial materials.

In Japan, we are continuously improving our high-value-added production in order to meet consumers' needs. In the retail area, we are also focusing on expanding our business domain, as well as strengthening life & healthcare businesses.

We are also concentrating on brand development in China, countries in the ASEAN region, the Middle East, and Latin America, where consumer markets are expected to expand. Furthermore, we will enhance our production capabilities across Asia to meet our global customers' needs.



Hitoshi Okamoto

President, Textile Company

CSR at this Division Company



A marketing company that adopts a social perspective





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




CSR Action Plans

Key points of our FY2015 action plans

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

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	
All Divisions	Supply chain management	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and 3 suppliers from Group companies which conduct survey of their suppliers, and seek to resolve social issues.		A survey was conducted of 26 suppliers that hold transactions with 4 sales divisions and 5 Group companies.	Visit suppliers and conduct surveys to enhance supply chain management. Select 20 suppliers from the sales sections of ITOCHU itself and 3 suppliers from Group companies which conduct survey of their suppliers, and seek to resolve social issues.					3. Supply Chain

All Divisions	Promote environment-conserving businesses	Promote environment-conserving businesses across all the business divisions. <ul style="list-style-type: none"> Expand the businesses of Pre Organic Cotton (POC) Program Promote to develop "Fashion Earth PROJECT" (FEP), and other. 		<ul style="list-style-type: none"> Number of farmers participating in the POC as of the end of 2013: 3,348 (including 1,479 already certified for organic cultivation). Volume of raw cotton handled in FY2014: about 1,500 tons. Participation by 18 firms and 54 brands at the FEP. Acquired membership in the textile exchange (TE), proceeded to handle materials gentle to the earth, and strengthened coordination with other firms around the world. 	Promote environment-conserving businesses across all the business divisions. <ul style="list-style-type: none"> Expand the businesses of POC Program 		2. Social issues
All Divisions	Strengthen response to customers and consumers	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and Textile lectures.		Participation in seminars related to soil contamination, waste treatment procedure, and CSR/global environment, in order to acquire knowledge for prevention of social problems.	Endeavor to educate employees, deepen their awareness and prevent various risks by actively taking part in Headquarters-organized seminars, training and Textile lectures.		4. Education

※:Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

Pre Organic Cotton Program

In cooperation with KURKU K.K., ITOCHU is conducting a Pre Organic Cotton(POC) Program to support the transition of cotton farmers in India to organic cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes giving guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Since the program began in 2008, 3,348 farming households have taken part as of the end of 2013, and 1,479 of these have acquired organic farming certificates. In addition, having been introduced to products from over 40 companies, including apparel and natural cosmetics manufacturers, the volume of cotton handled in 2013 reached 1,500 tons. In 2014, initiatives with major customers are expected to drive higher POC sales and an expansion of the POC market, and to generate volumes of 2,500 tons. In 2012, the project was approved as an initiative of the Business Call to Action (BCtA), which is a global initiative led by the United Nations Development Programme (UNDP) as a business achieving commercial activities and sustainable development. There has since been a rise in recognition of companies tackling development issues around the UNDP. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by understanding and empathy among companies, organizations, and consumers.

For further information about Pre Organic Cotton Program, please see "Contribution to local communities" in Highlight (page26)



Cotton harvesting on one of our farms in India

■ Hunting World's Activities to Support Borneo

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

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



Borneo bag by Hunting World



Panoramic view of the rescue center

For further information on supply chain approaches exhibiting concern for the environment and human rights, please see "Respect and consideration for human rights" in Highlight (pages23-24)

CSR at the Machinery Company

Medium- to long-term Growth Strategies

In IPP, water supply, environmental, energy, and other infrastructure businesses, we will give consideration to environmental impact. At the same time, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in developing countries. We will endeavor to expand trade in line with improvements in the external environment such as foreign exchange in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical value chain to meet anticipated future growth in this sector, aiming to further enhance business investment and trade in Japan and other parts of Asia. Through these approaches, we will maximize earnings from existing investments and promote the accumulation of superior assets and ongoing, large-scale asset replacement, maximizing earnings as we also conduct trade in related and ancillary fields.



Takao Shiomi
President, Machinery
Company

CSR at this Division Company

















Delivering enrichment to the next generation




Through its business, which provides wide-ranging support for social infrastructure, the Machinery Company aspires for the advancement of communities by providing a more affluent lifestyle. We strive for contribution to the resolution of global problems such as climate change through environment preservation businesses and the building of a healthy society through healthcare businesses.

CSR Action Plans

■ Key points of our FY2015 action plans

In FY2015, we will continue our commitment to implementing management considering environmental and CSR issues. We will also aggressively work on businesses related to renewable energies including wind power and geothermal, participating in EfW (Energy from Waste) projects as well as water-related projects including desalination. Furthermore, we will supply local governments and related organizations in Japan with equipment to prevent epidemics and protect against disasters, conduct awareness-raising activities and endeavor to help maintain a healthy society.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	
Plant Project, Marine & Aerospace Division	Conservation and development of water resources; supplying of safe, clean water	Work on desalination, water supply and sewage projects.		Investment in a water supply and sewerage business in the Canary Islands (33.4% stake acquired in Feb. 2014)	Work on desalination, water supply and sewage projects.					2. Social issues
	Effective use of renewable energy	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 		Promotion of geothermal power generation projects <ul style="list-style-type: none"> Sarulla geothermal power generation: conclusion of a financing contract in March 2014 Supply of clean power through wind power projects	<ul style="list-style-type: none"> Introduction of binary technology developed by Ormat Technologies Inc. to geothermal power generation in Japan Supply clean electric power through wind power generation businesses 					2. Social issues
	Maintain and improve public health	Participate in Energy from Waste Projects (EfW).		Two projects of waste incineration and power generation (energy from waste; EfW) in the UK. <ul style="list-style-type: none"> West London: signing of the EfW project contract in Nov. 2013 Merseyside: signing of the EfW project contract in Dec. 2013 	Advancement of EfW project efforts.					2. Social issues
Automobile, Construction Machinery & Industrial Systems Division	Better communication with stakeholders	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics in conjunction with automobile manufacturer.		Holding of collaborative seminars for executives of logistics firms and other private enterprises on subjects such as eco-driving, based on cooperation with automakers.	Contribute to society through improved CS, safety and energy efficiency by holding seminars on ways to improve transportation efficiency, reducing accidents, fuel-efficient driving, and other topics in conjunction with automobile manufacturer.					2. Social issues
	Support for measures against disaster	Supply disaster equipment to local governments, Self-Defense Forces, police, fire departments, and others. Spread information about disasters by carrying out awareness-raising activities in cooperation with Japan Medical Partners, a non-profit organization consisting of private companies.		Supplied equipment and materials to hospitals, fire departments, and local governments. Coordinated with Japan Medical Partners for participation in industrial exhibits on crisis management, exhibits on international disaster-prevention, and meetings of learned societies on crisis management by local governments, along with provision of advice and information.	Promotion of awareness activities through exhibits etc. while supplying emergency equipment and materials to local governments, the Self-Defense Forces, police, and fire departments.					4. Education

※:Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

■ Equity participation in waterworks business in the Canary Islands

ITOCHU Corporation has reached an agreement with CANARAGUA S.A., a subsidiary of AGBAR (Sociedad General de Aguas de Barcelona) which is Spain's largest private waterworks firm, to acquire 33.4% of the shares of CANARAGUA CONCESIONES S.A., which manages concessions of upstream and downstream water in the Autonomous Community of the Canary Islands. This investment is the second acquisition by ITOCHU in a regulated water utility, after the investment in Bristol Water in the UK, and marks the first Japanese investment in the Spanish water sector. Spanish water utility sector is one of the biggest water concession market in the world and has a long established stable regulatory framework. It is forecasted to have constant growth of the private and P.P.P. market in order to fulfil the need of efficient operation and investment requirements. Through its equity participation in CANARAGUA CONCESIONES, ITOCHU shall contribute in providing high-quality, sustainable and efficient water services in Spain. Furthermore, ITOCHU intends to expand its water concession business activities in Spain as well as in the growing privatized water market worldwide.



Waste water treatment plant - Gran Canaria

■ Signature of a contract for Energy from Waste project in Merseyside County, UK

In December 2013, ITOCHU Corporation has signed a contract for Energy from Waste (EfW) project promoted by the Merseyside Recycling and Waste Authority.

ITOCHU has a 20 per cent stake in the consortium. ITOCHU has developed a total of four EfW projects in the UK, and will be involved in about 20% of the annual waste volume treated by EfW facilities in the UK and contribute to reduce greenhouse gases and the amount of waste to be landfilled.

The Merseyside project is environmentally friendly and will be expected to divert 92 per cent of the residual waste from landfill and save 130,000 tons of CO₂ per year. ITOCHU will make use of its experience gained through these UK projects to bolster its approaches to EfW projects in the regions of Eastern Europe, the Middle East and Asia, where the needs for reduction of environmental burden and clean power generation is predicted to rise.



An artist's illustration of the new Energy from Waste facility at Teesside upon completion

For further information on our approaches to renewable energy, please see "Climate change" in Highlight (page25).

CSR at the Metals & Minerals Company

Medium- to long-term Growth Strategies

The Metals & Minerals Company is working to expand its equity interests in order to secure stable supplies of metals and mineral resources underpinning the industrial framework. In addition, we are working to build a value chain that starts from equity interests and to create added value in the trade business by leveraging the ITOCHU Group's comprehensive strengths. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other natural resources that have become increasingly difficult to procure in recent years. In response to growing international concern with environmental problems, we are also actively involved in such areas as solar power and biomass fuels-related business.



Eiichi Yonekura

President, Metals & Minerals Company

CSR at this Division Company

Sustainable development and stable supply of metals & mineral resources

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

CSR Action Plans

Key points of our FY2015 action plans

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

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	
Metals & Mineral Resources Division	Strengthening and improvement of safety and security in metals & mineral resource development projects.	Share the thorough implementation of safety management during coal mining and exploration with JV partners.		Worked in coordination with JV partners	Share the thorough implementation of safety management during coal mining and exploration with JV partners.		○	○	○	2. Social issues 3. Supply Chain 4. Education
	Appropriate treatment of wastes, and prevention of ozone destruction	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		<ul style="list-style-type: none"> Expanded the introduction of the electronic manifests to Group companies and client companies. Received reports each month from waste handling contractors throughout the year, built database and continued to share information with stakeholders. 	<ul style="list-style-type: none"> Expand the penetration of electronic manifests (electronic industrial waste management) to Group companies and client companies. Maintain the system for the proper disposal of greenhouse gases (fluorocarbons) and improve the monitoring system. 		○			2. Social issues

Coal, Nuclear & Solar Division		Share the thorough implementation of safety management during coal mining and exploration with JV partners.	🌱🌱🌱	Worked in coordination with JV partners	➡	Share the thorough implementation of safety management during coal mining and exploration with JV partners.	○ ○ ○	2. Social issues 3. Supply Chain 4. Education
	Exploring environment-friendly energies and providing a stable supply of them	<ul style="list-style-type: none"> Actively promote projects that help realize a low-carbon society, and expand the supply of energy with a low environmental impact. 	🌱🌱🌱	<ul style="list-style-type: none"> Promoted development and installation of mega solar projects in Japan and overseas. 	➡	Contribute to the prevention of global warming through PV power generation projects inside and outside Japan.	○ ○	1. Communication 4. Education
All Divisions	Further strengthening supply chain management and advancing CSR initiatives at a group-wide level	Continue to examine and check supply chains, conduct enlightenment activities for business partners, and raise awareness of CSR among overseas Group companies.	🌱🌱🌱	<ul style="list-style-type: none"> Conducted surveys of the targeted companies to confirm that no CSR-related problems were present. Conducted awareness-raising among partners. 	➡	<ul style="list-style-type: none"> Continue to examine and check supply chains and conduct enlightenment activities for business partners Raise awareness of CSR among domestic and overseas Group companies. 	○ ○ ○ ○	1. Communication 2. Social issues 3. Supply Chain 4. Education
	Ensuring safety in mining and exploration businesses	<ul style="list-style-type: none"> Continue implementing the Environment, Health and Safety (EHS) guidelines. 	🌱🌱🌱	Expanded the coverage of the guidelines to all divisions.	➡	Continue promoting the same measures	○ ○ ○ ○	3. Supply Chain 4. Education

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

Major CSR Initiatives

■ Launch of the application of environment, health, and labor safety (EHS) guidelines (mining business)

The Metals & Minerals Company has determined and begun applying its own environment, health, and labor safety (EHS) guidelines (for mining). The guidelines are aimed at avoidance or reduction of environmental pollution, accidents, health hazards, and other EHS risks deriving from projects for development, production, or exploration of minerals, such as iron ore, coal or uranium in which it is involved, with full understanding of and maximum concern for host societies and local communities. The application will cover projects being seriously considered for investment, financing, or similar action, regardless of whether or not the Company's involvement is direct or indirect. The Company is educating all employees about the substance and application of the guidelines, to make sure that all know about them.

■ Construction Started on One of Africa's Largest Solar Power Plants in South Africa

In the first and second bids for solar power generation projects conducted by South Africa's Department of Energy, Norway-based solar power generation system integrator Scatec Solar, where ITOCHU Corporation owns a 37.5% stake, was selected for solar power generation projects with a combined output of 190 MW, and subsequently concluded an agreement with the South African state-owned power utility Eskom to sell power for a period of 20 years. Construction for the first phase (75-MW capacity) commenced in September 2012 and was completed in September 2013. November 2013 saw an on-site tape-cutting ceremony followed by the start of operation. The South African government has established a target of increasing its total power generating capacity up to 85 GW by the year 2030 and plans for renewable energies to account for roughly twenty percent of the increase. This project is being conducted as a part of this effort.



The 75-MW solar power generating system selected in the first bid on operation

Under the project, a 265-hectare site will be carpeted with more than 750,000 solar panels, expected to generate over 370 GWh annually. As well as covering the energy consumption of the equivalent of 88,000 homes, this is expected to have an annual CO₂ reduction effect of 315,000 tons.

With this project, Scatec Solar has firmly established its position in Africa as a solar power generation system integrator involved in all facets of solar power plants from development to construction and ownership.

■ Acquisition of New Interest in the Jimblebar Iron Ore Mine

ITOCHU Corporation has acquired interest in BHP Iron Ore (Jimblebar) Pty. Ltd., which is one of the iron ore businesses of BHP Billiton (an Australian and British concern) and is developing the Jimblebar iron ore mine in Western Australia. The Jimblebar mine is a large iron ore mine with abundant deposits. It is producing high-grade ore with low cost, open pit mining operation. ITOCHU have a long term relationship in three iron ore mines in Western Australia with BHP Billiton, and the ore extracted from the Jimblebar mine will be shipped using the existing railways and port owned by the three concerned companies. To meet the demand in Asia, which is projected to increase over the medium and long terms, ITOCHU is planning to further increase the supply capacity of iron ore projects in Western Australia.



Jimblebar Iron Ore Mine Source: BHP Billiton

For further information on the supply chain for coal produced in Australia, please see "Sustainable use of resources" in Highlight (pages21-22).

CSR at the Energy & Chemicals Company

Medium- to long-term Growth Strategies

Energy Area:

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

With regard to oil resource development, we plan to expand existing projects and participate in promising new projects while minimizing risks, leveraging our expertise and experience to expand our business in this area.



Yuji Fukuda

President, Energy & Chemicals Company

Chemicals Area:

Based on worldwide trading operations in the areas of organic chemicals, plastics, and fertilizer and other inorganic chemicals, the division will advance projects in upstream areas to secure competitive raw materials. In addition, in downstream areas the division will take steps to expand its business and bolster its supply chains, especially in the retail area, including pharmaceuticals, plastics processing, and electronic materials.

CSR at this Division Company

Pursuit of stable supply of diversifying energy resources and materials

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

CSR Action Plans

■ Key points of our FY2015 action plans

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

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues					Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	Company	
Energy Division No. 1&2	Promoting initiatives to prevent accidents and protect the environment effectively	Further enhance employee training to prevent accidents, encourage operators through steering committees and environmental councils to achieve environmental measures.	🌱🌱🌱	<ul style="list-style-type: none"> Held workshops and training on practical operations for employees. Confirmation and promotion of the safety of project operations through the steering committee and environmental conferences. 	<ul style="list-style-type: none"> Periodic tanker training and notification of all personnel about safety management 	○	○		○		2. Social issues 4. Education
	contributing to local communities	Engage in initiatives such as community dialogue and regional contribution in regional areas of project sites.	🌱🌱🌱	<ul style="list-style-type: none"> Promotion of various CSR activities in Azerbaijan, including provision of computers and related equipment to orphanages. Sending of monetary donations and relief supplies to communities in the central Philippines that incurred tremendous damage from Typhoon 30. 	<ul style="list-style-type: none"> Contribution to local communities of the project sites in aspects including education and cultural activities, and maintenance/strengthening of good relations 				○		5. Local and international community
	Measures to reduce CO ₂ emissions	Promote businesses that produce plant-derived energy.	🌱🌱🌱	Crushed sugar cane to produce ethanol, renewable energy. In addition, all electric power consumed at plants used sugar cane bagasse. Endeavored to reduce CO ₂ emissions.		○	○		○		2. Social issues
Chemicals Division	Management of hazardous and harmful chemical substances	Conduct in-house training by holding a range of workshops aimed at thoroughly disseminating information about laws and regulations related to chemical substances such as the amended Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and promote the sharing of information with overseas subsidiaries.	🌱🌱🌱	Held a lecture on laws and regulations related to chemicals in Japan and made a presentation on laws related to hazardous chemicals in China. Determination of the facts of compliance with industrial law mainly in overseas offices. Introduction of a system for information searching on laws and regulations, and sounding about a study making full use of this system.						Safe & Reliable logistics	3. Supply Chain
	Procure safe and reliable products	Expand and increase sophistication of the lithium-ion battery component business.	🌱🌱🌱	Efforts to expand sales of LiB materials at TODA KOGYO CORP. and Kureha Battery Materials Japan Co., Ltd. (in which ITOCHU has a stake), and expansion of business in new materials. Advanced efforts for the environmentally friendly stationary rechargeable battery systems and delivered such systems for the first time to condominiums built in the Tohoku region as part of recovery from the disaster.	<ul style="list-style-type: none"> Expanded and heightened business related to use of lithium-ion batteries. 	○	○				2. Social issues

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

Major CSR Initiatives

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

For new cluster of oil fields (Western Isles Development Project, "WIDP") discovered at a block owned (23.08% ownership ratio) by CIECO Exploration and Production (UK) Limited (100% owned subsidiary of ITOCHU Corporation) in U.K. North Sea, ITOCHU Corporation decided to make a joint investment with block operator Dana Petroleum (E&P) Limited. Subsequently, the development plan was approved by the British government in December 2012. Since 1993, ITOCHU has engaged in oil development projects in the North Sea, including the additional acquisition of Alba Oilfield interests in 2005, and strived to secure a stable supply of resources. ITOCHU has taken part in the WIDP since exploratory drilling was carried out in 1996, and the project has now transitioned to the development phase. With production commencing in 2015, the volume from ITOCHU's oil and gas interests is expected to be added by approximately 10,000 barrels / day (during peak production). Utilizing the technical and commercial expertise developed in the North Sea, ITOCHU aims to transition the WIDP into production and further expand its operations.

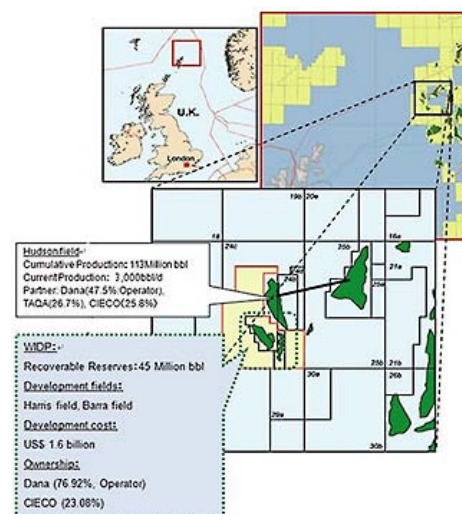


Diagram showing the WIDP Mining Block

Food Stability through Fertilizer Manufacturing and Sales Business

ITOCHU has acquired shares in Agromate Holdings Sdn Bhd ("Agromate"), one of the largest fertilizer manufacturers and distributors in Malaysia. Maintaining seven distribution centers in Malaysia and two in Indonesia, and handling around 1.3 million tons of fertilizer annually, Agromate is one of the largest fertilizer distributors in Malaysia and Asia. The company also owns an NPK (nitrogen, phosphoric acid and potassium) fertilizer plant boasting a production capacity of 200,000 tons annually in Sabah, Malaysia.

The demand for fertilizer in Asia is expected to expand in the future, particularly in countries like China and India, and from a global perspective, the demand for fertilizer resources will likely tighten in the medium-to-long term through the increased demand for food associated with population growth. By investing in new fields of fertilizer resources and building a robust Asia-centric sales structure on a joint basis with Agromate, ITOCHU is playing a part in ensuring the stable supply of food.



Agromate products

Initiatives in Lithium-ion Battery-related Business

Lithium-ion batteries (LiB) are expected to experience demand expansion in connection with eco vehicles, stationary rechargeable batteries, and clean energy systems. The Company is emphasizing the construction of value chains for relative businesses (including lithium resources, major battery components such as cathode and anode materials on the upstream side, and rechargeable battery systems on the downstream side).

Through its investment in the U.S. firm Simbol Materials in June 2010, ITOCHU began participating in operations for the manufacture of lithium compounds. Simbol continues to engage in the development and promotion of the business of manufacture of lithium compounds using spent brine containing lithium from geothermal power stations. In October 2013, it succeeded in the manufacture of lithium carbonate at a demonstration plant, and is working on the development and refinement of technology enabling production on commercial footing. In the same month, we launched sales of stationary rechargeable lithium-ion systems which had been developed and commercialized by NF Circuit Design Block Co., Ltd. Furthermore, Kureha Battery Materials Japan Co., Ltd., a joint venture with Kureha Corporation, Kuraray Co., Ltd., and the Innovative Network Corporation of Japan, is working on joint commercialization of Biocarbotron, a hard carbon derived from plant material, in addition to the conventional anode materials. ITOCHU will continue this action by making full use of the Group network.



Geothermal brine well in southern California

■ Chemical Logitec Co., Ltd. acquired certification under ISO 22301:2012 (business continuity)

Chemical Logitec Co., Ltd. manages and operates Nagoya Chemport(name changed from the former Nagoya Oil Tank Facility effective May 1, 2014), which is engaged in work centered around the storage, receipt, and supply of liquid chemicals at the No. 9 lot in the Port of Nagoya. It is an important link in our chain for supply to many customers in the Nagoya and surrounding areas. Learning from the Great East Japan Earthquake that struck on March 11, 2011, the company has since been preparing its facilities for the anticipated Nankai Trough Earthquake. Its aim is a chemical port that is both safe & secure and resilient to disaster, and thereby enables the earliest possible resumption of operations and continuation of business in emergencies.

As a result of its two years of efforts in the areas of employee education and training, facility improvement and systemic arrangements, the company recently obtained certification under ISO 22301-2012. This was a milestone event, because it became the first company in Japan's chemical tank industry and the whole ITOCHU Group to be given such certification.Using this certification as a springboard, Chemical Logitec is going to continue placing top priority on respect for human life and striving to assure the safety of its employees, customers, and visitors in emergencies. It is also committed to achieving higher levels of business continuity management with the guidance of the competent authorities and cooperation of neighboring companies.



Certification

CSR at the Food Company

Medium- to long-term Growth Strategies

In the implementation of the Food Company's SIS strategy, we have further accelerated our initiatives, including capital / business alliances in the retail sector and integration of Group companies in the distribution and marketing area in Japan. We have also broadened the foundations for our SIS strategy through its horizontal extension and development across the food value chain overseas. We have achieved this through joint initiatives with strategic partners in China and other Asian countries such as TING HSIN (CAYMAN ISLANDS) HOLDING because we recognize that although the Japanese market is shrinking due to a falling birthrate and an aging population, demand in fast-growing emerging countries is rising. The acquisition of the Dole businesses in 2013 will enable the Food Company to organically combine its existing food value chain with Dole's global brand and production and sales network. To accelerate the rollout of our global SIS strategy, we will expand sales of existing products and develop new products and businesses that leverage the Dole brand.



Yoshihisa Aoki

President, Food Company

CSR at this Division Company

Construction of value chains for food safety and security

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

CSR Action Plans

■ Key points of our FY2015 action plans

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

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues					Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	Company	
Provisions Division	Ensure a stable supply of safe and reliable raw materials	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. Help ensure industry sustainability by improving the lives of farmers and conserving the environment in producing countries. 		Flexible and stable supply was made possible by acquisition of 2 export ports in North America. Additionally expansion of collection capabilities and the logistics network through CGB ENTERPRISES, INC., which is engaged in grain trading and logistics business and the procurement of supply bases in South America	<ul style="list-style-type: none"> Promote a food-resource procurement business and establish stable supplies. (expansion of sites for supply of materials in North America, South America, Australia, etc.). 						3. Supply Chain

Fresh Food & Food Business Solutions Division	Improve and strengthen the management system for production bases inside and outside Japan	Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts).	🌱	Implemented plant audits based on action plans. Conducted nearly 100 plant audits, mainly for processed agricultural products, beverage materials, and processed livestock products.	➡	<ul style="list-style-type: none"> Strive for measures that improve the accuracy and effectiveness of plant audits (Introduce training for plant auditors and partial audits by experts). Promotion of the reinforcement and establishment of the framework for food safety audits in the food company. 	Food safety & Security	4. Education
Food Products Marketing & Distribution Division	Provide a food environment in response to the aging society and to the changes in the household structure.	Develop added-value products that promote health benefits to respond to consumer needs through initiatives in conjunction with food retailers.	🌱	<ul style="list-style-type: none"> 7 products created under the supervision of vegetable culinary expert Ms. Izumi Shoji were launched in FamilyMart nationwide. The products emphasize health in response to the needs of senior citizens and women. Received certification from the Ministry of Health, Labour and Welfare for our Japan's first bread made with calcium as ingredients. This certification is based on "MHLW's health promotion project 	➡	<ul style="list-style-type: none"> Development of euglena products, containing 59 types of nutrients, through collaboration with Euglena Co., Ltd., whose management philosophy is to make both people and the earth healthy. Development of products emphasizing health for the elderly using the services of vegetable culinary expert Ms. Izumi Shoji. 	Food safety & Security	2. Social issues
All Divisions	Improve the level of food safety and compliance management	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance program Support food safety management for Chinese business partners Support compliance management related to the Dole project 	🌱	<ul style="list-style-type: none"> Implemented food safety and compliance audit for all units of the company and several group companies. Implemented food safety & quality assurance audit for manufacturing plants and restaurants all units of the Ting Hsin Group twice a year. Participated in the Dole compliance conference (in Manila), shared problem points and proposed improvements for solution. 	➡	<ul style="list-style-type: none"> Verify compliance with food safety management manual/compliance Support food safety management for Chinese business partners Support compliance management related to the Dole project 	Food safety & Security	1. Communication

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

Major CSR Initiatives

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

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

The Food Company works to assure sources for supply of foodstuffs on a global scale, as exemplified by its involvement in projects for grain collection in North America, coffee in Latin America, and dairy products in Oceania. It is making a vital contribution to a stable supply as well as food safety and security for customers in Japan, China, and other Asian countries. In the aforementioned grain business, it is steadily expanding the collection areas and points while augmenting logistics capabilities. As a result, it has been able to keep the supply stable even when the region has been hit by record-breaking droughts.



Capital participation in a dairy product manufacturer in Victoria, Australia

The demand for dairy products is also expanding. In 2009, the Food Company acquired 45 percent of the stock of a dairy company in the Gippsland district of the Australian state of Victoria, one of the major dairy farming areas in the entire country. The dairy company has been smoothly building its business since this stock acquisition. In May of this year, it commenced production of high-value-added powdered milk (for infants) with a vision of entering markets in China and other Asian countries where demand is rapidly expanding.

■ Initiatives to develop foods for healthier lifestyles

ITOCHU Corporation is committed to developing value-added foods which satisfy consumers who are increasingly health-conscious. In FY 2014, the Food Company developed and sold a series of bread products containing the same amount of calcium as a carton of milk, together with Circle K/Sunkus and FamilyMart. These products are made with calcium-reinforced ingredients for bread making, and are the first of their kind in Japan. They were certified under the Smart Life Project (whose slogan is "Let's lead longer and healthier lives!"), which is being led by the Ministry of Health, Labor and Welfare.

On another front, in 2008 ITOCHU established a capital and business alliance with euglena Co., Ltd., a company involved with the mass cultivation of and research and development into Euglena (Japanese name: Midori Mushi), a type of algae that has been attracting attention as a rich source of nutrients. ITOCHU is considering business development from multiple perspectives.

We have also launched sales of Euglena & Yogurt together with Uny, CircleK/Sunkus, and FamilyMart, as a joint four-company product. This product is made with euglena (Midori Mushi) developed by the Food Company. In addition, ITOCHU developed prepared food products together with a vegetable culinary specialist, under an exclusive contract, that allows for the convenient and tasty consumption of vegetables. In February 2014, FamilyMart began selling these products at all of its stores throughout Japan. As this indicates, we are promoting the development of various food products to deliver healthier living to customers both inside and outside of Japan.



One of the series of bread products containing the same amount of calcium as 1 carton of milk

■ Ensuring food safety through regular auditing of overseas suppliers

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

ITOCHU determines the subjects and frequency of audits in correspondence with various factors, including the management setup in the host country, product characteristics, and sanitation risks in processing steps. Our employees, local staff, and/or Group company employees make on-site visits to carry out audits based on our own Plant Audit Check Sheet. These audits confirm the 25 items related to food protection in addition to the 100 items related to food safety. Proposals for improvement are made as necessary. In FY2014, we conducted a total of 174 on-site audits for a total of 137 suppliers.



A food audit underway

CSR at the ICT, General Products & Realty Company

Medium- to long-term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, our first approach is to add and augment the specialist strengths in each division and sector, while at the same time building a robust earnings platform spanning all organizations. For instance, in Forest Products & General Merchandise we are a leader in the business of distributing domestic and overseas construction products.

Next, to expand earnings we are adopting a holistically cooperative approach that transcends individual departments and sectors. Looking at construction, for example, we are introducing Internet services developed in our ICT business into condominium projects we have developed in our construction business, thereby increasing the level of service to customers and augmenting operations within the Group.

These moves aim to create “new and true value” that supports affluent lifestyles in the sense that they involve new transactions generated by pursuing additional and overlapping earnings.



Tomofumi Yoshida
President, ICT, General
Products & Realty Company

CSR at this Division Company

Contribution to concerns for the environment and creation of enriched communities














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

CSR Action Plans

Key points of our FY2015 action plans

Our development of environment-friendly business may be exemplified by transactions for lumber from certified forests linked to sustainable resource use, energy management solution business utilizing IT, and development of environment-friendly condominiums. We are also assisting advancement of the international community and rise of fulfilling societies through business with partners in Asia and other regions, especially in the fields of logistics, finance, and construction.

Divisions/ Departments	CSR Issues/ Societal Issues	FY2014 action plans	Status*	FY2014 results	FY2015 action plans	CSR Material Issues				Basic Policies for CSR Promotion
						Climate change	Resources	Human rights	Communities	
Forest Products & General Merchandise Division	Enhance the traceability of raw materials and ensure the observance of labor laws and regulations	Update survey items and survey recipient data; carry out traceability surveys.		Conducted surveys of 91 subject companies on traceability and compliance with labor laws by visiting them or sending questionnaires. Received responses from 90 of the 91 companies.	Update survey items and survey recipient data; carry out traceability surveys.		○	○		1. Communication
	Handle internationally certified forest products as well as health-safe products	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 		Aiming for the expansion of certification among suppliers that have not yet been certified, the certification acquisition rate was pulp: 92%, wood chips: 50%. Target levels were maintained.	<ul style="list-style-type: none"> Maintain and increase the ratios of FSC-certified materials handled (pulp: 80%, wood chips: 50%) by continuing to request that non-certified suppliers acquire certification. 		○			3. Supply Chain

ICT, Insurance & Logistics Division	Provide products and services for realizing a reliable, safe and prosperous society	Enhance green tech solutions utilizing IT to increase the number of customers.	 <ul style="list-style-type: none"> An energy management solution services (EMS) is being expanded and developed. The number of customers are being increased (up 70% from the previous fiscal year-end). 	Enhance green tech solutions utilizing IT to increase the number of customers.	 	2. Social issues
	Creating businesses based on the 3R philosophy	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	 <ul style="list-style-type: none"> Contributed to the promotion of timber usage from forest thinning in Japan as a replacement operator under the <i>Mokuzai Riyo Points</i> (the Wood Use Points Program) conducted by the Forestry Agency Penetration of the MOTTAINAI philosophy through development of new products and the holding of various events (flea markets etc.) 	Discuss and enact various measures to promote penetration of the MOTTAINAI philosophy	  	2. Social issues
	Care extensively for the environment	<ul style="list-style-type: none"> Actively promote environmentally friendly homes in condominiums and elsewhere. 	 <ul style="list-style-type: none"> In condominiums developed by ITOCHU Property Development, environmentally friendly homes with features such as solar power generation, storage batteries and support for electric vehicles are being supplied. 	<ul style="list-style-type: none"> Actively supply environmentally friendly homes in condominiums and elsewhere. 	  	1. Communication 2. Social issues
	Participate in local and international communities and contribute to their development	<ul style="list-style-type: none"> Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world. 	 <ul style="list-style-type: none"> Continued to engage in promotion to attract Japanese companies to the Karawang Industrial Park in Indonesia. Contributes to the development of Indonesia's local community as well as the overseas expansion of Japanese companies. Participated in the used car auction business in Shenzhen, China with partners. Intending to promote this business to contribute to higher levels of rationalization and efficiency in China's used car distribution. 	<ul style="list-style-type: none"> Seek to newly uncover and develop businesses in the fields of construction and finance through enhanced communication with local partners in Asia and around the world. 		1. Communication 5. Local and international community

※:Achieved :Nearly achieved :Unachieved

Major CSR Initiatives

■ Sustainable forest management of CENIBRA in Brazil

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). Of the roughly 250,000 hectares of land the company owns (equivalent to the area of Kanagawa Prefecture), about 130,000 hectares are used to plant trees and produce pulp, while the other approximately 100,000 hectares are preserved as permanently protected forest or legally protected forest, maintaining the ecosystem. The company also addresses the restoration of natural forests. Each year it plants some 70,000 tree samplings of the four varieties that make up the native forests in an initiative that spans as much as 300 hectares each year.

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



One of CENIBRA's vast plantations

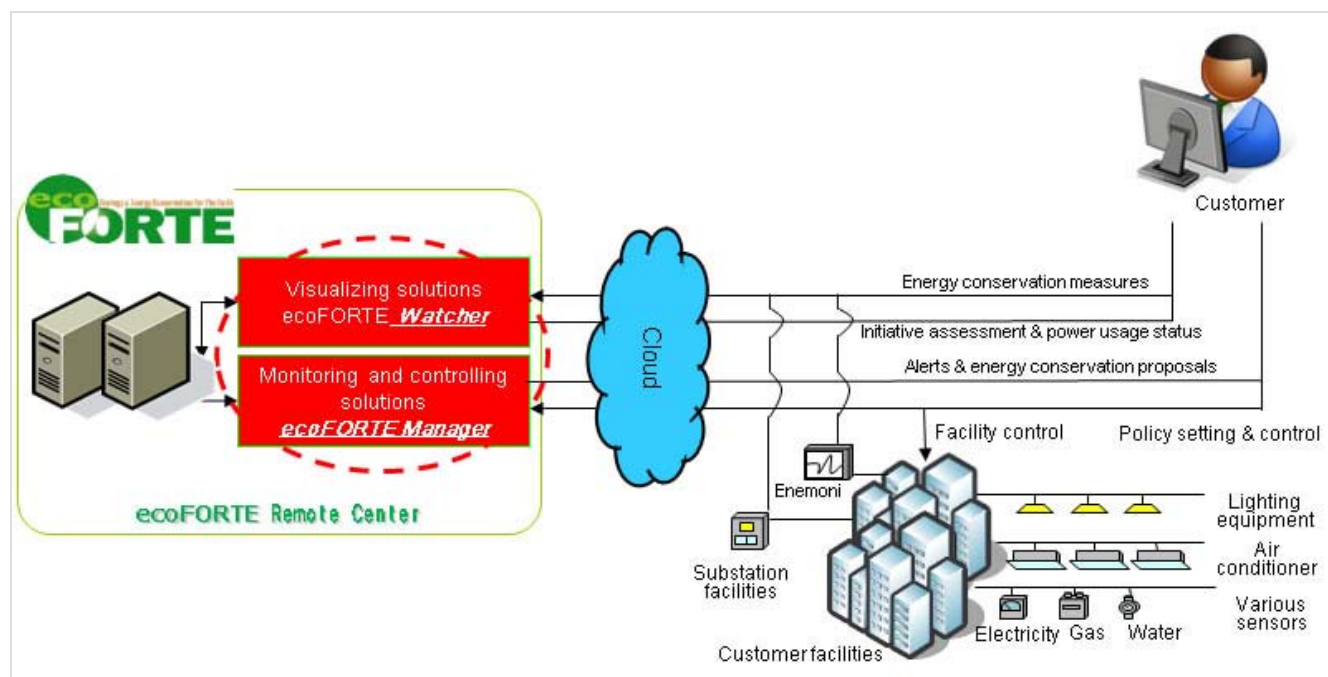


The rare mutum at Macedonia Farm

■ Energy management business with IT

ITOCHU Corporation is developing businesses in energy management and smart infrastructures utilizing IT, under the ecoFORTE brand and in collaboration with partners inside and outside of Japan. In Japan, there has been an increase in CO₂ emissions in the last few years because of a rise in dependence on thermal power in the energy mix. In addition, the jump in prices for energy use is becoming a critical issue for companies. ecoFORTE's capabilities extend from apprehension of the facts of energy use and discovery of issues to selection of solutions and their execution with automatic control. As such, it provides a mechanism for enabling reduction of energy use even without any specialized knowledge.

Recently, we made ecoFORTE easier to be introduced even in small and medium-sized commercial facilities, which have found it hard to do so thus far, by offering more compact, low-priced models. We are going to continue contributing to the reduction of CO₂ emissions and preservation of the environment on a global scale by supporting the efficient utilization of finite energy resources.



Outline of ecoFORTE

CSR Initiatives by Major Group Companies

– Contribution to the reduction of power consumption based on power visualization

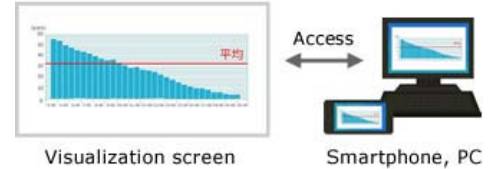
ITOCHU Urban Community, Ltd.

ITOCHU Urban Community developed the Mansion Energy Management System (MEMS) aggregator, which provides services to support energy management. Upon registration with the Sustainable Open Innovation Initiative (SII), the MEMS aggregator was adopted in the project for accelerated input of “smart condominiums” (contained in the supplemental budget for fiscal 2012) conducted by the Ministry of Economy, Trade and Industry. For customers or condominium management associations introducing its energy management service, ITOCHU Urban Community offers visualization of power consumption based on automatic measurements taken every 30 minutes using the latest “smart meters.” It also alerts all condominium residents, by smart phone or computer, of the time periods in which the power supply is forecast to be tight. This arrangement supports energy conservation while helping to reduce power consumption. Following the adoption of this aggregator, the company hopes to propose and provide additional services to support energy management (based on measurement of power consumption and support for its reduction) for condominiums for sale or rent. It likewise intends to develop approaches extending to area-wide energy management in the future.

Energy Management Service (ENEMANE)

1) Visualization of power consumption

The latest “smart meters” are used for automatic measurement of power usage (for air conditioning, lighting, etc.) and visual depiction of the results at 30-minute intervals. These visualizations can be checked by residents on their smart phones or computers to help them conserve energy.



2) Power saving notification function

The service alerts residents, by smartphone or computer, about time periods in which the power supply is forecast to be tight.



Corporate Governance and Internal Control/Compliance

Corporate Governance and Internal Control

ITOCHU Corporation operates its business to establish the long-term preservation and enhancement of its corporate value by building fair and positive relationships with its stakeholders in accordance with the ITOCHU Group corporate philosophy and Code of Conduct. To ensure its appropriate and efficient business operations, ITOCHU is increasing the transparency of its decision-making process and constructing a corporate governance system that incorporates proper monitoring and supervisory functions.

Overview of the Corporate Governance System

Corporate Governance System		
Type of system	Company with the Board of Directors and corporate auditors (the Board of Corporate Auditors)	
Number of directors	13	
Of which, number of outside directors	2	
Number of corporate auditors	5	
Of which, number of outside corporate auditors	3	
Term of office for directors	1 year (the same for outside directors)	
Employment of an Executive Officer System	Yes	
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates companywide management policy and important issues	
Corporate Officer Compensation System	(1) Monthly compensation Monthly compensation determined by the contribution to ITOCHU of each director according to a base amount set by position	
	(2) Performance-linked bonuses Total payment amount determined on the basis of consolidated net income attributable to ITOCHU Note: Outside directors paid monthly compensation only	
Independent external auditor	Deloitte Touche Tohmatsu LLC	

Steps Taken to Strengthen Corporate Governance		
1997	Introduced the Division Company System	To accelerate decision making / increase efficiency of business management
1999	Introduced the Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2007	Shortened the terms of office of directors and executive officers to one year	To clarify management responsibility during terms of office
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision making

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors).

Comprising 13 directors (including 2 outside directors) as of July 1, 2014, the Board of Directors makes decisions on important management matters and supervises each director's business management.

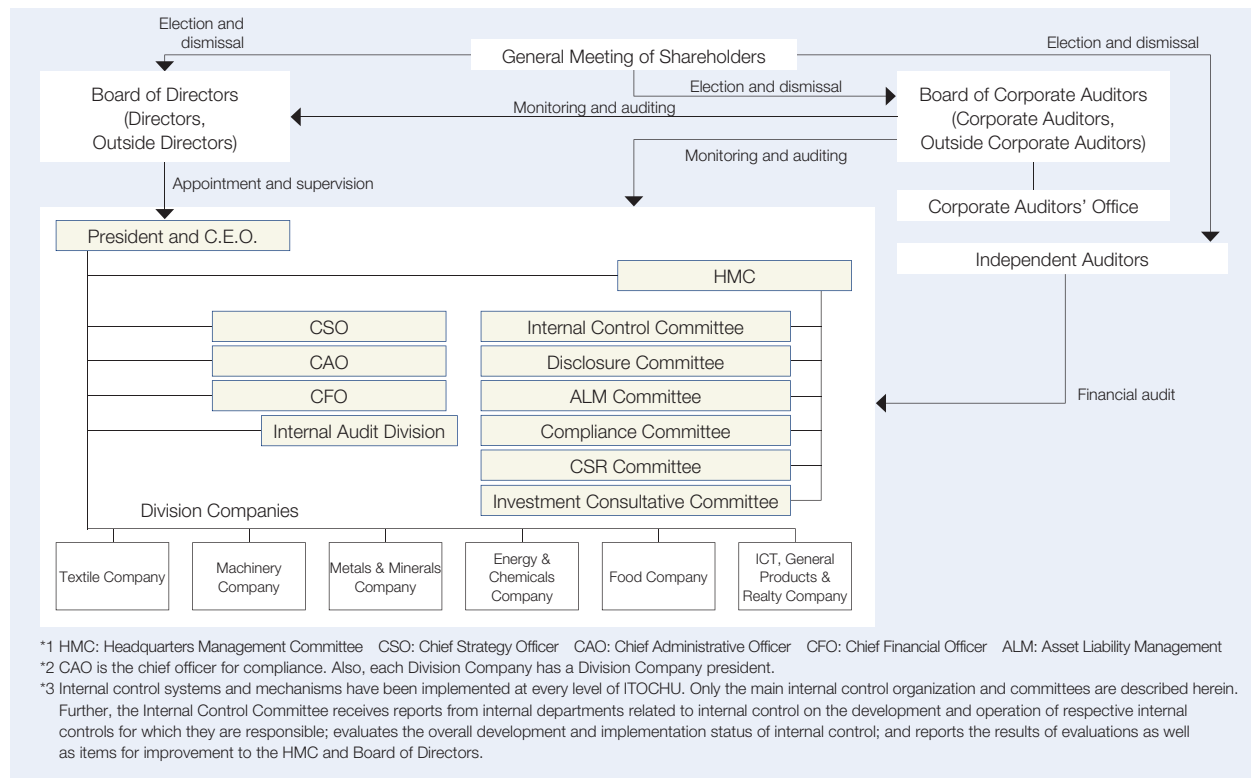
Since June 2011, ITOCHU has appointed two highly independent outside directors. The outside directors contribute to ensuring and increasing the effectiveness of the supervision of management by the Board of Directors, as well as the transparency of the Board of Directors' decision-making, by way of appropriately providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

ITOCHU has adopted an Executive Officer System to strengthen decision-making and supervisory functions of the Board of Directors and to boost the efficiency of business execution. Also, ITOCHU has in place the Headquarters Management Committee (HMC) and various internal committees to support appropriate and flexible decision-making by the CEO and the Board of Directors. As a body to support the CEO, the

HMC discusses companywide management policy and important issues. The various internal committees screen and discuss management issues in individual areas of responsibility. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in some internal committees in which outside experts become members.

In addition, ITOCHU appoints five corporate auditors, including three outside corporate auditors. Each auditor monitors and audits business management independently and objectively. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and by working in cooperation with ITOCHU's independent auditor and other audit bodies inside and outside ITOCHU. ITOCHU's Internal Audit Division is responsible for internal audits. Members of this division discuss internal audit planning, exchange information, and collaborate closely with corporate auditors through regular meetings. In order to support corporate auditors' activities and performance, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, has been established.

Overview of ITOCHU's Corporate Governance and Internal Control System



Principal Internal Committees

Name	Objectives
Internal Control Committee	Deliberates on issues related to the development of internal control systems
Disclosure Committee	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	Deliberates on issues related to risk management systems and balance sheet management
Compliance Committee	Deliberates on issues related to compliance

Name	Objectives
CSR Committee	Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives
Investment Consultative Committee	Deliberates on issues related to investment and financing
Corporate Officer Compensation Consultative Committee	Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement

Appointment of Outside Directors and Outside Corporate Auditors

In the course of appointing outside directors and outside corporate auditors, ITOCHU places a high value on ensuring their independence by way of considering certain requirements for "Independent Director(s) / Auditor(s)" as prescribed by the

domestic financial instrument exchanges. As of July 1, 2014, ITOCHU had two outside directors and three outside corporate auditors, all of whom satisfy the aforementioned requirements and therefore are registered as "Independent Director(s) / Auditor(s)" in the domestic financial instrument exchanges on which ITOCHU is listed.

Reason for Appointment as Outside Directors

Name	Reason for appointment
Ichiro Fujisaki appointed in June 2013	Mr. Fujisaki is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on the international situation, economy and cultures, and other matters, nurtured through his many years of experience as a diplomat and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Fujisaki has no material interests in ITOCHU.
Chikara Kawakita appointed in June 2013	Mr. Kawakita is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on public finance, financial transaction and tax affairs, and other matters, nurtured through his many years of experience at the Ministry of Finance and National Tax Agency and also monitor and supervise the corporate management of ITOCHU from an independent perspective. Mr. Kawakita has no material interests in ITOCHU.

Reason for Appointment as Outside Corporate Auditors

Name	Reason for appointment
Masahiro Shimojo appointed in June 2011	Mr. Shimojo is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. Mr. Shimojo has no material interests in ITOCHU.
Shingo Majima appointed in June 2013	Mr. Majima is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise on finance and accounting as a certified public accountant and university professor. Mr. Majima has no material interests in ITOCHU.
Harufumi Mochizuki appointed in June 2014	Mr. Mochizuki is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise in economics and industrial policy nurtured through his service at the Ministry of Economy, Trade and Industry (formerly, the Ministry of International Trade and Industry) and other governmental agencies of Japan. Mr. Mochizuki has no material interests in ITOCHU.

Messages from Outside Directors

At meetings of the Board of Directors, we consider resolutions that have undergone an internal deliberation process and discussion at the HMC. Reports are received on the details and results of those deliberations, and their appropriateness and suitability are discussed. We also receive explanations of issues with the resolutions and conditions for their approval. Looking at this process, I believe that each item has been carefully deliberated.

Internal directors are well-versed in the business of a general trading company. On the other hand, outside directors have extensive experience outside the company and can view things from a more open perspective. In that sense, I believe that these groups have mutually complementary roles.

I intend to fulfill my responsibilities as an outside director from three viewpoints—leveraging my experience in government in a wide range of fields, fulfilling my responsibilities to shareholders, and drawing on social standards.

* Headquarters Management Committee (HMC): A supporting body of the CEO where companywide management policy and important issues are discussed and decided.



Ichiro Fujisaki

Apr. 1969 Joined Ministry of Foreign Affairs
Worked in the Embassy of Japan in Indonesia, Permanent Delegation of Japan to the OECD, Budget Bureau, Ministry of Finance
Aug. 1987 Counselor, Embassy of Japan in the UK
Feb. 1991 Director, Overseas Establishments Division, Minister's Secretariat, Ministry of Foreign Affairs
Mar. 1992 Director, Financial Affairs Division, Minister's Secretariat, Ministry of Foreign Affairs
Feb. 1994 Deputy Director-General, Asian Affairs Bureau, Ministry of Foreign Affairs
Jul. 1995 Minister, Embassy of Japan in the United States of America (Political Affairs)
Aug. 1999 Director-General, North American Affairs Bureau, Ministry of Foreign Affairs
Sep. 2002 Deputy Minister for Foreign Affairs (Economic Affairs), Ministry of Foreign Affairs
Jan. 2005 Ambassador Extraordinary and Plenipotentiary, Permanent representative of Japan to the International Organizations in Geneva
Apr. 2008 Ambassador Extraordinary and Plenipotentiary to the United States of America
Nov. 2012 Retired from Ministry of Foreign Affairs
Jan. 2013 Distinguished Professor, Chairman of International Strategies, Sophia University (current position)
Jun. 2013 Outside Director, ITOCHU Corporation
Jun. 2014 Outside Director, NIPPON STEEL & SUMITOMO METAL CORPORATION (current position)



Chikara Kawakita

Apr. 1977 Joined Ministry of Finance
Jul. 2001 Director, Income Tax and Property Tax Policy Division, Tax Bureau, Ministry of Finance
Jul. 2002 Director, Policy Planning and Research Division, Minister's Secretariat, Ministry of Finance
Jul. 2004 Director, Management and Co-ordination Division, Minister's Secretariat, Ministry of Finance
Jul. 2005 Regional Commissioner, Osaka Regional Taxation Bureau, National Tax Agency
Jul. 2007 Deputy Director-General, Tax Bureau, Ministry of Finance
Jul. 2008 Deputy Vice Minister for Policy Planning and Co-ordination, Minister's Secretariat, Ministry of Finance
Jul. 2009 Director-General, Financial Bureau, Ministry of Finance
Jul. 2010 Commissioner, National Tax Agency
Aug. 2012 Retired from Ministry of Finance
Oct. 2012 Professor, Graduate School of Law, Hitotsubashi University (current position)
Jun. 2013 Outside Director, ITOCHU Corporation

In the year that has passed since I was appointed, I have deepened my understanding of ITOCHU's business. The matters brought up before the Board of Directors, such as long-term investment projects, are all extremely important and require careful management decision-making. As an outside director, I receive explanations from the divisions in charge and confirm the details of the internal deliberation process before attending a meeting of the Board of Directors.

In these endeavors, I draw on my own experience while asking questions from such perspectives as "How will this be explained to the shareholders?" and "What will society think about this?" On this basis, I offer my opinion. From this viewpoint, I believe that additional verification increases the accuracy of internal decision-making and also helps the company to fulfill its responsibilities in the area of accountability.

ITOCHU's corporate culture prioritizes the abilities of all employees as well as their spirit of taking on challenges. I believe that carefully passing on that tradition will be the cornerstone of further growth. I expect ITOCHU to institute bold initiatives while rigorously ensuring internal control and compliance so that the company continues to earn the respect of society. In this fiscal year, I will continue to support ITOCHU as it takes on these kinds of challenges.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was partially revised on May 8, 2013. ITOCHU intends to revise and improve the internal control system tirelessly in order to build a

system that is even more appropriate and efficient. The following highlights two noteworthy initiatives under this policy.

(For ITOCHU's Basic Policy regarding the Internal Control System, please see: http://www.itochu.co.jp/en/about/governance_compliance/control/policy/)

Initiatives to Further Enhance the Reliability of Financial Reporting

In order to further enhance the reliability of our consolidated financial reporting, we have established a company structure. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has been appointed in each organization to design and implement internal control. The Internal Audit Division evaluates the effectiveness of internal control and provides feedback to each organization to ensure the continuous improvement. Overall management of these initiatives is conducted by the Internal Audit Division, and important matters are determined through deliberations in the Disclosure Committee chaired by the Corporate Headquarters CFO. In this way, we are working to reinforce the companywide internal control system.

Strengthening Risk Management

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on balance sheet management as well as analysis and management of risk.

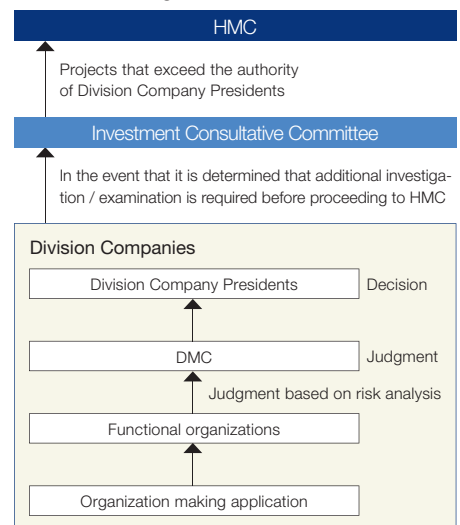
Examples of Risk Management

Managing Investment Risk (Example: Decision-Making Process for Investments)

Executing New Investments

When making new investments, first the department making the application gives due consideration to factors such as the purpose of the investment, growth strategies, business plans, the appropriateness of the acquisition price, the state of conformance with investment criteria, and the setting of exit conditions. Next, related administrative organizations implement risk analysis from various specialized perspectives and attach their screening results to the application. After deliberation by the Division Company Management Committee (DMC), the application is submitted to the Division Company President for a final decision. Projects that exceed the Division Company President's authority must be approved by the HMC. If additional consideration and screening of an investment's profitability and strategy are needed prior to the HMC, the application is sent to the Investment Consultative Committee for deliberation. After discussing the application, this committee—whose members include the CSO, CFO, and the General Manager of the Global Risk Management Division—puts the matter before the HMC. This approach devolves authority to the Division Companies and speeds decision-making, while at the same time providing multiple screening processes to control investment risk.

Decision-Making Process for New Investments



Monitoring

To promote asset replacement and achieve other objectives, we implement annual reviews of all Group companies from both the qualitative (such as strategic significance) and quantitative (such as scale of earnings and investment efficiency) perspectives. This methodology enables us to determine the future policies of all Group companies after confirming whether Group companies are infringing on exit selection criteria.

Exiting

The Global Risk Management Division monitors the progress of Group companies that have been slated for exits during the annual reviews, ensuring that they are moving steadily toward an exit.

Managing Concentrated Risks

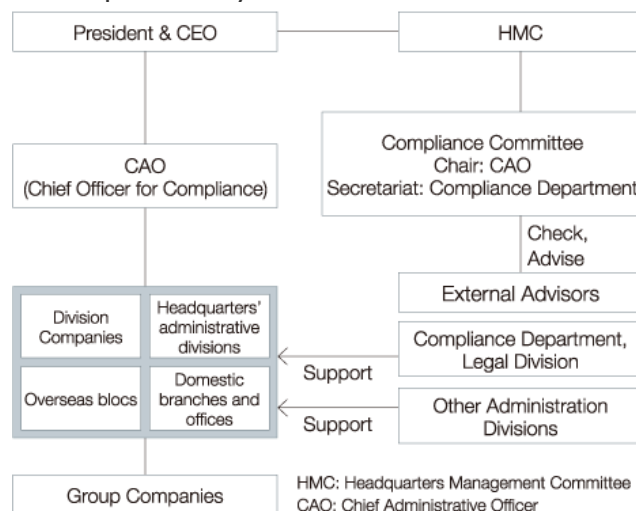
In addition to distributing internal covenants on management resources to each Division Company, ITOCHU defines asset limits in areas of trading where exposure is high, thereby managing the concentration of risk in specific segments and areas. We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Limits on assets in specific areas and country limits are deliberated by the ALM Committee and approved by the HMC.

Compliance

ITOCHU Group's Compliance System

The ITOCHU Group is building a promotion system of compliance by placing compliance officers in each organization within Headquarters and at all major Group companies worldwide. The ITOCHU Group Compliance Program is part of the system and structure of the ITOCHU Group that was established so that each organization can consider local laws, business characteristics, and operational formats while complying with compliance. Besides carrying out Monitor & Review surveys once a year 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. Furthermore, 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.

■ Compliance System



■ Internal Information Reporting System(Hotlines)

ITOCHU Corporation has formulated regulations on the Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at Group companies as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption.

Implementation of Compliance Training

■ On-Site Compliance Training

We periodically conduct On-Site Compliance Training for all Headquarters employees and for employees of Group companies that requested training. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual incidences of compliance violations as teaching materials. We also conduct separate programs of finely-tuned education and training for each employee layer that are likewise based on actual cases.

In fiscal 2014, compliance training was provided to an extended total of 6,300 employees at ITOCHU Headquarters and 52 Group companies.

■ Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees. The survey ascertains the status in regards to penetration of compliance among the employees, and assists the implementation of specific initiatives. In fiscal 2014, we conducted the survey of about 30,000 Group employees, and received response from 27,598 of them (retrieval rate of 90.7%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system.

Bolstering Measures to Fight Corruption

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers). These rules and guidelines are aimed at prohibiting all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position, and indicate guides for decision and judgment in actual business. We are working to prevent corruption by pursuing their full penetration.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. In response, to prevent involvement in any illicit transactions, we regularly revise our Anti-Monopoly Law Manual and the document "A Must-Read! 51 Q&A about the Anti-Monopoly Law", which facilitates referral. Through various Monitor & Review surveys and education and training programs as well, we are making sure all employees are aware of requirements.

Measures for Intellectual Property

To completely prevent infringements on intellectual property rights held by other parties in businesses related to such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for employees and by establishing internal rules, regulations and manuals that conform to related laws and regulations. We also define and properly apply internal rules for employees' inventions and work and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

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

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

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

In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

| Basic Policy and Efforts against Antisocial Forces

ITOCHU has set out basic policy to tackle antisocial forces and groups that threaten the order and safety of civic society, stipulating three basic principles plus one - Don't fear, Don't pay, Don't use, and Don't associate - in its stance against antisocial forces and 10-point guideline as a manual to disseminate this information among all employees. We have also established a special department with overall responsibility for countermeasures in relation to antisocial forces within the Human Resources & General Affairs Division. In addition, we are improving systems and promoting enlightenment education in hopes of preventing unintentional entry into transactional relationships with anti-social forces and groups.

| Insider Trading Regulations

ITOCHU Corporation has an internal rule regarding the restriction of insider trading, and formulated the "guideline regarding reporting and management of insider information" in April 2014 in conjunction with the revision of the rule. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity which ITOCHU has capital or contractual relationship, and we are taking action to assure that all employees know about them.

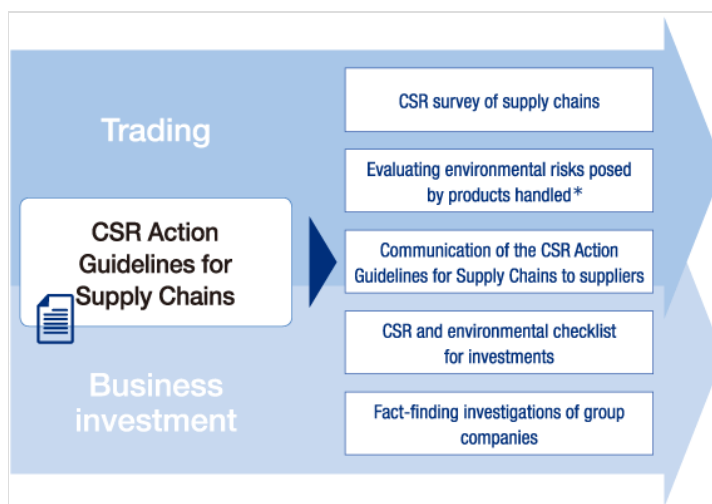
| Perspectives on Information Management

ITOCHU Corporation has formulated IT Security Management Policy for all executives and employees. The objective of these rules is to provide proper management of information required for business activities by setting forth a code of conduct on information handling and assuring a high level of information security. More specifically, we have determined rules and standards on personal information management, document management, and IT security, and are striving to prevent the leakage of personal information and other confidential information.

CSR in Our Supply Chain and Business Investment

Engaged in trading and business investment on a worldwide basis, ITOCHU Corporation also takes full consideration for human rights, labor, and the environment etc., through CSR management that is commensurate with respective business activities for its supply chain and business investment.

Through such consideration, the Company is determined to build a sustainable value chain and link this to a heightening of the competitiveness and corporate value of the ITOCHU Group.



* Please refer to page97

Supply Chain Management

Basic stance on supply chain management

Trading firms are engaged in the trading of all sorts of articles, from resources to intermediate materials and finished products, around the world. In light of the increasing complexity of their supply chains, their business requires risk management concerning human rights, labor, and the environment not only in processes under their direct control but also in areas such as procurement of raw materials, production sites, intermediate distribution, and the regions of consumption. We at ITOCHU Corporation pay particular attention to management on the site of suppliers which occupy a fairly high share of our purchasing, and view our consideration and sense of responsibility for these areas as matters of great importance to be addressed with a high priority.

ITOCHU Corporation has set out its CSR Action Guidelines for Supply Chains, and implements the following surveys and reviews. Through these activities, it is striving to prevent the occurrence of any problems. When problems are detected, it aims for improvement in the concerned areas through communication with suppliers.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner including verbal abuse and physical punishment.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. 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.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

Communication of the CSR Action Guidelines for Supply Chains to suppliers

We believe it is important to win the understanding and cooperation of all our suppliers for our procurement-related policies. In keeping with this belief, in fiscal 2014, we again made notice of the ITOCHU Corporation's CSR Action Guidelines for Supply Chains to the approximately 4,000 suppliers with whom we have continuing transactions. We are endeavoring to deepen communication with them on our CSR-related policies.

Response to non-compliant supplier

When a case that does not comply with the intent of guidelines has been confirmed, ITOCHU will request the relevant supplier to take remedial action, and will provide support and guidance as needed. If a remedy is deemed difficult despite ITOCHU making continuous requests for remedial action, ITOCHU will reexamine its dealings with the supplier concerned.

CSR Survey of Supply Chains

In order to check the status of our various suppliers, ITOCHU conducts survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the ten items in our "CSR Action Guidelines for Supply Chains." In addition to the ten items covering human rights, labor, and environmental issues, we added further items specific to each Division Company. For example, we added check items for forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); product safety items for the Food Company; and items on protection of intellectual property for our Textile Company.

Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers, and survey them by means of interviews or questionnaires.

For our significant suppliers, we also have personnel from the CSR Promotion & Global Environment Department of our Corporate Communications Division make visits for on-site surveys together with external experts, as necessary.

Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue this initiative.

CSR Surveys in fiscal 2014

In fiscal 2014, ITOCHU surveyed 380 companies, including 25 suppliers of overseas offices and 89 suppliers of 12 Group companies. No serious problems requiring immediate response were found in the survey results.

Even when surveys have revealed the existence of problems that are cause for apprehension, we confirm the initiatives for prompt improvement or countermeasures taken by the supplier. We are going to continue to engage in communication with suppliers to seek their understanding of our thinking. Comments from local employees in charge of the surveys included, "Through these annual surveys, supply chain management is steadily advancing." By continuing these surveys in the years ahead, we will work to raise employee awareness and enhance supplier understanding and implementation.

CSR Survey: Survey results by organization (FY2014)

Division Companies	Suppliers
Textile Company	26
Machinery Company	13
Metals & Minerals Company	12
Energy & Chemicals Company	62
Food Company	118
ICT, General Products & Realty Company	149
Total	380

On-site report: a fact-finding survey at a natural rubber processing plant in Indonesia

On February 27 and 28, 2014, ITOCHU paid a visit together with an external expert to two plants operated by PT. Aneka Bumi Pratama, a member and supplier of the ITOCHU Group, in Jambi and Palembang, Indonesia. They confirmed that management was taking due consideration for the environment and labor safety in the processing sequence for natural rubber used to manufacture tires. The external expert advised action to bolster prevention of environmental and labor accidents in areas including control of plant wastewater and rainwater drainage routes, prevention of soil contamination, and anti-noise measures. The plant personnel are rapidly implementing proper initiatives and working to raise the control level even higher.

Business Investment Management

The business activities at companies in which we invest must take account of and address their possible influence on the global environment and society at large. For this reason, we endeavor to understand the potential CSR risks and to prevent the actualization of CSR risks at the Group companies. We assess their activities by using a checklist and doing on-site visits, and take the requisite measures in response to the assessment results. We do these assessments as part of our environmental management system and try to improve their management level.

Evaluating CSR Risks of New Investment Projects

In approaching prospective new business investment projects, the proposing unit is required to make an advance assessment using our CSR and environmental checklist for investments. Specifically, an assessment is made of items such as whether there are the policies and setups at the investment subject set in place as viewed from the standpoint of CSR and the environment and whether there is the possibility of significant adverse environmental impact, legal or regulatory violations, and the risk of litigation by concerned parties. The checklist consists of 33 items, including the seven core subjects in ISO 26000*, the international CSR guideline. (*Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) The proposing unit also takes consideration of the opinions deriving from assessment based on risk analysis by the related administrative division. If any causes for apprehension are identified, a request is made for an advance due diligence study by an external specialized institution in the case of projects requiring an expert perspective. The actual project will commence only after this study confirms the absence of any problems.

Fact-finding Investigations of Group Companies

To prevent environmental pollution and related problems among the ITOCHU Group companies, ITOCHU (the CSR Promotion & Global Environment Department of our Corporate Communications Division) has been making on-site visits for the purpose of survey work continuously since 2001. In fiscal 2014, such visits were made to a total of 10 companies, some involving the participation of external experts, with consideration of the level of environmental risk at each company. By the end of March 2014, such surveys had been completed at a total of 249 establishments.

The survey work consists of interviews with management, a survey of facilities such as factories and warehouses as well as drainage into rivers, and checks of compliance with environmental laws and regulations. Based on the findings, the survey work team points out problems, indicates measures for prevention, and confirms the status as regards correction.

On-site report: a fact-finding environmental survey at Marine Access



On August 7, 2013, ITOCHU visited a site of Marine Access Corporation (which was then named the Shizuoka Center of Access Fresh Food Processing Corporation). The site performs storage and processing of marine products, and there are many environmental laws and regulations pertaining to these operations, such as the Waste Management and Public Cleansing Act and various local ordinances. We consequently advised the site to practice surer control. They also confirmed that the site's determination to work in response to such advice for prevention of environmental pollution on a continuous basis.

Employee Relations

As a general trading company that has a diverse range of businesses around the world, ITOCHU believes that its human resources are its greatest management asset. Accordingly, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting the growth of its business activities. We will continue to pursue human resources initiatives, such as cultivating industry professionals and creating systems in which diverse human resources can flourish globally.

Human Resource Development Supporting the “Seeking of New Opportunities”

Human Resource Development Supporting the “Seeking of New Opportunities”

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

Our human resource 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 Resource Development

Human Resources Development System

ITOCHU conducts various trainings to employee in all levels in its organization. In addition, independent business and skills-based trainings are also conducted by each Division company and Administration Division to develop professionals who can manage business on a global level.

Classification		Head Office Employees			Group Company Employees	National Staff					
Target		Essential		Elective	Select						
Officer		Training for Newly Appointed Officer				Training for Newly Appointed Officer					
Career-track Employee	General Manager	Training for Newly Appointed General Manager	Workshop for Organizational Managers	Pre Dispatch Training	GEP Training			GEP Training			
		Training for Newly Appointed Administrative Officer of Group Company					Management Training				
	Section Manager	Short-term Business School in Japan or Overseas				Coaching			GLP Training		
		Training for Newly Appointed Section Managers									
	Mid-Career	Training for Newly Appointed Acting Section Manager			Leader Employee Training	Mid career Hires Training	Cross Cultural Management Training	Short-term Business School in Japan or Overseas		Next-Generation Business Leader Training	GNP Training
								Administrative Expertise Training Course		Training for Staff of Middle or Veteran Standing	
								Next Generation Leader Forum		Leader Employee Training	
	Junior Employee							Training to Bolster Business Development		Business Professional Courses	
		8th Year Training			Junior Staff Internship (Admini Dept.)						
		4th Year Training			Junior Overseas Training-Multi	Junior Overseas Training		New Employee Training			
Basic Course			Intensive English Lesson								
	New Employee Training										
Clerical Staff	Training for Newly Appointed Grade B Employee	Secretary Training	Support-Oriented Leader Training								
	New Employee Training	Leader Employee Training		Basic Course							
Temporary Worker		Training for Temporary Worker									
Prospective Employee		Training for Prospective Employee									

Training Available to Employees of Group Company

GEP: Global Executive Program
 GLP: Global Leadership Program
 GNP: Global Network Program
 NS UTR: National Staff U-turn Rotation Training

A Variety of Training Schemes

ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as select and elective training. With a view to nurturing the growth of global management human resources, we provide training in such forms as global development programs (GEP, GLP, and GNP*), dispatch of staff to business schools for short-term programs, and workshops for organizational managers. In order to develop English language skills and an international perspective among junior staff, we instituted a program for short-term dispatch overseas in 1999, ahead of other companies in our industry. At present, we are developing candidates for future growth into specialists in each market around our program for short-term dispatch of junior staff to China and other emerging markets, for training in Chinese and other languages. Further, to produce professionals with diverse outlooks on value, besides offering training to support career visions and a junior job intern program (allowing young sales staff to acquire experience of work in in-house administrative units for a certain time), we also provide diverse object-oriented training such as independent training based on the human resource strategy of each Division Company and the headquarters administrative divisions.



Global Development Program

- * 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.

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*), Dispatch of staff to business schools for short-term, Workshop for organizational managers
Business leader development	Dispatch of junior staff overseas to learn Chinese and other languages, Junior overseas training, Dispatch to designated overseas areas
Development of industry professionals and diverse human resources	Career vision support training, distinctive training for each Division Company, Headquarters' administrative division

Number of employees participated in major training programs

Training program name	FY2014 Results
Global development program	135
Organization manager workshops	325
Dispatch of staff to business schools for short-term	50
Junior staff overseas training for English and Junior staff overseas training for multi-language	54
Career vision support training	2,025

Comments by Training Participants



Takuya Matsumoto

Front row, third from the left

Synthetic Fiber Materials Section No. 2
Organic Chemicals Department No. 2

Junior staff overseas training for multi-language (Chinese)

I went to China for a stay of about half a year, to study Chinese language and culture at Nankai University in the city of Tianjin. When I first came to Tianjin, I was virtually unable to speak or understand Chinese. As such, I was very apprehensive at the start, since I was unable to exchange apartment rental contract, purchase a mobile phone, or perform other procedures required for living and studying in China by myself. In time, however, I became able to converse even with cab drivers who had a strong Tianjin accent, thanks to instruction and assistance by my teachers at the language school, my fellow students at the university, and members of the ITOCHU national staff.

Through this experience, I learned that the most important factor for developing business on a global scale is the collection of raw information using your own eyes and doing the legwork. I also learned how to make an integrated analysis of this raw information, find the keys to success, and persevere in building the business while making on-site inroads. I hope to apply what I learned in efforts to refine my business acumen in all sorts of situations and make a positive contribution to our company and society as a whole.



Xu Jingyuan

Front row, third from the left

Construction Machinery Section No.1
Construction Machinery Department

Junior staff overseas training for multi-language (Indonesian)

In August 2013, I went to Indonesia to study for about five months in the city of Jakarta.

When I started the program, my Indonesian was on the level of baby-talk. Besides attending the classes at the language training facility in the university, I participated in joint study groups with other students there, tried to read the local newspaper, and took one-to-one private lessons on a daily basis. As a result of these efforts, I eventually progressed to the point where I did not feel any language difficulty in daily life. For the local business report I was required to prepare as part of the training, I researched the construction machinery industry, in which I had been involved at ITOCHU. My research began with the heavy equipment I spotted on a construction site on the university campus. Through the crew on the site, I succeeded in making the acquaintance of many people at concerned companies, whom I did my best to interview in Indonesian. The encounter with Indonesians whom I would not have been able to meet if I had merely taken the university classes was a precious experience for my future activity.

Personnel Evaluation Systems

Personnel evaluation systems are positioned as the foundation of a personnel system that helps employees realize their full potential with enthusiasm and drive. One of these systems is the management by objectives (MBO) scheme, which functions as the driver of management strategy by dividing objectives among individual employees based on the company-wide management plan and verifying their execution. We have also established a human resources assessment system that takes a comprehensive look at the skills, expertise, past careers, aspirations and suitability of individual employees and utilizes this information for placement and transfer plans.

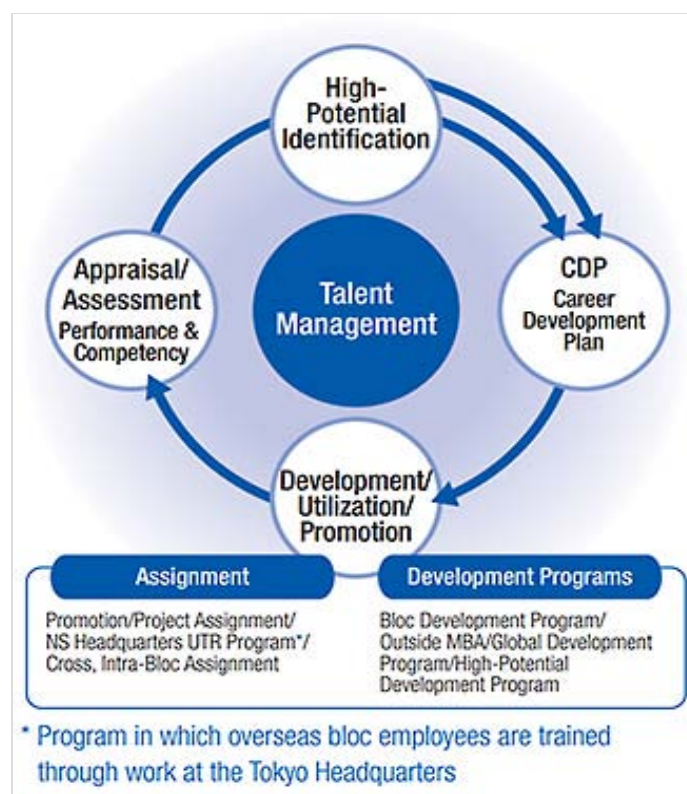
We regard fair and equitable evaluations by supervisors and feedback through interviews with subordinates as critically important to ensure proper functioning of these personnel evaluation systems. We make use of evaluator training and other activities to communicate the importance of encouraging employee growth and development to supervisors.

Ongoing Promotion of Global Human Resources Strategy

Ongoing Promotion of Global Human Resources Strategy

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and 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. Currently, we are strengthening our human resources development through such programs as the NS Headquarters UTR Program*, Global Development Program, and assisting overseas blocs to formulate human resource development programs specific to each bloc. 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

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, 2014, a cumulative total of 69 employees have been dispatched.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, by implementing the ITOCHU Global Classification (IGC) in 2009 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.

■ Related Data: Number of overseas bloc employees by region (page72)

Support for Activity by Diverse Human Resources

Amid intensifying competition with newly emerging economies, we at ITOCHU Corporation believe that diversity as an organization is indispensable for accurate response to diversifying needs in the global market as well as continuous creation of new business and additional value. Based on this belief, we formulated the Plan for Promotion of Human Resource Diversification in December 2003 and set about efforts to increase the number of diverse personnel and support their acclimation and activity. We are committed to continued efforts to prepare environments enabling each and every employee to exercise his or her unique talents to the fullest, and to strengthen our power on both the individual and organizational levels. By so doing, we are going to make ITOCHU an attractive company with attractive corporate culture.

Supporting the career development of female employees

To date, ITOCHU Corporation has actively promoted measures to support the career development of female employees to reflect the advancement of women in Japanese society, and established various schemes to this effect. Moving forward, we will push even harder to ensure the fair application of these schemes and strengthen support the career development of female employees who contribute to the corporate growth, through efforts including the promotion of individual support measures based on the life stages and careers of individual employees.

■ Holding of the Women's Executive Forum by female executive officers

In addition to its in-house career training for women, ITOCHU Corporation has thus far planned and held special forums to present various role models and support endeavors to nurture career consciousness. Specific examples are the Five-Company Forum (2011), which brought together female employees from a total of five Japanese trading companies, and the Cross-industrial Women's Forum (2013), which was an inter-industry venue for exchange among female employees of Japan's leading global firms (co-hosted with Nomura Holdings, Inc.; Shiseido Co., Ltd.; All Nippon Airways Co., Ltd.; and Nissan Motor Co., Ltd.).

In April 2013, ITOCHU Corporation became the first major Japanese trading company to appoint a woman to the post of executive officer. In 2014, we held a panel discussion along with Tokio Marine & Nichido Fire Insurance Co., Ltd. and Calbee, Inc. featuring three female executive officers who had been appointed at their respective companies about the same time. In February 2013, ITOCHU Corporation and Nomura Holdings, Inc. jointly held the Cross-industrial Women's Forum, an event where female employees from five of Japanese leading global firms gathered to engage in inter-industry exchanges and learn from one another about their future careers (other participating companies were Shiseido Co., Ltd., All Nippon Airways Co., Ltd. and Nissan Motor Co., Ltd.) Roughly 100 junior female employees from each company broadened their views through exchanges with other participants and stories of the personal experiences delivered by a diverse range of role models selected from each company, including female employees posted overseas (living along with their children) and those working in management positions. The event was a highly productive opportunity for female employees to find the motivation to open up their own careers and gain awareness.



At the panel discussion

Comment by female executive officer



Mitsuru Claire Chino,
Executive Officer
General Manager,
Legal Division

ITOCHU Corporation is “everywhere,” both in terms of its diverse industry and jurisdictional coverage. Our people are the back-bone of the company’s success. We believe that diversity is a matter of business strategy. With this in mind, we will continue our aggressive investment in diverse human capital.

- Related Data: Figures concerning employees (page72)
Proportion of female career-track employee, manager, and executive officer (page72)
Number of hires by gender (page72)

■ Permission for employees posted overseas to take children along without taking spouse

For a *sogo shosha* (general trading company) such as ITOCHU Corporation, overseas service is an important career path option. It has, however, also been a factor blocking career development by female employees, because the company has not allowed employees posted overseas to bring children with them without taking spouse as a general rule. Effective fiscal 2014, we revised this rule to permit employees to bring children along without taking spouse on overseas assignments as necessary, and also allowed accompaniment by the employee’s parent for the purpose of childcare support. Under this new arrangement, we thus far have posted one employee to New York with the child.

Supporting the Utilization of Senior Human Resources

ITOCHU Corporation is supporting the employment of aged workers even more actively than before. In light of factors such as the declining Japanese birth rate and aging population and support for the utilization of diverse human resources, we have introduced an employment extension system as a new option in addition to mandatory retirement at the age of sixty. This provides an environment in which willing employees can continue to play an active role so that their wealth of knowledge and experience can be utilized. In the future, we will make further efforts to develop environments in which aged employees can continue to work with even greater drive and enthusiasm.

Supporting the Participation in Society by People with Disability

In 1987, ITOCHU Corporation established Itochu Uneedus Co., Ltd., as a special subsidiary based on the Disabled Persons Employment Promotion Act (Law for the Employment Promotion of the Disabled) in order to create work opportunities for those with disability. As of March 2014, the proportion of our workforce with disabilities is 2.16%, which exceeds the legally stipulated ratio of 2%. We will continue to actively support the participation in society by people with disabilities. Common menu of category from here.

- Related Data: Employment ratio of people with disabilities (page73)

Creating Environments That Bring Out the Best in Employees

ITOCHU Corporation regards people as its greatest asset and considers the development of environments that allow employees to enjoy peace of mind and concentrate on their work with a sense of job satisfaction to be of crucial importance. To this end, ITOCHU has enhanced and expanded a number of systems, promoted greater understanding of systems among employees themselves and their colleagues, and promoted the development of environments that bring out the best in employees.

Providing Support for Work as well as Employees' Childcare and Nursing Care

During the course of their working lives, employees inevitably pass through life stages that require them to render childcare and nursing care. To enable them to continue working with peace of mind and demonstrate their fullest potential, ITOCHU has expanded and upgraded systems to help that are far and above those required by law. 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.

In 2011, ITOCHU Corporation received approval from the Ministry of Health, Labour and Welfare to display Kurumin certification mark in recognition of its formulation and execution of an action plan for this childcare support.

Starting October 2012, we also made revisions to treat the five-day period following the start of childcare leave as paid leave instead of unpaid to encourage male employees to take part in childcare.

In 2011, in cooperation with the SECOM Group, we launched the "Furusato Care Service" to help employees posted abroad care for their elderly relatives (all expenses are paid by the company). 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. The service helps keep our employees working overseas updated on the lives and health of their elderly relatives living alone in Japan, helping our middle-aged employees to meet their work and nursing care responsibilities. Through this care service, we are working to establish an environment that enables employees to concentrate on their overseas assignments.

(Click [here](#) for details about the Chuzai-in Furusato Care Service.)

In addition, since October 2012 we have been expanding and upgrading our nursing care systems in anticipation of the coming era of increased demand for nursing care. Changes included extending the available period of shorter working hours for nursing care (from three years to five years) and launching a web-based consultation service for nursing care matters.

- Related data: Acquisition of leave according to child care or nursing care related systems (page73)

Comments from an I-Kids user

Maiko Masuda

Legal Division

My older child has been in I-Kids since May 2013. I was unable to place her in the nursery school run by the Ward due to the timing of my return to work, and am really grateful for the existence of this kind of childcare center. Although there are few children to become friends of my daughter, I feel that the staff are looking after each child more carefully because of it. I am pleased at how they are providing the children with opportunities for contact with nature such as walks to parks and strolls along the avenue lined with ginkgo trees, as well as making sure to celebrate festivals such as Children's Day, Setsubun (a day with a traditional bean-throwing ceremony to celebrate the coming of spring) and the Doll's Festival. I constantly realize that I am now able to work with peace of mind because of I-Kids and the warmhearted support of people concerned. I hope that I-Kids will definitely remain in operation as part of the efforts to prepare an environment allowing all employees to work free from worry.



Stroll along avenue of ginkgo trees



nutritional education

Comments from a user of childcare leave



Shinya Takaoka

Construction
Machinery
Department

The explanation I received from my superior about the provisions for taking childcare leave prompted me to apply for it. In taking this leave, I was deeply moved by the tremendous support I received from work-related people both inside and outside Japan. I hope in turn to support people around me at work just as they did for me. During my leave, I wanted to do things in the home that I ordinarily hadn't done. My first task was to take my daughter to the doctor when she caught a cold. I even cooked dinner on some nights, and found out how much time it took, from making preparations to cleaning up afterward. The leave was good way for me to learn about the importance of housework.

ITOCHU Kids Day for Visiting Dad and Mom at Work

In March 2014, 17 boys and girls in elementary school were invited to ITOCHU Kids Day—an initiative where kids can visit their dads and moms at work in the Tokyo Head Office. After studying a little about ITOCHU, the children went to visit their parents in the office. There they practiced exchanging name cards with people at work, using their own cards printed especially for Kids Day, and sat at their parent's desks to experience the office atmosphere. The children also held a mock conference in the Board of Directors conference room on the 22nd floor, and enjoyed lunch in the employee cafeteria as virtual ITOCHU employees. Kids Day was also very favorably received among the parents who were grateful that their children received an easy-to-understand explanation about their jobs at ITOCHU, which they usually had difficulty explaining, and reported that their children said they wanted to work for ITOCHU in the future. It appears that the special day left a lasting impression on the children, as well. ITOCHU Kids Day was planned and held in response to employees' voices. The company also considers such measures for strengthening family ties and the understanding of ITOCHU to be very significant, and plans to continue holding ITOCHU Kids Day in the future.



Career Counseling

The Career Counseling Center offers a wide range of counseling and support for diverse career stages, ranging from new recruits to organization managers. Staffed by employees, majority of whom are certified as career counselors, the department touches on an array of topics fit for the circumstances of each individual, including relationships with supervisors, junior staff and peers, approaches to work, and considerations about one's own future. A mechanism is in place in which all young employees go to career counseling at certain milestones after joining ITOCHU as part of their training. A system is in place for all young employees to receive career counseling when they reach certain milestones in their ITOCHU careers, as part of their training. Counseling is also available to mid-career employees as well as middle-aged employees looking to continue working. The Career Counseling Center aims to provide ITOCHU employees—and through them, their organizations—with the opportunity to develop their careers, as well as with a safety net.

Initiatives Aimed at Occupational Health and Safety

For ITOCHU Corporation, employees are assets, and ensuring the health and safety of employee workplaces is one of the vital responsibilities a company must fulfill so that its employees can reach their full potential. To ensure that ITOCHU Corporation employees stationed around the world and their families can enjoy a meaningful assignment in safety and good health, we have built a full system not only for incidents, accidents, disasters and other emergencies, but also for health management.

Overseas Security Management

ITOCHU Corporation maintains global business operations with roughly 800 rotational staffs stationed overseas, and sends a total of ten thousand staffs on overseas business travel from Headquarters in Japan each year. In terms of overseas security management, based on the belief that a shared awareness between the overseas location and Japan is important, the Research & Business Development Division have assigned security management to some staffs in each regional headquarters of nine blocs worldwide. Information concerning politics, economics, public safety and other factors is periodically collected and disseminated internally. We have also established a system to cover regions where information is more difficult to obtain through contracts with international security consultant firms. To prepare for emergencies such as diseases or injuries, including preventative measures for infectious diseases in the dispatched area, we collaborate with an international emergency medical service company and developed complete support systems for preventative and post-incident measures.

Before being stationed overseas, rotational staffs are given extensive guidance to deal with matters such as local security, health care and different cultures. Awareness raising activities are conducted after arrival, such as security management seminars for rotational staffs as well as their families.

Employee Health Management

For ITOCHU Corporation, employees are assets, and thus the health management of every single employee is extremely important to ensure that a diversity of employees can freely exert their capabilities.

We have developed an in-house system that allows employees to receive counseling on their health at any time. For example, the Health Administration Center at ITOCHU's Tokyo Headquarters, which also serves as a clinic, has 20 specialist physicians on staff, as well as an X-ray technician and a pharmacist. These health maintenance professionals, who each act as a "health concierge," care for every aspect of health for each employee, providing them with the support needed to manage their own health.

In terms of specific services, in addition to general medicine (internal medicine, orthopedics, dental), medical checkups (regular medical checkups, half-day complete medical checkups, medical checkups for employees traveling overseas and those returning temporarily or permanently), various vaccinations, examinations (VDT examination, adult-onset disease examinations), we also offer medical counseling and provide information. Web services such as the Health Support System (HSS), which allows individuals to view their medical checkup history, are also available. As well as the operating four recreation facilities through our health insurance society, we run quit smoking and other health campaigns.

Mental Health

Where mental health is concerned, we have established a stress management room in-house, and offer counseling given by a clinical psychologist. Employees can also seek counseling from a company physician as well as see a psychiatrist in-house. Through our health insurance society, we have set up the "Health & Mind Online" health consultation website where employees can seek consultations over the web.

Working Hours Management

To achieve more effective working style, ITOCHU Corporation has introduced an morning-focused working system (page69). This initiative is aimed at practicing an effective working style to reduce the total number of working hours. Specifically, the Company reviewed the work style that assumes overtime work and shifted from a night-focused style to morning-focused work centered on the basic hours of 9 a.m. to 5:15 p.m. We believe that this initiative would not only further strengthen the effectiveness of operations and maintain and improve its employees' health, but also help female employees demonstrate their abilities and help employees achieve a good balance between work and family life. We are pursuing a well-balanced reform of work awareness and style among all employees, in order to discharge our corporate mission of "Committed to the Global Good" by always viewing things from the customer's perspective.

Close Up

Taking Steps to Achieve a More-Effective Working Style

Introduction of Morning-Focused Working System

On May 1, 2014, ITOCHU officially introduced a morning-focused working system to achieve a more-effective working style.

With a focus on managing employee health and promoting effective operations, ITOCHU has long sought to reduce overtime work. To that end, we decided that it was necessary to implement decisive reforms by reevaluating the traditional working style, which is based on the assumption that employees will work overtime. In October 2013, we started a trial of a new working system that was intended to foster a shift from a night-focused, overtime-based system to a morning-focused working style.

Reviews that were conducted during the trial period confirmed that the new system was effective. For example, the morning-focused working system did not cause any particular inconvenience

for operations in any workplace. In addition, the system met the initial objective, which was a significant reduction in the number of overtime work hours. Consequently, ITOCHU decided to officially introduce the system on May 1, 2014, in accordance with the labor-management agreement with the ITOCHU Labor Union.

ITOCHU believes that this initiative will help individual employees to reform their approach to their own working styles and to advance well-balanced operational reforms. In this way, the Company will strive to achieve a work environment that further strengthens the effectiveness of operations, supports the maintenance and improvement of employees' health, and helps diverse employees, including female employees, to make full use of their capabilities.

Outline and Effects of Initiatives during Trial Period

Period: October 2013 to March 2014 Scope: Approx. 2,600 employees in Japan (excluding employees on temporary assignment)

Outline of Initiatives (Continued after official introduction)

Night work (10 p.m.–5 a.m.) is prohibited. Work after 8 p.m.–10 p.m. is, in principle, prohibited, though it is permitted upon prior application when such work needs to be performed due to unavoidable reasons.

As an incentive for employees who work early in the morning (5 a.m.–8 a.m.), extra wages are provided at the same rate paid for night work (employees subject to time management: 50%; employees not subject to time management: 25%).

* When an employee starts working at 7:50 a.m. or before, the extra wage rate is applied not only for 5 a.m.–8 a.m. but also for 8 a.m.–9 a.m.

From the perspective of managing employees' health, the Company provides light meals to employees who begin work before 8 a.m.

Cost

(1) Amount of overtime allowance	Reduced by about 7%, even when extra wages provided for early-morning work are included
(2) People receiving light meals	Average of 550 people per day
Overall (1 + 2)	Reduction of about 4%*

* With overtime allowance (including extra wages for early-morning work) and cost of light meals, overall reduction of about 4%*.

Effects of Initiatives

(Comparison with same period in the previous fiscal year)

Entering and Leaving Office (Percentage of employees who entered / left the office)

		Prior to introduction	Trial period
Leaving	8:00 p.m. or after	About 30%	About 7%
	10:00 p.m. or after	About 10%	Nearly 0*
Entering	8:00 a.m. or before	About 20%	About 34%

* Includes employees who applied in advance or on-the-spot

Hours of Overtime Work per Person (Monthly average)★

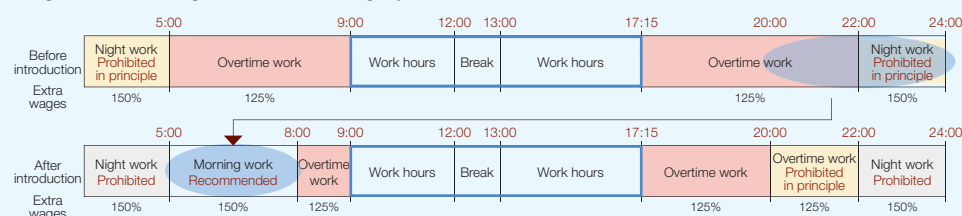
	Prior to introduction	Trial period	Effectiveness
Employees in career-track positions	49 hours 11 minutes	45 hours 20 minutes	Reduction of about 4 hours
Employees in clerical positions	27 hours 3 minutes	25 hours 5 minutes	Reduction of about 2 hours

Reduction of a cumulative total of about 20,100 hours over six months (Employees subject to time management)

★Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 (page123)

Electricity Consumption (Tokyo Headquarters) About 6% reduction

Diagram of Morning-Focused Working System Time Schedule: Employees subject to time management



Employee Voice

Now I have more time to spend with my family after the day's work is done. My children are still young, so I get a great deal of enjoyment when I find their growth each day. It makes me feel positive and realize that I should keep working hard. Also, since I want to find time to think quietly every day, I go to a library near my house to make some time for thinking and studying after my children are asleep. Now that I go to sleep earlier than I used to, I wake up refreshed and start the day with a good feeling.

Typical day

5:00	Wake up
5:30	Go to the gym
7:30	Drop children off at I-Kids (childcare center for employees)
7:40	Arrive at work
18:30	Pick up children at I-Kids
19:00	Dinner, cleaning up, relax with family
21:30	Study or reading at nearby library
23:00	Lights out



Keisuke Masuda
Legal Division

Communications with Employees

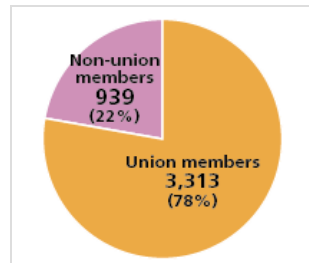
Dialogue Meetings with the President

ITOCHU Corporation is proactive about offering employees opportunities for two-way discussions with the president. In fiscal 2014, the president visited 6 domestic branches, which usually have limited opportunities for dialogue with the president, and held dialogue meetings. Along with these domestic meetings, the president also has dialogue meetings with our staff on overseas assignment, as well as overseas bloc employees when he visits one of our overseas bloc areas. In fiscal 2014, the president held 9 meetings at our business locations in Singapore, Indonesia, Thailand, Myanmar, China, the United Kingdom, France, the United States, and Australia. In these discussions, the president shares directly with employees the company's management policies and his passion for their realization, while employees in turn can express their opinions to the president and ask questions. The meetings therefore provide extremely valuable opportunities for deepening two-way communication. Every meeting is held in a very spirited atmosphere, and touches on everything from management policies to more personal topics.



Dialogue with the Labor Union

At ITOCHU Corporation, a wide range of issues is discussed with the ITOCHU Labor Union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2014, we held five meetings, including management meetings with the President and similar meetings with Division Companies and the Administrative Headquarters. 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 ITOCHU Labor Union members as of April 1, 2014

Initiatives with the ITOCHU Labor Union in fiscal 2014

June 2013	Settlement of accountings meeting
August 2013	ICT, General Products & Realty Company management meeting
October 2013	Metals & Minerals Company management meeting
December 2013	Textile Company management meeting
February 2014	Management meeting with the President

Comments from the ITOCHU Labor Union President



Noriko Imamura
President,
ITOCHU Labor Union

The ITOCHU Labor Union is involved in a host of measures designed to realize working environments that allow one of the Company's key stakeholder groups, its employees, to be more enthusiastic and motivated, and bring their individual abilities to the fore. Based on input gathered from a wide array of frontline operations, we hope to encourage communication between the Company and employees through active dialogue with the Company at management meetings, and ultimately to contribute to CSR activities.

| Improving the Infrastructure for Employee Communication

ITOCHU Corporation works to revitalize communication between employees and provide opportunities for exchange through a range of welfare facilities and schemes. Revitalized communication helps to foster a sense of belonging and motivation to work in individual employees and also helps to invigorate the organization as a whole.

■ Dormitories for Single Employees

More than 300 junior career-track employees spread across four buildings for males and two buildings for females make use of company dormitories. The dormitories allow employees to interact with junior and senior employees joined the company at different times or who belong to different departments, and also leads to more lively communication among fellow junior employees.

■ Employee Cafeteria

The employee cafeteria at the Tokyo Head Office underwent large-scale renovations in May 2013 and was transformed into a space that is brighter and a more comfortable meeting place than before. Each day around 1,500 employees make use of the employee cafeteria, which helps promote exchanges between fellow employees during meal times.

■ “SOGO-KAI” Associations

“SOGO-KAI” associations are organizations in which fellow employees assemble and enjoy the same sports or cultural activities. More than forty such associations are active within the company and boast more than 700 employee members. The associations are not limited to current employees of ITOCHU Corporation. Many former employees and Group company employees also take part. Through sports and cultural activities, these associations promote exchanges and communication across different generations and organizations.

Basic Data

Figures concerning employees ★ (As of the end of March 31)

	Non-consolidated						Consolidated
	Total employee s	Male	Female	Average age of employees	Average number of years of service	Average annual salary (JPY)	Number of employees
2012	4,255	3,162	1,093	41	15.6	12,810,035	72,528
2013	4,219	3,162	1,057	41	15.8	13,893,019	83,768
2014	4,235	3,200	1,035	41	16.1	13,835,551	104,310

Number of employees by operating segments ★ (As of the end of March 31, 2014) (Unit: persons)

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Total
Non-consolidated	422	444	209	334	375	406	1,035	3,225
Consolidated	20,191	12,358	618	9,459	27,410	30,808	3,466	104,310

Number of overseas bloc employees by region ★ (As of the end of March 31, 2014) (Unit: persons)

North America	Latin America	Europe	Africa	Middle East	Oceania	East Asia	ASEAN & South West Asia	CIS	Total
139	163	205	37	150	30	742	615	82	2,163

Employees working in overseas subsidiaries

Number of hires by gender ★ (Unit: persons)

	New-graduates			Mid-career			Total
	Male	Female	Total	Male	Female	Total	
FY2013	103	20	123	10	4	14	137
FY2014	99	25	124	8	2	10	134
FY2015*	107	28	135				135

*The figures as of April 1st, 2014

Proportion of female career-track employee, manager, and executive officer ★ (As of April 1)

	Career-track employee			Manager			Executive Officer		
	Total	Female	Proportion of Female	Total	Female	Proportion of Female	Total	Female	Proportion of Female
2012	3,293	300	9.1%	1,644	23	1.4%	46	0	0.0%
2013	3,339	302	9.0%	1,692	25	1.5%	43	1	2.3%
2014	3,401	301	8.9%	1,745	30	1.7%	43	1	2.3%

Acquisition of leave according to child care or nursing care related systems ★

(Unit: persons)

		FY2012			FY2013			FY2014		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Child care	Childcare Leave	2	59	61	0	43	43	3	51	54
	Leave to nurse sick children	51	74	125	58	76	134	43	91	134
	Shorter working hours for child care	1	56	57	0	64	64	0	61	61
	Special parental leave	5	3	8	6	29	35	5	31	36
	Return rate for employees after taking childcare leave	88%			100%			91%		
Nursing care	Nursing care leave	1	0	1	0	1	1	0	1	1
	Special nursing care leave	6	6	12	4	8	12	1	5	6
	Leave for nursing care	7	11	18	6	12	18	14	19	33
	Shorter working hours for nursing care	0	3	3	0	2	2	0	3	3
Family support leave		325	211	536	248	206	454	104	84	188

Employment ratio of people with disabilities ★ (As of March 1)

	Employment ratio of people with disabilities	Legally stipulated ratio
2012	1.91%	1.80%
2013	1.95%	1.80%
2014	2.16%	2.00%

★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000. Independent Assurance Report (page123)

* The figures are for non-consolidated unless otherwise indicated as consolidated.

* The number of overseas employees by region is the total of employees hired locally by each overseas subsidiary.

* The figures of employment ratio of people with disabilities are the combined total of ITOCHU Corporation and the certified special-purpose subsidiary, ITOCHU Unedus Co.,Ltd.

Social Contribution

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

Following our corporate mission “Committed to the global good,” we have identified five areas of focus in our basic activity guidelines.

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 Future 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.

Social Contribution Activities: The Great East Japan Earthquake Support Activities

We undertake long-term support for the reconstruction of areas affected by the Great East Japan Earthquake that struck in March 2011.

ITOCHU Children's Dream Fund

The ITOCHU Children's Dream Fund is part of the disaster support activities that ITOCHU Corporation has been conducting since March 2013. It is aimed at providing aid to the children in the areas afflicted by the Great East Japan Earthquake. In fiscal 2014, the following support was provided through the ITOCHU Children's Dream Fund. We will continue to support the children's dreams in various ways going forward.

■ First Round: Support Related to Club Activities of Junior High School Students and Boys' Baseball Teams in Rikuzentakata City

Financial Assistance to Help Seven Rikuzentakata City Youth Sports Teams to Attend Prefectural Tournaments and Away Games

In Rikuzentakata City, the playgrounds and parks where children usually play have been taken over as sites for temporary housing. The children in the baseball teams have continued practicing every day since the disaster, feeling cramped in the limited space. With parents still suffering or out of work due to the disaster, the team activity fees had become a burden on some households. Aware of the difficulties faced by the children, ITOCHU has provided them with assistance. Specifically, ITOCHU donated 1.15 million yen to help all the boys' baseball teams in Rikuzentakata City (seven teams with around 160 members) to attend prefectural tournaments and away games. On June 8, 2013, a ceremony was held in the playground of Otomo Elementary School of Rikuzentakata City to present the boys' baseball teams with financial assistance for away games. Since the fall of 2013, ITOCHU has also been holding the ITOCHU Children's Dream Cup, a boys' baseball championship, to support all the boys' baseball teams in Rikuzentakata City. It will be held twice in 2014.



Donation of Sports Uniforms to Takata Higashi Junior High School

Three junior high schools (Yonezaki, Otomo and Hirota) in Rikuzentakata City were heavily damaged by the Great East Japan Earthquake and the subsequent tsunami. In April 2013, these schools were integrated and reformed as "Takata Higashi Junior High School." Through the Dream Fund, ITOCHU assisted the students of this school by donating 800,000 yen to cover the expenses for 114 sports uniforms for the basketball club, volleyball club, track and field club, and others. The uniforms bear the name of the new school, which is a local symbol of reconstruction. In July, ITOCHU employee volunteers, who were staying in Rikuzentakata City to provide reconstruction support, visited the school and interacted with the students.



■ Second Round: Reconstruction Support through 15th Joint Concert by Tokyo Metropolitan Symphony Orchestra

ITOCHU Corporation participated in and sponsored the Joint Concert program as the second round of support activities by the ITOCHU's Children's Dream Fund.

The Joint Concerts are sponsored by the Tokyo Metropolitan Symphony Orchestra. Once a year, the orchestra calls for application from children in the fourth year of elementary school through to high school, who live or study in Tokyo. Based on their written applications, around 100 applicants are selected to participate in a five-lesson program before performing in a concert on a "dream stage" with a professional orchestra.

Through the donation made by ITOCHU Corporation, 14 junior high school and high school students from disaster-affected areas in Fukushima Prefecture were selected from applicants and invited to join the orchestra. The students were given lessons together with children from Tokyo in accordance with the instruction program of the Tokyo Metropolitan Symphony Orchestra. The lessons were held for two months, and the students went to Tokyo for each lesson. The Joint Concert was held on July 27, 2013. The students performed with the professional orchestra on a dream stage and their exquisite performance deeply moved the entire audience of around 1,500 people.



■ Third Round: Support for Two Schools on the Third Anniversary of the Great East Japan Earthquake

On March 11, 2014, the day of the third anniversary of the Great East Japan Earthquake, ITOCHU Corporation provided assistance to two schools as the third round of support through the ITOCHU Children's Dream Fund.

Support for Iwate Prefectural Yamada High School Boat Club

ITOCHU donated 3.5 million yen to the Iwate Prefectural Yamada High School boat club to cover its expenses for needs such as lifeboats and installation of a floating pier.

The high school's boat club drew nationwide attention as a competitive club even before the earthquake, but it lost almost all its equipment, including its boats, boathouse and even oars, in the disaster. There was concern about the safety of students in training since they still did not have a lifeboat. Moreover, they had to swim in the cold water every time they needed to get to their boats since they lacked a floating pier, a basic facility. ITOCHU decided to provide support to improve this situation.



Support for Nakano Splash Nakano Volleyball Junior Sport Club and Nakano Sparrows Boys' Baseball Team of Sendai Municipal Nakano Elementary School

ITOCHU donated a total of 650,000 yen to the sports clubs of Sendai Municipal Nakano Elementary School, including 450,000 yen to the Nakano Splash Nakano Volleyball Junior Sports Club for uniforms with the boys' team name and for backpacks for the boys' and girls' teams, and 200,000 yen to the Nakano Sparrows Boys' Baseball Team for game balls and plastic training balls, a foldable tent, and other items. The entire school district was severely affected by the disaster and the damaged school building had already been demolished. The number of students had more than halved and classes continued in the nearby Nakano Sakae Elementary School. The Nakano Splash had been moving from between a neighboring elementary school or junior high school to keep practicing, while the Nakano Sparrows had recovered and converted the damaged plaza into a training space to practice. ITOCHU decided to provide this support to assist these youths who were giving their all in the affected areas.



ITOCHU *Takata no Yume* Project

In the *Takata no Yume* (Takata's dream) Project, associated with a local brand of rice launched by Rikuzentakata City in Iwate Prefecture as a symbol of revitalizing its agriculture, ITOCHU Group employees were involved in the production process from rice planting to harvesting as local volunteers for around six months in 2013. ITOCHU Food Sales and Marketing Co., Ltd. supported the sales of *Takata no Yume*.

ITOCHU Group executives also visited Rikuzentakata City with the volunteers, and exchanged opinions with the mayor of Rikuzentakata City discussing and hearing the requests for *Takata no Yume* from the local farmers and reflected them to undertake PR and sales promotion activities.

In addition, the ITOCHU Group transmitted information by setting up a website to communicate how we support *Takata no Yume* and, at the same time, held food tastings and provided a "revitalization support menu" in the company cafeteria to increase its recognition within the company. The ITOCHU Group continues to actively support the *Takata no Yume* Project by making concerted efforts as an organization.

For details of the *Takata no Yume* Project, see "HIGHLIGHT: Contribution to local communities" (page26).



■ "Rikuzentakata Photo Exhibiton" and "*Takata no Yume* Exhibition" at the Takashimaya Shinjuku Store

From February 2014 until March 11, 2014, when three years had passed since the Great East Japan Earthquake, ITOCHU held the photo exhibitions "Rikuzentakata Photo Exhibition - An Expression of Emotional Support -" and "*Takata no Yume* Exhibition" at the Takashimaya Shinjuku Store. The exhibited photographs describing the disaster and the progress of reconstruction were the works of photojournalist Natsuki Yasuda, who has kept a photographic record of the areas affected by the Great East Japan Earthquake, especially Rikuzentakata City.



Activities to Support Disaster-Affected Areas through the ITOCHU Foundation

■ Activities with the ITOCHU Foundation in Tohoku for Sending Picture Books to Southeast Asia

Shanti Volunteer Association engages in activities of sending Japanese picture books to children in Southeast Asia, by affixing labels showing text translated into local languages on the picture books. Every week, employee volunteers of ITOCHU affix the labels on the picture books together with the ITOCHU Foundation by using a dedicated kit purchased from Shanti Volunteer Association. An initiative was taken to expand these activities to children in areas affected by the Great East Japan Earthquake. Employee volunteers of ITOCHU visited Sendai City of Miyagi Prefecture on July 6, 2013 and Shirakawa City of Fukushima Prefecture on July 13, 2013. The volunteers gave instructions on how to affix the labels to local children with groups engaged in book aid in the local areas and other organizations.



■ The 100 Children's Books Grant Conducted with Shareholders

In fiscal 2014, a total of 6,216 shareholders agreed to receive shareholder information electronically. The money saved through the electronic distribution of the information and an equivalent amount of money donated by ITOCHU Corporation was sent to elementary schools and libraries in the affected areas via the ITOCHU Foundation. Specifically, new sets of books were donated via local book stores to the following 11 facilities. The books are enjoyed by children including those from Otsuchi Elementary School of Otsuchi Town, Iwate Prefecture, which has integrated three other elementary schools damaged severely by the tsunami, and those from "Kodomo Hon-no Ie Soramame (Soramame the children's book house)," a facility in Fukushima City that was forced to be relocated due to the nuclear accident.



Fiscal 2014 recipients

Iwate Prefecture	Otsuchi Elementary School of Otsuchi Town, Kamaishi City Library, Ofunato City Library, Takkon District Community Center of Ofunato City, Sano District Community Center of Ofunato City, Fureai Kyoshitsu (Rikuzentakata City)
Miyagi Prefecture	Shishiori Elementary School of Kesennuma City, Kids' Room Ohisama (Kesennuma City), Masuda Children's Center, Shimo-Masuda Hokago Jido Club (Natori City)
Fukushima Prefecture	Kodomo-no Hon-no Ie Soramame (Fukushima City)

Activities to Support Disaster-Affected Areas through ITOCHU AOYAMA ART SQUARE

■ *Aonoinori*, the event for requiem for the victims of the Great East Japan Earthquake and reconstruction at ITOCHU AOYAMA ART SQUARE

At ITOCHU AOYAMA ART SQUARE, "Happy Island - Blossoming in the Future -- Art Exhibition 'God of Flowers - Advent (I)' by IKEBANA Artist Hiroki Maeno," which was planned with hopes of disaster recovery, was held from March 8 to March 16. On the evening of March 10, the day before the third anniversary of the Great East Japan Earthquake, *Aonoinori* took place as an event to express the wish for recovery. This event was held using the stage where Hiroki Maeno, an IKEBANA artist, created the White Horse Art Monument using debris from disaster-affected areas in Miyako City, Iwate Prefecture. Mr. Maeno gave a performance of placing cherry blossoms, which herald the arrival of spring, onto the driftwood, and Reiji Tsumura, a Noh performer, performed solemn dances along with the musical performance by Iwao Furusawa, a violinist, and Keiko Daito, a cellist. Their performance aimed at giving a prayer for requiem and regeneration from Aoyama, Tokyo to Tohoku. Over one hundred audience members visited the gallery despite the cold weather like the day of the disaster, watching the performance in silence.



Social Contribution Activities: Action on Global Humanitarian Issues

Providing Aid to Areas Affected by Major Natural Disasters

For humanitarian reasons, we donate money and provide supplies for emergency relief for those affected by natural disasters both in Japan and overseas.

We collaborated with local branch offices and related organizations to provide the following aid.

Recent examples

Philippines: Typhoon Haiyan (Nov. 2013)	¥15,563,616
China: earthquake in Szechuan (Apr. 2013)	¥5,025,000
United States: Hurricane in the northeast (Nov. 2012)	(Through local subsidiary) US\$50,000

Support Activities for the World Food Programme (WFP)

With the hope of alleviating hunger and poverty worldwide, we have been serving as a council member of the Japan Association for the WFP, a nonprofit organization that focuses on building support in Japan for the World Food Programme (WFP) and its hunger relief operations.

In May 2014, 270 employees of ITOCHU Corporation and ITOCHU Group companies participated in End Hunger: Walk the World, held in Yokohama. This is an annual event to raise money and awareness for the WFP's efforts to fight child hunger and malnutrition. At its Tokyo Headquarters as well, ITOCHU regularly engages in activities such as fundraising and holding panel exhibitions for introducing the WFP's activities.



Participated in End Hunger: Walk the World

TABLE FOR TWO (TFT) Fighting to Fix the Food Supply Imbalance between Developing and Developed Countries

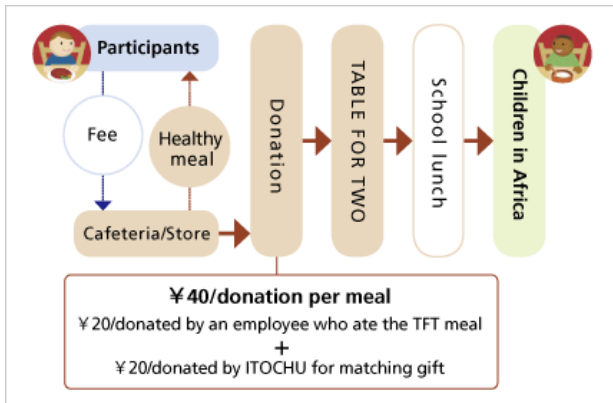
Our TABLE FOR TWO (TFT) is a social contribution program based on the concept of people in developed countries sharing a meal with those in developing nations beyond the restrictions of time and space so as to simultaneously work toward solving the problems of hunger faced by developing nations and obesity and lifestyle-related diseases faced by industrialized countries.

TFT was established in Japan in October 2007, and in April 2008 in the corporate cafeterias in Tokyo, Osaka, and Nagoya ITOCHU introduced the TFT program at full-scale ahead of other companies.

For each healthy TFT meal purchased by employees, a donation of 20 yen is automatically made. ITOCHU has introduced a matching gift program under which it donates an additional 20 yen per TFT meal purchased by its employees. This means that a total of 40 yen per meal is donated to the Japan Association for the World Food Programme and used to provide school lunches for children in developing nations.

The cafeteria at the Tokyo head office has been serving TFT lunch specials daily since its renewal in May 2013. This is reflected in a significant increase of 31,242 in the number of TFT meals purchased and the corresponding donations of 613,280 yen.





Guidelines for TABLE FOR TWO meal

1. Meal with calories of approximately 730kcal (between 680 to 800kcal)
2. Nutritionally well-balanced meal
3. Meal with a generous amount of vegetables

Social Contribution Activities: Environmental Conservation

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

In 2008 ITOCHU celebrated the 150th anniversary of the company's foundation. To commemorate the anniversary, the Company decided to implement a social contribution program. A questionnaire conducted to determine what type of program to conduct found forest conservation to be the theme employees desired most strongly.

Since FY2010, under this program, ITOCHU has been engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with World Wide Fund (WWF) for Nature Japan.

In northeast Borneo, at North Ulu Segama in the state of Sabah in Malaysia, where ITOCHU supports an area for rainforest regeneration, the international conservation organization WWF is collaborating on reforestation with the Forestry Department of the State Government of Sabah. The ITOCHU Group is supporting the regeneration of 967 hectares in the area – one of the largest forest regeneration programs to be carried out by a private enterprise. Since the land is also a habitat for orangutans, an endangered species, ITOCHU has named the program "ITOCHU Group Forest for Orangutans" and has worked together with Group companies to promote it.

We also organize a tour to the island every year comprised of volunteers from among ITOCHU Group employees. In these tours, the employees take part in reforestation efforts (including tree planting and cutting grass), observing wild animals, and other activities.



Planting of tree saplings

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 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 2014. In addition, the project is expected to absorb approximately 18 tons of CO₂ a year.



Social Contribution Activities: Community Contribution

Establishment of ITOCHU Medical Plaza for Contributing to Development of Kobe Medical Industrial City

To the Foundation for Kobe International Medical Alliance, we donated 500 million yen necessary for constructing the ITOCHU Medical Plaza, a facility aimed at conducting international medical exchange. The Plaza is planned to open in October 2014 in the Kobe Medical Industrial City, one of the largest medical clusters in Japan. There is great expectation locally and internationally for the development of the center for human resource development, including education and technical training of overseas physicians and healthcare practitioners mainly from Southeast Asia, projects for accepting trainees from overseas, and a variety of research projects such as joint development of medical equipment with universities and other institutions.



Image of completed ITOCHU Medical Plaza

Running ITOCHU AOYAMA ART SQUARE

In October 2012, we opened ITOCHU AOYAMA ART SQUARE in the CI Plaza next to ITOCHU's Tokyo Headquarters. We established the facility as a base for our CSR activities aimed at contributing to the development of future generations, making local contributions through art, and contributing to art and cultural promotion, both in Japan and abroad. In Aoyama, an area that thrives with a variety of cultures, we will showcase artwork that reflects fresh perceptions and present exhibitions that serve as a bridge for international exchange. In fiscal 2014, ITOCHU held twelve exhibitions as described below, and the number of visitors since the opening had exceeded 45,000 people as of the end of March 2014.

ITOCHU will continue to address a range of social issues through art and regularly present exhibitions to contribute to creation of the culture of life in local communities.



ART SQUARE facade

Period	Exhibition	Summary
March 16, 2013 - April 21, 2013	Exhibition of Edokiriko by 15 Young Artists	As the number of artisans carrying out Edokiriko, a traditional Japanese craft, has been decreasing year after year, attractive works by 15 young artists of Edokiriko in Koto-ku, Tokyo that are imbued with tradition and innovation are exhibited. This exhibition contributes to the cultivation of the next-generation artists who will continue the traditional craft.
April 26, 2013 - May 26, 2013	The Bicycle Expo IN AOYAMA	Around 20 rare models from the history of bicycles are exhibited. In collaboration with the Federation of Aoyama Shopping Malls, which declared a "bike-friendly district" in 2009, this exhibition makes a contribution to the local community by developing the area through bicycles.
June 10, 2013 - July 14, 2013	Book Art Exhibition: 'Books' Read with Five Senses	An experience-based exhibition project that showcases book art pieces created by Brazilian artists, which are displayed for the first time in Japan and in which the books themselves are the works of art, with the cooperation of the Embassy of Brazil in Japan, as well as treasured original drawings and picture book applications of young Japanese picture book author Yoshikazu Ikeya.

Period	Exhibition	Summary
July 16, 2013 - July 18, 2013	Happy Island - Blossoming in the Future	A new style art exhibition in which flower arranger Hiroki Maeno expresses the "now" of his imagination with flower arrangements based on the theme of the reconstruction of Fukushima. The Kofuku Talk Show is presented for three days in the same space.
July 22, 2013 - August 31, 2013	Photo Exhibition by Teruo Sekiguchi: Smiles from Around the World	A photo exhibition by Teruo Sekiguchi, a photographer who has visited far-flung regions around the world and made capturing glimpses of the various lifestyles and people of such locations his life's work. Visitors can view images of people living their lives in Bhutan, Myanmar and Cuba.
September 9, 2013 - September 23, 2013	Photo Exhibition to Mark the 15th Anniversary of the Foundation of Kokkyo naki Kodomotachi (KnK, Children Without Borders)	Activities to commemorate 15 years since the foundation of Kokkyo naki Kodomotachi (KnK, Children without Borders), which supports street children and children stricken by major disasters in developing countries, are introduced through approximately 60 photographs taken by six photographers and photojournalists.
October 1, 2013 - October 10, 2013	Fantasy Art Grand Prix Exhibition	Ninety-six artworks that won prizes in an art competition held jointly with an art gallery are exhibited to create an opportunity for artists to flourish. This project also aims to deliver the fun of purchasing an art work and revitalize the art world as a whole by adopting a bidding system.
October 14, 2013 - November 4, 2013	Word Exhibition of Shuji Terayama	The exhibition presents the words of Shuji Terayama, who was described as an alchemist of words, in the form of artwork visually expressed by leading creators. In collaboration with "Shuji Terayama: Knock" held by neighboring Watari-um Museum, this exhibition is held for the entire district, delivering the significance of contributing to the local community.
November 11, 2013 - December 23, 2013	"Tomo ni Ikiru" - Exhibition of Calligraphy of Shoko Kanazawa	An exhibition of calligraphy by Shoko Kanazawa, a young calligrapher who studies with her mother, calligrapher Ranho (Yasuko) Kanazawa, and who is now receiving a lot of attention for her calligraphy, which is infused with a great love and exudes a warmth within its power, despite her difficulties due to having Down syndrome.
January 10, 2014 - February 28, 2014	"Iro no Tsuranari" - Japanese Painting Exhibition by Yuuki Sori	A exhibition of works by Yuuki Sori, a young Japanese-style painter who creates rhythmic paintings using traditional Japanese painting materials from the close observation of flowers. This is an exhibition to support an up-and-coming Japanese-style painter who leads the next generation and wants people to enjoy Japanese-style paintings in their modern lives.
March 8, 2014 - March 16, 2014	Art Exhibition 'God of Flowers - Advent (I)' by Flower Arranger Hiroki Maeno	An exhibition of flower arrangements by flower arranger Hiroki Maeno using cherry blossoms, which signal the coming of spring, on rubble from the Great East Japan Earthquake transported from Miyako City, Iwate Prefecture, as a prayer for the reconstruction following the disaster.
March 21, 2014 - March 30, 2014	Down Syndrome: The Family View	This exhibition showcases photographic works featuring children and adults with Down syndrome, taken from an affectionate perspective. Having already achieved critical acclaim in seven countries, the exhibition makes its Japan premier on March 21, World Down Syndrome Day of the United Nations.



Lobby concert

On July 22, 2013, we organized the 22nd ITOCHU lobby concert at the Tokyo head office attended by more than 700 current employees, former employees and their families as well as people in the local community. As we do every year, we also invited everyone from the Agape Center, a facility providing comprehensive welfare services for people with disabilities, and before the concert, we organized a social event with the presenter Keiko Takeshita and ITOCHU Chairman, Eizo Kobayashi. Everyone had been looking forward to the annual event and were very pleased to socialize and have photos take to commemorate the evening. The performance by the New York Symphonic Ensemble was also extremely well received. The talk between Mr. Kobayashi and Ms. Takeshita during break time drew attentions from the audience, who left such comments as "I am impressed with the intelligent topics, which were unlike usual concerts." People who came to the concert enjoyed a time of healing by music on the hot summer evening. We will prepare exciting new events and plan new initiatives for the next year's lobby concert, so that many people will come to enjoy it as a summer feature of ITOCHU.



Community Cleanup Activities on Aoyama-dori

ITOCHU employees take part in community cleanup activities around our Tokyo Headquarters. As members of the local community, they clean up the street and distribute items for raising awareness by cooperating with the local residents' association and staff of other companies in the area.



Social Contribution Activities: Growth of Future Generations

ITOCHU Foundation

ITOCHU has promoted social contribution activities aiming for the sound development of young people since setting up the ITOCHU Foundation in 1974.

The foundation engages in activities for contributing to the healthy growth of children, such as two current major projects: subsidizing development of children's literature collections (including subsidies for library development at schools and supplementary schools for Japanese nationals overseas), and promoting development of an e-book library.



Students at Japanese Language School of Greater Hartford

■ Subsidies for Children's Literature Collections

	Number of subsidies
Subsidies for purchase of children's books	41 (of which, 2 overseas)
Subsidies for purchase of children's books for hospitals	7
100 Children's Books Subsidy	27 (of which, 7 overseas)
Subsidies for libraries at Japanese schools / supplementary schools	30
Award for distinguished service to children's literature collections and related initiatives	2
Support for areas affected by the Great East Japan Earthquake	21
Total	128 (of which, 39 overseas)

■ Promoting Use of e-books

	Number of title developed
Multimedia Daisy Library	55 titles (sent to 600 locations)

Running Eco Shop Pavilion in KidZania Tokyo

Since April 2012, ITOCHU operates its Eco Shop environmental pavilion in KidZania Tokyo, a facility for children to experience diverse types of work.

ITOCHU operates the Eco Shop by utilizing the expertise in environmental education it has developed through the MOTTAINAI Campaign, a global environmental effort in which ITOCHU participates. To allow children to experience environmental activities, the pavilion provides visitors with opportunities to create original products such as a My Furoshiki Wrapping Cloth, Eco-Bag for Shopping, and My Chopsticks to Carry Along, all using eco-friendly materials.

At KidZania Tokyo, a popular venue for children, we will continue to provide them with opportunities to enjoy learning environmental preservation from a global perspective, helping to develop young people who will be leaders of sustainable society.



Children making soap from recycled materials

Launch of a project "Mobile Learning Center" in India with Save the Children Japan

Together with Save the Children Japan, ITOCHU has launched a project "Mobile Learning Center" in the M-East district of Mumbai, India, in hopes to reach out to about 1,000 children who do not attend school because they are living on the street or engaged in child labor. To support this project, ITOCHU committed 20 million yen between 2013 and 2014. These funds were used to wrap the bus that operates as the mobile library; equip it with benches, blackboard, and bookshelves; and employ two persons (an education facilitator(*) and counselor), which mimics the learning environment of an ordinary school classroom. An opening ceremony was held in Mumbai on June 12th, designated by the International Labour Organization (ILO) as the World Day Against Child Labour. The objective of the project is to help children to reconnect to and cope with mainstream schooling through provision of learning opportunities that apply interactive games, a TV-DVD player, and other tools and are enjoyable for the participating children.

* Education Facilitator plays a role like a teacher at MLC. The facilitator will encourage children's active participation in learning activities.



Children gathered for the opening ceremony

Support the "House for Youth" in Philippines of NGO "Kokkyo naki Kodomotachi(KnK)"

In December 2009, ITOCHU provided support for renovation of the House for Youth, a home that helps young people become independent, located on the outskirts of Manila. Support was provided via Kokkyo naki Kodomotachi (KnK: meaning "children without borders"), an authorized Japanese NPO that supports street children, children who are victims of major disasters, and other children in developing countries. House for Youth was again renovated in 2012 into a job training facility that helps children achieve independence. In November 2013, the underground floor and the roof of the house were renovated, enabling the facility to provide more job training courses, which allows more young people to acquire practical skills. The facility currently provides a wide range of support to approximately 1,000 young people every year.



Exterior steps of the House for Youth after renovation



The renovated basement room of sewing machines



Vocational training of making handicrafts



Vocational training of using PC

KnK Reports From the Philippines (an excerpt from KnK's website)

The KnK Philippines House for Youth, which was established in November 2001, was renovated in December 2009 with support from ITOCHU Corporation. Young children who were abandoned by their parents live together here under the family-like love of staff members and receive appropriate care. Some children who suffered from severe malnutrition before they came here are extremely small for their age. Yet their health conditions have now improved significantly because they receive a well-balanced diet and live a regular life.

At the House for Youth, we help young people living in slums get jobs by providing them with training courses in computer skills and sewing. We have also started activities for creating income in the slums mainly through handicrafts. Through this work, young people can, for instance, create and sell accessories to help them become financially independent.



Together with the staff members of KnK

Social Contribution Activities: Support for Volunteer Work by our Employees

ITOCHU strives to heighten employees' awareness of volunteer activities. In one such effort we have introduced a system that lets employees take up to three days of annual volunteer leave and volunteer programs in which they can participate on holidays or during lunch breaks.

We especially recommend that our employees participate in the following activities, for which we have launched our own support programs.

Japan: Volunteering to provide support for recovery from the Great East Japan Earthquake

Overseas: Volunteer tree-planting in Borneo

Volunteer Program to support reconstruction from the Great East Japan Earthquake

In fiscal 2014, ITOCHU continued its program of employees volunteering to provide support for the recovery, which commenced immediately after the Great East Japan Earthquake. A total of 98 ITOCHU Group employees participated in the program. The nature of our activities has changed from the removal of rubble immediately after the Great East Japan Earthquake to direct support of the people by the earthquake for the reconstruction. We have participated in a range of activities, including rice planting, mowing, rice harvesting, agricultural support in orchards, fishery support such as assistance with oyster farming, the development of a meeting place for affected people, and the operation of a boys' baseball championship. Employees participating in the activities were very impressed by the positive attitude of the afflicted people, and have become strongly motivated to continue undertaking activities to support disaster-affected areas. Although it is expected to take a lot more time to reconstruct the affected areas, we would like to continue to undertake volunteer activities suited to the situations in the disaster-affected areas.



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

Since 2009, ITOCHU has been engaged in activities to restore the tropical rainforests and conserve the ecosystem in Borneo by collaborating with World Wide Fund for Nature Japan. We organize employee volunteer tours every year and visit Borneo regularly with employees working for ITOCHU Group companies, national staff working overseas, and others. A total of 59 ITOCHU employees had helped plant trees at the program sites in the four tours made by the end of 2012.



Examples of Other Volunteer Programs in which Employees can Participate

■ Support for Child Chemo House through installation of vending machines

To support operation of the Child Chemo House, the Japan's first specialized childhood cancer treatment facility, we have installed beverage vending machines specially designed for Chemo House in our Headquarters in Tokyo and Osaka. We donate an amount equaling 6%-10% of sales from all beverage vending machines installed in the buildings to Child Chemo House. In fiscal 2014, we donated a total of 3,073,542 yen from the sales of 512,257 beverages.



■ Lobby concert (Tokyo Headquarters) (Held in July)

We volunteer to support the music appreciation of invitees from the Agape Center* every year, while deepening exchanges with them.

* A facility of Japan Church World Service, Inc. for providing comprehensive welfare services for people with disabilities



■ ITOCHU Baseball Class (Tokyo Headquarters)

As part of nurturing young people, thinking that we want to give disabled children the opportunity to challenge themselves in a variety of activities, and that we would like to help create opportunities for them to explore their own potential, we have sponsored the classes since 2007.

The instructor Kazuya Yano, former pitcher for the Yakult Swallows, covered a lot of ground, from sportsmanship, basic movements and other fundamentals that are difficult to master by practicing at home, to catching fly balls and practicing pitching. In fiscal 2014, 33 children and 38 volunteers participated. Expressing a common sentiment, one child who participated said, "I am happy because it was the first opportunity for me to use some of this gear. From now on I want to practice more." The event is very popular with everyone including the children and their guardians, and the number of volunteers are increasing year by year.



■ Campaign to Deliver Picture Books (Headquarters in Tokyo and Osaka, Chubu Branch, Kanazawa Branch)

Participants in this campaign affix labels bearing text translated into local languages on corresponding pages of Japanese picture books and send the books to children in Southeast Asian countries as gifts.

A room on the fifth floor of the Tokyo Headquarters is offered for these activities during lunchtime every Thursday.



■ Selling Bread from the Swan Bakery

The Swan Bakery was established by the Yamato Welfare Foundation with the aim of encouraging employment for people with disabilities at reasonable wages. Since May 2008, we sell bread from the Swan Bakery every Wednesday in the employee cafeteria at the Tokyo head office. As many employees have purchased bread from the Swan Bakery, we received the following favorable comment from the people in the bakery: "We are grateful that you have purchased a lot of bread."



■ Nature Observation Sessions organized by the Fureai Network

We conducted the nature observation at Shinjuku Gyoen National Garden in early April, the cicada walk in early August, and the nature observation tour in Yokosawari in early October, and employees and their family members participated.



- Book reading by Fureai Network's Reading Aloud Group (held on second Saturday of each month)

Current and retired employees of the ITOCHU Group visit elderly residents of a nursing home in Shibuya ward as volunteers once a month and interact with them by reading books aloud, singing with them, and engaging in other activities. As we have been conducting these activities for more than 10 years, we have received a certificate of appreciation.



Our Initiatives for the Environment

Environmental Activities Policies

ITOCHU Corporation positions global warming and other environmental problems as one of the top priority issues in its management policy. In addition, to fulfill our corporate philosophy "Committed to the Global Good," we have established the ITOCHU Group Environmental Policy. Now, we advance our corporate management and activities on a global scale under this policy, not only to contribute to the prosperity of the present generation, but also from the view point of what we can create to pass on to the next generation, while keeping a strong awareness of global environmental problems.

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

ITOCHU Corporation's Stance on the Environment

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 environment problems.

We believe that a company cannot grow sustainably without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in the ITOCHU's Activity Guidelines on the Environment (the predecessor of our Environmental Policy). In 1997, these guidelines were revised to the "ITOCHU Corporation Environmental Policy" and we have subsequently revised this policy several times, in order to keep up with changing demands over time and reflect them in the Policy's expression. We also made the following two revisions in May 2010.

1. We changed the name from the "ITOCHU Corporation's Environmental Policy" to "The ITOCHU Group Environmental Policy," in order to express clearly that our commitment to environmental issues is shared throughout the ITOCHU Group, rather than just by ITOCHU Corporation.
2. We revised the Activity Guidelines in our current Environmental Policy, in order to make it clear that our commitment goes a step beyond conserving ecosystems, to conserving biodiversity as well. The expression was thus changed from "conserve ecosystems" to "conserve ecosystems and biodiversity."

Environmental Management

ITOCHU Corporation has formulated an Environmental Policy covering the entire ITOCHU Group. ITOCHU is aware of the impact that its business activities may have on the global environment. We have thus built a framework for assessing the impact of the products we handle, and in particular before making new investment, in order to prevent environmental risk. We believe it is important to contribute to sustainable development as a corporation by implementing both the offense of promoting environment conserving businesses and the defense of taking a precautionary approach to environmental risks.

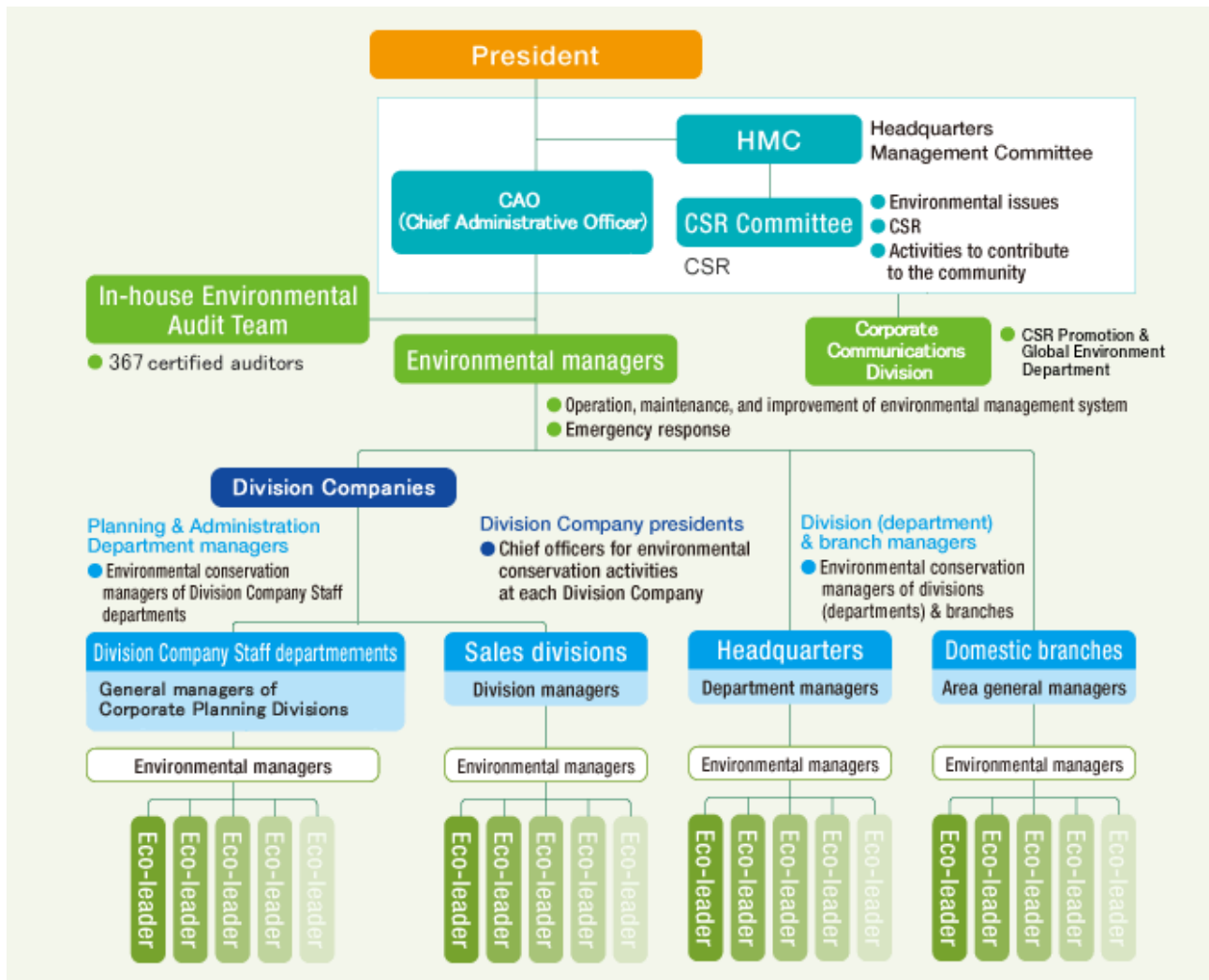
Environmental Management System

In 1997, ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001, and we continue to work to improve our EMS. The system's aim is to comply with environmental laws and regulations, take precautionary approaches to environmental risks and promote environment conserving businesses. Specifically, the system controls and manages targets through a yearly PDCA (plan-do-check-act) cycle of setting targets for preventing environmental risk and promoting environment conserving businesses; evaluating and analyzing progress; and acting to achieve our targets.



ITOCHU Corporation's Environmental Management Organization

Our president has the ultimate responsibility for ITOCHU Corporation's environmental management organization. The president appoints a CAO who has complete authority for the environmental management system. Concrete management work is carried out by the CSR Committee, established to review environmental policies and perform annual reviews of corporate-wide activities. The CSR Promotion & Global Environment Department of the Corporate Communications Division serves as the CSR Committee's secretariat. Environmental managers, assigned to each division that is subject to environmental audits (60 total in fiscal 2015), and assisted by eco-leaders (287 total as of April 1, 2014), are responsible for promoting environmental conservation in their respective divisions.



Internal Environmental Audits

Internal environmental audits based on ISO 14001 are conducted every year, and in fiscal 2014, they were carried out in 60 departments. Findings from the audits, conducted over roughly six months, are instrumental in taking precautionary approach on the environmental risks. Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as In-house environmental auditors (367 registered individuals), and carried out their work with an emphasis on auditing legal compliance.

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 2014 inspection was to retain certification. The outcome of the inspection was an overall "improvement" grade and continued certification, based on an acknowledgement of ongoing system improvement efforts by ITOCHU.

Environmental Management Results and Targets

With respect to environmental management, ITOCHU establishes environmental objectives to be tackled in the medium-term, and then sets specific targets and conducts performance reviews based on those targets each fiscal year.

Item	Fiscal 2014 Environmental Targets	Review	Fiscal 2015 Environmental Targets
Prevention of Environmental Pollution/ Observance of Laws and Regulations	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.	○	When investing, perform environmental risk assessments in advance and ensure thorough corporate wide utilization of the CSR and Environmental Checklist for Investments. Strengthen the awareness of risk management through the entire supply chain through Environmental Risk Assessments by Product and ensure thorough corporate-wide utilization.
	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.	○	Promote initiatives to improve management levels by confirming environmental management systems, legal compliance and the state of environmental performance through internal auditing.
	Select Group companies and conduct on-site surveys of their environmental management status.	○	Select Group companies and conduct onsite surveys of their environmental management status.
Promotion of Environmental Conservation Activities	Expand the scope of monitoring to information such as the energy emissions of major domestic subsidiaries.	○	Expand the scope of monitoring to information such as the energy emissions of overseas Group companies and major domestic and overseas subsidiaries.
	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)	○	Set and review targets based on the CSR Action Plan. (Promote at least one target at each company and branch)
Harmonious Coexistence with Society	Conduct environmental education for elementary and junior high school students.	○	Conduct environmental education for elementary and junior high school students.
	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)	○	Coordinate with regional companies and local governments on environmental conservation activities (Promote at least once such initiative at each branch)
Promotion of Educational Activities	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.	○	Conduct and promote learning through seminars, tours, basic environmental education and education for personnel with specific duties for employees of ITOCHU Corporation and Group companies.
	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.	○	Conduct training sessions and promote learning regarding Waste Management and Public Cleansing Law and Soil Contamination Countermeasures Act for employees of ITOCHU Corporation and Group companies.

* ○: Implemented △: Partially ×: Not yet implemented

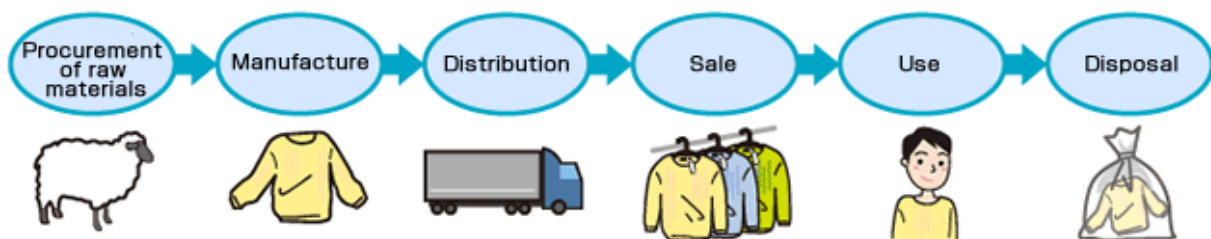
Precautionary Approach to Environmental Risks

In addition to evaluating environmental risks of the products we handle, we are committed to taking a precautionary approach to environmental risks. This commitment also extends to ITOCHU Group companies, reflecting the need to identify the impact on the global environment of the business activities of the Group as a whole.

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We thus carry out our own original environmental impact evaluations on all the products based on our belief that it is vital to evaluate the impact of these products to the global environment, the state of our compliance with environmental laws and regulations, and their relationship with stakeholders. We use a so-called LCA (*) -based analysis method at all stage of product life cycle from procurement of raw materials, production, and use, through disposal of products. If the evaluation shows that the impact on the global environment by particular products exceeds predetermined benchmarks, then we create manuals and the concrete procedures to manage transactions of these products.

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



Fact-finding Investigations of Group Companies

We analyze about 200 of our 393 Group companies (as of March 31, 2014) with relatively higher levels of impact on the global environment, and conduct investigations of about 10 to 20 of them per year. Over the 13 years to the end of March 2014, we did on-site investigation at 249 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.

Evaluating the Environmental Risks of New Investment Projects

ITOCHU Corporation and its subsidiaries in Japan employ a CSR and environmental checklist for investments to evaluate in advance the market, social and environmental impact of business investment projects entered via M&A in Japan and overseas. We revised this checklist to reflect the seven core subjects (Organizational Governance, Human Rights, Labor Practices, The Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development) of ISO 26000, and we began to utilize the new checklist in fiscal 2014. 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 presence of no major problems are confirmed.

Internal and External Inquiries and Our Response

In the year ended March 31, 2014, we received a total of 64-inquiries from outside the Company, which were broken down as follows: environmental groups (3), industry (7), government and industry groups (18), and media and research firms (12), requirement of ISO14001 certification from customers (24). There were no environment-related incidents, problems, lawsuits against the Company. Meanwhile, the number of inquiries from within the Company and ITOCHU Group companies was as follows: 54 inquiries regarding Japan's Waste Management and Public Cleaning Law, and 9 inquiries regarding business investments.

Promotion of Environment Conserving Businesses

ITOCHU Corporation is committed to solving environmental issues through its businesses. As a framework for promoting these businesses, each division formulates a CSR Action Plan and promotes initiatives according to the PDCA cycle. ITOCHU also recognizes climate change and sustainable resource utilization as material issues and focuses on finding solutions to these challenges.

Renewable Energy

Details of Initiative	Name of Business Operator/Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	CPV Keenan II Wind Power Generation Project	USA	152MW	Approx. 410,000 tons / year
	Shepherds Flat Wind Power Generation Business	USA	845MW	Approx. 1,500,000 tons / year
Biodiesel Manufacturing Business	Biodiesel manufacturing project in Nebraska, USA run by Flint Hills Resources, Benefuel and others	USA	About 50 million gallon/year	Approx. 500,000~750,000 tons / year
Energy-from-Waste Business	ST&W Waste Incineration and Power Generation Project / SITA South Tyne & Wear Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 homes	Estimated 62,000 tons / year
	Cornwall Waste Incineration and Power Generating Business / SITA Cornwall Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 homes	Estimated 60,000 tons / year
	Merseyside Waste Incineration and Power Generating Business / SITA Merseyside Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 homes	Estimated 130,000 tons / year
	West London Waste Incineration and Power Generating Business / SITA West London Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 homes	Estimated 83,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	320MW	About 1,000,000 tons/year
Photovoltaic Power Generation	Scatec Solar AS	South Africa	75MW	125,000 tons/year
Production of aviation biofuel from municipal solid waste	Solena Fuels Corporation	USA	N/A	N/A

ITOCHU Corporation is working for the solution of social issues through investment in power generation assets that are anticipated to experience growth as necessary means of energy supply from now on and that make effective use of renewable energy such as geothermal power and wind power.

Related page: Highlight: Climate change (page25)



Shepherds Flat wind power plant

Water-Related Businesses

Country	Details of Initiative
Seawater Desalination	<p>ITOCHU began delivering large numbers of seawater desalination plants from the 1970s. In the 2000s, ITOCHU and Sasakura established the joint venture company ACWA Power Sasakura with local capital in the country. In addition, against a backdrop of population growth and industrialization, ITOCHU also expanded into rehabilitation projects for seawater desalination plants.</p> <p>In May 2012, the joint venture company Arabian Japanese Membrane Company, LLC, which manufactures reverse osmosis membrane elements for seawater desalination, was established with Saudi Arabian firm ACWA Holding and Toyobo.</p> <p>In 2009, ITOCHU invested and participated in a seawater desalination project (daily capacity of 440,000 tons) in Victoria, Australia. It commenced operation from 2013.</p>
Water treatment	<p>ITOCHU was consigned to perform maintenance and operational services for the North-South Sewage Treatment Facility at the Changxing Island Harbor Industrial Zone in Dalian City, Liaoning Province, China. The facility boasts a processing capacity of 40,000 tons per day.</p> <p>ITOCHU established a joint venture company with Suez affiliate Sino French Water Development Co. Ltd., and is currently implementing the project.</p>
Concession project	<p>In 2012, ITOCHU invested in the UK-based Bristol Water Group. This made it the first Japanese company to participate in the UK water supply business. ITOCHU is currently providing tap water services encompassing everything from water resource management to water purification, water supply and distribution, collection of charges, and customer service to some 1.2 million customers in UK.</p> <p>In 2014, ITOCHU invested in CANARAGUA CONCESIONES S.A., which provides both water supply and sewerage works services in the Canary Islands in Spain. This made it the first Japanese company to participate in a Spanish water supply business. ITOCHU is currently providing water supply and sewerage works services to an extended total of about 1.3 million customers in Spain, based on a concession agreement concluded with the local governments.</p>

About 97.5% of the earth's water consists of sea water. Water available for use by human beings accounts for only 0.01% of the total. Meanwhile, the demand for water worldwide is steadily increasing due to economic development driven by the newly emerging countries, population growth, and changes in precipitation patterns caused by climate change. ITOCHU Corporation has positioned water-related business as a priority field, and is globally developing business in areas such as sea water desalination, water treatment, and concession projects (newly undertaken beginning in 2013), with a view to assisting solution of water problems around the world.



Itochu invests in UK water utility Bristol Water

Tree Plantation

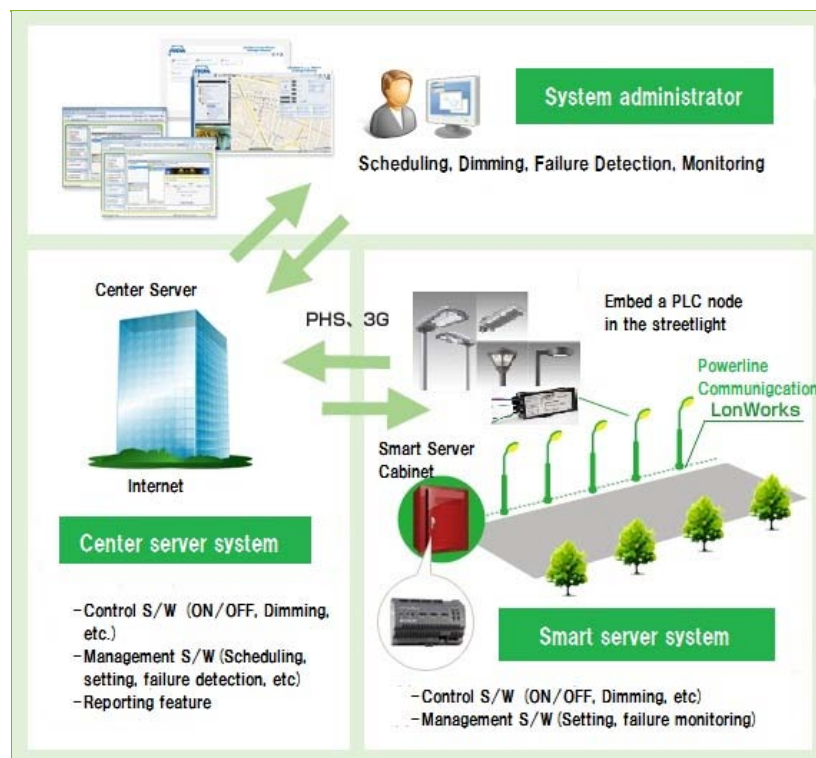
Name of Business Operator/Tree Plantation	Country	Project Size
CENIBRA (Celulose Nipo-Brasileira S.A.)	Brazil	132,000ha
ANCHILE	Chile	27,000ha
Southland Plantation Forest Co.	New Zealand	10,000ha
South East Fibre Exports	Australia	5,000ha
Acacia Afforestation Asia	Vietnam	2,000ha
South Wood Export Ltd.	New Zealand	1,000ha

Other Environmental Businesses

Project Name	Details of Initiative
Lithium-ion Batteries	<p>ITOCHU has invested and participated in a lithium compound manufacturing business, cathode material business and anode material business. ITOCHU has built a value chain in the lithium-ion battery field based on investment projects with the likes of US-based SYMBOL MATERIALS as well as Toda Kogyo Corp. and Kureha Battery Materials Japan Co., Ltd., and will promote the stable production and supply of raw materials, related products, and storage battery system. In 2013, ITOCHU launched a lithium-ion storage battery system for industrial applications with a capacity of 16.8 kWh. The system has been developed and commercialized by NF Corporation.</p>
Energy Management Systems/ Energy-Saving Solutions	<p>Since 2009 ITOCHU has deployed the ecoFORTE IT-based energy management system (EMS), achieving the visualization and automated operating control of the power for air conditioning, lighting equipment and other facilities, and helping customers conserve electricity. In 2013, ITOCHU took a stake in Kankyo Keiei Senryaku Soken, and has been enhancing EMS business.</p> <p>ITOCHU has developed the Smart Street Lighting Service, a smart street lighting business utilizing cutting-edge technologies. In 2012, the service won the Grand Prize for Energy Saving Service in the Eco-Services category of the 9th Eco-Products Awards. Currently, pilot tests are underway at several sites inside and outside of Japan, such as those owned by municipal governments and those located at industrial complexes, and we are strengthening our efforts for the full-fledged start of this business.</p>

For the "Smart Streetlight Service," ITOCHU won the Grand Prize for Energy Saving Service at the 9th Eco Products Awards in 2012.

For this service, devices compatible with power line communications will be attached to each streetlight. These devices will enable remote control of each streetlight, including fine adjustment of the brightness level in accordance with the environment. Moving forward, we will continue to strengthen our energy and smart IT infrastructure business and to promote energy management. In this way, we will strive to contribute to the realization of a low-carbon society.



Approaches to Conservation of Biodiversity

The business activities of ITOCHU Corporation are heavily bound up with consumption of all sorts of resources in the natural world (e.g., water, air, forests, food, minerals, and fossil fuels). Our business rests on supply of the natural bounty produced by the ecosystem to society at large, whether directly or indirectly. With this awareness, we stipulated consideration for biodiversity as part of our Activity Guidelines under the ITOCHU Group Environmental Policy. Our concern for biodiversity in our business activities is reflected in efforts for sustainable forest management, conservation of natural forests, and protection of endangered plant and animal species.

Concern for Biodiversity in Business Activities

Concern for biodiversity in pulp production projects

ITOCHU's Group company CENIBRA in Brazil has consistently engaged in everything from forest management to pulp production. In 2005, CENIBRA obtained forest certification from the Forest Stewardship Council (FSC) as well as CoC certification (certification for management of processing and distribution processes). For more details, please see Major CSR Initiatives of ICT, General Products & Realty Company (page44-45)



One of CENIBRA's vast plantations

Activities for Conservation of Biodiversity

Even apart from its business activities, the ITOCHU Group is working to conserve biodiversity through social contribution initiatives.

Activities for Revival of Tropical Forest and Conservation of the Ecosystem on the Island of Borneo

The island of Borneo is largely covered with tropical forests spanning the countries of Malaysia, Indonesia, and Brunei. In area, it is about twice as large as Japan and the third-largest island in the world. It is known as a treasure-trove of biodiversity. However, it is also in the process of development, and some tropical forest areas have been damaged to the point that their ecosystems cannot be conserved on the strength of nature's own powers of revival alone. The ITOCHU Group is supporting activities for revival of forests in the district of North Ulu Segama in the Malaysian state of Sabah, in the northeastern part of the island. The World Wide Fund for Nature (WWF), the globally active organization for protection of nature, is engaged in activities for forest revival in an area of about 2,400 hectares, in coordination with the Sabah Forestry Department. The ITOCHU Group is supporting revival over a portion measuring 967 hectares, larger than any other zone of forest revival supported by an ordinary private enterprise. The district is also a habitat for the orangutan, an endangered species. The revival will help to protect not only the orangutan but also many other species living there.

Related page: Social Contribution Activities: Environmental Conservation (page81)



Tree-planting by tour participants



The orangutan, an endangered species

– Hunting World's Activities to Support Borneo

Hunting World is a luxury brand handled by ITOCHU Corporation. Since its creation in 1965, its logo has depicted a tuskless baby elephant. For more details, please see Major CSR Initiatives of Textile Company (page29)



The Borneo elephant, an endangered species Support is also provided for efforts including construction of facilities for temporary protection and treatment of the elephants before returning them to the forest, as well as for taming them.

– Support for Tree-planting Activities in Kenya

In April 2012, ITOCHU Corporation opened Eco Shop, an environmental pavilion giving children actual experience of eco activities, in KidZania Tokyo, a facility devoted to vocational experience for children. For each child visiting, the pavilion donates an amount equivalent to the cost of one seedling to the Green Belt Movement, a tree-planting program in Kenya. By the end of March 2014, about 60,000 children had visited to participate in the activities at the pavilion, and the pavilion had therefore donated an amount sufficient for purchase of about 60,000 seedlings to Kenya. Besides tree planting, the funds are used in Kenya for various other purposes, including facilities for storage of rainwater to permit the continuation of forest revival and the holding of workshops for local residents to educate them about ecological approaches to sound utilization of forest resources.

Related page: Social Contribution Activities: Growth of Future Generations (page86)



The ceremony of presenting saplings to the kenyan ambassador in April 2013



Tree-planting activities in Kenya (photo courtesy of the Mainichi Newspapers)

Environmental Education and Awareness

We are committed to improving the environmental awareness of the entire ITOCHU Group. To encourage environmental conservation efforts among our employees we offer a wide range of education programs, as well as seminars on environmental law, and seminars to raise awareness of global environmental issues, which also target Group employees.

Seminars

We actively hold seminars in order to ensure that all employees of the ITOCHU Group are aware of and comply with the requirements of environmental laws and regulations, and in order to raise environmental awareness.

– Internal Seminars and Training Sessions (fiscal 2014 results)

Content		Timing	Target	Participant
Environmental Managers Conference		25th April 2013 (Tokyo) 26th April 2013 (Osaka)	Employees and Group Company Employees	135
General Education		From May to July 2013 59 times in total	Employees and Group Company Employees	3960
Education of staff in specific operations		From May 2013 to February 2014 41 times in total	Employees and Group Company Employees	461
Seminar on Soil Contamination Countermeasures Law		18th July 2013 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	218
The Waste Management and Public Cleansing Law	Seminar	11th September 2013 (Tokyo/Osaka/Taiwan) ※Other 1 time	Employees and Group Company Employees	418
	e-learning	October~December 2013	Employees	4818
CSR and Global Environment Seminar		20th February 2014 (Tokyo/Osaka/Taiwan)	Employees and Group Company Employees	216
CSR Seminar for the specific departments and ITOCHU group companies		at any time	Employees and Group Company Employees	205

CSR and Global Environment Seminar

A CSR and Global Environment Seminar entitled "Climate Change: Risk and Business Opportunities" was held on February 20. 216 members of ITOCHU Corporation and Group companies participated in the seminar by means of a videoconferencing system that connected the ITOCHU Tokyo Head Office, the ITOCHU Osaka Head Office, and ITOCHU TAIWAN. The keynote speech for the first half of the seminar was given by Masahide Kimoto, a professor at the University of Tokyo's Atmosphere and Ocean Research Institute. Professor Kimoto said that global warming had reached a serious stage, and he provided information based on the latest research about what kinds of climate change we may expect to occur in the future, together with their impact on us and what countermeasures are available. In the second half of the seminar, there was a panel discussion in which detailed case studies of climate change phenomena were presented by Shuhei Maeda of the Japan Meteorological Agency who is in charge of information about the El Niño phenomenon, and by Mr. Yakushiji, General Manager of the Planning & Administration Department of the Machinery Company. Based on these case studies, a lively discussion developed about how businesses should embrace climate change and the available future possibilities. A questionnaire revealed a variety of opinions about expanding the environmental business going forward, including hopes concerning these valuable opportunities for the development of ITOCHU's business and the concrete application of this climate data.



The keynote speech being given by Professor Masahide Kimoto of the University of Tokyo's Atmosphere and Ocean Research institute



The panel discussion in progress



Environmental Performance Data

ITOCHU Corporation strives to achieve environmental conservation not only through business activities, but also through office activities, such as cutting back electricity consumption and the promotion of the recycling of waste, in which all its employees can easily participate. In addition, it has gradually expanded the scope of the collection of environmental performance data on Group companies in Japan and overseas, and overseas subsidiaries to understand the actual environmental situation and improve its environmental conservation activities in the future.

Environmental Performance

Scope of the Data

○:in scope of aggregation

	Electricity consumption	CO2 emissions from business facilities	Waste volume	Paper consumption	Water consumption and wastewater discharge
Tokyo headquarters	○	○	○	○	○
Osaka headquarters	○	○	-	-	-
Branches in Japan *1	○	○	-	-	-
Other branches and business facilities in Japan *2	○	○	-	-	-
Group companies in Japan *3	○	○	○	-	○
Overseas subsidiaries *4	○	○	○	-	○
Overseas group companies *5	○	○	○	-	○

*1 The branches in Japan cover all 5 domestic branches of ITOCHU Corporation.

*2 Aggregation since FY2011 (FY2011: 16 offices; FY2012: 14 offices, FY2013: 13 offices; FY2014: 12 offices)

*3 Aggregation since FY2011 (FY2011: 56 companies, FY2012: 61 companies, FY2013: 66 companies; FY2014: 66 companies)

*4 Aggregation since FY2011 (FY2011: 5 offices, FY2012: 10 offices, FY2013: 14 offices; FY2014: 15 offices)

*5 Aggregation since FY2013 (FY2013: 33 offices, FY2014: 36 offices)

Independent Assurance Report (page123): The following data marked with ★ are assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410.

★ : Data on electricity consumption, CO2 emissions for the Tokyo headquarters, the Osaka headquarters and branches in Japan, CO2 emissions attributed to distribution, waste volume and water consumption and wastewater discharge for the Tokyo headquarters.

– Electricity Consumption

The table below shows electricity consumption and CO₂ emissions from business facilities from FY 2011 and FY2014. ITOCHU has announced a goal of reducing specific energy consumption at ITOCHU Corporation itself and its domestic subsidiaries by an average of at least one percent per year and is striving to reduce greenhouse gas emissions. ITOCHU installed inverters for the ventilation systems and LED desk stands, and introduced other energy-saving facilities, while all employees took the initiative of turning off lights and office equipment when not in use. In addition, an early-morning shift option was launched on a trial basis for full-time employees at the headquarters, branch companies, and branch offices in Japan beginning in October 2013, and this has also led to the reduction in our electricity consumption.

Unit:Thousand kWh

	FY2011	FY2012	FY2013	FY2014
Tokyo headquarters ★	13,006	10,418	9,914	9,391
Osaka headquarters ★	1,750	1,119	505	473
Branches in Japan ★	512	472	446	422
Other branches and business facilities in Japan	3,971	3,404	3,237	1,826
Group companies in Japan	1,881,894	1,881,147	1,981,389	2,079,998
Overseas subsidiaries	651	987	2,720	3,580
Overseas group companies			157,908	182,229

- For the Tokyo headquarters, data has been collated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices and other business facilities, data has been collated in accordance with the Act on the Rational Use of Energy (it covers business facilities ITOCHU Corporation owns or rents, excluding the facilities for dwellings).
- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 56companies, FY2012: 61 companies, FY2013: 66 companies, FY2014: 66 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 5 offices, FY2012: 10 offices, FY2013: 14 offices, FY2014: 15 offices).
- Overseas group companies: Data on the overseas group companies that responded was combined (FY2013: 33 companies, FY2014: 36 companies).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.

– CO₂ Emissions from Business Facilities

Unit:t-CO₂

	FY2011	FY2012	FY2013	FY2014
Tokyo headquarters ★	7,032	5,778	5,492	5,202
Osaka headquarters ★	647	413	227	243
Branches in Japan ★	273	255	270	278
Other branches and business facilities in Japan	1,372	1,160	1,494	964
Group companies in Japan	1,099,187	1,095,571	1,132,954	1,187,846
Overseas subsidiaries	441	697	1,582	2,007
Overseas group companies			129,860	142,106

- For the Tokyo headquarters, data has been calculated in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. For the Osaka headquarters, domestic branches and offices, other business facilities and Group companies in Japan, data has been calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- For overseas subsidiaries, the figures are the total based on the CO₂ conversion factor of the International Energy Agency (IEA).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.
- For the Tokyo headquarters and Osaka headquarters, CO₂ emission of Scope 1 is 154t-CO₂ and CO₂ emission of Scope 2 is 5,569t-CO₂.

Waste Volume

The table below shows the waste volume generated in Tokyo headquarters building, group companies in Japan, overseas subsidiaries and overseas group companies from FY2011 to FY2014. We have been promoting waste segregation.

		FY2011	FY2012	FY2013	FY2014
Tokyo headquarters building ★	Waste volume (Unit: t)	1,049	706	763	833
	Recycling rate (Unit: %)	89	89	88	94
Group companies in Japan*	Waste volume (Unit: t)	183,098	202,099	213,123	216,374
Overseas subsidiaries	Waste volume (Unit: t)	5	5	5	26
Overseas group companies	Waste volume (Unit: t)			145,098	155,150

- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 49 companies, FY2012: 50 companies, FY2013: 52 companies, FY2014: 52 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 1 office, FY2012: 1 office, FY2013: 1 office, FY2014: 3 office).
- Overseas group companies: Data on the overseas group companies that responded was combined (FY2013: 17 companies, FY2014: 19 companies).
- For the waste volume of Tokyo headquarters includes waste sold as valuable resources.
- We have revised the past FY data of Tokyo headquarters and group companies in Japan, since we expanded the boundaries.

Paper Consumption

The table below shows the paper consumption in Tokyo headquarters building from FY2011 to FY2014. We have been promoting the reduction of paper consumption by means such as encouraging paperless activities and stopping the unnecessary use of paper.

Unit: Thousand sheets (A4 equivalent)

	FY2011	FY2012	FY2013	FY2014
Copy paper consumption	36,558	37,478	36,883	35,315

Water Consumption and Wastewater Discharge

The table below shows the water consumption and wastewater discharge in Tokyo headquarters, group companies, overseas subsidiaries and overseas group companies from FY2011 to FY2014.

Unit:m³

	FY2011	FY2012	FY2013	FY2014
City water usage by the Tokyo headquarters ★	54,226	44,590	43,068	44,154
Gray water production by the Tokyo headquarters ★	31,577	37,222	37,212	36,431
Wastewater discharge by the Tokyo headquarters ★	51,472	46,095	46,593	60,837 (*1)
Wastewater discharge by group companies in Japan *2	5,390,872	5,556,297	5,774,459	5,968,838
Wastewater discharge by overseas subsidiaries *2	3,482	4,583	15,524	249,861
Wastewater discharge by Overseas group companies *2			8,829,067	8,987,458

*1 We changed the calculation method of wastewater discharge for Tokyo headquarters in fiscal 2014.

*2 Calculation assumes the same volume as water consumption when wastewater discharge has not been ascertained.

- Group companies in Japan: Data on the Group companies that responded was combined (FY2011: 33 companies, FY2012: 34 companies, FY2013: 39 companies, FY2014: 40 companies).
- Overseas subsidiaries: Data on the overseas subsidiaries that responded was combined (FY2011: 2 office, FY2012: 2 office, FY2013: 5 offices, FY2014: 5 office).
- Overseas group companies : Data on the overseas group companies that responded was combined (FY2013: 27 offices, FY2014: 29 office).
- We have revised the past FY data of group companies in Japan and overseas subsidiaries, since we expanded the boundaries.

Environmental conservation at the Tokyo Headquarters Building

– Solar power generation

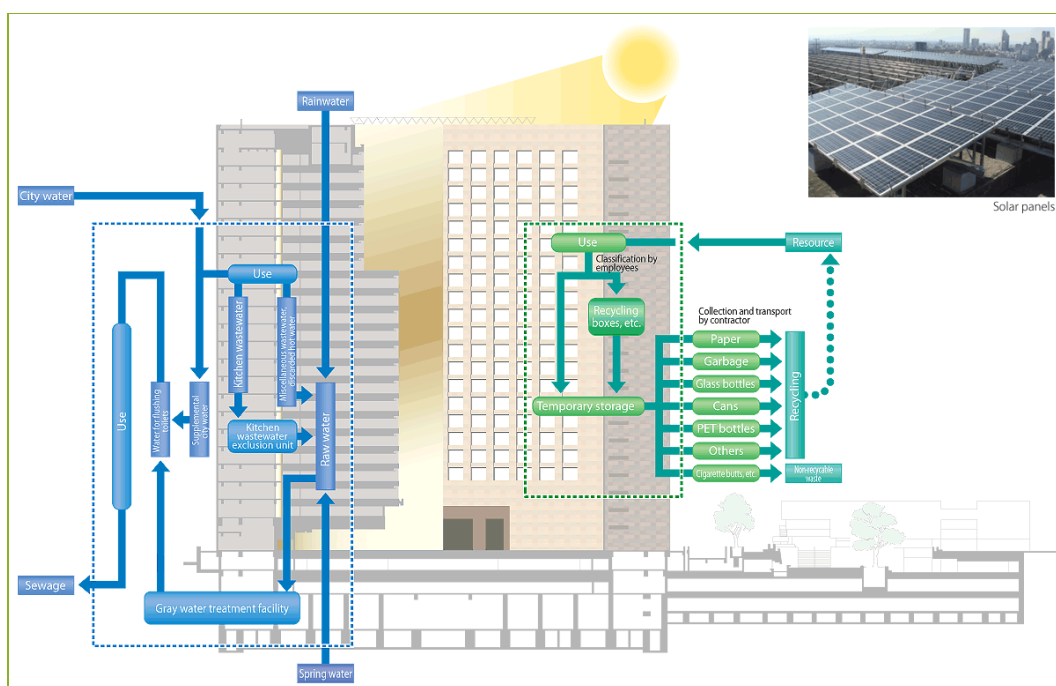
We installed solar panels on the roofs of our TOKYO headquarters and the adjacent CI Plaza. It has started to generate electricity since March 2010. The capacity of generation for solar panels is total 100kw which is equivalent to prevailing 30 detached houses (approximately 3.0kw per detached house). We make use of all clean energy generated solar power in our TOKYO headquarters and it regards as electric energy (Maximum power generation at moment) covered 3.5 floors lighting.

– Effective Use of Water Resources

Since the treatment facilities for recovered water (gray water, rainwater and spring water) were installed when the Tokyo headquarters was built in 1980, recovered water have been effectively utilized to flush the toilets.

The change on amount of securing gray water may be caused by the rainfall every year so that city water usage tends to increase when the rainfall is a little.

Therefore, we take care of saving water to install the devise for economize hand washing water and flushing in toilets.



– Tokyo Metropolitan Government Program to prevent Global Warming

ITOCHU Corporation submitted the Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 to the Tokyo Metropolitan Government, in accordance with their Ordinance on Environmental conservation. In the plan, we committed to reduce CO₂ emissions in the Tokyo headquarters by 6%, compared to the benchmark (the average of annual CO₂ emissions from FY2003 to 2005). Emissions in FY2013 came to 5,492 tons CO₂, down 35% from the benchmark. (Data for FY2014 will be reported to Tokyo Metropolitan Government in November 2014 after they are compiled.)

Those below submitted to Tokyo Metropolitan Government are available in Japanese.

- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2011) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2012) (Japanese Only)
- Greenhouse Gas Emission Reduction Plan for FY2011 to 2015 (Submitted in November 2013) (Japanese Only)

* The plan submitted to Tokyo Metropolitan Government for greenhouse gas emission reduction includes not only the Tokyo headquarters, but also the adjacent commercial facility, "CI PLAZA".

Participation in “Fun to Share”

ITOCHU Corporation is participating in “Fun to Share,” the campaign aimed at building a low-carbon society to alleviate climate change, led by the Japanese Ministry of the Environment. In keeping with this participation, it is striving to hold down use of air-conditioning in summer and heating in winter, and to turn power off when not needed. It is also promoting other activities of environmental conservation that can readily be performed by all employees in their workplaces, such as rigorous sorting of refuse in the office and extensive recycling.



Environmental Accounting

Environmental Conservation Costs

The environmental conservation costs for all of ITOCHU Corporation's domestic branches in fiscal 2014 are as follows.

(Unit: 1,000 yen)

Classification	Investment Amount	Cost
Costs inside business areas	2,090	1,310,892
Up/downstream costs	0	52,632
Management activity costs	0	140,116
Research and development costs	0	980
Social activity costs	0	23,497
Costs to address environmental damage	0	20,589
Total	2,090	1,548,707

Summarized based on the Environmental Accounting Guidelines – 2005 Edition from the Ministry of the Environment.

Scope of Calculation: All domestic branches

Target period: April 1, 2013 to March 31, 2014

Environmental Conservation / Economic Effects

The environmental conservation effects and economic effects of ITOCHU Corporation's paper and electricity usage and waste emissions for fiscal 2014 are as follows.

	Environmental Conservation Effects	Economic Effects (Unit:1,000JPY)
Paper Usage	1,567,000sheets	1,113
Electricity Usage	579,000kWh	-23,961*
Waste Emissions	-403t	-17,127
Water Usage	-2,687m3	-1,197

Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year.

Scope of Calculation: Paper and Water Usage – Tokyo Headquarters building, Electricity Usage - Tokyo Headquarters building, Osaka Headquarters and five branches, Waste Emissions: All of domestic branches.

*Due to increase in electricity charges.

Monitoring the State of Environmental Liabilities

With respect to environmental risks, particularly asbestos, PCB and soil contamination, associated with tangible fixed assets of ITOCHU Corporation itself and its Group companies including land and buildings, ITOCHU not only complies with legal requirements but also conducts monitoring on a voluntary basis and seeks to respond in a way that is conducive to the switch determination and judgment of management policies.

In fiscal 2014, ITOCHU will continue to promote the sharing of related information through various training (page103) such as Environment and Social Risk Response Seminar.

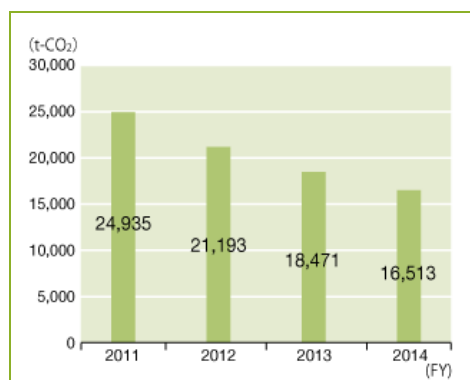
Initiatives toward Environmental Distribution

ITOCHU Corporation is working on green distribution that will reduce the burden on the environment in order to comply with the Act on the Rational Use of Energy.

Carbon Dioxide Emissions Associated with Distribution

The following graph shows the carbon dioxide emissions generated in connection to energy usage through transportation carried out by ITOCHU Corporation.

Change in CO₂ Emissions Attributed to Distribution ★



★ Data assured by KPMG AZSA Sustainability Co., Ltd, an external assurance provider based on the international standard ISAE 3000 & ISAE 3410. Independent Assurance Report (page123)

Environmental Energy-Saving Measures

Environmental Energy-saving measures are set forth in the following measures and policies in effect across the company.

In addition to these, each division company formulates specific measures.

Selection of Modes of Transportation	Promoting utilization of rail and sea transportation
Actions to Improve Transportation Efficiency	Use of partial and consolidated cargo services Selection of appropriate vehicle models and larger vehicles Transportation route ingenuity Improved loading ratios
Coordination between freight carriers and recipients	Review of transportation plans, frequency, etc.

Specific Measures

(1) Selection of Modes of Transportation

- Examine and analyze the circumstances of long-haul truck-based transportation and consider changing modes of transportation, starting with businesses able to transition to rail and domestic vessel-based transportation, which place a comparatively lighter burden on the environment.

(2) Actions to Improve Transportation Efficiency

- Examine the circumstances of transportation and consider actions such as appropriate vehicle model and transportation route selection. Further, try to improve loading efficiency and reduce specific energy consumption.

(3) Coordination between Freight Carriers and Recipients

- ITOCHU's internal judgment criteria on the use of distribution companies requires it to check the status of a company's environmental distribution initiatives and recommends the usage of accredited companies.
- To achieve measures (1) and (2) above, ITOCHU will endeavor to build cooperative frameworks with distribution companies as well as partner suppliers and other parties.

Evaluation by Society

Selected for Social Responsibility Investment (SRI) Indices

Dow Jones Sustainability World Index (DJSI World)

The Dow Jones Sustainability World Index is a global stock index developed jointly by Dow Jones & Company in the U.S. and RobecoSAM in Switzerland. It evaluates the corporate social responsibility of approximately 2,500 major companies around the world in terms of their social, environmental, and economic performance, selecting the top 10% of these corporations among each Industry Sector for inclusion. Globally, 333 companies have been selected, with 21 Japanese companies including ITOCHU Corporation.

ITOCHU was also awarded Bronze Class in "RobecoSAM Sustainability Award 2014" for the excellence in the Trading Companies & Distributors sector. (as of January, 2014)



Mr. Daniel Wild (Head of sustainability research & development, Member of the executive committee) coming from RobecoSAM handed over a trophy for Bronze Class to Seki CAO. At Tokyo Headquarters of ITOCHU Corporation on 23rd, June, 2014.



Morningstar Socially Responsible Investment Index (MS-SRI)

The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. conducts questionnaire and screening quantitative data for approximately 4,000 listed companies in Japan and the MS-SRI is comprised of 150 leading socially responsible companies including ITOCHU Corporation. (as of January, 2014)










Evaluation by Stakeholders

2014	Feb. 10	ITOCHU Wins the Grand Prize in the Nikkei Annual Report Awards 2013
2013	Dec. 26	2014 Excellent Award for the Corporate Value Improvement Award by Tokyo Stock Exchange
	Nov. 26	Award for Companies Providing Career Support in 2013
	Oct. 7	2013 Awards for Excellence in Corporate Disclosure (for the second consecutive year)
	Jun. 5	Trading Company In-House Team of the Year in the ALB (Asian Legal Business) Japan Law Awards 2013 (for the fourth consecutive year)

ISO26000 Core Subjects and ITOCHU's Initiatives

As a member of international society, ITOCHU aims to contribute to the realization of a sustainable society by reflecting the expectations and concerns of society in its business activities and by developing businesses that help solve social issues. This report provides information about ITOCHU's fundamental approach and implementation system, which covers the seven core subjects of ISO26000, the international standard for social responsibility, as well as major topics for fiscal 2014.


Fundamental Approach	Major Topics
Organizational Governance	
 <p>In accordance with its corporate philosophy of "Committed to the Global Good," ITOCHU believes it is important to understand how its business activities influence society and the environment. We have established a system that contributes to the realization of a sustainable society, in accordance with a PDCA cycle, through the identification of material CSR issues and the formulation of CSR Action Plans for each business field.</p>	<ul style="list-style-type: none"> Establishment of the process for identification of CSR Material Issues P11 Holding the CSR Advisory Board P13
Human Rights	
 <p>As a company that conducts business transactions around the world, ITOCHU believes that the relationship between business and human rights is vitally important, and that belief is reflected in the supply chain and in businesses in which ITOCHU invests. We give serious consideration to human rights and individuality so that employees can make the most of their individual capabilities.</p>	<ul style="list-style-type: none"> The e-learning of "Exploring Business and Human Rights" taken by 6,505 employees P16 Implementation of CSR Survey at 380 overseas suppliers P55 Formulation of policies, "Respecting the Rights of Indigenous People" and "Approach to Conflict Minerals Issues" P15-16
Labor Practices	
 <p>ITOCHU is working to develop and strengthen human resources who can play active roles in global business as true industry professionals. We are also establishing a system that enables diverse human resources to make the most of their capabilities. In addition, we have built a system to support safe and healthy lifestyles for the employees who support our business activities around the world, as well as for their families.</p>	<ul style="list-style-type: none"> Introduction of Morning-Focused Working System P69 Starting permission for employees posted overseas to take children along without taking spouse P64 Holding the Women's Executive Forum with the panelists of female executive officers P63
The Environment	
 <p>ITOCHU pays close attention to the influence of its business activities on the environment and takes both proactive initiatives (advancing environment-conserving businesses) and precautionary initiatives (preventing problems associated with environmental risks). In particular, in proactive initiatives, we are developing multifaceted business initiatives in line with such themes as the use of sustainable resources, responding to climate change, and conservation of biodiversity.</p>	<ul style="list-style-type: none"> Expanding business in renewable energy P25 Implementation of Environmental Fact-finding Investigations at 10 group companies P97 Continuing certification of ISO14001 with "improvement" grade P95 ITOCHU Group environment-related seminars participated by 10,431 group employees P103
Fair Operating Practices	
 <p>In addition to ensuring that our business activities are in accordance with laws and international rules, we do not limit ourselves to simply following industry practice, and accordingly we have also established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.</p>	<ul style="list-style-type: none"> Compliance Awareness Survey responded by 27,598 group employees P51 Compliance related trainings taken by total 6,300 employees of ITOCHU and 52 group companies P51 Issuing "A Must-Read! 51 Q&A about the Anti-Monopoly Law" for implementation to employees P52
Consumer Issues	
 <p>ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is implementing activities that contribute improvements in the quality of consumer lifestyles, such as working to ensure product safety and quality, developing products that contribute to environmental conservation, and promoting awareness of sustainable consumption.</p>	<ul style="list-style-type: none"> Regular On-Site Audits at overseas food suppliers (174 audits at 137 companies) P42 Developing initiatives of foods for healthier lifestyles P42 Power visualization's contribution to the reduction of power consumption P46 Third-party report on the Australian coal supply chain P21-22
Community Involvement and Development	
 <p>In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we 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 through both business activities and social contribution activities.</p>	<ul style="list-style-type: none"> Supporting cotton farmers in India to transfer to cultivation of organic cotton P26 Contributing to the reconstruction and development of disaster-affected areas with our support to local industry P26

The Comparative Table with GRI Guidelines and UN Global Compact Principles

The following is the comparative table of our CSR initiatives with Sustainability Reporting Guidelines 2006 issued by Global Reporting Initiative (GRI) and with the ten principles of the United Nations Global Compact.

GC Principles	Item	Indicator	Full Report	WEB
1 Strategy and Analysis				
	1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3-4	President's Commitment
	1.2	Description of key impacts, risks, and opportunities.	3-4 21-26 27-46	President's Commitment CSR Material Issues (Materiality) CSR and Our Business
2 Organizational Profile				
	2.1	Name of the organization.	124	Corporate Profile
	2.2	Primary brands, products, and/or services.	27-46	CSR and Our Business
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	27-46	CSR and Our Business
	2.4	Location of organization's headquarters.	124	Corporate Profile
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	124	Corporate Profile
	2.6	Nature of ownership and legal form.	124	Corporate Profile
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	27-46 124	CSR and Our Business Corporate Profile
	2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> ▪ Number of employees; ▪ Net sales (for private sector organizations) or net revenues (for public sector organizations); ▪ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ▪ Quantity of products or services provided. 	27-46 124	CSR and Our Business Corporate Profile Financial Statements
	2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ▪ The location of, or changes in operations, including facility openings, closings, and expansions; and ▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	-	N/A
	2.10	Awards received in the reporting period.	112	Evaluation by Society

3 Report Parameters				
Report Profile				
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	-
	3.2	Date of most recent previous report (if any).	1	-
	3.3	Reporting cycle (annual, biennial, etc.)	1	-
	3.4	Contact point for questions regarding the report or its contents.	1	-
Report Scope and Boundary				
	3.5	Process for defining report content, including: <ul style="list-style-type: none"> ▪ Determining materiality; ▪ Prioritizing topics within the report; and ▪ Identifying stakeholders the organization expects to use the report. 	1 8-11	Basic Policy on CSR and Promotion System
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1	-
	3.7	State any specific limitations on the scope or boundary of the report.	1	-
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-	N/A
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	105-109 110	Environmental Performance Data Environmental Accounting
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	-	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	N/A
GRI content index				
	3.12	Table identifying the location of the Standard Disclosures in the report.	114-122	GRI Comparative Table
Assurance				
	3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	69 72-73 105-109 111 123	Employee Relations (Introduction of Morning-Focused Working System, Basic Data) Environmental Performance Data Initiatives toward Environmental Distribution Independent Assurance Report

4 Governance, Commitments, and Engagement				
Governance				
	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	47-50	Corporate Governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	47-50	Corporate Governance
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	47-50	Corporate Governance
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	47-50 70-71	Corporate Governance Communications with Employees
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	-	Corporate Governance Report  (238KB)
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	47-50	Corporate Governance
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	47-50	Corporate Governance
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	5	ITOCHU Mission and Values
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	3-4 18	President's Commitment The United Nations Global Compact
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	-
Commitments to External Initiatives				
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	8-11 97	Basic Policy on CSR and Promotion System Precautionary Approach to Environmental Risks
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	18 15-17	The United Nations Global Compact Respect for Human Rights

	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic. 	18	The United Nations Global Compact
Stakeholder Engagement				
	4.14	List of stakeholder groups engaged by the organization.	12	Stakeholder Relations
	4.15	Basis for identification and selection of stakeholders with whom to engage.	12	Stakeholder Relations
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	54-57 27-46 58-73 74-91	CSR in Our Supply Chain and Business Investment CSR and Our Business Employee Relations Social Contribution Investor Relations
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	54-56 27-46 58-73 74-91	CSR in Our Supply Chain and Business Investment CSR and Our Business Employee Relations Social Contribution Investor Relations
5 Management Approach and Performance Indicators				
Economic				
		Disclosure on Management Approach		Annual Report PDF (691KB)
Economic Performance				
	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	72-73 79-80	Employee Relations(Basic Data) Social Contribution(Action on Global Humanitarian Issues) Financial Report P2-3, 15, 46, 49 (Japanese only) PDF (1,245KB)
Principle 7	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	98-100	Promotion of Environment Conserving Businesses Financial Report P28 (Japanese only) PDF (1,245KB)
	EC3	Coverage of the organization's defined benefit plan obligations.	-	Financial Report P120-123 (Japanese only) PDF (1,245KB)
	EC4	Significant financial assistance received from government.	-	-
Market Presence				
Principle 1	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-	-
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	54-57	CSR in Our Supply Chain and Business Investment
Principle 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	58-73	Employee Relations

Indirect Economic Impacts				
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	27-46 74-91	CSR and Our Business Social Contribution
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	-
Environmental				
		Disclosure on Management Approach	92-111	Our Initiatives for the Environment
Materials				
Principle 8	EN1	Materials used by weight or volume.	-	-
Principle 8, 9	EN2	Percentage of materials used that are recycled input materials.	-	-
Energy				
Principle 8	EN3	Direct energy consumption by primary energy source.	-	-
Principle 8	EN4	Indirect energy consumption by primary energy source.	105-109	Environmental Performance Data
Principle 8, 9	EN5	Energy saved due to conservation and efficiency improvements.	105-109	Environmental Performance Data
Principle 8, 9	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	98-100	Promotion of Environment Conserving Businesses
Principle 8, 9	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	98-100	Promotion of Environment Conserving Businesses
Water				
Principle 8	EN8	Total water withdrawal by source.	105-109	Environmental Performance Data
Principle 8	EN9	Water sources significantly affected by withdrawal of water.	-	-
Principle 8, 9	EN10	Percentage and total volume of water recycled and reused.	105-109	Environmental Performance Data
Biodiversity				
Principle 8	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	101-102	Approaches to Conservation of Biodiversity
Principle 8	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	101-102	Approaches to Conservation of Biodiversity
Principle 8	EN13	Habitats protected or restored.	101-102	Approaches to Conservation of Biodiversity
Principle 8	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	101-102	Approaches to Conservation of Biodiversity
Principle 8	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	-

Emissions, Effluents, and Waste				
Principle 8	EN16	Total direct and indirect greenhouse gas emissions by weight.	105-109	Environmental Performance Data
Principle 8	EN17	Other relevant indirect greenhouse gas emissions by weight.	105-109	Environmental Performance Data
Principle 7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	105-109	Environmental Performance Data
Principle 8	EN19	Emissions of ozone-depleting substances by weight.	-	-
Principle 8	EN20	NOx, SOx, and other significant air emissions by type and weight.	-	-
Principle 8	EN21	Total water discharge by quality and destination.	105-109	Environmental Performance Data
Principle 8	EN22	Total weight of waste by type and disposal method.	105-109	Environmental Performance Data
Principle 8	EN23	Total number and volume of significant spills.	-	-
Principle 8	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	-
Principle 8	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-	-
Products and Services				
Principle 7, 8, 9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	27-46 98-100	CSR and Our Business Promotion of Environment Conserving Businesses
Principle 8, 9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	-
Compliance				
Principle 8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	-	-
Transport				
Principle 8	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	111	Initiatives toward Environmental Distribution
Overall				
Principle 7, 8, 9	EN30	Total environmental protection expenditures and investments by type.	110	Environmental Accounting
Labor Practices and Decent Work				
		Disclosure on Management Approach	58-73	Employee Relations
Employment				
	LA1	Total workforce by employment type, employment contract, and region.	72-73	Employee Relations (Basic Data)
Principle 6	LA2	Total number and rate of employee turnover by age group, gender, and region.	-	-

	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	65-67	Creating Environments That Bring Out the Best in Employees
Labor/Management Relations				
Principle 1, 3	LA4	Percentage of employees covered by collective bargaining agreements.	70-71	Communications with Employees
Principle 3	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-	-
Occupational Health and Safety				
Principle 1	LA6	Percentage of total workforce represented in formal joint management_worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	-
Principle 1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	-	-
Principle 1	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	65-67 68	Creating Environments That Bring Out the Best in Employees Initiatives Aimed at Occupational Health and Safety
Principle 1	LA9	Health and safety topics covered in formal agreements with trade unions.	-	-
Training and Education				
	LA10	Average hours of training per year per employee by employee category.	-	-
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	58-61 63-64	Human Resource Development Supporting the "Seeking of New Opportunities" Support for Activity by Diverse Human Resources
	LA12	Percentage of employees receiving regular performance and career development reviews.	-	-
Diversity and Equal Opportunity				
Principle 1, 6	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	63-64 72-73	Support for Activity by Diverse Human Resources Basic Data
Principle 1, 6	LA14	Ratio of basic salary of men to women by employee category.	-	-
Human Rights				
		Disclosure on Management Approach	15-17	Respect for Human Rights
Investment and Procurement Practice				
Principle 1, 2, 3, 4, 5, 6	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-	-
Principle 1, 2, 3, 4, 5, 6	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	54-57	CSR in Our Supply Chain and Business Investment

Principle 1, 2, 3, 4, 5, 6	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	15-17	Respect for Human Rights
Non-Discrimination				
Principle 1, 2, 6	HR4	Total number of incidents of discrimination and actions taken.	-	-
Freedom of Association and Collective Bargaining				
Principle 1, 2, 3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	54-57	CSR in Our Supply Chain and Business Investment
Child Labor				
Principle 1, 2, 5	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	54-57	CSR in Our Supply Chain and Business Investment
Forced and Compulsory Labor				
Principle 1, 2, 4	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	54-57	CSR in Our Supply Chain and Business Investment
Security Practices				
Principle 1, 2	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	15-17	Respect for Human Rights
Indigenous Rights				
Principle 1, 2	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	15-17	Respect for Human Rights
Society				
		Disclosure on Management Approach	5-20 51-53 74-91	CSR for ITOCHU Corporation Compliance Social Contribution
Community				
	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	-	-
Corruption				
Principle 10	SO2	Percentage and total number of business units analyzed for risks related to corruption.	-	-
Principle 10	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	51-53	Compliance
Principle 10	SO4	Actions taken in response to incidents of corruption.	-	-
Public Policy				
Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	SO5	Public policy positions and participation in public policy development and lobbying.	-	-

Principle 10	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	-
Anti-Competitive Behavior				
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	-	-
Compliance				
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	-	-
Product Responsibility				
		Disclosure on Management Approach	51-53	Compliance
Customer Health and Safety				
Principle 1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	42	Ensuring food safety through regular auditing of overseas suppliers
Principle 1	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	51-53	Compliance
Product and Service Labeling				
Principle 8	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-	-
Principle 8	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	-
Marketing Communications				
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-	-
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	-
Customer Privacy				
Principle 1	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	-
Compliance				
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	-	-



Independent Assurance Report

To the President and CEO of ITOCHU Corporation

We were engaged by ITOCHU Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with a star ★ included in its CSR Report 2014 (the “Report”) for the period from April 1, 2013 to March 31, 2014, except for the 'Number of hires by gender' and the 'Proportion of female career-track employee, manager, and executive officer', whose figures as of April 1, 2014 are the subject of this assurance engagement (the “Indicators”).

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company's reporting criteria”), as described in the Report, which are derived, among others, from the Environmental Reporting Guidelines of Japan's Ministry of the Environment and the Sustainability Reporting Guidelines Version 3.0 of the Global Reporting Initiative.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’, ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’, issued by the International Auditing and Assurance Standards Board, and the ‘Practical Guidelines for the Assurance of Sustainability Information’ of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's Tokyo headquarters selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 19, 2014

Corporate Profile

Company name	ITOCHU Corporation
Founded	1858
Incorporated	December 1, 1949
Headquarters	Tokyo: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan Osaka: 1-3, Umeda 3-chome, Kita-ku, Osaka 530-8448, Japan
President & CEO	Masahiro Okafuji
Common Stock	¥202,241 million
Number of offices	Domestic offices 9 Overseas offices 115 North America 9 Latin America 10 Europe 16 Africa 6 Middle East 17 Oceania 4 ASEAN, Southwest Asia 22 East Asia 23 CIS 8
Number of employees*	Consolidated 104,310 Non-consolidated 4,235 (As of March 31, 2014)

* The number of consolidated employees is based on actual working employees excluding temporary staff.



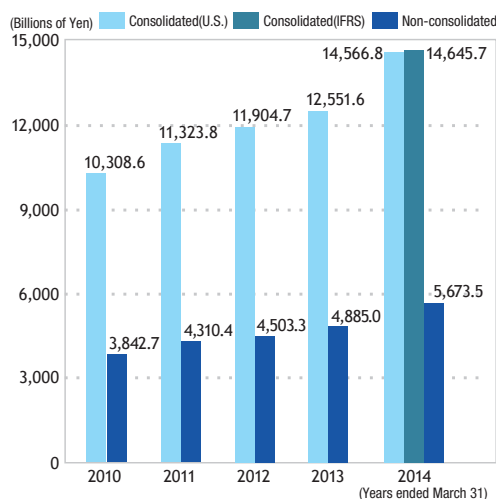
Tokyo Headquarters



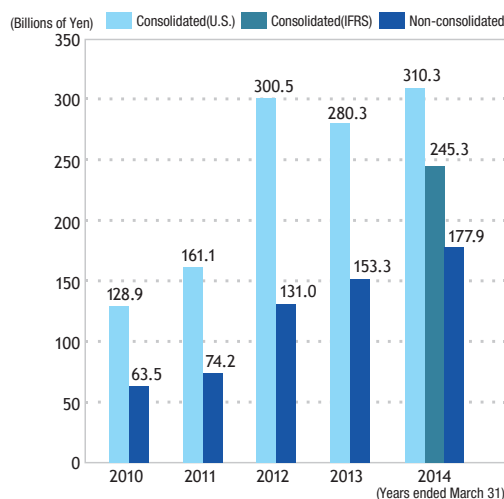
Osaka Headquarters
(North Gate Building)

Financial Overview

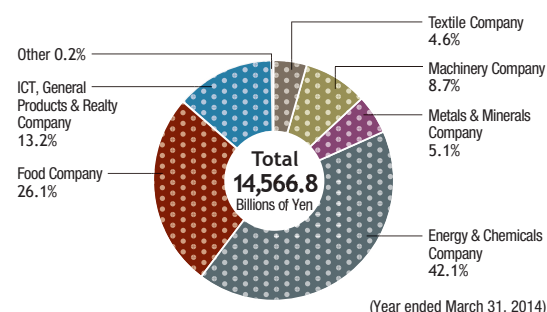
Total Trading Transactions



Net Income

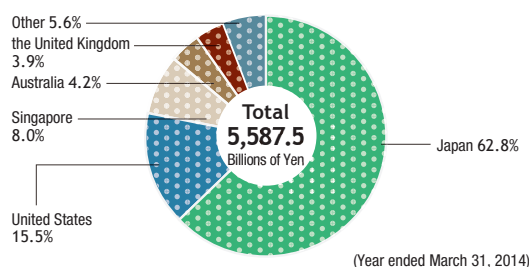


Total Trading Transactions by Division Company (Consolidated • U.S. GAAP)



Revenue by Region (Consolidated • IFRS)

* The figures of the Revenue by Region has been calculated based on IFRS.



Notes:

- "ITOCHU Corporation has voluntarily adopted the Internal Financial Reporting Standards ("IFRS") instead of the accounting principles generally accepted in the United States of America ("U.S. GAAP"), from the consolidated financial statements of the annual report for the year ended March 31, 2014. However, for the purpose of the management and performance control, this Fiscal Year 2014 has been performed in U.S. GAAP.
- "Total trading transactions" is presented in accordance with Japanese accounting practice, and consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as an agent.
- "Revenue" is attributed to countries based on the locations of the assets.
- With respect to distribution cost related to the ITOCHU's Group's food distribution and marketing business, ITOCHU has made a change in presentation in the financial statements related to ITOCHU's Group's portion of operational cost arising at the distribution centers of the ITOCHU Group's customers, such as mass merchandisers, and delivery costs from the distribution centers to the customers' stores since the beginning of the fiscal year ended March 31, 2013. The aforementioned distribution cost for the same period of the previous fiscal years ended March 31, 2012 and 2011 have been reclassified in the same manner.

ITOCHU Corporation

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