



Creating a Better Company Together

Work-Style Reforms at ITOCHU



ITOCHU Corporation

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In closing

This is the booklet version of our Creating a Better Company Together website covering work-style reforms, updated on September 20, 2023. In renewing our website, we wanted to show not only the positive results of our efforts, but also the process of trial and error we followed in undertaking our reforms. We hope that people who visit our website and read this booklet will find this approach helpful in advancing their own companies' work-style reforms.

**At ITOCHU, our goal is to be
a company that is
challenging but rewarding to work for.**

We have the fewest non-consolidated employees among Japan's general trading companies.

We thus seek work that is meaningful rather than easy, together with results.

Through the past decade of work-style reforms, we are closer than ever to this ideal.

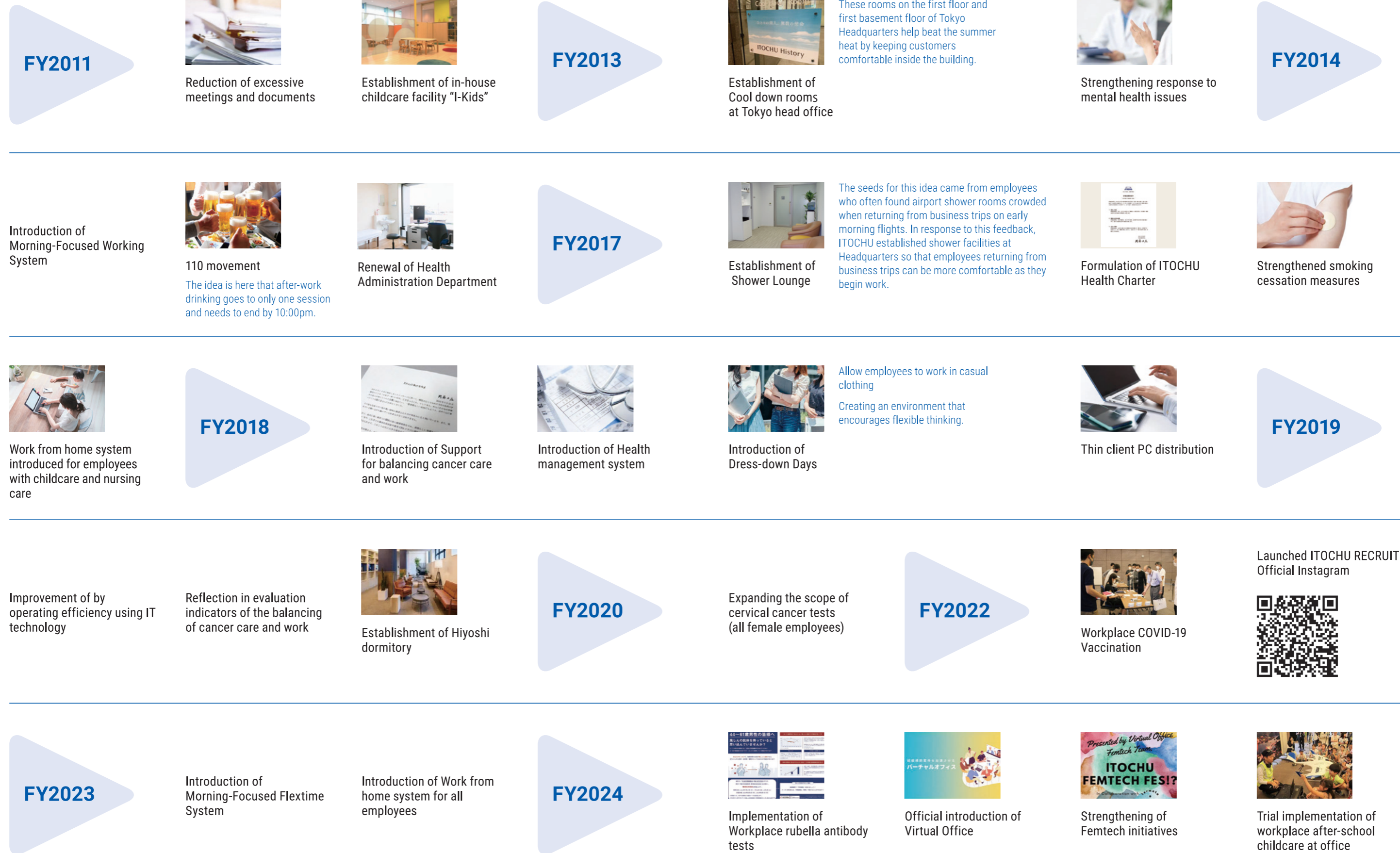
Overview of Human Resource Strategy

Enhance Corporate Value through Improved Labor Productivity

Improving Employees' Motivation and Willingness to Contribute

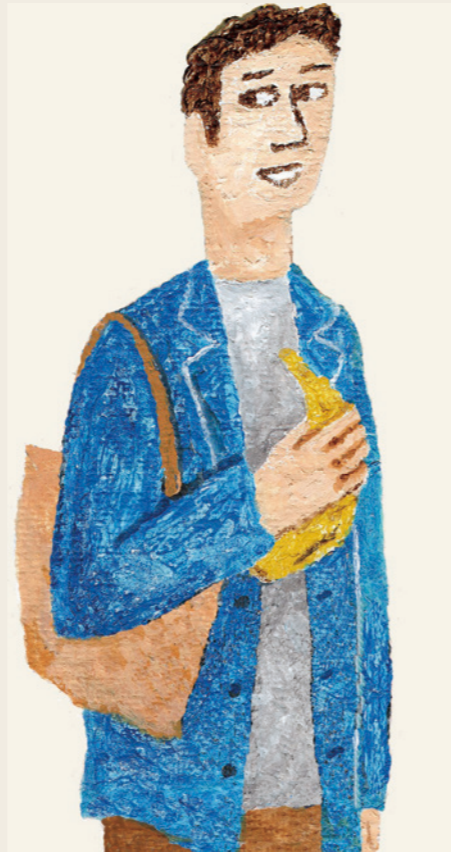


“Work-style reforms” Evolution



Morning-Focused Working System

An unusual plan to switch from evening overtime to morning overtime: examining the morning-focused working system in depth.



Objectives

We aim to work more efficiently because we have fewer non-consolidated employees than our competitors. This improves labor productivity and also increases employee motivation.

The Morning-Focused Working System prohibits late-night overtime and encourages early-morning work, with the central goal of improving productivity through efficient work styles, and at the same time increasing employee motivation. In order to promote a change in employee mindset, we have incorporated incentives for employees who start work early in the morning (with a higher wage rate and free light breakfast, as an incentive.) into the system, and we have created a system that shows management's seriousness, not just an attempt at cutting overtime pay.

Issue

The March 11, 2011 earthquake and tsunami in northeastern Japan triggered a discussion of how to best meet customer needs going forward.

On Monday the week after the earthquake, then-President Okafuji came to work early in the morning and immediately visited customers to see if they had suffered any damage. Later, when he returned to the headquarters around 10:00 a.m., he saw a large number of employees coming to work from the nearby subway station as usual.

Amidst the chaos caused by the earthquake, he became deeply worried about whether employees were out of step with the rest of the community and if they were fully meeting customer needs.

Taking this as an opportunity, ITOCHU decided to return to its roots of "Sampo-yoshi" and Strengthening Front-line. President Okafuji himself encouraged employees to "come early in the morning, work hard, and deal with customers properly," and proceeded to review the flextime system that existed at the time.

In 2013, a "Morning-Focused Working System" was introduced.

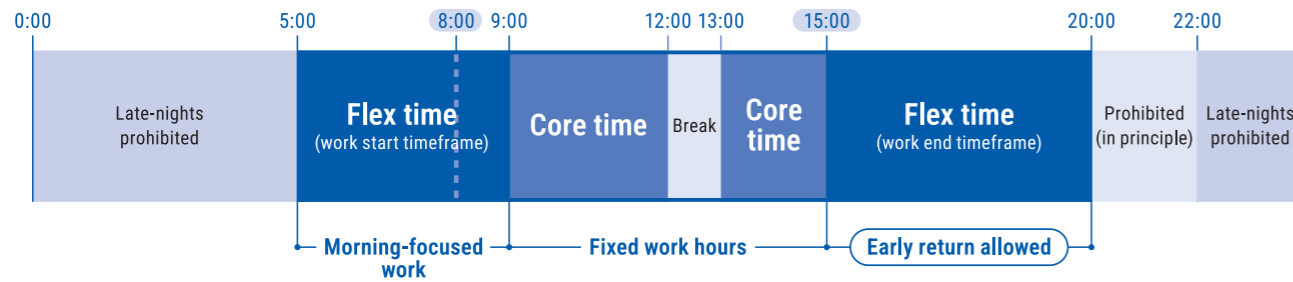
Results

After 10 years of implementation, employees' awareness of time has changed and labor productivity has improved.

The path to getting employees to understand and support the system was extremely difficult. The flextime system that had been in place until then was well-established among employees and negotiations with the labor union were necessary. After repeated discussions, in 2012, we conducted a six-month trial of starting work at 9:00 a.m., mainly for managers. In FYE 2014, we introduced the Morning-Focused Working System. The real work came with implementation. Many strongly rejected the system, and when employees of the Human Resources and General Affairs Department went around turning off the lights on each floor at 8:00 p.m. every day, they were met with angry complaints of, "I'm at work!" , and "If this project is delayed, will HR take responsibility?" Despite this, we continued to encourage employees to get home before 8:00 p.m., and as overtime hours decreased and business performance improved, the company culture and employees' mindset gradually changed as well.

Morning-Focused Flextime System Diagram

(Introduced in FYE 2023)



Light Breakfast Distribution



Providing 3 free light breakfasts (Dole and FamilyMart products, etc.) to employees who begin working before 8:00 a.m. A wide variety of light breakfast menus (approximately 100 types)

ITOCHU Morning Activity Seminar



In September 2016, we began conducting early-morning training sessions and presentations as one measure to encourage shifts beginning in the early morning. The themes of these seminars are focused on the next generation of business and health.

	Before Morning-Focused Working System FY 2013	Morning-Focused Flextime System FY2023-FY2024
Percentage of employees working in Morning-Focused Working System*1	Approx. 20%	Approx. 54%
Employees taking company-furnished breakfast (daily average)	—	Approx. 1,400*2

*1 Calculated based on the number of employees entering at or before 8:00 a.m. *2 Includes employees of Itochu Group companies located within the Tokyo head office.

Engagement Survey Results

Item of the Engagement Survey	FYE 2011	FYE 2015	FYE 2019	FYE 2022
Job satisfaction and engagement	73%	78%	76%	71%
Environment where employees thrive	62%	67%	64%	67%
Culture of striving for strong accomplishments	86%	91%	91%	93%

* Each item represents important factors for our Company's goal to strive to be a company that is challenging but rewarding to work for. The percentage reflects the rate of positive responses for each item.

Major Indicators on Human Resource Strategy

Human Resource Strategy Issues	Item	FYE 2011	FYE 2016	FYE 2021	FYE 2023
	Labor productivity*1	1.0	1.5	2.5	5.2
Recruiting Outstanding Human Resources	Consolidated employees (People)	62,635	105,800	125,944	110,698
	Non-consolidated employees (People)	4,301	4,279	4,215	4,112
	Career-track employees (People)	3,257	3,387	3,435	3,331
	Female career-track employees (People) (%)	274 (8.4%)	294 (8.7%)	346 (10.1%)	375 (11.3%)
	Female employees as a percentage of new employees*2	45.5%	17.1%	29.9%	33.3%
	Female employees as a percentage of employees	25.5%	23.8%	23.4%	24.3%
Evolving Work Styles	Percentage of employees working in Morning-Focused Working System*3	—	40%	57%	54%
	Monthly average overtime hours (Hours / Monthly)*4	23.4	22.7	25.2	23.0
	Annual paid leave acquisition rate	51.9%	54.7%	52.6%	62.2%
	Childcare leave acquisition rate of male employees	1%	44%	34%*5	52%
	Average childcare leave acquisition days of male employees (Days)	50	2	10	36

*1 Shows the change in labor productivity with 1 as FYE 2011 (consolidated net profit / number of non-consolidated employees)

*2 The ratio includes new hires and mid-career recruitments.

*3 Calculated based on the number of people entering at or before 8:00 a.m.

*4 Hours exceeding the legally mandated eight hour workday are counted as overtime.

*5 The percentage of men taking childcare leave temporarily declined in FYE 2021 due to the pandemic, which made it easier for them to provide childcare (without taking childcare leave) while working from home.

Performance Indicators (Non-Consolidated)

- (1) Female employees as a percentage of new employees: **25%**
- (2) Female employees as a percentage of workforce: **25%**
- (3) Female employees as a percentage of employees in managerial positions: **9%**
- (4) Percentage of male employees who take childcare leave: Over **50%**

※Achieve by the end of FYE 2024. The above plans are stipulated in the General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace.

Women's Advancement

What are the key features of our women's advancement efforts over the past 20 years?



Objectives



ITOCHU Corporation's strength lies in businesses that are close to consumers. The active advancement of women is essential to advancing business with a "market-in" approach.

In recent years, in all industries, control has been shifting from upstream manufacturers to downstream consumers, and the trend is accelerating for companies that have contact with consumers to generate more profits. ITOCHU Corporation has always believed that a general trading company that does not create its own specialized products needs to break away from a product-out business and rebuild its business with a market-in approach.

Diversity as an organization is important in order to sustainably strengthen individual and organizational strength and increase profitability. We are promoting a series of measures based on the consistent belief that women's active advancement is essential. Additionally, in conjunction with the revision of the Corporate Governance Code and the trend of emphasizing human capital, there are increasing calls and attention given to the advancement of women. We believe that fostering a culture in which diverse human resources can play an active role will contribute to "Enhancing our contribution to and engagement with the SDGs through business activities" (gender equality), one of the basic policies in our medium-term management plan, and will lead to increased corporate value.

Issue

Early on, the pursuit of numerical targets and the expansion of "employee-friendly" systems were trending in a direction different from the company's goal.

In 2003, ITOCHU Corporation adopted a human resources diversity promotion plan and has been expanding the number of women in career-track positions and developing support systems. The number of female employees increased to a certain number, and a system was put in place to support the balance between childcare and nursing care. On the other hand, there were cases where employees left their jobs due to the pursuit of numerical recruitment targets when an on-site environment for accepting employees was not in place. Additionally, the overseas leave and transfer system for spouses, which was introduced in an effort to create an easier working environment, resulted in long-term career gaps when used continuously with childcare leave. The career continuation support that the company was not shaping up as originally envisaged. The question of how to promote the active advancement of women remained unresolved for a time, with no clear path ahead.

Around this time, in 2010, with the change of company president, "work-style reforms" began in earnest. In 2013, the Morning-Focused Working System began. At that time, no one expected that the work-style reforms for all employees through the Morning-Focused Working System would ultimately support the active advancement of women as well.

Numerical recruitment targets have since been abolished. The company also abolished the system for spouses to take overseas leave and transfer, and introduced a re-employment system instead. From now on, instead of providing uniform support, efforts will be focused on individual support based on the voices of people on the front lines.

Results

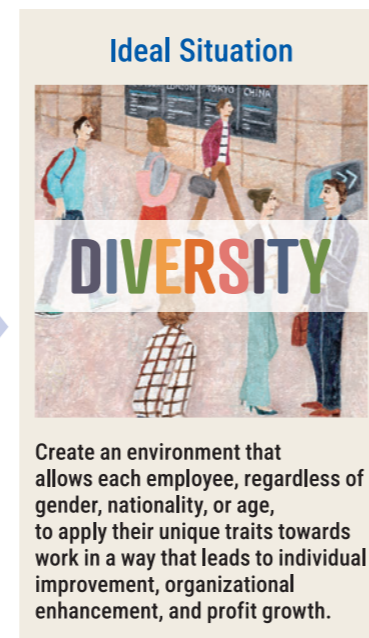
Work-style reforms for all employees led to female employees continuing their careers and becoming further established.

In a September 2021 survey of employees who returned to work after giving birth, the most common answer for "why I thought it would be possible to raise children while working" was "the overall work style of the workplace." Many people say that the changes in the work styles in the company as a whole have enabled them to continue working even after giving birth without having to give up on their careers. In other words, work-style reforms such as morning-focused working have changed the work mindset and workplace habits of both men and women, which has also been successful in promoting the active advancement of women.

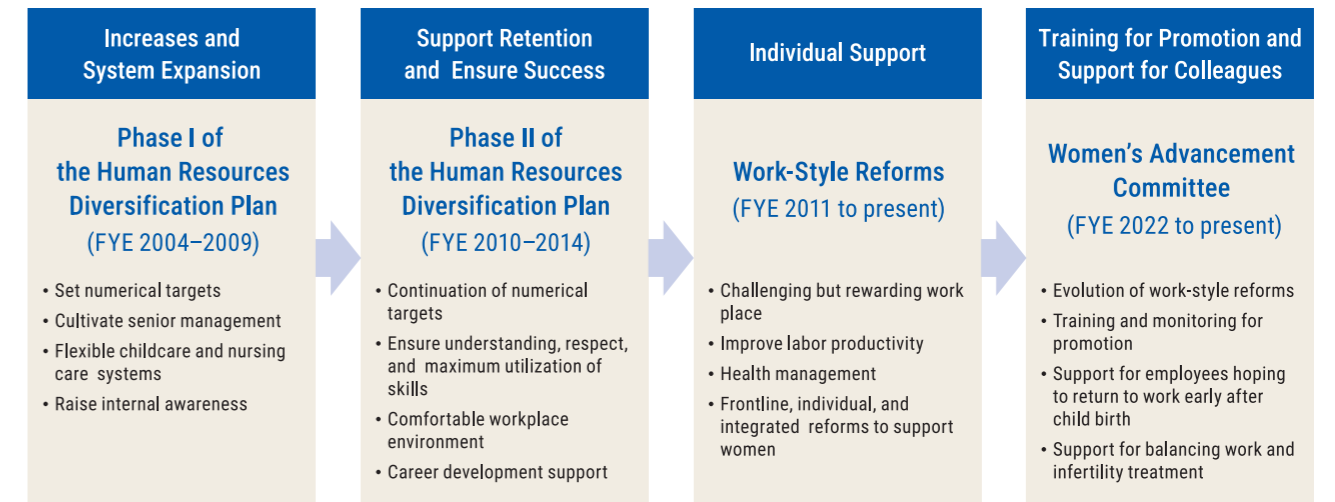
Further Advancement Efforts

In October 2021, to further accelerate women's advancement, we established the Women's Advancement Committee as an advisory committee for the Board of Directors. Three of the committee members, or half of them, are women, and three are outside officers. The committee emphasizes discussions through new perspectives from women and people outside the company.

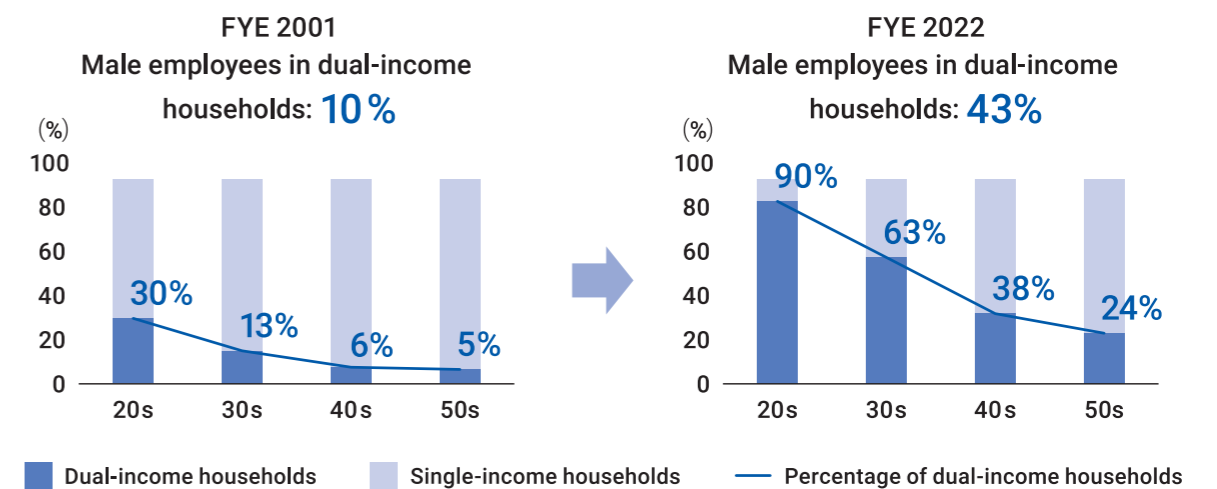
In addition, we conduct thorough interviews, including questionnaires, roundtable discussions, and personal interviews for female employees, resulting in a cycle of 1) discuss matters with frontline employees, 2) hold committee meetings, 3) report to the Board of Directors. The aim has been to translate this into effective measures.



Human Resource Diversification Measures over the past 20 years



The percentage of male employees in dual-income households increased by approximately 30%.



Why did we establish the Women's Advancement Committee as an advisory committee to the Board of Directors?

Many companies extol the importance of women's advancement committees, but extending these efforts across an entire company is far from simple. Typically, the hard work tends to be shouldered exclusively by human resources departments. While there is a worldwide trend towards establishing Women's Advancement Committees or similar bodies, the vast majority of them are internal executive committees, headed by an executive officer, with decisions entrusted to the executive.

At ITOCHU, we established the Women's Advancement Committee as an advisory committee to the Board of Directors. The Committee is responsible for deliberating and responding to requests for advice from the Board on policies for women's advancement. As with the Governance, Nomination, and Remuneration Committee, the chairperson is an independent outside director, as are at least half of the committee members. By integrating a

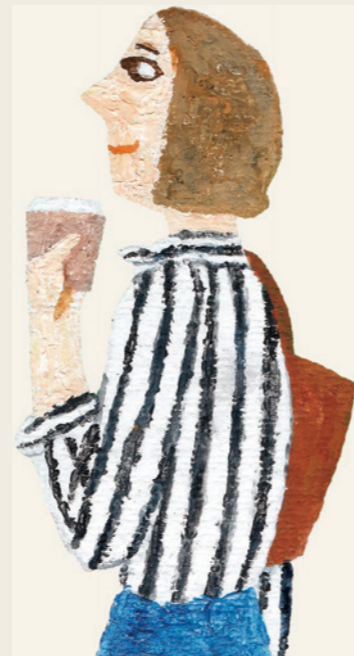
strong third party perspective through its outside directors, the Committee strengthens the supervisory function and transparency of the Board, in turn protecting the shareholder returns that contribute to the sustainable enhancement of corporate value.

The Committee reflects our company's seriousness in this area, and it is accountable to shareholders and a range of other stakeholders with regards to policy. This framework encourages the Committee to make dedicated efforts on governance and to advance company-wide policy, even on difficult issues.

Fumihiko Kobayashi
Member of the Board
Executive Vice President
CAO
September 20, 2023

Support for Balancing Cancer Care and Work

The health of each employee is the foundation of human resources.
What initiatives touched the hearts of all employees?



Objectives

When people feel that “this is where I belong,” they demonstrate great strength.

In order to achieve results with a small number of non-consolidated employees, the most important thing is for each employee to be in good health. Supporting the balance between work and cancer care, which affects one in two Japanese people, can be said to be a challenge that every company must face. Moreover, the cancer incidence rate is nearly twice as high for women as men in their working years. Therefore, promoting support for balancing cancer care and work is also important in supporting the advancement of women.

Even for employees with cancer, when they feel that this workplace is “where I belong,” they demonstrate strength both in the fight against cancer and in their work. Supporting affected employees throughout the organization with the understanding that “employees are family” increases the cohesiveness of the organization, which in turn leads to an increase in corporate value.

Issue

An email received from an employee who was battling cancer brought changes to the company.

A message of gratitude to ITOCHU Corporation reached the president.

Today, it is estimated that one in two Japanese people will develop cancer. In February 2017, an email was sent to then-President Okafuji from an employee who was battling cancer. The message expressed gratitude for the support from the company and thanked the busy colleagues who still took the time to visit and say, “Come back anytime!” The writer also noted that ITOCHU Corporation had ranked second in a business magazine’s ranking of companies with the happiest employees.

“I cannot thank my company and my colleagues enough.”

“For me, ITOCHU is not second best company, it’s the best company in Japan.”

After reading the email, President Okafuji was deeply moved and shared this story with ITOCHU employees through the company’s intranet. He also called on employees to support their colleague in his fight against the disease together. Unfortunately, the employee passed away shortly after. At the funeral, President Okafuji shed tears and resolved to live up to the words of our departed colleague by further expanding support for employees suffering from cancer and making ITOCHU truly the “best company in Japan.” The information was then communicated to all employees via the intranet under an entry called “Don’t give in to cancer!” This marked the start of a new mission for the company to balance cancer care and work by first aiming to prevent employees from getting cancer and then ensuring that everyone supports them if they do.

Results

We have received positive responses to these measures both domestically and internationally, which our project team members did not expect.

At the time, in 2017, it was unprecedented for a private company to support the balance between cancer care and work. The members of the project team were still trying to find their way, but they read and re-read the Ministry of Health, Labor and Welfare’s Guidelines for Supporting Work-Life Balance as well as its Basic Plan for Promoting Cancer Control to deepen their understanding, and had repeated daily discussions. We negotiated with the hospitals and insurance companies ourselves. Thanks to the efforts of the team and support from within the company, we were able to start implementing measures to help people balance cancer care and work just four months after starting the project.

This initiative was received positively by all employees, and included voices of gratitude from employees who were battling illness. Additionally, ITOCHU has received numerous letters and emails of support and encouragement from both within Japan and abroad. The positive response has shown that there is a strong public interest in supporting the balance between cancer care and work.

Prevention and Treatment: Alliance with the National Cancer Center Research Institute.

Prevention



Early detection through special checkups

- Early detection and contribution to research
- Fostering awareness of preventing lifestyle diseases
- Checkups for various cancers through regular health screenings

Treatment

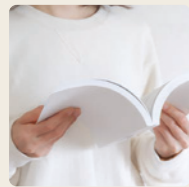


Immediate collaboration with medical specialists and access to leading-edge treatments

Providing full company assistance for expense for advanced cancer treatment (not covered by insurance)

Systems to Support Working while Undergoing Treatment.

Coexistence



Construction of support system for balancing cancer care and work

- Establishment of coordinator (consultation desk)
- Creation of a guidebook and education of organization heads

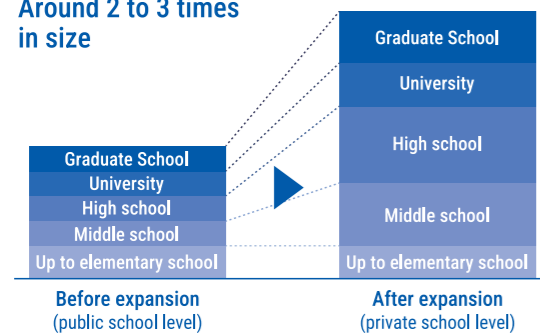


Reflection in evaluation indicators of the balancing of cancer care and work

Development of flexible work and leave programs

- Shortened work hours, selection of work days, working from home
- Special leave: 18 days per 3-year period

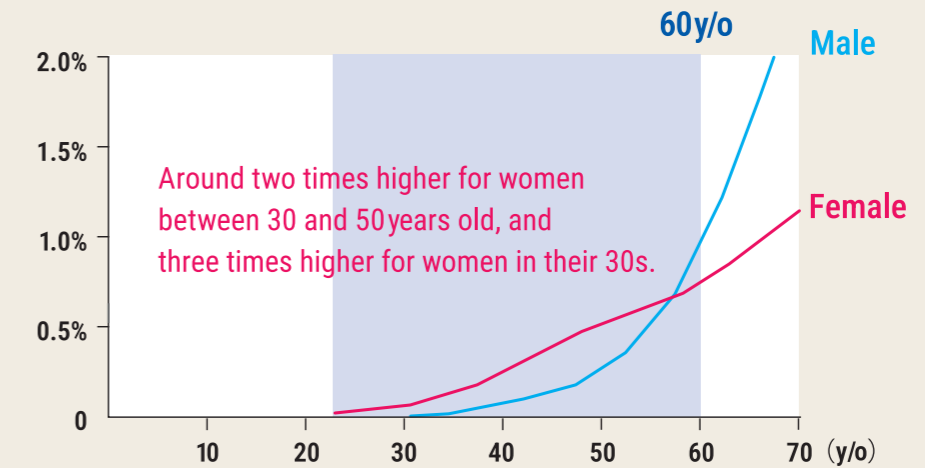
Around 2 to 3 times in size



Reduction of anxiety about the future

- Fund for education of children up to graduate school graduation
- Support for bereaved spouses and children via the provision of employment opportunities at the ITOCHU Group

Cancer rates among those of working age (up to 60 years old) are higher in women.



Source: The Cancer Data Center of the National Cancer Center Research Institute (2018)

Major Indicators on Human Resource Strategy

Human Resource Strategy Issues	Item	FYE 2011	FYE 2016	FYE 2021	FYE 2023
Enhancing Health	Investment for health and productivity measures (Millions of yen)*1	723	554	507	570
	Percentage for screening among people targeted for special cancer checkups	—	—	96.2%	93.1%
	Rate of complication medical checkup reexamination	100%	100%	100%	100%
Supporting Employee-Led Career Development	Total investment in human resource development (Billions of yen)	1.05	1.30	1.10	1.63
	Investment in human resource development per employee (Thousands of yen)	243	304	260	396
	Employees with Chinese-language qualifications (People)	196	525	1,231	1,293
	Percentage of career-track employees sent overseas training by the eighth year of joining the Company	91.0%	87.9%	90.9%	89.4%
	Average years employed (Year)	15.8	16.7	17.9	18.3
	Voluntary resignation rate	0.9%	1.1%	1.5%	1.8%
Providing Evaluation and Compensation Commensurate with Results	Average annual salary (Millions of yen)	12.54	13.83	16.28	17.30
	Managers (People)	2,451	2,539	2,588	2,541
	Female managers (People) (%)	82 (3.5%)	136 (5.4%)	209 (8.1%)	219 (8.6%)
Increasing Awareness of Participation in Management	Percentage of membership in the Employee Shareholding Association	55%	52%	Almost 100%	Almost 100%

*1 Includes the personnel and various other costs associated with conducting healthcare management for employees.

Virtual Office

What is a Virtual Office?

Cross-organization collaboration platform to promote projects across organizations and accelerate the creation of new businesses.



In line with the decisions of employees who are highly passionate about projects



Connecting organizations virtually beyond the barriers of departments



Effectively promoting projects in the short term while mutually sharing know-how

Why a Virtual Office?

In the engagement survey conducted in FYE 2022, sharing personnel and ideas beyond the boundaries of organizations was a top of the list of improvement issues. In light of calls to break down product silos, we believe a virtual office may offer a way forward.

Point 1

The market environment has changed, and industry boundaries are disappearing.

Point 2

The needs of our business partners have changed, and it has become difficult to conduct business solely in terms of the industries we are responsible for.

Point 3

There was no system in place to quickly gather people who were passionate about the project and collaborate.

Project Activity Basic Information

- Activity period : Decided on a case-by-case basis, with a scope between two to six months
- Activity hours : Treated as working hours, up to 5 hours per week

FY 2024 Project

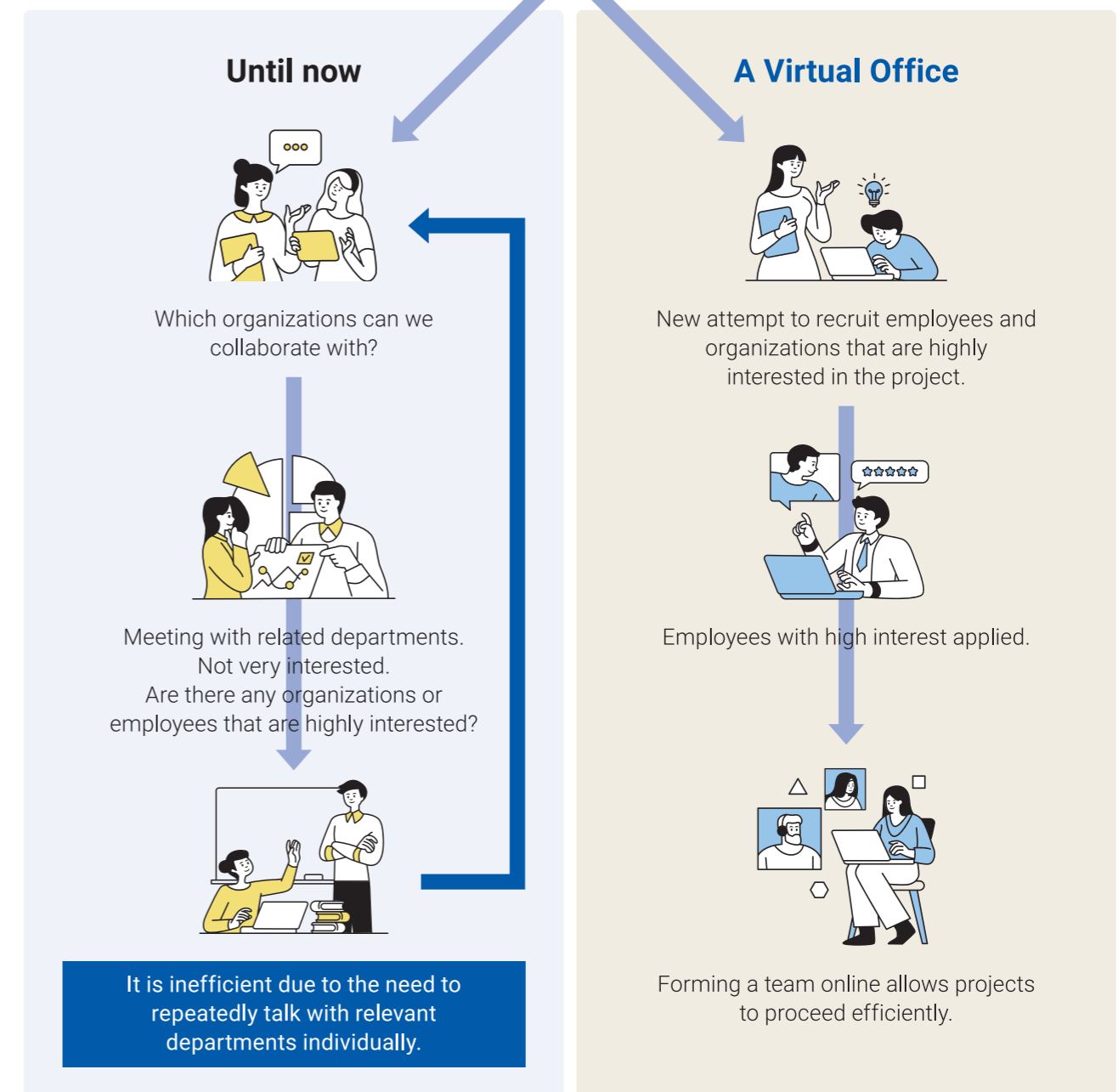
- 16 on going projects (Femtech, Regional Revitalization, Decarbonization etc.)
- 83 employees participate (Average age of participants: 34)

What is different from conventional initiatives?

In the past, there was a cross-organizational work force, but because the company assigned the work regardless of employee interest, it was difficult to achieve results.



This project will go well if we collaborate with other organizations.

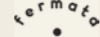


Strengthening of its Femtech Initiatives with Virtual Office
<https://www.itochu.co.jp/en/news/press/2023/230727.html>



Produced by Virtual Office

ITOCHU FEMTECH FES!?

In Collaboration with 



The First In-house Exhibition of Femtech Products

Femtech products are still unfamiliar to ITOCHU Group employees. In fact, there were concerns such as whether the employees would show up on the day of the exhibition, and whether the male employees would be interested. Virtual Office Femtech members took the lead in distributing flyers within the company and worked hard to enhance participation in the event. In the end, the exhibition was a great success, with participation of approximately 700 ITOCHU Group employees, both female and male.



Lively participation in the event

Explaining Femtech Products

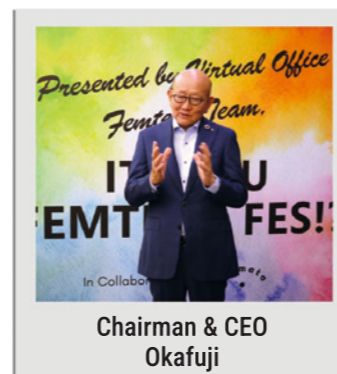
Virtual Office Femtech members, led by staff from fermata, gave detailed explanations of Femtech products to the visiting employees. Through the explanations, the participants had the opportunity to deepen their understanding not only of the products, but also of the health issues that women face. During the exhibition, the artist Sputniko! took the stage to give a speech regarding Femtech. ITOCHU has partnered with her company, Cradle, a service that supports the promotion of Diversity & Inclusion (D&I), in to support women's advancement.



Description of Femtech items

Through Interviews

Chairman and CEO Okafuji expressed his thoughts on Femtech to the press: "There won't be a solution as long as we continue to consider femtech as a taboo. It is important that Japanese companies, which are said to be male-dominated spaces, to tackle the challenges head-on. Through this exhibition, we would like to share this initiative widely and draw attention to common social problems." In closing, he noted that ITOCHU's work-style reforms aim to create a working environment where a diverse body of employees can reach their full potential, and expressed his hope to steadily address problems one by one, leading to further improvements in evolving work styles.



Chairman & CEO Okafuji



ITOCHU SDGs STUDIO

In April 2021, we opened ITOCHU SDGs STUDIO on the premises of the Tokyo Headquarters as a center for communicating about and raising public awareness of various SDGs initiatives, and currently attract around 100,000 visitors annually. ITOCHU SDGs STUDIO includes ITOCHU SDGs STUDIO KIDS PARK, an indoor playground facility where children can learn about the SDGs through play, and ITOCHU SDGs STUDIO RESTAURANT Hoshi no Kitchen, a restaurant that provides a "delicious, enjoyable, and sustainable" dining experience.

We will contribute to realizing a sustainable society through education for future generations and awareness-raising activities at the ITOCHU SDSs STUDIO.



ITOCHU Official Instagram



@ITOCHU_SDGS_STUDIO



@ITOCHUSDGSSTUDIO_KITCHEN



@ITOCHUSDGSSTUDIO_KIDSPARK



@HOSHINO_SHONIN



160 Years of Sustainability through “Sampo-Yoshi”

For more than a century and a half, ITOCHU has placed sustainability at the center of its business, based on a tradition of long-term trust with our customers and the community. Our corporate mission, “Sampo-yoshi” (good for the seller, good for the buyer, good for society), was formally adopted in 2020, but this spirit traces to our 19th century founder, who focused not only on profit between business parties but on building mutually beneficial and trusting relationships across Japan, together with a supportive work environment that treated employees like family. Today, this spirit is fully embodied in our work-style reforms, such as support for cancer treatment while working, along with vaccination efforts and summer school programs that cover not only our employees but the community. These initiatives all support an increasingly diverse workplace and are reflected in our leading position in many global ESG rankings.

Through human capital management centered on work-style reforms, our global clean energy business, and environmental initiatives to reduce emissions and support the Sustainable Development Goals (SDGs), ITOCHU is committed to the sustainable enhancement of corporate value that benefits all stakeholders.

ITOCHU Corporation

This is the booklet version of our Creating a Better Company Together website covering work-style reforms.



In the calligraphic characters (“Sampo-yoshi”) above, Japanese calligrapher Shoko Kanazawa gives expression to the spirit behind our corporate philosophy.

ITOCHU Mission

The ITOCHU group declares the spirit of “Sampo-yoshi” as our new corporate mission, which spirit originates from the message of our founder Chubei Itoh I (the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture)).

This original business spirit has been passed down through the years from ITOCHU’s establishment in 1858 to the present day, and it will continue to be passed down to many future generations to come.

*In Japanese, “yoshi” means “good,” and “sampo” means three sides, and these three sides consist of

(1) the seller (“urite”), (2) the buyer (“kaite”) and (3) society (“seken”). “Sampo-yoshi” is therefore:

“urite-yoshi” (meaning “good for the seller”)

“kaite-yoshi” (meaning “good for the buyer”)

“seken-yoshi” (meaning “good for society”)

We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “Sampo-yoshi” is the business spirit by which ITOCHU aims to bring a positive effect into the world and to contribute to sustainable society for all.