

The Competitive Edge and Management Foundation Supporting Sustainable Increases in Corporate Value

OUR INHERITED COMPETITIVE EDGE

Earning Power in the Non-Resource Sector

Leading general trading company in the non-resource sector in consolidated net profit (FYE 2017)

¥313.7 billion (91% of consolidated net profit attributable to ITOCHU of ¥352.2 billion)



ITOCHU'S ORIGINS



1893
Establishment of Itoh Itomise
(Thread and Yarn Store)

From its start, ITOCHU has expanded its trade to meet a host of needs, remaining near to consumers through its core in areas such as apparel, food, and housing.





ITOCHU'S ORIGINS



1932
Sales department

Not being closely involved in national industries such as steel and energy that drove Japan's post-war economic development and not affiliated with any of Japan's zaibatsu industrial groups, ITOCHU developed a corporate culture based on the creative business powers of its individual employees.



OUR INHERITED COMPETITIVE EDGE

“Individual Capabilities”

- High labor productivity**
- Front-line capabilities**
- Working-style reform**

(⇨ Page 44 Management Resources Supporting Sustainable Value Creation)

OUR INHERITED COMPETITIVE EDGE

Experience and Track Record in China and Other Parts of Asia

Collaboration with the CITIC Group and the CP Group, the leading conglomerates in Asia

Obtaining business opportunities over the medium to long term



ITOCHU'S ORIGINS



1972
Then-President Echigo heads mission to China

In March 1972, half a year before diplomatic relations between Japan and China normalized, ITOCHU became the first major general trading company permitted to restart trade between the two countries. In this way, the Company contributed to friendly relations and trade between Japan and China.





A GOVERNANCE SYSTEM THAT CONTINUES TO ADVANCE

Separating Management Execution and Supervision

(⇒ Page 54 Corporate Governance)

Number of Directors and Outside Directors

FYE 2017

Of which,
Outside Directors: **3**

Directors: **14**



FYE 2018

Of which,
Outside Directors: **4**

Directors: **9**

ITOCHU is transitioning to a monitoring-oriented Board of Directors based on separation between management execution and supervision. Our reforms include increasing the number of outside directors and substantially reducing the overall number of directors. By stepping up the separation of execution and supervision, we are creating a management structure that achieves a good balance between maintaining an aggressive posture and reinforcing defense.