

# Human Resource Strategy

One of ITOCHU’s most important attributes is that it advocates the “creation of company environments that are strict but rewarding” and its management is committed to realizing these environments. By clearly positioning a human resource strategy consisting of various measures as a management strategy, we elicit the maximum “individual capabilities” from our employees, who are the driving force behind the functioning of ITOCHU’s business models. As a result, we have steadily increased labor productivity at ITOCHU with the smallest headcount among major general trading companies on a non-consolidated basis.

In addition, by raising their awareness of participation in management, we encourage employees to unite their “individual capabilities,” an ITOCHU strength, and align themselves in the direction of management. This is a further driving force for the virtuous cycle that leads to sustainable increases in corporate value. We plan to introduce additional measures that will strengthen this cycle even more.

## OUTCOME



**Our Understanding of the Environment**  
2030 problem ⇒ Labor shortage, more frequent job changes

**In 2030, a labor shortage of 6.44 million people\***

\* Source: “Labor Market Outlook 2030,” by PERSOL RESEARCH AND CONSULTING Co., Ltd., and Chuo University

## Continuously Develop Employee Capabilities

Continuously Develop Employee Capabilities	OUTCOME
<b>Increasing the Number of Chinese-Speaking Employees (from FYE 2016)</b> <ul style="list-style-type: none"> <li>Increase the number of Chinese-speaking employees to 1,000, or around one-third of career-track employees</li> <li>Provide overseas training in the Chinese language</li> </ul>	<ul style="list-style-type: none"> <li>Expand our foundations in China and other parts of Asia, which are our areas of strength</li> <li>In FYE 2018, met the target of having 1,000 employees with Chinese-language qualifications; figure increased to 1,231 employees in FYE 2020</li> <li>Implementing programs to maintain or increase Chinese-language proficiency</li> </ul>
<b>Hiyoshi Dormitory (from FYE 2019)</b> <ul style="list-style-type: none"> <li>Foster the development of, and a sense of unity among, young employees</li> </ul>	<ul style="list-style-type: none"> <li>Create personal networks that surpass the boundaries of age and department, and build a robust organization</li> <li>Encourage the passing on of a free-spirited corporate culture</li> </ul>

(As of April 1, 2020)

Initiatives to Support the Career Development of Female Employees	OUTCOME
<b>Developing Next-Generation Managers</b> <ul style="list-style-type: none"> <li>Various types of career training</li> <li>Sending to external training sessions</li> <li>Preparation of individual career plans</li> </ul> <b>Establishing Environments That Provide Job Satisfaction to Female Employees</b> <ul style="list-style-type: none"> <li>Allowing employees stationed overseas to bring children with them but without spouse</li> <li>Re-employment system</li> <li>Promotion of awareness of active female participation through organizational leadership training</li> </ul>	<ul style="list-style-type: none"> <li>Two female Outside Directors, two female Executive Officers</li> <li>27 female corporate officers and divisional managers (of whom one is president of an overseas subsidiary)</li> <li>Percentage of female career-track employees: 10.0%</li> <li>Percentage of women in management positions: 8.1%</li> <li>Female career-track employees with overseas experience: 76.0% (Figure excludes employees in their first four years of employment, as employees are in principle not sent overseas during this training period.)</li> </ul>

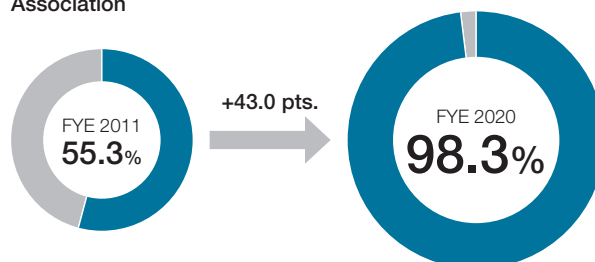


## Increase Awareness of Participation in Management (Shared Value with Shareholders)

### Shareholder-Conscious Stock Compensation Scheme

To achieve sustainable increases in corporate value, we believe it is important for employees, in addition to the management team, to take part in management. We have encouraged participation in our employee shareholding association, and the participation level reached almost 100% in FYE 2019. Going further, in FYE 2020 we used this association to introduce a stock compensation scheme. Under this scheme, we pay special incentives when the Company's performance reaches a certain level, granting shares as consideration.

### Percentage Membership in the Employee Shareholding Association



## Cultivate a Motivating Workplace Environment

Create a Rewarding Workplace Environment	OUTCOME
<b>Morning-Focused Working System (from FYE 2014)</b> <ul style="list-style-type: none"> <li>Shift from the tendency to work late-night to morning-focused working style</li> <li>In principle, prohibit work after 8:00 p.m., and encourage to work in early morning (from 5:00 a.m. to 8:00 a.m.)</li> <li>Offer free breakfast</li> <li>Provide a higher wage rate for people who start work before 8:00 a.m.</li> <li>Extend morning training options, such as Morning Activity Seminars</li> </ul>	<ul style="list-style-type: none"> <li>Improve operating efficiency and use time more effectively (self-improvement, etc.)</li> <li>Reduce overtime work, correcting the issue of long working hours</li> <li>By reducing overtime pay and taxi fares, almost no change in net costs even though providing free breakfast</li> </ul>
<b>Dress-down Days (from FYE 2018)</b> <ul style="list-style-type: none"> <li>Create an environment that encourages flexible thinking</li> <li>Allow employees to work in casual clothing from Tuesday through Friday (every day in summer)</li> </ul>	<ul style="list-style-type: none"> <li>By encouraging employees to think more about their clothing, promote employees to actively have interests in various things and foster an environment conducive to new ideas</li> </ul>

### Results of Morning-Focused Working System

		Before introduction	One year after introduction	FYE 2020
Leaving the Office* <sup>1</sup>	8:00 p.m. or after	30%	7%	6%
	<i>Of which, 10:00 p.m. or after</i>	10%	almost 0%	almost 0%
Entering the Office* <sup>1</sup>	8:00 a.m. or before	20%	34%	43%
Hours of overtime work* <sup>2</sup>		—	(7%)	(8%)
Cost per month (Overtime pay + cost of breakfast)* <sup>2</sup>		—	—	almost no change
Usage of paid holidays* <sup>2</sup>		—	—	increase of 10%

\*<sup>1</sup> 1% of people in the headquarters

\*<sup>2</sup> Compared with the level before we introduced the Morning-Focused Working System

### FYE 2019 Engagement Survey\*<sup>1</sup> Results (Main Items)

	Affirmative response rate	Compare with global average* <sup>2</sup>
ITOCHU considers employees important and takes them into consideration	80%	+17%
ITOCHU places importance on customers	80%	+5%
ITOCHU calls for the achievement of high levels of success	91%	+5%

\*<sup>1</sup> Next survey scheduled for FYE 2023 (conducted every four years)

\*<sup>2</sup> Global average of 330 enterprises and 6.7 million employees



## Improve Employee Health

Improve Employee Health	OUTCOME
<b>Establishment of the ITOCHU Health Charter (from FYE 2017)</b> <b>Support Measures for Balancing Cancer Care and Work (from FYE 2018)</b> <ul style="list-style-type: none"> <li>Hold regular special checkups through a cooperation with the National Cancer Center Research Institute</li> <li>Reflect the balance between treatment and work tasks in individual performance reviews</li> <li>Provide full Company assistance for expenses for advanced cancer treatment</li> <li>Provide schooling and work support for bereaved family members</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and increase employee motivation and sense that work is worthwhile</li> <li>Create an environment where employees can feel secure and devote their full attention to work</li> <li>Reduce uncertainty about the future</li> <li>Nearly 100% screening among people targeted for cancer screening</li> <li>Held a total of three internal seminars themed on cancer, with more than 1,000 participants</li> <li>Strengthen the organizational capabilities</li> </ul>

