



CEO MESSAGE

In the new era, as we relentlessly bolster our superiority in the non-resource sector, ITOCHU will steadily continue building its foundation to unlock the intrinsic value of a market-oriented perspective.

In FYE 2022, ITOCHU shattered previous results, achieving record-high profit. In FYE 2023, we will keep a watchful eye on the incredibly uncertain economic situation and continue to steadily lay a foundation looking to the time when resource prices and exchange rates have returned to normal with the aim of building an earnings base that stably produces ¥700.0 billion based on the policies laid out in Brand-new Deal 2023.

Masahiro Okafuji
Chairman & Chief Executive Officer

Tirelessly Continuing Our Efforts

Why is it good things fade, but bad things persist?

Meiji-era author Ichiyo Higuchi lived a life that embodied that conundrum. Graduating from elementary school at the top of her class, she was blocked from pursuing any higher education due to her mother's viewpoint that, "Women do not need any more education than this. They should instead learn needlework and housework at home." Subsequently, her older brother, who stood to inherit everything, died suddenly. Then, her father passed away after racking up massive debts due to his failed business. At just 17 years old, she took on the family's finances and her father's debts. She regularly took out loans and pawned her belongings. The home goods and candy store she started did not do well either. Even amid this poverty, she worked hard as a novelist and put out

one history-making story after another, becoming a very popular writer in just over a year. Alas, at just 24 years old, her life was cut short when she suddenly came down with tuberculosis, which was wide-spread at the time. Despite all her hard work, nothing good lasted long. You cannot help but be moved by her hard life.

And then there is the business of running a company. Some people think corporate leaders should be optimistic, but corporate management fails without the requisite effort. Putting in the work alone does not guarantee success. That, however, does not mean we should give up. I try to reflect on ITOCHU's history, persistently strive, stay ahead, and never neglect preparations so that we never forget this mindset.

Lessons Learned from History

In May 2022, when I heard that our old Tokyo Headquarters in Nihonbashi was being demolished, I decided to visit it one last time. We had used it from 1957 to 1980, but the structure had become run down.

The Japanese garden, which neighbored the office of then-President Echigo, remained just as it had for over

half a century. Standing there, my mind drifted to the time when ITOCHU was overseen by President Echigo. He had likely gazed upon the same scene. That was an era when ITOCHU was accelerating its transition from a textile trading company to a general trading company. Numerous people at ITOCHU helped achieve the

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Company's diversification, enduring repeated hardships to overcome walls thrown up by the general trading companies associated with the former *zaibatsu* industrial groups. I felt a rush of emotions, wondering what these people would have to say if they saw how ITOCHU is currently in the fight for the top spot. On the other hand, I experienced a mix of conflicting feelings when thinking about how it was in this very room that, in a rush to achieve diversification, the decision was made to acquire TOA Oil Co., Ltd., which was a major gamble. At a time when the Company was generating profit in the single billions of yen, the investment eventually ended up with a loss of ¥180.0 billion. Even after this investment, the Company made repeated mistakes rooted in overconfidence and complacency, such as real estate investments amid the bubble economy, and these became major burdens to the management of the Company since then. We absolutely must keep this history in mind when discussing ITOCHU's future.

In my message last year, I wrote about allowing ourselves just "One Day of Celebration" after we achieved the "triple crown" for general trading companies. In FYE

2022, we remained ever vigilant and ended up achieving record-high profit. This is generally when people let their guard down: after good results. By regularly sharing this history internally, I have instilled vigilance in myself and employees against indulging in overconfidence. Even the slightest bit of overconfidence put us at risk of instantly slipping from the top position among general trading companies that took us so long to achieve.



Pondering over ITOCHU's former executives and employees at our old Tokyo Headquarters

Decision Aligning Our Aims with the Market

I consider the Annual Report to be very valuable in communicating management's direction. I have been writing down thoughts I want to convey in this CEO message in a journal regularly, and one of those things is shareholder returns.

In May 2021, we announced the shareholder returns policy during the medium-term management plan period, and in June, announced that we would reset share buybacks for the time being, after which ITOCHU's share price plunged. Although we received positive feedback on our progressive dividend policy, the main reasons for the plunge were our lack of a clear policy on the dividend payout ratio during the medium-term management plan, not disclosing the reasons for resetting share buybacks for the time being, and not providing the schedule to restart buybacks.

Previously, we had thought that no matter how high we set ITOCHU's dividend payout ratio, it could eventually cause disappointment for investors and shareholders, as a drop in profit would result in lower dividend amounts. For this reason, we believed that if, through the progressive dividend policy, we could steadily raise the level of dividend amounts every year, even just by a little, investors and shareholders would find it more preferable and feel encouraged to hold our shares over the long term. However, through dialogues with analysts and investors, I came to the realization that there was a gap between our thinking on this and the market's expectations.

I hope to please investors and shareholders over the medium- to long-term through increases in both

dividends and share price. Since becoming President in FYE 2011, I have worked hard to ensure that the share price and dividends steadily rise, and I routinely received gratitude. When meeting with a former executive of a manufacturer that held ITOCHU shares over the long term, he extended his sincere thanks, and I have received many letters from ITOCHU's former executives and employees. These have been the most gratifying moments as a corporate leader, and there have been many such occasions. With the recent drop in our share price, I immediately opened talks with management with a renewed drive to respond to market expectations to the extent possible going forward. Through extensive discussions, we reached the conclusion that we had already achieved the top ranking among general trading companies for our financial foundation, including shareholders' equity, and that we had achieved the capability necessary to share more of our profit with investors and shareholders. This led to the announcement in November 2021 of our new dividend policy during the medium-term management plan, comprising incremental increases to the minimum dividend in continuation of the progressive dividend policy as well as a commitment to a payout ratio of 30% by FYE 2024. With the share buyback announcement in January 2022 and its steady execution, we received positive feedback for our proactive shareholder returns, and ITOCHU's share price set 19 record highs during FYE 2022. (Page 36 CFO Interview)

Businesses Contributing to "Sampo-yoshi"

This April, Tokyo Stock Exchange, Inc. restructured its market segments. I was invited to attend the ribbon-cutting ceremony as a representative for the Prime Market. To avoid dishonoring the Prime Market, as one of the representatives, and to ensure that profit is sustainably shared with stakeholders, I intend to single-mindedly practice commitment-based management to surely achieve our stated targets going forward.

ITOCHU was not alone in achieving record-setting results in FYE 2022. Every general trading company did and, with the rapid spike in resource prices, we were left a bit in their dust. The general trading companies associated with the former *zaibatsu* industrial groups have portfolios boosted by a high proportion of resources, but we are not shifting our growth strategy. We will remain focused on ITOCHU's strong suit of the non-resource sector. We also garnered praise from a major overseas investor, saying, "We fully understand ITOCHU's distinctive business model, and it is fantastic that ITOCHU is growing and steadily expanding revenues in the non-resource sector."

General trading companies have raked in huge profits as commodity prices spiked more than ever, including those for energy and metals. As a consequence, downstream companies and consumers have been forced to shoulder the burden. However, as illustrated by history, businesses that do not gain the support of these consumers and broader society will not last for long. Events such as two oil shocks and speculative stocking of rice have taught us a lesson that such businesses not only violate business ethics but also fail. The basic philosophy of business is that even if your own profit is diminished in the short term, by allowing customers to prosper, you and your business will continue to grow as well. It is of the utmost importance that our current business model contributes to "Sampo-yoshi" and fosters sustainability.

At present, each general trading company is working to strengthen the non-resource sector. It used to be that the performance of general trading companies would rise and fall in line with resource market cycles, and they lost the trust of the market because they had to record large impairment losses. Amid the recent spike in resource prices, one may find it difficult to forget the benefits from the previous resource cycles. I fear that one could fall into the trap of treading the same path and again lose the trust of the market.

Moreover, we must not forget that the resource business is exposed to not just price volatility but also a wide

range of other risks. While the Russia-Ukraine situation has partially affected the Company, if we look at the political landscape, countermeasures related to energy resources are being undertaken as a geopolitical tactic. Major tax hike proposals are being discussed, especially in Australia and South America, to capture and retain more resource benefits through higher taxation on multinational mining companies, reigniting the flames of resource nationalism. Even though it may seem like the pace of the SDGs and decarbonization is slowing, there is no real change in the underlying trend. The diverse risks facing the resource business could grow larger, but we can be certain they will never dissipate. The emergence of these kinds of risks has forced major changes to the business portfolios of general trading companies. This is why ITOCHU is divesting its thermal coal interests, a commitment we are fulfilling faster than any other general trading company. (Page 18 COO Message)

If we stick to the conventional business model of general trading companies as it is would very likely endanger our continuation moving forward, in my view. In all industries, position of power has been shifting from upstream producers to downstream consumers. As downstream companies with customer contact points strive to seize greater profit, opportunities are shifting downstream at an accelerated rate. Accordingly, the "product-oriented" perspective businesses of general trading companies are highly likely to go under. With an eye on the time when resource prices return to normal, we will continue reorganizing our businesses from a market-oriented perspective. This issue will impact all the general trading companies, and whichever makes the shift ahead of the rest will lead the pack in the era to come. Needless to say, ITOCHU is determined to remain at the forefront of these efforts.



Ceremony of Transition to New Market Segments

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The Reason We Can Lead a Market-Oriented Perspective

Long ago, when I would attend menswear exhibitions for high-end tailors, I realized that it was wives and daughters who would make the buying decisions. I secured an agreement with Yves Saint Laurent, which was popular among women, to sell imported fabric and achieved success. Paying close attention to the needs of the people you are in business with and to changes, anticipating what is to come, and providing them what they seek is the basic idea behind maintaining a market-oriented perspective. This is also why I highly value and emphasize the front lines of our operations.

People have a wide range of personalities and characteristics that tend not to change. In a similar way, corporate cultures and business styles are incredibly difficult to change in meaningful ways. General trading companies associated with the former *zaibatsu* industrial groups have depended on large clusters of industrial businesses as their main source of power. In contrast, with our roots as a “door-to-door trader,” we have worked in close proximity to consumers to carefully nurture small sales. Though the scale of revenues may seem small, our skills are based on the Company’s day-to-day operations and insights accumulated to date. We know how to carefully nurture time-consuming, customer-centric businesses with a hands-on approach. This is not something easily attained overnight. I think this is also clearly proven in the ratio (over 90%) of Group companies reporting profits.

With many high-quality assets that are rich in customer contact points, ITOCHU is working to achieve a transformation from a market-oriented perspective. Within the Group, the FamilyMart convenience store boasts the most customer contact points. Daily sales of our existing stores have recovered a pace better than those of competitors because of the added value we provide through inter-Group collaboration under The 8th Company and improvements in marketing. We are taking steps to raise the efficiency of store operations and enhance profitability by introducing humanoid AI assistants to support ordering, automatic shelving robots, and even unmanned payment stores. In addition, we are leading the industry with our initiatives, such as advertising and media businesses, that transcend the boundaries of conventional convenience stores.

Japan’s largest imported car dealer, YANASE & CO., LTD., expanded the brand lineup of new and used cars it handles beyond mainstay Mercedes-Benz to meet consumer needs. In the North American construction materials business centered on MASTER-HALCO, Inc., we succeeded in expanding the product lineup of various

fence materials and synergies through acquisitions and other activities. ITOCHU’s market-oriented transformation is not only unfolding in Japan but all over the world. As such, our strategy is to take charge of customer contact points, provide added value to expand contact points, and take the initiative in the supply chain.

In addition, the presence of the ICT & Financial Business Company is a distinctive feature of ITOCHU which has been regarded positively. We have steadily accumulated insights related to ICT and are currently analyzing data gained from customer contact points. This will prove a major strength to produce new added value and is leading to greater differentiation from our competitors. ITOCHU does not aim to realize some grandiose concept of building an industry-wide platform. Rather, we are promoting a frontline-centric DX that leads to stronger profitability for each business and transforms our business model. For example, optimizing the supply chain using FamilyMart’s downstream data has already brought about a steady improvement in our profit generation capability.

Another key distinctive feature is the Textile Company, the only one among the general trading companies. Our tender offer bid for DESCENTE LTD. caused a stir at the time, but based on the current transformation of our business model and enhancement in profitability, I am confident that we made the right decision. I believe this case illustrates the benefit of continuing to maintain the Textile Company, as this enables various insights to be pooled into the strength of ITOCHU’s non-resource sector. As such, we are promoting business transformation from a market-oriented perspective, especially in the non-resource sector, while executing investments like these that go beyond conventional boundaries, as we build up our pipeline. (➡ Page 58 SPECIAL FEATURE Merchants Who Continue to Transform)

Even amid the pandemic, we fast-tracked asset divestment and explored the timing of our new asset replacement. Going forward, given equity markets are likely to remain weak, we are likely to be presented with potential investment opportunities. In addition, considering the current level of exchange rates and unstable overseas situations, I think it is more strategic and effective to prioritize domestic investments over overseas ones for the time being. (➡ Page 56 CSO Interview)

On the other hand, while keeping an eye on a potential reversion of exchange rates, we intend to pursue a credit rating upgrade from Moody’s and aim for a more competitive cost of funding overseas than ever before.

We will continue to relentlessly spread seeds for new businesses in the non-resource sector, our strength. When resource prices eventually return to normal, we will fully tap into the intrinsic value of our market-oriented perspective.



Well-Grounded Human Resource Strategies

I think that if companies aim to realize a sustainable society, it only makes sense that they too should be sustainable themselves.

Last year, I expressed my thoughts on climate change and GHG emissions reduction, so this time I would like to explain our work-style reforms.

We have skillfully implemented COVID-19 countermeasures and work-style reforms, namely our Morning-Focused Working System and Support for Balancing Cancer Care and Work. ITOCHU has garnered high praise from external ESG evaluations and many company rankings among job-seekers. Such kinds of external evaluations make me feel grateful and prove that we are widely regarded as a sustainable company. These kinds of initiatives by ITOCHU are connected to the “good for society” aspect of *Sampo-yoshi*, as demonstrated by the overarching effects on society as a whole, going beyond just our own company and affecting the public and private sector alike.

In October 2021, we established the Women’s Advancement Committee, through which we are accelerating our support for women’s advancement. Former Vice-Minister of Health, Labour and Welfare and Outside Director Atsuko Muraki serves as chair of the committee, in which half of the members are outside officers and half are women. I believe similar measures are being taken by many other companies. However, our approach is rare in that we have established the committee as an advisory committee to the Board of Directors, which exemplifies the Company’s commitment to this matter. Based on the

discussions of this committee and the results of a large-scale engagement survey, ITOCHU moved to the second stage of work-style reforms, building on the reforms undertaken to date.

As previously discussed, ITOCHU’s human resource strategies are essentially its management strategies in and out of themselves. When addressing the sustainability of the Company, we need to ensure that we enhance labor productivity. Moreover, as a company with its competitive advantage in customer contact points, we see an increasing necessity for accelerating development for promoting women. The evolution toward flexible work styles will therefore be indispensable. In the second stage of work-style reforms, we will refrain from getting caught up in novelty or setting unrealistic targets. We intend to instead take thorough, well-grounded measures that will help enhance corporate value. (➡ Page 80 CAO Interview)

Furthermore, we can see the results of the suite of work-style reforms undertaken by the Company. The birthrate of ITOCHU’s female employees was 0.60 in FYE 2013, but later rapidly rose to 1.97 in FYE 2022, compared with a national figure of 1.30 and just 1.08 in Tokyo*. Although there are various options when it comes to personal life events, it is very important as a company that we ensure a culture and systems that enable our employees to raise children while pursuing their careers, and this result backs that up. (➡ Page 96 Women’s Advancement Committee)

* Total annual fertility rate for 2021 in population dynamics by the Ministry of Health, Labour and Welfare (estimates)

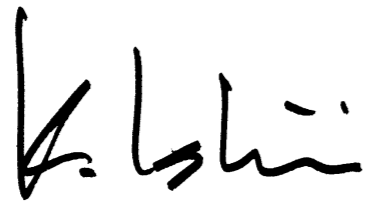
Tapping into Intrinsic Value in the New Era

Currently, there is growing alarm over deceleration in the global economy due in part to inflation that has accompanied rising geopolitical risks and increasing interest rates, especially in Europe and the United States. This is overshadowing expectations of post-pandemic recovery. The uncertain business environment has defied logic, but ITOCHU is carefully monitoring changes to thoroughly

instill the “earn, cut, prevent” principles that serve as our business fundamentals. We will continue to relentlessly spread seeds for new businesses in the non-resource sector, our strength. When resource prices eventually return to normal, we will fully tap into the intrinsic value of our market-oriented perspective.

As the captain of the field, I will observe changes in the business environment from the front lines, leading the charge to firmer positions for further growth.

Guided by “*Sampo-yoshi*,” we will pursue economic value, simultaneously with environmental / social value, as we continue taking the necessary steps to polish ITOCHU’s strengths in the non-resource sector and to brace ourselves for the future.



Keita Ishii

President & Chief Operating Officer

Tapping into Our Full Potential

It has been one year since I inherited the mantle of President & COO and suddenly had to fulfill greatly expanded duties, broadening my perspective beyond the familiar Energy & Chemicals Company to the entire Company and multiple industries. I was again impressed by the breadth of businesses encompassed by ITOCHU as a general trading company, as well as the staggering amount of requisite information and knowledge. The importance of unceasing effort, day in and day out, was driven home.

My first fiscal year as President & COO happened to be a tumultuous one, requiring swift and appropriate responses to the Russia-Ukraine situation and the unprecedented surge in resource prices, in addition to COVID-19. Although I would not say I enjoy adversity, the truth is that adversity has always animated me, lighting a fire in the belly. My personality is such that I will choose turning around loss-making departments on challenging front lines over sitting back or comfortably reaping easy and quick profits. COVID-19 pandemic-related restrictions on overseas travel have had a major impact on my own personal “business model.” On the other hand, less road time meant more office time, which proved to be significant. I discovered new business opportunities in areas outside the Energy & Chemicals Company. I also met with new personnel in sales and administrative divisions with whom I had not previously had opportunities to interact. This was a foundational year that provided a bird’s-eye view of the entire Company.

Over the last few years, we have reflected on the history of ITOCHU, which all began with Chubei Itoh I

balancing wares on a shoulder pole as he set out for trade. Through this practice, we reconfirmed our identity as “merchants” and ingrained this identity among both corporate officers and employees. Staying true to this sense of duty and identity as a merchant, each employee has played their position on the field, striving to protect every interest during the challenging environment posed by the pandemic, with the goal of helping to restore economic activity. This turned out to be a year in which I could palpably feel their eagerness to do so and sense real movement toward further growth going forward.

(Page 22 The “Merchant” Business Model)

In FYE 2023, in order to tap into my full potential as the “captain of the field” infused with the power of these individual capabilities, I will head to the front lines and blaze a trail to pass onto employees. After the General Meeting of Shareholders, I made my first overseas business trip since the pandemic began. I was reminded of the limits of online interaction and renewed my appreciation for the importance of directly gathering vital information on the front lines. Over the next few years, amid the extraordinarily uncertain business environment, companies that stand to gain an advantage are those that are able to sufficiently analyze the direction their business is heading and accelerate highly effective measures. In the near future, when the pandemic is over and when resource prices and exchange rates return to normal, that will be the time when our true strengths will be put to the test. To ensure success in such a “moment of truth,” we are polishing the strengths of the non-resource sector, readying ourselves for the future.

COO MESSAGE



COO Message

The “Comprehensive Strength” of a General Trading Company

With the supply chain disruptions in various industries caused by COVID-19 and the Russia-Ukraine situation, companies are considering reshoring production for key industries back to their home country and rebuilding supply chains themselves. To assess the overall situation for supply chains that straddle multiple industries, we have self-confidence that the perspective of general trading companies will be definitely needed as we have built all manner of businesses around the world in wide-ranging industries. Going forward, expectations from various companies regarding ITOCHU’s know-how and experience will only continue to grow.

The stock market tends to focus on a “conglomerate discount,” but has largely failed to pick up on “comprehensive strength,” the advantage general trading companies bring with their expansive business portfolios. Especially in times of transformation, our comprehensiveness is a strong advantage, which makes the concept of a discount seem a bit odd. Generally speaking, companies have a life span. There is one reason ITOCHU has been able to survive for so long, 164 years to be exact. The Company has harnessed this “comprehensive strength” of a general trading company in line with the business environment and trends from era to era. As the very sustainability of society itself is being tested, it goes without saying that the sustainability of the companies undergirding society is also important.

The second half of the 1990s was marked by the Asian financial crisis, which was preceded by the bursting of Japan’s economic bubble. ITOCHU was also pushed to resolve bad debt, and the divisions in urgent need of reforming were Machinery, Metals & Minerals, Chemicals, and Real Estate. (These were referred to internally as the “4K divisions,” because the name of each division in Japanese begins with the letter “K.”) In an effort to carefully select owned assets and reduce interest-bearing debt, we moved rapidly to suspend unprofitable trades and trades with long payment cycles, pull out of unprofitable businesses, and spin off some businesses, but we took measures to ensure these businesses would remain viable in some form and would not altogether cease. In the proceeding years, the 4K divisions steadily accumulated capabilities and insights during challenging periods for business performance. Similar to how flowering plants bloom spectacularly in spring after surviving a particularly harsh winter, the 4K divisions have resurged wonderfully and are currently driving earnings for the entire Company.

Furthermore, some people have wondered whether ITOCHU, as a general trading company centered on the non-resource sector, should exit all business in the resource sector and specialize exclusively in the non-resource sector. Nevertheless, I do not think that the 4K

divisions could have enjoyed this kind of resurgence had we only focused on short-term efficiency and profitability. Besides, it is very challenging to reinvest in businesses that were once halted and to try to expand revenue and build synergy quickly. For example, the significance of ITOCHU owning oil and gas interests goes beyond just the direct revenue contributions. These interests provide us with insights we utilize in trade in the non-resource sector for chemicals and fiber materials that use crude oil as raw material, automobiles, ships, and steel pipes. The competitive advantage of being able to assess the overall status of supply chains that straddle multiple industries, as I mentioned earlier, is closely tied to ITOCHU’s possession of a wide-ranging business portfolio.

Decarbonization Also Starts from Downstream

Regarding ITOCHU’s investment stance, please refer to the message from Chairman & CEO Okafuji on the importance of our market-oriented perspective starting from downstream, while I will explain the Company’s response to the SDGs.

I think our policy of focusing downstream also applies to the SDGs. To be sure, we are also engaged upstream in the next-generation fuel and renewable energy businesses of hydrogen, ammonia, and offshore wind power. Large-scale upstream projects such as these require significant time and investment before going operational and generating profit. Moreover, we need to carefully monitor new technology trends to ensure future competitiveness while being mindful to build a safe and robust supply network and collaborate with highly reliable domestic and overseas partners, all while coexisting in harmony with local communities. Securing safe and secure energy sources is one of Japan’s major issues, including national security, and is an important role that ITOCHU plays as a general trading company. We are carefully undertaking this from a medium- to long-term perspective.

At the same time, the Company is also involved in decarbonization businesses from downstream. A representative example is downstream energy management which uses energy storage systems (ESS). ESS performs a critical role in regulating renewable energy, which experiences volatility in the amount of power generated due to weather and other conditions, and we build systems that efficiently store and utilize generated electric power. Because ESS can utilize generated electric power without waste, while stabilizing electric power usage and reducing transmission loss, these systems directly enhance energy self-sufficiency and reduce GHG emissions. In addition, they provide important stand-alone power sources during emergencies. This kind of control over power consumption on the demand side is a

I understand that, now more than ever, what is being demanded is for companies to pick up on the various needs of society and practice well-balanced business and management with a broad overarching perspective.



downstream decarbonization measure that can be implemented by 2030 and 2050, the years the Japanese government target for GHG emissions reductions. It is also a field where ITOCHU, which has spearheaded these efforts, can take the initiative in working to expand the ESS business and thereby realize both economic value and environmental / social value as soon as possible. With AI deployed to control power, it is possible to assess power-use patterns and lower peak power. Building a virtual power plant (VPP), which is a distributed power platform, that centrally manages data and conducts optimal control, will enable a more stable and efficient supply of electric power. ITOCHU boasts one of the highest sales figures in the industry for ESS. To construct this kind of distributed power platform, we have been collaborating with electric power companies, developers, and other partners while simultaneously creating synergies with FamilyMart, ITOCHU ENEX CO., LTD., CTC, and other Group companies. As such, we are promoting an expansion of multifaceted businesses which are growing into highly competitive businesses. (👉 Page 72 Business Expansion in Accordance with a Decarbonized Society)

Under the medium-term management plan, we declared our aim of achieving net zero GHG emissions with offsets by 2040. Although the ESS business contributes to the reduction of GHG emissions, withdrawing from thermal coal interests will directly reduce GHG emissions. In FYE 2022, we divested our thermal coal interests in the Drummond mine in Colombia and the Ravensworth North mine in Australia. This mostly completed our overall divestment in thermal coal mines. As a fuel that can be substituted with alternatives, we positioned thermal coal as a field to withdraw from promptly. Although it is also coal, coking coal, on the other hand, is

currently an indispensable raw material for manufacturing high-grade steel. Considering the current status of steel manufacturing technologies and the importance of steel in present-day society, it is not realistic to entirely eliminate coking coal for the sake of GHG emissions. In that same vein, crude oil is a fuel that cannot currently be substituted. It is a raw material for various daily necessities, so we should be thinking about reducing its use rather than eliminating it. Aiming to reduce GHG emissions and achieve net zero emissions with offsets, ITOCHU is realistically monitoring the downstream situation and will continue making efforts to that end, starting with the strengths the Company can leverage immediately. (👉 Page 86 Approach to Climate Change and Related Initiatives)

Racing across the Front Lines with a “Sampo-yoshi” Mindset

Among the SDG and ESG trends, stakeholder capitalism is becoming a globally shared value. It does not refute the conventional shareholder capitalism nor diminish the value of investors and shareholders. As I understand it, what is being demanded is for companies to pick up on the various needs of society—just as merchants should be like water, flowing where needed to operate balanced businesses—and practice management with a broad overarching perspective. As the original company practicing “Sampo-yoshi,” ITOCHU’s policy is to carefully observe society and then steadily build up businesses that society needs. To do this, I want to race across the front lines together with employees. I would like to thank all our stakeholders for your continued support.