

Founded in
1858

“Trade is a passionate 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 the society.”

Chubei Itoh I



The large gate (*torii*) of Shirahige Shrine,
standing dignified on Lake Biwa, Shiga Prefecture

Now part of Shiga Prefecture, the area near Lake Biwa was formerly known as the province of Ohmi. In 1858, a peddler boy aged just 15 set out in search of trade from this area, far away from commercial centers.

This boy was Chubei Itoh I, ITOCHU's founder. He was a man of strong convictions and high ideals about his business, which he expressed thus: “Trade is a passionate 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 the society.” These words became widely known as “*Sampo-yoshi* (meaning good for the seller, good for the buyer, and good for society),” the management philosophy of the merchants of Ohmi. This philosophy holds that to be sustainable over the long term, trade must contribute to society, as well as to the seller and the buyer.

1920
Depression following World War I

1923
Great Kanto Earthquake

1929
The Great Depression

1939
World War II

1971
Nixon shock

1973
First oil shock

1979
Second oil shock

Early 1990s
Collapse of Japan's economic bubble

1997
Asian financial crisis

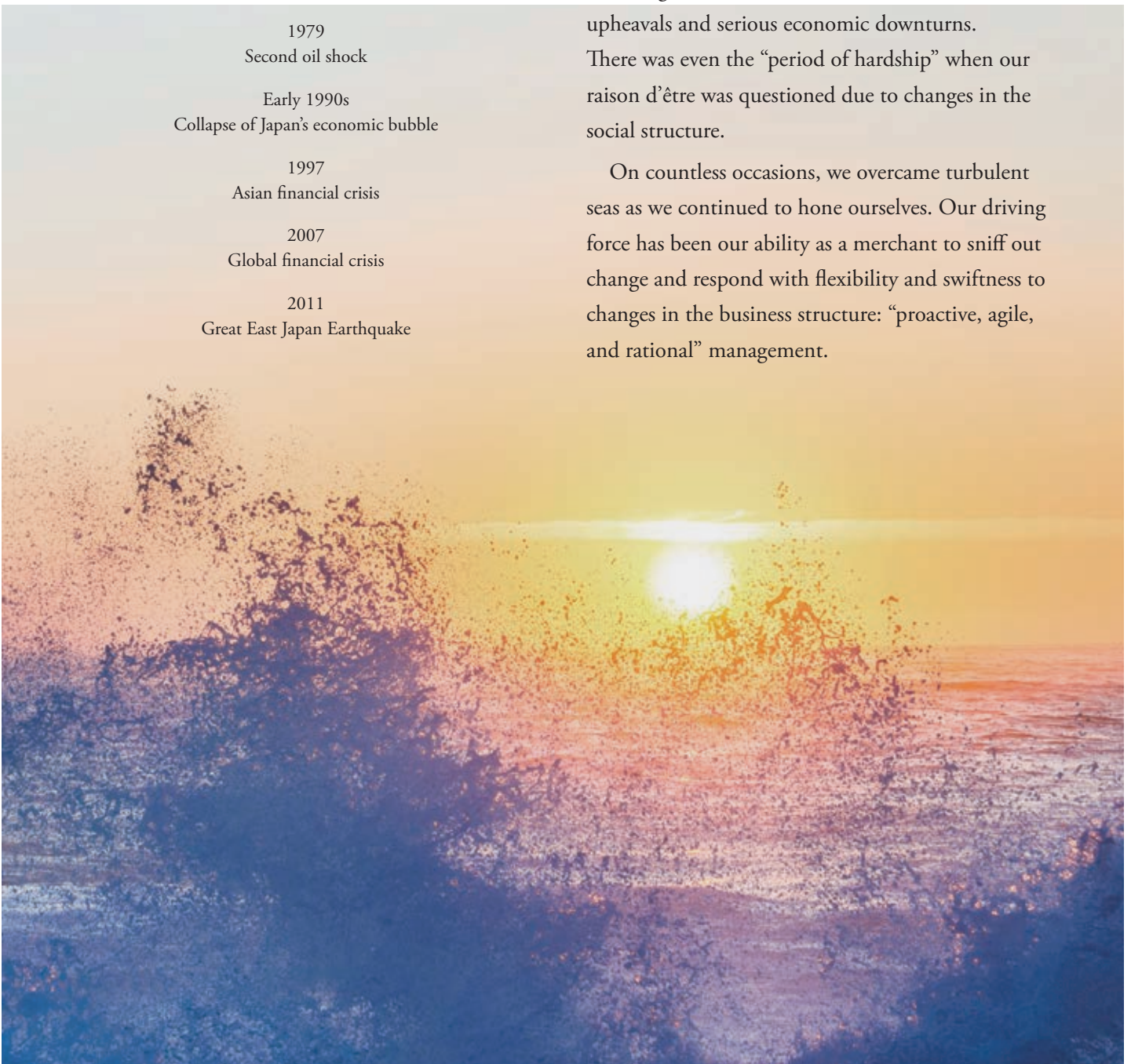
2007
Global financial crisis

2011
Great East Japan Earthquake

Overcoming Numerous Turbulent Seas as a Merchant

Over a history of more than 160 years since its founding, ITOCHU has faced various social upheavals and serious economic downturns. There was even the “period of hardship” when our *raison d'être* was questioned due to changes in the social structure.

On countless occasions, we overcame turbulent seas as we continued to hone ourselves. Our driving force has been our ability as a merchant to sniff out change and respond with flexibility and swiftness to changes in the business structure: “proactive, agile, and rational” management.



2020

New Troubled Waters

In 2020, the growing impact of the novel coronavirus (COVID-19) is causing major disruption to societies and economies around the world. To date, ITOCHU has steadily increased corporate value based on the “Brand-new Deal” strategy, by leveraging the true value of its strengths including its earning power in the non-resource sector. Even so, we cannot escape the impact of the current economic disruptions. It is not easy to determine our management strategy amid the growing uncertainty about the future. However, with the merchant spirit we inherited from our founder, we will remain resolute despite the dark clouds ahead.

-4.9%

Global economic growth forecast for 2020 (announced by the IMF on June 24, 2020)





A New Long March Forward

Corporate Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

In April 2020, the ITOCHU Group established “*Sampo-yoshi*” as its revised corporate mission and positioned “I am One with Infinite Missions,” its former corporate message, as its Guideline of Conduct.

We will stay true to our merchant spirit, as Chubei Itoh I and our predecessors did, and accumulate businesses one by one as we go over the major mountain pass that is just in front of us. Through these efforts, we aim to generate a positive cycle of resolving social issues through business, realizing sustainable growth in corporate value. Our unwavering ideal, “*Sampo-yoshi*,” is key to pursuing these objectives.



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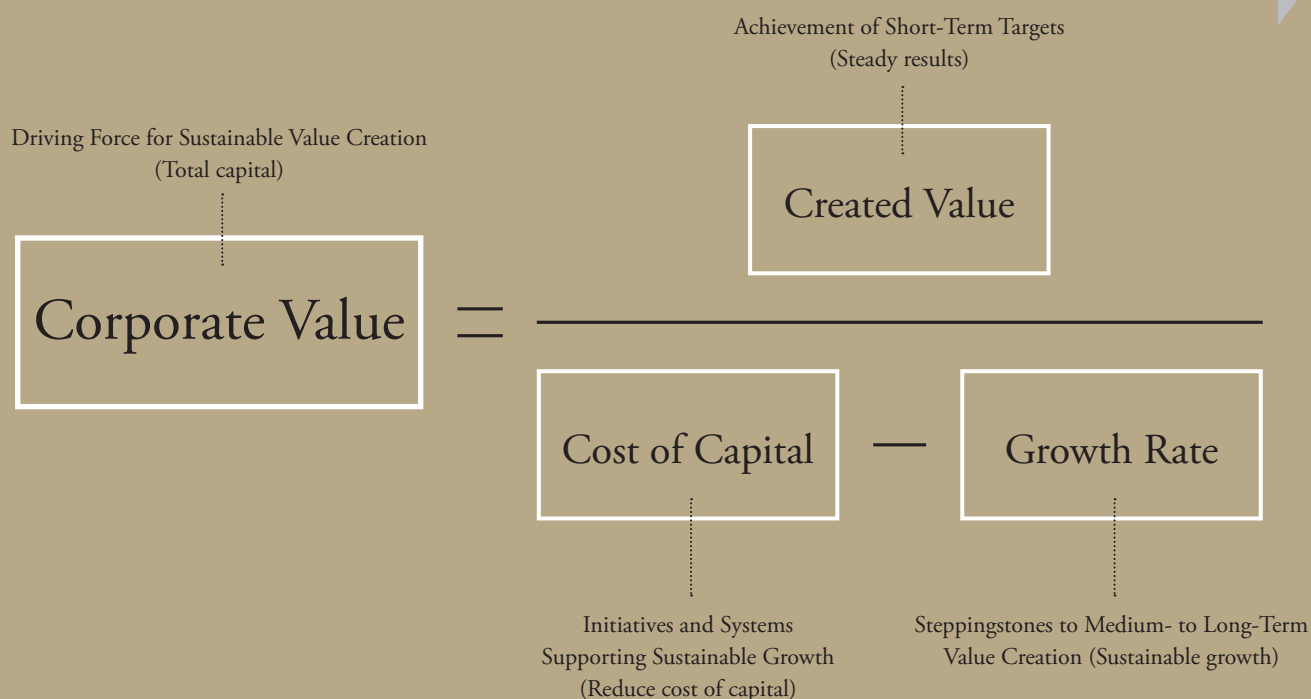
翔子 

"Sampo-yoshi" calligraphy by Shoko Kanazawa



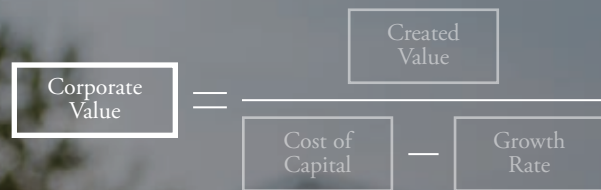
Sustainably Enhancing Corporate Value by Steadfastly Upholding Our Unwavering Ideal, “*Sampo-yoshi*”

Taking “inherited strengths” and the “earn, cut, prevent” principles as our driving force, we will realize our short-term targets, lay steppingstones for medium- to long-term value creation, and maintain the initiatives and systems supporting sustainable growth. Rather than choosing “a single expedient,” we will unflinchingly pursue “all the priorities” — this is the approach for sustainable increase in corporate value (total capital) as merchants upholding unwavering ideal of “*Sampo-yoshi*.”



Driving Force for Sustainable Value Creation

We continue to hone the driving force for value creation, which flows through the values and corporate culture we have upheld over more than 160 years, as we strive to sustainably enhance corporate value.



POINTS

Distinctive “Inherited Strengths” as a Merchant

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We have cultivated our distinctive strengths as a merchant over the years, including “individual capabilities,” “earning power in the non-resource sector,” “experience and track record in China and other parts of Asia,” and “comprehensive strength and ability of self-transformation.”

Pursuing “All the Priorities,” not just “a Single Expedient”

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Centering on the unwavering ideal “*Sampo-yoshi*,” rather than seeking to achieve either short-term targets or the medium- to long-term vision, or either economic or social value, we aim to pursue “all the priorities.”

Realizing Management Being Cautious of Trust and Creditworthiness

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Through ongoing management that remains cautious of trust and creditworthiness based on “*Sampo-yoshi*,” we will enhance interaction between internal and external capital and strive to enhance sustainable corporate value.

Achievement of Short-Term Targets

Through “commitment-based management,” we remain intent on steadily achieving our targets for each fiscal year. We believe this is important for gaining the support of stakeholders regarding the feasibility of our medium- to long-term management strategy.



POINTS

Trajectory for Enhancing Corporate Value

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Based on our “Brand-new Deal” strategy, which commenced with “Brand-new Deal 2012,” we have elicited our strengths and taken steady steps to enhance corporate value.

Business Results for FYE 2020

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We exceeded the level of consolidated net profit we had committed to in our plan at the start of the fiscal year, surpassing ¥500.0 billion for the second consecutive year and achieving a new record high. Core Operating Cash Flows and NET DER also marked new records.

FYE 2021 Management Plan

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Although the future business environment is difficult to forecast accurately, we will consolidate our foothold by thoroughly instilling the “earn, cut, prevent” principles, simultaneously putting in place the foundations for the post-COVID-19 world.

Steppingstones to Medium- to Long-Term Value Creation

While achieving our short-term targets, we reinforce measures in fields of strength, make advances in environmental businesses, and evolve businesses based on a market-oriented perspective. In such ways, we lay steppingstones for a solid growth trajectory over the medium to long term.



POINTS

Building on Our Existing Strengths

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By acquiring further business opportunities and maximizing synergies in fields and regions where we have strengths, we will take a medium- to long-term perspective as we enhance corporate value.

Viewing Environmental Issues as Business Opportunities

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We intend to resolve social issues in a manner that contributes to the enhancement of our corporate value. By taking full advantage of our strengths as a general trading company, we will expand and actively promote environmental businesses.

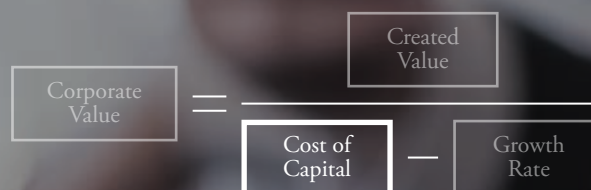
Realizing Our “Sampo-yoshi” Philosophy through the Multifaceted Business Development

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In the storage battery business, we aim to harness a market-oriented perspective and an ecosystem that shares value among all stakeholders as the driving force. We leverage our strengths as a general trading company to achieve sustainable increase in value.

Initiatives and Systems Supporting Sustainable Growth

To increase the sustainability of value creation through lowering the cost of capital, we will continue to step up sustainability initiatives, pursue a human resource strategy directly linked with the enhancement of corporate value, and make advances in our corporate governance system.



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Addressing Climate Change

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We will lay appropriate forward-looking foundations by conducting scenario analyses to determine impact on individual businesses. And we will continue to shore up our robust earnings base, centered on consumer-related businesses.

Human Resource Strategy Directly Linked with the Enhancement of Corporate Value

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By clearly identifying our human resource strategy as our management strategy, we will take advantage of our strength in “individual capabilities” to achieve increases in labor productivity, generating sustainable increases in corporate value in a positive cycle.

Transition of the Corporate Governance System

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We will continue advancing toward an effective and transparent governance system as a foundation for sustainable increases in economic and social value.