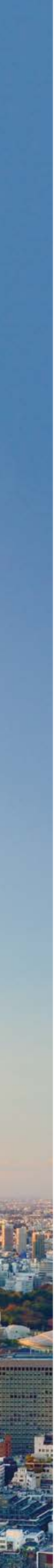


A 160-Year History of Rising above Adversity

During Japan's period of rapid economic growth, the country's economic structure shifted toward smokestack industries. Keeping pace with this change, ITOCHU expanded its non-textile business, adopting a policy of "diversification" in the 1960s. After that point, we continued to flexibly channel management resources into growth domains in keeping with the times. By nimbly promoting business investments both upstream and downstream across the value chain, we adopted a flexible business structure. The three major transformations to overcome headwinds we faced several times are the foundations of our current, highly sustainable business model.

ITOCHU's Major Milestones	Expanded Fields of Business, Adapting Flexibly to the Changing Times
2010s– **Shift to Aggressive Stance and Strengthen our Financial Foundation** Ahead of other trading companies, we pioneered a shift into the non-resource sector. We commenced a strategic business alliance and capital participation with the CITIC Group and the CP Group and acquired Dole business and METSA FIBRE. We also strengthened our financial position further and promoted cash flow management.	**End of the Commodities Super Cycle, Economic Recession due to the Global Financial Crisis, and Ensuing Global Economic Recovery** • Abenomics (2012–)  **2010s–** Focus on the non-resource sector
2000s **Disposal of Negative Legacy Assets and the Commodities Super Cycle** We took decisive action to dispose of inefficient and unprofitable assets. Simultaneously, to adopt more sophisticated risk management we introduced a quantitative risk management method. Our financial position improved, and earnings from the resource business expanded as we entered the commodities super cycle period.	**Emerging Market Boom, Commodities Super Cycle, and a Flagging Economy** • China's participation in the World Trade Organization (2001) • Global financial crisis (2007–2008)  **2000s–** Selection and concentration
1990s **Set the Steppingstones for the Current Business** We introduced management reform measures to sweep away unprofitable legacy assets from the bubble era. At the same time, we set in place the steppingstones for the future by acquiring shares in FamilyMart Co., Ltd. in 1998. In 1999, ITOCHU TECHNO-SCIENCE Corporation (currently, ITOCHU Techno-Solutions Corporation) was listed on the Tokyo Stock Exchange.	**Bursting of Japan's Economic Bubble, the Heisei Recession, and a Revolution in Information and Communications** • Asian financial crisis (1997)
1980s **Aggressive Promotion of Telecommunications Business** As yen appreciation became a fixture of the economy, we promoted internationalization and globalization. We moved aggressively into the information and communications technology fields and entered the satellite business.	**Bubble Economy (Shift in the Industrial Structure toward Services and Software)** • Plaza Accord (1985)  **1980s–** Expansion of information and communications technology fields
1970s **Move into Resource Development and Space Development** As one aspect of our policy of aggressive expansion into such areas as space development, ocean development, and overseas resource development, we returned to the Chinese market prior to the normalization of diplomatic relations between Japan and China. In 1977, we expanded the iron and steel business through a merger with Ataka & Co., Ltd.	**Period of Stable Economic Growth (Conservation of Energy and Resources)** • Oil crises (1973 and 1979) • Normalization of diplomatic relations between Japan and China (1972)  **1970s–** Resource development
1950s–1960s **Internationalization and Diversification** We pursued a path of diversification, and as a result non-textile areas accounted for around 60% of trading volume (1958). In the 1960s, we expanded our business to include energy, machinery, general merchandise projects, and the iron and steel business, becoming a "¥1 trillion trading company."	**Japan's Period of Rapid Economic Growth (Shift toward Heavy Industry, Era of Mass Consumption)**  **1950s–** "Diversified" operations to include automobiles, oil, and food
1858 **Founded** Chubei Itoh commenced linen trading operations via Osaka in Senshu and Kishu.	 **Founding–** Focused on textiles

FYE 2012–

TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL 03 ➡ P.24

"Shift to Aggressive Strategy, ***Brand-new Deal***"

Brand-new Deal 2017 (FYE 2016–2018)

—Set strategic steppingstones to the Chinese and other Asian markets

Brand-new Deal 2014 (FYE 2014–2015)

—Enhance earning power by overweighting investments in the non-resource sector

Brand-new Deal 2012 (FYE 2012–2013)

—Establish an infrastructure to show "individual capabilities"

Drivers of Corporate Value Creation
Creating Added Value

Drivers of Corporate Value Creation
Asset Strategies

FYE 1998–2011

TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL 02 ➡ P.23

Eliminating Underperforming Assets and Adopting More Sophisticated Risk Management

Drivers of Corporate Value Creation
Asset Strategies

Founding–Today

TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL 01 ➡ P.22

Creating Added Value

Drivers of Corporate Value Creation
Creating Added Value

TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL

01

Creating Added Value

(Founding–Today)

Foundation of Our Business Model

Creating Added Value

- Upgrading trade business
- Promoting business management
- Generating synergies among businesses

Continuing to Enhance Our Presence

In the 1960s, we added selling functions to accommodate large manufacturers of steel and chemicals, overcoming the notion that trading companies were a declining force. In the 1980s, a period of hardship for trading companies, we invested in overseas business in resources and other areas and expanded third-country transactions. When Japan's economic bubble burst in the 1990s and countered the emerging perception that trading companies are unnecessary, we pursued further globalization and the retail business. In these ways, we have surmounted various threats arising from changes in the industrial structure by creating added value.

Upgrading Trade Business

Brand Business

Amid the hollowing out of the textiles industry in the 1970s and 1980s, we moved into the high-value-added brand business. Thereafter, we countered the risk of expiring contracts by extending and stabilizing our commercial rights through the direct acquisition of companies that possessed their own brands. By adding value to the business model and trading, we became the only large trading company to continue protecting our founding legacy in the area of textiles.

Generating Synergies among Businesses

Providing Added Value across Divisions

Since acquiring Dole business in April 2013, we have worked throughout the Group to enhance corporate value. A key issue of post-acquisition was to recover production volume. We achieved this goal through hands-on management, dispatching managers and on-site employees. We also leveraged the Group's financial system and switched procurement of materials to the Metals & Minerals Company and the General Products & Realty Company. By taking advantage of the ITOCHU Group's management resources, we succeeded in augmenting our cost competitiveness.

Promoting Business Management

Strengthening Our Competitive Advantage through the Fusion of Management Resources

We sought to make investees more competitive by providing management know-how and spearheading mergers and alliances between operating companies. For example, at the General Products & Realty Company, we consolidated retail and wholesale operations of our UK tire business (Kwik-Fit and Stapleton's). We also boosted profitability by balancing the allocation of management resources between softwood pulp (METSA FIBRE) and hardwood pulp (CENIBRA). In recent years, we have integrated our management know-how in the North American construction materials business with the management control techniques of MASTER-HALCO, an operating company that produces and sells fencing. As a result, we have positioned ourselves as a leader in the US wholesale fencing industry, substantially improving profitability. In addition to generating synergies with Alta Forest Products, a leading North American wooden fence manufacturer we acquired in FYE 2018, we are reinforcing our North American fencing business and augmenting its management sophistication.

Integration of Management Resources

ITOCHU

Aims in Acquiring Alta Forest Products

- To expand sales of Alta's products by leveraging MASTER-HALCO's wholesaling network
- To increase sales of ITOCHU and MASTER-HALCO products by taking advantage of Alta's brand name and retail sales network

Provision of management know-how

Alta Forest Products
A leading company in the North American wooden fence production industry, the company manufactures high-end wooden fencing at four production facilities in the United States

MASTER-HALCO
A leading wholesaler of fencing in the United States, with five wire mesh production facilities and 53 sales locations in North America

TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL

02

Eliminating Underperforming Assets and Adopting More Sophisticated Risk Management

(FYE 1998–2011)

Foundation of Our Business Model

Asset Strategies

Risk management
Pursuing asset efficiency

Sophisticated Management Skilled in Responding to Crisis

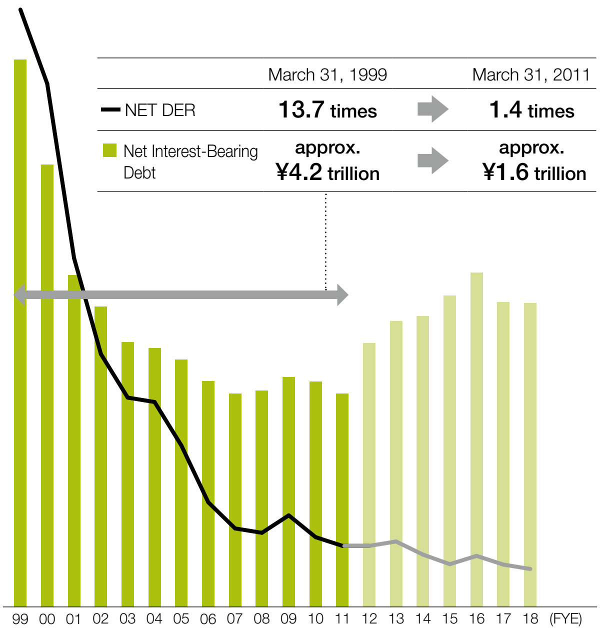
Burdened by large amounts of interest-bearing debt and inefficient assets, radical management reforms had become a matter of urgency for ITOCHU. In FYE 2000, we embarked on management reform measures to strengthen our financial position and adopt more sophisticated risk management. These efforts were the origin of our current asset strategies, which formed the foundation for our aggressive strategy from FYE 2012.

Sweeping Away a Negative Legacy Assets and Strengthening our Financial Position

Between FYE 1998 and FYE 2011, we radically processed inefficient and unprofitable assets, sweeping away our "negative legacy" from the years of Japan's economic bubble. During this period, we also reduced interest-bearing debt, which had ballooned to more than ¥4 trillion. As a result of these unremitting efforts, we lowered NET DER from 13.7 times as of March 31, 1999 to 1.4 times as of March 31, 2011, improving our financial position dramatically.

Strengthening Our Financial Position from FYE 1999 to 2011

	March 31, 1999		March 31, 2011
NET DER	13.7 times	→	1.4 times
Net Interest-Bearing Debt	approx. ¥4.2 trillion	→	approx. ¥1.6 trillion



Management reform measures (processed loss amount)
- FYE 1998–1999: around ¥200.0 billion in 2 consecutive years
- FYE 2000: ¥303.9 billion

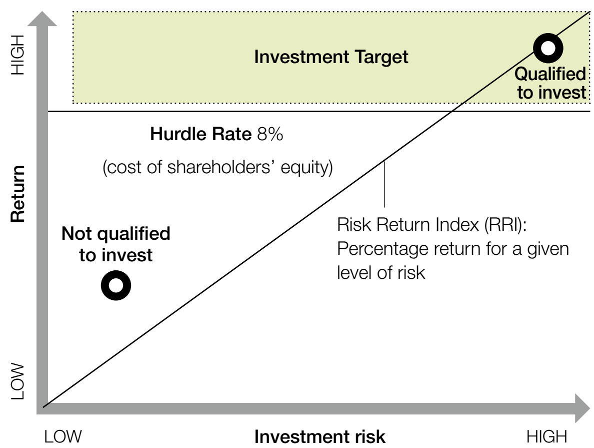
Introduction of Quantitative Risk Management

To efficiently utilize our limited management resources, in FYE 2000 we introduced a new management method called Risk Capital Management (RCM). Based on our "A&P Strategy*," we used a Risk Return Index (RRI) to measure asset efficiency. We exited from inefficient assets, replacing them with highly efficient assets, undertaking proactive initiatives to create a highly profitable business model.

*** Pursuing an "A&P Strategy"**

While strengthening our financial position, we allocated our limited management resources in a focused manner to fields that were attractive (A) to customers and where the Company was powerful (P).

Introducing a Quantitative Risk Management Method



TRANSFORMATION TO BUILD THE FOUNDATION OF OUR BUSINESS MODEL

03

"Shift to Aggressive Strategy, *Brand-new Deal*" (Transformation to Unleash Our Strengths)

(FYE 2012–)

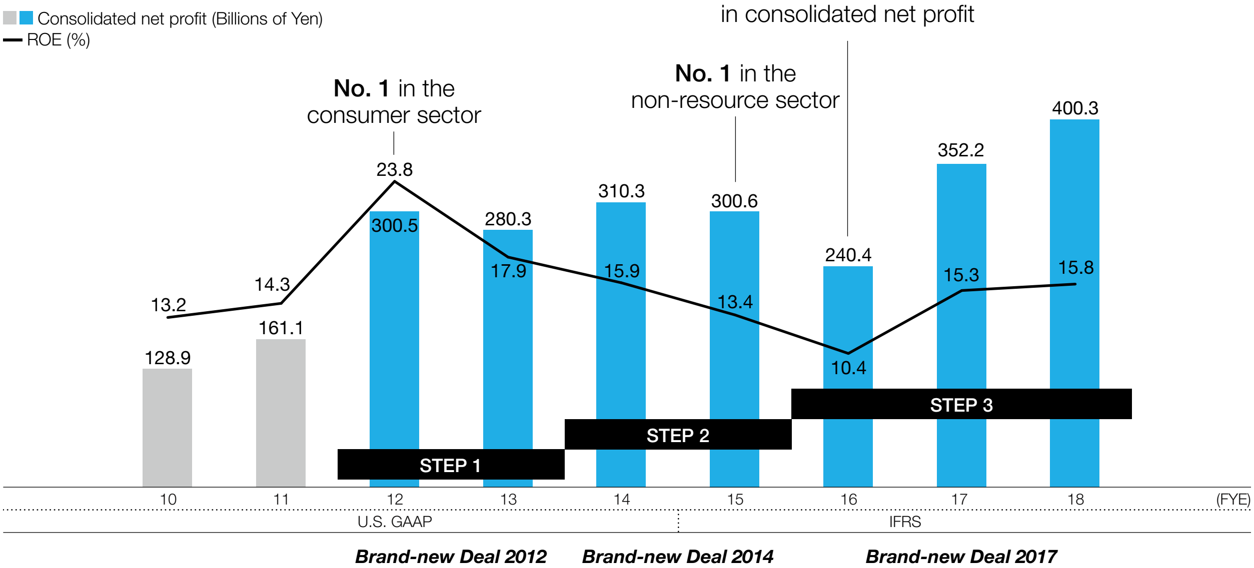
Three Strengths

- Earning power in the non-resource sector
- Individual capabilities
- Experience and track record in China and other parts of Asia

Unleashing Our Strengths and Moving Boldly Ahead

Having improved our financial soundness considerably through 10 years of initiatives, in FYE 2012 we began introducing bold measures and unleashing our strengths under "Brand-new Deal." In FYE 2012, we became the industry leader in the consumer sector, and in FYE 2015 we achieved our goal of being the No. 1 general trading company in the non-resource sector. In FYE 2016, our consolidated net profit became No. 1 among general trading companies.

Three Steps to Unleashing Our Strengths



STEP 1 *Brand-new Deal 2012*

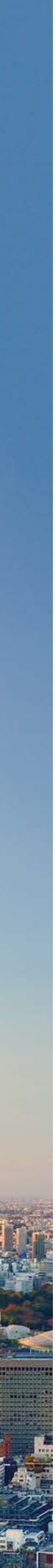
Building a Foundation That Harnesses Individual Capabilities

In addition to reducing the number of internal meetings and materials, we put in place the foundation to unleash the potential of individual capabilities by thoroughly strengthening front-line capacity. In FYE 2014, we continued to enhance such moves as the morning-focused working system we pioneered. This system has had a major impact on initiatives in the government sector, as well as private companies, entrenching our reputation for having the industry's highest level of labor productivity.

ROOTS: 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.



STEP 2 *Brand-new Deal 2014*

Further Strengthening Our Earning Power in Non-Resource Sector

With a focus on "aiming to be the No. 1 trading company in the non-resource sector" under "Brand-new Deal 2014," we set about reaping the rewards of large-scale investments we had already made and increasing profitability in existing businesses. By revising our "hurdle rate" for investments, we made nearly 80% of investments in non-resource sector, strengthening our presence in this area. We consequently met our goal of becoming the No. 1 general trading company in the non-resource sector and set the groundwork for the stable generation of cash flow we enjoy today.

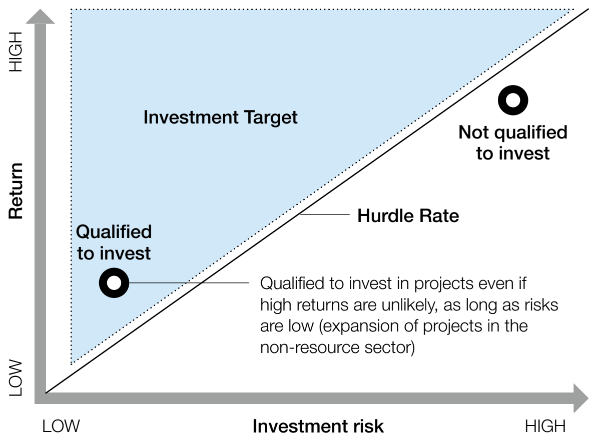
ROOTS: 1893

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.

Allocating of Management Resource in Fields of Strength

Eliminate 8% of Uniform Hurdle Rate, Set Standards for Each Industry



(⇨ Page 46 Business Investment)

STEP 3 *Brand-new Deal 2017*

Set Strategic Steppingstone to the Chinese and Other Asian Markets

Our next step was to concentrate on allocating resources in the Chinese and other Asian markets where we could maximize our strengths. Following our investment in the CP Group, we invested around ¥600.0 billion—the largest amount to date—in CITIC, allowing us to take further advantage of some of the strengths we have cultivated throughout our long history. As a result, we succeeded in unleashing our "three strengths," paving the way for long-term increases in corporate value.

ROOTS: 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, ITOCHU contributed to friendly relations and trade between Japan and China.

中信 CITIC

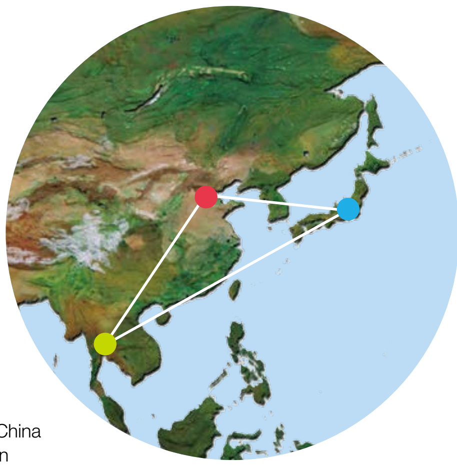
Top-Ranked Companies in a Variety of Industries in China

- Trust Company
- Securities Company
- Alloy Wheel Manufacturer
- Special Steel Producer

C.P. GROUP

The CP Group's Strengths in China

- One of China's largest poultry exporters
- Has established business foundation all over China
- Business initiatives implemented by more than 300 companies
- Has earned the strong trust of the government
- Chia Tai brand has widespread name recognition



ITOCHU

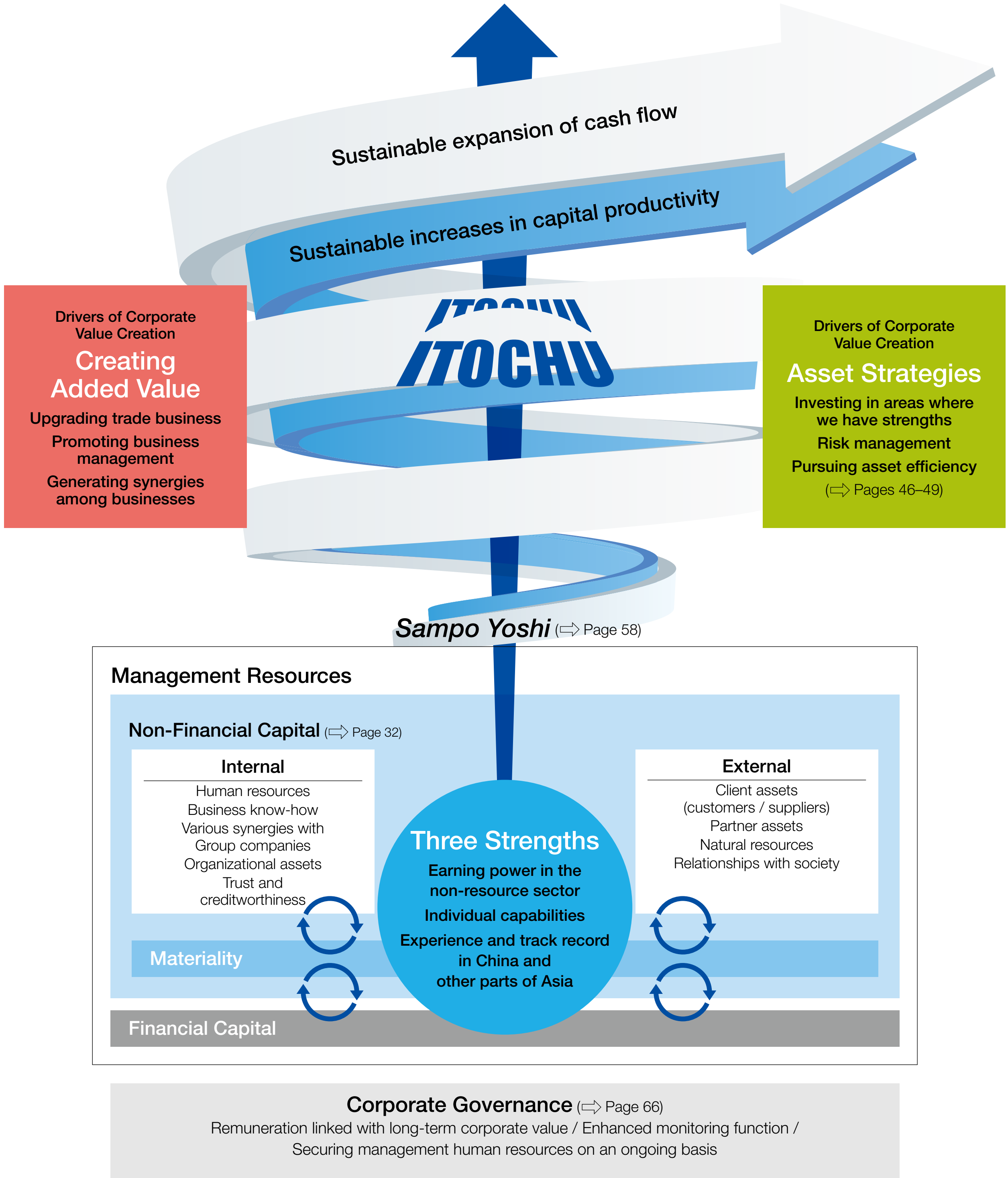
Top-Level Non-Resource Profitability among General Trading Companies

OUR BUSINESS MODEL

A Business Model Enhanced through Transformation

Sustainable Increases in Corporate Value

Social Value × Economic Value



Our Business Model, as Seen through the Corporate Value Formula

Our business model is designed to comply with domestic and international disclosure frameworks and be easy for readers to understand. We have a universal and highly durable business model that applies to all Division Companies and incorporates clear financial logic. The flow charts below show how to read our business model from a financial perspective.

Strength
Earning power in the non-resource sector

×

Creating Added Value
Promoting business management

×

Asset Strategies
Risk management

=

Stabilizing Cash Flow
(⇨ Page 42)

FYE 2018 Results

Operating Cash Flows of

Around ¥400.0 Billion for Five Consecutive Fiscal Years

The ITOCHU Group's operating companies represent an aggregation of relatively small-scale companies centered on the non-resource sector. This arrangement facilitates detailed, hands-on business management and generates stable cash flow that is relatively impervious to changes in the economic cycle and resource prices.

Strength
Individual capabilities

×

Creating Added Value
Generating synergies among businesses

×

Asset Strategies
Pursuing asset efficiency
Risk management

=

High Capital Efficiency
(⇨ Page 42)

FYE 2018 Results

ROE 15.8%

We have achieved high capital efficiency through work-style reforms, which led to high labor productivity, overweighted investment in fields of strength, a continued exit from inefficient investments, and a balanced capital policy.

Strengths
Earning power in the non-resource sector
Experience and track record in China and other parts of Asia

×

Creating Added Value
Generating synergies among businesses
Upgrading trade business

×

Asset Strategies
Investing in areas where we have strengths

=

Future Earnings Growth

2020

Wealthy and upper-middle-income population:

Approx. 500 million

(Approx. 340 million in 2015)

We will leverage the synergies between two of our strengths—our prowess in China and other parts of Asia, which we expect to generate future growth, and our capabilities in the non-resource sector, centered on the consumer-related sector—to generate new added value and aim to expand earnings by forging links across Division Companies.

Source: "White Paper on International Economy and Trade 2013," Ministry of Economy, Trade and Industry

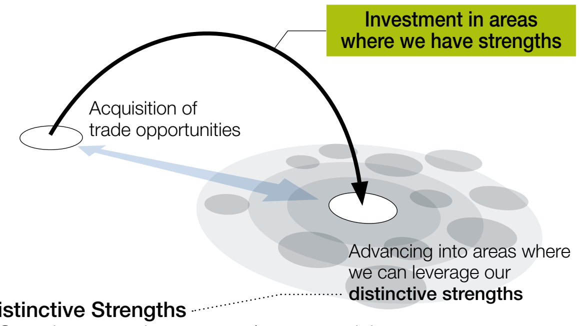
A Business Model Enhanced through Transformation

Our Business Model, as Seen through Business Development

We will take advantage of our distinctive strengths and consecutively expand our areas of operation, as well as promote an expeditious exit from inefficient assets to maintain and improve asset efficiency.

I. Advancing into Areas Where We Can Leverage Our Distinctive Strengths

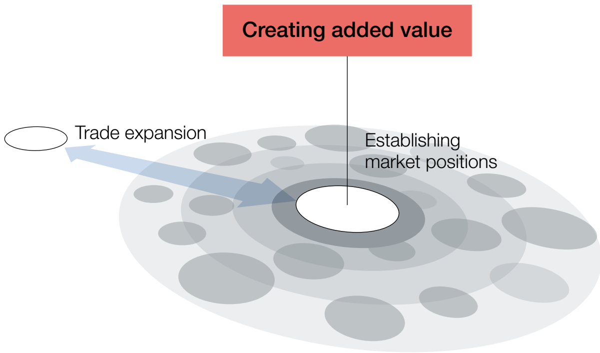
ITOCHU narrows down possible areas to those in which it can generate synergies with existing businesses and control risk on its own, and on that basis the Company advances into new businesses and markets. Accordingly, we select areas in which we can leverage our distinctive strengths. In particular, we focus on whether or not we can secure trade business. Business investment is a key method of entering a new area.



Distinctive Strengths
- Securing natural resources / raw materials
- Linking purchasers with producers
- Providing value added that meets consumer needs
- Providing solutions

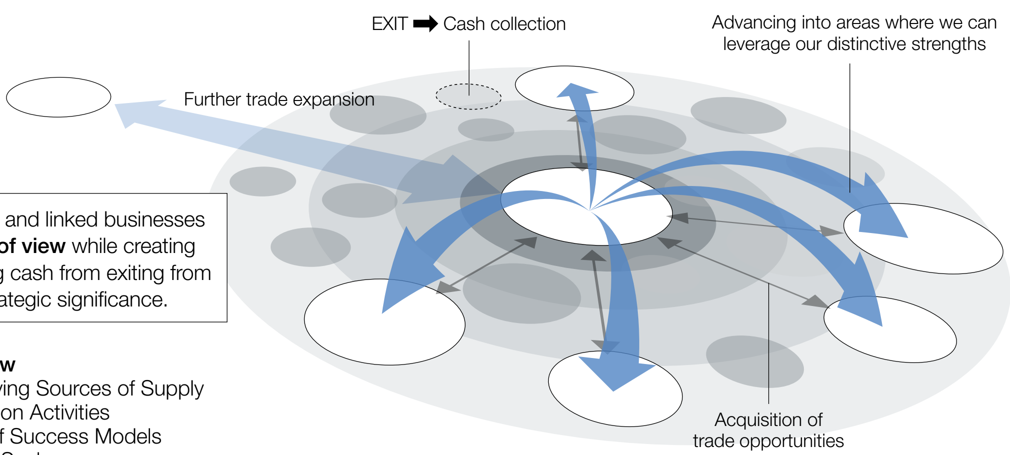
II. Establishing Market Positions

After advancing into a new area, we strive to accumulate business know-how. In addition, by applying the distinctive management resources of a general trading company, we take steps to increase the corporate value of the companies that we have invested in to establish a market position. At the same time, we are continually considering initiatives targeting the next business or market.



III. Multifaceted, Linked Business Development, and Flexible Exits

Starting from the areas in which we have established a presence, we leverage the business know-how that we have accumulated and the market positions that we have established. As we create new added value, we create new businesses in a multifaceted, linked manner with a view to further increasing earnings, mainly from the five perspectives outlined below. In addition, from the viewpoint of asset efficiency, we recover funds by exiting from assets that have lost strategic significance. We use the cash generated from exits to reinvest in new strategic fields to create new businesses.



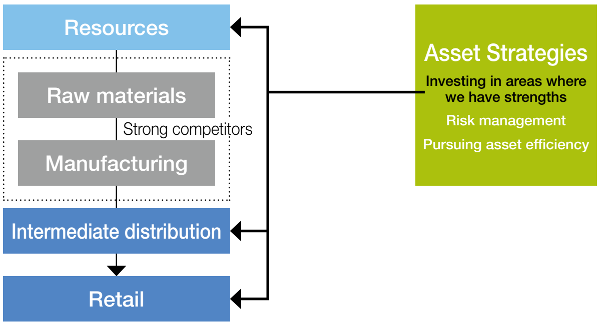
Developing multifaceted and linked businesses from **five major points of view** while creating added value. Generating cash from exiting from assets that have lost strategic significance.

Five Major Points of View
- Expanding and Diversifying Sources of Supply
- Participating in Production Activities
- Expanding the Range of Success Models
- Pursuing Economies of Scale
- Obtaining Contact with Consumers

Our Business Model, as Seen in the Value Chain

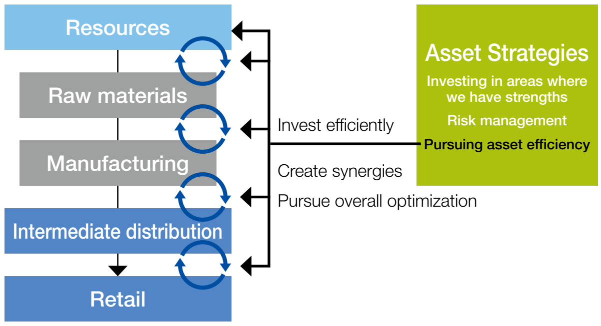
Across the industry value chain, or "longitudinally," we seek to expand business opportunities while curtailing risks in business domains where we can make the most of functions in which we excel.

Avoid Competition with Strong Competitors



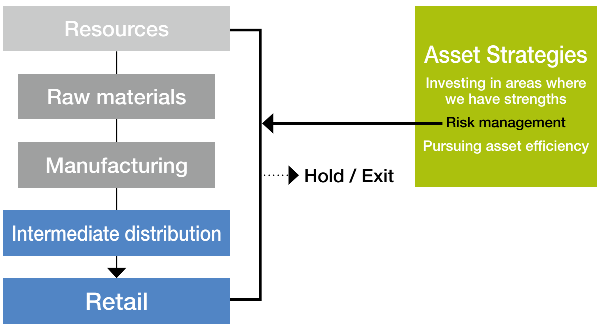
We move only into areas where we have strengths in various industry value chains, concentrating our investment of management resources. Rather than moving into domains in which strong competitors exist, we devote ourselves to the supplier and distribution side of the businesses.

Pursue Asset Efficiency



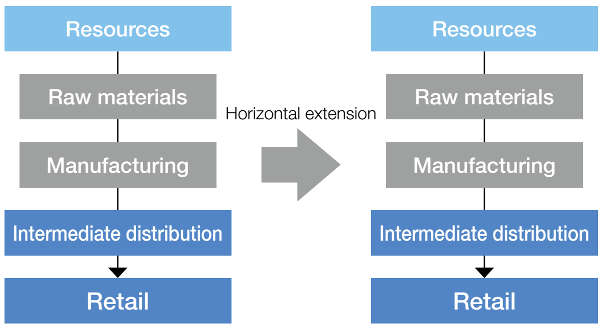
We aim to maximize asset efficiency by minimizing our investment of management resources and pursuing overall optimization that makes the most of functions that are of use to investees.

Maintain or Improve Investment Efficiency through Risk Management



We monitor asset efficiency stringently and on an ongoing basis, exiting from assets that fall below our criteria. We also control the loss by setting exit conditions at the time of making an investment (⇨Page 47 Business Investment Process).

Horizontal Extension of Success Models



We reduce the cost and risk of moving into new areas through horizontal extension of successful business models into other industries and markets, customizing our approach to match industry and market characteristics.

How ITOCHU Differs from a General Private Equity Fund

As we consider business investment one of our major options, our business model is often compared to that of a private equity fund. There are certain similarities, such as the desire to contribute proactively to management and maximize the corporate value of investees. We view as different, however, the facts that we are also aiming to increase our own corporate value, we focus on generating synergy with existing businesses, and we enjoy returns (cash) centered on trading profits and dividends.

	Investee liquidity	Investee ownership ratio	Investee ownership period	Business synergies	Returns (cash)
General private equity fund	In principle, unlisted	In principle, majority stake to 100%	Buy and hold having an exit strategy	In principle, none	Capital gains and dividends
ITOCHU	Either listed or unlisted	Decided individually, based on business conditions and market environment	Buy and hold	Create synergies with existing businesses	In principle, trading profit and dividends

A Business Model Enhanced through Transformation

Our Business Model, as Seen through a Functional Example

Expanding Vertical and Horizontal Synergies in the Convenience Store Business (FamilyMart)

The convenience store business is a good example of the Strategic Integrated System (SIS) strategy, which entails constructing and reinforcing a value chain spanning upstream and downstream areas to maximize earnings. In addition to constructing and strengthening the food value chain (vertically), we have branched out from supplying items necessary to daily lives to provide financial services and an array of other services. By building systems and providing construction materials, we aim to provide a broad range of operational support, creating business synergies that go beyond Division Company boundaries.

Food Product and Peripheral Business Initiative Examples

Coordinating food value chains to ensure the optimal form for all processes that take place before items arrive at store shelves, including formulation of raw material procurement schemes, product development, manufacturing, processing, and procurement of containers and packaging materials.

Packages for ready-to-eat products, etc.	Rice ball wrapping films	■ ITOCHU PLASTICS
	Boxed lunch containers, etc.	

Raw materials — Product planning — Manufacturing / processing — Sales agents

	Raw materials	Product planning / Manufacturing, Processing / Sales agents
Ready-to-eat products (rice balls, boxed lunches)	■ Japan Food Supply (NIPPON ACCESS Group) ■ ITOCHU Food Sales and Marketing ■ ITOCHU FEED MILLS, etc.	◆ Ready-to-eat producers
Fried chicken (*FAMICHIKI*)	◆ Chicken suppliers	▲ Meat Products Department
Fried chicken (*Spicy Chicken*, *Chicken Steak*)	◆ CP Group	▲ Meat Products Department
Counter coffee (*FAMIMA CAFÉ*)	■ UNEX (GUATEMALA), etc.	▲ Sugar, Confectionery Materials, Coffee & Dairy Products Department ▲ Food Products Marketing & Distribution Department
RIZAP collaboration products	■ Japan Food Supply ■ ITOCHU Food Sales and Marketing, etc.	▲ Food Products Marketing & Retail Department
Eggs	■ I-hiyoko (ITOCHU FEED MILLS Group)	■ ITS Farm (ITOCHU FEED MILLS Group)

Non-Food Product Initiative Examples

Providing the daily items that support lifestyle and the supplies needed for everyday store operation.

Daily items	New Year's cards	■ ITOCHU PULP & PAPER
	FamilyMart collection daily items (detergent, plastic bags, cleaning sheets, etc.) and umbrellas	■ ITOCHU Retail Link ■ Sanipak Company Of Japan
Supplies (Store items supporting operation, etc.)	Chopsticks, individual-use hand towels, take-out item containers (coffee cups, etc.) Plastic bags, cleaning supplies	■ ITOCHU Retail Link
	Uniforms	▲ Textile Company

■ Subsidiaries ● Associated companies ▲ ITOCHU ◆ Business partners

Service Initiative Examples

Supplying customers with a wide range of services closely related to their daily lives, including financial services and ticket sales through multimedia terminals.

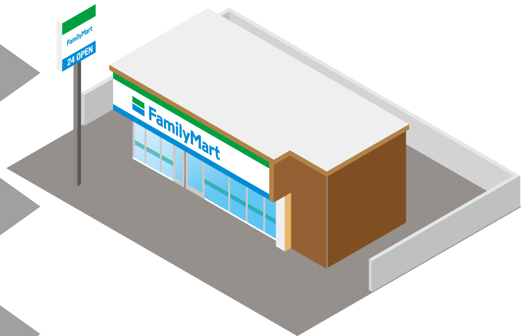
Financial / insurance services	Famima T Cards	● POCKET CARD
	Motorbike liability insurance	▲ ICT & Financial Business Company
Other services	POSA cards	■ CONEXIO
	Famiport coupons	▲ ICT & Financial Business Company
	Receiving agency and in-store pick-up services	● UFI FUTECH

Cards issued by POCKET CARD
The collected data is used to facilitate effective marketing and product development, in addition to contributing to customer loyalty.

Intermediate Distribution Example

The ITOCHU Group also plays a role in distribution to individual stores.

Wholesales / Logistics	■ NIPPON ACCESS Provision of the majority of logistics services for food and non-food products for FamilyMart stores (550 distribution locations (FYE 2018))
Delivery	● NIPPON CAR SOLUTIONS (Tokyo Century Group)



NIPPON ACCESS, supporting an industry-leading store network

Operational Support Initiative Examples

Providing multifaceted support for the efficient operation of FamilyMart's nationwide network of approximately 17,000 stores, going beyond product sales, services, and store operation to assist in background areas.

System development	■ ITOCHU Techno-Solutions Support of operational efficiency through development of operational management systems
Electricity supply	▲ Energy Division / ■ ITOCHU Plantech By supporting efficient procurement and offering a high-voltage receiving service, we will help stores reduce their electricity costs.
Construction materials	■ ITOCHU Kenzai
3Rs+W services* * Reduce, reuse, recycle, and waste management	■ ITOCHU Metals Development of a nationwide network of partners to provide store fixture maintenance, reuse, recycle, and waste disposal services
Contact centers	● BELLSYSTEM24 Holdings

Targets for the Expansion of Peripheral Businesses

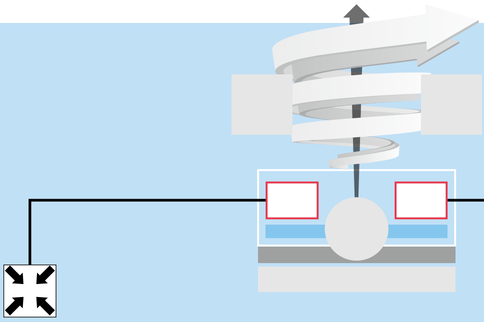
- Services leveraging Fintech
- More sophisticated marketing
- Optimization of production, storage, and distribution
- Improved efficiency of store management
- Expansion into other parts of Asia

(⇨ Page 53)

Maintaining and Enhancing Non-Financial Capital

ITOCHU has enhanced corporate value by vertically and horizontally leveraging various types of non-financial capital that are not clearly evident in financial information. We believe that maintaining and further upgrading this non-financial capital is an important way to sustainably increase corporate value.

Strong Non-Financial Capital



Internal Management Resources

Human Resources
It is human resources that are the driving force behind the functioning of ITOCHU's business models. We are working to develop industry professionals who have high levels of expertise in specific areas. In addition, we are working consistently to strengthen human resource productivity through work-style reforms.

Business Know-How
ITOCHU is developing businesses in a broad array of industries spanned by its seven Division Companies, and has accumulated a wide range of business know-how. This know-how is an indispensable intangible asset in creating new businesses and in advancing into new business fields.

Various Synergies with Group Companies
The ITOCHU Group comprises 206 subsidiaries and 94 affiliated companies (as of March 31, 2018). The combination of their functions with those of ITOCHU expands the potential scope for added value creation.

Organizational Assets
In addition to rapid decision-making systems, ITOCHU also has functional organizations that possess high levels of expertise in such fields as legal affairs, risk management, accounting, taxation, finance, and more. These organizations provide strong backup for ITOCHU's ability to earn profit from a front-line perspective.

Trust and Creditworthiness
The trust and creditworthiness we have cultivated as a general trading company underpin our earning power throughout the value chain, including customers and investees.

External Management Resources

Client Assets (Customers / Suppliers)
Maintaining relationships with customers and suppliers is indispensable in securing continued trade opportunities. In addition, ITOCHU can control risk in investments precisely because it can draw on these client assets.

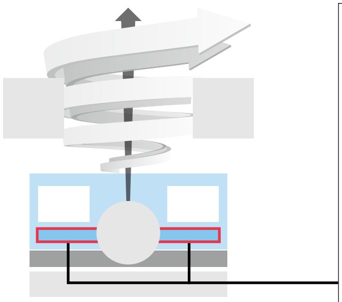
Partner Assets
From the viewpoints of rapidly advancing into new business areas and increasing the probability of business success, ITOCHU emphasizes win–win relationships with partners. Over many years, ITOCHU has built excellent relationships with many leading companies.

Natural Resources
In order to maintain and enhance our strengths in the non-resource sector, the ability to steadily procure limited natural resources, particularly forestry resources, impacts our business sustainability.

Relationships with Society
As we expand our businesses around the world, maintaining and developing relationships with various countries' governments and local communities has a major impact on the sustainability of our business activities.

Initiatives Based on Materiality for Supporting the Maintenance and Enhancement of Non-Financial Capital

In line with our "*sampo yoshi*" philosophy, we have formulated a new Basic Policy on Promotion of Sustainability and defined material sustainability issues (Materiality) from the standpoint of sustainable business growth. Through initiatives based on this materiality, we sustainably increase corporate value by maintaining and upgrading non-financial capital.
(⇨ Page 64 Sustainability)



- Reinvent businesses through technological innovation
- Address climate change
  (Contribute to realization of low-carbon society)
- Cultivate a motivating workplace environment
- Respect human rights
- Contribute to healthier and more enriched lifestyles
- Ensure stable procurement and supply
- Maintain rigorous governance structures

Relevance of Non-Financial Capital, Materiality, and the SDGs

		Materiality						
		Reinvent businesses through technological innovation	Address climate change	Cultivate a motivating workplace environment	Respect human rights	Contribute to healthier and more enriched lifestyles	Ensure stable procurement and supply	Maintain rigorous governance structures
Non-Financial Capital	Human Resources	■		■				■
	Business Know-How	■	■			■		
	Various Synergies with Group Companies	■				■		
	Organizational Assets			■				■
	Trust and Creditworthiness				■		■	■
	Client Assets (Customers / Suppliers)	■			■	■	■	
	Partner Assets	■	■					
	Natural Resources		■		■		■	
	Relationships with Society		■	■	■			
	Related SDGs	9	7, 13	5, 8, 10	6, 8, 11	3, 9, 12	6, 12, 14, 15	16

■ Indicates particularly high relevance between non-financial capital and materiality.