

Message from Chief Administrative Officer



We will achieve sustainable growth as a reinvented merchant, through further evolution of the *sampo yoshi* approach that has been passed down for 160 years

| The *sampo yoshi* approach that has carved a 160-year history

—We will pursue the highest level of productivity in the sector through the adoption of a Human Resources Strategy as a management policy.

ITOCHU is a company, which for 160 years, ever since its founding by founder Chubei Itoh, an Ohmi merchant, has developed business while carrying on the spirit of *sampo yoshi*. Since then, we have connected the fruits of the efforts built up by each one of our predecessors without interruption to the present day. This idea is also encapsulated in the corporate message "I am one with infinite missions." In recent years, with a small group of capable talent, ITOCHU has been involved in cutthroat competition with other companies, and the importance of the Human Resources Strategy for that has, therefore, increased still further.

ITOCHU's pioneering workstyle reforms, such as the morning-focused working system, have had a significant impact on Japanese society, including the government. The focus of these reforms is the "pursuit of productivity." We moved beyond streamlining operations to freeing up time by eliminating waste for customer service and devised a strategic package of measures to increase employee motivation, develop skills, support active participation by diverse human resources, and improve health. For example, the aim of the Support Measure for Balancing Cancer Care and Work introduced in FY2018 in accordance with ITOCHU Health Charter is to achieve a work environment in which every employee fighting cancer can continue working without concern while maintaining motivation and challenging work, thus ensuring that individuals and organizations perform at their full potential. Each and every employee working to their heart's content with health and vitality is the foundation to producing profits with a small group of capable talent. This is in the interests of all stakeholders in addition to our company. At the same time, I believe that, through our employees' fulfilment of "infinite missions" via our main business, we will be able to fulfil our responsibilities for achievement of the UN Sustainable Development Goals (SDG's).

Under the new Medium-Term Management Plan "Brand-new Deal 2020," we will pursue the highest level of productivity in the industry by implementing various measures that only ITOCHU can implement and promoting "reinvented workstyle reforms" based on the plan's basic policies of "Smart Management" and "No. 1 Health Management Company."

Reinvented sustainability

—We will help solve social issues through our main business, grounded in the *sampo yoshi* spirit.

"Itinerant trading" is business that only Ohmi merchants could do, consisting of going to lands far away from the Ohmi region and negotiating with only a sample of cloth and delivering the goods afterwards. The *sampo yoshi* spirit developed by the Ohmi merchants as they gained the confidence and trust of sellers, buyers and the regions they traded with is also still alive today as a management philosophy that values not only the company's own profit but also business partners, employees, shareholders and various other stakeholders. To demonstrate our intent to honor this approach to the international society, since 2009 we have participated in the UN Global Compact. In April 2018, we formulated a Basic Policy on Promotion of Sustainability as a direction for initiatives based on the ESG perspective and the *sampo yoshi* spirit. At the same time, in light of the Sustainable Development Goals (SDGs) adopted by the United Nations, the enforcement of the Paris Agreement and the viewpoint of ESG, we have newly identified seven material sustainability issues. Each company has formulated sustainability action plans and accomplishment indicators based on those. This is further strengthening our efforts through our business. In May 2019, we stated our participation with the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) in regards to the particularly pressing issue of efforts on climate change (contribution to a low carbon society).

Our groupwide sustainability promotion measures are planned and promoted by the Sustainability Promotion Department. This is done under the Chief Administrative Officer who serves as the Sustainability Committee Chairperson. Serious matters are discussed and determined by the Sustainability Committee, which is an important internal committee. In addition to the role of chairing the committee, the Sustainability Committee Chairperson attends board meetings, and the HMC and Investment Consultative Committee, and then makes reports to the Board of Directors at these meetings. In this way, the Chairperson is responsible for sustainability management in light of the impact on our environment and society. We have also appointed an ESG officer to all organizations in companies and functions and have put in place a framework for contributing to the realization of a sustainable society through our main business. In addition, by regularly seeking dialogue with stakeholders inside and outside the company, including the Advisory Board, we grasp society's expectations and demands of us and utilize them in the promotion of sustainability.

We will continue to contribute to solving social issues by responding to the trust and expectations from the stakeholders around us through our main business while valuing local sites in the future. We would then like us to translate this into sustainable growth through a reinvented *sampo yoshi* approach, which is our aim under the Brand-new Deal 2020.

Fumihiko Kobayashi

Member of the Board

Senior Managing Executive Officer

Chief Administrative Officer