



Steadfast Non-Financial Initiatives

It has become widely accepted over time that a business focused only upon making money for itself is not sustainable over the long term.

From the Meiji to the Taisho eras, there once was a general trading company called “Suzuki Shoten” that rose to the No. 1 position in Japan. Its rapid rise is often attributed to its monopoly made possible by buying up steel, ships, rice, wheat, and other products that earned them huge profits. However, huge risks inherent with amassing such products emerged in the postwar recession and led to their collapse. Turning to more modern times with inflation creating various problems for global economies, soaring market prices for resources and other products has generated huge profits for some upstream companies. But at the same time, inflation also imposes burdens on downstream companies, consumers, and society as a whole. This is not at all in line with “*Sampo-yoshi*,” which is our corporate mission, and also raises doubts about the sustainability of our businesses.

We will work not just with a simple goal of expanding profits, but rather to steadily advance to new stages of growth and further evolve our corporate culture rooted in “*Sampo-yoshi*,” which is the source of our sustainable corporate value creation. To this end, we are further enhancing our non-financial initiatives, with human resource strategies at the core of our efforts. In recent years, there has been an increasing interest in human capital management. ITOCHU's corporate culture has long valued employees and, since early in its history, our Company has a tradition of viewing people as capital, and as a source of value creation. More recently, we have spearheaded efforts to improve our work environment and implemented programs that provide employees more flexibility in their work, starting with the “Morning-Focused Working System.” As a result, our Company's work-style reforms have been lauded both in Japan and abroad. This evolution of our corporate culture has enabled us to achieve the No. 1 position in company rankings among jobseekers for both general trading companies and for companies in all industries. It also generates a virtuous cycle that allows us to hire outstanding personnel and enhances our human capital. Our Company's human resource strategies are not designed to merely keep up with market trends, nor to mindlessly implement commonly used systems. Instead, we fully consider the effectiveness of our

human resource measures and implement them with care. (▶ Page 36 CAO Dialogue)

The suite of our work-style reforms also aims to sustainably enhance labor productivity and the advancement of women based on a similar line of thought. ITOCHU once set a target to hire women for 30% of its career-track employee positions, but numbers alone will not necessarily lead to good results. Because we did not sufficiently optimize job suitability for individual employees and upgrade systems in each organization, many of these women unfortunately resigned. Learning from this lesson, we prioritized upgrading our work environment and making improvements in work-life balance by establishing an in-house daycare center to provide childcare services to employees and the Morning-Focused Working System. Consequently, the birthrate of ITOCHU's female employees is now significantly higher than the rate for Tokyo and Japan as a whole. Even after sufficiently upgrading our work environment through these methods, we further stepped up our efforts and established the Women's Advancement Committee. Throughout this process, former Outside Director Atsuko Muraki, who has a wealth of expertise in promoting the advancement of women, truly gave her all to these efforts. But she has now passed the baton onto Outside Director Makiko Nakamori to further this pursuit. Although Ms. Muraki, who kindly served for an extended period of time, has now resigned as Outside Director, she will continue to grace us with her wisdom as a member of the Advisory Board. (▶ Page 30 Special Feature 1: Human Resource Strategy to Enhance Corporate Value)

In addition, matters related to corporate officers are considered to have real significance and have also been assigned high priority by our management team. For example, our CAO and CFO reached the internal obligatory retirement age in June 2023. However, we have determined through consultations with the Nomination Committee that these individuals are essential to our Company's management and would be difficult to replace, particularly given the current uncertainties in the external environment. This led to our decision to have them stay on for one more year.

Given my desire to get more people to become familiar with general trading companies like ours, ITOCHU is bolstering its corporate advertising program. The Company's

non-financial initiatives have garnered high accolades, including receiving the highest rankings in the ESG indices selected by the Government Pension Investment Fund (GPIF) and the ESG evaluation index from S&P, etc. Furthermore, our annual report swept the top spots of all the major evaluation institutions. These various efforts to steadily fortify our corporate branding will help strengthen the trust placed in us by society and the engagement of

our employees. Our strengthened branding program will also serve as a driving force to sustainably enhance corporate value. Accordingly, not only do our business divisions pursue numbers, but each administrative division also establishes targets that can be quantified in external evaluations. These efforts are monitored in management meetings. Consequently, we also endeavor to elevate our administrative divisions in a well-balanced manner.

Invigorating Our Entire Industry

ITOCHU's top management owns shares in our Company, and the percentage of membership in the Employee Shareholding Association is nearly 100%. We consider this to be a natural means of aligning the interests of all our employees with our shareholders. Accordingly, we highly value dialogue with shareholders and investors, and reflect their valuable opinions in management policies and measures while keeping an eye on our share price performance. We consider this to be a market-oriented perspective from the viewpoint of the stock market.

Regarding our shares in FYE 2023, we were able to announce both an upward revision to our earnings along with measures to expand shareholder returns in October 2022, based upon our dialogue with the market. Since then, our share price has reached record-high levels three times. Furthermore, we have announced our FYE 2024 initial plan and shareholder returns policy, and with June's additional investment from Berkshire Hathaway Inc. in five general trading companies, our share price continues to set new record highs. The low point in our share price

reached in 1999, when it temporarily slipped below ¥200, feels like a totally different world.

We have continued to increase dividends from ¥15 per share in FYE 2010 to ¥160 in FYE 2024. And when I hear words of gratitude from our shareholders, it brings me great joy as CEO of the Company. Going forward, we will announce details of our shareholder returns policy from FYE 2025 onward and we intend to hold thorough discussions internally to ensure that we continue to meet the expectations of the stock market. (▶ Page 54 CFO Interview)

I have often said that compared with profit levels, the share prices of general trading companies are very low. I am grateful that the share prices of general trading companies, not just ITOCHU, are all currently rising. And I hope that we can invigorate the entire industry so that each company engages in healthy competition to become better without growing overconfident, given the current attention being garnered by our industry.

Striving to Become “the Best Company in Japan”

On April 3, 2023, the first-floor lobby of our headquarters was the venue of young people walking one by one down a red carpet surrounded by cherry blossoms in full bloom. This was a special welcome ceremony to commemorate recent graduates becoming employees of ITOCHU, and it was designed to make their first day at our Company unforgettable, as so many of them had been deprived of a normal student life because of the COVID-19 pandemic. Every year, we carefully plan this ceremony with small improvements, and even through these efforts, we would like to show our Company's evolution. This year, we set the scene by acquiring 700 Yoshino flowering cherry boughs from farmers in regions that were affected by the



Welcome ceremony viewed by families online

Great East Japan Earthquake. A trio of piano, violin, and cello added even more flair to this special event by showering the lobby and participants with their beautiful music. Furthermore, we made sure that the families of the new recruits were able to view this celebratory occasion online because of my constant desire to make parents of employees proud that their children joined ITOCHU. And just like the young cherry buds on the verge of becoming flowers in full bloom served as a symbol reflecting the youth of the new graduate hires, I anxiously look forward to the day these many young and aspirational recruits gain experience and turn into full-fledged employees who will contribute to our Company's businesses and promote our competitive advantages in the near future.

In spring 2017, I vowed in front of the grave of an employee who died of cancer that I would guide ITOCHU to become the best company in Japan. While I believe we still have some way to go, I feel confident that we are making good progress to realizing this vow. Going forward, I will continue to move full steam ahead with the aim of further elevating our growth stage. So it is my hope that all of you look forward to the further growth and evolution to come for ITOCHU.