

"*Sampo yoshi*" is in ITOCHU's DNA. We are determined to fulfill our role in the creation of a sustainable society by being fully aware of our influence.



**Eizo Kobayashi**

President & Chief Executive Officer

**Rooted in "*sampo yoshi*," a practice that has been carried on for the 150 years since our founding**

ITOCHU has remained continuously in business since its founding for approximately 150 years. I believe we have been able to do so because we have carried on the spirit of "*sampo yoshi*" the watchwords applied by Chubei Ito, our founder, in his trade. The central idea is that transactions must benefit ("*yoshi*") all three parties ("*sampo*"), i.e., the seller, the buyer, and the society.

In 1992, when we changed our English company name to ITOCHU Corporation from C. Itoh & Co., Ltd. we discussed what our corporate credo should be, and decided upon "committed to the global good," which reaffirms the "*sampo yoshi*" spirit.

A corporate enterprise must be a good corporate citizen. As a global enterprise, ITOCHU Corporation must be a good corporate citizen not only in Japan, but also throughout the world. This is what I am constantly telling our employees.

We have been working to implant this spirit of "*sampo yoshi*," our business morals and ethics, into our employees working in Japan as well as our national staff\*(see page 34) working in other countries.

**We have a responsibility to fulfill given our position as a *Sogo Shosha* with global information capabilities and leading edge access to information regarding social changes**

Society has changed greatly over the last ten years. ITOCHU Corporation has about 100,000 business partners all over the world, as well as human and information networks enabling us to quickly learn what kind of new concepts and ideas are arising in other parts of the world and how those new concepts and ideas are affecting society. As we see it, it is the role of a *Sogo Shosha* to discern tomorrow's social needs, breed business adapted to those needs, and thereby contribute to society.

These days, we are faced with various global issues, the most serious being those related to food, energy, and the environment. The situation demands comprehensive analysis of information obtained on a daily basis and consideration of courses that we should take from the standpoint of Japan's security regarding food and energy. We are convinced that only *Sogo Shosha* are capable of developing business along this line, and that we have a crucial role to play.

At present, Japan's food self-sufficiency rate has declined to as low as 40 percent. We would immediately be faced with a critical situation if imports should be halted for some reason. To prevent any such thing from happening, we are doing our utmost to keep food in stable supply by harnessing our far-flung worldwide network.

As for the energy problem, we are considering ways to more efficiently use energy and more extensively utilize clean energy in order to continuously supply energy to Japan in a stable manner.

For example, the utilization of ethanol has become feasible as a business now that the demand is rising against the background of higher costs for fossil fuels. Although businesses that help preserve the environment sometimes entail a trade-off with profitability, viable alternatives must be explored while monitoring the world situation.

**Rising role of *Sogo Shosha* in step with the times**

The role of *Sogo Shosha* has kept changing to befit the needs of the times. Today, our main focus is shifting to how to provide additional value in our business process,

from the upstream to the downstream, or from raw materials to goods and services eventually delivered to consumers. Involvement in all processes from the upstream to the downstream implies a substantial increase in social impact. Because of the huge sums of money handled, misjudgments can have an immense adverse effect on society. It is vital for each and every one of our employees to remain aware of this factor.

## Promotion of our initiatives tied to business in each Division Company's CSR action plans

ITOCHU Corporation consists of seven Division Companies. These Companies differ markedly from each other in respect of business models, and consequently have different CSR to fulfill. Therefore, each Division Company prepared its own CSR action plans setting forth CSR objectives and indicators upon discussion of targets for the next three, five, and ten years. We decided to have each Division Company declare its targets and take CSR actions on its own initiative.

If things were left at this, ITOCHU Corporation would be an aggregate of seven Companies, each going their own way on CSR, instead of a *Sogo Shosha*. This is why we share a common philosophy to be embraced by all of the Companies alike in the pursuit of our CSR initiatives.

For example, regardless of their business model or business location in the world, all employees obviously must act honestly and refrain from wrongdoing as a rule of the most basic sort. In addition, we made it a fundamental company-wide requirement for each employee to constantly give consideration to the coexistence with the society, safety, and security.

I would also like to add that I am always telling our employees to be humble. People do not want to advise those who are arrogant and think they are above all around them. By taking a step back and adopting a humble attitude, one is bound to get a better grasp of the views of others.

## CSR as the infrastructure of corporate management, grounded in communication and human resources development

Our prime assets as a *Sogo Shosha* are our people. It is our individual employees who spawn new business. By the same token, the lapse of a single employee can instantly result in the loss of social trust placed in us. We are well aware that all we have built up over the last 150 years could be lost overnight. This is why we particularly emphasize the importance of communication and human resource development.

Communication is at the foundation of CSR, which is part of the infrastructure of corporate management.



Precisely for this reason, a company's very existence and survival depends on communication. At Company-Wide Employees Meetings and in training classes, we always deliver the message about honest and forthright behavior while encouraging coexistence with society and humility, and we listen closely to what our employees have to say.

As ITOCHU Corporation is a global company, a diversity of human resources is vital for engendering new ideas. To cultivate such diversity, we are putting special efforts into employee education and training. Before appointing national staff to executive positions in overseas offices, for example, we have them come to Japan for long-term training and actively communicate with them. During their stay, we make sure that they understand the importance of good corporate citizenship. After being installed as executives in their own countries, I am confident that they will spread our philosophy themselves. The sharing of this philosophy by each and every employee automatically helps to lead our business into the direction of further contribution to the creation of a sustainable society.

## Carrying the CSR spirit into the future

When I assumed the post of President & CEO, I selected "challenge, create, and commit" as the key words for the President's Principle. At the same time, I pledged to lead the members of our company by taking this principle into full consideration. This policy is at the very essence of the CSR spirit to which ITOCHU Corporation aspires.

CSR is a never-ending mission. There is no choice but to work steadily to try and make today better than yesterday, and tomorrow better than today. In the process, we must not lose the urge to learn and progress. The "*sampo yoshi*" spirit, which is nothing less than the CSR spirit, is in ITOCHU's DNA. I am determined to do the utmost in our business so that we will be able to carry on this DNA intact for another 50, 100, or, 150 years.