

maximize shareholder returns. Once a consensus formed among institutional investors and leaders in the business world that pursuing only shareholder returns would not ensure the sustainability of a company, the SDGs and ESG investment began to catch on as an underlying trend. SDGs and ESG concepts encourage companies to contribute to the development of the world by increasing benefits for people other than shareholders, while also striving to increase shareholder value. I believe these concepts align perfectly with the sayings of Chubei Itoh I. ITOCHU's corporate activities carry on the spirit of Chubei Itoh I, guided by the idea that trade "accords with the spirit of Buddha." To put it another way in modern-day language, companies have the mission of bringing profits to society at large.

Usami: The merchants of Ohmi's idea of returning profit to society is deeply rooted in their practice of "evenly splitting net profit three ways." Retailers were the customers of merchants of Ohmi, which were effectively wholesalers, and people living in the region, who bought this merchandise, were the customers of these retailers. If the people did not have stable lifestyles, the merchants would not be able to conduct trade for long, and this is why the merchants of Ohmi were keen to make sure people in their target region could carry out their lives without disruption. It is noteworthy that the merchants naturally adopted the concept of "*intoku zenji*," or constantly making improvements without outwardly telling other people. Not only providing aid to people after natural disasters struck, the merchants also helped the impoverished in regional communities, by employing people in the construction of non-essential storehouses and residences. Such "helpful" construction was one example of how the merchants gave back to the world ("good for society"). Rooted in the Friedman-style concept of free market capitalism, businesses in Europe and the United States sought to maximize profits as the ultimate good. In contrast, the merchants of Ohmi, which valued collective harmony preconditioned on mutual aid, had clearly different views on profits. Their idea that employees were joint partners also tends to be dismissed from the viewpoint of free market capitalism. I believe it is important to nurture ideal values depending on historical and cultural perspectives.

Kobayashi: ITOCHU's current approach to business, sharing its value between the Company, employees, shareholders and other providers of capital, suppliers, and society aligns with the idea of "evenly splitting net profit three ways." For example, ITOCHU's Stock Compensation Scheme is designed with the intention of improving the awareness of employees' participation in management.

Usami: The merchants of Ohmi dealt with the society, a collective entity of specific minorities connected together

by relationships. Modern corporations deal with society, a collection of an unknown number of independent individuals. The scope of profit distribution has spread to areas where there are no direct transactions. If profits are distributed to broader society, pursuing more profits in itself is not a negative thing. When pursuing profits, however, it must not be forgotten that profits should not be pursued just for the sake of profits. In other words, it is essential that corporations engage in "trading in good faith." Among the merchants of Ohmi, the phrase "regretting after the sale is the essence as the merchants" was conveyed. They believed that even if a selling price were regrettably low, intentionally selling at this price to a willing buyer would gain the trust of the customer and lead to more profits over the long run. Chubei Itoh I encouraged cash transactions, in which buyers (retailers) purchase merchandise within their own financial capacity, without putting them at a disadvantage, such as by loading them with unnecessary inventories. I believe this is one example of "trading in good faith" with due consideration given to the customer. By gaining the trust of customers and forming relationships based on this trust, profits can increase in perpetuity. By distributing these profits to the world, the concept of "evenly splitting net profit three ways" is an idea similar to SDGs in modern society, in my opinion.

Kobayashi: The word "trust" in Professor Usami's comments is a key word that the merchants of Ohmi have in common with ITOCHU today. The linen trading that Chubei Itoh I began with his carrying pole entailed showing samples of merchandise to customers, taking orders, and then receiving payment after the merchandise is delivered from the site of production. If trust is lost at a single point along these series of transactions, the trading could not continue over the long term. Although times have changed, ITOCHU strives to achieve its targets every period through commitment-based management. It is based on the idea that building the trust of all stakeholders every period, including shareholders, is essential to gaining trust in ITOCHU's medium- to long-term vision and the management based on it. This is a common thread that extends back to the merchants in their heyday.

Usami: The merchants of Ohmi had the expression "trading is like the drooling saliva of a cow." This expression means that continuing to trade over several generations is better than making a fortune for only one generation. Lists ranking of the merchants of Ohmi still exist today, and the highest-ranked merchants are the well-known families that managed to trade over the most generations. Even if a fortune created a prosperous merchant family for one generation, it was not recognized if they could not continue business. Regardless of changes in trading methods, merchandise handled, and the social fabric, the merchant families that passed down a

