

**“There is a lot we can do for the ‘global good.’
We will contribute to the advancement of society through action
revolving around our corporate credo and CSR.”**



Eizo Kobayashi
President and Chief Executive Officer

Global warming, food, water, population, energy—here are my thoughts on the urgent issues facing the world

As also described in the reports of the Intergovernmental Panel on Climate Change (IPCC), global warming has reached serious proportions. Al Gore's *"An Inconvenient Truth"* further underscored the problem we had already perceived, and reaffirmed the awareness that we are facing nothing less than a crisis.

Even aside from global warming, the world is being confronted with various major issues. I am most apprehensive about the supply of food and water. The world population stood at about 1 billion around 1800. It reached 2 billion around 1930, 130 years later, but is close to

6.5 billion now, less than 80 years later. It is predicted to reach about 9 billion in 2050. The combination of climate change, population growth, and other factors is liable to cause shortages of food and water, and wars could very well erupt in the struggle over dwindling supplies. The energy problem is also a major one requiring urgent resolution.

The ITOCHU Group can do much to solve global problems

In viewing problems on a global scale, I believe there is a lot that the ITOCHU Group must and can do.

It will take some time to find solutions for the issue of energy resources to replace fossil fuels. But the effort must be made, regardless of the time factor. In the power sector, problems must be resolved through mixes of solar energy, geothermal energy, wind power, wave power, biomass, and other alternatives. The bioethanol that is the focus of so much attention these days looks promising as an alternative energy, but is made from sugar cane and other foodstuffs. As such, its development must take account of the balance with the food supply.

The ITOCHU Group is involved in projects for bioenergy, and power generation using geothermal energy, wind power, and other renewable energies in various countries and regions. Those projects require the process of trial and error and it will take time for the projects to pay off economically, but we see it as our social responsibility to forge ahead with them.

Deriving profit from better solutions, and investing this profit in even better solutions

The thrust of our corporate credo, "Committed to the global good.," is assumption of responsibility for proposing and providing paths that will make the world better. At the same time, however, all companies must reap profit from their economic activities.

In a certain city in China, we were offered capital participation in the operation of a waterworks project. While it is worthwhile to participate in projects for supply of water in places lacking infrastructure, we asked ourselves whether our corporate credo and CSR commitment would permit involvement solely in search of profit, in a city already equipped with a decent infrastructure. Eventually, we decided to decline this offer, precisely because we had doubts about the propriety of seeking profit in a public-sector project with a direct bearing on human subsistence.

We will undoubtedly continue to be confronted with such thorny choices between economic gain and CSR. In making decisions, we must always ask ourselves whether projects will be of genuine benefit to the community and its members, and help the cause of the global good instead of merely looking at what's in it economically for us.

We can make a return to society in the larger sense by devising better solutions and investing the profit deriving from them in development of even better solutions. I am convinced that we have already set this sort of loop in motion, and intend to remain constantly aware of it in our business.

Guidelines are business opportunities and linked to the advancement of human progress

Opinions are divided on the question of whether the government should make rules in areas such as CO₂ emission quotas or companies should be left to take their own initiatives. I think that a certain level of rules and guidelines should be established. By nature, people have weaknesses, and are liable to take the most expedient way if no rules are operating.

The satisfaction of guidelines is also linked to provision of solutions that are better than those currently available. For example, to attain the targets of Team Minus 6%*1 program naturally requires efforts not only to conserve energy but also to utilize it more efficiently. As I see it, this kind of initiative helps the human beings to advance to the next stage.

For the business of the ITOCHU Group, rules and guidelines are not just hurdles; we see them as furnishing us with opportunity at the same time. We regard it as our social mission to seize these opportunities, invent better solutions, and thereby help to enrich society as a whole.

Continued efforts to instill the CSR spirit in each and every employee

This is the second year that our seven Division Companies are preparing CSR action plans. In addition, we are conducting the ITOCHU DNA Project for business process reengineering and have taken steps to make the work of each and every employee more visible. As a result, we found that ITOCHU has hundreds of business models, and that each is executed by a few employees.

As this indicates, each employee is, in effect, a business principal. This reaffirmed for us that CSR fulfillment by ITOCHU as a whole requires a keen CSR awareness by each and every one of our employees.

At ITOCHU, CSR activities are grounded in the “*sampo yoshi*” spirit that also constitutes our DNA, our corporate credo of being “Committed to the global good,” and the commitment to acting with integrity using honest and fair business practices and refraining from wrongdoing and falsehood I often mention. Although these basics are already instilled in all our employees, I want to deepen their penetration and make sure that every employee goes about his or her business squarely in line with them.

Nevertheless, we must remember that people may sometimes succumb to temptation, and it is also essential to build mechanisms to ensure that our business practices meet the aforementioned commitment. The reason is that such mechanisms save careers. We already have them in place, but there is no end to CSR activities. We are going to continue solidifying these systemic arrangements and pursuing CSR such activities, day after day.

Working for a better society by efforts based on CSR and drawing on our strengths



The ITOCHU Group has been able to grow precisely because it has been supported by many stakeholders, or society at large. Contribution to society must be at the foundation of our activities.

The “global good” in our credo by no means indicates only material affluence; it refers to social betterment in a variety of ways. As a *Sogo Shosha* (general trading company),

we cover various industries. For a single project, we can involve several experts from mutually different fields and deploy an interdivisional system. Furthermore, we are in a position to construct seamless value chains spanning the upstream, midstream, and downstream stages, and have particular competence in fields tied directly to people's life, i.e., end-user consumption. These are vital strengths of ours.

A company that is committed to the global good and sustainable society while being ever mindful of CSR and its credo, and making the most of its own capabilities—that's my aspiration for ITOCHU.

*1 “Team Minus 6%” is a national campaign to reduce greenhouse gas emissions by 6%, which is the target for Japan established in the Kyoto Protocol.