

Annual Report Briefing

ITOCHU Corporation

December 17 2020



I am One with Infinite Missions

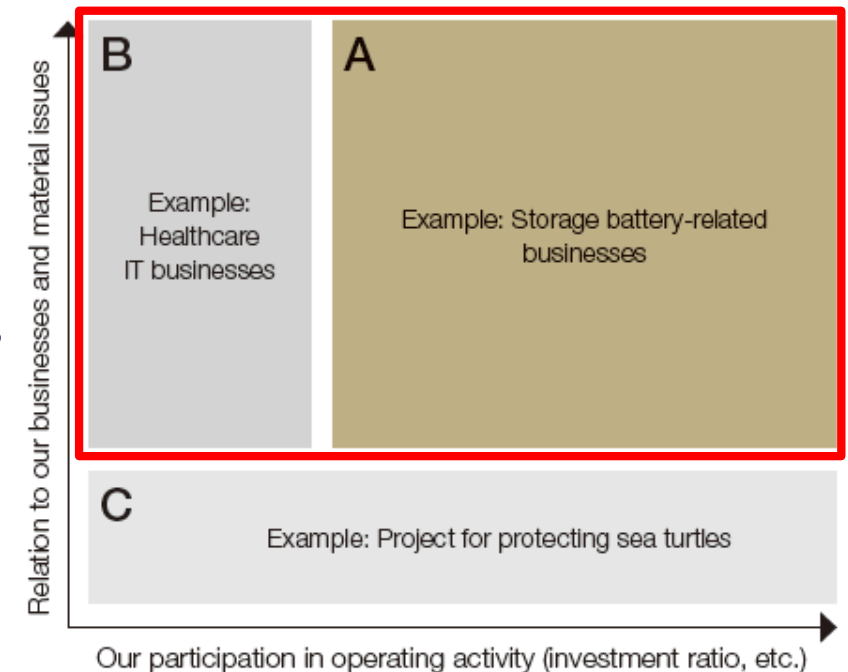
Key highlights (Editorial Policy)

p.8

- ✓ Created from the standpoint of investors in particular (standpoint of investment decisions)
- ✓ Revised the Group corporate mission to “*Sampo-yoshi*”
- ✓ Presented management’s approach to pursuing “all the priorities,” rather than “a single expedient”

Scope

- ✓ Organized the correlation of the Company’s businesses & material issues, and financial & non-financial capital



Thoughts Behind the Cover Page's Design



Represented ITOCHU's management posture and endeavors to return to our founding spirit of "Sampo-yoshi," without forgetting to always be thankful and bright-hearted, like a blooming cherry tree, amid these uncertain times.

Highlights of the CEO Message

p.10

- ✓ Business from the customer's (market-oriented) perspective
- ✓ New Group corporate mission "*Sampo-yoshi*"
- ✓ Advantages in the non-resources sector
- ✓ Demonstrate our "true business power"
- ✓ Returning to the basics
(*"earn, cut, prevent"* principles)
- ✓ Commitment-based management
(to always fulfill our promises)





In the context of CEO message,
focused more on the followings:

- ✓ Discussions and initiatives by the Management Committee
- ✓ Evolution of ITOCHU's business model, while looking beyond the pandemic
- ✓ Company's efforts to sustainably improve corporate value

Changes in CEO Message

2018

Customize tailored to consumers

Reinvention of businesses

Stable profit that does not depend on resources

Taking on challenges no matter how daunting

No time to be complacent

Learning through reflection

2019

Market-oriented perspective

Evolution to “a new vision of what a trading company can achieve”

Highly resilient to economic fluctuations

Catch the waves and transform changes into business opportunities

Remain true to our merchant principles

Turning words into accomplishments

2020

Business from the customer’s perspective

New corporate mission “*Sampo-yoshi*”

Advantages in the non-resources sector

Demonstrate our “true business power”

Returning to the basics (“earn, cut, prevent” principles)

Commitment-based management

Serving as a Secondary Table of Contents

steadily focus on business from the "customer's perspective."

The pandemic presents a similar obligation. People across Japan are striving to avoid risks, and yet we have customers navigating hazards to fulfill their duty to deliver daily essentials to people. Many of our partners in the ITOCHU Group are working hard on the front lines in retail and other areas. I have even heard stories of partners who have practiced smiling while wearing a mask in front of the mirror to ensure that customers will be able to tell they are smiling. We compete by providing finely tuned services. I did not feel that we could live up to our "vision" as a merchant if only ITOCHU employees were working from home. To be clear, the "workstyle reforms" we are carrying out are not simply for the "pursuit of efficiency."

We do, however, fully reward our employees' best efforts. The aforementioned flower display provides an example. The thought behind this was that flowers can instantly brighten people's day, providing inspiration without any words. We also prepared various provisions and provided every employee with special benefits so they could get a quick start when the state of emergency was lifted. Temporary staff, dispatched personnel, and employees of subsidiaries that complement functions of ITOCHU received the benefits as well. We also provided a modest bonus with a message to security guards and cleaners.

Supported by many people, ITOCHU is, I believe, a merchant with the ability to perceive various viewpoints and create shared value for all sides. This was probably the business ideal our founder pursued more than 160 years ago.

Our Unwavering Ideal—"Sampo-yoshi"

I was approached by a person rather advanced in years at a meeting I attended last year. He thanked me because the ITOCHU shares he purchased have increased in value eightfold while dividends have risen significantly. As a manager,

this was music to my ears and, simultaneously, a moment that heightened my awareness of the importance of fulfilling my fiduciary responsibilities related to share price and shareholder returns.

Amid recent concerns of rapid economic deterioration, some people are saying companies should prioritize financial soundness, employment, and social contribution while scaling down shareholder returns. However, I intend to continue focusing on steadily raising dividends every year regardless of the situation.

We have numerous priorities to pursue. We could focus on specific stakeholders, economic or social value, or short-term results or steppingstones for medium- to long-term growth. The words of our founder, Chubai Itoh I, provide insight. The modern interpretation of "Sampo-yoshi" (good for the seller, good for the buyer, and good for society) is not to choose "a single expedient" based on the situation, but rather to unfatigably pursue "all the objectives."

(⇒ Page 28 Dialogue: "Sampo-yoshi" and ITOCHU)

Since ITOCHU's founding in 1856, the spirit of "Sampo-yoshi" has steadily underpinned the Company. On the other hand, each time the head of the Company changed, the overarching goal that encompasses "Sampo-yoshi" has been expressed using different words, making it gradually harder to precisely understand what we are aiming for and how to achieve it. Therefore, in April 2020, we went back to basics, making the Group corporate mission the simplest and clearest expression: "Sampo-yoshi." At the same time, we reestablished "1 aim One with Infinite Missions" as our corporate Guideline of Conduct to realize "Sampo-yoshi."

We give to society "what is required to the right person and in the right manner." We do this by, for example, delivering safe and secure products from Japan to consumers in China, or by helping improve the lives of Indonesia's citizens through geothermal power. "Enriching lives" through business in this way is how we provide social value based on "Sampo-yoshi." In doing so, we earn profit in proportion to the value we add. This mindset aligns with the Sustainable Development Goals (SDGs) and the concept of Creating Shared Value (CSV). I hope you can see how properly executing a profitable plan which leverages our strengths, like the storage battery business we are currently engaging in, is one of our "Infinite Missions." (⇒ Page 62 Initiatives and Systems Supporting Sustainable Growth)

Merchants Are Diligent

I am a bit of a "worrier." I have talked before about how cautious I am. I inevitably imagine the worst-case scenario, act to avoid it, and take one step forward only after reflecting on the history and actions leading up to that point and again ruminating on the situation. I am now reflecting on the history of ITOCHU.

After World War II, ITOCHU dove headfirst into expanding into non-textile businesses with the aim of diversifying



Several flowers welcome guests to the ground-floor lobby (June 1-18)

its businesses. A huge gap existed between our abilities and the general trading companies associated with the former zaibatsu industrial groups. To overcome this, we took a big gamble; we acquired shares of TOA Oil Co., Ltd., invested in state-of-the-art refineries, and concluded long-term charter contracts with oil tankers. These actions were based on the observation that oil was almost 100% imported and the hypothesis that since reserves were predicted to be in gradual decline, quickly acquiring crude oil would present a major business opportunity. However, the 1970s were visited by two oil shocks. The hypothesis was ruthlessly shattered when we fixed our buying price high and the selling price plummeted, leading to huge losses.

At the time, our judgment of resources was not as acute as those of other general trading companies associated with the former zaibatsu industrial groups. We relied only on a hypothesis, and only "purchased" products without securing stable buyers in heavy industry. It was an idea solely based on a "product-oriented perspective." It was similar to real estate investments during Japan's economic bubble where people rode the bandwagon based on the hypothesis that prices could "only go up." With the collapse of the bubble, losses cascaded. Even now, I can clearly recall that time. ITOCHU was pushed to the edge by the disposal of out-of-favor resources.

I believe it is extremely dangerous to make large investments relying on the hypothetical alone. This applies to the "Fourth Industrial Revolution" also, where Artificial Intelligence (AI) and other digital technologies are developing rapidly. A revolution does not guarantee that every related business will steadily grow. We must avoid investing recklessly.

We have to conduct business with the realization that we are merchants. To achieve the same level as general trading companies associated with the former zaibatsu industrial groups, which have prime assets in the resource sector, we naturally decided to compete in fields where we have an advantage, namely the non-resource sector, which is centered on consumer-related businesses. We do not have a "large chunk" of resource businesses that can generate hundreds of billions of yen in profit, but if we practice "spare-like" management and hit key points

Page xx

Serve as ToC



COO Message

We will work to maintain supply chains in each field by steadily carrying out operations and contribute to the stability of society as a whole.

with precision, we can compete sufficiently even if each business transaction is small. We diligently and routinely conduct business that pleases our customers, paying close attention to any subtle changes in order to fine-tune our policies. The FYE 2020 results proved the true value of this profit-making mindset, an approach unique to ITOCHU. (⇒ Page 52 Business Results for FYE 2020)

Keeping Our Promises

In the 11 years after the global financial crisis, the global economy had continued to expand. This left me worried that blowback could not be too far off. During the summer break in August last year, I decided to advance the semi-annual business strategy meeting which is usually held in early October by one month, holding it in early September. At that meeting, we enacted countermeasures for worst-case scenarios, focusing on the "prevent" and "cut" principles, which went into effect as of that day. Six months after, the threat materialized as the totally unforeseen COVID-19 pandemic. Still, ITOCHU was unshaken.

In FYE 2020, consolidated net profit exceeded ¥500.0 billion for the second consecutive year, and we achieved record-high profits for the fourth year in a row. Although it is unfortunate we did not seize back the top spot, we were the No. 1 general trading company in terms of core profit, which proves our staying power. ROE was an industry-leading 17.0%, and our net debt-to-shareholders' equity ratio (NET DEBT) decreased to its best level ever. The price of ITOCHU stock reached 22 record highs during the year. (⇒ Page 40 CFO Interview)

Amid this harsh environment, other general trading companies had revised their forecasts downward and recorded lower profit. ITOCHU stood alone in achieving our initial plan like any other year by leveraging our robust earnings base that is strategically positioned across different fields to steadily build up profits, enabling us to pay the record-high dividends we promised at the beginning of the year. This reassures me as a leader. To each and every Group employee, I would like to extend my sincerest thanks for their unparalleled effort.

I strongly believe that "we should always stand firmly

Regarding the upgrade of business models through venture investments or by using new technologies, we have completed the development of forward-looking foundations and the identification of key fields. From FYE 2021, we will enter a phase where we strive to expand business under the initiative of our Division Companies coming on mobility, power, and retail businesses. In particular, the power field combined the downstream fields of next-generation power and storage batteries and established the new Power & Environmental Solution Division. Our brand of storage batteries equipped with AI functions has sold a cumulative total of roughly 30,000 units across Japan as of March 31, 2020, giving it the No. 1 share in Japan on a capacity basis. Our strengths in this area include our sales network and a business foundation that has evolved over more than a decade. We are steadily expanding our business by taking full advantage of our investments handling a variety of next-generation businesses, such as Sunnova Energy International Inc., 24M Technologies, Inc., and Shenzhen Pandpower Co., Ltd. (⇒ Page 60 Realizing Our "Sampo-yoshi" Philosophy through the Largest Multicultural Development in Japan)

Amid the current crisis, which has been called the greatest since World War II, let us recall the words of President John F. Kennedy during the Cuban Missile Crisis: "In the Chinese language, the word 'crisis' is composed of two characters, one representing danger and the other, opportunity." For example, COVID-19 is obviously spurring retailers to more quickly move online and fostering greater online engagement with customers of services. During this time, the ITOCHU Group has also launched new initiatives, such as HOKEN NO MADOGUCHI (an insurance agency with walk-in stores) starting online consultations. Even during the COVID-19 crisis, we will continue to precisely sense changes in customers and industry structure, attune our senses to the seeds of change, and seize good opportunities.

We are also monitoring the effect of COVID-19 overseas. By thoroughly managing risks and polishing our existing businesses, our "earn, cut, prevent" principles will serve as a base. Through the "earn" principle, we strive to expand our business through collaboration with powerful partners. For example, the Energy-from-Waste (EWM) project in Serbia started construction in FYE 2020, and it is a collaborative initiative with SUEZ S.A., a major French company for water and environmental utilities. Annually 340,000 tons of waste, equivalent to 98% of the waste emitted by the city of

Belgrade, is incinerated to produce electricity and supply heat. This is Serbia's first large-scale Public Private Partnership (PPP) using project finance. The project is of paramount importance to the Serbian government, which aims to meet the European Union (EU)'s waste disposal standards and join the EU. ITOCHU also operates similar EWM facilities in the United Kingdom. Leveraging the business development and operational know-how we have cultivated to date, we will collaborate with strong partners in each region and business field to enhance the quality of our projects, thereby making steady progress. (⇒ Page 59 Viewing Environmental Issues as Business Opportunities)

Aiming to Sustainably Enhance Corporate Value

To achieve major accomplishments with very few employees relative to other general trading companies on a non-consolidated basis, ITOCHU has rolled out its distinctive advanced measures to enhance every employee's productivity. Specifically, we have made operations more efficient by going paperless for meetings and applications and by utilizing IT including robotic process automation (RPA). We also promoted workstyle reforms through the "Morning-Focused Working System" and "Dress-down Days," as well as health management through such measures as "Support Measures for Balancing Cancer Care and Work." Going forward, by providing opportunities for advancement as a "strict but rewarding company," ITOCHU will continue to ensure its employees can truly experience growth and feel the appeal of creation, through cultivating new customers and developing business models on their own.

In April 2020, to achieve further growth as we adapt to the rapid changes in the business environment in the industries that we are facing and to establish values that resonate with the strengths that set ITOCHU apart, we amended our corporate mission to be "Sampo-yoshi," our management philosophy that has been in place since our founding, which also aligns with the principles behind the SDGs. We will continue to increase the unified strength of the entire Group as we aim to enhance our corporate value.

Going forward, we will work reliably to support the diligent efforts of our subsidiaries, affiliates, and customers even amid the COVID-19 crisis. We will work to maintain supply chains in each field by steadily carrying out operations and contribute to the stability of society as a whole.



A red carpet and cherry blossoms in full bloom welcome new hires.

Key Points of CAO Message

p.26

Aims and contents of the revision of Group corporate mission

- ✓ As a company that is the originator of “*Sampo-yoshi*,” revised its corporate mission to the most important word ingrained in employees
- ✓ As “*Sampo-yoshi*” is a philosophy leads to pursuing SDGs, aim to increase awareness of it when developing and creating businesses
- ✓ Can be a compass for our employees to carry on with business during the pandemic

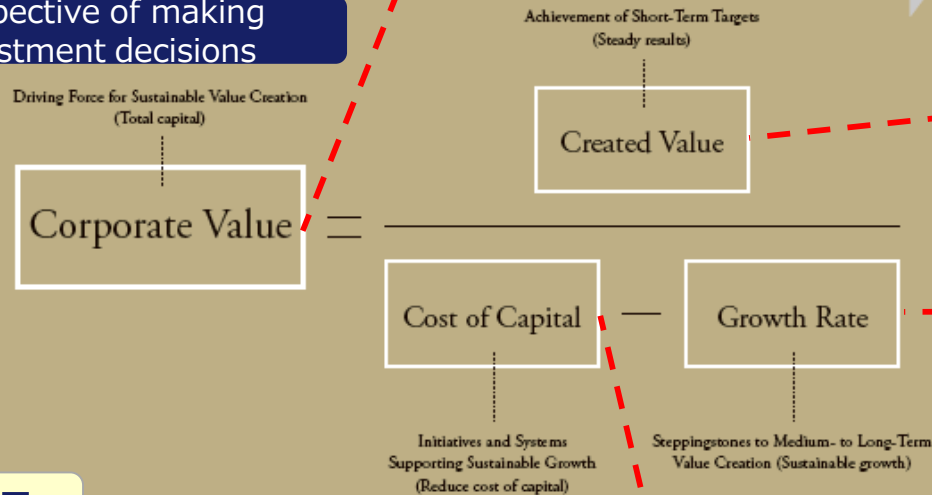


Concept for Annual Report 2020

Sustainably Enhancing Corporate Value by Steadfastly Upholding Our Unwavering Ideal, "Sampo-yoshi"

Taking "inherited strengths" and the "earn, cut, prevent" principles as our driving force, we will realize our short-term targets, lay steppingstones for medium- to long-term value creation, and maintain the initiatives and systems supporting sustainable growth. Rather than choosing "a single expedient," we will unflaggingly pursue "all the priorities" — this is the approach for sustainable increase in corporate value (total capital) as merchants upholding unwavering ideal of "Sampo-yoshi."

Perspective of making investment decisions



p.5

10	Management Messages	62	Initiatives and Systems Supporting Sustainable Growth (Environment, Society, Governance)
10	CEO Message	62	Relationship between a Logic Tree, Non-Financial Capital, and Material Issues
16	COO Message	64	Sustainability Initiatives for Sustained Corporate Value Creation
20	Driving Force for Sustainable Value Creation	66	Addressing Climate Change
20	Staying True to "the Way of the Merchant" for More Than 160 Years	68	Sustainability in the Value Chain
26	Dialogue: "Sampo-yoshi" and ITOCHU	69	ESG Risk Evaluation in Business Investment
30	The "Merchant" Business Model	70	Human Resource Strategy
32	Our Business Model, as Seen through Business Development	72	Transition of the Corporate Governance System
36	Macroeconomic PEST Analysis	74	Overview of the Corporate Governance System
38	Sustainable Value Creation through Capital Accumulation	76	Maintaining and Improving the Effectiveness of the Board of Directors
40	CFO Interview	77	ITOCHU's Policy on the Governance of Its Listed Subsidiaries
44	Business Investment	78	Corporate Officer Remuneration
47	Risk Management	80	Members of the Board, Audit & Supervisory Board Members, and Executive Officers
48	The Positive Cycle of Dialogue and Enhancing Corporate Value	82	Business Portfolio
50	Achievement of Short-Term Targets	82	Financial Summary
50	The Trajectory for Enhancing Corporate Value under the "Brand-new Deal" Strategy (Management Plan)	84	Performance Trends by Segment
52	Business Results for FYE 2020	86	Net Profit by Major Group Companies
54	FYE 2021 Management Plan	88	Textile Company
56	COVID-19's Impact on the Company and Status of Initiatives	90	Machinery Company
58	Steppingstones to Medium- to Long-Term Value Creation	92	Metals & Minerals Company
58	Building on Our Existing Strengths	94	Energy & Chemicals Company
59	Viewing Environmental Issues as Business Opportunities	96	Food Company
60	Realizing Our "Sampo-yoshi" Philosophy through the Largest Multifaceted Development in Japan	98	General Products & Realty Company
		100	ICT & Financial Business Company
		102	The 8th Company
		104	IR Activities

p.9

Update of "Merchant" Business Model

Illustrated balancing economic and social value centered on "Sampo-yoshi" as recycling diagram

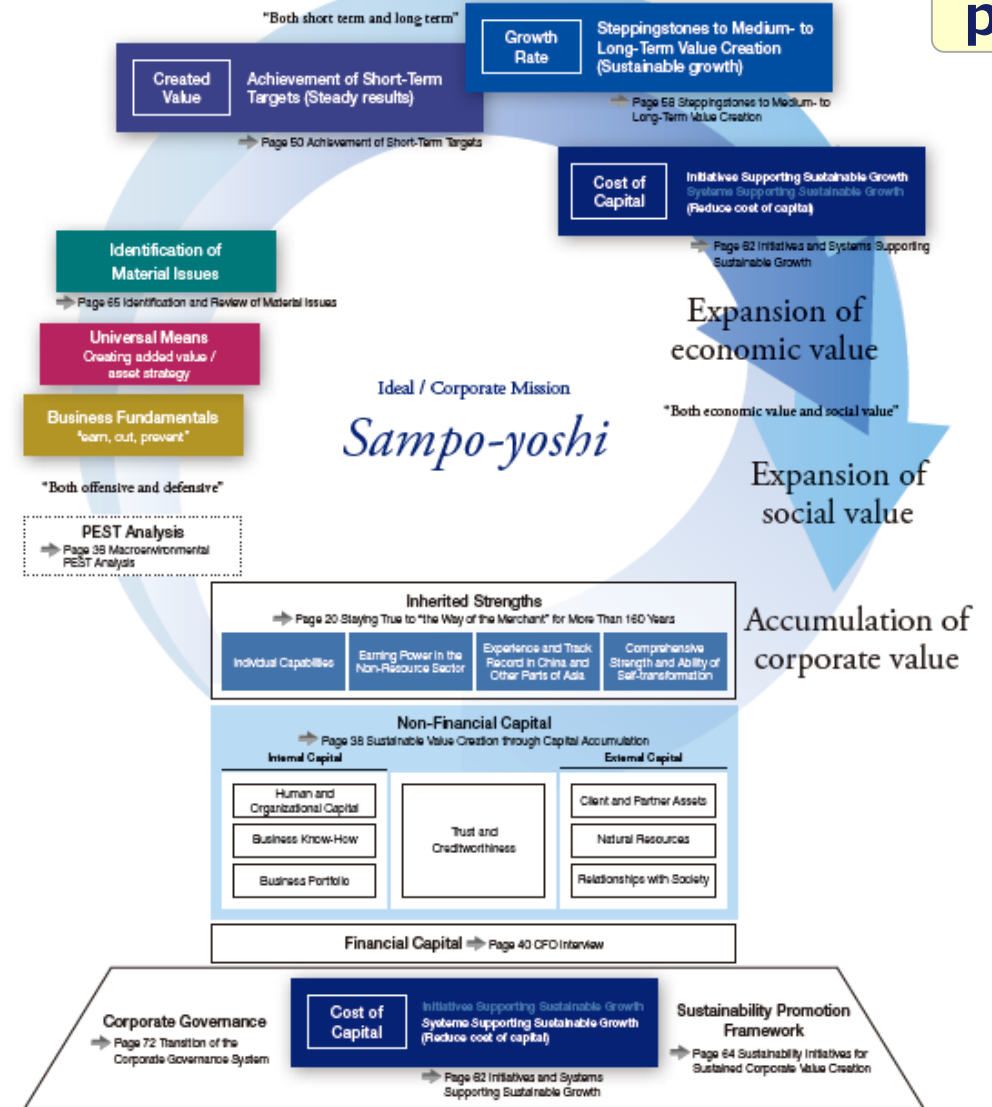
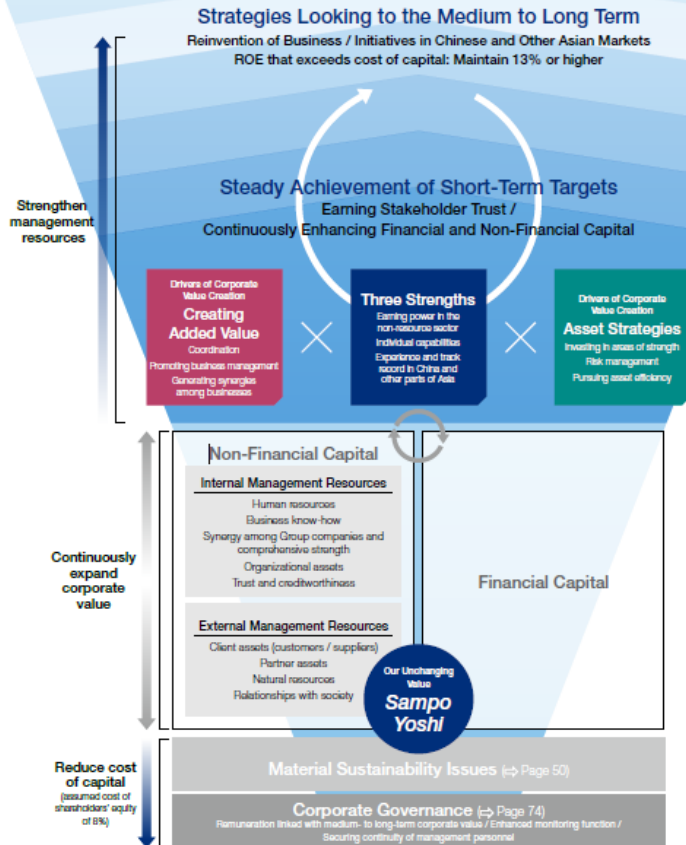
p.30

2019 version

OUR BUSINESS MODEL

The "Merchant" Business Model

With a management philosophy rooted in the sampo yoshi ideal, we strive to respond flexibly to the social needs of the changing times. By promoting and expanding the financial and non-financial capital we have honed and accumulated over time, we will build a foundation for sustainable growth and enhance corporate value.



Focusing on Both Short Term and Medium to Long Term



p.24

Trading Companies as Water

The current Chairman & CEO, Masahito Okafuji, explains that ITOCHU has the ability to transform itself, noting that general trading companies "are like water taking the form of the vessel in which it is carried, sometimes round, and sometimes square."

Inherited Strengths

Individual Capabilities Consolidated Net Profit per Employee (Non-Consolidated)

¥0.12 billion (FYE 2020)

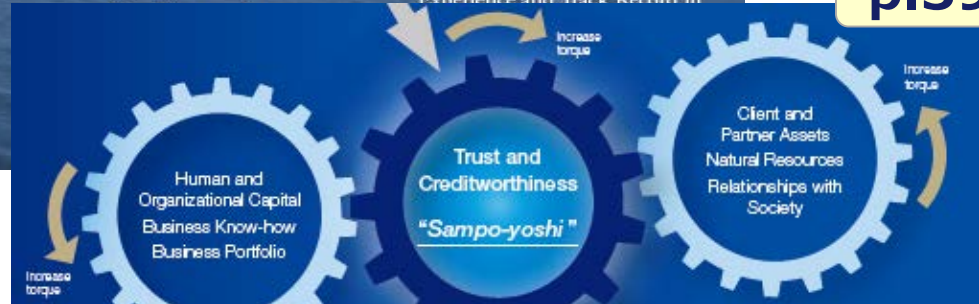
ITOCHU did not maintain free-standing stores, but instead cultivated a spirit of creating businesses on its own. This DNA and the fact of having the non-recourse sector, with its large number of clients, as the core naturally cultivated "individual capabilities."

Comprehensive Strength and Ability of Self-transformation Ratio of Group Companies Reporting Profits — 88.6% (FYE 2020)

With diversified business portfolio, we established a solid earnings base by leveraging various functions and business know-how we have cultivated as a general trading company as well as by maximizing synergies between businesses.

Earning Power in the

Experience and Track Record in



p.39

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

Redefined "trust and creditworthiness" as core non-financial capital of "Sampo-yoshi."

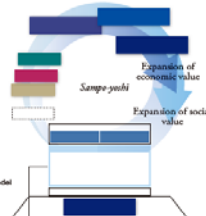
p.62

Management Plan

Our plan, "Strategic Road 2020," in FYE 2019 and has accomplished and the business environment undergoing ambitious changes, mainly due to thorough making the "earn, out, power" plan for FYE 2021, in which we will consolidate our footing by thoroughly making the "earn, out, power" plan, in this way, we will spend the year on steadily preparing for another forward leap in the future.

Relationship between Maintaining and Upgrading of Non-Financial Capital and Material Issues

ITOCHU has identified its corporate mission of "Sampo-yoshi" which embodies its material sustainability issues and works to realize material issues through its business. In this way, we maintain and expand our non-financial capital that we have accumulated by leveraging the trust and creditworthiness, and realize a sustainable increase in corporate value.



Internal Capital

Trust and Creditworthiness "Sampo-yoshi" Utilization of external capital in existing internal capital for the sustainable creation of value.

Material Issue	Non-Financial Capital	Material Issue	Non-Financial Capital
(1) Build business through digital technology innovation	Trust and Creditworthiness	(1) Build business through digital technology innovation	Trust and Creditworthiness
(2) Address climate change	Trust and Creditworthiness	(2) Address climate change	Trust and Creditworthiness
(3) Increase a robust and resilient economic environment	Trust and Creditworthiness	(3) Increase a robust and resilient economic environment	Trust and Creditworthiness
(4) Respect human rights	Trust and Creditworthiness	(4) Respect human rights	Trust and Creditworthiness
(5) Contribute to society and the environment	Trust and Creditworthiness	(5) Contribute to society and the environment	Trust and Creditworthiness
(6) Ensure stable and sustainable supply	Trust and Creditworthiness	(6) Ensure stable and sustainable supply	Trust and Creditworthiness
(7) Address regional governance	Trust and Creditworthiness	(7) Address regional governance	Trust and Creditworthiness

Emphasized the balance between the mid-to long-term direction we should aim for, and the short-term results that guarantee its realization, based on the inherited "strengths."

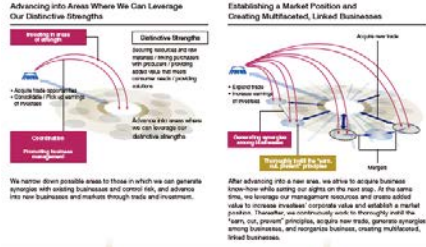
"Both short term and medium to long term"

More Examples of Building Value Chains through Singular to Multifaceted Business Development

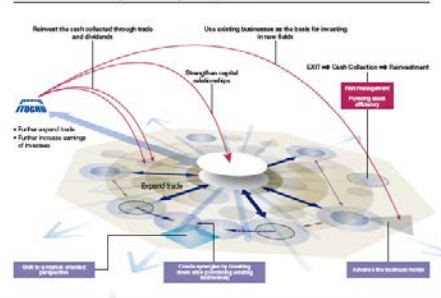


Expanding Our Multifaceted Businesses and Tirelessly Upgrading

We are expanding our multifaceted businesses through a chain reaction by leveraging functional areas of strength. At the same time, we are combining existing businesses, shifting to a market-oriented perspective, and investing in new fields. Through such efforts, we continue to upgrade our business model and pursue a new vision of what a trading company can achieve.



Reinforcing Earning Power by Advancing (Upgrading) the Business Model and Strengthening Cross-Divisional Functionality, and Promoting Asset Replacement



Introduced storage batteries-related business, an expanding multifaceted business in the potential growth field, in addition to FamilyMart, one of our core businesses.

Examples from the Convenience Store Business

Acquiring Customer Contact Points
ITOCHU is expanding its network of convenience stores and distribution business, with a focus on expanding its presence in the convenience store market. ITOCHU is expanding its network of convenience stores and distribution business, with a focus on expanding its presence in the convenience store market.

Strengthening the Intermediate Food Distribution Business through Reorganization
ITOCHU is strengthening its intermediate food distribution business through reorganization. This involves consolidating resources and streamlining operations to improve efficiency and reduce costs.

Creating a Value Chain in the Convenience Store Business
ITOCHU is creating a value chain in the convenience store business by integrating various services and products. This includes offering fresh produce, daily necessities, and other services to enhance the customer experience.

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 general private equity fund. However, there are several key differences between ITOCHU and a general private equity fund.

p.32

Food Product and Packaging Business Initiative Example

ITOCHU coordinates food value chains to ensure the optimal flow for all processes that take place before items reach store shelves, including procurement of raw material procurement, production, packaging, and procurement of containers and packaging materials.

Raw Materials	Production	Manufacturing	Packaging	Warehousing	Distribution	Retail	Consumption
<ul style="list-style-type: none"> Wheat (Wheat Processing Co., Ltd.) Beans (NIPPON SOYBEAN OIL CO., LTD.) Vegetables (NIPPON SOYBEAN OIL CO., LTD.) Meat (NIPPON SOYBEAN OIL CO., LTD.) Seafood (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Processing (NIPPON SOYBEAN OIL CO., LTD.) Food Packaging (NIPPON SOYBEAN OIL CO., LTD.) Food Distribution (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Production (NIPPON SOYBEAN OIL CO., LTD.) Food Packaging (NIPPON SOYBEAN OIL CO., LTD.) Food Distribution (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Packaging (NIPPON SOYBEAN OIL CO., LTD.) Food Distribution (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Warehousing (NIPPON SOYBEAN OIL CO., LTD.) Food Distribution (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Distribution (NIPPON SOYBEAN OIL CO., LTD.) Food Retail (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Retail (NIPPON SOYBEAN OIL CO., LTD.) Food Consumption (NIPPON SOYBEAN OIL CO., LTD.) 	<ul style="list-style-type: none"> Food Consumption (NIPPON SOYBEAN OIL CO., LTD.)

p.34

Area of Focus in Joint Initiatives with FamilyMart

ITOCHU Group is working together to provide customers with a broad range of services closely related to their daily lives.

Service Initiative Example

Service Initiative Example	Partner
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)

Promoting a Business Model that Combines New Technologies and Existing Businesses

ITOCHU is promoting a business model that combines new technologies and existing businesses. This involves integrating various technologies and services to create a comprehensive ecosystem for energy storage and management.

Optimal control of ESS

ITOCHU is working in coordination to provide customers with a broad range of services closely related to their daily lives.

Service Initiative Example

Service Initiative Example	Partner
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)
FamilyMart collection daily necessities	ITOCHU Retail, Inc. (ITOCHU Retail, Inc. Co-operative)

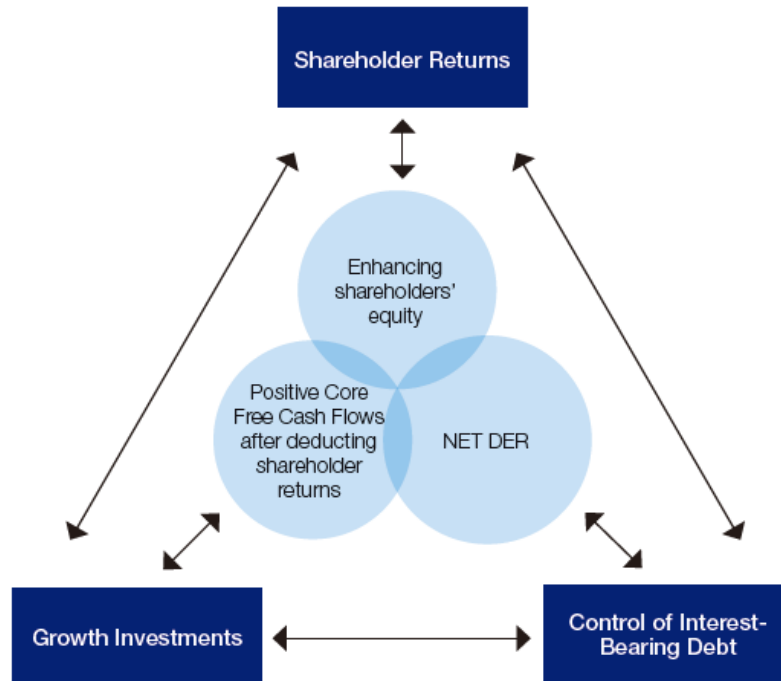
p.60

Key Points of CFO Message

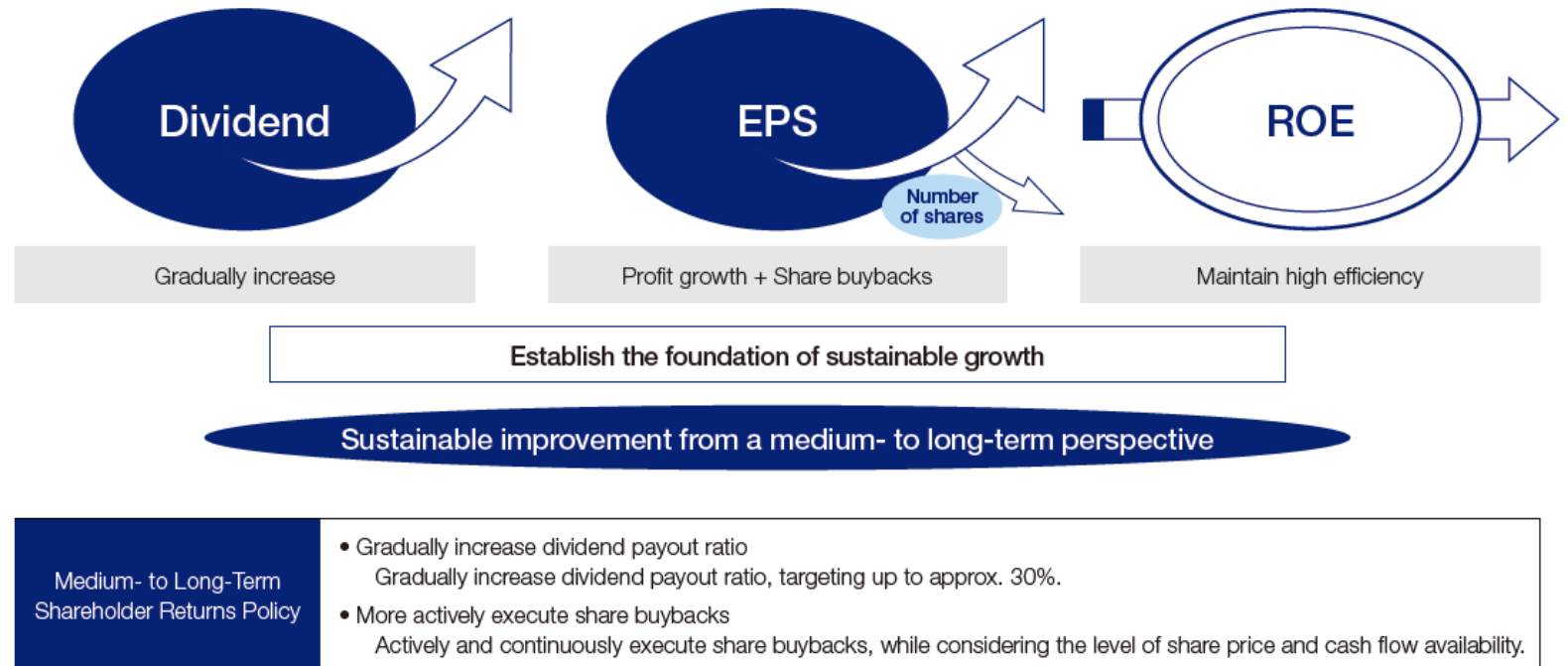
p.40

- ✓ Unshakable focus on the financial and capital strategies, and growth investment policy
- ✓ Aim to sustainably increase EPS by expanding profits in principle
- ✓ Disclose information in a timely manner and engage in highly trustworthy conversations

Achieve High ROE While Balancing Three Factors

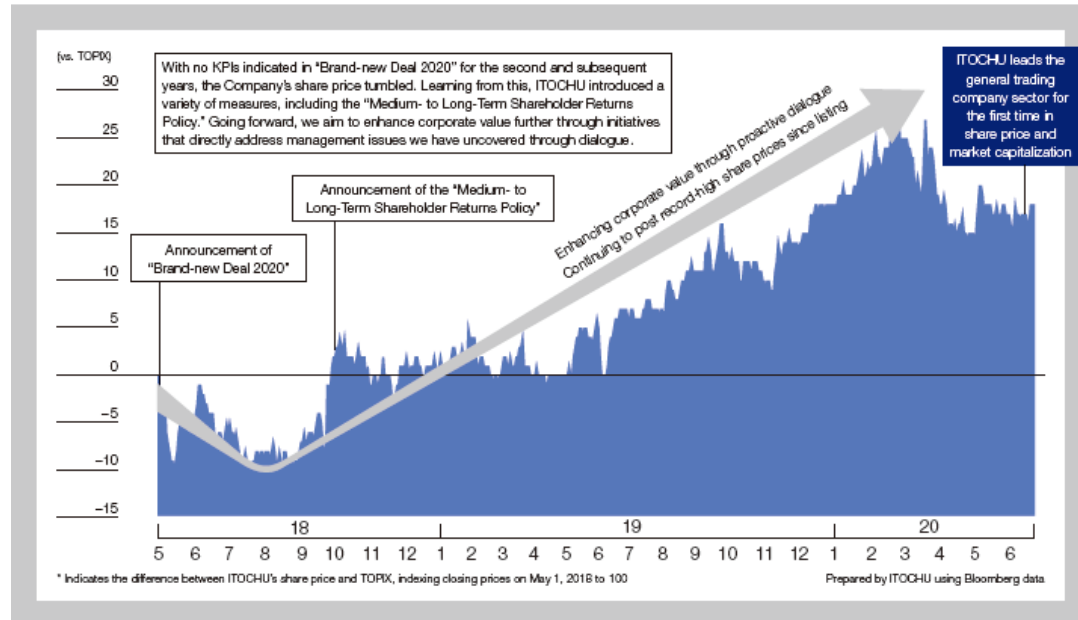


Concept for Enhancing Corporate Value



Management's Emphasis on Dialogue

ITOCHU's Share Price Performance vs. TOPIX after Announcing "Brand-new Deal 2020"*



With the cooperation of sell-side analysts, comments are made about issues to address.

Issues the Company Recognizes It Needs to Address through Dialogue

Steppingstones to Medium- to Long-Term Value Creation	<ul style="list-style-type: none"> • Specific results of collaboration with CITIC and CP Group • Prompt execution of the share buybacks already announced, for 35 million shares or ¥70.0 billion (both upper limits)
Initiatives and Systems Supporting Sustainable Growth	<ul style="list-style-type: none"> • Explanation of specific deliberations by the Nominating Committee

p.48

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

Explained our emphases on dialogue with the market in the context of "learning through reflections," because our share price fell after the previous medium-term management plan was unveiled.



Yasuhiro Narita

Managing Director
Equity Research Department
Nomura Securities Co., Ltd.
Joined Nomura Securities Co., Ltd. in 1998. After being in charge of the shipping, land transport, and housing equipment sectors, took charge of the trading company sector in 2006. In the current position since 2015.



Akira Morimoto

Senior Analyst
Equity Research
SMBC Nikko Securities Inc.
In 2007, joined Morgan Stanley Securities Co., Ltd. (now Morgan Stanley MUFG Securities Co., Ltd.). After being assigned to the steel sector for approximately five years, in charge of the trading company sector since 2012. In the current position since 2013.

Steadily Moving Forward—Can ITOCHU Break through to Reinvention?

The general trading company business model is changing from a trading-oriented model to one based on business investment, and in recent years the Company has turned toward a strategy of augmenting business value by contributing actively to investees' businesses. With peer companies struggling with low levels of profitability due to large investments and across-the-board investments, ITOCHU is focusing on consumer-related businesses—an area of expertise. The Company also focuses carefully on the profitability of investees via thorough cost management, therefore realizes steady profit growth and high profitability. While advances in information technology present general trading companies with good opportunities to create new businesses, such advances also pose the risk of making existing businesses obsolete. Reinventing its businesses in response to consumer needs and using its investment in CITIC as a lever to access China's massive internal demand pose issues, as well as growth opportunities. We will be monitoring the situation.

Already Means Not Yet

In its dialogue with the stock market, I give the Company high marks for the way top management took this input seriously. However, ITOCHU still needs to surmount a number of issues. In the short term, it needs to complete share buybacks. In the medium to long term, it needs to clarify its growth strategy, including the creation of synergies with CITIC, as well as further moves on climate change. Notably, low cash returns from CITIC are one reason the stock market is discounting ITOCHU's shares. At present, we believe ITOCHU can maintain high ROE in FYE 2025, but I would like to see management set its sights even higher, at some "market expectation +." If it can present a growth-oriented solution, ITOCHU may be able to change the way its shares are valued, stepping outside the framework of a general trading company.

Information about COVID-19

p.56

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

We explain COVID-19's impact on our operating performance and management policies, as well as status of Initiatives.

Q.1 How has COVID-19 affected ITOCHU's consolidated business performance, management strategies, and business model?

Our initial plan of consolidated business performance for FYE 2021 called for consolidated net profit of ¥400.0 billion. This incorporates a direct downward impact from COVID-19 of roughly 10%, excluding such impacts as falling resource prices. In addition, we set a higher-than-

usual loss digitalization in client industries, and have steadily billion from promoted initiatives to evolve and transform our existing consider business models. It is said that COVID-19 would rapidly Even t accelerate changes in purchasing methods and prefer- have bee ences, as well as the digital shift. That said, the basic

Comments from an Outside Director on Our COVID-19 Countermeasures
 ITOCHU shared information about policies to address COVID-19 and measures to prevent infection with Outside Directors in a timely manner. As an Outside Director of ITOCHU, I tried to provide more practical opinions and advice based on the experience and knowledge I have gained through my involvement in healthcare over many years.



Masatoshi Kawana

Outside Director

Mr. Kawana served as Vice President of Tokyo Women's Medical University Hospital, in addition to other positions, where he gained a high level of experience in hospital management and advanced knowledge of medical care.

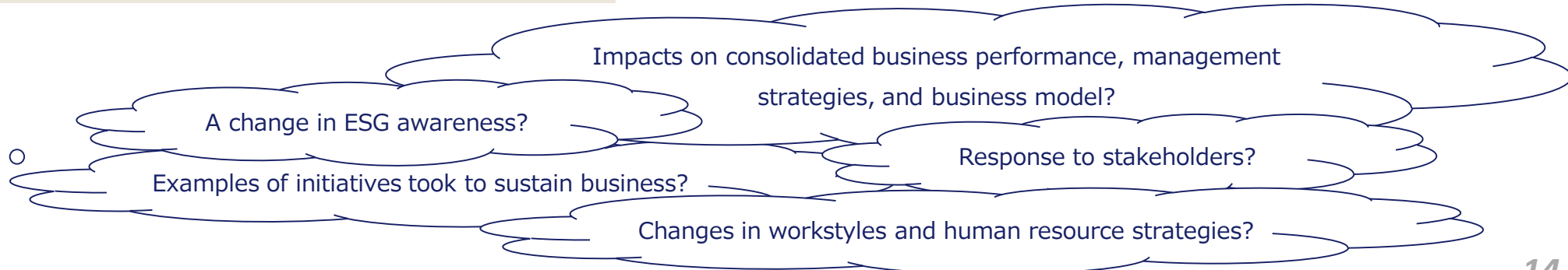
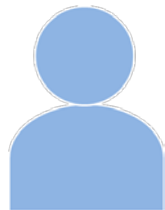
He assumed a position as member of the Board of Directors at ITOCHU in June 2016. He contributed to the further development of governance at ITOCHU as a member of the Governance and Remuneration Committee in FYE 2020. He used his expertise to provide many useful proposals and suggestions in the fields of health management and medical care-related business.

ITOCHU established an internal COVID-19 countermeasures headquarters in January 2020, just as the number of infections was beginning to increase. Headed by the CAO, the headquarters have been focusing on thoroughly implementing the infection protection measures necessary to sustain business operations as well as on such areas as reinforcing the testing system. From my perspective as a medical sector professional, these measures appear prompt and appropriate.

Leading corporate management in an environment affected by COVID-19 requires striking a balance between curtailing infection risk and minimizing the impact on business activities. I look forward to continuing in my role of working in tandem with the internal management team to develop and maintain an environment in which executives and employees can concentrate on their work with peace of mind.

Explained the impact of COVID-19 on earnings and businesses, a topic of strong interest among markets.

Outside Director with advanced medical knowledge made comments from the perspective of "health management" practice.



p.66

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

Scenario Analysis									
Division Companies									
Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty					
Business									
Power Generation	Coal	Oil & Gas Upstream Business Development	Dole	Pulp					
Main risks									
Transition risk*				Physical risk					
* The impact under the "around 4°C" scenario on businesses with a significant transition risk is limited.									
Business environment									
4°C	<2°C	4°C	<2°C	4°C	<2°C	4°C	<2°C	4°C	<2°C
→	→	→	→	→	→	→	→	→	→
<ul style="list-style-type: none"> Even in the "under 2°C" scenario, we can maintain and grow revenue by increasing the number of new renewable energy plants. 		<ul style="list-style-type: none"> In the "under 2°C" scenario, use of fossil fuels will be reduced as a result of technological innovation and changes in regulatory trends, but demand for high-grade coal, which has a relatively lower environmental impact, will remain at a certain level. 		<ul style="list-style-type: none"> Demand for crude oil is expected to shrink across the world in the "under 2°C" scenario. Nevertheless, we will be able to increase revenue by capturing the opportunities of the global increase in demand for LNG and the increase in demand for new energies (e.g., biofuels). 		<ul style="list-style-type: none"> We expect climate change (the impact on the amount of harvest per unit area due to the increase in the average temperature) to have the impact of reducing revenue under both the "around 4°C" and "under 2°C" scenarios. Nevertheless, we will be able to increase revenue by dispersing risks with diversification of production areas (e.g., Sierra Leone) and by striving to improve our cultivation technologies and cultivation efficiency. 		<ul style="list-style-type: none"> We will partially increase revenue due to an increase in pulp production output in some afforestation areas where production output is expected to expand under the "around 4°C" scenario. Nevertheless, our analysis shows that our overall revenue will decrease due to the impact of the reduction in production output in most afforestation areas with the rise in the average global temperature. We will maintain production output at a certain level in afforestation areas with the suppression in the rise of the average temperature in the "under 2°C" scenario. If the carbon prices are introduced in pulp manufacturing factories using biomass energy, we will be able to curtail costs. In addition, we will be able to increase profit by augmenting revenue with an increase in our pulp production output in afforestation areas where production output is expected to expand. 	
Policies and efforts									
<ul style="list-style-type: none"> We aim to achieve a renewable energy ratio of more than 20% (equity interest basis) by FYE 2031 and will reflect this in the future strategy. We will not develop any new coal-fired power generation business. 		<ul style="list-style-type: none"> We will not acquire new thermal coal mining interests. Regarding the existing thermal coal mining projects, we will continue to review it and contribute to the development of a sustainable society while responding to the social demands of stable supply of energy to customers in Japan and overseas. We will continue to be involved in the development of technologies to contribute to reduction of GHG emissions, including carbon capture and storage (CCS) and carbon capture and utilization (CCU). 		<ul style="list-style-type: none"> We will carefully examine an expansion of our crude oil assets. We will aim to stabilize business by participating in excellent projects. We will than examine investment opportunities in gas projects (e.g., LNG). We will examine a business portfolio that anticipates an increase in demand in the new energies field (e.g., the capture of biogas and hydrogen-related business opportunities). 		<ul style="list-style-type: none"> We will diversify production areas (expand production in Sierra Leone). We will increase the yield by researching and selecting varieties and by improving production methods (e.g., by improving seedling cultivation methods). We will contribute to a low-carbon society through the promotion of biogas power generation utilizing pineapple waste and solar power generation utilizing factory rooftops. We will aim to further improve the Dole brand and product superiority with the support of highly environmentally conscious consumers. We will implement irrigation as necessary. 		<ul style="list-style-type: none"> We will examine a selection of varieties to respond to climate change. We will conduct on-site monitoring to examine measures before the impact of climate change becomes significant. 	

Disclosed results of scenario analysis on consumer sector businesses including Dole and pulp businesses, focusing on the effects of "physical risks" in the event of an increase in global temperatures and changes in climate.

Reposted the action policy on the existing coal-related business released on Feb 2019.

p.68

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

Food Supply Chain in the COVID-19 Pandemic



Plant audit in China

Our supply chain is growing more wide-ranging and complex as our business domains expand, making it more important to manage risks in raw materials procurement and in our supply chains related

In addition, at food manufacturing plants, which are positioned in the midstream section of the supply chain, we have made use of our existing initiatives for increasing transparency across the entire supply chain even under the COVID-19 environment. For example, since January 2015, we have had a food safety management team in China, and have regularly dispatched Japanese experts to sites there. From a perspective of preventative management, we have conducted regular plant audits in accordance with international standards, and fostered communication with our business partners' plants. In addition to reducing the risk of accidents and issues arising, these initiatives also helped us to get a timely grasp of the status of suppliers infection prevention management systems and operating status during the COVID-19 crisis, which enabled us to avoid any interruption in the supply chain. Furthermore, preliminary preparation of crisis response manuals through

to human rights, working environment, and other aspects. For example, in the Food Company, we are promoting sustainable purchasing activities over the long term, mainly in upstream businesses such as palm oil, marine products, dairy products, fresh meat, and coffee. These efforts include participation in international certification organizations and initiatives to increase the procurement ratio of

Group Company Fact-Finding Investigations

We have continued to conduct on-site visits and surveys in Group companies since 2001 to prevent environmental pollution. We visited and surveyed two Group companies in FYE 2020, working with external experts upon consideration for the environmental and social risks of each company. (We completed investigations into a total of 285 offices as of the end of March 2020.)

In these investigations, we conduct wide-ranging inspections such as the factory and warehouse facilities, the situation of drainage to rivers, compliance with environmental laws and regulations, consideration for labor safety and human rights, and communication with the local community in addition to holding a Q&A session with management. We also identify problems and present preventative measures, and check to see whether the situation has been corrected afterwards.

In January 2020, we visited and surveyed Dole Philippines Inc., which manufactures canned pineapple.

Based on the insights of an external expert with detailed knowledge of local laws and regulations, we carefully checked the status of soil pollution, waste, and compliance with laws and regulations to confirm that these are being managed properly.

We also confirmed that the company is actively engaged in on-site biomass power generation and making donations to local schools, among other activities.



Survey at Dole Philippines Inc.

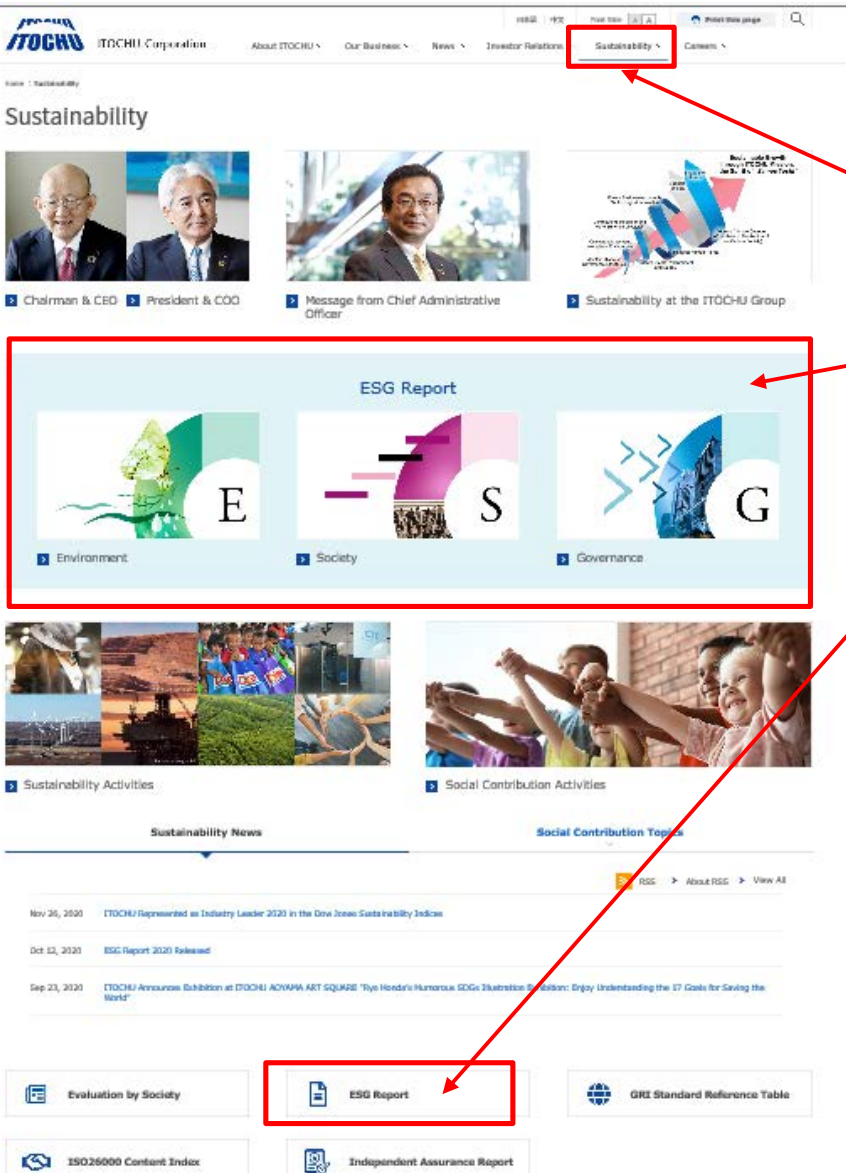
Introduced efforts to improve the sustainability of the value chain in response to growing interest in the spread of COVID-19.

Explained the implementation of human rights due diligence that goes further than existing supply chain management.

Comprehensive Disclosure of ESG Information

ESG Report

“ESG Report” can be downloaded from the sustainability section of ITOCHU’s website.



(PDF ver.: published once a year in Aug or Sep)
Disclosed a comprehensive compilation of
ESG-related information.

p.14~p.22

Sustainability Action Plan

Address Climate Change (Contribute to Realization of Low-Carbon Society)

Risks	Opportunities
Transition risk <ul style="list-style-type: none"> Reduction in demand for fossil fuels due to business restrictions on greenhouse gas emissions Physical risk <ul style="list-style-type: none"> Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons and hurricanes) 	<ul style="list-style-type: none"> Increase in renewable energy and other business opportunities which will contribute to alleviating climate change Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather

SDGs Targets	Issues to Address	Co	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress	
7 (Renewable Energy)			Machinery Company	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	We achieved a renewable energy rate of 12.5% through capital alliances with Winch Energy, which is a company in the U.K. that is involved in small-scale solar power generation and distribution systems in non-electrified areas such as Africa, and VPP Japan, which is a company involved in the solar distribution power business in Japan.	
13 (Climate Action)	Taking countermeasures against climate change		Machinery Company	We will achieve the eco-friendly mobility society by strengthening businesses of electric vehicles (EVs), hybrid vehicles (HV), vehicles with a reduced environmental impact, and those related.	Contribute to spread of eco-friendly vehicles by increasing business of eco-friendly and high-efficiency products, such as EVs, HVs, and similar vehicles from automakers as our business partners.	Expand sales of eco-friendly products in response to the expanded lineup of EVs, HVs, and similar vehicles from automakers as our business partners.	1) We have been participating in a small electric truck demonstration experiment since January 2019 in Japan. 2) We are deepening efforts with two companies into which we invested in FYE 2019 in China where electric vehicles are spreading rapidly - Changan (Changan Car Rental), an electric commercial vehicle rental and maintenance service, and Zhehaotao Technology (Singulato Motors), an emerging electric vehicle manufacturer. 3) We have invested in a ride sharing service called Via (2019). This is a convenient and cost-effective means of transportation. At the same time, it also contributes to alleviating urban congestion and reducing CO ₂ emissions.	
13 (Climate Action)		Mitsui & Minerva Company	<ul style="list-style-type: none"> Mining business Environmental business Material-related business 	<ul style="list-style-type: none"> We will realize stable energy supply as our social mission and responsibility while fully considering its environmental impact. We will contribute to reducing greenhouse gases through businesses related to lighter-weight vehicles and Electric Vehicles (EVs). 	<ul style="list-style-type: none"> Continue to be involved in the development of technologies that contribute to the reduction of greenhouse gases emissions, including technologies for carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU). Aim to develop an appropriate portfolio of coal assets by fully considering its environmental impact. Strengthen initiatives in businesses that contribute to the development of lighter-weight vehicles and shift to EVs (aluminum, copper, and other businesses). 	<ul style="list-style-type: none"> Contribution to a low-carbon society by committing to technologies that help reduce greenhouse gases emissions. Development of an optimal asset portfolio by fully considering social requirements, including those related to the shift to a low-carbon society. Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs. 	<ul style="list-style-type: none"> We are working to start an overseas demonstration project to culture Eugenia together with Eugenia Co., Ltd. This project will help promote Carbon dioxide Capture and Utilization (CCU) technologies. This project has potential to be applied over existing thermal power plants and manufacturing plants that emit carbon dioxide and is expected to be rolled out to a wide range of industries. We have properly reviewed our asset portfolio to see if it is in line with our policy announced in February 2019 (1) not to acquire any new thermal coal mining interest and (2) regarding the existing thermal coal mining business, we will continue to review it and contribute to the development of a sustainable society while responding to the social demands of stable supply of energy to domestic and overseas customers. As a result of the review, following on from the sale of our interests in the Russian thermal coal mine in the previous fiscal year, we have concluded this year an agreement for acquiring the interests in a new coking coal mine (Longgreen coking coal mine) in December 2019. The amount of transactions for aluminum castings/die-cast materials for vehicles has increased by 10% in FYE 2020 over FYE 2019, contributing to the development of light-weight vehicles. 	
13 (Climate Action)	Taking countermeasures against climate change		Energy & Chemicals Company	Development and production of natural resources with consideration in the reduction of greenhouse gases.	Partnering with experienced operators with high technical strength in the development and production of natural resources.	Pursuing opportunities to take part in LNG projects (i.e. LNG or natural gas emits less greenhouse gases than the other fossil fuels).	We are holding concrete discussions with regards to participation in new LNG projects.	
13 (Climate Action)	Efforts to optimally and continuously supply renewable energy		Energy & Chemicals Company	Storage battery related power and environmental solutions	<ul style="list-style-type: none"> We will continue to stably supply the storage batteries that are the key to the efficient and optimal utilization of renewable energy. We will aim to strengthen our storage battery business chain and establish a circular mode through the battery recycling business in particular. 	<ul style="list-style-type: none"> We will continue to sell storage batteries equipped with optimal charging/discharging software based on machine learning (AI) and we will establish a recycling and reuse business with repurposed batteries from EV. 	<ul style="list-style-type: none"> Number of storage batteries sold Use of recycled and reused batteries 	<ul style="list-style-type: none"> Because of new commitment, review will be conducted from the next fiscal year.

SDGs Targets	Issues to Address	Co	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
7 (Renewable Energy)		Machinery Company	Overall power generation business	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	We achieved a renewable energy rate of 12.5% through capital alliances with Winch Energy, which is a company in the U.K. that is involved in small-scale solar power generation and distribution systems in non-electrified areas such as Africa, and VPP Japan, which is a company involved in the solar distribution power business in Japan.

Each department formulates "sustainability action plans" for each business field as specific initiatives that contribute to the identified material issues. Set mid- to long-term goals and update progress every year. Incorporate more KPIs in near future.

p.76~p.84

Sustainability at the ITOCHU Group | Environment | Society | Governance

ITOCHU's Clean-tech Business

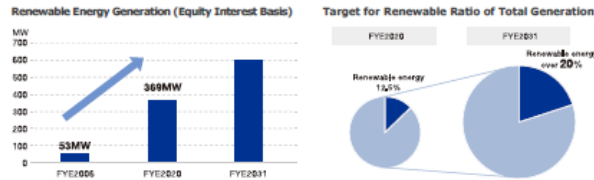
We engage in environmental clean-tech businesses that are projected have sustainable growth from a business perspective and are projected to contribute to society's shift toward decarbonization and circular economy. In doing so we employ a mid-to-long-term perspective in our business outlook and aim to leverage the latest technology available.

- 1. Renewable Energy (P76-77)
- 2. Ammonia Fuel (P78)
- 3. Energy-from-Waste (P78-79)
- 4. Energy Storage Systems (ESS) (P79-80)
- 5. Water Infrastructure (P80-81)
- 6. Green Buildings (P81-82)
- 7. Other Clean-tech Areas (P82-84)

1. Renewable Energy

ITOCHU is involved in various aspects of power generation projects, aiming to optimize and maximize power generation efficiency. These include construction and refurbishment projects for all types of power plants worldwide, Independent Power Producer (IPP) businesses, as well as the operation and maintenance of power plants. Within the business activities introduced above, we are proactively promoting power generation methods that leverage renewable energy sources such as geothermal, wind, solar, and biomass. We are aiming for a renewable energy ratio of over 20% (equity interest basis) by FYE 2031 from 12.5% in FYE 2020 within our overall power generation business.

ITOCHU will continue to proactively promote power generation businesses that utilizes renewable energy in and outside of Japan. This will allow us to contribute to global sustainability agreements that aim to create a decarbonized economy to mitigate climate-related impacts.



Breakdown of ITOCHU's Total Generation in FYE 2020 and Breakdown Target for FYE 2031

	FYE 2020	FYE 2020	FYE 2031 (Target)
	Generation Capacity on Equity Interest Basis (MW)	Ratio (%)	Ratio (%)
Wind	185	12.5%	20%<
Solar/PV Power	83		
Geothermal	83		
Biomass	20		
Renewable Energy (Total)	369		
Natural gas	1,621	87%	80%>
Coal-fired power	955		
Thermal Power (Total)	2,576		
Grand Total	2,945	100%	100%



The Butendiek Offshore Wind Farm



Saga-Ouchi Solar Power Plant

Introduced examples of active efforts in business development in the environmental and clean tech fields, that contributes to the transformation of social structure from a mid- to long-term perspective, taking the environmental field as a business opportunity.

p.154~p.167

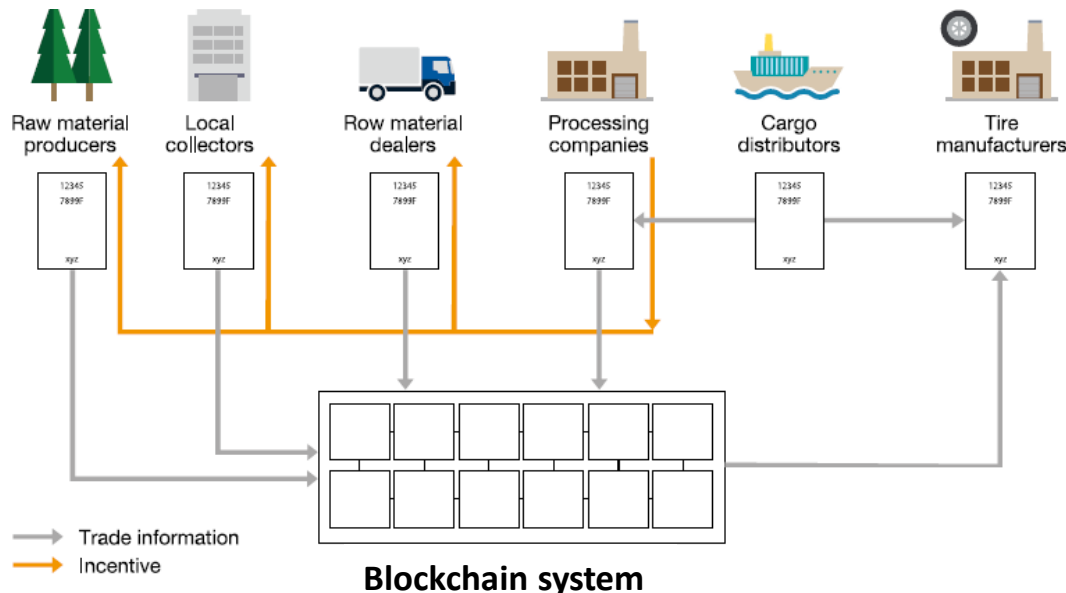
Sustainability in the Value Chain: Sustainable Procurement: Policies and Initiatives by Product Type

Resource Sourcing that Requires Forest Conservation Initiatives

ITOCHU handles each of the following commodities, which require careful consideration of forest conservation initiatives. In addition to the Sustainability Action Guidelines for Supply Chains, the following Procurement Policy establishes our approach to protecting and preserving natural forests our commitment to the sustainable use of natural resources. At minimum the Policy is subject to an annual review, with revisions made as necessary.

Commodities Relevant to Forest Conservation

- Timber, timber products, raw materials for papermaking and paper products
- Natural rubber
- Palm oil

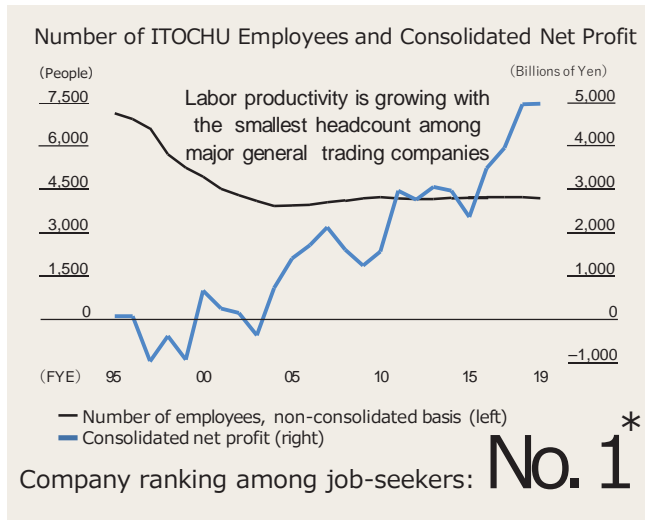


Disclosed Policies and initiatives to enhance sustainability, focusing on consumer sector related products such as products relevant to forest conservation, food and textile materials from the vast value chain of a trading company.

Human Resources Strategy to Create a Positive Cycle (Society)



OUTCOME



Our Understanding of the Environment
2030 problem Labor shortage, more frequent job changes

In 2030, a labor shortage of **6.44** million people*

p.70

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



Explained the positive cycle of human resources strategies that boost "labor productivity" and enhance "corporate value."

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

p.77

State of Governance Systems at Listed Subsidiaries

ITOCHU requires that its listed subsidiaries (1) have independent outside directors for at least one-third of its directors, (2) establish independent advisory committees for their board of directors, and (3) have independent outside members for a majority on their audit & supervisory boards. At the listed subsidiaries shown below, governance systems have been put into place that mostly satisfy these requirements.

(As of July 1, 2020)

Division Company	Company name	(1) Ratio of independent outside directors			(2) Advisory committees for the board of directors	(3) Ratio of independent outside audit & supervisory board members
		Directors	Outside directors			
Energy & Chemicals	ITOCHU ENEX CO., LTD.	5 	3 	38% (3 out of 8 directors)	- Governance Committee	50% (2 out of 4 members)
	C.I. TAKIRON Corporation	5 	3 	38% (3 out of 8 directors)	- Nomination / Remuneration Committee	50% (2 out of 4 members)
Food	ITOCHU SHOKUHIN Co., Ltd.	6 	3 	33% (3 out of 9 directors)	- Governance Committee	50% (2 out of 4 members)
	Prima Meat Packers, Ltd.	3 	2 	40% (2 out of 5 directors)	- Management Advisory Committee	33% (1 out of 3 members)
ICT & Financial Business	ITOCHU Techno-Solutions Corporation	4 	2 	33% (2 out of 6 directors)	- Nomination Committee - Remuneration Committee - Governance Committee	50% (2 out of 4 members)
	CONEXIO Corporation	5 	3 	38% (3 out of 8 directors)	- Nomination / Remuneration Committee - Governance Committee	50% (2 out of 4 members)
The 8th	FamilyMart Co., Ltd.*	8 	4 	33% (4 out of 12 directors)	- Remuneration Committee	50% (2 out of 4 members)

Based on a high level of market interests in group governance, displayed a list of the state of governance structure at listed subsidiaries.

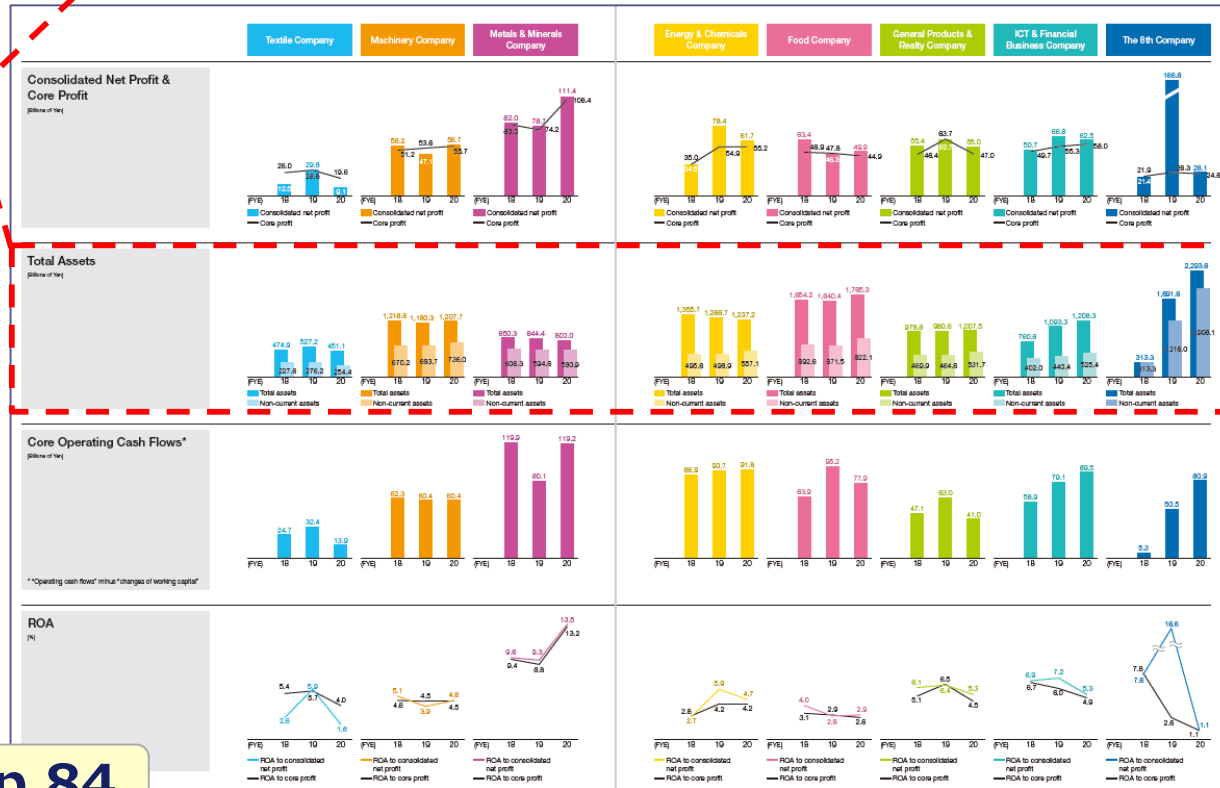


(Delisted in November 2020)

* The ITOCHU Group announced on July 8 2020 a tender offer for shares in FamilyMart Co., Ltd. for the purpose of delisting the company.

Enhancing Segment Information

Added the ratio of non-current assets to total assets



p.84

Added the ratio of profits/losses in domestic businesses to Business Development

p.90

Machinery Company

Business Facts

- Ship and power infrastructure (power and environmental business, PFI, infrastructure, renewable energy, and power-generation)
- Marine and Aerospace (air vessels, seacraft vessels, ship component, commercial aircraft, and aircraft leasing)
- Automobile (passenger cars and commercial vehicles in the domestic and export markets, and overseas investment)
- Construction machinery, industrial machinery, and Medical devices (sales and business investments in domestic and export markets)

Company Strengths

- Solid business relationships with excellent partners in each business area
- Wide-ranging business development leveraging expertise in investment and trading business
- Strong business ties in advanced overseas and business developments in emerging countries with minimal currency risk

Business Development

Percentage of Earnings from Domestic Business (Group) **60%**

Automobile / Construction Machinery / Industrial Machinery

- TOYOTA (Automobiles)
- TOYOTA (Construction machinery)
- TOYOTA (Industrial machinery)
- TOYOTA (Agricultural machinery)
- TOYOTA (Aircraft)
- TOYOTA (Aircraft components)
- TOYOTA (Aircraft leasing)
- TOYOTA (Aircraft maintenance)
- TOYOTA (Aircraft repair)
- TOYOTA (Aircraft parts)
- TOYOTA (Aircraft engines)
- TOYOTA (Aircraft interiors)
- TOYOTA (Aircraft exteriors)
- TOYOTA (Aircraft paint)
- TOYOTA (Aircraft cleaning)
- TOYOTA (Aircraft storage)
- TOYOTA (Aircraft transportation)
- TOYOTA (Aircraft insurance)
- TOYOTA (Aircraft financing)
- TOYOTA (Aircraft leasing)
- TOYOTA (Aircraft maintenance)
- TOYOTA (Aircraft repair)
- TOYOTA (Aircraft parts)
- TOYOTA (Aircraft engines)
- TOYOTA (Aircraft interiors)
- TOYOTA (Aircraft exteriors)
- TOYOTA (Aircraft paint)
- TOYOTA (Aircraft cleaning)
- TOYOTA (Aircraft storage)
- TOYOTA (Aircraft transportation)
- TOYOTA (Aircraft insurance)
- TOYOTA (Aircraft financing)

The initiatives of short-term and mid- to long-term perspectives that match with the entire report design

Other Highlights

Risks and opportunities of Macroeconomic PEST Analysis are tied into non-financial capital

P (Political / Legal)		
Risks	Political Trends	Opportunities
Global economic stagnation; decrease in trade volume; tighter export and investment regulations; decrease in trade volume and movement; destabilization of financial markets	U.S.-China Conflict (Trade disputes, forced technology transfer) Anti-globalization Movement (Brexit and protectionism) U.S. presidential and Lower House elections Geopolitical Risks (Middle East, North Korea, etc.)	Supply chain revisions Greater complexity in food and resource procurement; supply chain revisions Economic stimulus Increase in crude oil prices
Decrease in trade volume Escalating energy market struggle (oil and crude oil) Rising costs, such as those for establishing data governance damage and decline of reputation Decrease in existing business transactions	Trade Related Trade Agreements (Japan-U.S., U.S.-EU, U.S.-UK, etc.) Overseas Gas Containment Policy (Free Agreement, etc.) Tightening Regulations on Handling of Personal Data International Tax Trends (measures to address tax avoidance and governance) Economic Policy Trends	Supply chain revisions Expansion of real energy market (wind power, solar power, etc.) End of data monopolies held by existing platforms; expansion of open data availability Improvement in corporate performance; optimized taxation
Destabilization of financial markets Upward pressure on interest rates; higher taxes	Continuation of Monetary Easing Policy Change in Regulatory Risk Policy	Stable low cost of financing Expectations for private sector to drive economic growth; faster pace of deregulation
Business development amid growing uncertainties and instability as countries prioritize bringing their own economies back to normal during unstable international affairs		
E (Economic)		
Risks	Economic Slump in Developed Countries	Opportunities
Decrease in business opportunities and trade volume Emergence of non-performing assets due to economic and social deterioration Decrease in currencies of emerging countries; increase in overseas investment costs Formation and collapse of asset bubbles in specific fields and products Excessive swings in project prices	Greater Disparities in Economic Growth in Emerging Countries Dollar Appreciation Asset price rise and IPO/REITs price increase Change in Investment Environment	Emergence of new demand from changes in consumer and corporate behavior Increase in consumer spending as standard of living improves; increase in demand for infrastructure and tourism as population grows Improvement in earnings environment due to yen depreciation Increase in financing capacity due to higher value of existing assets; growth in earnings from trading Increase in expected returns as growth rebounds; more investment opportunities in fields of strength in accordance with restructuring
With only moderate recovery in the economies of developed countries, and widening disparities in the economic growth potential of emerging countries, monitor for imbalance between growth fields and fields peaking out		

S (Social / Cultural)		
Risks	Addressing Climate Change (Contribute to building a decarbonized society)	Opportunities
Decrease in fossil fuel demand; business damage due to increasingly abnormal weather Labor shortages and outflow of personnel; harassment, mental health, and long working hours; increases in health-related costs Project delay and continuity risks due to human rights issues; compliance violations and data leaks Decrease in creditworthiness when safety and health issues occur; destabilization of markets and the social security system Occurrence of environmental issues and protest campaigns; industry-wide structural exhaustion as competition drives down prices Lowering of corporate value assessment by investors; withdrawal of invested funds; exclusion from investment target; decline in stock prices	Addressing Climate Change (Contribute to building a decarbonized society) Cultivating a Motivating Workplace Environment Respecting Human Rights Contributing to healthier and more enriched lifestyles Ensuring Stable Procurement and Supply Maintaining Resilient Governance Structure	Increase in business opportunities in renewable energy, etc. Improve labor productivity with IT tools, enhance work efficiency through flexible work systems; improvement in health and motivation; ascertainment of superior human resources Business stabilization and procurement through harmonious coexistence with local communities; distribution of a safe and secure product-ready system Increase in demand for products and services compatible with a non-contact society; increase in demand for food safety, security, and health promotion; expansion of personal consumption and information, financial, and distribution services Increase in demand for resources in emerging countries; stable supply of environmentally friendly resources and raw materials Rising of corporate value assessment by investors; addition to investment targets; inflow of investment funds; increase in stock prices
Provide products and services, create new businesses, and conduct asset replacement based on "Strong-youth" Group corporate mission, aiming to resolve social issues		
T (Technological)		
Risks	Existing Businesses through Technological Innovation	Opportunities
Obsolescence and attrition of existing business models from proliferation of new technologies such as AI and IoT; leaks of internal data due to cyber crimes	Existing Businesses through Technological Innovation	Creation and provision of innovative services and new business models; improve productivity and optimize supply chain through use of new technology
By taking a market-oriented perspective to address rapid technological innovation and changes in consumer behavior, advance the transformation of business models		

Guide to understanding this page

Each macroeconomic factor displays the impact from risks and opportunities, as well as key related non-financial capital

p.36



Extra

A merchant continue to move steadily from its founding (1858) to today, and in the future

The number of shares owned are disclosed, including Outside Directors and Executive Officers

1 Chairman & Chief Executive Officer		2 President & Chief Operating Officer		3 Member of the Board*		4 Member of the Board		5 Member of the Board		6 Member of the Board		7 Member of the Board*		8 Member of the Board*		9 Member of the Board*		10 Member of the Board*					
Masahiro Okajima	1974 Joined ITOCHU Corporation 2018 Chairman & Chief Executive Officer Number of shares held: 276,810 (104.01%)	Yoshihisa Suzuki	1972 Joined ITOCHU Corporation 2018 President & Chief Operating Officer 2020 President & Chief Operating Officer Chief Digital & Information Officer Number of shares held: 133,174 (51.47%)	Tomofumi Yoshida	President, General Products & Realty Company 1979 Joined ITOCHU Corporation 2019 Executive Vice President Number of shares held: 95,249 (36.11%)	Yuji Fukuda	CEO for East Asia Bldg. CEO for Asia & Oceania Bldg. Executive Advisory Officer for CP & CFC Operations Number of shares held: 44,200	Haruhiko Mochizuki	2014 Audit & Supervisory Board Member*, ITOCHU Corporation 2017 Outside Director, ITOCHU Corporation Number of shares held: 4,000	Masatoshi Kawana	2018 Outside Director, ITOCHU Corporation Number of shares held: 1,900	Makiko Nakamura	2018 Outside Director, ITOCHU Corporation Number of shares held: 800	Hiroyuki Katayama	President, ITOCHU Corporation 2019 Chairman & Chief Executive Officer Number of shares held: 64,849 (25.38%)	Makoto Kyoda	1987 Joined ITOCHU Corporation 2018 Audit & Supervisory Board Member Number of shares held: 12,950	Shingo Majima	2013 Audit & Supervisory Board Member, ITOCHU Corporation Number of shares held: 0	Kentaro Uryu	2018 Audit & Supervisory Board Member, ITOCHU Corporation Number of shares held: 9,300	Kotaro Ohno	2011 Audit & Supervisory Board Member, ITOCHU Corporation Number of shares held: 0

Executive Officers		
Chairman & Chief Executive Officer Masahiro Okajima	Managing Executive Officers Hiroyuki Tsuboi President, Machinery Company Number of shares held: 44,849 (17.54%) Masahiro Morohji President, Trade Company Chief Operating Officer Bldg. Managing Division 2 Executive Advisory Officer for China Infrastructure Number of shares held: 85,569 (33.27%) Mitsuru Chino* President & CEO, ITOCHU International Inc. President & CEO, ITOCHU Europe P.C. Number of shares held: 26,204 Hiroyuki Sato Chief Executive for European Operation, ITOCHU Europe P.C. Number of shares held: 30,100 Shigetoshi Inai General Manager for China Area Number of shares held: 64,889 (25.31%) Hiroyuki Katayama President, ITOCHU Company Chief Operating Officer, Power & Environmental Solution Division Number of shares held: 64,849 (25.38%) Motonari Shimizu Executive Vice President, Trade Company Chief Operating Officer, Apparel Design Number of shares held: 14,879 (5.82%) Tomoyuki Tanaka Chief Financial Officer, Chemicals Division Number of shares held: 80,882 (31.62%) Hiroyuki Oka General Manager, Securities Corporate Communications Division Number of shares held: 35,269 (13.62%) Tatsushi Shingu President, ICT & Business Company Number of shares held: 41,831 (16.13%) Toshiyuki Ohno Chief Executive for Africa Number of shares held: 27,560	Executive Officers Yoichi Iizawa Chief, CEO for East Asia Bldg. ITOCHU (China) HOLDING CO., LTD. Chairman, ITOCHU (SHANGHAI) LTD. Senior Officer for Asia & Oceania Bldg. CP & CFC (China) Operation Number of shares held: 16,200 Kenichiro Hosomi President, The 8th Company Number of shares held: 57,004 (22.13%) Hisako Okubo Executive Vice President, Shing & Shing Company Chief Operating Officer, Energy Division Number of shares held: 41,282 (15.93%) Hidekumi Mizutani Chief Officer for Indo-China Area, Managing Director, ITOCHU (SHANGHAI) LTD. Number of shares held: 20,700 Shinichi Kato Executive Vice President, ICT & Financial Business Company Chief Operating Officer, Financial & Insurance Business Division Number of shares held: 15,116 Masatoshi Maki Construction & Real Estate Division Number of shares held: 18,220 Tatsuo Odani President, Later Co., Ltd. Number of shares held: 16,619 Masayuki Niikubo Director, ITOCHU & COO, General Manager, Corporate Planning Division, ITOCHU International Inc. Number of shares held: 10,291 Tadayoshi Yamaguchi SVP & CAO, ITOCHU International Inc., General Manager, Corporate Planning Division, ITOCHU International Inc. Number of shares held: 5,812

p.80

Issues to Address in 2021 and Beyond

- ✓ Presenting the concrete outcomes of collaboration with CITIC and CP Group, as well as of the delisting of FamilyMart
- ✓ Improving climate change-related initiatives and disclosures, including long-term CO2 reduction targets
- ✓ Introducing examples about specific initiatives in human rights due diligence
- ✓ Explaining the detailed discussions held by the Nomination Committee
- ✓ More substantive disclosures of the rationale for holding shares in listed Group companies
- ✓ Formulating business investment process with more consideration paid to ESG factors

A background image of a clear blue sky with scattered white, fluffy clouds. The text is centered in the middle of the image.

I am One with Infinite Missions