



ITOCHU Corporation

Annual Report Briefing

ITOCHU Corporation

December 12, 2022

Brand-new Deal

This is our third annual report briefing.

Our annual report is created under the careful guidance of Chairman & CEO Okafuji and the management team. At regular briefings and disclosures for individual projects, we focus on specialized content and end up providing only fragmentary explanations. In contrast, the annual report conveys a comprehensive and unified story about the Company's overall strategies and direction, specific measures, and how they relate to individual projects in order to communicate the management that ITOCHU aims to achieve. Basically, our preparation of the annual report is rooted in the idea that it is the fairest disclosure tool available for our stakeholders around the world.

Multiple investors have said that attending the annual report briefing enables them to quickly grasp the key points of ITOCHU's management and business. We continue holding these briefings in line with a market-oriented perspective aimed at meeting these kinds of needs.

Today, I will first go over the basic structure of Annual Report 2022, then move on to the key points of the management messages, recent changes in the external environment and responses to risks, and ESG-related updates since the report was published, focusing on elements of the report that have changed since the previous fiscal year. We will then have a Q&A session at the end.

Furthermore, ITOCHU recently earned the Gold Award for the third consecutive year at WICI Japan Integrated Report Awards, one of the major awards for annual reports. We garnered praise for reflecting the results of dialogues with stakeholders in the creation of the annual report. We are very glad we can report this kind of result and would like to thank you all.

The Aims of Today's Briefing



- ✓ Understanding the key points of ITOCHU's management through a detailed explanation of Annual Report 2022 and **engaging in dialogue with stakeholders on various issues common to the market**
- ✓ Promoting engagement through our responses to changes in the external environment and further awareness of issues
- ✓ Achieving further enhancement of corporate value through the actions above

1

At today's briefing, our aim is to find a way to reduce the cost of capital (the red outline of the corporate value calculation formula) and enhance corporate value through a dialogue using the annual report to further enhance understanding of ITOCHU's management.

In addition, I hope we can engage in dialogue regarding various issues that cut across markets. Specifically, I am referring to the current extraordinarily uncertain business environment, as evinced by the actualization of geopolitical risks; persistently high commodity prices and inflation; rising interest rates mainly in North America and Europe; the yen depreciation; and the restructuring of supply chains. Now, more than ever, markets are calling on companies to enhance diversity, strengthen governance, and promote sustainability.

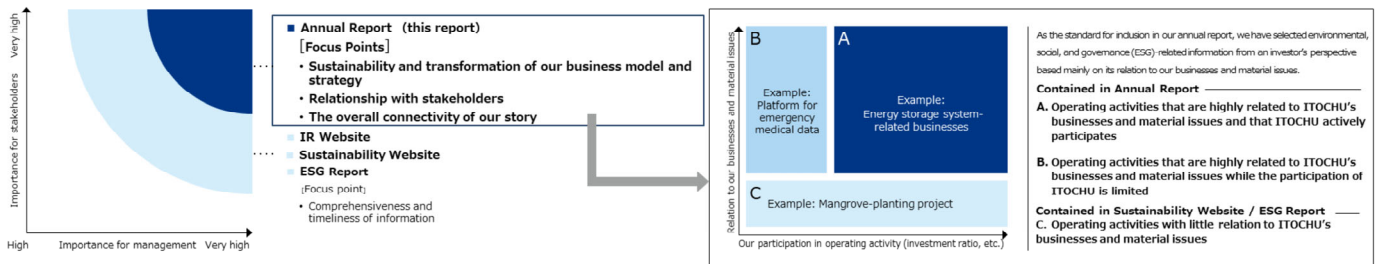
Amid these intense changes in the external environment, although we are hearing calls from the market for companies to focus on long-term investment and management, we also need to pay attention to short-term performance fluctuations and shareholder returns, making this a difficult time to steer corporate management. With the release of Annual Report 2022 and the holding of this briefing, I want to foster dialogue on what kind of company ITOCHU should be and how we should respond to these various issues.

We intend to report the new issues brought to light through dialogues with you all to management and use them in the evolution of our management going forward.

Main Points (Editorial Policy)

p.8

- ✓ Placed emphasis particularly on strategic focus and forward-looking mindset, relationship with stakeholders, and connectivity
- ✓ Explaining ability of Self-Transformation and Comprehensive Strength (Resilience) in dealing with an uncertain business environment
- ✓ Compiled an annual report as an important tool for **encouraging dialogue** with all stakeholders



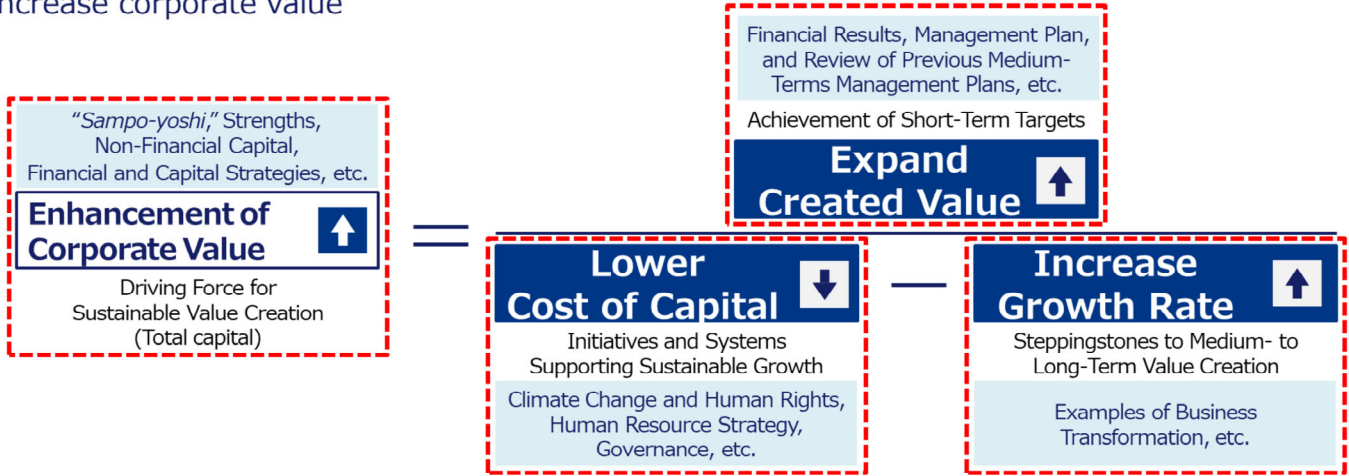
First off, I want to simply explain the editorial policy of Annual Report 2022.

As I said, in addition to the unprecedented degree of uncertainty in the business environment, companies are being called on more than ever to strengthen governance and promote sustainability. Based on this, in Annual Report 2022, we focused on the keywords of the Company's "comprehensive strength" for dealing with the uncertain business environment and "ability of self-transformation," including business model transformation and work-style reforms. We tried to lay out a cohesive growth story that will lead to corporate value enhancement.

Information Structure

p.10

Given the business management stance that we pursue “all the priorities,” rather than choosing “a single expedient,” we have arranged information based on a **corporate value calculation formula (a perspective of investment decision)** by showing how all of our measures increase corporate value



In terms of the overall composition of the report, we once again organized the report’s content around the investment-decision perspective, specifically the corporate value calculation formula, which is a major feature of ITOCHU.

Much like in Annual Report 2021, we segmented the report based on the components of the corporate value calculation formula, and the content of each section is presented with a focus on its relevance to and connectivity with management strategies and measures.

Key Points of ANNUAL REPORT 2022



Key Points of ANNUAL REPORT 2022

p.9

✓ “Key points of ANNUAL REPORT 2022” to meet the needs of readers who want to understand the changes from Annual Report 2021

Highlighting the “Points of particular interest to stakeholders”

Description of the acknowledgement of the changes in the external environment that occurred in FYE 2022 behind the “Points of particular interest to stakeholders”

This year, we added a new page entitled “Key Points of ANNUAL REPORT 2022.”

We added this new content in response to attendees of previous annual report briefings who said that they wanted a way to clearly see what had changed from the previous fiscal year’s report.

Starting from “Key Points of Annual Report 2021,” this page highlights “Changes in the External Environment in FYE 2022,” and from there lays out the key points we really want people to read in this year’s report, especially the changes we made from last year and topics of particular interest to stakeholders.

Readers of last year’s report need not go back over the entire report. By reading the pages indicated under “Key Points of ANNUAL REPORT 2022,” they can easily grasp the key points of management and business that the Company is currently focusing on.

Structure of Management Messages



The "Comprehensive Strength" of ITOCHU



Front lines, SDGs-related business, the "Comprehensive Strength" of a general trading company, etc.

Seeking the key points of ITOCHU's management as the CEO talks about his overall management policies, and each officer explains the area of responsibility in detail



Market-oriented perspective, "Sampo-yoshi," Stance on shareholder returns, etc.

Sustainability



Work-style reforms, sustainability, human resource strategy, etc.

Financial and Capital Strategies



Financial KPI, Dialogue / information disclosure, shareholder returns policy, credit rating, etc.

Specifying the scope of responsibility of each officer by explaining the area of responsibility from a professional point of view

Investment Policy・DX



The four lessons, DX, Countermeasures for business risks and other risks, etc.

I will now explain the composition of this year's report from the perspective of the management messages.

The message from Chairman & CEO Okafuji provides the most significant discussion of overall management, and each officer augments coverage of their area of responsibility from their specialized perspectives. This composition remains unchanged. This year, we added the new CSO message and better clarified the scope of responsibilities for each officer.

I will introduce one such example on the next page.

Structure of Management Messages



Concentrating management policies and measures that we should focus on in the management messages

CEO Message indicates stance on shareholder returns and CFO interview explains specific views on shareholder returns from a professional point of view

p.14

Decision Aligning Our Aims with the Market

I consider the Annual Report to be very valuable in communication management's discipline. 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 restart 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 restarting 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 dialogue 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 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 foundations, 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. (P Page 30 CFO Interview)

p.38

What led you to the decision on the New Dividend Policy announced in FYE 2022?

The decision was made by incorporating opinions from the market into the Company's strong will on management.

When announcing the management plan for FYE 2023, the forecast for consolidated net profit increased from assumptions at the end of the second quarter of FYE 2022, and we, therefore, considered again expanding shareholder returns in FYE 2023. We took into consideration our total payout ratio in FYE 2023, commitments for FYE 2024, and other factors, in addition to discussions of whether dividend increases or share buybacks would be more appropriate. We ultimately announced an increase of our planned minimum DPS for FYE 2023 from ¥120 to ¥130, effectively pulling forward the DPS target originally planned for FYE 2024. At the same time, we also announced our plan to maintain the progressive dividend in FYE 2024. Regarding our shareholder returns policy from FYE 2023 onward, we will not change our stance of determining ideal shareholder returns based upon accumulating consolidated net profit, progress on growth investments, the market environment, etc., while remaining attentive to market feedback. (P Page 52 FYE 2023 Management Plan)

Upward Revision of FYE 2023 Forecast and Additional Shareholder Returns

FYE 2023 Dividend & Share Buybacks

FYE 2023 Dividend

- Dividend per share increased by ¥30 from FYE 2022 to **minimum of ¥140 per share** (+ ¥10 per share & approximately + ¥15.0 billion of total dividend from the initial forecast)
- Implementation of incremental increases to the minimum dividend and commitment to a payout ratio of 30% by FYE 2024 (Continuation of a progressive dividend policy during "Brand-new Deal 2023")

Share Buybacks

- Decided to execute **¥35.0 billion of share buybacks** in consideration of the market conditions and status of cash allocation (Total payout ratio : Initial plan 27% → After additional shareholder returns 30%)
- Allocate half of annual forecast upward revision of + ¥100.0 billion to shareholder returns (dividend + ¥15.0 billion & share buybacks + ¥35.0 billion)

(fye)	2016	2017	2018	2019	2020	2021	2022	2023	2024
Share buybacks (Billions of yen)		18.2	27.9	66.0	62.0	13.3	90.0	35.0*	

In line with the description in the Annual Report, additional shareholder returns were announced on October 4, 2022

In the messages from management in our annual report, we concisely lay out the management policies and measures we are focusing on.

For example, regarding shareholder returns, the CEO message shows the Company's basic stance on shareholder returns, while the CFO interview weaves in discussion of our cash-generating power and dialogue with market to more concretely explain our policies related to shareholder returns from an expert point of view.

On October 4, we announced additional shareholder returns, turning words into accomplishments by making good on the stance and policies on shareholder returns outlined in the annual report earlier in the year.

The management messages of the annual report were crafted through repeated discussion with management and extensive revisions. They convey the ideas and messages of ITOCHU's top management clearly and directly to the market, carrying significant weight.

From the next slide, I will explain the key points of the messages of each officer.

p.12



Role as the "Table of Contents" in the overall Annual Report

- ✓ By regularly sharing lessons learned from history
- ✓ Stance on shareholder returns based on dialogue
- ✓ Businesses contributing to "Sampo-yoshi" and fostering sustainability
- ✓ Promoting business transformation with a "Market-Oriented Perspective"
- ✓ Human resource strategies to ensure "Enhancing Labor Productivity"
- ✓ Preparing for post-normalization of resource prices

7

First, the CEO message. As usual, the CEO message served as a kind of table of contents for the entire report and a condensed overview of the essence of the Company's management.

The first of the message's six key topics is lessons learned from history. He explains that by regularly sharing lessons learned from previous mistakes internally and taking them to heart, we strictly temper overconfidence and self-conceit.

The second topic is ITOCHU's stance on shareholder returns based on dialogue. He explains the Company's stance on shareholder returns arrived at through extensive internal discussions and input from dialogue with analysts and investors. The third topic is businesses contributing to "Sampo-yoshi" and fostering sustainability. The resource businesses of general trading companies generate huge profits when commodity prices are high, but they tend to shift burden to downstream companies and consumers and raise questions about the sustainability of business.

The fourth topics is promoting business transformation with a market-oriented perspective. He explains that we cultivate small businesses in a hands-on way in close contact with consumers, steadily build up these businesses, and promote business model transformation in each one by applying a market-oriented perspective.

The fifth topic is human resource strategies to enhance labor productivity. Here he explains such human resource strategies as introducing new work-style reforms that ensure that we enhance labor productivity and the background behind the establishment of the Women's Advancement Committee.

The last topic is preparing for post-normalization of resource prices. He explains that the Company is keeping an eye on the normalization of resource prices and, even in an uncertain business environment, we are steadily engaging in new businesses in the non-resource sector, which has steadfastly remained our strength.

Highlights of the COO Message



Reflection on the first year in office and resolutions for the second year

- ✓ A foundational year that provided a bird's-eye view of the entire company
- ✓ Heading to the front lines

p.18

The "Comprehensive Strength" of a general trading company

- ✓ Reasons for maintaining a form of general trading company

Our approach to decarbonization

- ✓ Decarbonization business initiatives policy
- ✓ Reducing GHG emissions and proactively advancing businesses that help reduce emissions



8

Next, I will go over the COO message. Keita Ishii goes into about a review of his first year as COO and commitments for the second year, the comprehensive strength of a general trading company, and our approach to decarbonization.

In the review of his first year as COO and commitments for the second year, he states that he expanded his field of view beyond his familiar area of the Energy & Chemicals Company by working in-house for an extended period while overseas business trips were restricted due to the pandemic. As for his second year, he clarified his commitment to take the initiative in heading to the front lines and tapping into his full potential as the "captain of the field."

In the section about the comprehensive strength of a general trading company, he mentions that he often hears questions from market actors about "conglomerate discounts" and the "selection and concentration" of businesses. His response is that the expansive and diverse business portfolios of general trading companies act as a strength in times of transformation, and their expertise in the resource sector can often be indirectly used in non-resource sector businesses. As such, in his view, it makes sense to maintain expansive business portfolios going forward. Discussing our approach to decarbonization, he offers his opinion on policy for businesses that contribute to the reduction of GHG emissions as well as on efforts to directly reduce GHG emissions. Specifically, he outlines our policy to quickly divest from and eliminate interests in thermal coal, which can be substituted with alternative fuels, as well as the need to consider reducing coking coal and crude oil, which cannot be completely eliminated because they are currently difficult to substitute given their importance in society and industrial development.

Highlights of the CFO Interview



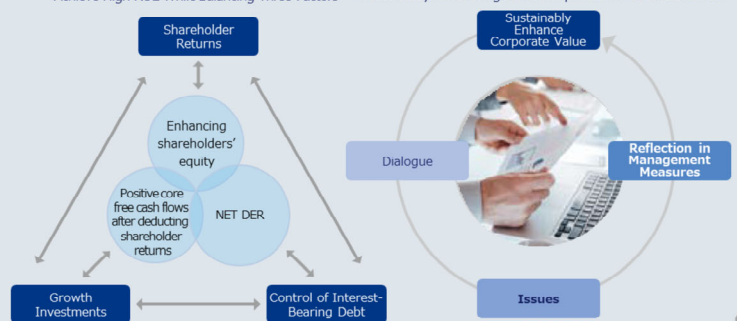
p.36



Firmly maintaining our financial and capital strategies to balance three factors

- ✓ Expansion of our financial and capital foundations, which will underpin our growth strategy
- ✓ “New Dividend Policy” decided based on “Dialogue”
- ✓ Improvement of credit ratings in preparation for interest rate hikes

Achieve High ROE While Balancing Three Factors A Positive Cycle of Dialogue and Corporate Value Enhancement



9

In the CFO interview, the key topic is “firmly maintaining our financial and capital strategies to balance three factors.”

In the first part, CFO Tsuyoshi Hachimura states that there is no change in the policy of achieving high ROE while balancing the three factors of growth investments, shareholder returns, and control of interest-bearing debt. He also mentions that we have built a robust financial foundation through such efforts as improving the NET DER and building up shareholders’ equity, even amid an uncertain business environment. He goes on to explain that we have significantly enhanced our cash-generating power through steady asset replacement.

In the second section, in synchronization with the CEO message, he explains the background for swiftly deciding on and communicating the new dividend policy during the medium-term management plan based on dialogue with the market as well as our specific approach to shareholder returns. He also talks about how we aim to reduce the cost of capital by addressing issues brought to our attention through dialogue with market actors.

In the third part, he offers his opinion that, given the possibility of interest rate hikes to rein in inflation, past efforts focused on raising the Company’s credit rating will continue to bear fruit moving ahead.

p.56



Keeping an eye out for opportunities and risks in the uncertain business environment

- ✓ The four lessons from past investment failures

The four lessons

1. Overpaying for investment
2. Investments aimed at seizing profit from investees
3. Relationships with partners
4. Lack of hands-on management

- ✓ Promoting DX on the front lines of business
- ✓ Countermeasures for business risks and other risks

10

Moving on to the CSO interview, the key phrase is “keeping an eye out for opportunities and risks in the uncertain business environment.” From the two perspectives of CSO and CDO·CIO, he explains four lessons learned from previous investment failures, the DX strategy, geopolitical risks, and more.

The first section covers points the Company should be careful of when investing. He explains the four lessons learned from investment failures and that the Company is taking through measures to ensure a careful approach from the first stages of considering an investment by regularly sharing the four lessons across the major Companywide meetings.

In the second part, he explains the Company’s DX, citing real-world examples. The aim is not to build an industry-wide platform; rather, we take on projects that we expect to swiftly contribute to profit while utilizing the existing business foundation by such means as optimizing the supply chain and making operations more efficient.

The third section explains that we have made sufficient preparations for dealing with potential downside by already incorporating all losses related to the Russia-Ukraine situation into the FYE 2023 plan. He also discusses how we will continue to work on CITIC from a medium- to long-term perspective.

p.80



Taking various frontline-focused measures to turn words into accomplishments

- ✓ Key points of the second stage of work-style reforms
- ✓ The story behind holding the Sustainability Briefing
- ✓ Tactics for human resource acquisition

11

In the CAO interview, the key topic is “taking various frontline-focused measures to turn words into accomplishments.” The message lays out various measures related to work-style reforms, sustainability and human resource strategies.

The first section is based on the results of the engagement survey. He explains the key points of the second stage of work-style reforms to adapt to the diversification of values among young employees and female employees. He also provides an overview of the Company’s aim of creating a “challenging but rewarding corporate environment.”

In the second part, he explains the story behind the Company’s first Sustainability Briefing. Basically, he wants analysts and institutional investors to understand that our work-style reforms will enhance labor productivity and corporate value as well as help reinforce the Company’s sustainability.

In the third part, he mentions that ITOCHU has received high marks in major company rankings among job-seekers. He also talks about the kind of human resources the Company is seeking and our specific tactics for talent acquisition.



Response to Changes in the External Environment

Next, starting with our response to changes in the external environment, I will explain the Company's ability to respond to the current uncertain business environment and provide some updates on developments with ESG-related topics since the publication of Annual Report 2022.

Corporate Value Calculation Formula



Response to Changes in the External Environment

p.10

In the section on “Response to Changes in the External Environment,” the contents on “Lower Cost of Capital” and “Increase Growth Rate” in the Corporate Value Calculation Formula explains our specific responses



13

As I explained earlier, ITOCHU organized the report from an investment decision perspective using a corporate value calculation formula. In the section on response to changes in the external environment, we explain our specific responses through content on two elements of the corporate value calculation formula: increasing our growth rate and lowering the cost of capital.

Changes in the External Environment in FYE 2022



- ✓ Actualization of geopolitical risks due to the Russian-Ukraine situation
- ✓ Supply chain disruption and spiking in resource prices
- ✓ Announcement of new GHG emissions reduction targets by the Japanese government
- ✓ New lifestyles and ways of working became more prevalent in anticipation of the post-COVID-19 era
- ✓ Publication of revised Corporate Governance Code



In addition to an ever more uncertain business environment, companies are now required more than ever to improve diversity, strengthen governance, and respond sustainability

14

In FYE 2022, due to the unprecedented degree of uncertainty in the business environment, companies are being called on more than ever to strengthen governance and to promote sustainability.

PEST Analysis (Macroenvironmental Factors through 2030)



Analysis from a bird's-eye view of the uncertain business environment and ESG trends

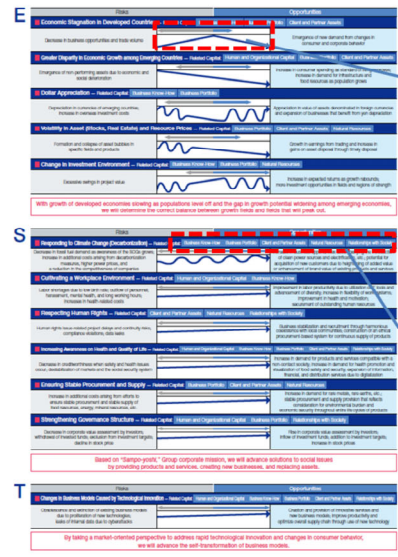
PEST Analysis (Macroenvironmental Factors through 2030)



The ITOCHU Group's business environment is changing, and uncertainties are increasing. Through PEST analysis, we fully assess risks and opportunities in the context of macroenvironmental factors—such as the COVID-19 pandemic, geopolitical risks, and responses to the SDGs—and build an even stronger competitive edge by implementing flexible measures and transforming businesses in response to changes in the times and the business environment.



p.76



Illustrating the impact of risks and opportunities through 2030 in our view of each macroenvironmental factor

Identifying non-financial capital affected by macroenvironmental factors

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} \times \text{Growth Rate}$$

We lay out our recognition of changes in the external environment in the form of a PEST analysis.

In the PEST analysis, from a medium- to long-term perspective, we present risks and opportunities in our businesses regarding macroenvironmental factors, such as responses to the SDGs and geopolitical risks by 2030, as well as their degree of impact.

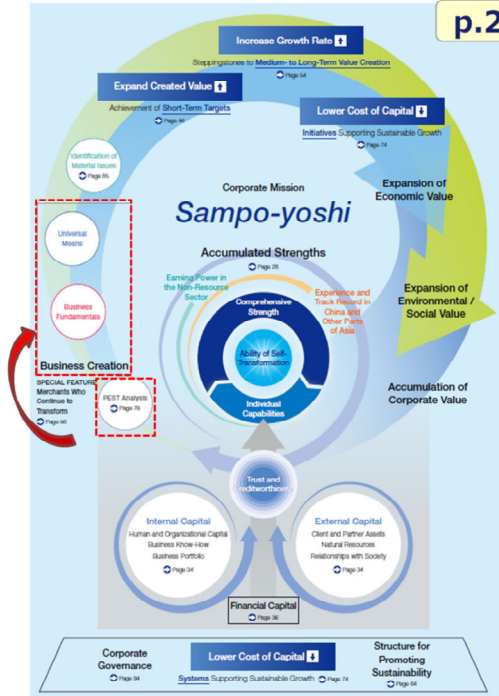
In addition, we identify the non-financial capital affected by each macroenvironmental factor.

The "Merchant" Business Model

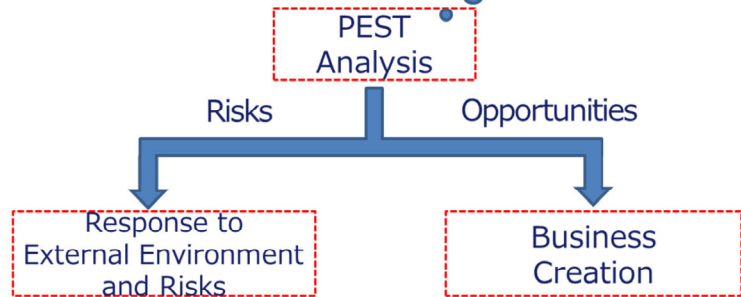


p.22

✓ By capturing changes in the external environment ahead of time, we prevent "Risks" and create "Business"



Analysis from a bird's eye view of the external (macro) environment



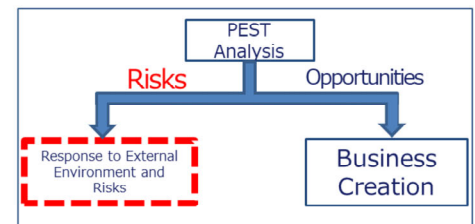
The PEST analysis is also incorporated as a key element in the "merchant" business model, which is a characteristic highlighted in our annual report.

As shown on the "merchant" business model page, when working to create a business, we first identify changes in the external environment and then recognize risks and opportunities in the business environment surrounding the Company.

From the next page, I will explain how ITOCHU has worked to address changes in the external environment and risks.

- ✓ Actualization of geopolitical risks due to the Russian-Ukraine situation
- ✓ Supply chain disruption and spiking in resource prices

1. Countermeasures for Business Risks and Other Risks



- ✓ Announcement of new GHG emissions reduction targets by the Japanese government

2. Our Approach to Climate Change

- ✓ New lifestyles and ways of working became more prevalent in anticipation of the post-COVID-19 era

3. Human Resource Strategy

- ✓ Publication of revised Corporate Governance Code

4. Women's Advancement Committee

These five points are the major changes in the external environment that occurred in FYE 2022. The four points in red text are the Company's responses detailed in the annual report.

1. Countermeasures for Business Risks and Other Risks



Multiple factors of concern, such as geopolitical risks and supply chain disruptions, inflation, including hiking raw material prices and logistics costs, and countermeasures are included

p.78

Countermeasures for Business Risks and Other Risks

Due to the diverse and extensive nature of its businesses, the ITOCHU Group is exposed to a range of risks, including complex market-related risk, credit risk, and investment risk. As unpredictable uncertainties are inherent in such risks, they may have significant effects on the Group's future financial position and business performance. Weaving risk control as an important management task, we have established basic policies, administrative systems, and methods for managing the risks that we face.

Risk Description	Risk Description
(1) Risk Associated with Macroeconomic Factors and Business Model	(7) Risk Associated with Fundraising
(2) Market Risk	(8) Risk Associated with Taxes
(3) Foreign Exchange Rate Risk	(9) Risk Associated with Significant Litigations
(4) Interest Rate Risk	(10) Risk Associated with Laws and Regulations
(5) Commodity Price Risk	(11) Risk Associated with Human Resources
(6) Stock Price Risk	(12) Risk Associated with the Environment and Society
(13) Risk Associated with Natural Disasters	
(14) Risk Associated with Information Systems and Information Security	
(15) Risk Associated with the Outbreak of COVID-19	

For details, please see "Risk Information" in the Investor Information Report 2022 at <https://www.itochu.co.jp/english/IR/2022/02/>

RISK 1

Risks Associated with Macroeconomic Factors and Business Model

Risks Associated with Cost Increases in the Consumer Sector
Due to disruptions in supply chains and other factors, some businesses, such as textiles and foods, are expected to be affected by cost increases due to hikes in the prices of raw materials, fuel, and other items. Based on a detailed analysis of the situation specific to each industry, the Company will minimize the impact of cost increases by implementing specific measures, such as passing on cost increases to prices in a timely manner, developing new alternative products and procurement routes, and stepping up the rigorous implementation of "cost" measures.

Business Sector	Subsidiaries	Possible Scenarios in Target Industries	Countermeasures
Textiles	Shiratsubo and OMI	<ul style="list-style-type: none"> Increase in raw material prices and logistics costs Decrease in consumption and orders Fluctuation of exchange rates 	<ul style="list-style-type: none"> Step up passing on costs to prices Acceleration of marketing efforts and demands to the domestic market in response to a trend toward the localization of overseas orders
Fast foods and fast-food processing		<ul style="list-style-type: none"> Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as fuel and secondary energy Increase in transportation costs and other indirect costs due to higher fuel prices Change in consumption trends of consumers due to inflation 	<ul style="list-style-type: none"> Step up passing on costs to prices Optimization of marketing levels Step up passing on costs to prices Optimization of marketing levels
General Products & Retail	Concessionaire and retail	<ul style="list-style-type: none"> Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as fuel, and secondary energy Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as utility costs Change in consumption trends of consumers due to inflation 	<ul style="list-style-type: none"> Step up passing on costs to prices Optimization of marketing levels Continue to develop products that provide new value Minimize price setting for each product Step up passing on costs to prices Cutting of cost increases through structural reform of manufacturing operations

*Original Segment Manufacturing

RISK 6



Country Risk

The ITOCHU Group is exposed to country risk, including unforeseen situations arising from the political, economic, and social conditions of the countries and overseas regions in which the Group conducts product transactions and business activities. Country risk also includes state expropriation of assets owned by investors' or remittance suspension due to changes in various laws and regulations. To control the aforementioned risks, the Group takes appropriate risk avoidance measures for each project while using in-house country credit ratings to establish Groupwide guidelines on limits for each country and maintaining overall exposure to each country at a level that is appropriate for the Group's financial strength.

(1) Russia-Related Business
As of March 31, 2022, exposure to Russia was ¥42.1 billion. In response to the Russia-Ukraine situation, the Company promptly formulated a credit policy for Russia and rigorously implemented the "prevent" measures, such as acceleration of receivables collection. In addition, through a joint venture led by the Japanese government, the Company owns an interest in part of the Sakhalin-1 crude oil concession in Russia. In light of such factors as the need to secure stable energy resources for Japan, the Company will discuss and consider future measures

In close consultation with the Japanese government, which is the largest shareholder in the joint venture, other partners, and other relevant parties.

(2) China-Related Business
As of March 31, 2022, exposure to China was ¥1,269.2 billion. The Company has three types of China-related businesses: businesses related to CTC, on-site trading to China, and other trade and business investments. The Chinese government has long pursued a policy of strengthening state-owned enterprises. Given that it is a Chinese state-owned conglomerate, CTC is expected to perform steadily as it is expected to benefit from public projects and economic stimulus measures by the government. In addition, a significant decline in demand for iron ore trading to China is unlikely as at the moment the Chinese government has made maintaining and expanding the economy a key policy and is expected to further increase investment in infrastructure and other areas. As for other trade and business investments, the Company is mainly engaged in China's domestic consumer sector and is not engaged in businesses related to such areas as advanced technologies, with respect to which there is concern over the effect of trade friction between the United States and China.

✓ Given the current external environment, explaining the top three risks that the market has particularly interested in

RISK 14



Risks Associated with Information Systems and Information Security

The Company strengthens its information security by establishing security rules and enhancing security infrastructure.

ITOCHU Group companies have long been required to meet the ITOCHU Group Information Security Minimum Standards as a minimum level of compliance. In FYE 2022, the Company added 40 articles to those standards with the aim of preventing such threats as information leaks caused by cyberattacks, and the Company is endeavoring to ensure rigorous compliance with the standards.

Further, an in-house cybersecurity team (ITCSIRT (ITOCHU Computer Emergency Readiness, Response & Recovery Team), which is led by ITOCHU-dedicated expert external cybersecurity analysts, collects the latest information on potential cyberthreats and issues preventive measures. Moreover, if an incident occurs in the Group, the team immediately implements an incident response, which includes investigating the cause, analyzing countermeasures, and restoring services. In addition, ITCSIRT has bundled services into the ITOCHU Group Cyber Security Program package, also known as i-Sanex, including a program that checks for latent malware, a program for detecting unauthorized external communications, seminars, and workshops for IT personnel. The package is already in use at 80 overseas offices and overseas branches, etc., and 96 Group companies, and the coverage of the package is being extended. Also, the Group is continuing to strengthen its cybersecurity. In FYE 2023, plans call for expanding and enhancing the services provided by i-Sanex as a measure to strengthen the Group's resilience to cyberattacks even further.



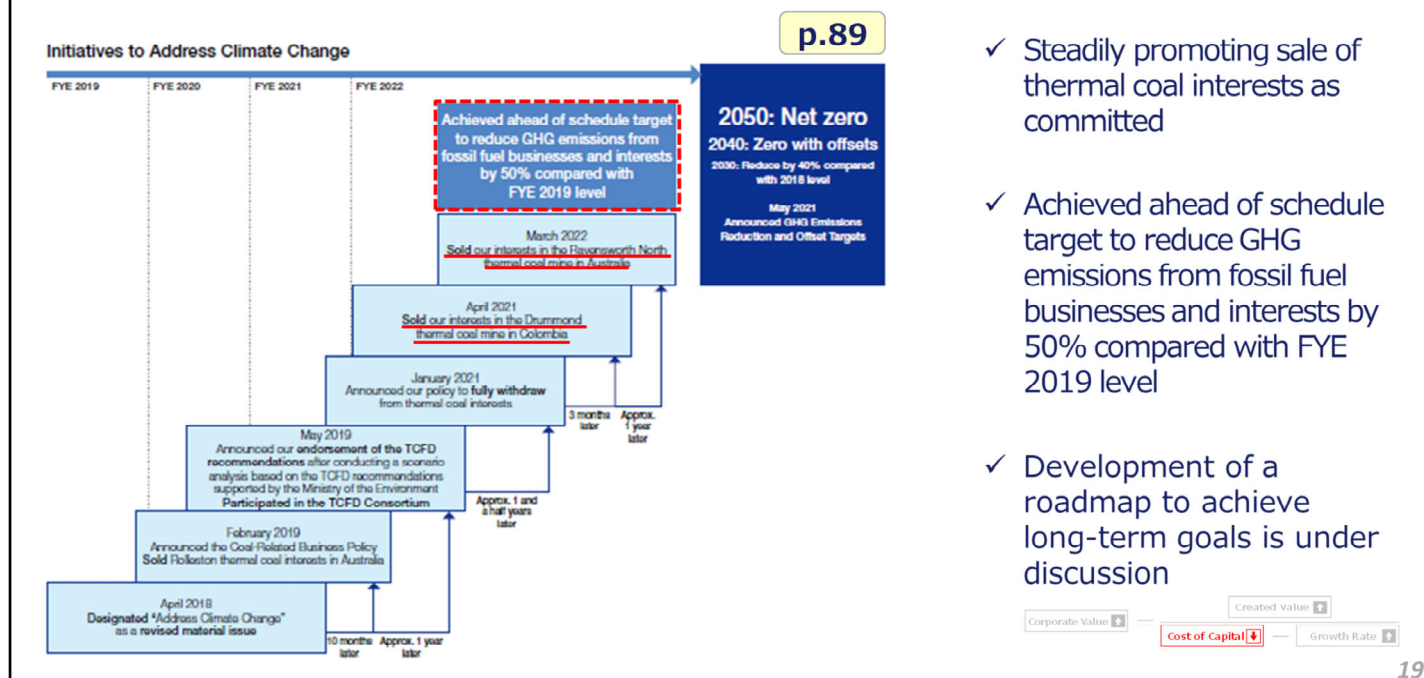
First, based on changes in the external environment, I will explain our "Countermeasures for Business Risks and Other Risks."

In Annual Report 2022, we do not explain all risks comprehensively. We focus our explanation on the three risks the market is most concerned about based on the current external environment.

These are, namely, risks associated with cost increases in the consumer sector; country risks, including those for Russia and China; and risks associated with the Group's information security.

Now, I will move on to sustainability-related content, including climate change.

2. Our Approach to Climate Change



19

First, I would like to go over GHG emission reductions.

We are steadily working to completely withdraw from thermal coal interests in line with the commitment we announced in January 2021. After selling our interests in the Drummond thermal coal mine in Colombia, we achieved our target of 50% reduction in GHG emissions from fossil fuel businesses and interests compared with FYE 2019 ahead of schedule.

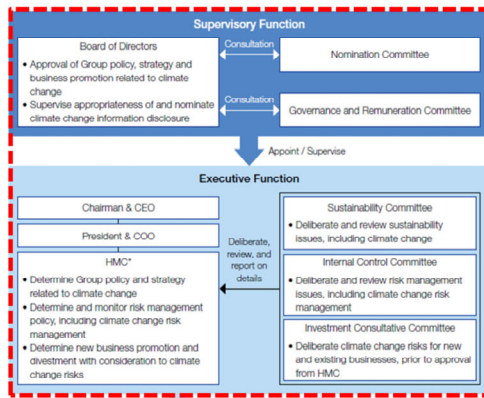
In light of global inflation caused by the pandemic and the Russia-Ukraine situation, we will proceed with heightened caution but steadfastly maintain our medium- to long-term policies.

In addition, in the medium-term management plan, we set out to achieve zero GHG emissions with offsets by 2040 and net zero by 2050. We are also considering formulating a roadmap to the achievement of these goals with an eye toward disclosing Scope 3 emissions and applying for verification under the SBT initiative.

We are moving forward with preparations, specifically engagement with suppliers and customers as well as collecting and analyzing scenarios and forecasts created by the Japanese government, international organizations, industry associations and individual companies.

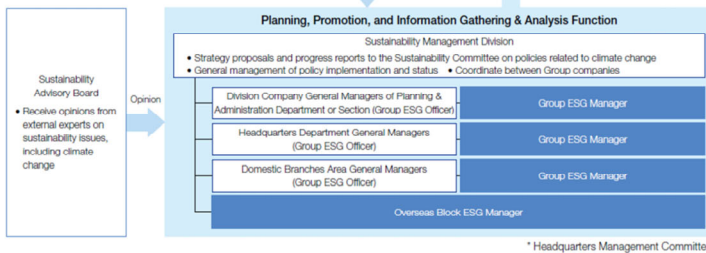
2. Our Approach to Climate Change Expanding Disclosure Based on TCFD (1)

p.87



- ✓ Expanding disclosure in light of the importance of TCFD
- ✓ Disclosures that meet the level required by TCFD sector-specific guidance

Illustrating the linkage between supervisory function and executive function

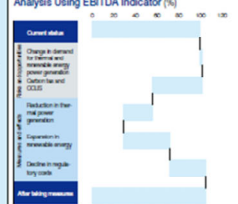



$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} \times \text{Growth Rate}$$

Next, I will explain our expanded disclosures based on the TCFD recommendations. The TCFD is becoming more important year after year, and we expanded the related disclosures in Annual Report 2022.

One specific way we expanded disclosure was by including a diagram of our climate change governance system. The TCFD framework recommends explaining in detail how supervisory function and executive function relate to climate change issues, and we included content that meets the level required in the individual guidance.

2. Our Approach to Climate Change Expanding Disclosure Based on TCFD (2)

p.88		Businesses with Significant Exposure to Transition Risk	Businesses with Significant Exposure to Physical Risk
Business		Power generation business	Dole business
Time frame		through 2040	through 2040
Temperature rise scenario		-1.2°C scenario	2°C scenario
Main risks and opportunities	Transition	Risk <ul style="list-style-type: none"> Thermal power generation costs may increase due to the impact of carbon taxes and mandatory CCUS* technology. Opportunities <ul style="list-style-type: none"> The competitive advantage of renewable energy may increase owing to technological progress and cost reduction. More business opportunities from increasing investment in energy storage systems and grids for a significant shift to renewable energy. 	Opportunities <ul style="list-style-type: none"> There might be an expansion in the use of recycled clean energy (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana, and other food residues, and factory waste liquids) and growth in renewable energy such as solar power generation.
	Physical	Risk <ul style="list-style-type: none"> Power generation facilities may be damaged by natural disasters (abnormal weather). <p>Transition risks might squeeze profit of thermal power generation significantly due to higher carbon taxes and CCUS costs. However, by actively promoting renewable energy projects, earnings should improve on greater sales of renewable energy and lower carbon taxes and CCUS costs.</p>	Risk <ul style="list-style-type: none"> There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) affecting banana and pineapple plantations in the Philippines. <p>The decrease in crop harvests attributable to climate change can be supplemented by increasing per-unit crop harvest volume through improvements to production methods. We also started pineapple production in West Africa (Sierra Leone, etc.) as part of production site diversification to prepare for weather risk. The above initiatives will make it possible to increase earnings.</p>
Business environment in the scenario and business impact assessment		<p>Analysis Using EBITDA Indicator (%)</p> 	<p>Analysis Using EBITDA Indicator (%)</p> 
Adaptation / mitigation measures and policies business opportunities		<ul style="list-style-type: none"> We will reflect in future initiatives our aim of achieving a renewable energy ratio of over 20% (equity interest basis) by FYE 2031. We will not develop any new coal-fired power generation business in order to contribute to the realization of a sustainable society. 	<ul style="list-style-type: none"> We will diversify production areas in preparation for weather risks (e.g., Sierra Leone in West Africa, etc.) We will increase per-unit harvest volume by improving production methods, such as by selecting breeds that are viable in high-temperature climates, improving seedling cultivation, and installing irrigation equipment. We will use drones and ICT (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization) to increase productivity. We will expand renewable energy, such as solar power, to achieve low carbon and protect water resources.

- ✓ Detailed scenario analysis
- ✓ Expanding businesses to be analyzed. Iron ore, chemicals, automobiles, feed and grain to be disclosed in FYE 2024

Physical risks are also analyzed in a 4°C scenario

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} \times \text{Growth Rate}$$

In addition, we expanded scenario analysis disclosure.

The Company was relatively early in carrying out scenario analyses in line with the TCFD recommendations, starting in 2018, and has disclosed the results of the analyses since then. When we began these efforts, the below 2-degree scenario was our main scenario, but we plan to disclose data based on the 1.5-degree scenario going forward.

In addition, physical risks are important to ITOCHU because of its businesses in food, wood and pulp. We therefore conduct and disclose the results of 4-degree scenario analyses for the pulp and Dole businesses, for which the effects of physical risks are significant.

We are currently expanding the businesses for which we conduct scenario analyses. We plan to disclose the results in the Annual Report and ESG report published in FYE 2024.

Specifically, for these analyses, we selected iron ore, chemicals, automobiles, feed and grains with reference to the four non-financial sectors potentially most affected by climate change identified by the TCFD, namely energy; transportation; materials and buildings; and agriculture, food, and forest products.

2. Our Approach to Climate Change Contribution to Reduction & Clean-Tech Business

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy	<ul style="list-style-type: none"> • Raise the renewable energy ratio in the power generating capacity of our equity interests to over 20% by FYE 2031 • Currently participating in a renewable energy business with a total capacity of approximately 1,000 MW, such as in Cotton Plains, Texas in the U.S., Iyateh geothermal power and in Sarulla Operations in Indonesia (geothermal power) • Currently developing a new renewable energy business with capacity of approximately 2,000 MW to achieve a renewable energy ratio of over 20%
Fuel Ammonia	<ul style="list-style-type: none"> • Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing fuel supply bases • Promote the reduction of GHG emissions from the maritime industry by promoting the spread of ammonia-fueled ships from FYE 2026 onward
Energy Storage System-Related Businesses	<ul style="list-style-type: none"> • Aim for a cumulative capacity of energy storage system units sold of over 5 GWh by FYE 2031
Waste Management Project	<ul style="list-style-type: none"> • Expand to the Middle East and other regions in Asia, leveraging our achievements in Europe, and continue to build up high-quality assets

p.89

Specific targets for Clean-Tech businesses that contribute to GHG emissions reduction

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Start of Construction in Dubai on One of the World's Largest Energy-from-Waste Plants
ITOCHU is currently building one of the world's largest Energy from Waste plants in Dubai and will operate the facility for 30 years after commencement of commercial operation, which is slated for 2024. Once built, the plant will increase from 400,000 to 1.5 million tons per year of all general waste produced in Dubai and generate electricity from the heat that is produced during incineration. Through this project, ITOCHU will contribute to the achievement of Dubai policy goals with regard to the environment and health, ensuring safe and sanitary disposal of waste, contributing to sustainable and ecologically friendly waste management, and promoting the development of alternative energy sources not reliant on fossil fuels.

Balinda Knoch
Senior Investment
ENVIRONMENT INVESTMENTS LIMITED

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Building of Value Chains for Renewable Fuels
We aim to help realize a decarbonized society by building value chains for renewable fuels, including sustainable aviation fuel (SAF) and renewable diesel (RD). Having concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OY (NESTI) based in Finland, we are increasing sales of the fuel to airlines in Japan. We are also importing and selling renewable diesel produced by NESTE, and we have begun operating Japan's first facility for refueling trucks with renewable diesel. NESTE's renewable fuels are made from materials such as waste cooking oil, etc. Compared to petroleum-based fuels, SAF and RD reduce GHG emissions by up to 80% and roughly 50%, respectively, based on life cycle assessments. ITOCHU will continue leveraging its comprehensive strength to advance renewable fuel-related missions, thereby promoting our contribution to and engagement with SDGs even further.

Naoki Terao
Petroleum Trading Department

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Further Strengthening of Iron Ore Interests in Western Australia
With respect to iron ore interests jointly held in Western Australia with BHP Group Limited (BHP) and others, production at the South Flank mine started on schedule in May 2021, following the decision to develop the mine in 2016, together with the adjacent mine of Mining Area C (MAC), the South Flank mine will form the world's largest iron ore production hub, producing 4.5 million tons of iron ore per year. The project will also help to significantly stabilize the Western Australian iron ore business. In 2021, we also acquired a partial interest in the Western Ridge iron ore deposits owned by BHP. Western Ridge consists of four well iron ore deposits where we are able to keep costs low by utilizing existing rail and port infrastructure. We have begun production at an open pit mine. The used fines of iron ore is a material unlikely to change given its availability in large quantities, metal properties such as strength, workability, etc., economic appeal as a material produced at low cost, and reusability through recycling. We will continue benefiting society by supporting long-term resource and stable supplies of iron ore resources.

Nobuo Okubo
Daily Manager, Iron Ore Section No.1
Iron Ore & Steelmaking Resources Department

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



U.S.-Based COB ENTERPRISES, INC. Decided to Invest in a Soybean Processing Plant
COB ENTERPRISES, INC. (COB), an affiliated company of ITOCHU, has decided to build a new soybean processing plant in North Dakota, the U.S. COB supports viable food supply through the operations of grain collection, soybean processing, and logistics businesses in North America. As well as being used for food, the soybean oil produced by the soybean processing business is used as feedstock for biofuels such as sustainable aviation fuel (SAF), which promises to become a next-generation aviation fuel and demand for which is likely to grow. By expanding its soybean oil production, COB will better contribute to providing clean energy in the growing energy market in the U.S., as well.

Kazuya Maeda
SENIOR VICE PRESIDENT
COB ENTERPRISES, INC.

“Specific Example of Enhancing Our Contribution to and Engagement with the SDGs” in the section of Business Portfolio

Corporate Value = Created Value - Cost of Capital + Growth Rate

I will next explain clean-tech businesses that contribute to emission reductions.

ESG evaluation organizations refer to businesses that contribute to emission reductions as clean-tech businesses.

To achieve offset zero by 2040, we need to proactively promote clean-tech businesses, and we explain specific targets and case studies concerning these businesses in the annual report.

ITOCHU has set specific targets for renewable energy, ammonia, energy storage systems, energy-from-waste power generation and more. In addition, on pages about businesses of division companies, we explain specific examples of ways we contribute to the SDGs and have enhanced relevant initiatives.

For example, we highlight an energy-from-waste plant in Dubai for the Machinery Company; efforts to build value chains for sustainable aviation fuel and renewable diesel for the Energy & Chemicals Company; and an investment in a soybean processing plant—which is expected to be used for biofuels—for the Food Company.

Other ESG-Related Expanding Disclosure of Human Rights-Related Information(1)

p.90

Human Rights Due Diligence Flow Chart



Please see ITOCHU's website for more information about human rights due diligence.
https://www.itochu.co.jp/en/osr/society/human_rights/



- ✓ Expanding disclosure of human rights-related information
- ✓ For human rights due diligence, details of the Food Company and the Metals & Minerals Company conducted in FYE 2021 and FYE 2022 respectively are listed in contents
- ✓ Human rights due diligence is conducted for the Textile Company in FYE 2023

Division Company	Product	Target Country or Region	Human Rights Issues Indicated as Survey Targets	No. of Companies In Survey	No. of Companies Subject to Engagement	Issues
Food	Palm oil	Malaysia Indonesia	<ul style="list-style-type: none"> • Child labor • Fair wages • Fair work hours • Workplace discrimination • Forced labor 	First-tier suppliers: 12 companies Second- / third-tier suppliers: 19 companies	2 companies	Regarding palm oil and coffee beans, continue to monitor operations of grievance mechanism at farms, and improvement in ways to spread awareness
	Coffee beans	Brazil Guatemala Mexico Colombia, etc.	<ul style="list-style-type: none"> • Freedom of association and right to organized negotiations • Migrant worker rights • Health and safety • Status of establishing and operating a complaint help desk, etc. 	First-tier suppliers: 18 companies Second- / third-tier suppliers: 49 companies	5 companies	
	Pineapples	Sierra Leone	<ul style="list-style-type: none"> • Forced labor • Child labor • Discrimination • Freedom of association and right to organized negotiations • Land use • Working hours and wages • Health and safety • Community impact (include infringement of indigenous people right, etc.) • Water and hygiene, etc. 	Contractors: 3 companies	—	
Metals & Minerals	Project (coal, aluminum, iron ore, platinum, nickel)	Southeast Asia South America South Africa	<ul style="list-style-type: none"> • Forced labor • Child labor • Discrimination • Freedom of association and right to organized negotiations 	Suppliers: 19 companies	4 companies	Continue to monitor overtime work during busy periods, set up and operation of grievance mechanism for local residents through supply chain sustainability survey
	Trade (coal, silicon metal, etc.)	Asia region	<ul style="list-style-type: none"> • Land use • Working hours and wages • Health and safety • Community impact (include infringement of indigenous people right, etc.) • Water and hygiene, etc. 			

Corporate Value = Created Value
 Cost of Capital — Growth Rate

Next, looking at ESG disclosure outside of climate change, I will explain how we expanded disclosures related to human rights.

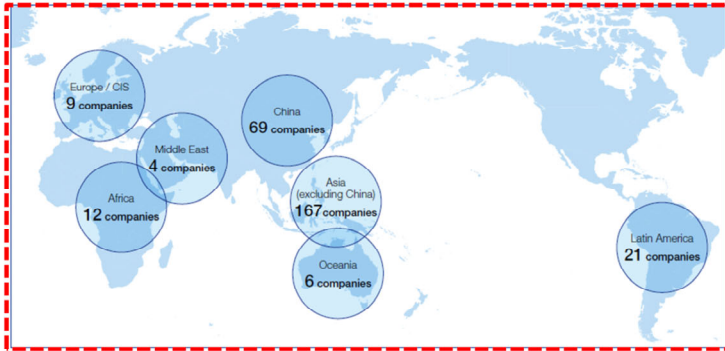
We expanded disclosure because, alongside climate change, it is one of the most important ESG themes.

In particular, calls have been growing recently for human rights due diligence, and we explained our efforts conducted in 2020 and 2021 in this area for the Food Company and the Metals & Minerals Company.

We are currently conducting human rights due diligence in the Textile Company, a new field, and are expanding the scope of these efforts.

p.91

Number of Surveys Conducted, by Region, in FYE 2022



A map that visually convey the status and the number of cases

- ✓ Listing the products for which individual policies have been developed for responsible procurement
- ✓ Joining an “Engagement and Remedy” platform called JaCER (Japan Center for Engagement and Remedy on Business and Human Rights)

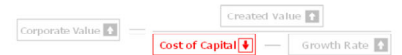
Please see ITOCHU's website for more information about the supply chain sustainability survey.
https://www.itochu.co.jp/en/csr/society/value_chain/system/



Formulation of Procurement Policies for Individual Product Type

Based on The ITOCHU Group Sustainability Policy and Sustainability Action Guidelines for Supply Chains, ITOCHU endeavors to sustainably procure raw materials and products. For the sake of responsible procurement, the Company has formulated the following procurement policies for individual products and engages in activities based on these policies.

Sustainable Procurement Policy on Natural Forests and Forest Resources	Natural Rubber Procurement Policy	Sustainable Palm Oil Procurement Policy	Cocoa Bean Procurement Policy
Coffee Bean Procurement Policy	Raw Material Tuna Procurement Policy	Commitment of Protecting Forests through Material Sourcing of MMCF	



Regarding supply chain and sustainability surveys, by including region-specific data using a map, we were able to visually convey the status of implementation and the number of surveys conducted in a clear and direct manner.

Furthermore, in light of the growing number of procurement policies for individual product types that we have created to ensure responsible procurement, we included a list of all such policies.

In addition, we joined the engagement and remedy platform JaCER in October 2022. We have begun accepting reports of violations or suspected violations of international conduct standards, national standards within various countries, and other standards from stakeholders in the supply chain.

In this way, we have built a grievance mechanism structure for ITOCHU ahead of others in the industry.

3. Human Resource Strategy

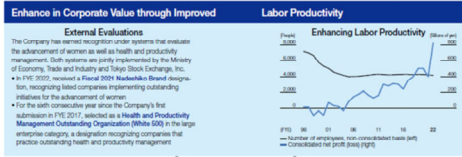


p.92

Human Resource Strategy

Cultivate a Motivating Workplace Environment

Having clearly identified human resources as a key component of management strategy, ITOCHU's management team is committed to creating a company that is challenging but rewarding for work life, where meeting the demands of work is not only challenging but also rewarding in many different ways. As well as improving employees' motivation and willingness to contribute, our successful creation of a thriving, localized workplace environment in which everyone can fully realize their capabilities is creating a virtuous cycle that results in a favorable external reputation enabling us to recruit outstanding human resources.



Enhancing Corporate Value through the Evolution of Work-Style Reforms

FYE 2022 has seen the launch of the second stage of work-style reforms. Based on the Engagement Survey Results (Page 127) conducted in FYE 2022, we are introducing measures with a particular emphasis on reflecting the diversification of values among the young employees and female employees.
We will continue expanding and enhancing measures. At the same time, all measures will form part of a virtuous cycle that steadily improves both labor productivity and enhances corporate value.
* In the tables below, * indicates a measure that has been newly introduced as part of the second stage of work-style reforms.

✓ Explanation on the positive cycle of new personnel measures based on the results of the engagement survey and human resources strategies that enhance corporate value by improving labor productivity

Recruiting Outstanding Human Resources

Next generation recruiting enabled by virtual reality technology (FYE 2022)
* Will enable recruiting designed to improve CSR and enhance and diversify candidate pools.

Company ranking among job-seekers according to 7 major institutions* (JMI Industry Ranking No. 1 by 4 institutions)
* Based on the responses of leading graduate schools (The Company ranked No. 1 among all industries from DAIICHI SANGI, Ltd., OHTSUKA Institute of Technology, Inc., Japan Central Business School, Inc., and the Institute for Advanced Business Studies, an engineering school specializing in the fields of IT, AI, and Cyber Corporation.

Increasing Awareness of Participation in Management (Value Alignment with Shareholders)

Increasing participation by the employees
* Participation in the Employee Shareholding Association (ESAs) increased from 55.3% in FYE 2021 to 99.2% in FYE 2022.



Providing Evaluation and Compensation Commensurate with Results

Compensation rights linked to the Company's performance
* Having awareness of the company's performance is a key to success.



Evolving Work Styles

Working Hours Reform System from FYE 2018
* Shift from the standard 8-hour shift to a 7.5-hour shift, and the introduction of flexible working hours, including the introduction of a 100% telework system.
* Introducing a new flexible working system.
* Introducing a new flexible working system.
* Introducing a new flexible working system.

Enhancing Health

2022 Health Checkup Rate (FY 2022)
* Increased to 99.2% from 97.1% in FYE 2021.
* Support measures for balancing career and health.
* Support measures for balancing career and health.

Supporting Employee-Led Career Development

Creating growth opportunities based on individual aptitudes and careers
* Providing growth opportunities based on individual aptitudes and careers.
* Providing growth opportunities based on individual aptitudes and careers.

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} \times \text{Growth Rate}$$

Next, I will explain our human resource strategy.

Since the outbreak of COVID-19, new work-styles and life-styles have been taking root. Based on the results of an engagement survey conducted in FYE 2022, ITOCHU has introduced measures with a particular focus on the diversifying values of young employees and female employees as the second stage of work-style reforms.

By introducing these new measures, we are working to enhance employees' motivation and drive to contribute as well as to improve labor productivity and, ultimately, enhance corporate value. We used a diagram to show how this, in turn, helps secure excellent human resources, forming a positive cycle.

4. Women's Advancement Committee



p.96

✓ Concrete explanation on the discussion at the Women's Advancement Committee (Advisory Committees to the Board of Directors)

Corporate Governance

Women's Advancement Committee

Establishment of the Women's Advancement Committee
 In October 2021, ITOCHU established the Women's Advancement Committee, and I was appointed as its chairperson. To further accelerate the advancement of women, a goal ITOCHU has been promoting since FYE 2004, this committee was established as an advisory committee to the Board of Directors, with a system put in place for management to make determined efforts. The committee is composed of six members with diverse experiences and values, three (half) of whom are outside officers and three of whom are women.



Atsuko Muraki
 Outside Director
 Ms. Muraki was appointed as chairperson of the Board of Directors in FYE 2019. In June 2019, after serving as Vice Director of Japan, Labor and Welfare, she was appointed as Chair of the Board of Directors. She is also a member of the Board of Directors of the ITOCHU Group.

We will foster an internal culture in which diverse employees will contribute to gender equality by "Enhancing Our Contribution to Social Engagement with the SDGs through Business Activities," one of the basic policies of the medium-term management plan, and will also enhance corporate value. Furthermore, as a result of the revisions to the Corporate Governance Code and other factors, the promotion of women's advancement in society has received increased demand and attention. While there are many internal committees designed to promote the advancement of women by various companies, we believe that ITOCHU is unique in establishing this as an advisory committee to the Board of Directors.

Discussions at the Women's Advancement Committee
 In FYE 2022, the committee met a total of three times. The committee initially reviewed the various measures implemented by ITOCHU to date, one by one. The committee was able to confirm that the series of work-style reforms, regardless of gender implemented since FYE 2011, including the Morning Focused Working System, have been effective in promoting the advancement of women. In addition to the engagement survey conducted in FYE 2022, a questionnaire was sent to each Division Company President and to female employees' business work and childcare to fully analyze the results of the reforms. Furthermore, we listened to the voices of women through roundtable discussions hosted by the Human Resource Diversification Measures

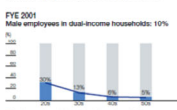
three female committee members and through interviews with approximately 150 female employees conducted by Yukiko Maekawa, who heads the Human Resources & General Affairs Division. Based on these, we have organized issues in the advancement of women's activities and formulated a policy of accelerating training for promotion and working to a flexible work style.

In the course of our discussions, we analyzed various data and found that changes are especially visible in the ratio of employees in dual-income households. The percentage of ITOCHU male employees in dual-income households was only about 10%. Companywide in FYE 2021, but in FYE 2022, it reached 43%. Companywide and 30% for employees in their 20s, a change that really stands out. Especially for the younger generation, it is very important to support both women and men, as not only women but also men often need to balance work and family life as well. The introduction of the Morning Focused Working System and a work-from-home system for all employees during the second stage of work-style reforms will truly encourage flexible work styles regardless of gender, and we intend to monitor the results.

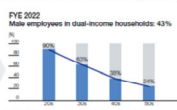
Human Resource Diversification Measures

Human Resource Diversification Measures	Support Measures and Future Goals	Workstyle Support	Working in Partnership and Synergy Collaboration
<ul style="list-style-type: none"> • Promotion of female employees' advancement (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) 	<ul style="list-style-type: none"> • Promotion of female employees' advancement (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) • Increase in female employees' participation in business work and childcare (FYE 2025 target) 	<ul style="list-style-type: none"> • Workstyle Support (FYE 2025 target) • Workstyle Support (FYE 2025 target) • Workstyle Support (FYE 2025 target) • Workstyle Support (FYE 2025 target) 	<ul style="list-style-type: none"> • Working in Partnership and Synergy Collaboration (FYE 2025 target) • Working in Partnership and Synergy Collaboration (FYE 2025 target) • Working in Partnership and Synergy Collaboration (FYE 2025 target) • Working in Partnership and Synergy Collaboration (FYE 2025 target)

In addition, the number of female employees holding senior managerial positions has increased from 35 as of April 2021 to 46 as of April 2022. ITOCHU's corporate culture of flexible and steady implementation of measures is reflected in the progress of appointments to key positions, including the first female general manager of an overseas office, the first female president of a Group company in Japan, and the second female president of an overseas Group company.



employees, hold committee meetings, report to the Board of Directors, and carry out such an implementation cycle throughout the Company. We closely monitor whether women employees are actually in key positions, whether the development of candidates for managerial positions is progressing smoothly, and most importantly, whether management is actively committed to the project. We believe that the continuous monitoring of the results of ITOCHU efforts is one of the missions of the Women's Advancement Committee as an advisory committee to the Board of Directors with oversight functions.



Issues and Action Policies for Promoting Women's Advancement

Issues	Action Policies
<ul style="list-style-type: none"> • Lack of opportunities for high positions • Lack of support for career development • Lack of support for childcare • Lack of support for business work and childcare • Lack of support for business work and childcare 	<ul style="list-style-type: none"> • Promote opportunities for high positions and among employees • Provide support for career development • Provide support for childcare • Provide support for business work and childcare • Provide support for business work and childcare

Advancement of Women's Activities Based on Employee Opinions

Through discussions of the Women's Advancement Committee, it became clear that there are generational differences in employee awareness and the requests they need. Through the roundtable discussions with female employees, we came to understand that it is vital to first successfully promote and support the current generation of employees, so that they will serve as role models, inspiring the next generation to become all they aspire to be in the future. Within the framework of the Company's work-style reforms at ITOCHU, what particularly resonated with me is the Company policy to provide support for balancing work and family life without distinction for both men and women. It will become increasingly important to take a comprehensive approach that includes employees with diverse values, not just measures specific to women employees raising children. Furthermore, we believe that the number of female employees all needs to be increased. It has yet to reach over 30% of the total number of employees, a threshold value we believe women employees will have the critical need to continue expanding their influence. As the number grows in the future, we expect women will increase the ability of ITOCHU to soar new ways. In FYE 2022, ITOCHU clearly demonstrated its commitment to promoting women's activities through the committee. From FYE 2023 onward, we will continue to fulfill the responsibilities of the committee by regularly reviewing measures and leaving no effort.



Makiko Nakamura
 Outside Director
 Ms. Nakamura possesses a high level of expertise in finance and accounting. She is currently a member of the Board of Directors of ITOCHU. She has also served as a member of the Board of Directors of ITOCHU since FYE 2019. She has also served as a member of the Board of Directors of ITOCHU since FYE 2019. She has also served as a member of the Board of Directors of ITOCHU since FYE 2019.

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} - \text{Growth Rate}$$

I will now go over the Women's Advancement Committee, which was established in October 2021.

Amid rising demand to ensure diversity in corporate core human resources due to the revised Corporate Governance Code, we established the Women's Advancement Committee as an advisory committee to the Board of Directors to accelerate support for women's advancement.

On this page, outside director and committee chair Atsuko Muraki explains in detail the specific content of committee discussions and policies going forward.

This concludes my explanation of our responses to risks.

Business Transformation with the Keyword "Ability of Self-Transformation" ITOCHU

p.61

Combination of non-financial capital used for business transformation



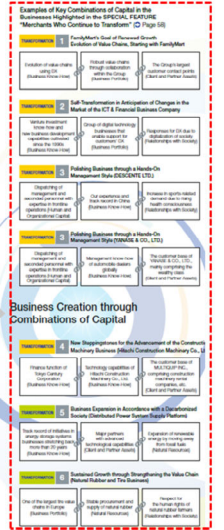
Sustainable Value Creation through Strengthening of Trust and Creditworthiness

ITOCHU conducts its business through both trade and business investment. In the course of its history over 150 years, we have steadily accumulated internal capital through our business, such as human and organizational capital and business know-how.

We believe that trust and creditworthiness are extremely important for symbols of internal and external capital which mutually influence each other. By always remaining cautious of trust and creditworthiness in our management practices, we aim to continuously expand corporate value through raising increases in both economic value and environmental / social value.

Internal Capital	Human Capital	Organizational Capital	Business Know-how	Business Portfolio
<p>Human Capital</p> <ul style="list-style-type: none"> • High quality of employees • Employee loyalty • Employee engagement • Employee retention • Employee development 	<p>Organizational Capital</p> <ul style="list-style-type: none"> • Efficient business processes • Effective business systems • Effective business structures • Effective business models • Effective business strategies 	<p>Business Know-how</p> <ul style="list-style-type: none"> • Business know-how • Business know-how • Business know-how • Business know-how • Business know-how 	<p>Business Portfolio</p> <ul style="list-style-type: none"> • Business portfolio • Business portfolio • Business portfolio • Business portfolio • Business portfolio 	<p>Financial Capital</p> <ul style="list-style-type: none"> • Financial capital • Financial capital • Financial capital • Financial capital • Financial capital

p.35



Detailed explanation on specific examples of business transformation

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital}} - \text{Growth Rate}$$

Next, I will explain the business opportunities based on changes in the external environment, and specifically, how ITOCHU is working to create businesses.

In the introduction, we highlighted the key phrase "ability of self-transformation." This year's special feature takes up the topic of transforming the business model and lays out the Company's story of stable growth.

As specific examples of business transformation by shifting to a market-oriented perspective, which is a basic policy of the medium-term management plan, we talk about FamilyMart, the ICT & Financial Business Company, YANASE & CO., LTD., DESCENTE LTD. and Hitachi Construction Machinery Co., Ltd. Specific examples of "Enhancing our contribution to and engagement with the SDGs through business activities," the plan's other basic policy, include a distributed power platform, subcontracting, energy storage systems, and the natural rubber and tire businesses.

Furthermore, in light of the growing importance of non-financial capital, we created new content about how each specific example spurs transformation in combination with internal capital and external capital.

- ✓ Presentation of specific results of long-term initiatives with the CITIC and CP Group
- ✓ Continual discussion and explanation related to ownership and increasing in stake of listed Group Companies
- ✓ Explanation of policies related to Scope 3 disclosures
- ✓ Explanation of our policy and discussion content related to the succession plans of top management
- ✓ Cash allocation under an uncertain business environment

Finally, I will explain the annual report and issues the Company faces in FYE 2024 and beyond.

We will need to continuously work on the five issues outlined on this slide even amid an uncertain business environment. While continuing dialogues with stakeholders, we will continue searching for ways to address each issue.

As for the presentation of specific results of long-term initiatives with the CITIC and CP Group, we have not changed the positioning of these initiatives as long-term, but we will need to present specific strategies and results in line with market expectations going forward.

Regarding more detailed explanation of the strategic significance of owning and increasing stakes in listed Group companies, we will continue to explain the strategic importance of owning each listed Group company, including case studies of past examples.

Next, I will talk about Scope 3 disclosures. The business model of general trading companies is characterized by basically not manufacturing things. Although there is a limit to how much we ourselves can reduce GHG emissions related to products handled in trading, because such products are subject to Scope 3 disclosures, we need to seriously consider how to reduce these emissions. In short, we face a dilemma: as the amount of products handled expands, profit increases, but so do GHG emissions. In terms of comparability, we need to consider the disclosure of other general trading companies and are currently studying methods of disclosure that will not be overly focused on numbers.

As for explanation of our policy and discussion content related to succession plans for top management, although it is an extremely difficult issue, we recognize that it is a topic of great interest to the market. Going forward, we will therefore continue to study possible ways of explaining this topic.

Finally, I will go over cash allocation in an uncertain business environment. Currently, many companies are struggling to figure out how to ensure both profit growth and expanded shareholder returns moving forward. As we look to raise our credit rating from Moody's, there is no change in our policy to balance the three factors of shareholder returns, growth investments, and controlling interest-bearing debt. In particular, regarding shareholder returns and growth investments, going forward, we recognize that we need to continue communicating the Company's policies while keeping a watchful eye on the business environment and considering market opinions and expectations.

A photograph of a bright blue sky with scattered white clouds. The clouds are soft and fluffy, appearing in the lower half of the frame. The sky transitions from a deeper blue at the top to a lighter blue near the horizon.

I am One with Infinite Missions