

## Message from CAO



Carrying forward our founding spirit of *sampo yoshi*, we will pursue sustainable new corporate value and enhance management quality.

### — DNA Inherited from the Merchants of Ohmi

#### **Our Founding Spirit of *Sampo Yoshi* Still Relevant Today**

Our management philosophy of *sampo yoshi* (good for the buyer, good for the seller, and good for society) harks back to the merchant roots of our founder, Chubei Itoh. This spirit has been passed on since our founding 159 years ago, and lives on in our DNA today.

At the time of its founding, as the merchants of the Ohmi region (in present-day Shiga Prefecture) our founders peddled their wares by traveling long distances rather than by building large stores where customers would gather. This business style involved negotiating with customers on the basis of samples the merchants carried with them; the resulting product would be shipped later. Given these practices, trust, creditworthiness and information were extremely important. To gain permission to go about their business, I heard that contributing to the regional economy was also important. The philosophy of *sampo yoshi* thus evolved as a natural consequence of business among the merchants of the Ohmi region. Still relevant today, this "ITOCHU way" concept of sustainability with its commerce origins has spurred our growth over 159 years and pulses throughout the Company today. This spirit forms our corporate mission of "Committed to the Global Good" and the corporate message announced in 2014: "I am One with Infinite Missions."

### — Aiming for New, "ITOCHU way," Sustainability

#### **Returning Profits to Stakeholders through Initiatives that "Make Employees Happy"**

Now that ITOCHU is able to generate profits suitable to an era of two strong *shosha*, to inspire its employees the Company needs to deliver a different sort of value that goes beyond a competition for profits. One such example is the materiality theme we have set, of "improving labor conditions." The working-style reforms we have been pursuing since 2013 have created major waves in society—even influencing policy-making by the Japanese government. We can be confident and proud of our efforts to set this theme. In 2016, we adopted the "ITOCHU Health Charter", and we have stepped up our efforts to be the leading trading company for health. One of our strengths is having a culture in which, even though we are few in number, our people continue to take on challenges without fear of failure. I want us to protect this aspect of our culture. I believe that pursuing initiatives designed to give workers fulfillment and make them happy will help raise labor productivity, as well as returning value to stakeholders. With respect to international requests, such as the Sustainable Development Goals (SDGs) adopted by the United Nations, these initiatives will help employees meet their responsibilities as they go about their "infinite missions" on the front lines and contribute to sustainable growth in tandem with society.

At the same time, our own responsibilities increase as the value chains of suppliers and investees grow wider and more complex. In addition to compliance, we will conduct thorough training for employees on consideration for human rights and the environment. We will also redouble our sustainability management efforts, such as through site visits to key business partners.

## — Pursuing a New Corporate Image

### **Augmenting Management Quality and Working to Sustainably Increase Corporate Value**

Management quality is an essential yardstick for measuring increases in corporate value over the medium to long term. In recent years, society's focus on ESG has been growing. In addition to responding conscientiously to external requests, I consider it is important to share throughout the Company an awareness of what needs to be done to achieve sustainable increases in corporate value.

To communicate the president's wish to "encourage people who are working in difficult environments," over the past three and a half years, since 2013, I have been visiting employees working in remote regions on the president's behalf. Going forward, management needs to visit the front lines and engage in dialogue with employees. This approach will build a corporate culture and environment that motivates individual employees and lead to sustainable increases in corporate value.



Visiting employees posted to work on the construction site of one of the world's largest geothermal power plants, in Sumatra, Indonesia

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