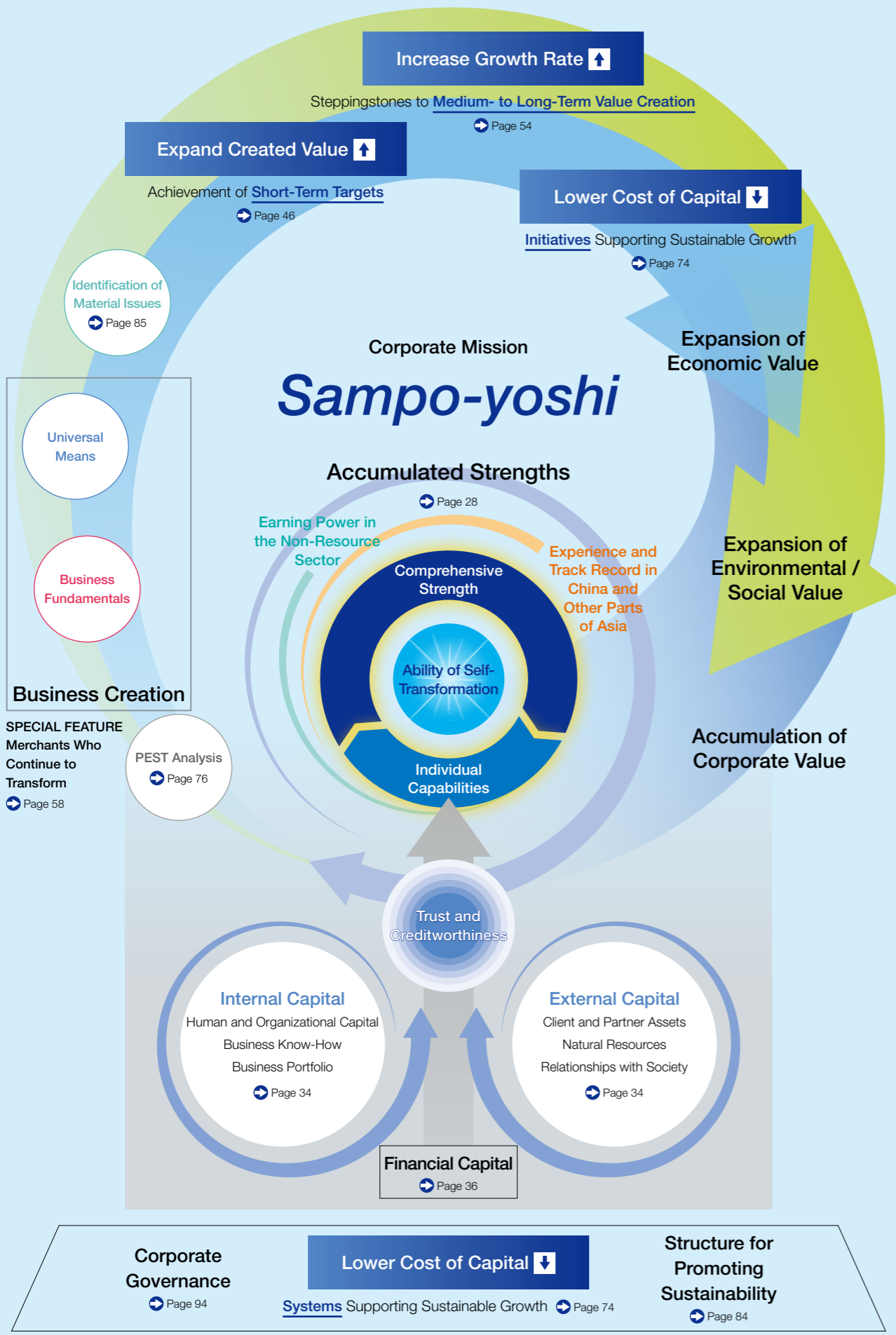
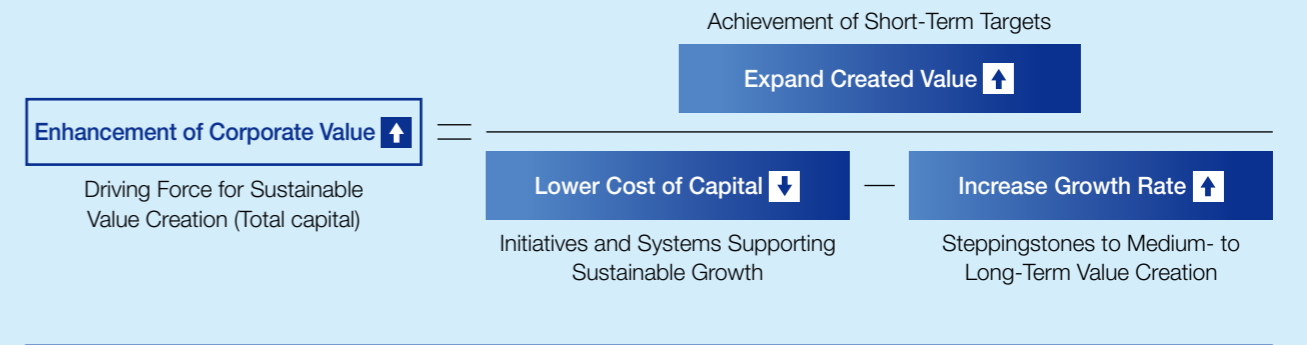


The "Merchant" Business Model



A Value Creation Model Centered on "Sampo-yoshi"

In enhancing corporate value, we must use capital and four strengths to drive the growth of our economic value and environmental / social value. Specifically, we are working to expand created value (Achievement of Short-Term Targets), increase the growth rate (Steppingstones to Medium- to Long-Term Value Creation), and lower the cost of capital (Initiatives and Systems Supporting Sustainable Growth). As a result, we will realize a virtuous cycle as we reinforce capital, and four strengths which are driving forces for sustainable value creation.



<p>Business Fundamentals</p> <p>"Earn, Cut, Prevent"</p> <p>"Earn" Conduct trade aligning with changes in the world and customer needs</p> <p>"Cut" Reduce expenses that are not cost effective, reduce unnecessary meetings and documents, etc.</p> <p>"Prevent" Prevent outflows due to losses on receivables and impairment losses</p>	<p>Identification of Material Issues</p> <p>Material Sustainability Issues</p> <p>Evolve Businesses through Technological Innovation We are creating new value by proactively exploring new technologies as we adapt to changing industry structures by venturing beyond existing business frameworks.</p> <p>Address Climate Change (Contribute to a Decarbonized Society) We are striving to adapt to the impact of climate change on our business activities, while also promoting business activities that contribute to a decarbonized society and seeking to reduce GHG emissions.</p> <p>Develop a Rewarding Work Environment We are developing a work environment where all employees feel proud and motivated, and where they can leverage their diversity to demonstrate their abilities to the fullest.</p> <p>Respect and Consider Human Rights We are promoting respect and consideration for human rights in our business operations and ensuring stability in our business, while also contributing to the development of local communities.</p> <p>Contribute to Healthier and More Affluent Lifestyles We are striving to improve the quality of life for all people and are contributing to the creation of healthier and more affluent lifestyles.</p> <p>Ensure Stable Procurement and Supply We are contributing to the creation of a recycling-oriented society by giving consideration to biodiversity and other environmental issues while undertaking the effective utilization of resources as well as their stable procurement and supply, in line with demand in each country.</p> <p>Maintain Rigorous Governance Structures We are ensuring appropriate and efficient execution of operations through independent, objective, and effective oversight of management by the Board of Directors and increased transparency in decision-making.</p>
<p>Universal Means</p> <p>Creating Added Value / Asset Strategies</p> <p>Creating Added Value By leveraging our unique ability as a general trading company to act as a coordinator, upgrade business management, and create synergies, we continuously create added value from customers' point of views, stabilize commercial rights, expand trade, and increase the overall value of businesses, including investees.</p> <p>Asset Strategies With the strategic importance of business investment increasing, we are emphasizing investment in our areas of strength while building and steadily implementing asset strategies that entail thorough risk management and the pursuit of asset efficiency.</p>	

Minimizing Trade-Offs by Practicing "Sampo-yoshi"

ITOCHU has set the unwavering ideal of "Sampo-yoshi (meaning good for the seller, good for the buyer, and good for society)" as its corporate mission. Even when something would be considered a trade-off, we will not excessively focus on "a single expedient" and will instead evenly pursue "all the priorities" to steadily build up trust, credit, and our track record. We consider short-term and medium- to long-term targets, economic value and environmental / social value, and the positions of all stakeholders as we promote balanced management strategies. We thereby practice "Sampo-yoshi capitalism" and strive to sustainably expand corporate value.



Both Offensive and Defensive

ITOCHU is thoroughly implementing the "earn, cut, prevent" principles as business fundamentals. In addition to strengthening our "earn" power in line with upgrading our existing business and creating new business, we also thoroughly implement the "cut" principle to reduce expenses that are not cost effective, and reduce unnecessary meetings and documents. We also focus on the "prevent" principle, such as quickly accounting for concerns about future loss. Amid an uncertain business environment, we thoroughly pursue "all the priorities" while adapting management's focus in line with the business environment, such as shifting our axis to "cut" and "prevent" principles. In addition, in financial and capital strategies, we are enhancing our profitability and cash-generating power as well as strengthening our financial position while always balancing three factors (shareholder returns, growth investments, and control of interest-bearing debt).

Pursuing "All the Priorities," Not Just Choosing "a Single Expedient"

Both Short-Term and Medium- to Long-Term

In Brand-new Deal 2023, ITOCHU is actively promoting medium- to long-term initiatives that support sustainable growth, such as corporate governance and human resource strategies, in addition to setting out long-term targets related to reducing GHG emissions. To enhance the feasibility of management strategies rooted in a medium- to long-term view, we think it is important to steadily achieve short-term targets each fiscal year. ITOCHU practices commitment-based management and, through the Brand-new Deal strategies, has steadily built a track record of turning words into accomplishments each fiscal year. In this way, we strive to enhance our trust and creditworthiness to stakeholders as we progressively expand corporate value.



Both Economic Value and Environmental / Social Value

ITOCHU, which established "Sampo-yoshi" as its corporate mission, sets its basic stance as working to expand both economic value and environmental / social value through business. Among social issues, we identify ones that require our prioritized and proactive actions as material sustainability issues which we must solve. We then advance to address these issues based on action plans to achieve these goals. General trading companies provide a wide range of products and services. Fully leveraging this unique characteristic, we work to solve social issues in a way that sustainably enhances corporate value by actively promoting environmental businesses while ensuring steady improvement of profitability.



A Positive Cycle of Dialogue and Corporate Value Enhancement

From the perspective of enhancing medium- to long-term corporate value, ITOCHU focuses on dialogue with stakeholders, including investors and shareholders. We reflect the valuable opinions received through business results briefings, general meetings of shareholders, and individual interviews in our management strategies, as well as financial and capital policies. Such feedback helps to enhance corporate value through the practice of commitment-based management. ITOCHU will continue perpetuating this virtuous cycle and strive to achieve active engagement.

Issues Recognized through Dialogue	Specific Examples of ITOCHU's Measures for These Issues	Issues the Company Recognizes It Needs to Address Going Forward
Deliberation and implementation of investment projects that help further strengthen our earnings base	Investments in Hitachi Construction Machinery Co., Ltd. and Nishimatsu Construction Co., Ltd., etc. ➡ Page 70 ➡ Page 121	
Gap between shareholder returns policy, presented when Brand-new Deal 2023 was announced, and market expectations	Announcement of "Brand-new Deal 2023 New Dividend Policy" and execution of share buybacks ➡ Page 36	
Response to country risk amid heightened geopolitical risk	Response to country risk and risks related to Russia- and China-related business in results briefings and annual reports, etc. ➡ Page 79	
Expansion of our disclosure and accumulation of our track record related to climate change, such as GHG emissions reduction results	Achievement of reduction of GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level ahead of schedule ➡ Page 86	Explanation of policies related to Scope3 disclosures
Disclosure of human resource measures that incorporate results of engagement surveys and discussions by the Women's Advancement Committee	Launch of the second stage of work-style reforms and presentation of Sustainability Briefing ➡ Page 80	
Presentation of specific results related to collaboration with FamilyMart and the CITIC and CP Group	Explanation presented in a briefing on operating segments and sections dedicated to FamilyMart's strategies and measures in annual reports, etc. ➡ Page 62	Presentation of specific results of long-term initiatives with the CITIC and CP Group
Explanation of our policy and discussion content related to the succession plans of top management		Explanation of our policy and discussion content related to the succession plans of top management
More detailed explanation of the strategic significance of owning and increasing stakes in listed Group companies		Continual discussion and explanation related to ownership and increase in stake

All Stakeholders

ITOCHU established "Sampo-yoshi capitalism" under Brand-new Deal 2023. We are working in the same direction as all stakeholders and are committed to continue sharing our accomplishments over the long term. We strive to maintain and build win-win relationships with suppliers and partners in our business activities and focus on dialogue with market participants, namely investors and shareholders. Furthermore, ITOCHU is committed to creating a company that is challenging but rewarding to work for. We are striving to foster an environment where every employee can maintain their health, feel satisfaction, and make full use of their individual capabilities. Through continual and constructive engagement with all stakeholders, we assess their expectations and demands for ITOCHU and present solutions one by one to help enhance corporate value.

