Annual Report 2021

For the Fiscal Year Ended March 31, 2021

Brand-new Deal

ITOCHU Corporation

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Founded in **1858**

Starting out as a Merchant, Building up Business after Business

In 1858, a peddler boy set out in search of trade from the province of Ohmi (now Shiga Prefecture), far away from commercial centers. Just 15 years old, this boy named Chubei Itoh I was ITOCHU's founder.

Trade is a compassionate business.
It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society.

Chubei Itoh I

Connecting Business to the Resolution of Social Issues

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

We will stay true to our merchant spirit, as Chubei Itoh I and our predecessors did. Accumulating businesses one by one, we will work to achieve each of our missions.

Good for the Seller, Good for the Buyer, and Good for Society

Venturing forward as a Merchant

ITOCHU Corporation

The "*Sampo-yoshi* (meaning good for the seller, good for the buyer, good for society)" spirit has represented our unwavering ideal as a merchant. In keeping with this focus, rather than seeking to achieve a single target, we aim to achieve "all the priorities:" short-term and medium- to long-term targets, economic value and environmental / social value, targets for investors and shareholders, for business partners and financial institutions, for society and employees and their families. Steadily building up trust and results in this way is the Company's approach that aims to sustainably enhance corporate value.

Driven by our corporate strengths that we have cultivated since our foundation, ITOCHU has progressively enhanced its corporate value by steadily implementing its series of “Brand-new Deal” strategies over the past 10 years.

And as the COVID-19 pandemic raged, we leveraged our strengths in FYE 2021 to minimize any influence and steadily made preparations for the new growth stage.

Accumulated Strengths

Share Price

¥819 (March 31, 2010) → ¥3,587 (March 31, 2021)

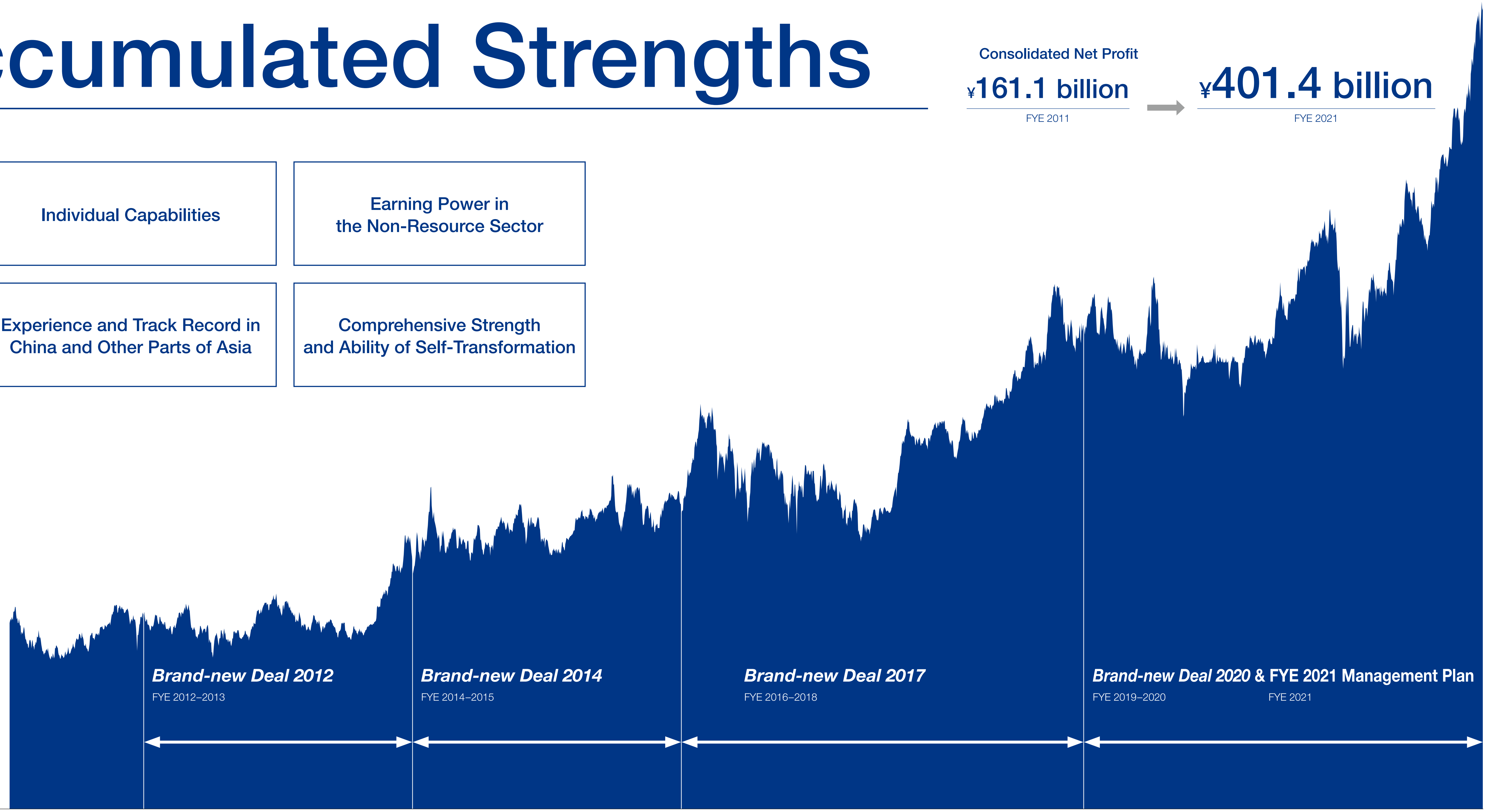
Market Capital*

¥1.3 trillion (March 31, 2010) → ¥5.7 trillion (March 31, 2021)

Consolidated Net Profit

¥161.1 billion (FYE 2011) → ¥401.4 billion (FYE 2021)

- Individual Capabilities
- Earning Power in the Non-Resource Sector
- Experience and Track Record in China and Other Parts of Asia
- Comprehensive Strength and Ability of Self-Transformation



* Including treasury stock

Medium-Term Management Plan

Brand-new Deal 2023

In May 2021, ITOCHU released its new medium-term management plan "Brand-new Deal 2023." We aim for the new growth stage with the policies of "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities." Building on our accumulated strengths and firmly grounded in our corporate mission "*Sampo-yoshi*," we will continue aiming to sustainably enhance corporate value.

Maintain Rigorous Governance Structures

Upgrade Existing Businesses

Cultivate a Motivating Workplace Environment

Contribute to Realization of a Decarbonized Society

Building on Our Accumulated Strengths for New Growth Stage

Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Profit Opportunities Are Shifting Downstream

We strive to transform the value chain focusing downstream to meet diversifying buyer needs and take initiatives in the value chain.

Enhancing Our Contribution to and Engagement with the SDGs Through Business Activities

Sampo-yoshi Capitalism

We will realize the policy through our action ahead of others in the industry on reducing GHG emissions and expanding businesses which respond to rising social demands.

Demonstrate True Business Acumen

Editorial Policy

In compiling this annual report, ITOCHU focuses on three functions in particular: (1) providing an in-depth understanding of its unique business model to a wide range of readers around the world, (2) effectively explaining the processes and potential for ITOCHU to achieve sustainable growth in corporate value over the long term, and (3) clearly communicating the relationship between management strategies and financial and non-financial capital to internal and external stakeholders to foster the virtuous cycle of cultivating mutual understanding through dialogue and achieving a greater level of management sophistication for the Company.

We have prepared Annual Report 2021 based on the aforementioned approach and with reference to the disclosure framework of the International Integrated Reporting Council. In particular, we have placed emphasis on our strategic focus and forward-looking mindset, connectivity, and consistency. ITOCHU uses annual reports as an important tool for encouraging dialogue with its stakeholders. We believe that the best way to further understanding of our business management is to present analysis and explanations in a manner that would be helpful for making an investment decision. As a result, a major feature of this report is the "corporate value calculation formula" concept incorporated throughout.

Please read this report as an account of the corporate value we have accumulated and as an account of how—even amid the unprecedented uncertainty of the current business environment—we will increase this corporate value even further and advance toward a new growth stage through continued implementation of "Brand-new Deal" strategies and pursuit of our "*Sampo-yoshi*" corporate mission.

Environment
Social
Governance
Guidance for Collaborative Value Creation

Reporting Scope and Other Items

Reporting Period: April 1, 2020 to March 31, 2021 (Certain contents include activities occurring in or after April 2021.)

Reporting Scope: ITOCHU Corporation and the ITOCHU Group

Accounting Standards: Unless otherwise noted, this annual report is prepared in accordance with U.S. GAAP through FYE 2014, and with IFRS from FYE 2015.

Terminology: Unless otherwise noted, throughout this report, "consolidated net profit" is used to refer to "net profit attributable to ITOCHU." Moreover, "GHG" is used to refer to "greenhouse gas," FamilyMart refers to both FamilyMart Co., Ltd. and FamilyMart convenience stores, and CITIC refers to CITIC Limited.

Detailed Financial Information

For detailed financial information for FYE 2021, please see the Financial Section.

https://www.itochu.co.jp/en/ir/doc/financial_section/

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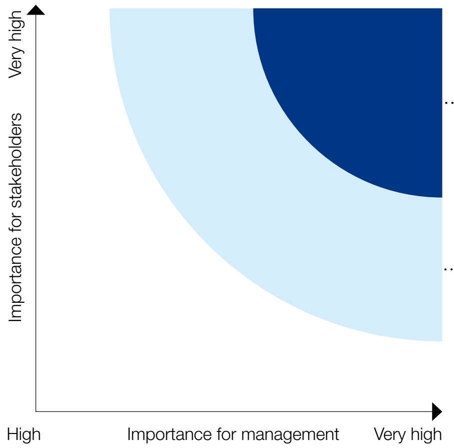
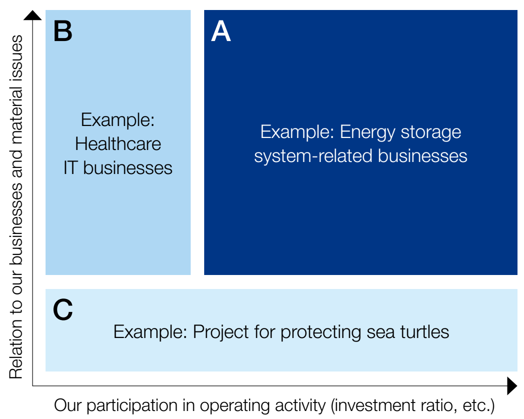


Annual Report (this report)
[Focus points]
- The consistency of our strategies as well as the sustainability and future of our business model
- The overall connectivity of our story
- Our reliability from the viewpoint of stakeholders (commitment-based management)

IR Website
Sustainability Website
ESG Report
[Focus point]
- Comprehensiveness and timeliness of information

The ESG Report is available on our website.
https://www.itochu.co.jp/en/csr/report/



As the standard for inclusion in our annual report, we have selected environmental, social, and governance (ESG)-related information from an investor's perspective based mainly on its relation to our businesses and material issues.

Contained in Annual Report

A. Operating activities that are highly related to ITOCHU's businesses and material issues and that ITOCHU actively participates

B. Operating activities that are highly related to ITOCHU's businesses and material issues while the participation of ITOCHU is limited

Contained in Sustainability Website / ESG Report

C. Operating activities with little relation to ITOCHU's businesses and material issues

For more information about sustainability, please visit our sustainability website.

https://www.itochu.co.jp/en/csr/

- Top commitment
- Sustainability at the ITOCHU Group
- ESG Report (Environment, Society, Governance)
- Social contribution activities
- GRI standard reference table, etc.

The Structure of Annual Report 2021

With respect to the short-term and the medium- to long-term targets, and economic value and environmental / social value, we pursue "all the priorities," rather than choosing "a single expedient." Given this business management stance, 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.

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

01: Driving Force for Sustainable Value Creation

Financial capital and non-financial capital are the very essence of corporate value and the drivers of ITOCHU's virtuous cycle of sustained growth in corporate value. We explain our four accumulated strengths backed by our history and business development that utilizes management resources.

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

02: Achievement of Short-Term Targets

Given the importance of earning the trust of our stakeholders in regard to the feasibility of medium- to long-term management strategies, this section describes how we have sure-footedly reached our goals in each fiscal year and the continuity of our management strategies.

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

03: Steppingstones to Medium- to Long-Term Value Creation

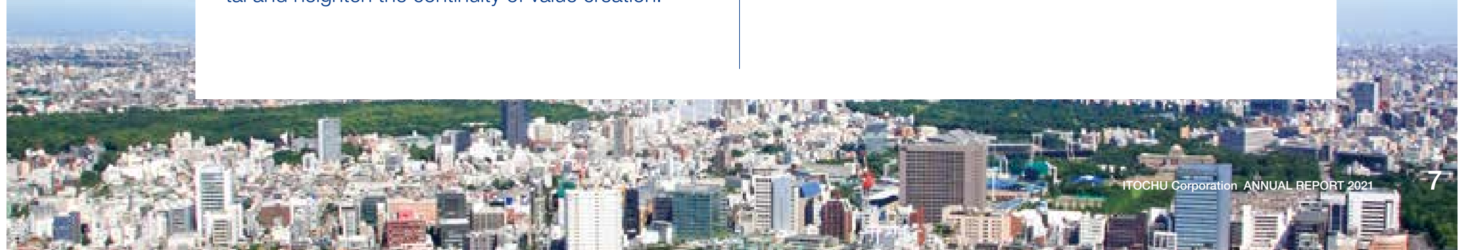
This part of the report features our current medium-term management plan, "Brand-new Deal 2023." Designed to keep us on a trajectory of solid growth over the medium to long term, the plan includes long-term goals to realize decarbonization across society in response to climate change.

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

04: Initiatives and Systems Supporting Sustainable Growth

In this section, we outline initiatives to respond to business risks and promote sustainability, human resource strategies, and corporate governance policies. These initiatives will lower the cost of capital and heighten the continuity of value creation.

Corporate Value = Created Value / (Cost of Capital − Growth Rate)



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For the Fiscal Year Ended March 31, 2021

Explanation of the Cover

Since FYE 2012, ITOCHU has consistently pursued its "Brand-new Deal" strategies, which serve as a compass for corporate value growth initiatives and encapsulate the Company's business management style. The cover of this report represents business management that unwaveringly advances step by step by harnessing our strengths even under an uncertain business environment.

Forward-Looking Statements

Data and projections contained in this report are based on the information available at the time of publication, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

CEO MESSAGE

ITOCHU will seize upon the changes of this era and turn them into major opportunities by relentlessly practicing our “earn, cut, prevent” principles and accelerating our shift to a market-oriented perspective.

In FYE 2021, despite the obstacles the pandemic imposed on business, ITOCHU achieved its first “triple crown” as a general trading company, ranking No. 1 in terms of market capitalization, share price, and consolidated net profit. In FYE 2022, we will continue to set our sights higher as we steadily achieve goal after goal outlined in the new medium-term management plan “Brand-new Deal 2023” and resolutely temper overconfidence.

(➡ Page 56 Medium-Term Management Plan “Brand-new Deal 2023”)

Masahiro Okafuji
Chairman & Chief Executive Officer

One Day of Celebration

Since becoming president, I have visited the grave of the founder every year to report the Company’s business achievements. This year marked the 11th time I have paid my respects, but the first time I reported that ITOCHU had achieved the “triple crown” in market capitalization, share price, and consolidated net profit for a general trading company. This was the first time since ITOCHU’s founding.

Since surging to the top of the general trading company sector in market capitalization and share price in June 2020, the Company ended FYE 2021 without surrendering that top spot even once. Regarding consolidated net profit, we steadily cleared our initial plan. Leveraging our solid earnings base centered on the non-resource sector, we took the challenge head on and seized the No. 1 spot as a general trading company for the first time in five years. Moreover, ITOCHU’s consolidated net profit has been No. 1 on a cumulative basis since the end of the resource boom in FYE 2016, and during that time ITOCHU was the only one not to go into the red.

We had taken on the general trading companies associated with the former *zaibatsu* industrial groups before this, but had a history of not quite measuring up. Many of ITOCHU’s former managements and employees withstood hardship as they worked to shore up the Company’s foundations. We all rejoiced at finally achieving the “triple crown.”

Reporting the “triple crown” to Chubei Itoh I and Chubei Itoh II

I have nothing but respect for the Company employees and ITOCHU Group members who gave their all amid adverse business environments.

However, we only celebrated for one day. That was the day we achieved the "triple crown." I must never forget my self-awareness as a "merchant." No matter how much the Company's position rises in the industry, I visit the founder's grave every year to be reminded of our origins. In his book *The Innovator's Dilemma*, American entrepreneur and economist Clayton M. Christensen points out that temporary success can ironically lead to failure. We must always remember that.

We Will Not Tread the Same Paths

What really keeps me on my toes is the fact that, in the past, ITOCHU had a history of repeatedly falling into overconfidence and failure. To achieve "diversification," we pursued a rapid expansion of the non-textile areas and invested in TOA Oil Co., Ltd. from 1966, which led to a massive loss. I talked about this last year, but there is more to this story. In the 1980s, the accepted practice was that the three general trading companies with the highest sales were eligible to participate in international bids so the companies competed furiously for sales. In FYE 1987, the year after the TOA Oil problem was fully resolved, ITOCHU's net sales expanded to the top of the general trading companies, and the Company desperately tried to maintain the top sales spot thereafter. As a result, we moved away from the stable business practices we had pursued until that point and, amid the bubble economy, we went all in on real estate excesses, corporate investment funds, and fund trusts.

Although ITOCHU should have learned its lesson from the TOA Oil failure, the Company then became No. 1 without trying to recall those lessons and ended up making the same mistakes. The Company racked up huge losses from the late 1990s into the 2000s, effectively hitching a heavy anchor to its future. During the resources boom at the start of the 2000s, ITOCHU fell behind due to the gap in financial position that had arisen with the general trading companies connected to former *zaibatsu* industrial groups. The plans and growth strategies that general trading companies formulate when operating results are strong tend to aim unrealistically high. Accordingly, since achieving the "triple crown," we are now, more than ever before, committed to resolutely tempering overconfidence.

Our Basic Stance as a "Merchant"

Recently, I have been getting questions about what our next vision is after achieving the "triple crown," with suggestions that we should set out on a new stage unlike what we have done before. Just because we have achieved the "triple crown" does not mean that we should abandon the way we have done business until now or the direction of our aims.

If Hideki Matsuyama, the first Japanese winner of the Masters Tournament, were asked about his next goal, I suppose he would say that he would continue on the same path and aim to win a second major championship or achieve No. 1 in the world rankings by carrying on with his diligent practice. Switching analogies to baseball, if ITOCHU had been scoring runs with base hits and then suddenly started overswinging to hit home runs, the Company's form would crumble. Amid the Hanshin Tigers' rise this year, as a fan I was especially happy to see the promising slugger Teruaki Sato playing. However, even he sometimes goes off the rails. After amazingly hitting three home runs in one game, he struck out five times in a row in another game and humiliatingly tied the previous worst record in pro baseball. ITOCHU will have to diligently maintain its basic stance as a "merchant" by slowly and steadily building up profit and not overextending itself.

Under "Brand-new Deal 2023" (FYE 2022–2024), we set out a goal of achieving consolidated net profit of ¥600.0 billion during the term of the plan. Although COVID-19 vaccinations are proceeding apace around the world and economic activities are gradually returning to normal, it is still tremendously difficult to accurately forecast the new business environment at present. We will therefore need to pay much more careful attention to trends in the commodities market and exchange rates, the protracted U.S.–China trade friction, and various other factors. Accordingly, we will constantly monitor the business environment from an objective and conservative perspective. Of our basic fundamentals of "earn, cut, prevent," we will especially concentrate on "cut" and "prevent" while maintaining lean management.

Profit Opportunities Are Shifting Downstream

Amid AI, IoT, and other recent rapid advancements in digital technologies, automobile manufacturers, for example, are developing connected cars, EVs, autonomous cruising vehicles, and other technologies. They are also undertaking full-scale development of completely unique technologies, such as creation of practical flying cars. These manufacturers will need to undertake massive capital investment and R&D expenses to secure market share for their new products. However, if their business sectors grow too large, through diversification or other means, investment could become insufficient. Some sectors may be whittled down through selection and concentration. If the manufacturers do not increase their investment efficiency, they will not survive.

General trading companies, on the other hand, differ in focus from manufacturers that create revolutionary technologies and products that can instantly change the world. We evolve from existing trade, and, for example, assert our presence by increasing added value by combining the functions and know-how cultivated in marketing, logistics, and other fields. General trading companies constantly change shape in line with global trends. Rather than focusing on a few specific areas, it is critically important that we extend feelers into a wide range of fields, accumulate expertise in various industries, and change our organization and resource allocation depending on the situation. ITOCHU's track record of overcoming a multitude of turbulent periods since its founding, as well as its current steady expansion of profit, is a testament to the ability of this kind of general trading company business model to maintain its superiority into the future.

Power is shifting from the supplier side (manufacturers and distributors) to the consumer side, so data accumulated in businesses that engage closely with customers is becoming increasingly important. The value chain is clearly moving in the opposite direction as before. This is the meaning of the phrase "profit opportunities are shifting downstream." Going forward, as general trading companies transform, the key will be how much we can control the downstream flow of the value chain. ITOCHU, which already has strengths in the non-resource sector, especially the consumer-related sector, intends to polish its existing business model and better leverage its competitive advantage to continue taking the initiative in the overall value chain.

Ingraining a Market-Oriented Perspective Through Repetition

Going forward, the most important thing to continue leveraging our competitive advantage downstream will be to successfully switch to and ingrain a market-oriented perspective that transforms and improves our existing businesses. Given growing social demands, such as decarbonization, we will strive to steadily meet significantly changing consumer needs and further expand our business opportunities. It is obvious that this will require a market-oriented perspective. (➔ Page 58 Realizing Business Transformation by Shifting to a Market-Oriented Perspective)

General trading companies, including ITOCHU, have done business from a product-oriented perspective until now, contemplating how to sell the products they handle, within a vertical organization for each product category. It is now becoming more important to analyze consumer needs using data accumulated from customer contact points, and that kind of product-oriented perspective is quickly falling out of step with the new downstream-focused value chain. Changing a long-held mindset is not easy. In recent years, I have been getting out the word myself by repeatedly mentioning the term "market-oriented perspective" again and again in my messages. Similar to how we made "earn, cut, prevent" part of our shared internal language, I will continue in this way while providing specific examples until the shift to this crucial perspective is firmly rooted in our employees. I consider this a major responsibility as a senior manager who aims to further expand business into the future while developing human resources.

For FamilyMart, which is positioned as the most important base in ITOCHU's strategy, the market-oriented perspective has become a keyword too. By leveraging flexibility, convenience stores have become the most evolved form of the retail industry. If they continue pursuing functions suited to people's lifestyles, they can evolve even more. For example, I heard customers say that last year they stocked up at supermarkets to minimize outside trips, but currently prefer shopping at nearby convenience stores, buying just what they need to get some exercise and change their mood. To meet that kind of change, I immediately indicated the need for a product lineup adjustment. Complicated theories are not useful for a market-oriented perspective. Look at things from the customer's point of view and seriously think about how you can satisfy the customer. It's that simple. The 8th Company, which was newly founded to break down product silos, is rooted in a market-oriented perspective and steadily increasing cross-divisional functionality. By drafting and implementing new plans such as digital signage, humanoid AI, and data utilization, it will continue helping to improve the profitability of FamilyMart.

Keita Ishii, the new President & COO, maintains this kind of market-oriented perspective and can precisely assess and respond to changing situations. He also received a recommendation from the Nomination Committee as a candidate qualified to be in charge of executing the Company's business. I am looking forward to the results of his skill and strong drive, which has previously built new businesses to meet customer needs, such as developing the environmental businesses of energy storage systems (ESS) and renewable energy.
(➔ Page 82 Outside Director Roundtable Discussion)

A Sense of Urgency Kindled in Europe

I want to talk about the European business trip I took around three years ago. I stayed in a hotel in Milan, and when I went to brush my teeth, I realized there was no toothbrush. When I called the front desk, they told me toothbrushes were only provided upon request, not automatically. Around the same time, I was watching news on the hotel TV about how Starbucks was eliminating plastic straws and would switch exclusively to paper. It dawned on me at that time that these trends were emerging in Europe, which is environmentally conscious, but not in Japan, where like-minded companies and individuals remained in the minority. However, I could not shake that palpable recognition from my European business trip. I believed that a much more proactive environmental response was necessary under the upcoming medium-term management plan, and held many discussions on this topic in preparation. Consequently, without waiting for the public announcement of "Brand-new Deal 2023" scheduled for May, ITOCHU sprinted ahead of others in the industry and, right after the New Year's holiday, announced a policy to contribute to the environment and help realize decarbonization across society.

First, as a reduction of the Company's owned assets with significant GHG emissions, we decided to go beyond our existing policy of not acquiring new thermal coal interests and will instead withdraw from all thermal coal interests during the period of the new medium-term management plan. To get a running start, in April we completed the sale of our interests in the Drummond mine in Colombia, which accounts for 80% of our thermal coal interests. I believe this clearly demonstrates ITOCHU's commitment and reliability. (➔ Page 64 Business Expansion in Accordance with a Decarbonized Society)

Moreover, the non-resource sector is the Group's strong suit and holds an array of new business shoots that are now bursting forth. These will directly lead to reductions in global GHG emissions and also provide immediate potential to turn a profit. We intend to aggressively pursue these with the greatest possible speed. A primary example of these promising shoots is the ESS-related business where we can expand the value chain and reliably count on future profit contributions.


With Ai Tominaga, evangelist of ITOCHU SDGs STUDIO

Soy meat, which is currently garnering global attention, holds such potential as well. Low-fat, high-protein soy meat is a super food that can help solve future food-related challenges. Compared to conventional beef and other meat, it greatly reduces water use and GHG emissions during production and soy meat is already being offered by many food vendors as a processed product. The Group's FUJI OIL CO., LTD. boasts around 50% share of Japan's market for soy meat materials (granulated soy protein), and demand for this product is expected to grow even more going forward. Another shoot is the joint plant established by ITOCHU with the major Finland-based forest industry Metsä Group. Together, we manufacture cellulose fiber from wood that cannot be used for pulp. With the focus on low environmental impact and sustainable natural materials, inquiries are increasing from famous European and U.S. brands (such a Burberry, Zara, and the Kering group, which owns Gucci and Balenciaga) which actively work to protect the environment. The ITOCHU Group will continue working to harness its comprehensive strength and expertise to robustly support the trend of switching to socially demanded low environmental impact products and materials.

Keeping an eye on the post-pandemic world even amid the pandemic, our policy is to continue further solidifying our earnings base centered on the stable non-resource sector.

Sampo-yoshi Capitalism

To date, shareholder capitalism, which states that companies belong to shareholders, has been the dominant ideology. But recently, stakeholder capitalism is becoming more mainstream in the belief that the scope should be broadened to include not just shareholders but also society as a whole, customers, employees, and others. *Sampo-yoshi* capitalism outlined in "Brand-new Deal 2023" makes it clear that ITOCHU, which outlines "*Sampo-yoshi*" in its corporate mission, heads in the same direction as all its stakeholders and shares the fruit of its labor over the long term.
(➔ Page 44 CAO Interview)

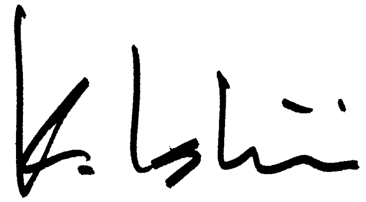
If companies aim to realize a sustainable society, an obvious prerequisite is that the companies themselves must remain sustainable. This has to be implemented by upper management. I believe it is important to promote balanced business strategies that do not benefit only specific stakeholders but rather consider the perspectives of all stakeholders.

That, however, should not suggest that we do not value our investors and shareholders before or now. The executive officers of ITOCHU hold many more shares than those of other general trading companies, and nearly 100% of its employees are enrolled in the Employee Shareholding Association. Since announcing a progressive dividend policy in FYE 2016, executives and employees share the same perspective as investors and shareholders, and we have steadily increased dividends. As can be inferred from the fact that a large number of companies in FYE 2021 decreased or forewent dividends, under a dividend policy that only focuses on the dividend payout ratio, it is possible that if there is a temporary decrease in profit, the dividend amount may decrease and betray investor and shareholder expectations. Accordingly, under this especially unclear business environment at present, I considered it appropriate as a senior manager to continue stably and steadily raising progressive dividends as before. However, in response to the market expectations, we are considering the announcement of a dividend increase for FYE 2022 based on the first-half results and the higher dividend payout ratio during "Brand-new Deal 2023."
(➔ Page 36 CFO Interview)

Taking into account the abnormal surge in resource prices and the significant progress made in the first quarter, many people are expecting profit to exceed ¥600.0 billion in FYE 2022. Keeping an eye on the post-pandemic world even amid the pandemic, our policy is to continue further solidifying our earnings base centered on the stable non-resource sector. To this end, ITOCHU will steadfastly and thoroughly practice its "earn, cut, prevent" principles and accelerate its shift to a market-oriented perspective in order to continue evolving as it uses well-grounded management to implement *Sampo-yoshi* capitalism.

Leading ITOCHU's new challenges on the front lines, I will continue to fulfill the responsibility passed down from 164 years of tradition.

I place high value on the "front lines" and "trust," and intend to continue comprehensively enhancing sustainable corporate value for ITOCHU by creating a positive feedback loop to solve social issues and expand our earning power.



Keita Ishii
President & Chief Operating Officer

We Value the "Front Lines" and "Trust"

I was named President & COO in April. When I joined the company in 1983, I was assigned to the Chemicals Division, mainly working in the trade of petrochemical products. Since then, I have experienced two overseas assignments in North America and Thailand, held specialized roles in the chemical field, serving as the chief operating officer of the Chemicals Division and the president of the Energy & Chemicals Company. ITOCHU has adopted a management system that assigns roles to the Chairman & CEO, who drafts Groupwide strategies, and the President & COO, who implements and promotes those strategies. I pledge to fulfill these responsibilities. Firmly upholding the baton passed from President & COO Suzuki, I will sprint ahead with 164 years of inherited ITOCHU tradition.

Since being confirmed as President & COO, media outlets have highlighted my time as a rugby player when I was a student. This is somewhat puzzling since, by no means, did I join ITOCHU as a rugby player. Still, the truth of the matter is that the lessons I learned during those formative years laid the foundation of my corporate life. This includes the importance of being a team player, which is dependent on strong relationships of trust with your teammates; ambition to single-mindedly strive for victory; and a shared strategy based on meticulous analysis.

As part of my training upon entering the Company, I watched a video on the merchants of Ohmi that depicted how they lived. Even now, I vividly remember feeling that if I further polish my ability to build strong relationships and a foundation of trust that I cultivated when I was a student, I could also become someone who is trusted in the business world. Since then, I have valued the terms "front lines" and "trust" in conducting business. I visited customers faster than anyone, saw their requests through to the end, and built up trust. I remember it as a muscle memory, a subconscious reflex. This stance comes naturally now and expands connections with people, regardless of nationality, and ultimately expands business. The characteristic of the chemical business is to provide a wide range of raw materials to various business fields. Over the years, the connections I have built with people have expanded to become an irreplaceable asset, and have helped to swiftly pick up on trends in the ever-changing market. Going forward, my playing field expands to the entire Group, but I will continue to unwaveringly value connections with people.

So far, I have had numerous opportunities to help rectify projects and organizations facing difficulties. I have strived to serve as a role model and unify organizations to overcome challenges. We have achieved new business by brainstorming with all team members, forecasting the future of the market, establishing milestones for achieving our big vision, determining each role, and continuing to pour passion into these efforts. Let me illustrate in more detail on how the energy storage systems (ESS) business continues to expand through this kind of approach.

The ESS Born of Customer Feedback

Although there is some overlap in the period, the ESS business has developed in five distinct stages, namely the: 1) Development of ESS; 2) Installation of AI in ESS; 3) VPP construction and expansion of ESS sales; 4) Construction of reuse and recycling systems; and 5) Foundation for the next level of development and expansion.

At each of these stages, every member of the team thoroughly debated our vision for the next few years based on expected future trends and demand. We created a roadmap showing the way to achieving our vision, added subtle revisions in response to the changing situation, and swiftly and carefully upgraded and expanded necessary resources.

Stage 1: Development of ESS. Around 2010, with the intention of withdrawing from the simple sales business of battery materials, we began developing and selling ESS for household use, but it did not go well at first. A turning point was customer feedback indicating demand for ESS that can power all appliances even during a power outage. Due to lower capacity, other ESS on the market limit the appliances that can be used to 100V during a power outage. We began to build a high-capacity ESS unlike any other company. Even during a power outage, it enables the use of all appliances up to 200V. As a result, from around 2017, we were able to put sales on track.

Stage 2: Installation of AI in ESS. This was a major fork in the road in terms of developing the business for ESS. With an eye on the gradual end to the feed-in tariff (FIT) system for renewable energy after 2019, we thought it would be necessary to install AI in ESS and successfully accomplished this through a capital and business alliance with the UK-based Moixa Energy Holdings Ltd. Due to this effort, the AI analyzes various sources of information, including weather data and forecasts of energy use and power generation, to enable the control of the optimal charge and discharge for ESS. This drastically improves customer convenience and provides access to data related to the power use patterns of each household.

Stage 3: VPP construction and expansion of ESS sales. At this stage, the AI installation has gained more meaning. By bundling individual ESS together, centrally managing data accumulated from the AI in stage two, and optimizing control, we can, in the near future, build a virtual power plant (VPP), which is a distributed power supply platform. Our industry-leading sales figures of ESS broke 43,000 units as of March 31, 2021, and we are accelerating sales toward our FYE 2024 target of 80,000 units. Sales of individual ESS are directly related to current profit, and the increase in the number of ESS installed contributes to the expansion of the overall next-generation power network, and this business model connects to our future vision.

Stage 4: Construction of reuse and recycling systems. This stage of the story is about lithium-ion batteries used in ESS that have been promoted in tandem with stages 2 and 3. Actually, lithium-ion batteries are a bunch of chemicals. Leveraging the know-how that we used in the battery materials business, our policy is to promote two businesses going forward. The first is “reuse,” in which we take lithium-ion batteries used for EV applications and reuse them for ESS. The second is “recycle,” in which we collect materials from used ESS, such as nickel, lithium, and other rare metals, and return them into the raw material and battery material chain. We aim to complete a true circular system to ensure the stable supply of lithium-ion batteries and cost competitiveness.

Stage 5: Foundation for the next level of development and expansion. We are steadily promoting initiatives aimed at realizing the business expansion we envision for the next few years based on global trends.

For example, we invested in a company developing SemiSolid batteries that are low-cost, highly safe, and recyclable next-generation lithium-ion batteries; conducted proof-of-concept tests for realizing peer-to-peer (P2P) electric power transactions using blockchain; installed functions in ESS for charging EVs and measuring environmental value (points); and connected with FamilyMart and other retail stores. We will continue establishing a foundation step by step for vertically and horizontally developing business based on ESS.

The businesses built up by implementing these systematic initiatives create a positive feedback loop that draws in new businesses. Many companies are focusing attention on our business development that centers on ESS, and we have already launched various collaborations. These companies span various industries, including not only electric power companies but also housing, automotive, appliance and other manufacturers, as well as telecommunications-related companies. (➡ Page 66 Development of a Distributed Power Supply Platform Centered on ESS)

Balancing the Solution of Social Issues with Business Feasibility

Under “Brand-new Deal 2023” (FYE 2022–2024), we outline the basic policies of “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities.”
(➡ Page 56 Medium-Term Management Plan “Brand-new Deal 2023”)

By fully leveraging the characteristics of our strong non-resource sector, we will accelerate initiatives for the next stage of consolidated net profit of ¥600.0 billion.

These qualitative policies demonstrate our stance of taking on current global changes and issues by leveraging the Company’s business characteristics and strengths. These are not two completely independent policies; they are highly interrelated.

Around three years ago, when Chairman & CEO Okafuji had just returned from a business trip in Europe, he asked me, “Are we doing anything for the plastic waste problem?” At that time, concern for this issue was low in Japan, and we had only been thinking of selling existing products. Spurred on by that question, however, we immediately began searching for business possibilities for biodegradable plastic and recycling. We are accelerating initiatives for the plastic recycling business as represented by our capital and business alliance with U.S.-based TerraCycle, Inc., which is garnering attention from the general public for collecting materials that are conventionally difficult to recycle and then recycling them into various products. We have entered the PET bottle business, developed garbage bags made from marine waste, and concluded a licensing agreement for technology enabling the chemical recycling of polyester. We will continue striving to create new business models while bringing in our partners.

In addition, we began next-generation fuel business initiatives, namely the currently topical hydrogen and ammonia. Going forward, these businesses are dependent upon legal and regulatory amendments, as well as infrastructure upgrades. It is possible that it will be necessary to collaborate with multiple companies. Accordingly, because it will take some time until business becomes practical and profitable, our policy is to seriously assess their feasibility and establish a foundation over the long term. In addition, at each Division Company, we are searching for and implementing various businesses and initiatives that balance responses to social issues with business feasibility. As shown by the example of the aforementioned ESS business, the most important point is to systematically implement businesses and initiatives established in a market-oriented perspective based on global trends. Leveraging my experience, I will implement a meticulous response and promote each project as President & COO responsible for execution.

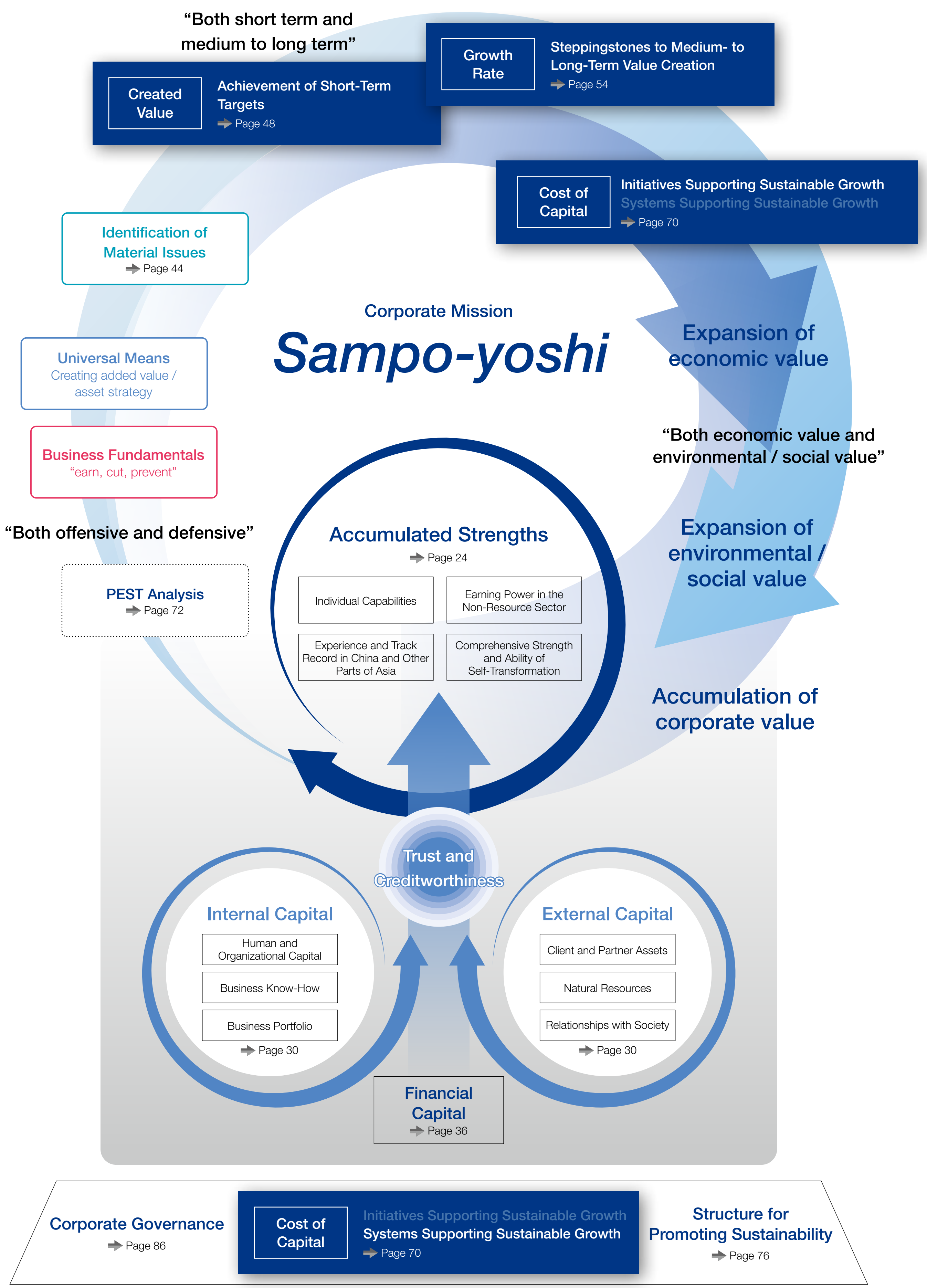
Under “Brand-new Deal 2023,” we outline targets such as offsetting CO_2 to zero by 2040 and achieving net zero GHG emissions by 2050. However, even if we announce a medium- to long-term vision spectacularly in line with social demands, we will not fulfill our responsibility as a company unless we guarantee the continuation of the Company itself and its own future growth. We will steadily address social demands that need to be resolved while increasing our earning power. By fully leveraging the characteristics of our strong non-resource sector, we will accelerate initiatives for the next stage of consolidated net profit of ¥600.0 billion.

Enhancing Sustainable Corporate Value

Around the time I joined the Company, the general trading companies associated with the former *zaibatsu* industrial groups had imposing presence. To close the huge gap, I worked very hard on my sales activities. Without relying on the activities of just a few outstanding companies or divisions, we, including former managements and employees, diligently built up our business foundation through steady efforts. Our collective efforts have resulted in ITOCHU attaining the “triple crown” of general trading companies in FYE 2021.

However, new battles are already underway in FYE 2022, and any momentary slip could decide our fate. We will remain ever vigilant and, by creating a positive feedback loop for solving social issues and expanding earning power, we will continue comprehensively enhancing sustainable corporate value for ITOCHU.

I would like to thank all our stakeholders for your continued support.



A Value Creation Model Centered on “*Sampo-yoshi*”

Explanation of Our Business Model

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

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

- Corporate Value: Driving Force for Sustainable Value Creation (Total capital)
- Created Value: Achievement of Short-Term Targets
- Cost of Capital: Initiatives and Systems Supporting Sustainable Growth
- Growth Rate: Steppingstones to Medium- to Long-Term Value Creation

Business Fundamentals

“Earn”
Conduct trade aligning with changes in the world and customer needs

“Cut”
Reduce expenses that are not cost effective, reduce unnecessary meetings and documents

“Prevent”
Prevent outflows due to losses on receivables and impairment losses

Universal Means

Creating Added Value
By leveraging our unique ability as a general trading company to act as a coordinator, upgrade business management, and create synergies, we continuously create added value from customers’ point of views, stabilize commercial rights, expand trade, and increase the overall value of businesses, including investees.

Asset Strategies
With the strategic importance of business investment increasing, we are emphasizing investment in our areas of strength while building and steadily implementing asset strategies that entail thorough risk management and the pursuit of asset efficiency.

Material Issues

- Evolve Businesses Through Technological Innovation
- Address Climate Change (Contribute to Realization of a Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

01

Driving Force for Sustainable Value Creation

This section describes the background of and explains in detail the strengths and non-financial capital that we have built and outlines our basic approach to sustainability. To provide examples of how we utilize our strengths and non-financial capital, we explain the value chain centered on FamilyMart and our financial and capital strategies, including the business investment process that is one of our main business development tools.

Component of the corporate value calculation formula focused on in this section

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

CONTENTS

Accumulated Strengths

Since its founding in 1858, ITOCHU has fostered a unique corporate culture while flexibly changing its business structure, primarily by dynamically allocating management resources to growth areas that shift with the times, and leveraging business investments to move into downstream fields in the value chain. Our business model, which currently boasts high sustainability, has enabled us to consistently overcome the obstacles we have faced, such as the economic crisis in the late 1990s. The driving force behind this model lies in four corporate strengths we have accumulated over our history of more than 160 years.

Accumulated Strength—

Comprehensive Strength and Ability of Self-Transformation

Compound Annual Growth Rate of Consolidated Net Profit

11.8% (FYE 2011–2022)

We realize sustainable growth by leveraging our comprehensive strength as a general trading company and flexibly transforming ourselves in response to the outside environment.

Founded–

Focus Mainly on the Textile Sector

Chubei Itoh I commenced linen trading operations via Osaka in Senshu (now the southwestern part of Osaka Prefecture) and Kishu (now Wakayama Prefecture). From a base in Osaka, we expanded business, mainly in the textile sector.

Chubei Itoh I

1950s–

Diversification, Including Automobiles, Petroleum, and Food

We pursued a path of diversification, and as a result non-textile areas accounted for around 40% of trading volume in 1958. In the 1960s, we expanded our business to include energy, machinery, general merchandise projects, and the iron and steel business, becoming a "¥1 trillion trading company." In 1977, we further expanded the iron and steel business through a merger with Ataka & Co., Ltd.

1980s–

Expansion in the ICT Sector

As yen appreciation became a fixture of the economy, we promoted internationalization and globalization. We moved aggressively into the ICT field and entered the satellite business.

1990s–

Set the Steppingstones for the Current Business

We took decisive action to dispose of low-efficiency and unprofitable assets to sweep away negative legacy assets from the bubble era. At the same time, we set in place the steppingstones for the future, such as acquiring shares in FamilyMart in 1998.

2010s–

Enhancing Comprehensive Strength by Harnessing Our Ability of Self-Transformation

Ahead of other general trading companies, we began focusing on the non-resource sector. We commenced a strategic business alliance and capital participation with CITIC and CP Group, strengthened North American construction materials-related businesses, acquired Dole business, invested more in major Group companies, and privatized FamilyMart. We have further built up comprehensive strength and promoted self-transformation from a market-oriented perspective in part by entwining our business investments to create multifaceted businesses that connect for synergy, establishing The 8th Company, and developing the value chain of energy storage systems.

中信 CITIC

Strengthening Our Foundation to Harness Individual Capabilities

Since its founding, ITOCHU did not maintain free-standing stores, but instead cultivated a spirit of creating businesses on its own. Based on this DNA and our core focus on the non-resource sector, which consists of small businesses and has a large number of clients, we have cultivated “individual capabilities.” The ability of individuals, who are also referred to as “brave warriors,” to create business through their own discretion on the front lines is characteristic of the Company and the driving force behind its sustainable value creation.

Under “Brand-new Deal 2012” (FYE 2012–2013), we established our business fundamentals as the strengthening of front-line capabilities and the “earn, cut, prevent” principles, then implemented various internal reforms to draw forth our latent individual capabilities. We subsequently enhanced initiatives for work-style reforms, including the introduction of a Morning-Focused Working System. As a result, we achieved high labor productivity with a small but elite system. ITOCHU boasts the lowest number of employees (non-consolidated basis) of the general trading companies, but we generate the highest consolidated net profit per employee.

Accumulated Strength— Individual Capabilities

Consolidated Net Profit per Employee (Non-Consolidated)

¥0.10 billion (FYE 2021)

From the Company’s founding, merchants developed business by balancing their wares on shoulder poles as they traveled on foot to distant locales. This DNA has been steadily passed down through the eras until the present as “individual capabilities.”

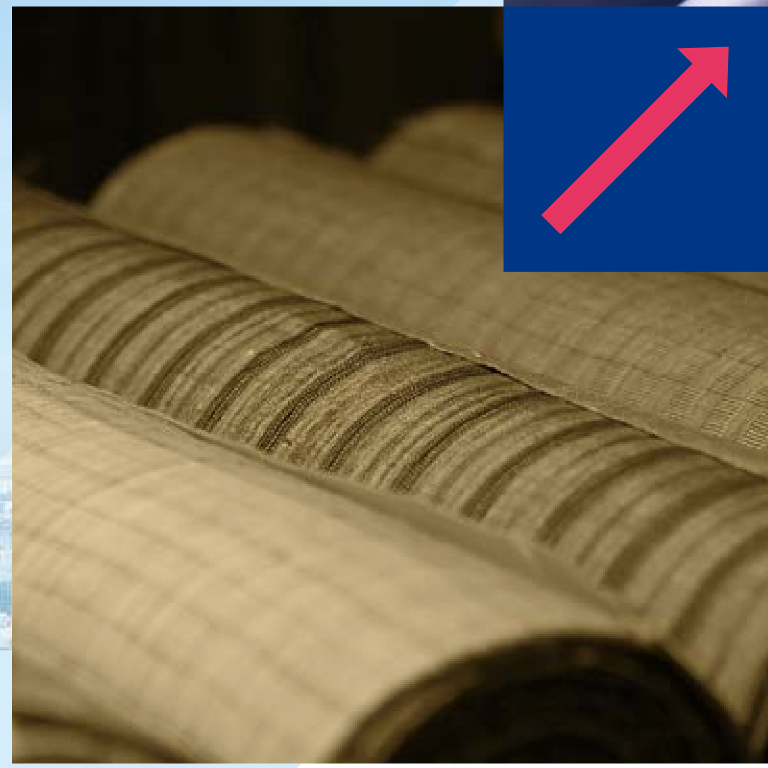
(Photo courtesy of Archival Museum for the Faculty of Economics at Shiga University)

Accumulated Strength— Earning Power in the Non-Resource Sector

Core Profit in the Non-Resource Sector

¥330.7 billion (FYE 2021)

Although business has significantly changed, expanding from linen trading to the development of a value chain in sustainable materials, the Company’s main focus remains in the non-resource sector.



Further Enhancing Earning Power in the Non-Resource Sector

ITOCHU’s business originated with textiles. In contrast with the general trading companies associated with the former *zaibatsu* industrial groups, the Company has weaker connections to the national government and companies in heavy industry. We therefore inevitably built up strengths in the non-resource sector, centered on clothing, food, and housing, where we have a wealth of expertise.

“Brand-new Deal 2014” (FYE 2014–2015) was subtitled, “Aiming to be the No. 1 Trading Company in the Non-resource Sector.” Under it, ITOCHU did in fact become the No. 1 general trading company in the non-resource sector. We attribute this success to our efforts to enhance the returns from major investments completed, improve the profitability of existing businesses, and revise investment criteria directing nearly 80% of new investment to the non-resource sector. Following that, we continued to accumulate strengths in the non-resource sector and built an earnings base that is diversified across many fields and more resilient to economic volatility, thereby enabling the stable generation of cash flows.

Laying a Strategic Foundation for the Future in Markets in China and Other Parts of Asia

ITOCHU was the first major general trading company to be accepted to restart trading between Japan and China. This early success to build a bridgehead in China is connected to our current strength of "experience and track record in China and other parts of Asia."

Under "Brand-new Deal 2017" (FYE 2016–2018), we sought to enhance sustainable corporate value from a longer-term perspective. We worked with the CP Group to make a joint investment in CITIC, the largest investment in ITOCHU's history (approx. ¥600.0 billion), and placed a major strategic steppingstone in the world's largest consumer markets of China and other parts of Asia. CITIC is the largest Chinese state-owned conglomerate, and CP Group is the largest conglomerate in Thailand which has built up various businesses across all of China. Working with these two reputable partners (CITIC and CP Group), we strive to develop businesses which lead to improve the earning power in our strong non-resource sector.

Accumulated Strength—
Experience and Track Record in China and Other Parts of Asia

Expanding Business into China

1972

In 1972, then-President Masakazu Echigo headed a mission to China and attempted to make an early start at cultivating the Chinese market. This led to our current valued partnerships.

2021

Once Again, Unleashing Our Strengths

FYE 2021

Increasing Comprehensive Strength Through Self-transformation

➡ Achieving the **Triple Crown*** of General Trading Companies

* Market capitalization, share price, and consolidated net profit

FYE 2016

Steppingstones Toward China and Other Parts of Asia

➡ **No. 1** General Trading Company in Consolidated Net Profit

FYE 2015

Strengthening Earning Power in the Non-Resource Sector

➡ **No. 1** in the Non-Resource Sector

FYE 2012

Harnessing Individual Capabilities

➡ **No. 1** in the Consumer Sector

1858

Working Toward a New Growth Stage

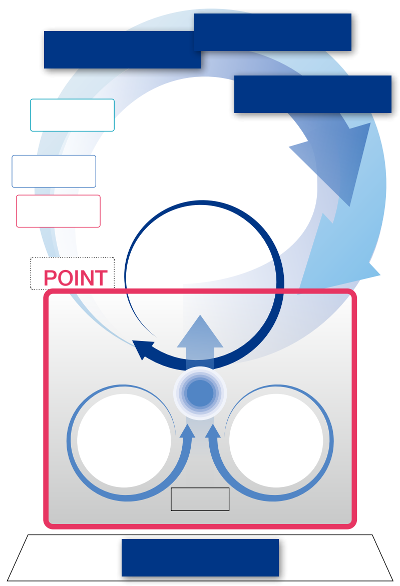
Adding new strengths to proven strengths, ITOCHU steadily advanced its position, and in FYE 2021 clinched the "triple crown" for general trading companies, achieving the highest market capitalization, share price, and consolidated net profit. However, the COVID-19 pandemic, which is still raging across the world, has brought about major changes in the world. The SDGs are now influencing business models at a faster speed than predicted, and uncertainty in the economic environment is increasing. Driven by its four accumulated strengths, the Company is flexibly responding to this business environment. We are also promoting the basic policies of "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities" as laid out in the new medium-term management plan "Brand-new Deal 2023." Through these efforts, we aim to achieve consolidated net profit of ¥600.0 billion during the plan's period and further leap toward a new growth stage.

Accumulation of Non-Financial Capital

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 160 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 achieving enhancement of interaction between internal and external capital. By always remaining cautious of trust and creditworthiness in our management practice, we aim to continuously expand our corporate value through realizing increases in both economic value and environmental / social value.



		Explanation of Each Capital (Importance)	Influential PEST Factors	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures
Internal Capital	Human and Organizational Capital	We increase individual capabilities through our human resource strategies and enhance labor productivity. In addition, our business divisions have powerful backing from our administrative divisions, which have rapid decision-making systems and high-level expertise, therefore practicing the "earn, cut, prevent" principles.	• Greater disparity in economic growth among emerging countries • Cultivating a workplace environment • Increasing awareness on health and quality of life • Strengthening a rigorous governance structure • Changes in business models caused by technological innovation	• Labor productivity of employees • Engagement Survey • Average training cost per employee • Number of employees with Chinese-language qualifications • Monthly average overtime hours • Annual paid leave acquisition rate • Company ranking among job-seekers	• Realization of ITOCHU Mission and Guideline of Conduct • Promotion of Morning-Focused Working System and working from home system • Health management (Support Measures for Balancing Cancer Care and Work, etc.) • Business support and checking function of administrative divisions • Changing work system flexibly during the COVID-19 pandemic ➡ Page 80 Human Resource Strategy
	Business Know-How	With eight Division Companies operating businesses in diverse industries, ITOCHU has accumulated extensive and advanced business know-how. This is a vital intangible asset for creating new businesses and expanding into new regions.	• Economic policy trends • Changes in the tax code and regulations • Economic stagnation in developed countries • Dollar appreciation • Change in investment environment • Accelerating response to climate change (decarbonization) • Cultivating a workplace environment • Increasing awareness on health and quality of life • Changes in business models caused by technological innovation	• Number of new businesses formed • Number of years of business with existing customers • Number of contact points with consumers and volume of data	• Creating synergies and new businesses by utilizing ITOCHU's comprehensive strength • Using The 8th Company to break down product silos and strengthen collaboration among Division Companies • Transforming business models based on a market-oriented perspective • Acquiring new knowledge through venture investments
	Business Portfolio	ITOCHU's business portfolio is flexible, wide-ranging, and well-balanced. Leveraged in combination with our comprehensive strength and ability of self-transformation, this business portfolio enables us to adapt quickly to a volatile business environment and diversifying consumer demand.	• Political trends • Economic policy trends • Economic stagnation in developed countries • Dollar appreciation • Change in investment environment • Accelerating response to climate change (decarbonization) • Increasing awareness on health and quality of life • Strengthening a rigorous governance structure • Changes in business models caused by technological innovation	• Ratio of Group companies reporting profits • Management efficiency indicators	• Pursuit of highly efficient management (rigorously selected investments and continuous asset replacement) • Improving profitability of existing businesses (thoroughly instilling the "earn, cut, prevent" principles) • Implementation of ITOCHU's Policy on the Governance of Its Listed Subsidiaries ➡ Page 91 Policy on the Governance of Listed Subsidiaries

Financial Capital

Trust and Creditworthiness

		Explanation of Each Capital (Importance)	Influential PEST Factors	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures
External Capital	Client and Partner Assets	We maintain win–win relationships with our clients and partners, which include a large number of leading companies. This is vital to our ability to rapidly expand into new domains and constantly capture and expand trade. It is our abundant client and partner assets that enable us to realize sustainable earnings growth.	• Political trends • Economic stagnation in developed countries • Greater disparity in economic growth among emerging countries • Unstable asset (stocks, real estate) and resource prices • Accelerating response to climate change (decarbonization) • Respecting human rights • Increasing awareness on health and quality of life • Ensuring stable procurement and supply • Changes in business models caused by technological innovation	• Profits from initiatives with good partners • Number of clients and partners • Expenses reduced and decrease in losses on bad debts	• Selection and securing of good partners • Use of cutting-edge technologies and services and business model transformation • Complying with Environment, Health, and Safety (EHS) Guidelines • Building of safe, reliable supply chains
	Natural Resources	Through our business in the non-resource and resource sectors, we meet social demand for stable procurement and supply of natural resources, while capturing new business opportunities in responding to social issues outlined in the SDGs.	• Changes in the tax code and regulations • Unstable asset (stocks, real estate) and resource prices • Accelerating response to climate change (decarbonization) • Respecting human rights • Ensuring stable procurement and supply	• Renewable energy ratio • GHG emissions • Electricity consumption • Water usage • Waste volume	• Withdrawing completely from thermal coal interests • Continuing to review projects based on engagement • Strengthening of value chains and business investment management based on a sustainability point of view • Stepping up contribution to and engagement with the SDGs through eco-friendly businesses, etc. ➡ Page 64 Business Expansion in Accordance with a Decarbonized Society ➡ Page 76 Initiatives to Promote Sustainability
	Relationships with Society	We practice continuous and constructive communication with our stakeholders, ascertaining their expectations and demands of the Company and resolving them. Through this effort, we promote stable business activities in Japan and overseas and realize further increases in corporate value.	• Changes in the tax code and regulations • Accelerating response to climate change (decarbonization) • Respecting human rights • Increasing awareness on health and quality of life • Strengthening a rigorous governance structure	• Number of engagements with stakeholders • Number of companies participating in sustainability surveys • Number and percentage of employees participating in sustainability and compliance-related internal trainings • External evaluation by ESG rating agencies, etc., and additions to indices • Shareholder returns (dividends and share buybacks) and EPS • Number of compliance violation incidents	
		Explanation of Each Capital (Importance)	Influential PEST Factors	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures

➡ Page 72 PEST Analysis (Macroenvironmental Factors Through 2030)
➡ Page 116 Data Section

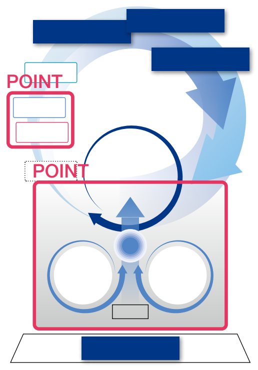
Our Business Model, as Seen Through Business Development

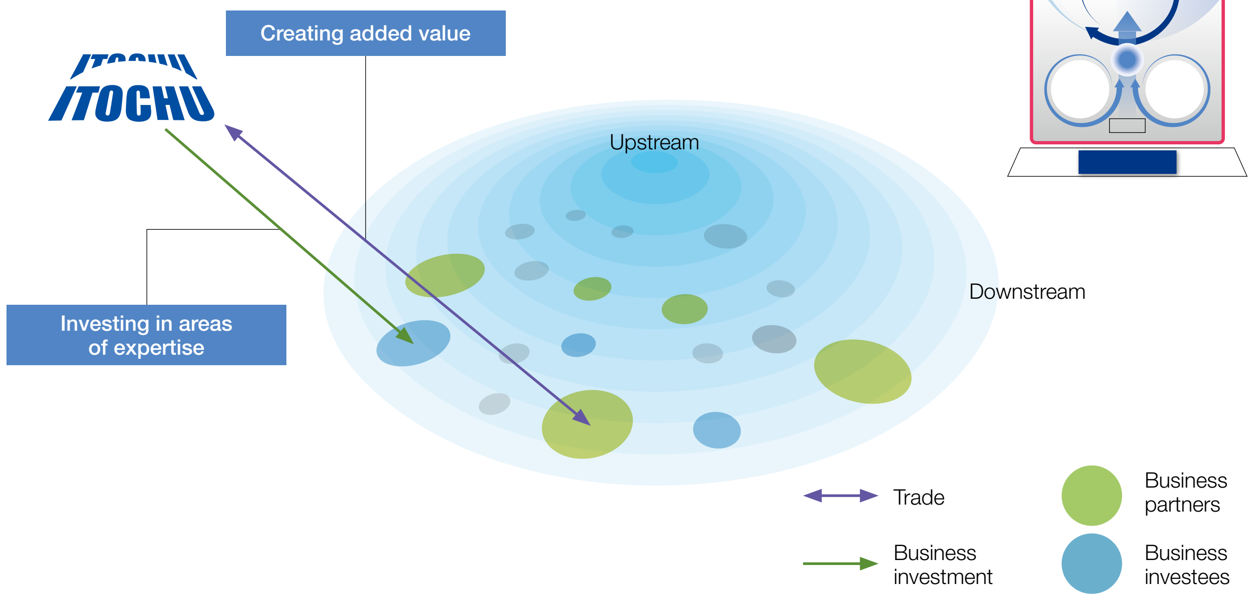
By utilizing financial and non-financial capital, focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to enhance earning power of trade and business investment.

Going forward, we will sustain value creation by maximizing synergies and upgrading our businesses through business transformation that begins in downstream areas and is driven by market-oriented perspectives, while thoroughly instilling the "earn, cut, prevent" principles.

STEP 1: Forming Domains Through Trade and Business Investment

We utilize our accumulated financial and non-financial capital to develop businesses through trade and business investment. By leveraging our business know-how and client and partner assets, we expand trade by creating added value and invest in fields where we have knowledge and can control risk.





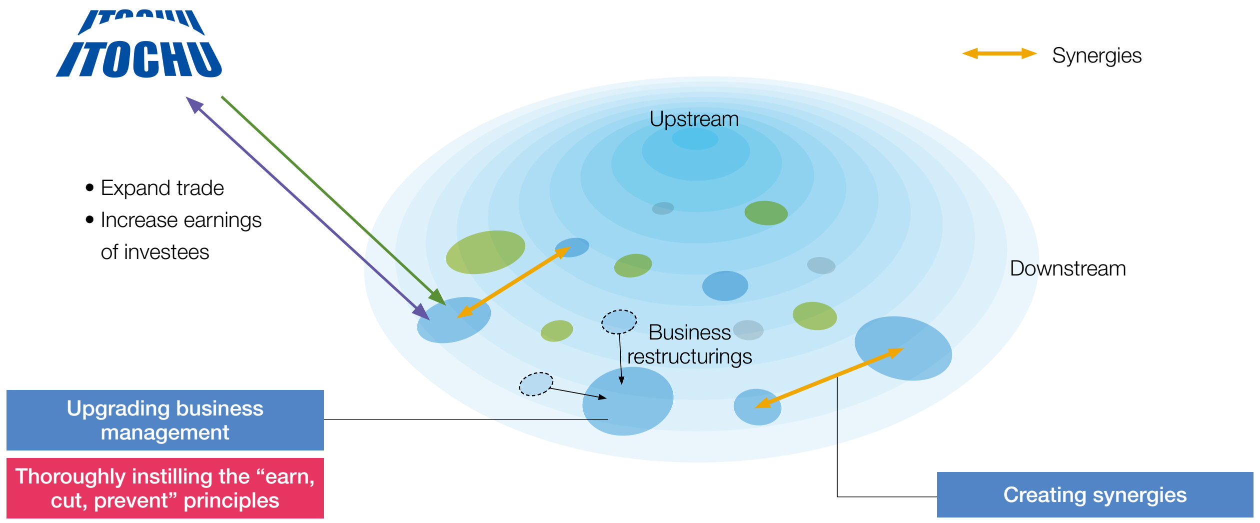
How ITOCHU Differs from a General Private Equity Fund

As we consider business investment to be a powerful tool, our business model is often compared to that of a private equity fund. There are certain similar aspects, such as the desire to contribute proactively to investees' management and maximize the corporate value of investees. However, the differences are that we focus on generating synergies with existing businesses and enjoy returns centered on trading profits and dividends.

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

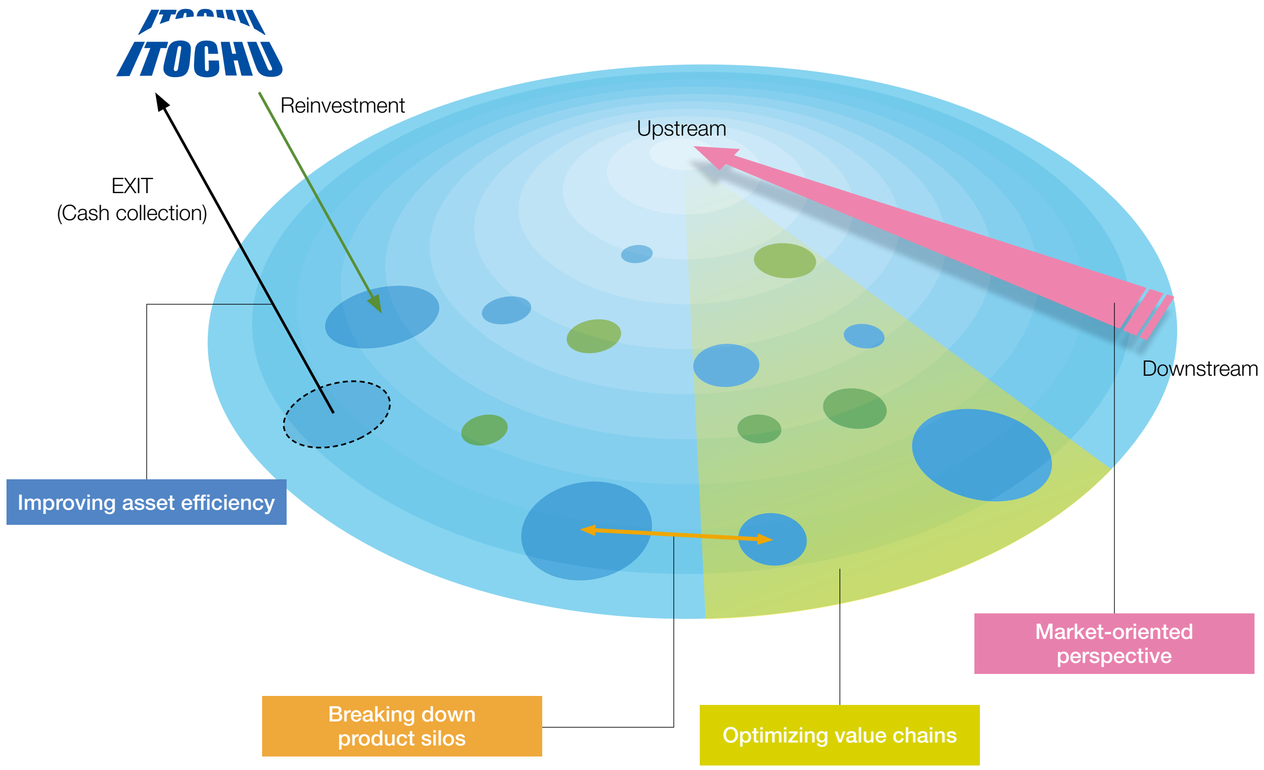
STEP 2: Expanding Multifaceted, Linked Businesses to Increase Earnings from Trade and Business Investment

Our goal is to increase our earning power of trade and business investment. To this end, we upgrade business management by instilling our fundamental "earn, cut, prevent" principles and restructuring businesses, while creating multifaceted, linked businesses through new trades and synergies.



STEP 3: Sustaining Value Creation by Upgrading Multifaceted, Linked Businesses

We will upgrade businesses to respond to consumers' and social needs by shifting to a downstream-centered market-oriented perspective and by increasing collaboration among Division Companies to break down product silos. Also, we will further improve asset efficiency through asset replacement, optimization of value chains by utilizing data and new technologies, and pursuit of business management efficiency.



Business Development Example: Our FamilyMart-Centered Convenience Store Business

In its convenience store business, ITOCHU and its Group companies are collaborating to build and improve the value chain, stretching from downstream through to upstream operations. To grow the value of the Group's convenience store business, which is centered on FamilyMart, we are creating synergies that transcend Division Companies' boundaries. Specifically, while The 8th Company is acting as a hub, we not only strengthen the food value chain but also focus on such diverse areas as daily necessities, financial services, systems development, and construction materials.

Operational Support*

We support the operational efficiency of approximately 16,600 stores in Japan in many different ways—from systems development through to the leasing of store fixtures.

- CTC: System development
- ITOCHU Plantech Inc.: Electricity supply
- ITOCHU KENZAI CORPORATION: Construction materials
- ITOCHU Metals Corporation: 3Rs+W service*
- Bell System24: Contact centers
- Tokyo Century Corporation: Leasing of store fixtures

* Reduce, reuse, recycle, and waste management

Areas of Focus

- Rigorously enhancing product appeal, convenience, and familiarity
- Optimizing and upgrading supply chains
- Advertising and finance businesses and making stores into media
- FamilyMart Environmental Vision 2050 (Medium- to long-term environmental goals)

Page 60 Evolution of FamilyMart Business

Creating Added Value in Collaboration with The 8th Company

Page 114 The 8th Company

Service*

We provide customers with a broad range of services matching daily needs in fields such as finance and insurance.

- POCKET CARD CO., LTD.: Famima T Cards
- CONEXIO: POSA cards
- ITOCHU: Motorbike liability insurance, one-day automobile insurance, FamiPort coupons

Famima T Card, issued by POCKET CARD CO., LTD.

Intermediate Distribution*

We handle logistics to individual stores.

- NIPPON ACCESS, INC.: Wholesale / Logistics
- ITOCHU LOGISTICS CORP.: Comprehensive logistics services
- NCS (NIPPON CAR SOLUTIONS Co., Ltd.): Delivery vans
- ITOCHU ENEX CO., LTD.: Fuel for delivery vans (renewable diesel)

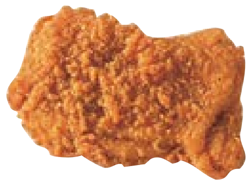
Food Product and Peripheral Business*

Sales agents | Manufacturing / Processing | Product planning | Raw materials

We coordinate the optimal food value chain from the formulation of raw material procurement schemes to the arrival of items on store shelves, including product planning, manufacturing, processing, and procurement of containers and packaging materials.

Product planning, manufacturing / processing, sales agents

- ITOCHU: Ready-to-eat products, fried chicken, bananas, counter coffee, etc.



Raw materials

- JFS (Japan Food Supply Co., Ltd.) / ITOCHU Food Sales and Marketing Co., Ltd.: Ready-to-eat products (rice balls, boxed lunches)
- UNEX: FAMIMA CAFÉ (counter coffee)
- ITOCHU FEED MILLS CO., LTD.: Eggs
- C.P. GROUP: Spicy Chicken (fried chicken)
- Dole: Bananas
- ITOCHU: FAMICHIKI (fried chicken)
- FUJI OIL: Soy meat and general raw materials for confectioneries, etc.

Containers and Packaging

- ITOCHU PLASTICS INC. (clps): Rice ball wrapping films and recycled PET boxed lunch containers, etc.
- ITOCHU Retail Link Corporation: To-go item containers (coffee cups, etc.)

Non-Food Product*

We provide daily necessities and supplies needed for everyday store operation.

Daily necessities

- sanipak (Clean earth, Clean hearts.) / ITOCHU Retail Link Corporation: FamilyMart collection daily necessities (detergent, plastic bags, cleaning sheets, etc.) and umbrellas
- ITOCHU: Convenience Wear (basic apparel and lifestyle sundries, etc.)

Supplies (Store items supporting operation, etc.)

- ITOCHU Retail Link Corporation: Chopsticks, individual-use hand towels, cash register rolls, plastic bags, and cleaning supplies
- ITOCHU: Uniforms

* All of the products and services listed above are provided by ITOCHU Group (ITOCHU, subsidiaries, and affiliates) and ITOCHU's business partners.

CFO INTERVIEW

While keeping an eye on the unclear business environment, this year we will lay out thorough preparations with an awareness of the new growth stage.

Tsuyoshi Hachimura
Member of the Board,
Executive Vice President, CFO

Q What is your overall assessment of the FYE 2021 financial and capital strategies?

A We were able to steadfastly keep our financial and capital positions even amid an unprecedented business environment.

The business environment in FYE 2021 was exceptionally tough due to the COVID-19 pandemic, but I believe that overall we prevailed. By steadfastly keeping our financial and capital positions, we were able to achieve results that led to the "triple crown" for a general trading company.

Since becoming CFO in FYE 2016, I have committed to the "Policy to achieve high ROE while balancing three factors (growth investments, shareholder returns, and control of interest-bearing debt)" and continued implementing unified balance sheet control. In FYE 2021 too, we conducted major investments (around ¥520.0 billion) in tandem with the privatization of FamilyMart, which will contribute to the Group's further growth, while also maintaining a "financial position appropriate for A ratings" even amid an unprecedented business environment.

It can be seen through the fact that, for example, the shareholder equity ratio, which demonstrates the soundness of our finances, rose 2.2 points at the end of FYE 2021 (29.7%) year on year. Also, net debt-to-shareholders' equity ratio (NET DER) (0.78 times) came close to our record level achieved March 31, 2020 while conducting a large-scale investment.

In addition, core profit totaled approximately ¥452.5 billion, including the negative impact of approximately ¥56.0 billion from the pandemic. This was far above our initial plan of ¥400.0 billion. If the pandemic effects had been insignificant, core profit would have exceeded ¥500.0 billion. I believe we were able to maintain stable earning power at roughly the same level as before the pandemic.

Furthermore, core operating cash flows amounted to approximately ¥574.0 billion, the second highest on record, trailing only the previous fiscal year. This was a testament to the strong resilience of our cash-generating power to economic volatility.

The following chart zooms out to a wider timeframe, comparing present achievements with the past three-year KPIs from "Brand-new Deal 2017" to see how much they have improved.

Both earning power, which is represented by consolidated net profit and core profit, and cash-generating power, which is represented by core operating cash flows, improved tremendously. I want everyone to understand that this was achieved by harnessing the strengths of our earnings base, centered on the non-resource sector. In addition, regarding total shareholder returns, we were able to keep core free cash flows after deducting shareholder returns in the black and, by tapping into our stable cash-generating power, we were able to achieve shareholder returns and a total shareholder return ratio exceeding those under "Brand-new Deal 2017."

(Billions of yen)	*Brand-new Deal 2017* (FYE 2016–2018)	*Brand-new Deal 2020* & FYE 2021 Management Plan (FYE 2019–2021)	Increase / Decrease
Consolidated net profit (3-year cumulative)	Approx. 993.0	Approx. 1,403.0	Approx. +410.0
Core profit (3-year cumulative)	Approx. 1,102.0	Approx. 1,410.0	Approx. +308.0
Core operating cash flows (3-year cumulative)	Approx. 1,255.0	Approx. 1,690.0	Approx. +435.0
Core free cash flows (3-year cumulative)	Approx. 285.0*1	Approx. 626.0	Approx. +341.0
Total shareholder returns (3-year cumulative)*2	Approx. 318.0	Approx. 529.0	Approx. +211.0
Total shareholder return ratio (3-year cumulative)	32%	38%	Increased 6 pt
EPS (3-year average)	¥211.3	¥309.8	+¥98.5
ROE (3-year average)	13.8%	15.9%	Increased 2.1 pt

*1 Including investment in CITIC (approximately ¥600.0 billion)
*2 Total of interim and year-end dividends and share buybacks

On the other hand, for investments, we have avoided buying high, which leads to the accumulation of goodwill, and strived to focus primarily on the sectors and regions where we have expertise. We also conducted large-scale investments by accumulating surplus funds each fiscal year. By implementing these controls and reducing unnecessary interest-bearing debt, our financial soundness has been lifted even higher.

We steadily enhanced ROE and EPS (Consolidated net profit per share), which are the special focus points of the Company, by carrying out our financial and capital strategies to balance three factors. As a result of the positive feedback from investors and shareholders, the Company's share price in FYE 2021 rose to a record high 33 times.

Q Can you elaborate on the key points of the financial and capital strategies under "Brand-new Deal 2023"?

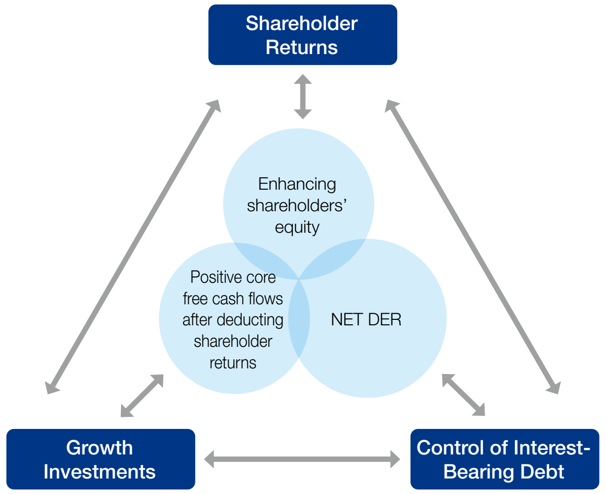
A The main point is that we will unwaveringly carry out our existing policies.

Although COVID-19 vaccinations are proceeding apace around the world and expectation for economic recovery is increasing, concerns about the re-spread of infection and uncertainty about the business environment after the pandemic cannot be dispelled. Moreover, we need to look more closely at the risk of plummeting resource prices that have remained historically high, geopolitical risks (such as the protracted U.S.–China trade friction), and the debate over tax increases in response to expanding government expenditures in addition to the trends in interest rates, exchange rates, and the stock market going forward.

In addition, the recent trend of responding to the SDGs, especially given accelerating climate change, creates major business opportunities. However, manufacturing businesses with high GHG emissions and companies with a high ratio of stranded assets assume that additional costs will be factored in such as those for withdrawing from businesses, product obsolescence, and restructuring. It is possible that the unclear business environment will become protracted.

Amid this environment, management needs to be balanced and not overly biased toward any particular direction. Under "Brand-new Deal 2023," we will continue to balance three factors, maintain highly efficient

Achieve High ROE While Balancing Three Factors



management (high ROE), and achieve sustainable growth in EPS. In short, there is no change in our existing financial and capital strategies.

As an additional key point, I would like to elaborate on the termination of share buybacks announced in June 2021. This has drawn many questions from the market. ROE and EPS are especially important to ITOCHU. I am sure you already understand our policy of aiming to enhance ROE and EPS fundamentally by expanding sustainable profit. In FYE 2022, there are contributions from expanded profit in the non-resource sector and rising resource prices, and profit is expected to significantly rise year on year. On the other hand, because uncertainty in the business environment in FYE 2023 and beyond cannot be discounted, we decided that it would be appropriate to fully reset the announced share buybacks and prepare for FYE 2023 and beyond. ITOCHU has carried out active and continuous share buybacks after carefully assessing future cash allocation. We will make no changes to this basic policy going forward.

Q What is your policy on cash allocation under "Brand-new Deal 2023"?

A Within the amount of surplus funds, we will continue considering how to best balance growth investments with shareholder returns, etc.

If yearly average core operating cash flows are ¥600.0 billion, surplus funds for each year under "Brand-new Deal 2023" will average ¥250.0–300.0 billion, which excludes capital expenditure of around ¥150.0–200.0 billion that is consistently incurred every year and shareholder returns of around ¥150.0 billion (assuming ¥100/share multiplied by around 1.5 billion eligible shares). These surplus funds could be used for additional shareholder returns or net investments after considering cash-in from the exits of existing investments. Going forward, within the amount of surplus funds, we will continue to balance allocation for conducting growth investments and expanding shareholders' equity as a risk buffer, as well as providing additional shareholder returns.

Regarding dividends per share (DPS), during the period of "Brand-new Deal 2023," we will continue our progressive dividend policy to steadily increase dividends as announced in FYE 2016. FYE 2022, the first year of the plan, will start with a minimum DPS of ¥94, which is ¥6 higher than the previous year's dividend of ¥88. Moreover, we have announced our intention to aim for ¥100 during the period of the plan. However, we plan to announce a revised shareholder returns policy, in light of the closer consideration of market expectations we received through follow-up dialogue with investors and shareholders after the announcement of the plan.

Under "Brand-new Deal 2023," ITOCHU's policy is to continue searching for prime investment projects, while being aware of the Company's cost of capital of 8%, as the Company strives to move from its initial plan of ¥530.0 billion in core profit in FYE 2022 toward ¥600.0 billion. In FYE 2021, regarding existing investments, we conducted evaluations using stricter criteria than ever and cleared up concerns about the future. We also revised internal investment criteria in line with present conditions, such as increasing the variety of hurdle rates for each industry (by country) from around 40 industries to around 70 industries. (➡ Page 40 Business Investment)

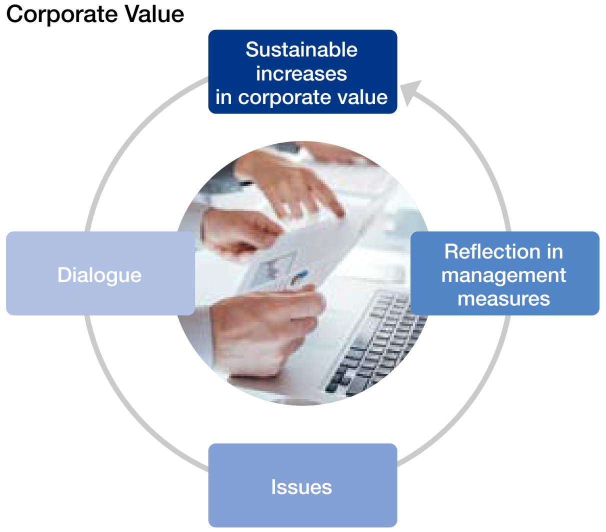
It is significant that at ITOCHU the CFO has served as chair of the Investment Consultative Committee for four years in a row. In FYE 2022, I again want to lead constructive discussions that assess the business environment from a consistently objective and conservative perspective.

Q Are there any measures that help reduce the cost of capital?

A I think it is important to continue fostering highly trustworthy dialogue.

I think that proactively promoting investor relations activities leads to a reduction in the cost of capital. Even amid the unusual pandemic environment, I took the lead in holding dialogues, expanding these both qualitatively and quantitatively to better enable all stakeholders, especially investors and shareholders, to further understand and evaluate the Company's strategies and policies. As one of the leading general trading companies, ITOCHU engages in highly trustworthy dialogue to better ascertain market expectations. We continue to make timely and appropriate disclosures, and these steps lead to further reductions in the cost of capital.

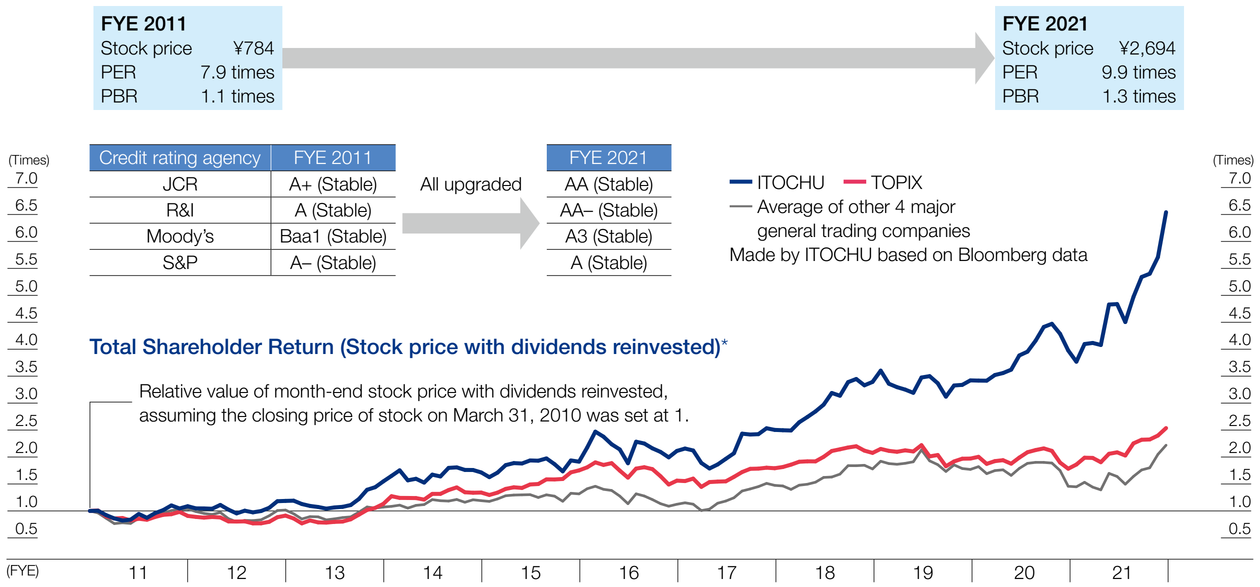
The Positive Cycle of Dialogue and Enhancing Corporate Value



From an ESG perspective, we are also taking steps. Based on the recent trend of increased environmental awareness, ITOCHU became the first general trading company to publicly issue SDG bonds (U.S. dollar-denominated senior unsecured bonds). These bonds were issued in March 2021 to promote the use of energy storage systems and renewable energy, such as solar power and wind power, and procure certified coffee beans, etc. The purpose is to further enhance initiatives for the SDGs, and I believe the bond market also recognized the Company's genuine commitment through these initiatives. Going forward, by steadily implementing initiatives that are aware of market needs, we will continue working hard to enhance sustained corporate value.

Stock Price / PER / PBR / TSR

Stock price: Annual average of daily trading value
PER: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Forecast of consolidated net profit, announced by ITOCHU)
PBR: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Most-recent results of shareholders' equity)



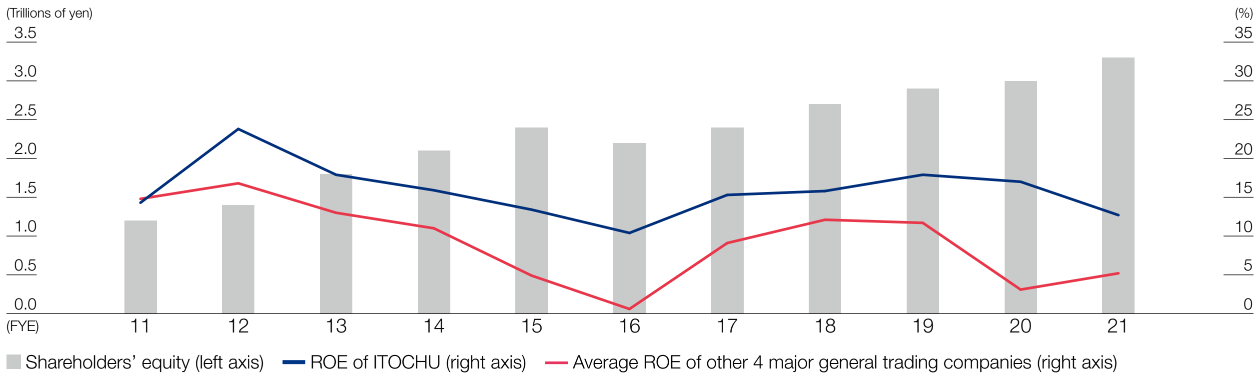
Credit rating agency	FYE 2011	FYE 2021
JCR	A+ (Stable)	AA (Stable)
R&I	A (Stable)	AA– (Stable)
Moody's	Baa1 (Stable)	A3 (Stable)
S&P	A– (Stable)	A (Stable)

TSR* as of March 31, 2021

Ownership period	1 year	2 years	3 years	4 years	5 years	10 years
ITOCHU	64.5%	91.2% (38.3%)	92.8% (24.5%)	161.3% (27.1%)	209.6% (25.4%)	501.6% (19.7%)
TOPIX	42.3%	28.7% (13.5%)	22.2% (6.9%)	41.6% (9.1%)	62.5% (10.2%)	179.6% (10.8%)
Average of other 4 major general trading companies	48.8%	23.3% (11.0%)	25.3% (7.8%)	52.2% (11.1%)	100.2% (14.9%)	110.0% (7.7%)

* Total Shareholder Return (TSR): Return on investment assuming that dividends are reinvested. The chart above shows relative value of month-end stock price with dividends reinvested, assuming the closing price of stock on March 31, 2010 was set at 1. The table above indicates returns on investment during each period of holdings preceding from March 31, 2021. (Figures in brackets are rate of returns converted to the annual average by the geometric mean.)

ROE and Shareholders' Equity



Business Investment

Business Investment Process

Along with strategic business alliances, business investment is an important means of creating and expanding businesses. To actively promote strategic investments in areas of strength in a timely manner, we choose the optimal structure from a wide range of methods, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary. In principle, we continuously hold investments. After making each investment, we work to maximize the investee's corporate value and to expand trading profits and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as increases in larger-scale investments in recent years, we are rigorously screening the appropriateness of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures, centered on instituting more rigorous exit conditions and thoroughly implementing periodic investment review.

Investment Decisions

Decision-Making Process

We have established a multilayered decision-making process that achieves quick decision-making by giving a certain level of discretion to the Division Companies while striving to pursue investment return and curb investment risk.

Division Companies

Applicants (responsible divisions)

↓

Administrative divisions

↓ …Opinion based on risk analysis

Division Company Management Committee (DMC) — Deliberation

↓

Division Company President — Decision

↓

Investment Consultative Committee*

↓

Headquarters Management Committee (HMC)

Related administrative divisions express their opinions from various specialized perspectives regarding the application made by the applicants. Following careful discussion at the DMC, the Division Company President will make a final decision.

If the project needs further consideration and screening in terms of profitability and strategy, the project is discussed at the Investment Consultative Committee prior to the HMC.

* Investment Consultative Committee: CFO serves as the chair. Core members include CAO, General Manager of the Corporate Planning & Administration Division, General Manager of the Legal Division, General Manager of the General Accounting Control Division, General Manager of the Finance Division, and General Manager of the Global Risk Management Division. Meetings are also attended by one full-time Audit & Supervisory Board Member.

Projects that exceed the Division Company President's authority must be approved by the HMC.

Points for Making Decisions

Investment Purpose and Formulation of Growth Strategies	Verification of Business Plan Appropriateness	Compliance with Investment Criteria	Risk Analysis	Verification of Internal Control Status	Setting Exit Conditions

Thoroughly Verifying Appropriateness of Business Plan

- Scrutinizing business plans before making a new investment (including sensitivity analysis)
- Concrete countermeasures for downward divergence from original plan (including setting of exit measures)

Investment Criteria

- Investment efficiency based on Net Present Value (NPV) calculated from investee's free cash flows:
  When calculating NPV, about 70 hurdle rates (by country) are used according to industry.
- Cash inflows into ITOCHU, such as dividends received and earnings from trade activities
- Scale of investee's earnings

* From April 2021, increased from the previous around 40 hurdle rates by industry.

ESG Risk Evaluation

- Evaluate in advance the impact on the environment, society, etc., as well as the corporate governance status of the investment target using an ESG checklist composed of 33 items
- Conduct multifaceted ESG assessments, including on-site surveys, to prevent environmental pollution and other problems among Group companies even following investment

➡ Page 78 ESG Risk Assessment for New Business Investment Projects

Setting Exit Conditions

- Setting clear and feasible exit measures before making investment
  Clear exit conditions:
  Setting quantitative exit conditions that, in principle, call for exiting from the investment if conditions are met
  Feasible exit measures:
  Obtaining advance agreement with partners on exit conditions, etc.

➡ Page 42 "Prevent"—Upgrading Business Investment Management

Asset Replacement

- Promoting replacement of low-efficiency assets that meet exit criteria, as well as businesses that have lost strategic significance

Control of Cash: Continuously focus on our policy to maintain positive core free cash flows after deducting shareholder returns

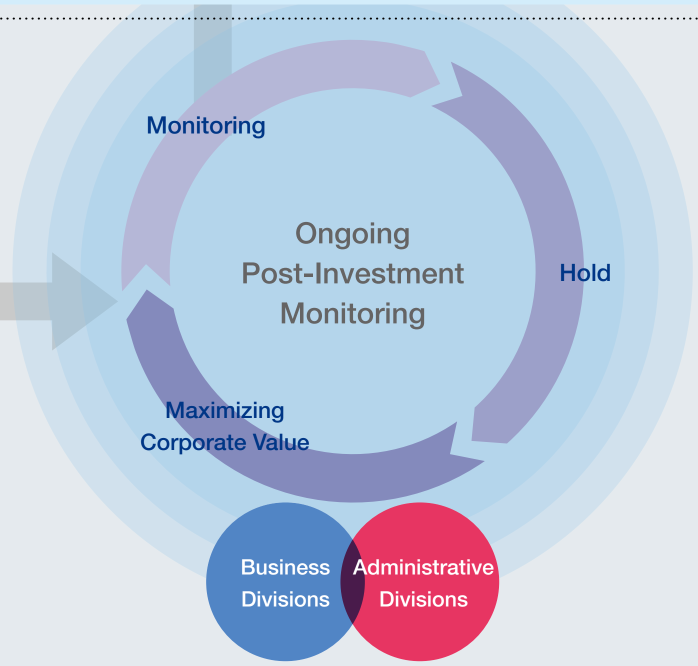
Exit Criteria

Monitoring

- Implementing review one year after investment
- Implementing periodic review for all business investments annually
- Reevaluating policies from qualitative (strategic significance, etc.) and quantitative (scale of earnings, investment efficiency, etc.) perspectives
- Formulating improvement measures for subsidiaries and affiliates with issues of deficits or dividends payout
- Following up throughout the year on policies and issue-improvement measures formulated in periodic review

For details
See Page 42

Execution of Investment



Enhancing Business Value Continuously through Collaboration

In each business investment process—including investment decisions and execution, monitoring, and asset replacement—administrative divisions provide a high degree of expertise that supports business divisions in implementing the Company's fundamental "earn, cut, prevent" principles.

For details “Prevent”—Upgrading Business Investment Management

We are enhancing asset replacement and improving issues of subsidiaries and affiliates by monitoring returns against original plans made at the time of investment. Moreover, even Group companies reporting profits should potentially be exited if returns are lower than the cost of capital.

Exit Criteria for Business Investment

(1) Cumulative losses for last three years

(2) Returns lower than original plans made at time of investment

(3) Cumulative losses in added value for last three years
[Consolidated contribution*1 – (Consolidated investment carrying amount x Cost of capital*2)]

*1 Consolidated contribution is the total of net profit and trade merit.
*2 Cost of capital: Set according to country and industry

If either criteria is met:

Positive added value

Consolidated contribution, including net profit attributable to ITOCHU | Consolidated investment carrying amount × Cost of capital | Added value (+)

Negative added value

Consolidated contribution positive but lower than cost of capital = Low-efficiency investment, therefore consider exiting even if profitable

Consolidated contribution, including net profit attributable to ITOCHU | Consolidated investment carrying amount × Cost of capital | Added value (–)

Apply to the DMC and deliberate whether or not to continue the business
⇒ Enhance asset replacement or improve issues

Continue the business

Matters to be overcome:
(1) Improve consolidated returns
(2) Curtail increases in the consolidated investment carrying amount
(3) Prevent deficit and losses

EXIT

Approval by HMC of Policy on Holding Businesses

Implement monitoring from an ESG perspective based on the conditions of the business

➡ Page 78 Group Company Fact-Finding Investigations

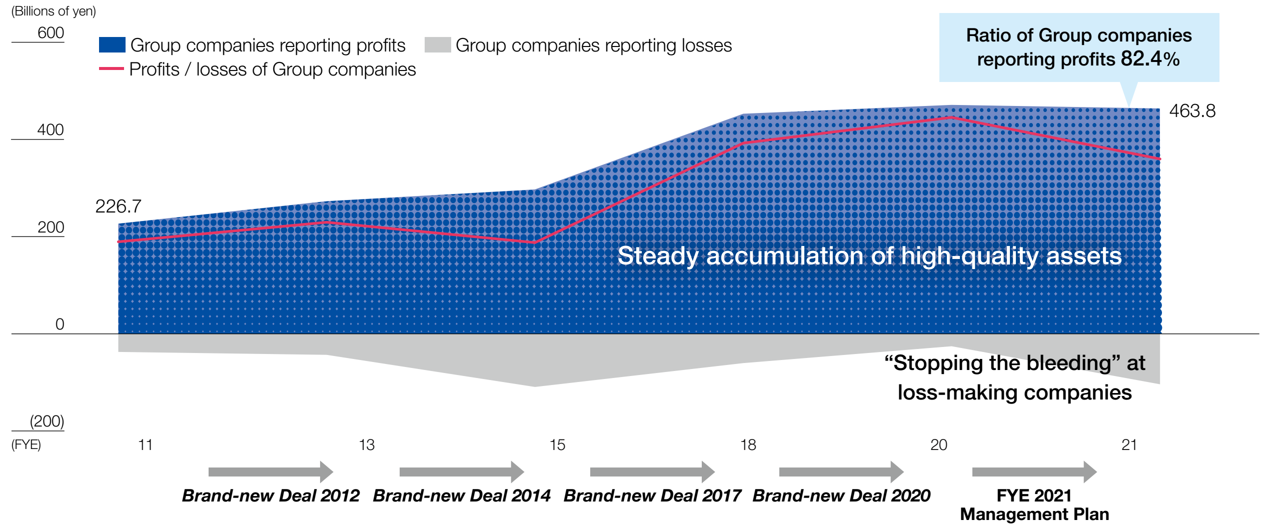
Improving Asset Efficiency

Enhancing the Corporate Value of Group Companies

ITOCHU increases the corporate value of Group companies by rigorously implementing the “earn, cut, prevent” fundamental business principles and strengthening monitoring, which is based on various types of assessments. For example, we steadily accumulate high-quality assets by conducting qualitative and quantitative verifications that take into consideration synergies in assessing investment efficiency and the strategic significance and earnings scale of business investments. Moreover, in relation to concern over possible future losses, at an early stage we evaluate investments and take appropriate measures by consistently applying conservative premises both for credit management and evaluations of the recoverability of various types of assets. Thanks to these activities, we have built a robust earnings base that is diversified across a wide range of business areas mainly in the non-resource sector and which is therefore highly resilient to economic volatility.

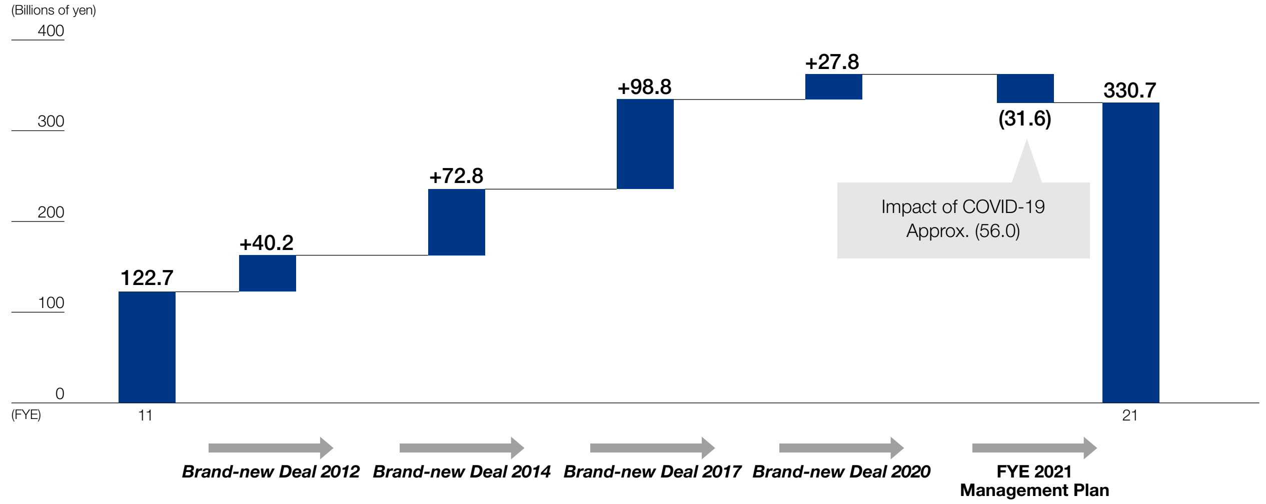
Achievement (1)

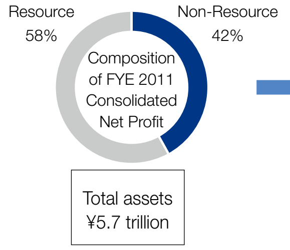
Continuous Accumulation of the Profits of Group Companies Through Implementation of “Earn, Cut, Prevent” Principles



Achievement (2)

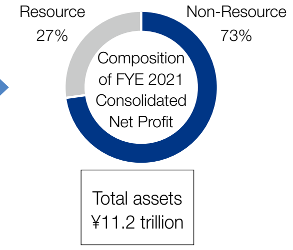
Improvement in Core Profit-Making Power in the Non-Resource Sector Through Flexible, Continuous Asset Replacement





Non-Resource	Investment	¥4.3 trillion
	Exit	¥1.4 trillion
Overall	Investment	¥5.4 trillion
	Exit	¥1.8 trillion

Accumulated investment and exit amounts since FYE 2011



Material Sustainability Issues

Material Sustainability Issues		Related SDGs
	Evolve Businesses Through Technological Innovation We create new value by working on new technologies proactively and trying to respond to changes in the industry structure beyond the framework of existing businesses.	9
	Address Climate Change (Contribute to Realization of a Decarbonized Society) We strive to adapt to the impact of climate change on business. At the same time, we work to promote business activities aimed at contributing to realization of decarbonization across society and reduce GHG emissions.	7, 13
	Cultivate a Motivating Workplace Environment We create an environment that enables each employee to fully demonstrate their capabilities with pride and motivation by taking advantage of diversity.	5, 8, 10
	Respect Human Rights We take initiatives for the respect and consideration for human rights through our business activities to stabilize our businesses and contribute to the development of local communities.	6, 8, 11
	Contribute to Healthier and More Enriched Lifestyles We contribute to realizing a healthy, rich life, aiming to improve the quality of life of all people.	3, 9, 12
	Ensure Stable Procurement and Supply We work to ensure the effective utilization and stable procurement and supply of resources in accordance with demand in each country, in consideration of biodiversity and other environmental issues, aiming to achieve a circular economy.	6, 12, 14, 15
	Maintain Rigorous Governance Structures The Board of Directors implements highly effective supervision of management from an independent and objective standpoint and ensures appropriate and efficient execution of operations by improving the transparency of decision-making.	16

Guided by "*Sampo-yoshi*," we will take measures that pursue the "true nature" of a front-line perspective to enhance sustainable corporate value.

Fumihiko Kobayashi
Member of the Board,
Executive Vice President, CAO

Q What is ITOCHU's basic policy related to sustainability?

A We strive to affirm "what we should do" and "specific paths we should take" as we focus on pursuing our "true nature" from a front-line perspective.

In initiatives related to sustainability, ITOCHU always focuses on the "true nature" from the front-line perspective. Our basic stance is to steadily help enhance corporate value through business. Under this stance and as a merchant that emphasizes trust, we do not absentmindedly chase the trends of the times. But rather, we established material issues, that present "what we should do" to preferentially and independently solve social issues, and simultaneously affirmed "specific paths we should take" (action plans) to achieve these goals. (➔ Page 76 Initiatives to Promote Sustainability)

"*Sampo-yoshi*," the founding spirit of Chubei Itoh I that has continued to underpin ITOCHU since its beginning, serves as the axle upon which we will determine the direction of the initiatives. The business philosophy since our founding is to emphasize the benefit of not just the Company but also business partners and society from a long-term perspective, not merely pursuing short-term profits. There is no change in our policy of sustainable development going forward.

Q What are the characteristics and targets of the human resource strategies?

A We aim to be the best company in Japan and strive to cultivate a motivating workplace environment through highly unique measures.

We position human resource measures as important management strategies and thoroughly implement initiatives that pursue the "true nature."

With the lowest number of non-consolidated employees for a major general trading company at around 4,200, we need to increase labor productivity to come out on top amid the intense competition. To this end, we need to foster an environment where every employee can maintain their health, feel satisfaction, and make full use of their individual capabilities. The Morning-Focused Working System introduced in FYE 2014 is a prime example. We got a head start on the work-style reforms sweeping Japan with this initiative that emphasizes a withdrawal from the typical structure of having employees stay late to work many hours of overtime. Instead, we encourage employees to utilize the extra time created through better health and more efficient operations to engage with customers, develop skills, and further boost health.

As a long-term qualitative goal, we are striving to realize our vision of being the best company in Japan. The impetus was an email an employee sent before passing away from cancer four years ago. In it, he stated, "for me, ITOCHU is the best company." In his eulogy at the employee's funeral, Chairman & CEO Okafuji promised, with tears in his eyes, that he would make ITOCHU the best company in Japan. Starting with the Support Measures for Balancing Cancer Care and Work introduced at that time, we are working to foster environments where employees can work with peace of mind through highly unique measures.

In the rankings of most attractive employers in 2021, seven major institutions ranked ITOCHU No. 1 for general trading companies, and four of these institutions ranked ITOCHU No. 1 across all industries. I might be exaggerating, but I think it is evident that students realize that ITOCHU is a sustainable company worthy of entrusting their future lives. Although there is no direct measures of our goal of being the best company in Japan, I feel we are making steady progress on this front. (➡ Page 80 Human Resource Strategy)

Q What is the thinking behind the response to COVID-19?

A We emphasize the safety of employees protecting the front lines while hoping to serve society by helping the economy recover as quickly as possible.

Initiatives that pursue the "true nature" are consistent with various responses during the pandemic. In the consumer sector, which is ITOCHU's focus, partner companies support people's day-to-day lives on the front lines, and the Company must also protect the front lines with all its power. Of course, the safety of employees and their families comes above all else. We therefore take strict measures to prevent the spread of infections to the fullest extent possible, and, while paying close attention to the pandemic situation, we have not rigidly established a work system and instead have dynamically changed the percentage of employees working in the office around 20 times since 2020.

In addition, based on the idea of reassuring employees working on the front lines as quickly as possible, we have moved quickly to implement workplace vaccinations since the government announced its policy. We are providing vaccination for all of the approximately 6,000 workers who want to be vaccinated, including, of course, ITOCHU's employees as well as those of Group companies at the Tokyo and Osaka headquarters buildings and those of contractors at the Tokyo Headquarters, such as at reception, security, cleaning, and cafeterias.

The goal of workplace vaccinations is not just to speed vaccinations for employees. We also considered if there is anything we can do to help society. As mass vaccination sites of companies and securing doctors for vaccinations increased burden on local medical care, ITOCHU has committed to implementing its workplace vaccinations in line with its size so everything can be done wholly in-house. We are using our own buildings, industrial physicians and nurses, employee volunteers, and proprietary systems. We have uploaded the latest know-how gained from our workplace vaccinations on our website, including manuals and issues that arise, so that many other companies can adopt our measures, consequently helping reduce the burden on local medical care and contributing to the quick recovery of the economy. We opened our vaccination site to employees at medical institutions and corporate managers in charge of vaccination sites. Many have come to observe the sites, and we have also received a lot of positive feedback from local public organizations.

Childcare providers are also valued essential workers who support the front lines. Only when their children's safety is assured, thanks to the tireless efforts of childcare providers, can employees work with peace of mind and medical professionals fully devote themselves to medical care. With this in mind, we are also vaccinating all of the roughly 1,500 childcare providers who work in Tokyo and Osaka through the contractor which provides the Company's on-site day care. We hope that the scope of support widens for people making dedicated efforts to protect our lives, beginning with childcare providers.

Q What is the purpose of corporate branding activities?

A It is to expand engagement with the public, fulfill our larger social responsibility, and continue enhancing corporate value.

In January 2020, ITOCHU established the Corporate Brand Initiative (CBI), which comprises mainly branding and cross-media strategy experts, under the direct management of the CAO. The initiative is promoting corporate branding.

Due in part to achieving the general trading company "triple crown" in FYE 2021, ITOCHU has come to be seen by the public as a representative of general trading companies. We are taking on social responsibility larger than ever before. To meet the expectations of a wide range of stakeholders as well as society as a whole, we need to raise more awareness of ITOCHU's presence and activities among the public, including those who have not been very interested in the Company. In addition, we must strategically promote communication with consumers and society to steadily achieve our aims of "Enhancing our contribution to and engagement with the SDGs through business activities" and "Realizing business transformation by shifting to a market-oriented perspective." These aims were established as basic policies in the medium-term management plan. With this background, the Company is promoting corporate branding activities using an approach completely different from before.

Our first effort was changing the internal newsletter concept to a public relations magazine, raising the quality, and expanding the readership beyond just employees to include a wide range of stakeholders. The concept of "*SHONIN of the Earth*" is a magazine that anyone can enjoy reading, not throw out after finishing, and put it back on their shelf. It has become an effective communication channel with the general public due in part to it being made available at the TSUTAYA BOOKS in Daikanyama, Tokyo, and Umeda, Osaka. In addition, through newspaper advertisements, videos on our website, social media, radio shows, and other various channels, we take strategic actions for each target to foster an image different from the generally held image of general trading companies. In April 2021, we established ITOCHU SDGs STUDIO as a place to not only promote the Company's SDG activities but to support global SDG initiatives.

I think it is unique that ITOCHU, which has strengths in the consumer sector and thoroughly takes a market-oriented approach, is able to take an approach to communication rooted in the consumer perspective and not just unilaterally sending out information from the Company's side.

Q What is your analysis of recent improvement in the Company's external ESG evaluations?

A I think that presenting specific policies and steadily taking measures pursuing the "true nature" has led to an improvement in our evaluations.

In 2017, when the Government Pension Investment Fund (GPIF) selected three ESG-related indices, ITOCHU was the only general trading company not included in any of the indices. We recognized that the low evaluation from external ESG evaluations was a material management issue. Since then, the Sustainability Management Division, directly overseen by the CAO, took the lead by promoting a cycle of analyzing the underlying reasons for the external opinions, verifying the evaluations after disclosure, and further expanding disclosures. I, myself, frequently held dialogues with external evaluation institutions. Through three years of diligent efforts, we were lauded by various external institutions, as evinced by currently being the only general trading company included in all of four ESG-related indices chosen by the GPIF.

In addition, in 2018 we received the support of the Ministry of the Environment and conducted a scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). After fully evaluating the effectiveness through this scenario analysis, we announced our endorsement for the TCFD recommendations in 2019, and participated in the TCFD Consortium, which was established with the support of the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Financial Services Agency. We did not just superficially declare support, but pursued the "true nature." This mindset led to our policy to completely withdraw from thermal coal interests and the industry's first disclosure of GHG emissions from all our owned fossil fuel businesses and interests. "Enhancing our contribution to and engagement with the SDGs through business activities" is the basic policy of the medium-term management plan. In the plan, we quantitatively announced "specific paths we should take" to achieve our long-term goals, rather than just stringing together abstract policies and pleasant-sounding words. Announcing specific policies and steadily taking action are characteristic of ITOCHU and have helped improve our external evaluations.
(➡ Page 65 State of Action on Climate Change)

Q What are you doing to ingrain the corporate mission of "*Sampo-yoshi*"?

A Without taking special initiatives, everyone already comprehends the mission and practices it.

Since revising the corporate mission into "*Sampo-yoshi*" in April 2020, we have not held briefings or taken any other measures to ingrain it internally. This was because the mission has already taken root as corporate culture in every employee subconsciously, and special awareness-raising measures were unnecessary. "*Sampo-yoshi*" is already a very familiar spirit for the Company. With "*Sampo-yoshi*" as a policy, every employee understands the "true nature" of sustainability and practices it at the business site, and each initiative therefore steadily leads to enhanced corporate value. Regarding "Enhancing our contribution to and engagement with the SDGs through business activities," we are accelerating initiatives at various front-line business sites. I feel very proud that this proof demonstrates that "*Sampo-yoshi*" is already deeply ingrained.

The corporate mission should be what employees cling to during the toughest times. The Company is very happy that this kind of corporate mission is ingrained in each employee. It is an important asset that the ITOCHU Group must continue to protect, so it can continue serving as our guiding light.

02

Achievement of Short-Term Targets

This section includes our business results for FYE 2021—a year in which we continued commitment-based management despite the COVID-19 pandemic. Further, we explain how "Brand-new Deal" strategy (management plan) has put our corporate value on a trajectory of steady growth. Moreover, we show the continuity of our management strategy, which is linked to "Brand-new Deal 2023."

Component of the corporate value calculation formula focused on in this section

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

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Business Results for FYE 2021

General Review of FYE 2021

- Practiced “commitment-based management” even as the business environment underwent dramatic changes due to COVID-19.
- Became the No. 1 general trading company in terms of market capitalization and stock price for the first time in history. Promoted the sustained enhancement of corporate value.

Quantitative Targets	Consolidated Net Profit	Despite the impact of COVID-19, achieved the initial plan by minimizing profit decline.
	Financial Position, Cash Flows	Firmly maintained our financial position while making a large-scale investment. On track to maintain A ratings.
	Indicators	ROE was about 13% and the ratio of Group companies reporting profits remained at a high level of 80% even during the COVID-19 pandemic.
	Market Capitalization, Stock Prices	Became the No. 1 general trading company in terms of market capitalization and stock price for the first time in history.
	Shareholder Returns	Continued progressive dividends. Continuously executed share buyback.
Qualitative Targets	Growth Strategy	• Delisted FamilyMart, accelerated FamilyMart’s growth strategy, and promoted business expansion by leveraging consumer contacts through Group collaboration. • Implemented various additional purchase measures, taking advantage of opportunities. Strengthened cooperation with major Group companies.
	COVID-19 Response	Initiated new working styles that maintain labor productivity even under COVID-19 and implemented flexible working systems.
	ESG	The only major general trading company adopted by all GPIF ESG investment indices.

Summary of Financial Results for FYE 2021

- Consolidated net profit was ¥401.4 billion, achieved the FYE 2021 forecast (disclosed on May 8, 2020) of ¥400.0 billion.
- Core profit was approximately ¥452.5 billion, steadily increased and recovered quarter by quarter, and the core profit for Q4 renewed all-time high as a 4th quarter’s, driven by Metals & Minerals, Power & Environmental Solution, Chemicals, and ICT, while COVID-19 significantly affected some businesses.
- Extraordinary gains and losses were approximately -¥51.0 billion (gains: approx. ¥105.5 billion, losses: approx. –¥156.5 billion) due to the implementation of measures to eliminate concerns over the future.
- While we generated stable cash (core operating cash flows: approx. ¥574.0 billion, second-highest level ever) even during the COVID-19 pandemic, investment reached a record-high (net investment cash flows: approx. –¥755.0 billion).
- Total shareholders’ equity was ¥3,316.3 billion (the highest ever) and NET DER was 0.78 times (the second lowest ever).

Impact of the COVID-19 Pandemic

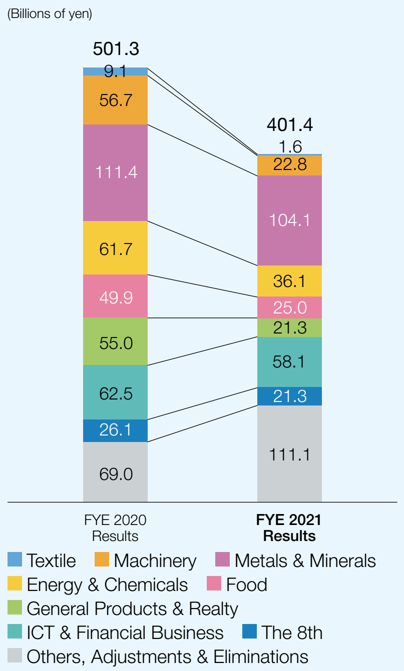
- The impact over the full fiscal year was approximately –¥56.0 billion, which was mainly due to decreases in apparel-related sales, automobile trade, and demand for aircraft-related businesses as well as slumps in restaurant-related services, convenience stores, etc.
- Quarterly impact: Q1: approx. –¥22.0 billion, Q2: approx. –¥18.0 billion, Q3: approx. –¥7.0 billion, Q4: approx. –¥9.0 billion
- Impact by segment: The 8th: approx. –¥20.0 billion, Machinery: approx. –¥16.0 billion, Textile: approx. –¥8.5 billion, etc.

Business Results

(Billions of yen)	FYE 2020 Results	FYE 2021 Results	Increase / Decrease
Consolidated net profit	501.3	401.4	(99.9)
Extraordinary gains and losses	16.0	(51.0)	(67.0)
Core profit	Approx. 485.5	Approx. 452.5	Approx. (33.0)
Non-resource	378.3	292.7	(85.6)
Resource	126.8	107.9	(18.9)
Others	(3.7)	0.9	+4.6
Non-resource (%)*	75%	73%	Decreased 2 pt
Profits / losses of Group companies (including overseas trading subsidiaries)	445.2	359.6	(85.5)
Ratio of Group companies reporting profits (%)	88.6%	82.4%	Decreased 6.1 pt
EPS	¥335.58	¥269.83	¥(65.75)

* % composition is calculated using the total of non-resource and resource sectors as 100%.

Consolidated Net Profit by Segment



Cash Flows

Cash Flows

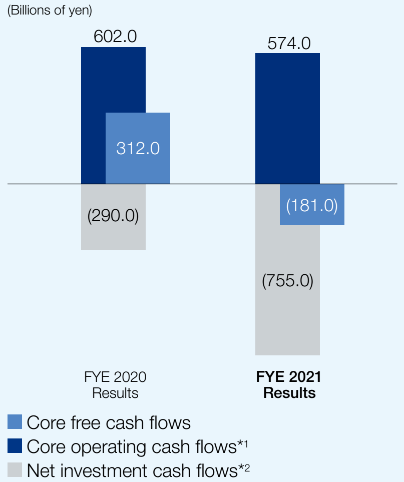
(Billions of yen)	FYE 2020 Results	FYE 2021 Results
Cash flows from operating activities	878.1	* 895.9
Cash flows from investing activities	(248.8)	(207.3)
Free cash flows	*629.4*	* *688.6*
Cash flows from financing activities	(575.5)	(728.8)

Core Free Cash Flows

(Billions of yen)	FYE 2020 Results	FYE 2021 Results
Core operating cash flows*1	602.0	574.0
Net investment cash flows*2	(290.0)	* (755.0)
Core free cash flows	312.0	(181.0)

*1 “Operating cash flows” minus “changes in working capital” (excluding the effect of lease accounting).
*2 Payments and collections for substantive investment and capital expenditure
“Investment cash flows” plus “equity transactions with non-controlling interests” minus “changes in loan receivables,” etc.

Core Free Cash Flows

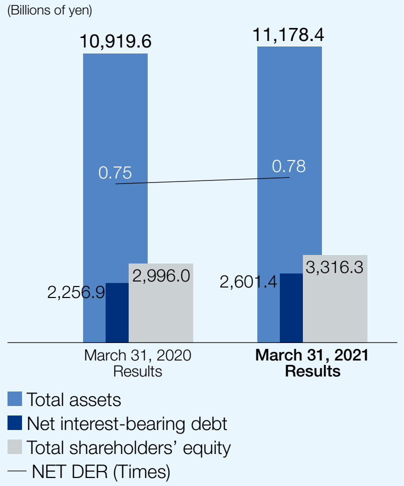


Financial Position

(Billions of yen)	March 31, 2020	March 31, 2021	Increase / Decrease
Total assets	10,919.6	* 11,178.4	+258.8
Net interest-bearing debt	2,256.9	2,601.4	+344.5
Total shareholders’ equity	2,996.0	* 3,316.3	+320.3
Ratio of shareholders’ equity to total assets	27.4%	29.7%	Increased 2.2 pt
NET DER	0.75 times	0.78 times	Increased 0.03
ROE	17.0%	12.7%	Decreased 4.3 pt

* Record high (Total assets: record high as fiscal year end)

Financial Position



Trajectory of Corporate Value Enhancement

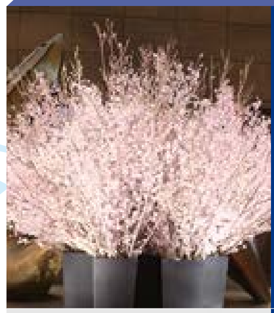
We have steadily developed an enviable track record with the strategies of "Brand-new Deal" management plans, which began with "Brand-new Deal 2012." Under the plans, we have always remained aware of the "earn, cut, prevent" principles and flexibly took measures to deal with management issues and rapid changes in the external environment.

Earning the trust of the stock market through the steady achievement of targets
Market capitalization at fiscal year-end[*1]

Steadily Building Up Corporate Value

Management Environment

FYE 2021 Management Plan



Management Environment: Setting out growth strategies in anticipation of post-COVID-19 society

Single-year plan reflecting the COVID-19 pandemic

Basic Policies:
- Thoroughly instilling the "earn, cut, prevent" principles as the core of our business

Market capitalization: ¥5.7 trillion

Results:
- Achieved the "triple crown"[*2] of general trading companies
- Privatized FamilyMart
- Became the first general trading company to be included in all ESG-related indices adopted by the GPIF

etc.

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2021	¥400.0 billion	**¥401.4 billion**	✓

Brand-new Deal 2020

Management Environment: Uncertain outlook due to the COVID-19 pandemic

(FYE 2019–2020)

ITOCHU: INFINITE MISSIONS: INNOVATION
"Evolution to Next-Generation Growth Models"
+ "Medium- to Long-Term Shareholder Returns Policy (October 2018)"

Basic Policies:
- Reinvention of Business
- Smart Management
- No. 1 Health Management

Market capitalization: ¥3.6 trillion

Results:
- Established a foothold for consolidated net profit of ¥500.0 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission

etc.

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2020	¥500.0 billion	**¥501.3 billion**	✓
2019	¥450.0 billion	**¥500.5 billion**	✓

Brand-new Deal 2017

Management Environment: Concerns over obsolescence of existing businesses caused by the Fourth Industrial Revolution

(FYE 2016–2018)

"Challenge"
"Engaging All Employees to Lead a New Era for the *Sogo Shosha*"
"Infinite Missions Transcending Growth"

Basic Policies:
- Strengthen Our Financial Position
- Build Solid Earnings Base to Generate ¥400.0 Billion Level Consolidated Net Profit

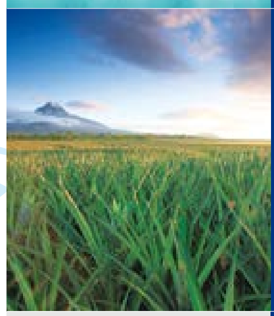
Market capitalization: ¥3.4 trillion

Results:
- Built an earnings base for consolidated net profit of ¥400.0 billion
- Received Moody's A rating for the first time in roughly 20 years
- Entrenched work-style reform and increased the Outside Directors' ratio to at least one-third

etc.

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2018	¥400.0 billion	**¥400.3 billion**	✓
2017	¥350.0 billion	**¥352.2 billion**	✓
2016	¥330.0 billion	**¥240.4 billion**	

Brand-new Deal 2014



Management Environment: Temporary deterioration in financial indicators due to an investment in CITIC

(FYE 2014–2015)

"Aiming to be the No. 1 Trading Company in the Non-Resource Sector"

Basic Policies:
- Boost Profitability
- Pursue Balanced Growth
- Maintain Financial Discipline and Lean Management

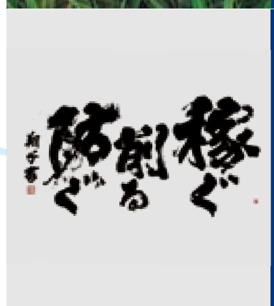
Market capitalization: ¥2.2 trillion

Results:
- Solidified position as the No. 1 non-resource trading company
- Commenced strategic business alliance and capital participation with CITIC and CP Group
- Reformed work styles by introducing a Morning-Focused Working System

etc.

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2015	¥300.0 billion	**¥300.6 billion**	✓
2014	¥290.0 billion	**¥310.3 billion**	✓

Brand-new Deal 2012



Management Environment: Uncertain outlook due to slumping resource prices

(FYE 2012–2013)

"Earn, Cut, Prevent"

Basic Policies:
- Strengthen Our Front-Line Capabilities
- Proactively Seek New Opportunities
- Expand Our Scale of Operations

Market capitalization: ¥1.8 trillion

Results:
- Formulated and implemented the "earn, cut, prevent" principles
- Increased earnings through aggressive new investments
- Strengthened management foundations by reinforcing corporate governance

etc.

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2013	¥280.0 billion	**¥280.3 billion**	✓
2012	¥240.0 billion	**¥300.5 billion**	✓

*1 Including treasury stock
*2 Market capitalization, stock price, and consolidated net profit

03

Steppingstones to Medium- to Long-Term Value Creation

This section shows our new medium-term management plan “Brand-new Deal 2023.” We highlight the plan’s specific measures which are based on our basic policies and their relevance to non-financial capital and material issues. These measures include “evolution of FamilyMart business,” which is a core business; “efforts to reduce GHG emissions from fossil fuel businesses and interests” and “development of a distributed power supply platform centered on ESS,” which are to reach long-term climate change goals.

Component of the corporate value calculation formula focused on in this section

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

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Medium-Term Management Plan “Brand-new Deal 2023”

Under our current medium-term management plan “Brand-new Deal 2023,” we aim to return to the growth trajectory we were on before the COVID-19 pandemic, achieve consolidated net profit of ¥600.0 billion, and continuously enhance corporate value. To these ends, we will pursue growth strategies founded on our fundamental policies—namely, “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities,” and strengthen our financial base by pursuing consistent financial strategies.

Basic Policy

Quantitative targets

Aiming to achieve consolidated net profit of ¥600.0 billion as outlined in the medium-term management plan

Qualitative targets

Realizing business transformation by shifting to a market-oriented perspective
(➜ Page 58)

Profit opportunities are shifting downstream

Profit sources are shifting from upstream to downstream. Breaking down the negative effects caused by silos is an urgent task. We will advance business model evolution and growth opportunity creation.

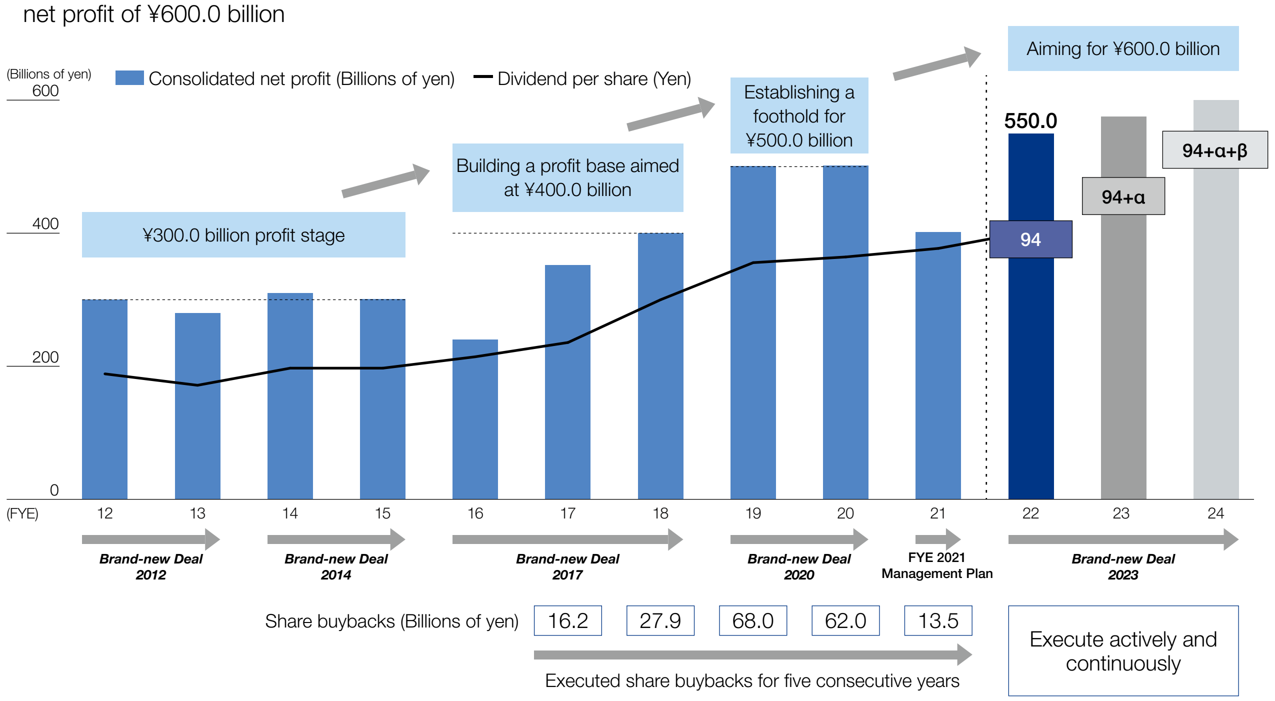
Enhancing our contribution to and engagement with the SDGs through business activities
(➜ Page 62)

***Sampo-yoshi* capitalism**

To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of the SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

Profit Growth under “Brand-New Deal 2023”

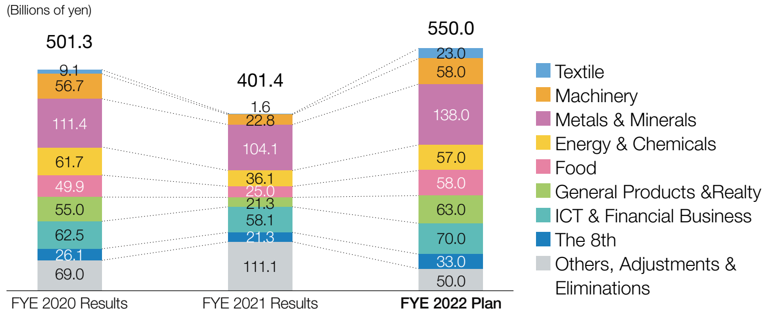
- Realizing profit growth by focusing on a market-oriented perspective and SDG initiatives, and aiming for consolidated net profit of ¥600.0 billion



Quantitative Targets

- The FYE 2022 consolidated net profit target is ¥550.0 billion. We will return to a growth trajectory that takes us above profit levels prior the COVID-19 pandemic.

Consolidated Net Profit by Segment



(Billions of yen)	FYE 2021 Results	FYE 2022 Plan
Non-resource	292.7	446.0
Resource	107.9	142.0
Others	0.9	(38.0)*1
Non-resource (%)*2	73%	76%

*1 Includes a loss buffer of –¥30.0 billion
*2 The non-resource percentage has been calculated by using as 100% the total of non-resource and resource, excluding others.

Financial Position, Cash Flows, and Ratio Plan

	Brand-new Deal 2020		FYE 2021 Management Plan
(FYE)	2019	2020	2021
Core operating cash flows (Billions of yen)	515.0	602.0	574.0
Net investment cash flows (Billions of yen)	(20.0)	(290.0)	(755.0)
Core free cash flows after deducting shareholder returns (Billions of yen)	300.0	123.0	(326.0)
	423.0		
NET DER (Times)	0.82	0.75	0.78
Shareholders' equity (Trillions of yen)	2.9	3.0	3.3
ROE (%)	17.9	17.0	12.7

Brand-new Deal 2023

2022–2024

- Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns
- Actively promote strategic investments in a timely manner and accelerate asset replacement through business transformation
- B/S control appropriate for A ratings [NET DER about 0.7–0.8 times]
- Maintaining high efficiency [ROE of about 13–16%]

Financial Strategy

- Strengthen our financial foundation to support new growth stages while maintaining consistency in our financial strategies.

Financial Policy

B/S control appropriate for A ratings

- Continue to balance three factors: growth investments, shareholder returns, and control of interest-bearing debt
- Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns

Sustained Enhancement of Corporate Value

- Maintaining high efficiency (high ROE)
- Sustained EPS growth

Shareholder Returns Policy

Dividend

- We have set a minimum dividends per share of ¥94 for FYE 2022
- We will increase the dividend if we revise consolidated net profit upward during FYE 2022
- We aim to reach a dividend of ¥100 per share during the medium-term management plan

Share Buybacks

- As in the past, we will actively and continuously execute share buybacks as appropriate in consideration of the cash allocation situation

Assumptions Used for FYE 2020 and FYE 2021 Results and FYE 2022 Plan

	FYE 2020 Results	FYE 2021 Results	FYE 2022 Plan	(Reference) Sensitivities on consolidated net profit for FYE 2022
Exchange rate (Yen/US$ Average)	109.16	105.97	105	Approx. ¥(2.6) billion (1 yen appreciation against US$)
Exchange rate (Yen/US$ Closing)	108.83	110.71	105	—
Interest rate (%) TIBOR 3M (¥)	0.07%	0.07%	0.1%	Approx. ¥(0.7) billion (0.1% increase)
Interest rate (%) LIBOR 3M (US$)	2.04%	0.32%	0.3%	Approx. ¥(0.2) billion (0.1% increase)
Crude oil (Brent) (US$/BBL)	60.95	45.75	60	±¥0.5 billion*3
Iron ore (CFR China) (US$/ton)	95*1	127*1	N.A.*2	± ¥1.2 billion*3

*1 FYE 2020 and FYE 2021 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.
*2 The price of iron ore used in the FYE 2022 Plan is assumptions made in consideration of general transaction price based on the market.
The actual price is not presented, as this is subject to negotiation with individual customers and vary by ore type.
*3 The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.

Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Business Growth by Transforming the Entire Value Chain, from Downstream to Upstream

Customer contact points in the consumer sector are one of ITOCHU's recognized strengths. Leveraging these contact points, the Company provides products and services from a market-oriented perspective. This creates new value that grasps the diversifying needs of sellers, buyers, and society. We will work to further strengthen our robust earnings base centered on the non-resource sector by constantly reviewing the state of "business" and promoting business transformation and value chain optimization.

Evolution of FamilyMart's business, the largest consumer base in the ITOCHU Group

- Thoroughly improving the three basics of convenience stores (CVS): product appeal, convenience, and familiarity
- Expanding customer contact points and business earnings through advertising and financial services and the evolution of stores into media
- Expanding the earnings base by upgrading the entire supply chain, including order optimization using AI
- Building new overseas business models in growth markets through strategic alliances with digital partners, etc.

Transform the entire value chain, starting from downstream

- Combining planning and development capabilities and independent sales channels in the consumer sector, where we have overwhelming strength
(Strengthening product planning capabilities and brands for food, apparel, and other products in line with customer needs and expanding consumer contact points through the use of e-commerce)
- Further business growth by expanding and utilizing customer contact points in the retail finance and insurance business, where we are No. 1 among general trading companies
(Pursuing a customer-oriented business model through the evolution of online and in-person customer service at HOKEN NO MADOGUCHI)

Expansion of profit opportunities through data utilization and DX

- Leveraging Group data under the leadership of The 8th Company, which is at the forefront of using a market-oriented perspective
(Development of new products and services and enhancement of digital marketing by centralizing data held by Group companies on consumption behavior)
- Expanding the ICT business through organic cooperation with Group companies in line with corporate DX needs
(Promotion of comprehensive DX support business in cooperation with ITOCHU Techno-Solutions Corporation, BELLSYSTEM24, Inc., and other Group companies and partners)

Expansion of Profit Opportunities Through Data Utilization and DX

Promoting DX Aware of Customer Contact Points and the Downstream Value Chain

Some companies develop cutting-edge technologies and new products that can bring about technological revolutions in society. In contrast, general trading companies need to build new business models aligned with customer values and undertake initiatives in the value chain. ITOCHU promotes DX as an effective method that leads to the achievement of this goal.

DX relates to our "earn, cut, prevent" principles. In each case, we determine whether the utilization of DX is a measure connected to "earn" (contributing to the evolution of business models and the expansion of sales), or is a measure connected to "cut, prevent" (contributing to cost reductions, more efficient operations, and customer management). We aim to further enhance profitability after upgrading the systems that support these measures.

From an "earn" perspective, we are especially focused on "enhancing customer contact points" to accelerate the provision of new value downstream, which currently acts as the central focus of the value chain. First, we promote initiatives ahead of others at Group companies that have customer contact points. Some examples of this include FamilyMart's expanding advertising business and financial services (➡ Page 60 Creating New Revenue Sources by Making Stores a Form of Media), HOKEN NO MADOGUCHI's online customer service, and conducting customer behavior analysis using AI cameras in the retail-related business. We aim to expand initiatives that are proven highly effective through collaboration with the existing seven Division Companies using the cross-divisional functionality of The 8th Company. The same goes for customer data. We organize and analyze data in response to changes in the business environment and consumer behavior in each industry of each Group company. While we prioritize optimization for each individual company, our policy is to share data systems organized at Group companies, synchronize the data, and continue building a Groupwide customer base. By utilizing data for the marketing of each Group company, we intend to continue realizing overall optimization at the Group in line with the sales expansion of each company.

In addition, from a "cut" perspective, we especially focus on "supply chain optimization" to encourage cost improvement and social issue solutions in the supply chain. Because supply chains are different for each industry, the initiatives of each Group company are pivotal.

Measures	Anticipated Effects
[Cut] Supply chain optimization	**Cost improvement and social issue solutions in the supply chain** • Reduction of food loss and opportunity loss • Reduction of excess production and inventory • Reduction of logistics cost • Increased efficiency of warehouse operations and enhanced productivity
[Earn] Enhanced customer contact points	**Provision of new value at Group customer contact points** • Expansion of advertising and financial services • Enhanced store operations • Expansion of D2C model* • Development of products and services from customers' points of view

* Direct to Consumer model. A model where products planned and produced by a company are sold directly to consumers through the company's own channels.

For example, FamilyMart optimizes transport routes and orders, reducing opportunity loss, and minimizing food loss through DX. In addition, NIPPON ACCESS, INC. automates ordering to increase efficiency and reduce inventory. (➡ Page 61 Optimizing the Supply Chain Using Downstream Data) Also, other Group companies utilize DX to reduce distribution costs, increase the efficiency of warehouse operations, and enhance productivity.

Furthermore, we are systematically expanding support for DX by steadily collaborating with DX partners and building an internal support system. In November 2020, we concluded a capital and business alliance agreement with BrainPad Inc., an expert in utilizing data. (➡ Page 113) In such ways, we are expanding functions of the DX business for customers and partners. Through collaboration with reputable partners, we are also working to upgrade internal environments supporting the Group's DX and sustainable internal production system. In addition, we reformed the original IT Planning Division into the IT & Digital Strategy Division in April 2021 and are strengthening DX support for specific issues on the front lines.

Under the basic policy of "Realizing business transformation by shifting to a market-oriented perspective," ITOCHU expands the field of practical application for DX within the Group. This will rapidly lead to higher profitability and the evolution of business models. We aim to further strengthen our robust business foundation in the downstream value chain by promoting the utilization of DX that grasps the needs of customers and partners.

Evolution of FamilyMart Business

With its network of over 16,600 stores throughout Japan and its huge customer contact points of approximately 15 million daily customer engaged in shopping, FamilyMart is a core business of the Group. By promoting a policy of "Realizing business transformation by shifting to a market-oriented perspective" and grasping the needs of the market and consumers, we will continue to further strengthen our existing business foundation and build new business models.

Creating New Revenue Sources by Making Stores a Form of Media

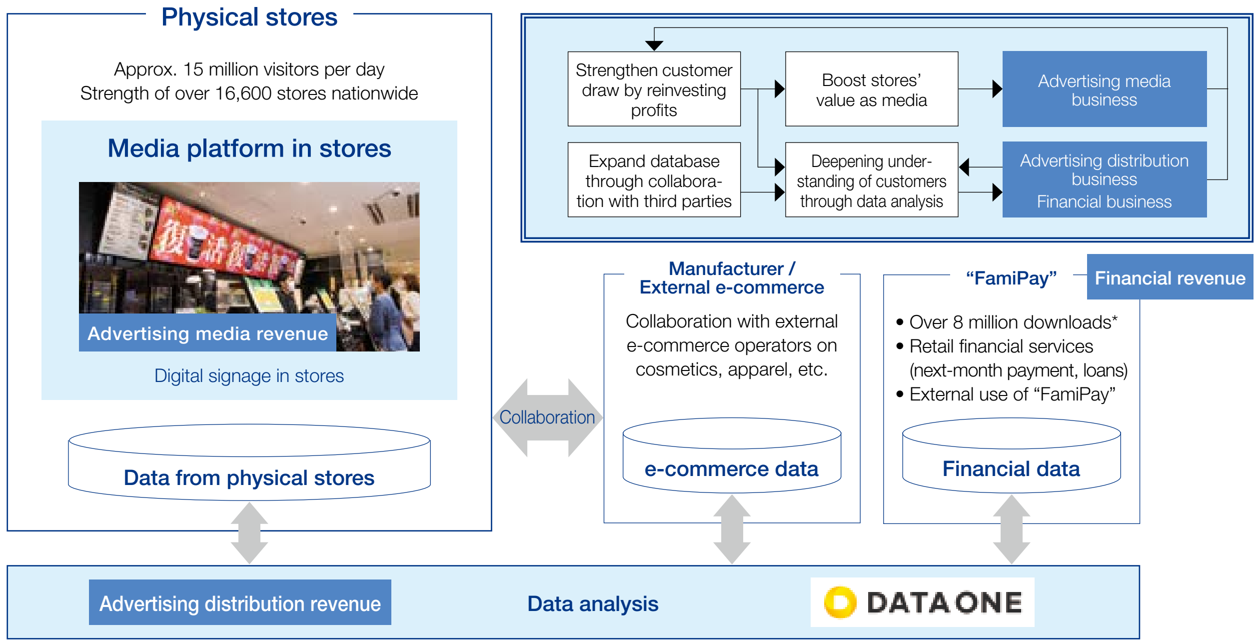
ITOCHU aims to create new added value that exceeds the existing boundaries of goods and services by integrating the real and digital worlds.

We aim to acquire revenue in the advertising media business through initiatives that make stores a form of media by installing signage (large display panels). We are currently verifying effectiveness with several manufacturers who joined this effort as advertisers. We continue promoting the expansion of the advertising media business going forward.

In the advertising distribution business, in October 2020 ITOCHU established Data One Corp. with FamilyMart, NTT DOCOMO, INC., and CyberAgent, Inc. and launched the digital advertising distribution business. Utilizing FamilyMart purchase data and membership data including "FamiPay" and "dPOINT CLUB," enables digital advertising distribution aligned with consumer preferences. We will continue working to realize more highly tailored marketing by gradually forming alliances with other retail operators, such as supermarkets, and enhancing the breadth and quality of purchase data.

In addition, to expand customer contact points, we are working to further increase the number of users of the FamiPay app. We aim to get more consumers to visit FamilyMart mainly by distributing campaign information and coupons. With the barcode payment function of FamiPay app, we started the "FamiPay Bill Payment" services for utilities and other bills and enabled external use at stores besides FamilyMart totaling over 100,000 locations nationwide. In summer 2021, we began such services as "FamiPay Next Month Payment" with the aim of expanding the financial business.

By expanding customer contact points mainly through the financial business and pursuing data-based external collaboration, we will increase the amount of data and utilize compiled customer data to maximize revenues in the advertising and financial businesses. Furthermore, by reinvesting this new revenue into existing businesses, we will create a positive feedback loop that further enhances the attractiveness of our stores and, in turn, enhances the value of our physical stores.



* As of March 31, 2021

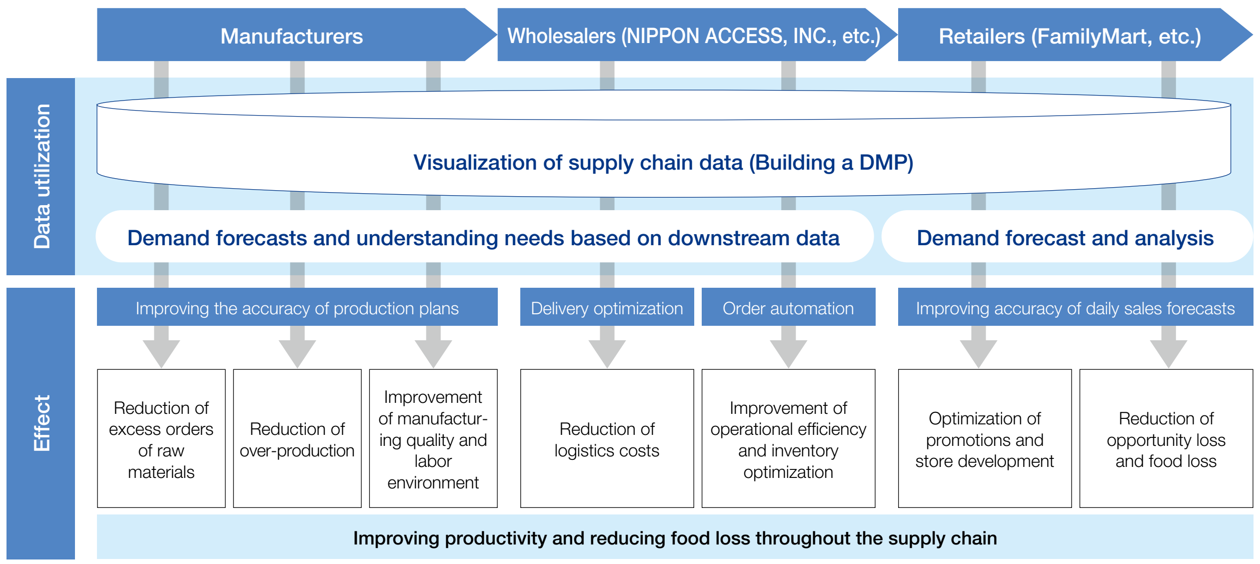
Optimizing the Supply Chain Using Downstream Data

ITOCHU is working to optimize the supply chain of the entire Group from a medium- to long-term perspective using downstream data.

At FamilyMart, we are working to enhance the accuracy of demand forecasts that leads to improvement in revenue for stores. We create a recommended order list based on best-selling products at stores that have a solid track record for selling rice balls, boxed lunches, packaged foods, and other products. We are distributing this list and verifying the effectiveness of increasing sales by reducing opportunity loss. Going forward, we will expand the number of stores and target categories, conduct further verification, and enhance the accuracy of demand forecasts in the near future to reduce food loss. In addition, we aim to reduce costs by optimizing the number of deliveries and course settings to stores from distribution centers based on demand forecast data.

NIPPON ACCESS, INC. is working to automate ordering to various food manufacturers. At some distribution bases, we conducted pilot tests of automating ordering through AI that utilizes FamilyMart ordering and sales data, NIPPON ACCESS, INC. ordering data, and weather and calendar data. As a result, we were able to confirm a 10% to 30% improvement in inventory reduction effects and a 50% reduction in ordering operations. We will put this into practical use starting from around 1,000 products for some retail customers, and then expand target products, customers, and distribution bases.

By visualizing and analyzing data, we strive to optimize the overall supply chain and aim to enhance productivity and reduce food loss. We will continue promoting development with an eye toward expanding the scope of initiatives by collaborating on data with partner manufacturers outside the Group.



Reference: FamilyMart Environmental Vision 2050 (Medium- to long-term environmental goals)

Reduction of GHG (CO_2)	Plastic Countermeasures	Reduction of Food Loss
CO_2 emissions from store operations (per store) (compared to 2013)	Using eco-friendly materials for the packaging of original products	Reduction of food loss (compared to 2018)
2030: 50% reduction → 2050: 100% reduction	2030: 60% → 2050: 100%	2030: 50% reduction → 2050: 80% reduction
Initiatives: By installing energy-saving equipment, we will rein in electricity consumption at stores and reduce CO_2 emissions. In addition, we promote initiatives aimed at calculating and reducing emissions in the entire supply chain, from procurement to distribution, sales, and disposal.	Initiatives: We promote the use of eco-friendly materials, such as by incorporating biomass plastic, which use plants as raw materials, and recycled PET for containers and packaging. By promoting the incorporation of biomass into shopping bags as well as original products, we aim to raise the ratio of eco-friendly materials, including office supplies, to 70% by 2030.	Initiatives: We promote the reduction of food loss by working to enhance product ordering accuracy and lengthening shelf life using improved containers and packaging. We will use generated food waste to effectively use resources through food recycling loop initiatives.

Enhancing Our Contribution to and Engagement with the SDGs Through Business Activities

Enhancing Competitiveness by Creating Business that Helps Achieve the SDGs

ITOCHU sees opportunities in the trends of the SDGs, which are impacting even basic business structures. Utilizing our existing business base, centered on our strong non-resource sector, we are addressing the needs of society and customers, and steadily connecting this to our evolving profit model.
In addition, we will continue contributing to the realization of decarbonization across society, ahead of others in the industry, by completely withdrawing from thermal coal interests and developing such businesses as the energy storage system (ESS) business, which is a growth field.

Business expansion in accordance with a decarbonized society

- Complete divestment from thermal coal interest through the sale of interests in Drummond and other assets
- Building a next-generation fuel value chain using hydrogen and ammonia
  (Creating new business opportunities utilizing existing business foundations, such as the development of hydrogen stations)
- Development of a distributed power supply platform using AI-equipped ESS, of which we boast the top sales volume in Japan
  (Establishment of new economic zones by optimizing the balance of electricity supply and demand in households and communities and by realizing environmental value trading)

Leading development in the recycling business

- Leading the plastic recycling business by leveraging our customer base of more than 10,000 companies
  (Providing solutions based on new technologies in response to consumer and social needs, simultaneously addressing environmental and business considerations)
- Business expansion and business transformation of water and waste treatment businesses with competitive advantages
  (Utilizing our knowledge in Europe to expand our business to the Middle East and Asia and to highly profitable waste recycling, etc.)

Sustained growth through strengthening the value chain

- Increasing added value throughout product distribution with the industry's first natural rubber traceability system
  (Standardization of natural rubber to eliminate illegal logging and other issues, and deploying it throughout Group operations spanning rubber processing to tire retail)
- Improving productivity and reducing food loss by optimizing FamilyMart supply chains and enhancing logistics efficiency

Approach to SDGs-Related Businesses

Background and Concept

- Expansion of business opportunities due to increased social demand
- Obsolescence risk in traditional businesses
- Practice of *Sampo-yoshi* capitalism

Move ahead of competitors in creating businesses that contribute to the realization of the SDGs by promoting business style reform, not just by shifting to different merchandise.
Generating the demand from the buyers of the future to further strengthen business competitiveness.

Main Measures

- Business expansion in accordance with a decarbonized society
- Leading development in the recycling business
- Sustained growth through strengthening the value chain

Focus Points for Promoting SDGs-Related Business

Point 1: Identifying Challenges
Quickly identify issues to be addressed based on social and customer needs
Point 2: Building Collaborations with Key Partners
Build cooperative relationships with partners that leverage our customer base and front-line capabilities
Point 3: Business Creation and Demand Stimulation
Leverage our business foundations to create new business and provide new value to the market ahead of competitors
Point 4: Leading Value Chain Development and Multifaceted Expansion
Build a monetization model for commercial distribution and product selection by controlling downstream areas

Reference: SDGs-Related Business Initiatives

Company	Business	Major examples of released projects / businesses	
Textile	Environmentally friendly textile materials	• RENU (recycled polyester fiber derived from textile)	• Kuura (sustainable cellulose fiber)
Machinery	Water and waste treatment	• Waste treatment in Saudi Arabia • Desalination in Oman	• Energy-from-waste (EfW) project in Serbia
	Renewable energy	• Bay4 Energy Services, LLC (solar power generation operation and maintenance) • Butendiek power plant (offshore wind power generation)	• Tyr Energy Inc. (development of power generation businesses)
Metals & Minerals	Recycling of metals	• Recycling of metal scrap, etc.	
	Decarbonization	• Sale of interests in the Drummond thermal coal mine • Mineral Carbonation International (CO_2 absorption, fixation)	• euglena Co., Ltd. (photosynthesis culture)
Energy & Chemicals	ESS, renewable energy	• Smart Star 3 (next-generation ESS) • 24M Technologies, Inc. (development and manufacture of SemiSolid batteries) • VPP Japan, Inc. (distributed solar power supply projects)	• TRENDE Inc. (power retailing, peer-to-peer power trading) • Shenzhen Pandpower Co., Ltd. (EV battery reuse business)
	Sustainable aviation fuel	• Neste Corporation / ALL NIPPON AIRWAYS CO., LTD. (sustainable aviation fuel)	
	Plastic recycling	• TerraCycle, Inc. (recycling platform) • Sanipak Company Of Japan, Ltd. (garbage bags derived from marine waste)	• Aquafil S.p.A. (nylon recycling)
Food	Sustainable coffee beans and vegetable oil	• Farmer Connect SA (coffee beans)	• Provence Huiles S.A.S. (vegetable oil)
	Waste reduction in production and processing of fruits and vegetables	• Dole biogas power generation (pineapple residue)	
General Products & Realty	Sustainable natural rubber	• GPSNR (consortium) • P.T. ANEKA BUMI PRATAMA, etc. (traceability system)	• HEVEACONNECT PTE. LTD. (sales platform)
ICT & Financial Business	Secondhand mobile phone distribution	• Belong Inc. (online distribution of mobile devices)	
The 8th	CVS business (FamilyMart)	• Supply chain reforms	• Promoting FamilyMart Environmental Vision 2050
Machinery, Metals & Minerals, Energy & Chemicals	Hydrogen and ammonia	• Air Liquide Japan G.K. (liquefied hydrogen production and sales) • Irkutsk Oil Company, LLC (ammonia production and transportation)	• NIPPON COKE & ENGINEERING CO., LTD. (hydrogen extraction and production) • Imabari Shipbuilding Co., Ltd., etc. (ammonia-fueled ships)

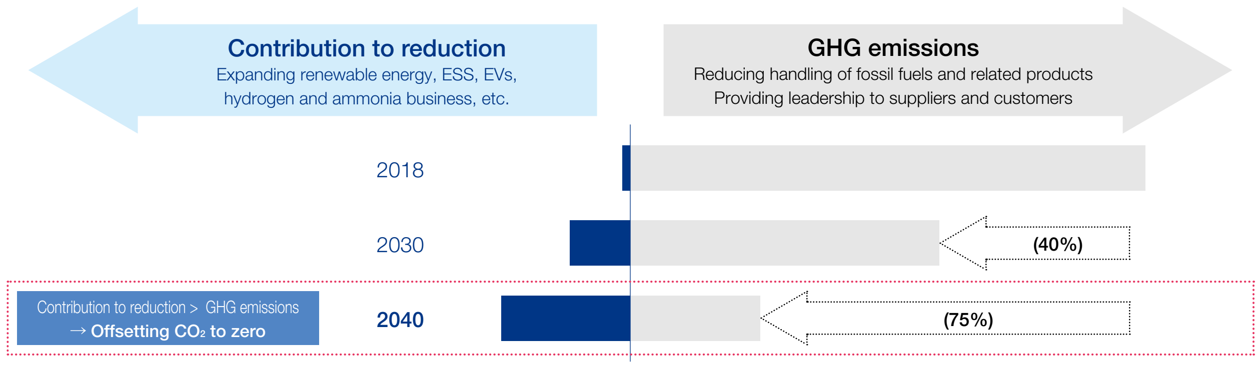
Business Expansion in Accordance with a Decarbonized Society

ITOCHU completely divested its interest in the Drummond thermal coal mine in Colombia and disclosed the GHG emissions of all fossil fuel businesses and interests associated with the Company—a first in the industry. During the medium-term management plan, we will fully withdraw from thermal coal interests and build a distributed power supply platform centered on energy storage systems (ESS) to help realize the Government of Japan's 2050 Carbon Neutral goal.

GHG Emissions Reduction and Offset Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government's target. In addition, aiming to offset CO_2 to zero*1 by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government's interim target*2 by achieving a 40% reduction from 2018 levels by 2030.

*1 Offsetting CO_2 to zero by subtracting "contribution to reduction" accompanying the expansion of renewable energy business, etc., from GHG emissions.
*2 The Japanese government's target of a 46% reduction from the 2013 level by 2030 is a 39% reduction based on the year 2018.



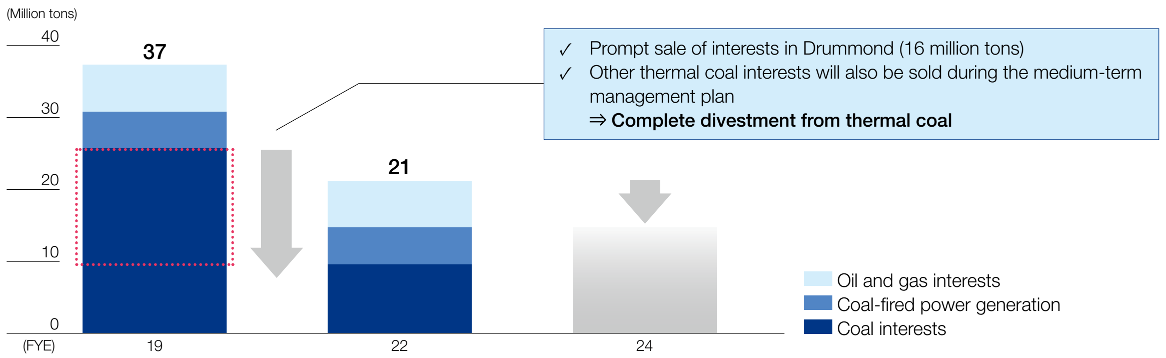
Scope: Scopes 1/2/3 + Fossil fuel businesses and interests (affiliates and general investments)

Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

- GHG emissions from all Group fossil fuel businesses and interests* totaled 37 million tons.
- Through the sale of interests in the Drummond thermal coal mine, we were able to reduce GHG emissions to 21 million tons, taking the initiative in implementing concrete measures toward the shared societal goal of decarbonization.
- We will actively promote efforts to reduce environmental impact while fulfilling our responsibility to ensure a stable supply of resources and energy.

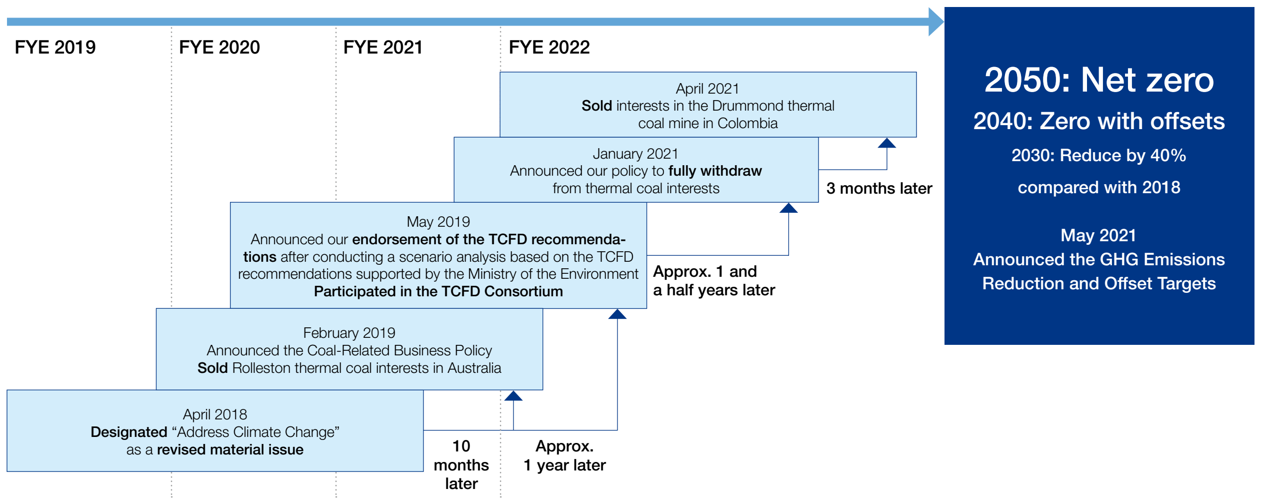
* Fossil fuel businesses and interests (consolidated subsidiaries, affiliates, and general investments): (1) Coal interests (thermal and coking coal), (2) Coal-fired power generation, (3) Oil and gas interests

GHG Emissions from Fossil Fuel Businesses and Interests



State of Action on Climate Change

ITOCHU works to swiftly and forcefully reduce GHG emissions while ensuring improved profitability, especially in our strong non-resource sector. We will also continue expanding disclosures and assessing our action on climate change in line with the core elements of the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).



Risks and Opportunities

Short-, medium-, and long-term climate-related risks and opportunities		Impacts on businesses, strategies, and financial plans
Transition risks and opportunities	Legislative and legal risks	Decrease in fossil fuel demand due to business regulations on GHG emissions and stricter GHG emission plans in countries around the world
	Technological risks	Increase in business opportunities, such as renewable energy, that help mitigate climate change
	Market risks	Increase and decrease in demand for products and services that are affected by clean-tech and other technologies as well as legislative and legal risks
Physical risks and opportunities	Urgent risks	Business damage due to increased occurrence of extreme weather (droughts, floods, typhoons, hurricanes, etc.)
		Maintaining existing and gaining new customers by strengthening our supply system to withstand extreme weather
	Protracted risks	Impacts on the production volumes of agricultural and forestry fields and related products caused by droughts and other events associated with rising temperatures and climate change impact

Governance

- Discussions held and decisions made by the Sustainability Committee regarding such important matters as formulating response policies for climate change-related risks and opportunities and establishing targets and initiatives for reducing GHG emissions

➡ Page 76 Structure for Promoting Sustainability

Index and Targets

- GHG reduction targets

➡ Page 64 GHG Emissions Reduction and Offset Targets

- Energy use and clean-tech targets

Index	Targets	FYE 2021 results
Renewable energy ratio	Over 20% by FYE 2031	14.5%
Cumulative capacity of ESS units sold	Over 5 GWh by FYE 2031	Approx. 420 MWh
Electricity consumption for Tokyo and Osaka Headquarters, domestic offices and branches, and other business facilities	Reduce 30% by FYE 2022 compared with FYE 2011 levels	Reduced 47% compared with FYE 2011 levels
	Reduce at least 1% on average per year	Reduce 4.6% compared with FYE 2020 levels

Risk Management

- Monitoring the risks and opportunities related to business caused by climate change countermeasures of various countries as well as extreme weather and changing average temperatures around the world
- Building an information management and monitoring system on a Group basis for specified climate change risks

➡ Page 74 Countermeasures for Business Risks and Other Risks

Strategies

- Developing businesses by looking at the various risks and opportunities associated with climate change as an important perspective for business strategies

Scenario Analysis*

- Establishing two scenarios, an under 2°C and around 4°C increase in average temperatures by the end of this century, referencing the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC)

* Detailed disclosures of climate change data, including scenario analysis results, are available on our website.

https://www.itochu.co.jp/en/csr/environment/climate_change/

03 Steppingstones to Medium- to Long-Term Value Creation

Development of a Distributed Power Supply Platform Centered on ESS

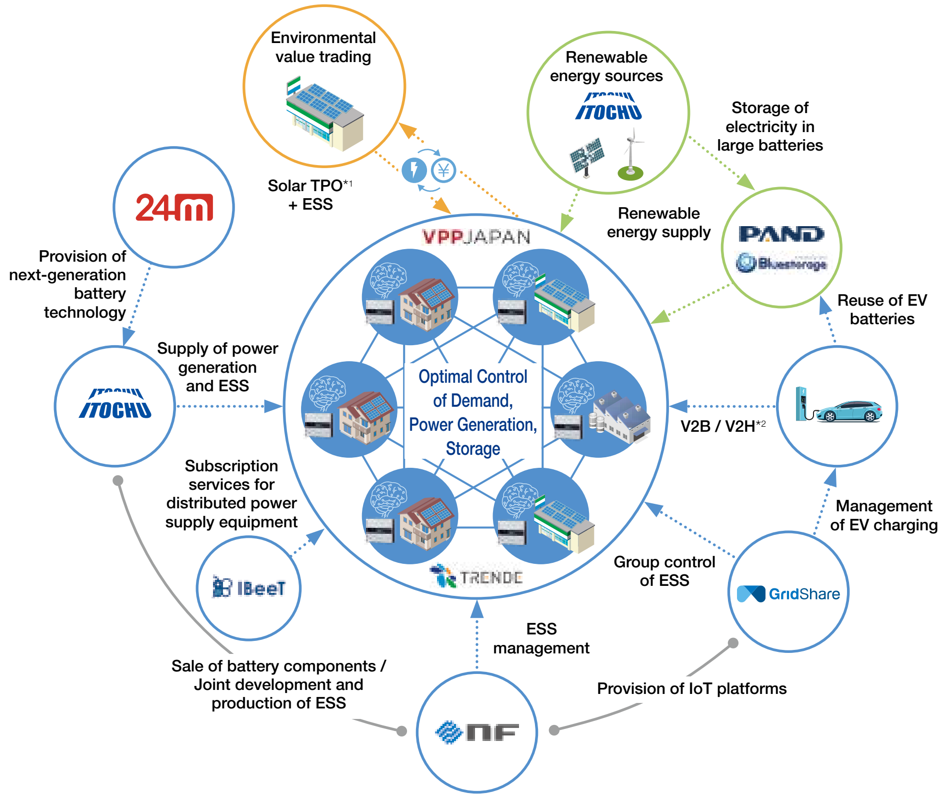
Connections to approach to SDGs-related businesses

Point 1: Identifying Challenges
Launch of energy storage system (ESS) business aimed at decarbonization
Started sales of household ESS, which are essential for the spread of renewable energy

Point 2: Building Collaborations with Key Partners
Alliances with VPP Japan, Inc., TRENDE Inc., etc.
Developed an ESS equipped with AI that optimizes charging and discharging; sold over 43,000 units as of March 31, 2021

Point 3: Business Creation and Demand Stimulation
Realization of environmental value trading
Realized environmental value trading by adding new value to electricity from renewable energy

Point 4: Leading Value Chain Development and Multifaceted Expansion
Establishment of new economic zones based on AI-equipped ESS



*1 Third-Party Ownership model. Business model that companies provide equipment such as solar panels and ESS to users, and users use the electricity generated by the equipment.
*2 Vehicle to Building / Vehicle to Home. Mutual power supply between EVs and buildings / households.

Concrete measures

- Realization of environmental value trading and establishment of new economic zones
- Optimization of electricity supply and demand balance at the household and community levels using AI-equipped ESS
- Maximization of the EV battery reuse business and use of the renewable energy sources

Company	Business Profile
VPP Japan, Inc.	Distributed solar power supply projects
TRENDE Inc.	Power retailing, peer-to-peer power trading
NF Blossom Technologies, Inc.	Manufacture of next-generation ESS
Shenzhen Pandpower Co., Ltd.	EV battery reuse business
24M Technologies, Inc.	Development and manufacture of SemiSolid batteries
IBeeT Corporation	Subscription services of distributed power supply equipment

To Realize Decarbonization across Society

Achieving the Government of Japan's 2050 Carbon Neutral goal will require decarbonized power sources and electric power consumption management. As distributed power becomes more common due to renewable energy power generation, such as solar power, the electric grid, which had been one-way, is beginning to shift to a multifaceted two-way grid. Due to this trend, when (small- and medium-sized multifaceted two-way) grids are built, we need to efficiently control power consumption within the grid and eliminate waste. However, because there is a limit to what the power supply side can do, the power consumption side also needs to take action. To soften excessive burden on the power supply side, power consumption control is more necessary than ever. ITOCHU believes that its energy storage system (ESS) can fulfill this role.

"Smart Star"—The Key to Power Consumption Control

NF Blossom Technologies, Inc., a joint venture between ITOCHU and NF Corporation, developed and manufactures the "Smart Star" ESS series. As of March 31, 2021, a cumulative total of over 43,000 units have been sold. Smart Star features the AI function "GridShare," which enables efficient power consumption by analyzing and studying weather forecasts, household power demand, and other data to facilitate optimal charge/discharge controls for ESS. In May 2021, we launched sales of a new product, "Smart Star 3." For Smart Star 3, we developed a platform that measures the environmental value on a household basis, creates points, and awards those points to customers—the first such platform in the world for household ESS. Smart Star 3 also enables customers to charge EVs, which are expected to quickly become more common.

Establishing a Foundation Through Cooperation with Partners

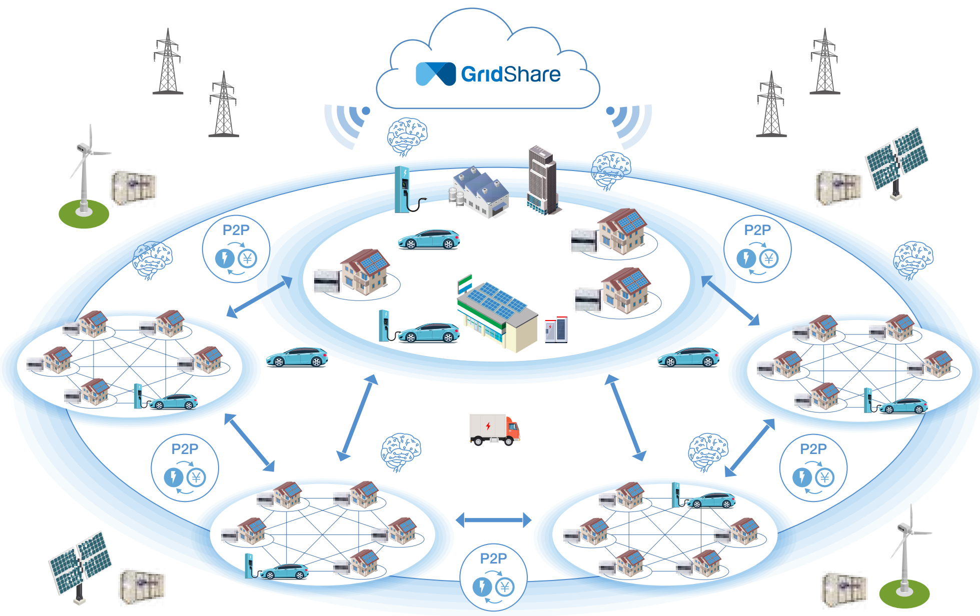
Regarding the third-party ownership (TPO) model for solar power, which is a power source for ESS, we are focusing our efforts on cooperation with VPP Japan, Inc. (VPP Japan) in the commercial facility field, especially supermarkets and distribution warehouses, and with TRENDE Inc. (TRENDE) in the household field. TRENDE is also working on promoting peer-to-peer (P2P) trade, and within the pilot test, we have confirmed the results for which we expect future development, such as generating economic rationality for all households. We are promoting the development of this technology for application in the "Smart Star" series.

In addition, we are also strengthening Life Cycle Assessment (LCA) initiatives, which have been growing in importance. Since June 2021, we commenced operations of "Bluestorage," a shipping container-style ESS for commercial facility use, which utilizes reused EV batteries provided by China-based Shenzen Pandpower Co., Ltd. (Shenzen Pandpower) We will actively work to roll them out overseas going forward. Furthermore, we are building a truly circular system, wherein we collect materials from batteries that have served their purpose, such as nickel, lithium, and other rare metals, and reuse them in the raw and other material value chain we are constructing.

Moreover, in May 2021 we announced that we made U.S.-based 24M Technologies, Inc. (24M Technologies), which conducts R&D for SemiSolid batteries, an affiliate. Regarding SemiSolid batteries, which will soon enter a mass-production phase, 24M Technologies concluded a technology licensing agreement with multiple companies globally, and it is anticipated that the network will expand further. ITOCHU is working to promote development of licensees, acquire materials, and expand initiatives for next-generation batteries, including battery procurement.

The Carbon-Free Society of the Future

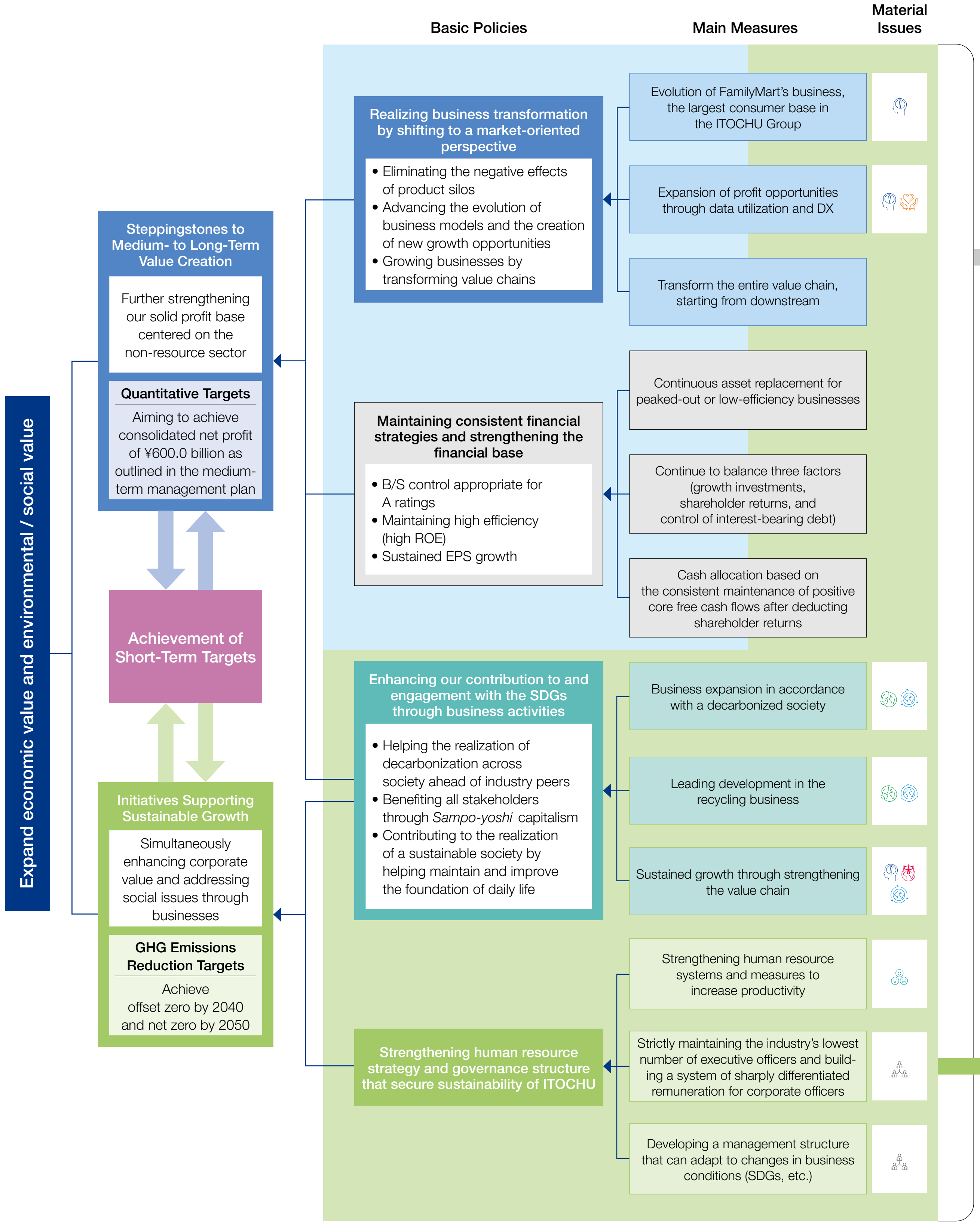
Currently, GridShare enables integrated management (collective control) of distributed power sources, which are promoted by VPP Japan (industrial use) and TRENDE (household use) at a top level in the industry, in addition to household ESS. Also, IBeeT Corporation offers subscription services for these distributed power sources and associated equipment. In the near future, EVs that are equipped with SemiSolid batteries produced by 24M Technologies' partner companies will also be connected with GridShare. By combining TRENDE's P2P trade technologies and Shenzhen Pandpower's recycling system, we will be able to provide various solutions for reducing carbon. The environmental value platform of Smart Star 3 connects households with various companies, such as convenience stores and supermarkets, and creates communities including EVs. Through these initiatives, we will realize a positive feedback loop for the environment and economy.



Relationship Between a Logic Tree and Non-Financial Capital

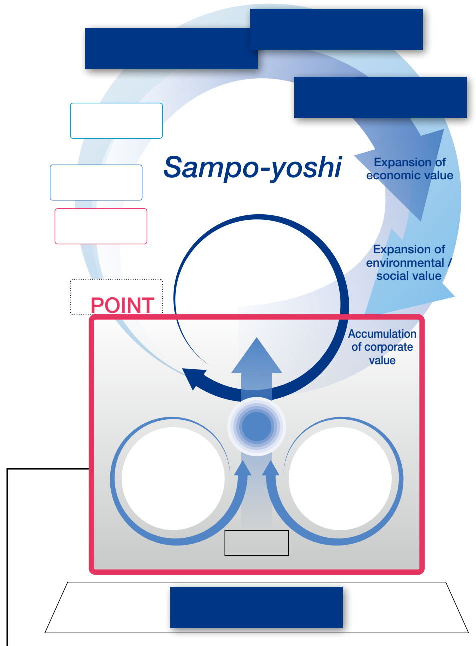
ITOCHU's Logic Tree for Building Up Corporate Value

Our medium-term management plan "Brand-new Deal 2023" sets consolidated net profit targets for FYE 2022 and for the plan's term as well as a long-term target for reducing GHG emissions. Moreover, to provide steps for our climb toward medium- to long-term targets, we have set a succession of short-term targets. By achieving these targets, we will realize sustained, sure-footed growth in corporate value.



Maintaining and Upgrading of Non-Financial Capital, and Its Relationship to Material Issues

ITOCHU analyzes the magnitude of opportunities to increase its non-financial capital as well as the magnitude of risks with the potential to damage such capital. Based on its findings, the Company then identifies material sustainability issues and addresses them through businesses. By leveraging trust and creditworthiness garnered over many years, we will maintain and further grow our non-financial capital.



Relevance of Non-Financial Capital, Material Issues, and the SDGs

Material Issues	Internal Capital: Human and Organizational Capital	Internal Capital: Business Know-How	Internal Capital: Business Portfolio	Trust and creditworthiness (Sampo-yoshi)	External Capital: Client and Partner Assets	External Capital: Natural Resources	External Capital: Relationships with Society	Related SDGs
Evolve Businesses Through Technological Innovation	■	■	■		■			9
Address Climate Change (Contribute to Realization of a Decarbonized Society)		■	■		■	■	■	7, 13
Cultivate a Motivating Workplace Environment	■	■						5, 8, 10
Respect Human Rights					■	■	■	6, 8, 11
Contribute to Healthier and More Enriched Lifestyles	■	■	■		■		■	3, 9, 12
Ensure Stable Procurement and Supply					■	■		6, 12, 14, 15
Maintain Rigorous Governance Structures	■		■				■	16

■ Indicates non-financial capital judged to have a particularly high relevance to material issues. We also recognize that trust and creditworthiness are strongly related to all of our material issues.

04

Initiatives and Systems Supporting Sustainable Growth

This section provides a PEST (political and legal, economic, social and cultural, and technological) analysis of macroenvironmental factors and describes our initiatives to promote sustainability. Risk countermeasures and how our business activities and business models relate to these factors and initiatives are highlighted. We also explain our human resource strategies for the sustained enhancement of "individual capabilities," which can lead to growth opportunities, as well as our corporate governance systems and policies—the foundations of value creation.

Component of the corporate value calculation formula focused on in this section

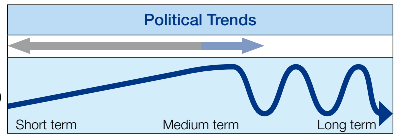
$$\text{Corporate Value} = \frac{\text{Created Value}}{\boxed{\text{Cost of Capital}} - \text{Growth Rate}}$$

CONTENTS

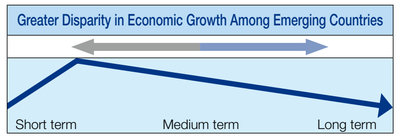
PEST Analysis (Macroenvironmental Factors Through 2030)

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 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 era and the business environment.

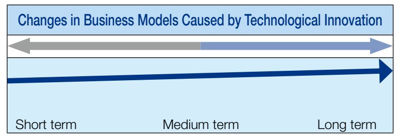
How to understand this page: In the graph for each macroenvironmental factor, the upper part represents our view of the balance between the degrees of impact of risks and opportunities, while the lower part represents our projection of changes in the degrees of impact through 2030.



Example 1) Political Trends
This graph indicates that risks are more influential than opportunities and that the degree of influence is expected to gradually increase in the medium term and becomes uncertain in the long term.



Example 2) Greater Disparity in Economic Growth Among Emerging Countries
This graph indicates that both risks and opportunities have a certain amount of influence and that the degree of influence is expected to increase over the short term and then decrease over the medium to long term.



Example 3) Changes in Business Models Caused by Technological Innovation
This graph indicates that both risks and opportunities have significant influence and that the degree of influence is expected to be high over the short term and become even higher over the medium and long term.

P (Political/Legal)

Risks		Opportunities
	Political Trends	
Frequent policy changes and headwinds for the pursuit of profit	**Stagnation of liberalism and democracy (political instability, inequality issues, etc.)**	Increase in business opportunities of consumer-related businesses
Deterioration of the global economy, decline in trade volume, and tightening of export and investment restrictions	**Intensification of conflict between different political systems (democracies vs. non-democracies)**	Reform of supply chains and difficulty in procuring food and resources
Economic stagnation and financial market turmoil due to terrorism and military conflicts	**Geopolitical risks (East China Sea, South China Sea, Middle East, North Korea, etc.)**	Increases in prices of related items accompanying decreases in supply volumes of resources, etc.
	Economic Policy Trends	
Slowdown in pace of economic growth	**Focus on sustainability instead of growth**	Stable economic growth
Higher interest rates and increase in tax burden	**Normalization of fiscal and monetary policies**	Accelerated deregulation and society's expectations of the private sector with respect to economic growth, etc.
	Changes in the Tax Code and Regulations	
Disappearance of existing transactions	**Trade talks and agreements (TPP, RCEP, etc.)**	Increase in trade volume and generation of new sales channels
Shrinking of fossil fuel markets (coal, crude oil)	**Regulations to curb GHG emissions (Paris Agreement, etc.)**	Expansion of renewable energy markets (wind, solar, etc.)
Shrinking of existing transactions and increase in tax burden	**International tax trends (BEPS countermeasures, environmental taxes, corporate tax rate hikes)**	Generation of new sales channels through introduction of new taxes
Increase in regulatory response costs and reputational decline or damage	**Tighter regulations in the digital technology field (handling of personal data, etc.)**	End of data monopolies held by existing platformers and increase in availability of open data

With trust in the political leadership of developed countries wavering, political policies focus more on stability of citizens' livelihoods and domestic political stability. We will develop businesses amid increasing scrutiny of companies.

E (Economic)

Risks		Opportunities
Decrease in business opportunities and trade volume	Economic Stagnation in Developed Countries	Emergence of new demand from changes in consumer and corporate behavior
Emergence of non-performing assets due to economic and social deterioration	Greater Disparity in Economic Growth Among Emerging Countries	Increase in consumer spending as standard of living improves; increase in demand for infrastructure and foodstuffs as population grows
Decrease in currencies of emerging countries; increase in overseas investment costs	Dollar Appreciation	Improvement in earnings environment due to yen depreciation
Formation and collapse of asset bubbles in specific fields and products	Unstable Asset (Stocks, Real Estate) and Resource Prices	Growth in earnings from trading
Excessive swings in project prices	Change in Investment Environment	Increase in expected returns as growth rebounds; more investment opportunities in fields of strength in accordance with restructuring

With growth of developed economies slowing as populations level off and the gap in growth potential widening among emerging economies, we will determine the correct balance between growth fields and fields that will peak out.

S (Social/Cultural)

Risks		Opportunities
Decrease in fossil fuel demand as awareness of the SDGs grows; increase in additional costs arising from decarbonization measures	Accelerating Response to Climate Change (Decarbonization)	Increase in business opportunities in renewable energy, etc.; potential for acquisition of new customers due to heightening of added value or enhancement of brand value of existing products and services
Labor shortages due to low birth rate; outflow of personnel; harassment, mental health, and long working hours; increases in health-related costs	Cultivating a Workplace Environment	Improvement in labor productivity due to utilization of IT tools and advancement of diversity; increase in flexibility of work systems; improvement in health and motivation; securement of outstanding human resources
Human rights issue-related project delays and continuity risks; compliance violations; data leaks	Respecting Human Rights	Business stabilization and recruitment through harmonious coexistence with local communities; construction of an ethical procurement-based system for continuous supply of products
Decrease in creditworthiness when safety and health issues occur; destabilization of markets and the social security system	Increasing Awareness on Health and Quality of Life	Increase in demand for products and services compatible with a non-contact society; increase in demand for health promotion and visualization of food safety and security; expansion of information, financial, and distribution services due to digitalization
Occurrence of environmental issues and protest campaigns; increase in additional costs arising from efforts to ensure safety and peace of mind; industrywide structural exhaustion due to low-price competition	Ensuring Stable Procurement and Supply	Increase in demand for resources in emerging countries; stable supply provision that reflects consideration for environmental burden and human rights throughout entire life cycles of products
Decreases in corporate value assessment by investors; withdrawal of invested funds; exclusion from investment target; decline in stock price	Strengthening Governance Structure	Rise in corporate value assessment by investors; addition to investment targets; inflow of investment funds; increase in stock prices

Based on the "*Sampo-yoshi*" Group corporate mission, we will resolve social issues by providing products and services, creating new businesses, and replacing assets.

T (Technological)

Risks		Opportunities
Obsolescence and extinction of existing business models from proliferation of new technologies such as AI, IoT, and decarbonization; leaks of internal data due to cyber criminals	Changes in Business Models Caused by Technological Innovation	Creation and provision of innovative services and new business models; improve productivity and optimize overall supply chain through use of new technology

By taking a market-oriented perspective to address rapid technological innovation and changes in consumer behavior, we will advance the transformation of business models.

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.

Viewing risk control as an important management task, we have established basic policies, administrative systems, and methods for managing the risks that we face.

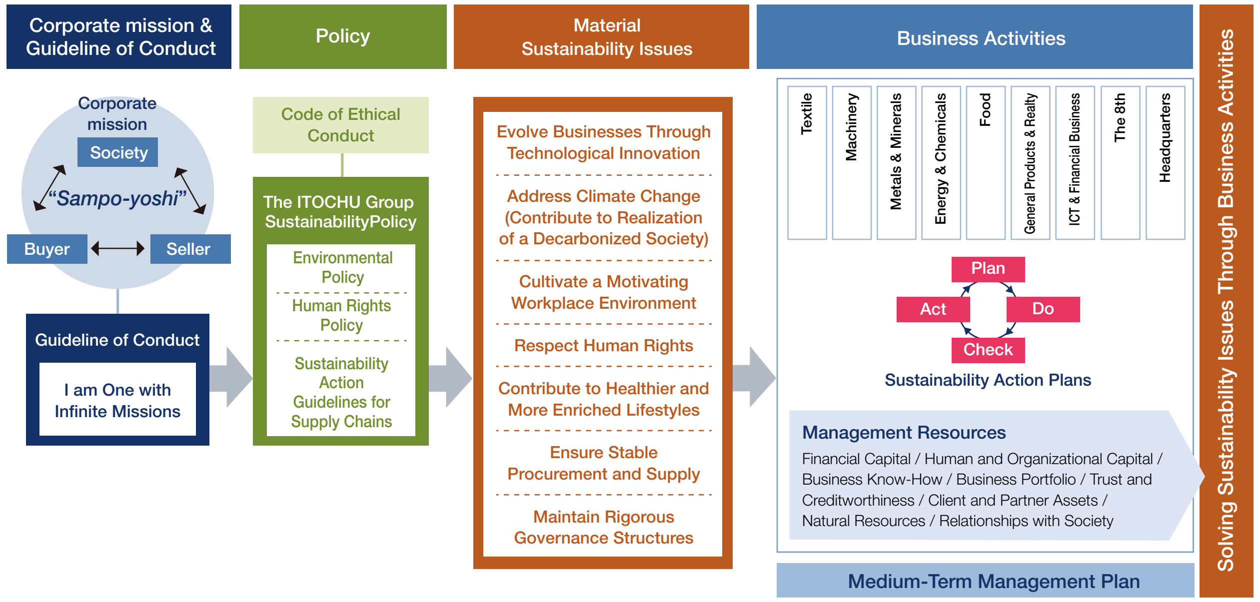
Risk Description	Countermeasures
(1) Risks Associated with Macroeconomic Factors and Business Model • Impact of changes in the business environment (economic trends, rapid technological innovation, deregulation, intensified competition, etc.) on existing business models and competitiveness ➡ Page 72 PEST Analysis (Macroenvironmental Factors Through 2030)	• Changing business format based on "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities" ➡ Page 56 Medium-Term Management Plan "Brand-new Deal 2023"
(2) Market Risk	
a) Foreign Exchange Rate Risk • Foreign exchange rate risk related to foreign currency-based transactions • Risk of changes in periodic profit or loss and shareholders' equity through foreign currency translation adjustments	• Hedging transactions that use derivatives such as forward exchange contracts • Monitoring the balance of net investments in foreign entities, which causes changes in foreign currency translation adjustments
b) Interest Rate Risk • Risk of fluctuation in interest rates in both the raising and using of funds for investing, financing, and operating activities • Impact of interest rate index reform related to the permanent suspension of Libor publication	• Quantifying interest rate mismatch amount and interest rate fluctuation risk • Periodic analysis of interest rate trends • Using Earnings at Risk (EaR) in monitoring the impact of interest rate fluctuations on interest payments • Monitoring regulatory and market trends related to the transition to alternative interest rate indices
c) Commodity Price Risk • Price fluctuation risk due to the holding of long or short positions in relation to actual demand transactions • Risk of fluctuation in the prices of products of manufacturing businesses or businesses engaged in the development of metal, mineral resources, and energy	• Analyzing inventories, sales and purchase contracts, etc. • Establishing commodity balance limits and loss cut limits, monitoring transactions, and implementing periodic reviews at middle and back offices • Hedging transactions using commodity futures and forward contracts, etc. • Using Value at Risk (VaR) to analyze and monitor market-sensitive commodity transaction risks
d) Stock Price Risk • Risk of price fluctuation of listed stocks held	• Using VaR to periodically analyze and monitor the effect of stock price fluctuations on consolidated shareholders' equity
(3) Investment Risk • Risk of failing to generate expected profits due to stagnation of the business of an investee and the risk of partial or total loss of an investment or the need to contribute additional funds • Risk of being unable to exit or restructure a business at the desired time or manner • Risk of being disadvantaged by an inability to obtain appropriate information from an investee	• Implementing new investments through decision-making based on investment criteria • Periodic monitoring of existing investments • Replacing assets through the application of criteria for determining exit from investments with low investment efficiency, etc. ➡ Page 40 Business Investment
(4) Risks Associated with Impairment Loss on Fixed Assets • Risk of impairment loss on real estate, resource development-related assets, aircraft and ships, goodwill, and intangible assets, etc. due to declines in profitability, market downturns, changes in R&D policies, drops in asset values, or additional unplanned capital contributions, etc.	• Replacing assets flexibly and building foundations for sustained growth through investment • Making investment decisions after thorough deliberation on the appropriateness of acquisition prices • Periodic monitoring after investments
(5) Credit Risk • Credit risk in relation to debt, etc., becoming uncollectible or assuming responsibility for the fulfillment of contracts due to the deteriorating credit status or insolvency, etc., of business partners	• Managing risks through the setting of credit limits and the obtaining of necessary collateral and guarantees, etc. • Establishing allowances for doubtful receivables based on estimates of expected credit losses in light of the creditworthiness, the status of collection, and the status of receivables in arrears of business partners
(6) Country Risk • Risk of unforeseen situations arising from political, economic, and social conditions, etc. and national expropriation or remittance suspension due to changes in various laws and regulations	• Establishing total limit guidelines on total exposure to each country and using in-house country credit ratings as the basis for establishing guidelines on limits for each country
(7) Risks Associated with Fundraising • Risk of being unable to raise funds from institutions or investors under desirable terms and an increase in funding costs due to decline of creditworthiness in the financial markets or disruption to the financial systems of major financial markets	• Securing sufficient liquidity through the use of cash and deposits, commitment lines, etc. • Diversifying funding sources and methods

Risk Description	Countermeasures
(8) Risks Associated with Taxes • Changes in estimates of taxable income due to tax planning • Changes in tax planning • Changes in the tax code, including changes in tax rates, etc. • Changes in accounting judgments regarding the valuation of deferred tax assets	• Establishment of a Group tax policy and appropriate tax payments complying with tax laws and tax treaties, etc., in each country • Maintaining fair relationships with tax authorities in each country and region through constructive dialogue • Recording recoverable amounts of DTA by taking future taxable income and viable tax planning into consideration
(9) Risks Associated with Significant Lawsuits **(10) Risks Associated with Laws and Regulations** • Risk of the Group's domestic or overseas business activities, etc., becoming subject to significant lawsuits, etc. • Risk related to compliance, including personal misconduct by corporate officers or employees, and risk of damage to social trust • Risk of the unexpected enactment, amendment, or repeal of laws and regulations by governmental, judicial, or regulatory authorities, etc., in Japan or overseas • Risk of significant changes in various regulations due to marked changes in the social and economic environment, etc.	• Conducting appropriate reviews prior to transactions and managing and responding to lawsuits, etc. • Developing, managing, and reinforcing compliance systems continuously and responding to trends in laws and regulations in a timely, appropriate manner
(11) Risks Associated with Human Resources • Risk of not being able to respond sufficiently to opportunities for new business creation or business expansion due to shortages of personnel with the advanced knowledge and experience required for specific fields	• Securing diverse human resources • Realizing placement of the right people in the right positions through continuous skills development, including collaboration with Group companies, and developing rewarding workplace environments ➡ Page 80 Human Resource Strategy
(12) Risks Associated with the Environment and Society • Risk of delay or suspension of businesses, incurrence of countermeasure costs, and decline in social reputation, etc., in the event of environmental pollution, human rights violations, or other environmental or social issues	• Establishing the ITOCHU Group Sustainability Policy and identifying material sustainability issues • Acquiring environmental management system (ISO 14001) certification • Conducting sustainability surveys of supply chains • Assessing and identifying the human rights impact of business operations and building a human rights due diligence process • Risk management for new investments by using an ESG checklist • Analyzing and disclosing the impact of climate change on business and its performance and countermeasures based on TCFD, calculating and setting targets and measures for the reduction of GHG emissions. ➡ Page 76 Initiatives to Promote Sustainability ➡ Page 64 Business Expansion in Accordance with a Decarbonized Society
(13) Risks Associated with Natural Disasters • Impact on business activities of natural disasters, such as earthquakes and outbreaks of infectious disease	• Developing Business Continuity Plans (BCP) for large-scale disasters and outbreaks of infectious disease • Introducing a safety confirmation system • Conducting disaster prevention drills
(14) Risks Associated with Information Systems and Information Security • Risk of the leakage of confidential or personal information due to unauthorized access from outside or penetration by computer viruses, etc., and the risk of the stoppage of information systems due to equipment damage or problems with telecommunications circuitry, etc.	• Establishing a code of conduct on the handling of information • Establishing a Companywide informatization strategy for digitalization and data utilization • Building and managing IT systems that promote information sharing and operational efficiency • Establishing security guidelines considering cybersecurity risks • Developing an IT environment • Strengthening technical security countermeasures for malware, etc., and capabilities of a cybersecurity response team
(15) Risks Associated with the Outbreak of COVID-19 • Impact of business environment changes in various fields • Impact of fluctuations in foreign exchange rates, interest rates, commodity prices, stock prices, etc.	• Ensuring the safety of employees and related parties and preventing the spread of infection • Contributing to the stability of daily life in society as a whole through the maintenance of supply chains in various fields • Conducting detailed monitoring and implementing "cut, prevent" principles even more rigorously • Evolving business models with an eye on post-COVID-19 society

Initiatives to Promote Sustainability

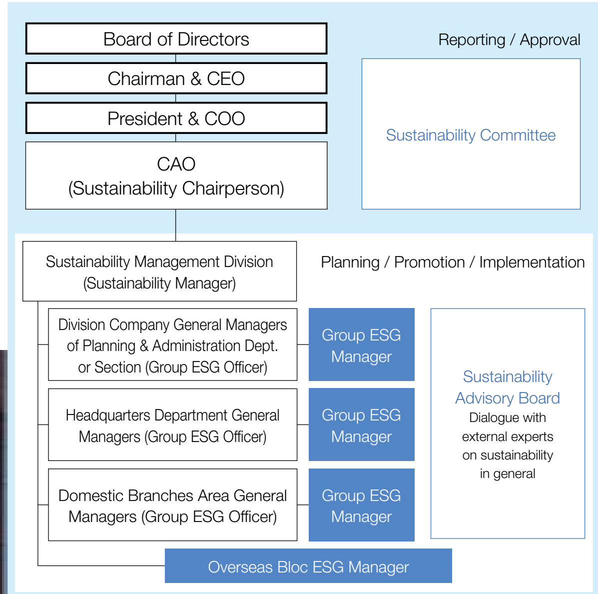
Sustainability Promotion Flow

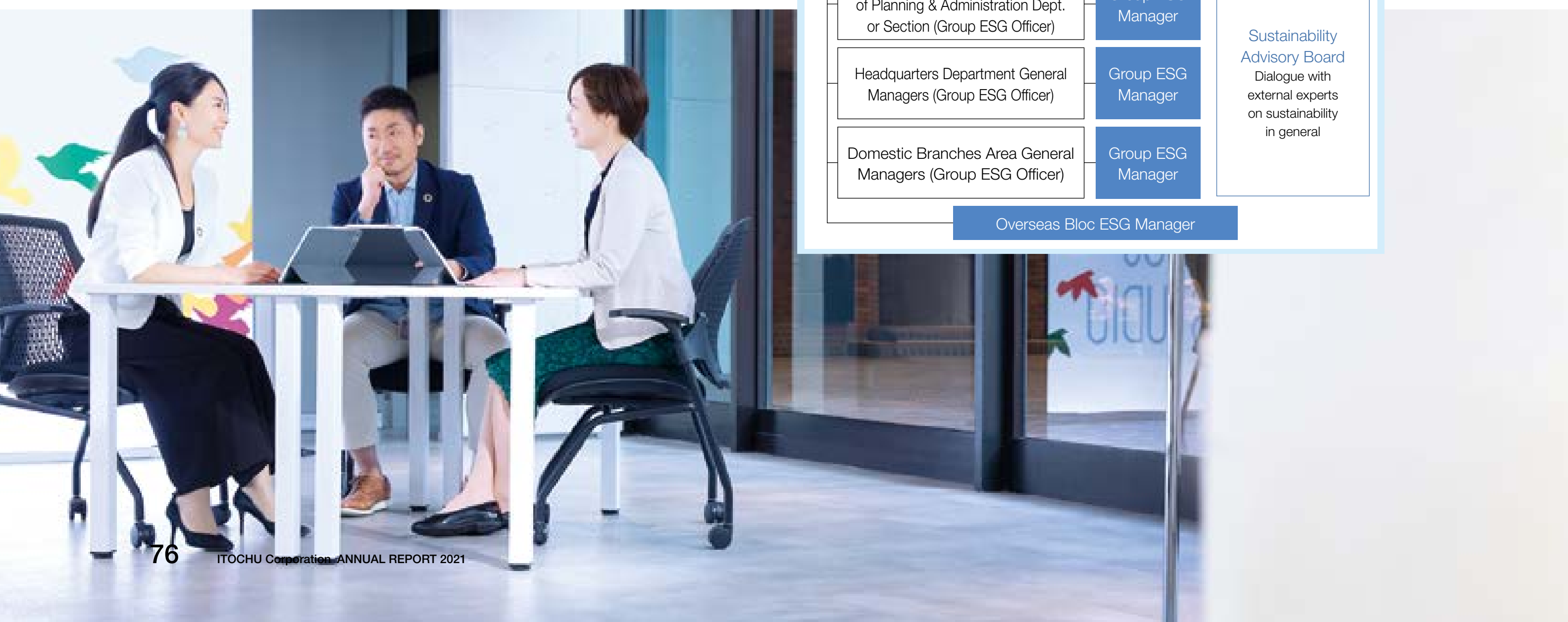
Having established the ITOCHU Group Sustainability Policy in accordance with its corporate mission and changes in the external environment, ITOCHU promotes sustainability initiatives systematically throughout its organization. Of particular note, each Division Company and administrative division incorporates ITOCHU's material issues, which are identified as issues to be addressed with priority, into Sustainability Action Plans. We will continue to sustainably enhance corporate value and resolve social issues through our business activities, namely trade and business investment, while ensuring that we maintain and improve profitability.



Structure for Promoting Sustainability

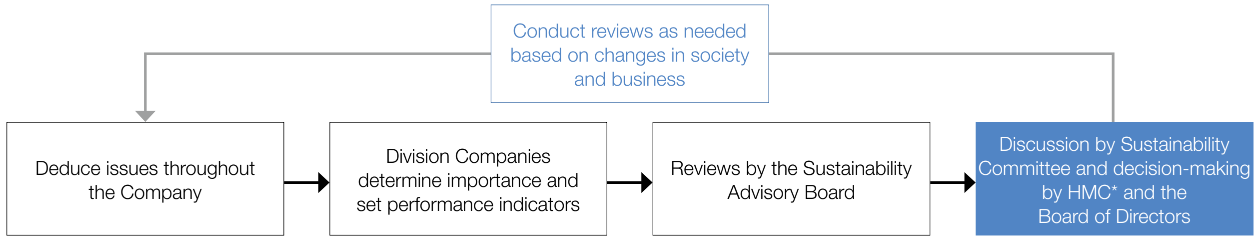
The Sustainability Management Division plans measures to advance sustainability. After these are decided by the CAO, they are carried out by each organization. The Sustainability Committee deliberates and makes decisions concerning formulation and revision of basic policies and important matters. Through dialogue with stakeholders such as the Sustainability Advisory Board, we gain an understanding of society's expectations and demands, etc., which we use in our efforts to promote sustainability.





Identification and Review of Material Issues

Since ITOCHU first identified material issues in 2013, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. In FYE 2019, when the previous medium-term management plan kicked off, we identified seven material issues based on the adoption of the SDGs, the Paris Agreement on climate change coming into effect, and other social developments and changes affecting business. We continue to apply the same material issues for "Brand-new Deal 2023."



* HMC = Headquarters Management Committee

Expanding Sustainability-Related Disclosure

The Group places great importance on dialogue with various stakeholders, including NGOs, NPOs, and local communities, as well as investors, shareholders, business partners, and employees. To provide wider access to the Company's sustainability-related information, we have expanded our disclosures through our sustainability website and ESG report. By recognizing stakeholder expectations and concerns, ITOCHU is reflecting measures to address these issues in its business activities and promote sustainability.

Our proactive attitude towards disclosure has helped improve our sustainability rating. In December 2020, ITOCHU received the highest AAA rating for the first time as a general trading company in the MSCI ESG Rating. As a result, we were included in all the ESG-related indices adopted by the GPIF (➡ Page 116 ESG Data), and ITOCHU became the GPIF's No. 1 ESG investment among general trading companies in FYE 2021.

Going forward, we will continue expanding sustainability-related disclosures while emphasizing dialogue with stakeholders.

Please see the ESG report for details.
https://www.itochu.co.jp/en/csr/report/

Establishment of the ITOCHU SDGs STUDIO

We established the ITOCHU SDGs STUDIO in April 2021, as a base for boosting awareness of worldwide initiatives related to all of the SDGs. This unique place supports not just the Company's SDG initiatives but also worldwide initiatives related to the SDGs, and the studio provides an events space and recording booth with the aim of contributing to a sustainable society. The studio hosts various events and produces radio shows as a way regular people can learn about how the SDGs are relevant to their own lives.

We provide information related to the SDGs from the recording booths through an ITOCHU-sponsored show on J-WAVE, etc.

At the event space, we host various projects related to the SDGs.

Please see our website for further information.
https://www.itochu.co.jp/en/news/press/2021/210415_2.html

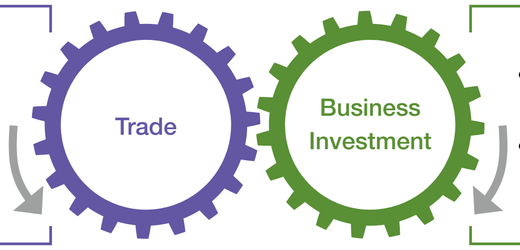
Sustainability Management Aligned with Our Business Activities

ITOCHU understands that in order to realize the stable and sustainable procurement and supply of raw materials, it must respond appropriately to environmental and human rights risks in its increasingly wide-ranging and complex supply chains.

We conduct sustainability management aligned with each of our business activities, including trade and business investment. Through supply chain sustainability surveys and ESG risk assessments for new business investment projects, etc., we enhance the transparency of not just the Group but the entire supply chain and promote initiatives with an awareness of human rights, labor, the environment, and more. In this way, we are building a sustainable value chain that will enhance the Group's competitiveness and corporate value.

Trade

- Sustainability Surveys
- Human Rights Due Diligence
- Supplier Checking System of the Food Business



Business Investment

- ESG Risk Assessment for New Business Investment Projects
- Group Company Fact-Finding Investigations

ESG Risk Assessment for New Business Investment Projects

When making new business investments, we use the ESG checklist for investments to conduct a thorough due diligence on the status of the business investee's sustainability promotion system and policy, as well as the risks of significant effects on the environment, violations of laws and ordinances, and complaints, etc. This checklist consists of 33 check items, being conscious of the elements of the seven core subjects* in ISO 26000. With this checklist, the division making the application (business division) is required to refer to reviews based on risk analysis from Sustainability Management Division, and to request additional due diligence from external specialist organizations on areas of concern that require an expert opinion, such as soil pollution surveys for building construction. The project is then only undertaken upon confirming that there are no problems in those results.

* Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development

Group Company Fact-Finding Investigations

We have continually conducted on-site investigations of Group companies since 2001 to prevent environmental pollution and other problems.

Although we temporarily halted on-site visits in FYE 2021 in accordance with COVID-19 prevention measures, we completed investigations into a cumulative total of 285 offices as of March 31, 2021.

In these investigations, we conduct wide-ranging inspections such as the factory and warehouse facilities, 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 follow up to check whether the issues have been corrected.

Survey at Dole Thailand Ltd.

Sustainability Surveys and Human Rights Due Diligence

We notify all of our suppliers of the Sustainability Action Guidelines for Supply Chains before conducting business with them. We only begin business with them after thorough communication with them on our sustainability-related policies. In addition, we conduct a yearly sustainability survey of our main business partners to better understand their situation. (In FYE 2021, we surveyed 310 companies.)

Furthermore, based on the Group's human rights policy, we began doing more thorough due diligence related to human rights. In FYE 2021, we conducted human rights due diligence in the Food Company and built a process for identifying and assessing risks and then taking corrective measures. The results are disclosed on ITOCHU's website. Going forward, we will continue to gradually expand the scope of human rights due diligence to encompass the scope of our other businesses.

Through these measures, we will fulfill our responsibility to provide a stable supply of goods to support people's lives while reducing risks in the supply chain related to human rights, labor, and the environment.

To see the progress of our human rights due diligence for 2020, please see ITOCHU's sustainability website.
https://www.itochu.co.jp/en/csr/society/human_rights/

Supply Chain Management Promotion

Notice of the Sustainability Action Guidelines for Supply Chains
↓
Sustainability surveys
- Written survey of sustainability check list
- On-site investigation and management interviews
- If there is a problem, encourage improvements

Human Rights Due Diligence Flow Chart

Comprehensive human rights risk assessment of business, research based on various literature and interview-based survey of business division
↓
Based on a risk analysis, conduct survey of suppliers (including indirect suppliers) in priority businesses and countries
↓
Conduct supplier engagement
↓
Gain understanding of human rights issues and discuss policies to address them going forward

Supplier Checking System of the Food Business

In the Food Company, we have put a unique management system in place. We take a wide range of measures to ensure safety in the food business through checks of new suppliers' production management before beginning business, as well as periodic audits of suppliers. We conduct the periodic audits in line with ITOCHU's proprietary food safety management manual and with reference to international food safety standards. In addition, we established the Chinese Food Safety Management Team in China in order to build a management system of the same caliber as the one in Japan.

A sanitation management system based on a Hazard Analysis Critical Control Point (HACCP) is now mandated, following an amendment to the Food Sanitation Law. In accordance with the new law, we will further expand the businesses subject to on-site audits in the food supply chain.

Enhancing Traceability as a Business

ITOCHU is working to promote its traceability business as a new revenue stream. In the General Products & Realty Company, we have developed a traceability system for natural rubber and have begun to produce traceable natural rubber. (➡ Page 111 Procuring Natural Rubber from Sustainable Natural Resources) In the Food Company, in addition to expanding trade of third-party-certified products, such as vegetable oils, we invested in the coffee traceability and sustainability platform Farmer Connect SA.

By expanding the traceability business, we aim to increase our earning power while enhancing our contribution to and engagement with the SDGs.

Human Resource Strategy

Cultivate a Motivating Workplace Environment

ITOCHU's management team is committed to creating a company that is challenging but rewarding to work for. With maximizing the "individual capabilities" of our stream-lined workforce as an important management strategy, we have steadily improved labor productivity by enhancing the health and motivation of each employee and strengthening their sense of participation in business management.

The aforementioned initiatives have created a virtuous cycle in which a favorable external reputation enables us to recruit outstanding personnel even amid expected structural labor shortages and increased human resource mobility.

Going forward, we will continue introducing measures to make this virtuous cycle even more powerful.

- **Growth in Corporate Value through Improved Labor Productivity**
- Received the Ministerial Award for Women-Empowering Companies 2020
- Company ranking among job-seekers according to 7 major institutions*

  [All company] Ranked **No. 1** by 4 institutions

  [General trading company] Ranked **No. 1** by all institutions

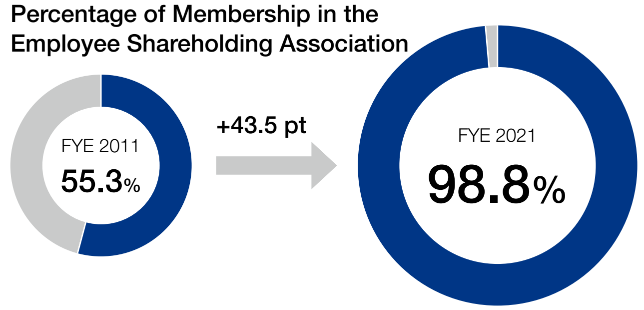
* From 2022 graduates, the Company received first-place rankings among all companies in the surveys of GAKUJO Co., Ltd., DIAMOND HUMAN RESOURCE, INC., Rakuten Group, Inc., and Nippon Cultural Broadcasting Inc., and received first-place rankings among general trading companies in the surveys of all seven institutions, which were the four said organizations and DISCO Inc., WORKSJAPAN Co., Ltd., and Mynavi Corporation.

With the lowest number of employees among major general trading companies, labor productivity rising steadily

Increase Awareness of Participation in Management (Shared Value with Shareholders)

INPUT	OUTCOME
Encouraging participation in the Employee Shareholding Association **Stock compensation scheme (from FYE 2020)**	• Participation in the Employee Shareholding Association in FYE 2021: 98.8% • Raising each employee's sense of participation in business management
Compensation highly linked to the Company's performance	• 40% of bonus amounts based on the Company's performance • Raising awareness of the Company's performance

Percentage of Membership in the Employee Shareholding Association



INPUT

OUTCOME

Developing Capabilities

INPUT	OUTCOME
Providing growth opportunities based on individuals' aptitudes and careers • Approx. ¥1.1 billion earmarked for investment in human resource development in FYE 2022	• Energizing all generations by improving each individual's job satisfaction
Empowering women • Fostering the next generation of managers through systematic provision of work experience	• Two female Outside Directors, two female Executive Officers* • 35 female corporate officers and divisional managers* • Percentage of women in management positions: 8%*
Increasing the number of Chinese-speaking employees (from FYE 2016)	• Employees with Chinese-language qualifications in FYE 2021: 1,231 (more than one-third of all career-track employees)

* As of April 2021

Pursuing Efficiency

INPUT	OUTCOME
Expanding and improving ICT infrastructure • Introducing thin-client terminals and digitalizing application forms • Advancing introduction of robotic process automation at each work site	• Realizing work styles that are resilient amid the COVID-19 pandemic • Allocating limited working hours to high-value-added work
Reducing excessive meetings and documents	• Increasing the flexibility of work styles and improving work efficiency
Morning-Focused Working System (from FYE 2014) • Shift from the tendency to work late-night to morning-focused working style • In principle, prohibit work after 8:00 p.m., and encourage to work in early morning (Offer free breakfast, provide a higher wage rate for people who start work before 8:00 a.m.)	• Improve operating efficiency and use time more effectively (Morning Activity Seminars, self-improvement, etc.) • Reduce overtime work, correcting the issue of long working hours

Results of Morning-Focused Working System

		Before introduction	One year after introduction	Average between sixth and eighth year after introduction
Leaving the office*1	8:00 p.m. or after	30%	7%	6%
	Of which, 10:00 p.m. or after	10%	Almost 0%	Almost 0%
Entering the office*1	8:00 a.m. or before	20%	34%	48%
Average overtime hours per month*2		—	(7%)	(5%)
Annual paid leave utilization rate*2		—	—	Increased 7%

*1 % of people in the headquarters

*2 Compared with the level before we introduced the Morning-Focused Working System

Improving Motivation

INPUT	OUTCOME
Infinite Missions Award (from FYE 2021) • Commending teams that have achieved results based on Guideline of Conduct	• Encouraging businesses based on market-oriented perspectives, SDG initiatives, and digitalization
Dress-down Days (from FYE 2018) • Allow employees to work in casual clothing from Tuesday through Friday (every day in summer)	• Expressing individuals' attitudes toward work through attire and raising employees' motivation and enjoyment of work • Realizing an environment that encourages an active interest in various matters, flexible thinking, and the formation of new ideas
Hiyoshi Dormitory (from FYE 2019) • The largest dormitory for single men among general trading companies (approx. 360 residents)	• Forming vertical, horizontal, and diagonal networks that transcend age and departments and building strong organizational cohesion

For Engagement Survey results, please see page 117.

Enhancing Health

INPUT	OUTCOME
ITOCHU Health Charter (from FYE 2017) • Approx. ¥13.0 million earmarked for health and productivity measures in FYE 2022	• Increase employee motivation and sense that work is worthwhile
Support Measures for Balancing Cancer Care and Work (from FYE 2018) • Regular special checkups in cooperation with the National Cancer Center Research Institute • Establish systems individually to encourage the balance between treatment and work tasks • Provide full Company assistance for expenses for advanced cancer treatment • Provide schooling and work support for bereaved family members	• Create an environment where employees can feel secure and devote their full attention to work • Nearly 100% screening among people targeted for cancer screening in FYE 2021 • Providing an individual employee support system by health nurses

COVID-19 Countermeasures

INPUT	OUTCOME
• Conducting workplace vaccinations, all aspects of which are arranged by the Company, including medical resources and vaccination sites • Collaborating with Tokyo Women's Medical University Hospital	• Establishing environments in which employees can work with peace of mind even amid the COVID-19 pandemic • Providing know-how on workplace vaccinations to external parties

Further Enhancing ITOCHU’s Corporate Value

Three Outside Directors discuss ITOCHU’s management aims to enhance sustainable corporate value.

A major issue going forward will be how to develop the next management team.

Atsuko Muraki

Outside Director

Ms. Muraki assumed a position as member of the Board of Directors at ITOCHU in June 2016, after serving as Vice Minister of Health, Labour and Welfare. She has been serving as Chairman of the Nomination Committee from FYE 2021, and leads deliberations on the appointment and dismissal of key management members and succession plans. She also provides many helpful suggestions concerning internal control, compliance, deploying personnel, and strengthening organizations.

—Please tell us about the general atmosphere of the Board of Directors.

Atsuko Muraki: ITOCHU achieved the “triple crown” for general trading companies in FYE 2021, but back in FYE 2016, it felt somewhat surreal when the Company snatched the No. 1 spot in consolidated net profit among general trading companies. This time, however, the management team has accepted the accomplishment of the “triple crown” with confidence and self-awareness, and I really feel that ITOCHU has become a company that can continuously seize the No. 1 spot.

Masatoshi Kawana: Instead of reveling in the “triple crown,” we focused our discussions on FYE 2022, which has already started, and beyond. Certainly, there was an awareness that we cannot let this be a one-off accomplishment. Of the “earn, cut, prevent” principles, the “cut” and “prevent” principles in particular have been repeatedly emphasized. Management understands that the better the Company’s position, the more defensive we need to be.

Makiko Nakamori: What impresses me is glimpsing the Company’s strong will to verbalize, ingrain, and practice culture and tradition. You can see this in the easy-to-remember phrase “earn, cut, prevent” and the renewed corporate mission of “*Sampo-yoshi*.” A major strength for ITOCHU seems to be that all executives and employees comprehend and embody the management team’s management philosophy. Discussions at Board meetings are quite thorough, delving into detailed analyses of debt collection and contract conditions, fostering an awareness of the need to constantly monitor risks. My impression is that our deliberations always assume the worst case, elevating defense to the same level as offense.

—What kind of discussions took place in formulating the new medium-term management plan?

Muraki: Just a couple years ago, discussions related to the SDGs were still somewhat abstract. These became much livelier as we pursued real substance under the current medium-term management plan “Brand-new Deal 2023.” Results of the discussions are incorporated into specific quantitative goals and schedules related to GHG emissions reductions as well as the complete withdrawal from thermal coal interests, something I feel displays ITOCHU’s seriousness.

Kawana: From a doctor’s perspective, this seriousness is not a big surprise. The Company has taken measures aligned with various SDG concepts. For example, ITOCHU fosters workplace environments where employees can work peacefully by promoting work-style reforms, such as the “Morning-Focused Working System,” and health promotion measures, such as “Support Measures for Balancing Cancer Care and Work.” We have repeatedly held engaging discussions from the perspective that by working to achieve the SDGs, we will not only contribute to society but also support the sustainable growth of ITOCHU. We therefore were able to reasonably accept the proposed basic policies. Creating a detailed roadmap with sufficient forecasts for concepts that typically tend to be discussed in ambiguous terms—this, I think, is a unique planning style of ITOCHU, which always presupposes turning words into accomplishments.

Muraki: When formulating the current medium-term management plan, management listened closely to the opinions of the Outside Directors and reflected them in the measures. This resonated with me. Because the SDG initiatives are undertaken by a general trading company with a wide range of businesses, throughout the discussion process we suggested that the Company tell a story about the measures overall, that is connected from the past to the present and future to ensure all of its stakeholders clearly understand the concepts and their impacts. When trying to convey the story, we are cognizant that there are actually numerous SDG-related projects within the Company. One of the major advantages of a general trading company is that due to its wide scope of contact points, it can help not only other companies achieve the SDGs but also society as a whole. I therefore think that visualizing this in publicly released materials was extremely beneficial.

Nakamori: The speed at which the disclosure proposal on this story moved straight to implementation is characteristic of ITOCHU. The Company became even more aware of its relationship with society, and it is very meaningful that employees were able to comprehend the connection between each initiative and the SDGs. We also interpreted the breakdown of the product silos, which has been progressing for the last few years, as a story. I imagine that the Company can continue further accelerating these efforts while creating new initiatives.

I expect the Company to accelerate SDG initiatives while strengthening its stance on meeting social demands through business.

Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise on finance and accounting as a certified public accountant and a wealth of experience as a corporate manager. She assumed a position as member of the Board of Directors at ITOCHU in June 2019. She served as a member of the Governance and Remuneration Committee in FYE 2021 and currently serves as a member of the Nomination Committee for FYE 2022. She often provides helpful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX.

I would like ITOCHU to avoid shifting its business fundamentals and remain a company that welcomes change.

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 2018. He has been contributing to the further development of governance at ITOCHU as Chairman of the Governance and Remuneration Committee from FYE 2021. He uses his expertise to provide many useful proposals and suggestions in the fields of health management and the establishment of preventive measures against in-office infection of COVID-19.

—Please tell us about the process used to select Keita Ishii as President & COO.

Muraki: When selecting Keita Ishii as President & COO, the Nomination Committee held numerous discussions about what kind of business leader ITOCHU would need going forward. All the Outside Directors narrowed down the choices by holding hearings for the candidates regarding their careers to date, their mindsets, and how they want to change the Company moving forward. Through the final discussion at the Nomination Committee, we reached a unanimous decision on the selection. Personally, I believe Mr. Ishii is an appropriate President & COO for ITOCHU, as he has big dreams and sets ambitious goals while taking a very realistic approach to achieve them and making strident efforts in pursuit of a frontline-first philosophy.
Kawana: Through hearings by Outside Directors, we came to understand that President & COO Ishii has worked hard for customers and consistently displayed a merchant attitude for many years by selling products while building trust. We all arrived at this understanding.
Nakamori: He has an excellent balance between a frontline perspective and a Companywide perspective. He is kind to people, bright, and energetic. He not only easily endears himself to customers, he has the ability to motivate people and organizations. We did not tell the candidates that the hearings were for the selection of the President & COO, and we maintained a very open atmosphere. We were able to ask about what we wanted to know, and the hearings were very fruitful. Also, the hearings helped us get to know the character of the people who will lead ITOCHU in the future, something that would be difficult to grasp in the limited time at meetings of the Board of Directors. This was also a useful opportunity for us to provide advice from an outside perspective.

—How would you evaluate ITOCHU's COVID-19 response?

Kawana: ITOCHU had a prepared Business Continuity Plan for an outbreak of a new influenza virus. Based on the plan, even before COVID-19 was spreading in Japan, we predicted the impact of the pandemic would reach Japan, and, under the guidance of the CAO, made preparations. Constantly taking forward-looking measures is fully in ITOCHU's character and exemplified by the early implementation of the workplace vaccine program. Furthermore, the implementation of our work from home system was very flexible. Instead of simply raising the percentage of employees working from home in one fell swoop, it was more appropriate for ITOCHU, which has many businesses in the consumer-related sector, to flexibly adjust the percentage of workers coming into the office for each week and day. Swift organizational response to rapidly changing guidance is also characteristic of ITOCHU's corporate culture.
Muraki: I concur. For example, when COVID-19 first started spreading, in light of an employee survey that revealed uneasiness about coming into the office, the Company lowered its percentage of in-office workers. The Company swiftly collected data to assess the situation and took countermeasures. This is not limited to pandemic responses, it is common to all matters. Around three years ago, in a hearing with Outside Directors, we brought up issues about the damage done by vertical organization that is divided by products and business fields, and the human resource problem that young employees had with protracted rotations. At that time too, data was quickly collected and, after meticulously analyzing problem scope and origin, the Company promptly considered and implemented corrections.
Nakamori: At traditional large corporations, decision-making and execution generally take a long time. I was surprised that when ITOCHU made subtle changes to its percentage of in-office staff, management's decision permeated to the very ends of the organization like water circulating to each leaf on the branches of a giant tree. I credit the Company's background of good, open communication. Another major factor is probably that the decisions are made in a fair and logical manner so that employees do not harbor doubts. I clearly feel there is an effort to increase employee motivation in all endeavors related to human resources, and this in turn leads to a positive feedback loop that encourages employees to give their best.

—Are there any issues in the human resource strategies and organizations?

Muraki: The business environment is undergoing significant changes, making it even more imperative to break down vertical organization that is divided by products and business fields, introduce new technologies, and promote young employees. The litmus test for deciding whether a company has a future or not is whether young workers and female workers thrive at the company. I have been saying this since I took on this role, but empowering female workers is especially important. I can understand the idea that people should be promoted based on their abilities regardless of gender, and systems are being upgraded under the leadership of the Human Resources & General Affairs Division, but because there are so few role models, the atmosphere makes it difficult for female workers to raise their hands. In actuality, there are unconscious barriers for male workers too. Because positions develop people, I think it is necessary to intentionally promote female employees with a certain amount of experience so female employees can also fully take on the responsibilities given to them.
Nakamori: I think the key point is how to increase support among male employees, including managers. However, given the strong individuality of each employee,

I feel that diversity is fundamentally being maintained. This could be because each employee attains a high level of expertise and autonomy in a specific sector, builds up a track record, and then observes the entire Company as management.
Kawana: From the outside, the Company might appear to be an old-fashioned Japanese company with a homogenous organizational structure. In terms of mindsets for business, however, the Company certainly has the kind of diversity that makes organizations resilient to change. It is said that some of the exceptionally skilled employees will go on to become a major force in the world, but the current annual focus on hiring new graduates all at once makes it difficult to acquire those kinds of employees. Currently, the policy is to develop human resources internally, but the Company will also need to bring in excellent human resources with innovative ideas, which will become more important moving forward.
Nakamori: Building systems to hire excellent human resources from outside could conversely disadvantage existing employees, so implementation is not simple. The 8th Company was established to test these kinds of new initiatives, and I am looking forward to their endeavors in various fields.
Muraki: In addition to the Chairman & CEO, the management appointments of CAO and CFO are getting longer. A major issue going forward will be how to develop the next management team to ensure future generations inherit excellent management of the same high caliber.

—Please tell us about your expectations for ITOCHU going forward.

Muraki: A chain reaction is needed to ensure Japan becomes a more active society moving forward. Chain reactions only occur when different things come into contact. General trading companies, which connect different things, can create that kind of reaction. When ITOCHU makes a move, there is a good chance that something interesting will happen that ultimately contributes to society. I would like the Company to demonstrate functions in line with this era and generate innovation. To this end, I want the Company to remain one where employees can work with satisfaction.
Kawana: It is important that employees feel they are useful to the world and experience personal growth by fulfilling their roles and creating profit. I would like the Company to avoid shifting its business practices or business fundamentals. In order to continue shining, ITOCHU must remain a company that welcomes, rather than avoids, change.
Nakamori: As Chairman & CEO Okafuji often says, "general trading companies are like water." They maintain their current presence because they change with the times. This flexibility means they retain their ability to be useful and contribute to society. Going forward, I expect the Company to accelerate SDG initiatives while strengthening its stance on meeting social needs through business. I also think that Outside Directors have a very important role to ensure ITOCHU, which has strong leadership in top management, continues developing sustainably. I would like to fulfill my responsibility and continue meeting the expectations of stakeholders, including shareholders.

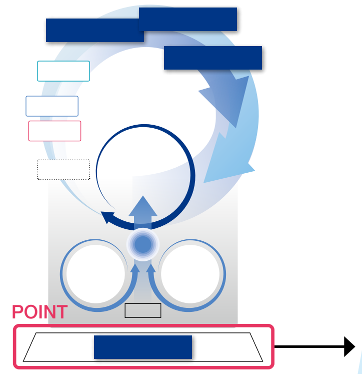
Corporate Governance

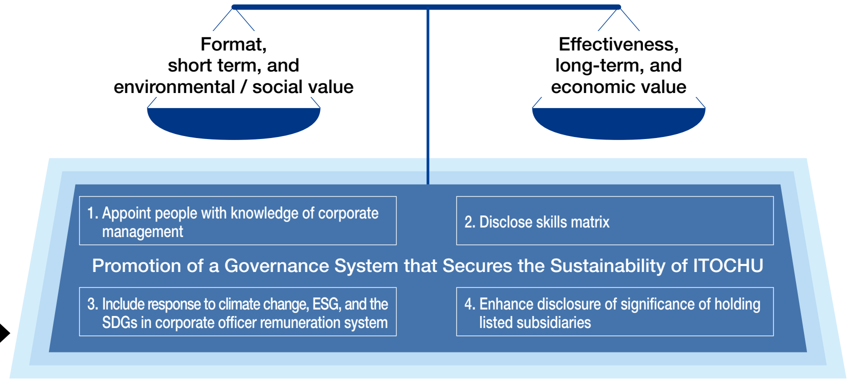
Further Enhancement of ITOCHU's Corporate Governance System

ITOCHU has carried out continuous reviews and reinforcement of the system and various initiatives, including the response to the introduction of the Corporate Governance Code in 2015, the transition to a Board of Directors with a monitoring-focused structure in 2017, and the improvement of the ratio of Outside Directors. As well as aiming to further enhance the effectiveness of the current corporate governance system, under which certain systems have been established, we also aim to further enhance and reinforce the governance system of not only the ITOCHU Corporation but of the entire Group. As a part of this, from June 2020 we have disclosed the significance of holding each of our six listed subsidiary companies, and have expanded the explanatory content to cover more substantive aspects from 2021.

In FYE 2022, to further enhance diversity in the Board of Directors and ensure the structure of the Board of Directors contributes to realizing business transformation by shifting to a market-oriented perspective, one of the basic policies of the new medium-term management plan, we appointed people with the knowledge of corporate management and revitalizing discussions by leveraging even more diversified and professional perspectives and opinions. Additionally, we have disclosed a skills matrix which shows the principle specialized area of experience for all corporate officers and areas in which they are expected to make a particular contribution. We have identified areas where inside and outside corporate officers have gained knowledge and experience and have a high level of insight. For Outside Directors and Audit & Supervisory Board Members, we have further identified the areas where the professional perspectives and high level of insight of each director and member can be utilized to the maximum extent.

Furthermore, to improve the linkage between management strategy and the corporate officer remuneration system, the evaluation of each director will be determined by including a response to climate change, ESG, and the SDGs from FYE 2021.





Structure of Board of Directors

In accordance with the criteria for the appointment of directors, the Company always maintains an Outside Directors' ratio of at least one-third, and considers the appropriate structure of the Inside and Outside Directors as the occasion demands, taking into account the business environment and management strategy.

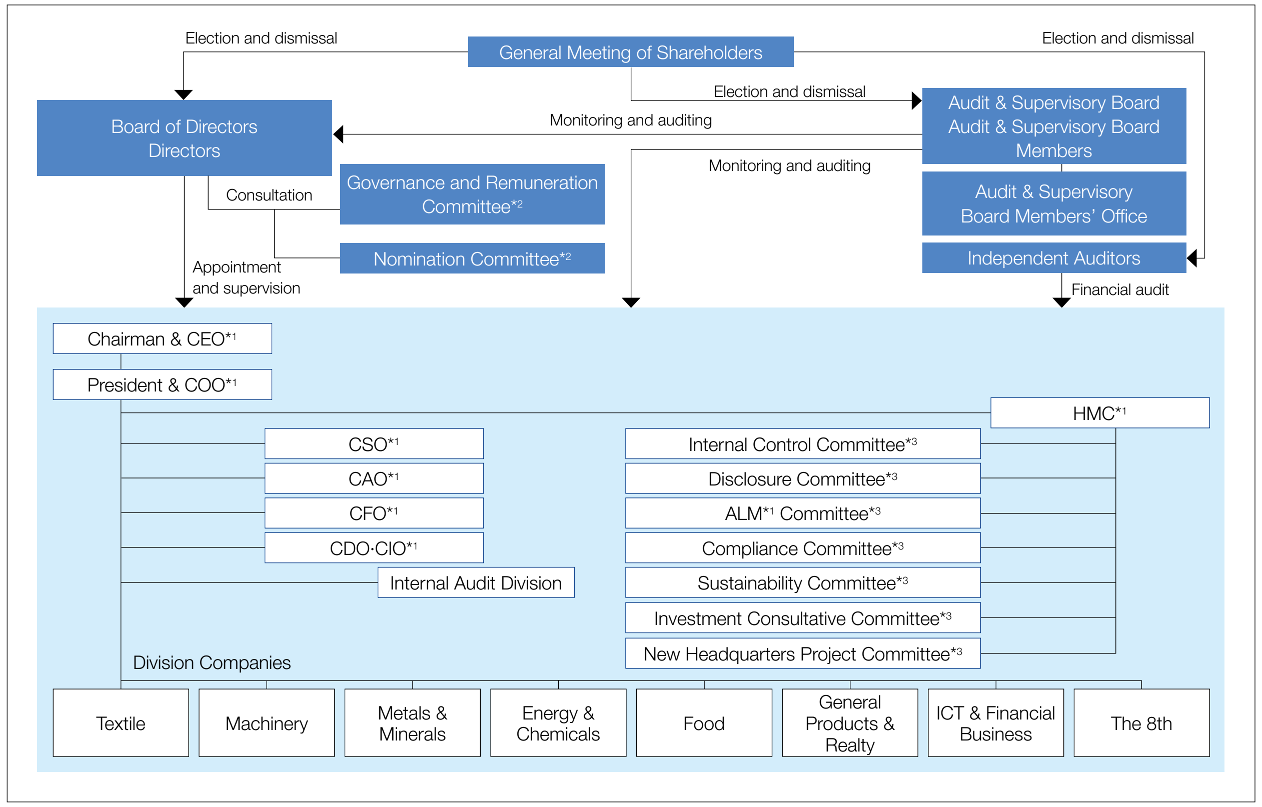
In FYE 2022, the ratio of Outside Directors decreased compared to the previous fiscal year, mainly due to the appointment of the Vice Chairman. However, we believe that the role and contribution of the Vice Chairman of the Board of Directors, who has experience as President & COO and operates at a fixed distance from the executive side, is significant and more meaningful for the management and governance of the Company. Furthermore, in FYE 2022 we continued to appoint two female Directors, maintaining a high level of female representation on the board.

Directors	Outside Directors	Ratio of Female Directors	Ratio of Outside Directors	Major Topics Discussed in FYE 2021
7 CEO COO CAO CFO P Overseas Vice Chairman (non-executive)	4 Male Female	18% (2 Female Directors)	36% (4 Outside Directors)	1. FYE 2021 Management Plan 2. Privatization of FamilyMart 3. Divest of Drummond thermal coal interests 4. Personnel matters relating to Board Members (change in President & COO, etc.) 5. Reinforcement of contribution to and engagement with the SDGs 6. Organizational reforms (abolition of branches, etc.)

* P: President, General Products & Realty Company
Overseas: CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations

Overview of Corporate Governance and Internal Control System

(As of July 1, 2021)



*1 CEO = Chief Executive Officer COO = Chief Operating Officer CSO = Chief Strategy Officer CAO = Chief Administrative Officer
CFO = Chief Financial Officer CDO·CIO = Chief Digital & Information Officer HMC = Headquarters Management Committee
ALM = Asset Liability Management

*2 Established advisory committees under the Board of Directors to enhance the transparency of the decision-making process and strengthen supervisory functions. The role of each advisory committee is as follows.
- Governance and Remuneration Committee: Deliberates and advises on proposals related to the remuneration system for Directors and Executive Officers and other matters on corporate governance.
- Nomination Committee: Deliberates and advises on proposals related to nomination and dismissal of Executive Officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and officers.

*3 Internal Control Committee (CAO): Deliberates on issues related to the development of internal control systems. Disclosure Committee (CFO): Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting. ALM Committee (CFO): Deliberates on issues related to risk management systems and balance sheet management. Compliance Committee (CAO): Deliberates on issues related to compliance. Sustainability Committee (CAO): Deliberates on issues related to sustainability, the SDGs, and ESG, excluding governance-related issues. Investment Consultative Committee (CFO): Deliberates on issues related to investment and financing. New Headquarters Project Committee (CAO): Deliberates on issues related to new headquarters project. The chairperson is stated in parentheses.

*4 CAO is the chief officer of compliance. Also, each Division Company has a Division Company President.

*5 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Enhance Corporate Value by Focusing on the Downstream

In my long experience as a merchant in the retail industry, I am conscious of the fact that further understanding of customer needs is directly connected to the expansion of businesses. I have always carried out my work with a focus on the downstream area, and my management team has always striven to put this into practice. As a merchant, I have empathized with how ITOCHU presents its businesses in simple terms and as the Guideline of Conduct, "I am One with Infinite Missions," to its employees. In ITOCHU's new medium-term management plan, we announced "Realizing business transformation by shifting to a market-oriented perspective" as one of the basic policies. We will make a major shift from our previous approach to promoting the creation of new growth opportunities and the evolution of the business model, starting from the downstream, namely, the final consumer. Going forward, I hope to use my experience to participate in ITOCHU's management from a higher perspective as an Outside Director in the public eye, and contribute to Groupwide earnings growth and enhancement of corporate value together with the merchants of the ITOCHU Group, including ITOCHU's management teams.

Kunio Ishizuka

Outside Director

Mr. Ishizuka has extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation). He was appointed to the ITOCHU Board of Directors in June 2021 and is a member of the Governance and Remuneration Committee.

Skills Matrix of Corporate Officers and Structure of Advisory Committees

ITOCHU'S corporate officers, regardless of whether they are inside or outside, bring their knowledge, experience, and high level of insight in their respective fields to management. To fully utilize the professional perspectives and high level of insight of each Outside Director and Audit & Supervisory Board Member, the areas in which they are expected to make a particular contribution are identified with ●, after consultation with each officer.

Note: For Inside Directors, the areas in which they have knowledge and experience are identified with ○, and for full-time Audit & Supervisory Board Members, Outside Directors, and Outside Audit & Supervisory Board Members, the areas in which they are expected to make a particular contribution are identified with ●, as stated previously.

Name	Title	Gender	Principle specialized area of experience / area in which officers are expected to make a particular contribution								Governance and Remuneration Committee	Nomination Committee	Main role, career history, qualifications, etc.
			All aspects of management	Global	Marketing / sales	SDGs & ESG	Health & medical care	Finance, accounting & risk management	Human resources & labor	Internal control & legal affairs / compliance			
Masahiro Okafuji	Chairman & CEO		○	○	○	○	○	○	○	○	Member	Member	President, Textile Company President, ITOCHU Corporation
Yoshihisa Suzuki	Vice Chairman		○	○	○	○	○	○	○	○			President & CEO, ITOCHU International Inc. President, ICT & Financial Business Company President & Chief Operating Officer, ITOCHU Corporation
Keita Ishii	President & COO		○	○	○	○	○	○	○	○	Member	Member	President, Energy & Chemicals Company
Tomofumi Yoshida	Director		○	○	○	○		○	○	○			President & CEO, ITOCHU International Inc. President, General Products & Realty Company
Yuji Fukuda	Director		○	○	○	○		○	○	○			President, Energy & Chemicals Company CEO for East Asia Bloc, CEO for Asia & Oceania Bloc
Fumihiko Kobayashi	Director		○	○		○	○	○	○	○	Observer	Member	General Manager of Human Resources & General Affairs Division Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Director		○	○	○	○		○	○	○			General Manager of Finance Division Chief Financial Officer, ITOCHU Corporation
Atsuko Muraki	Outside Director					●	●		●			Chair	Vice Minister of Health, Labour and Welfare
Masatoshi Kawana	Outside Director		●			●	●				Chair	Member	Vice President of Tokyo Women's Medical University Hospital Doctor of Medicine
Makiko Nakamori	Outside Director				●			●		●		Member	Certified Public Accountant
Kunio Ishizuka	Outside Director		●		●				●		Member		President and CEO / Chairman, Isetan Mitsukoshi Holdings Ltd.
Shuzaburo Tsuchihashi	Full-time Audit & Supervisory Board Member			●	●					●		Observer	President, ITOCHU Australia Ltd. Chief Operating Officer, Metal & Mineral Resources Division
Makoto Kyoda	Full-time Audit & Supervisory Board Member					●		●		●	Member		Chief Financial Officer, Food Company
Shingo Majima	Outside Audit & Supervisory Board Member			●				●		●	Member		Partner, KPMG LLP (U.S.) Certified Public Accountant in Japan and the U.S. (New York State)
Kentaro Uryu	Outside Audit & Supervisory Board Member				●			●		●		Member	Managing Partner, URYU & ITOGA Attorney-At-Law
Masumi Kikuchi	Outside Audit & Supervisory Board Member		●		●				●		Member		President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director / Director and Chairman, Atre Co., Ltd.

Information Provision and Support System for Outside Officers

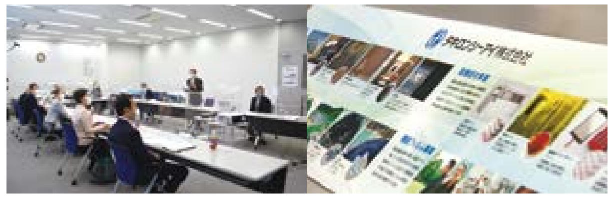
To fully demonstrate the function of outside officers whose responsibility is to monitor and audit management, and to maximize contribution to the Company's management objectively, it is essential to reduce the information asymmetry between inside and outside officers as much as possible. We strive to implement various initiatives to deepen the outside officers' understanding of ITOCHU's diverse businesses as a general trading company and to revitalize the Board of Directors.

Preliminary Briefings

We hold preliminary briefings for outside officers prior to the Board of Directors' meetings. In addition to explaining the important points and contents of each agenda item, for important agendas, we provide information to deepen understanding of the background and matters to be resolved of each agenda item, as well as the contents of discussion held in the internal management meeting. Furthermore, regarding the formulation of the management plan, ITOCHU conducts progress reports and opinion exchanges regarding the plan in order to reflect the diverse perspectives of outside officers in the numerous stages of the formulation process.

Site Visits

ITOCHU creates opportunities for outside officers to make periodic visits to business sites at Group companies and investees inside and outside Japan, and hold exchanges and dialogues with each management team and employees. The reason for this is to deepen the understanding of the diverse characteristics of the vast range of ITOCHU's business activities, products, and services, as well as connect these to appropriate management decisions.



C.I. TAKIRON Corporation Hold discussions surrounding the strengths of wide-ranging products and the contents of medium- to long-term ESG management initiatives.

DESCENTE LTD. Hold dialogues with employees on the front lines through visits to stores that deal with customers and get explanations of the medium-term management plan.

Procedure for Evaluation of the Board of Directors and Evaluation by External Consultants

ITOCHU conducted evaluations on the effectiveness of the Board of Directors for all 10 Members of the Board and 5 Audit & Supervisory Board Members for FYE 2021.

The results of this evaluation confirmed that the Company's Board of Directors continues to ensure its effectiveness in terms of the structure of the Board of Directors and advisory committees to the Board of Directors, the roles and duties of the Board of Directors, the operation status of the Board of Directors, and the information provision and training for Members of the Board and Audit & Supervisory Board Members.

External consultants confirmed that, in FYE 2021, the Board of Directors fully discussed matters that are highly consistent with the Company's medium- to long-term management strategies and contributed to the implementation of such strategies, and that the Board of Directors is functioning effectively. Among other things, the evaluation concluded that the Board of Directors is adequately fulfilling its role in demonstrating its effectiveness, including increasing the participation of outside officers in the management appointment process and the commitment to the SDGs in the medium-term management plan.

Based on the results of this effectiveness evaluation, ITOCHU will actively work on enhancement of discussions and reinforcement of supervision to maintain the effectiveness of the Board of Directors and further improve its functions.

Procedure

Conduct questionnaires

Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses)

Items covered by questionnaire
1. Structure of the Board of Directors
2. Structure of advisory committees to the Board of Directors
3. Role and duties of Board of Directors
4. Operation status of the Board of Directors
5. Information provision and training for Members of the Board and Audit & Supervisory Board Members

Conduct evaluation by external consultants

Conduct independent evaluation based on respondents' answers by external consultants

Conduct analysis and evaluation of results

Hold deliberations by the Governance and Remuneration Committee and Board of Directors based on the results of the evaluation by external consultants

Respond to priority issues

Maintain the effectiveness and further improve functions of the Board of Directors through enhancement of discussions and reinforcement of supervision based on the evaluation results

Status of Response to Prior Issues

1. Further improve diversity of the Board of Directors	In FYE 2021, the Company decided to appoint people with the knowledge of corporate management as outside officers (appointed as of the date of the 2021 Ordinary General Meeting of Shareholders). As a result, the Company ensured a structure for the Board of Directors that is highly consistent with "Realizing business transformation by shifting to a market-oriented perspective," one of the basic policies of the medium-term management plan, as well as even more diversity.
2. Enhance discussions based on a medium- to long-term perspective	The Board of Directors discussed ITOCHU's initiatives and Groupwide policies for promoting sustainability. Lively discussions were held based on a medium- to long-term perspective, including the decision to make "Enhancing our contribution to and engagement with the SDGs through business activities," one of the basic policies of the medium-term management plan.
3. Strengthen information provision for outside officers	Each outside officer holds a one-to-one meeting with the management team, and each Division Company holds briefing sessions explaining how to realize the medium-term management plan. Through these initiatives, we strive to further strengthen communication and reduce information asymmetry between inside officers and outside officers.

Key Issues to Be Addressed

For the Board of Directors to further demonstrate its functions, it has been pointed out that the Board should enhance discussions that contribute to the further improvement of corporate value and strengthen supervision of business execution, not only in terms of format but also in terms of effectiveness.

We will take advantage of various opportunities, including advisory committees and off-site discussions outside of the Board of Directors, to exchange opinions with outside officers, and engage in constructive discussions that contribute to the further enhancement of its effectiveness.

Policy on the Governance of Listed Subsidiaries

ITOCHU respects the autonomy of listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality, in accordance with ITOCHU's Policy on the Governance of Its Listed Subsidiaries, which was announced in October 2019. Each subsidiary and ITOCHU are in a mutually beneficial relationship to enhance corporate value as business partners. With the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these subsidiaries, we request that they set up the effective governance structure under which the independent outside directors of these listed subsidiaries are well functioned. For each of the listed subsidiaries, they have established and maintained an effective governance system at the time of the ordinary general meeting of shareholders in 2021, including the improved ratio of outside directors and the establishment of an independent advisory committee to the board of directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code.

The significance of holding each listed subsidiary from perspectives including the Group's management strategy is as follows:

(As of July 1, 2021)

Company name	Significance of holding	Ratio of independent outside directors	Advisory committees for the board of directors	Ratio of independent outside audit & supervisory board members
ITOCHU ENEX CO.,LTD.	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is an important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing the ITOCHU Group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve the SDGs, and carries out the fuel supply businesses for our Group companies.	38% (3 out of 8 directors)	• Governance Committee	50% (2 out of 4 members)
C.I. TAKIRON	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I. TAKIRON Corporation utilizes the ITOCHU Group's extensive domestic and international network for overseas expansion of C.I. TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I. TAKIRON Corporation's various products.	50% (3 out of 6 directors)	• Nomination / Remuneration Committee • Governance Committee*	50% (2 out of 4 members)
ISC ITOCHU-SHOKUHIN Co.,Ltd.	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing the Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as "Contribution to customers through creating sales floors which utilize DX," etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd.	33% (3 out of 9 directors)	• Governance Committee	50% (2 out of 4 members)
PRIMA MEAT PACKERS, LTD.	The principal and main business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role of supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes the Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in the Group.	40% (2 out of 5 directors)	• Management Advisory Committee	50% (2 out of 4 members)
CTC	ITOCHU Techno-Solutions Corporation serves a function as a sales channel for products and services using cutting-edge technology held by the ITOCHU Group's investees and business partners, and utilizes the Group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals.	33% (2 out of 6 directors)	• Nomination Committee • Remuneration Committee • Governance Committee	50% (2 out of 4 members)
CONEXIO	CONEXIO Corporation is expanding its business by utilizing the Group's extensive domestic and international network. It is expanding its mobile accessory sales business to overseas, as well as promoting more effective use of management resources, such as store assets and know-how in selling products and services to individual customers, in cooperation with companies in other industries in the Group.	38% (3 out of 8 directors)	• Nomination / Remuneration Committee • Governance Committee	50% (2 out of 4 members)

* Established on August 1, 2021

Corporate Officer Remuneration

ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration ratio is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. More specifically, the remuneration plan consists of fixed remuneration (1) monthly remuneration, and variable remuneration (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the increase of corporate value in the medium to long term.

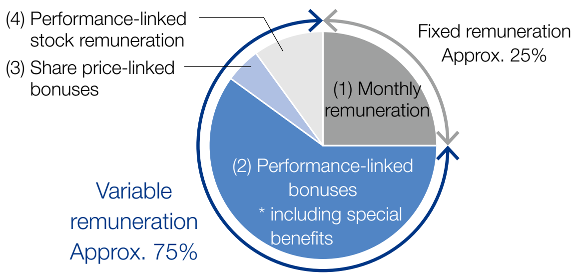
Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs.

The Company has adopted consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, as it is the source of capital for growth-oriented investment and returns to shareholders, and is of high interest on the stock market. In the unlikely event that consolidated net profit falls into a deficit, there is a strict system whereby no such bonus or remuneration is paid out. Furthermore, the share-price linked bonuses, which are indices linked to ITOCHU's share price, are calculated based on the increase in ITOCHU's stock price for each consecutive two fiscal years and relative evaluation between the growth rate of the average value of the ITOCHU's share price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX).

Overview of Remuneration System and Maximum Remuneration Limit

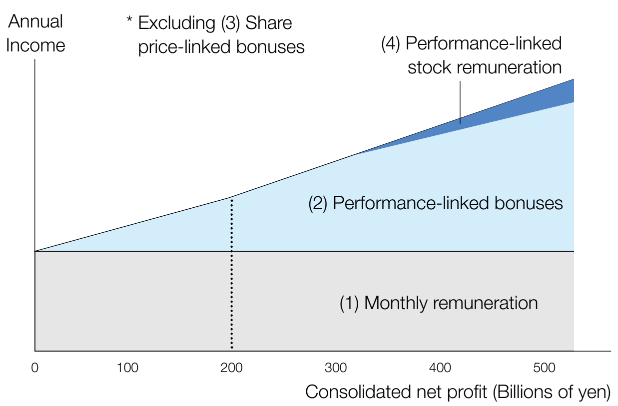
Fixed / Variable	Overview	Remuneration limit	Resolution at general meeting of shareholders
Fixed remuneration	(1) Monthly remuneration Determined based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs.	¥0.8 billion per year as total amount (including ¥0.1 billion per year as a portion paid to Outside Directors)	June 21, 2019
Variable remuneration (Single year)	(2) Performance-linked bonuses Determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director.	¥2.0 billion per year as total bonuses paid to all Directors * Not paid to Outside Directors	
Variable remuneration (Medium to long term)	(3) Share price-linked bonuses Calculated based on the increase in ITOCHU's stock price for two consecutive fiscal years and relative growth rate of ITOCHU's stock price compared to Tokyo Stock Price Index (TOPIX).		
	(4) Performance-linked stock remuneration Total payment amount is determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonuses.	The amounts below are limits for two fiscal years, for Directors and Executive Officers • Limit on contribution to trust by ITOCHU: ¥1.5 billion • Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 24, 2016

Composition of Remuneration for Directors (Excluding Outside Directors) (FYE 2021)



* In the event of a consolidated net loss, neither performance-linked bonuses nor performance-linked stock remuneration will be paid.

Remuneration Image of Directors (Excluding Outside Directors)



Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration

Total Amount Paid to All Directors

Total amount paid to all Directors = (A + B + C) x Sum of position points for all the eligible Directors ÷ 55

A = (Of consolidated net profit for FYE 2022, the portion up to ¥200.0 billion) x 0.35%

B = (Of consolidated net profit for FYE 2022, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%

C = (Of consolidated net profit for FYE 2022, the portion exceeding ¥300.0 billion) x 0.525% (of which, 0.175% as stock remuneration)

The total amount paid shall be the sum of A, B, and C, which shall be adjusted with due regard to the increase / decrease in the number of eligible Directors, the change in position, and other factors. (Remuneration limits exist on bonuses and stock remuneration.)

Amount Paid to an Individual Director

Amount paid to an individual Director =
Total amount paid to all Directors x Position points
÷ Sum of position points for all the eligible Directors

Amount paid to an individual Director is determined by dividing total amount paid to all Directors based on points assigned by position shown below;

Chairman	President	Executive Vice President (Resident in Japan)	Executive Vice President (Resident outside Japan)	Senior Managing Executive Officers	Managing Executive Officers
10	7.5	5	4	4	3

Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 80% of the amount paid in cash is linked to the plan achievement rate of the consolidated net profit of the assigned division / department.* In regard to stock remuneration during the term of office, annual points are awarded (1 point = 1 share), and after retirement stock remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

A Director that is a resident outside Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the equivalent amount of individual stock remuneration. The equivalent amount of individual stock remuneration is calculated in accordance with the formula on the left (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on the formula on the left.

* Formula for 80% of the amount paid in cash to an individual Director:
(Total base amount paid to all Directors x Position Point / Sum of Position points for all the eligible Directors) x 80% x Rate determined based on plan achievement rate of the consolidated net profit of the assigned division/department
• Rate: 100% + (plan achievement rate of the consolidated net profit of the assigned division / department – 100%) x 2 (if negative, it will be 0%)
• The plan achievement rate shall be 100% for the eligible Director for whom no plan achievement rate is measurable.

Calculation Formula for (3) Share Price-Linked Bonuses

Amount Paid to an Individual Director*1 (FYE 2022 and FYE 2023)
= ((Simple average of daily closing price of ITOCHU stock in FYE 2023) – (Simple average of daily closing price of ITOCHU stock in FYE 2021)) × 1,300,000 × (Total position points*2 of FYE 2022 and FYE 2023) / (108.8 points × 2 (years)) × Relative stock price growth rate*3

*1 Share price-linked bonus amounts are determined and paid after the Director retires (after the Executive Officer retires, in the case of taking on the position of Executive Officer after retirement of the Director). Furthermore, the amount payable to a Director retiring at the end of FYE 2022 will be calculated and determined in accordance with the above formula, based on the increase in ITOCHU's stock price and relative growth rate of the ITOCHU's stock price between FYE 2021 and FYE 2022.

*2 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses, excluding the 5 points assigned to an Executive Vice President who resides outside of Japan.

*3 Relative stock price growth rate = (simple average of daily closing price of ITOCHU stock in FYE 2023 / simple average of daily closing price of ITOCHU stock in FYE 2021) / (simple average of daily TOPIX in FYE 2023 / simple average of TOPIX in FYE 2021)

Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2021

(Rounded to the nearest million yen)

Type		Number of people	Total amount of remuneration (Millions of yen)	Details (Millions of yen)				
				Monthly remuneration	Performance-linked remuneration			
					Performance-linked bonuses	Share price-linked bonuses	Special benefits	Stock remuneration
Directors	Inside	6	2,274	575	1,009	268	355	67
	Outside	4	76	76	—	—	—	—
	Total	10	2,350	651	1,009	268	355	67
Audit & Supervisory Board Members	Inside	3	92	92	—	–	—	—
	Outside	3	57	57	—	–	—	—
	Total	6	148	148	—	–	—	—

Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on April 14, 2021, ITOCHU resolved to pay special benefits. These special benefits for FYE 2021 were paid within the limit of Director bonuses based on the minimization of earnings reductions caused by the COVID-19 pandemic, the achievement of the earnings goal in the "FYE 2021 Management Plan," the significant improvement of corporate value, and the Company claiming the top position in the general trading company industry for the first time in terms of annual average stock price and average market capitalization.

Members of the Board, Audit & Supervisory Board Members, and Executive Officers As of July 1, 2021




Under a new Board of Directors system, we will drive sustained growth in corporate value by combining sound leadership with transparent, fair decision-making.







Members of the Board

1 Chairman & Chief Executive Officer

Masahiro Okafuji

1974 Joined ITOCHU Corporation
2018 Chairman & Chief Executive Officer
Number of shares held: 287,035 (115,340*1)

2 Vice Chairman

Yoshihisa Suzuki

1979 Joined ITOCHU Corporation
2018 President & Chief Operating Officer
2021 Vice Chairman
Number of shares held: 143,322 (69,838*1)

3 President & Chief Operating Officer

Keita Ishii

1983 Joined ITOCHU Corporation
2021 President & Chief Operating Officer
Number of shares held: 100,694 (34,191*1)

4 Member of the Board

Tomofumi Yoshida

President, General Products & Realty Company

1979 Joined ITOCHU Corporation
2019 Executive Vice President
Number of shares held: 103,226 (33,776*1)

5 Member of the Board

Yuji Fukuda

CEO for East Asia Bloc;
CEO for Asia & Oceania Bloc;
Executive Advisory Officer for CP & CITIC Operations

1979 Joined ITOCHU Corporation
2019 Executive Vice President
Number of shares held: 44,200

6 Member of the Board

Fumihiko Kobayashi

Chief Administrative Officer

1980 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 128,591 (44,711*1)

7 Member of the Board

Tsuyoshi Hachimura

Chief Financial Officer

1991 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 124,178 (41,978*1)

8 Member of the Board *2

Atsuko Muraki

2016 Outside Director, ITOCHU Corporation
Number of shares held: 2,700

9 Member of the Board *2

Masatoshi Kawana

2018 Outside Director, ITOCHU Corporation
Number of shares held: 10,300

10 Member of the Board *2

Makiko Nakamori

2019 Outside Director, ITOCHU Corporation
Number of shares held: 10,500

11 Member of the Board *2

Kunio Ishizuka

2021 Outside Director, ITOCHU Corporation
Number of shares held: 1,000

2	1	3
4		5
6	7	8
9	10	11

"Number of shares held" indicates the number of ITOCHU shares.
*1 Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.
*2 Indicates an Outside Director as provided in Article 2, Item 15 of the Companies Act.

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Shuzaburo Tsuchihashi

1985 Joined ITOCHU Corporation
2018 Audit & Supervisory Board Member
Number of shares held: 14,150

Audit & Supervisory Board Member

Makoto Kyoda

1987 Joined ITOCHU Corporation
2020 Audit & Supervisory Board Member
Number of shares held: 24,810

Audit & Supervisory Board Member*2

Shingo Majima

2013 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 0

Audit & Supervisory Board Member*2

Kentaro Uryu

2015 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 7,200

Audit & Supervisory Board Member*2

Masumi Kikuchi

2021 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 1,000

Executive Officers

Chairman & Chief Executive Officer

Masahiro Okafuji

President & Chief Operating Officer

Keita Ishii

Executive Vice Presidents

Tomofumi Yoshida
President, General Products & Realty Company

Yuji Fukuda
CEO for East Asia Bloc;
CEO for Asia & Oceania Bloc;
Executive Advisory Officer for CP & CITIC Operations

Fumihiko Kobayashi
Chief Administrative Officer

Tsuyoshi Hachimura
Chief Financial Officer

Managing Executive Officers

Hiroyuki Tsubai
President, Machinery Company
Number of shares held: 51,039
(12,784*1)

Masahiro Morofuji
President, Textile Company;
Executive Advisory Officer for Osaka Headquarters
Number of shares held: 77,252
(32,670*1)

Mitsuru Chino*3
President & CEO, ITOCHU International Inc.
Number of shares held: 26,204

Hiroyuki Kaizuka
President, Food Company
Number of shares held: 65,663
(28,466*1)

Tomoyuki Takada
General Manager, Corporate Communications Division
Number of shares held: 62,455
(17,455*1)

Tatsushi Shingu
President, ICT & Financial Business Company
Number of shares held: 59,927
(23,527*1)

Toshikazu Otani
Chief Executive for Africa
Number of shares held: 30,949

Executive Officers

Hisato Okubo
Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division
Number of shares held: 45,155
(15,505*1)

Hidefumi Mizutani
Vice President, ITOCHU East Asia Bloc (East China);
Managing Director, ITOCHU SHANGHAI LTD.
Number of shares held: 23,720

Shinjiro Tanaka
CEO, European Tyre Enterprise Limited
Number of shares held: 7,249

Takanori Morita
Chief Executive for Europe & CIS Bloc; CEO, ITOCHU Europe PLC
Number of shares held: 31,155

Masaya Tanaka
President, Energy & Chemicals Company;
Chief Operating Officer, Power & Environmental Solution Division
Number of shares held: 37,166
(9,866*1)

Kenji Seto
President, Metals & Minerals Company
Number of shares held: 49,535
(17,385*1)

Yoshiko Matoba
General Manager, Human Resources & General Affairs Division
Number of shares held: 45,806
(1,061*1)

Hiroyuki Naka
Chief Digital & Information Officer;
General Manager, Corporate Planning & Administration Division
Number of shares held: 16,658
(1,529*1)

Shuichi Kato
President, The 8th Company
Number of shares held: 24,327
(2,172*1)

Masatoshi Maki
Chief Operating Officer, Construction & Real Estate Division
Number of shares held: 22,284
(1,061*1)

Tatsuo Odani
President, Leilian Co., LTD.
Number of shares held: 23,265
(355*1)

Masazumi Nishikage
Director, SEVP & COO, Dole Asia Holdings Pte. Ltd.
Number of shares held: 10,331

Tadayoshi Yamaguchi
SVP & CAO, ITOCHU International Inc.; General Manager, Corporate Planning Division, ITOCHU International Inc.; General Manager, Corporate Development Division, ITOCHU International Inc.; President & CEO, ITOCHU Canada Ltd.
Number of shares held: 5,912

Satoshi Watanabe
General Manager, Finance Division
Number of shares held: 19,975

Hideto Takeuchi
Chief Operating Officer, Brand Marketing Division 2
Number of shares held: 20,761

Kenichi Tai
Chief Operating Officer, Fresh Food Division
Number of shares held: 20,133

Hiroshi Kajiwara
Chief Operating Officer, ICT Division
Number of shares held: 20,103

Akira Saito
General Manager, Legal Division
Number of shares held: 20,099

"Number of shares held" indicates the number of ITOCHU shares.
*1 Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.
*2 Indicates an Outside Audit & Supervisory Board Member as provided in Article 2, Item 16 of the Companies Act.
*3 Ms. Mitsuru Chino's registered name is Mitsuru Ike.
For executives' career histories, please see the website:
https://www.itochu.co.jp/en/about/officer/

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Business Portfolio

In the context of strengths, risks, and opportunities in each business field, this section outlines the strategies of the Division Companies that comprise ITOCHU's business portfolio. The explanation is given with an awareness of the corporate value calculation formula (with a view to investment decisions) and the bearing these strategies have on material issues.

CONTENTS

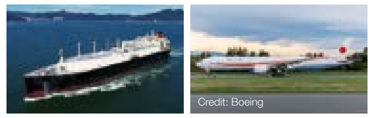
Financial Summary

Segment Overview*1

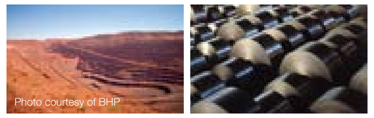
	3-year average	Percentage of the Total for ITOCHU (3-year average)			
	ROA*2	Core profit	Total assets	Core operating cash flows	Number of employees (Consolidated)
Textile Company	4.0%	4.2%	4.3%	3.4%	6.5%
Machinery Company	4.2%	10.7	10.9	10.1	11.2
Metals & Minerals Company	11.9%	21.3	7.9	19.8	0.4
Energy & Chemicals Company	4.3%	12.0	11.8	15.9	10.2
Food Company	2.6%	9.6	16.2	15.3	29.0
General Products & Realty Company	4.7%	10.0	9.4	8.2	13.8
ICT & Financial Business Company	5.2%	12.1	11.0	15.4	15.4
The 8th Company	1.4%	4.3	19.5	12.0	11.3
Others, Adjustments & Eliminations		15.8	9.0	(0.1)	2.2
Non-Resource		76.1%	91.1%	75.5%	95.0%
Resource		23.9%	8.9%	24.5%	5.0%

Textile Company

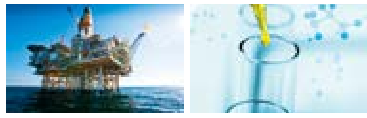
Machinery Company



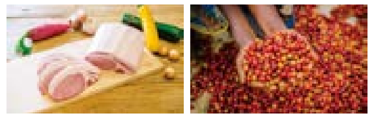
Metals & Minerals Company



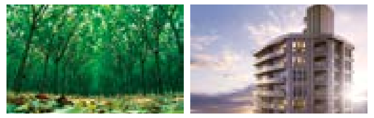
Energy & Chemicals Company



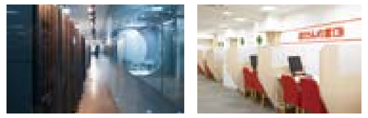
Food Company



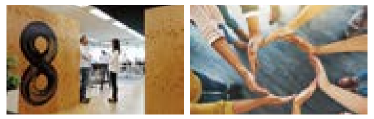
General Products & Realty Company



ICT & Financial Business Company



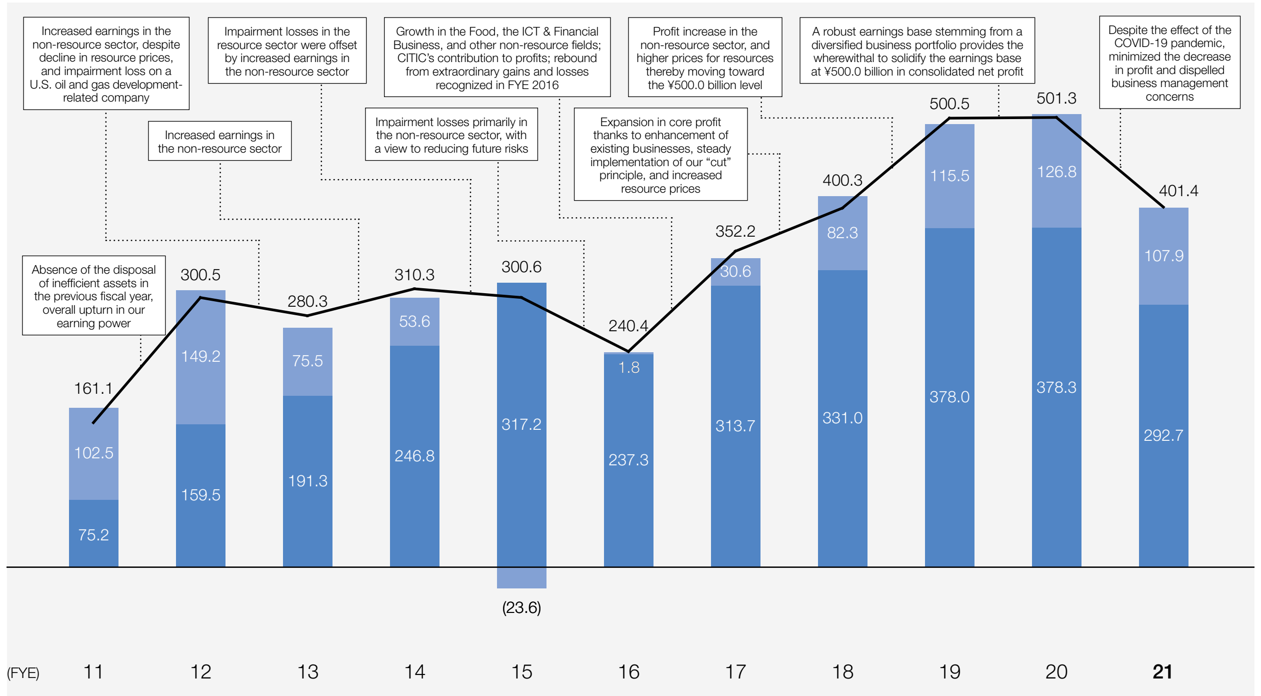
The 8th Company



*1 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2019 have been adjusted retroactively.
*2 In calculating average ROA, core profit has been used.

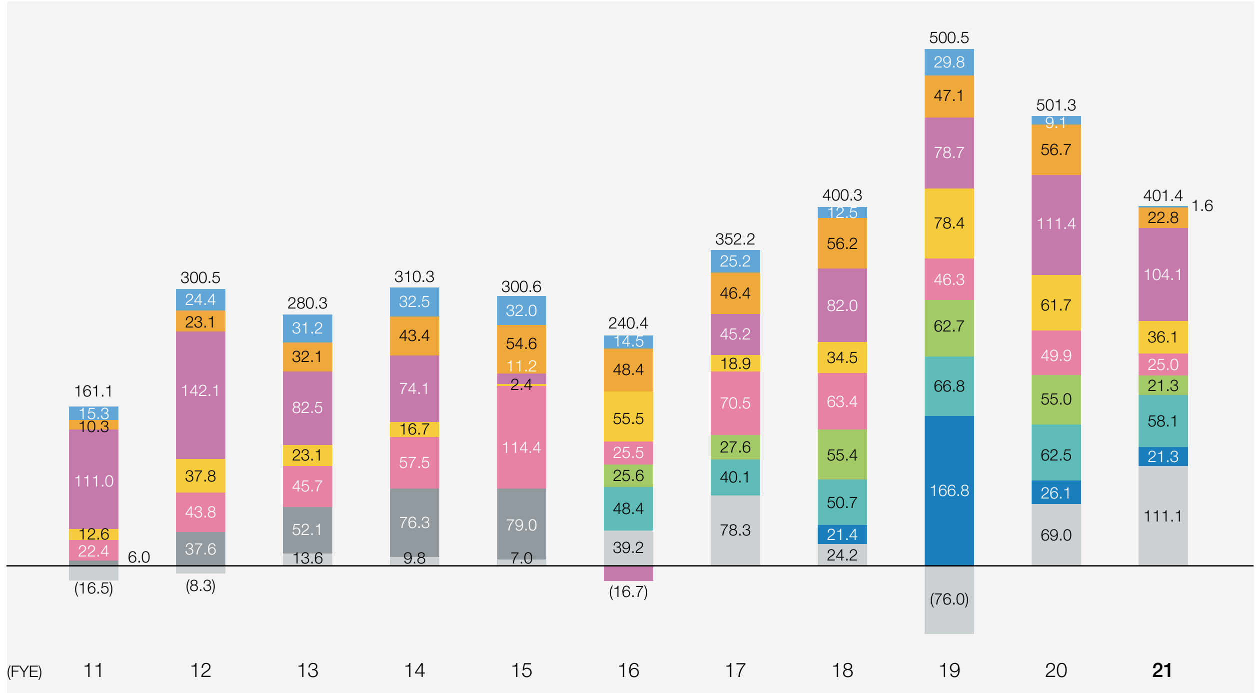
* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

Consolidated Net Profit (Loss) (Non-Resource / Resource) (Billions of yen)



— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector
* Others, Adjustments & Eliminations except for CITIC & CP related profit (loss) is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit (Loss) by Segment (Billions of yen)



	11	12	13	14	15	16	17	18	19	20	21
Extraordinary Gains and Losses	(57.5)	20.0	0.0	0.0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0	(51.0)
Core Profit	218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3	452.4

■ Textile Company ■ Machinery Company ■ Metals & Minerals Company ■ Energy & Chemicals Company ■ Food Company
■ ICT, General Products & Realty (until FYE 2015) ■ General Products & Realty (from FYE 2016) ■ ICT & Financial Business (from FYE 2016)
■ The 8th (from FYE 2018) ■ Others, Adjustments & Eliminations
*1 In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.
*2 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

Textile Company

- Brand business
- Raw materials, garment materials, and apparel
- Industrial materials

Masahiro Morofuji
President, Textile Company

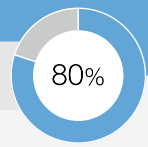
From left: **Hideo Nakanishi,**
Chief Operating Officer, Apparel Division
Yoshinori Kitajima,
Chief Operating Officer, Brand Marketing Division 1
Hideto Takeuchi,
Chief Operating Officer, Brand Marketing Division 2
Masato Sakuragi,
Chief Financial Officer
Noriya Hashimoto,
General Manager, Planning & Administration Department

Company Strengths

- Strong position as the unmistakable leader among general trading companies in the textile industry
- Full-spectrum value chain that includes everything from upstream to downstream operations in the textile industry
- Highly efficient business foundation and a balanced asset portfolio

Business Development

Percentage of Earnings from Domestic Business (image)

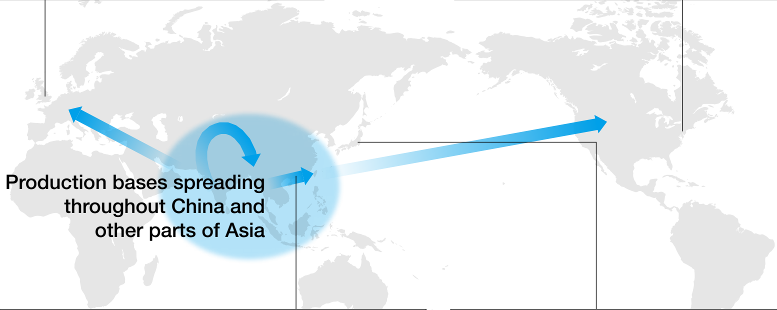


Raw Materials / Garment Materials / Apparel

Products: Textile materials, textiles, garment materials, textile products, etc.

Product planning and sales base for the European market
- ITOCHU Europe

Product planning and sales base for the North American market
- ITOCHU Prominent U.S.A.



Product planning, production, and sales bases for markets in China and other parts of Asia / Production base for the Japanese, European, U.S., and global markets
- ITOCHU TEXTILE (CHINA)
- ITOCHU Textile Prominent (ASIA)

Product planning, production, and sales bases targeting Japanese, Chinese, Asian, and global markets
- ITOCHU • EDWIN • Sankei
- DESCENTE • UNICO • LEILIAN
- ROYNE

Industrial Materials

Products: Fiber materials used for hygiene, automobile interior materials, electronics materials, building and civil engineering materials, and lifestyle-related products, etc.

Establishment of local supply chains that match customer needs and locations (Focus region: China and other parts of Asia)

Spread the business model established in Japan, China, and other parts of Asia throughout the world

Brand Business

Brand owner

- Participation in management / Trademark rights
  - Primary brands handled: CONVERSE, HUNTING WORLD, LeSportsac, OUTDOOR PRODUCTS, Paul Smith
- Exclusive import and distribution rights / Master license rights
  - Primary brands handled: FILA, HEAD, Psycho Bunny, Santoni, Vivienne Westwood

FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Established the new Digital Strategy Department in July 2020. In response to changing consumer behavior caused by the COVID-19 pandemic, the department is strengthening e-commerce and promoting digitalization at Group companies
- Implemented a full-scale global rollout of recycled polyester fiber "RENU," which is sourced from old garments and textile
- Began a test rollout of "Kuura," a revolutionary cellulose fiber made through joint development with the Finland-based Metsä Group

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Promoting trade where we take the initiative by utilizing new technologies and developing sustainable materials
- Thoroughly conducting lean management in brand and retail-related businesses and promoting market-oriented business transformation by strengthening e-commerce and growing new sales channels
- Supporting DESCENTE's overseas business expansion and increasing overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Using RFID, IT, and data to enhance the efficiency of production, sales, and logistics operations
- Respecting human rights throughout supply chains and promoting trade with companies who engage in environmental management
- Promoting establishment of a safe and reliable product supply system

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Details of the action plans are available on our website: https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/

Evolve Businesses Through Technological Innovation · Address Climate Change (Contribute to Realization of a Decarbonized Society) · Cultivate a Motivating Workplace Environment · Respect Human Rights · Contribute to Healthier and More Enriched Lifestyles · Ensure Stable Procurement and Supply · Maintain Rigorous Governance Structures

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

Softwood-derived cellulose fiber "Kuura"

Yuki Kamagata
Textile Material Section

Full-Scale Construction of a Value Chain Centered on Sustainable Materials

We have begun the full-scale construction of a value chain where we take the initiative. This starts with textile raw materials centered on sustainable materials.

The "RENU" project was launched in FYE 2020 with the aim of addressing the issue of excessive waste in the textile industry. Through this project, our textile-derived recycled polyester material has become more widely adopted and used by over 40 brands and companies related to clothing, accessories, and more.

In addition, in March 2021 we began a test rollout of the cellulose fiber "Kuura," which is derived from softwoods. Jointly developed with the Metsä Group, a major forest industry group based in Finland, this revolutionary new material is garnering attention for sustainability, due in part to the established traceability of wood, as well as its reduced environmental burden from using renewable energy at factories and a novel solvent in the manufacturing process.

Going forward, we will continue working to expand trade in sustainable materials while fully leveraging the Company's global supply chain that spans from raw textile materials to finished products.

Machinery Company

- Urban environmental and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- Marine and aerospace (new vessels, secondhand vessels, ship ownership, commercial aircraft, aircraft leasing, and satellite information services)
- Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)
- Construction machinery, industrial machinery, and medical devices (sales in domestic and international markets, and business investments)

Hiroyuki Tsubai
President, Machinery Company

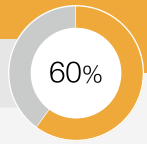
From left: **Naohiko Yoshikawa,**
Chief Operating Officer, Plant Project, Marine & Aerospace Division
Hiroshi Ushijima,
Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Shuichiro Yamaura,
Chief Financial Officer
Tatsuya Hirano,
General Manager, Planning & Administration Department

Company Strengths

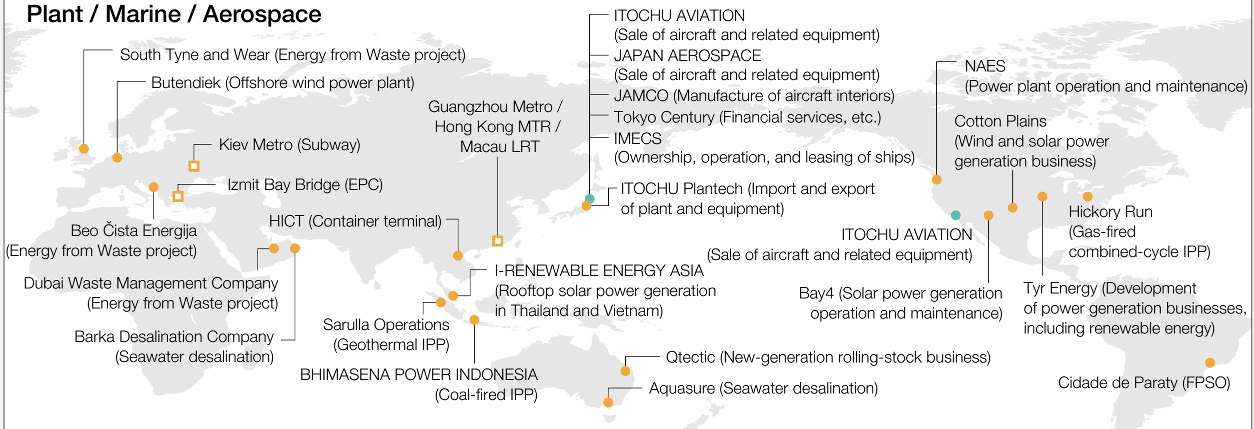
- Solid business relationships with excellent partners in each business area
- Wide-ranging business development leveraging expertise in investment and trading business
- Diverse businesses in advanced countries and business developments in emerging countries with minimal country risk

Business Development

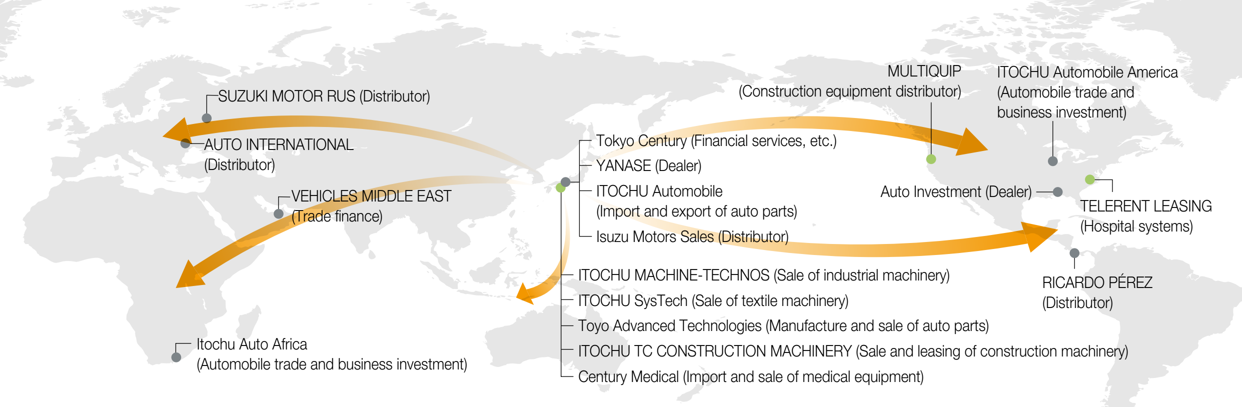
Percentage of Earnings from Domestic Business (image)



Plant / Marine / Aerospace



Automobile / Construction Machinery / Industrial Machinery



FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Promoted development of the solar power business in the U.S. and Asia as well as expanded and strengthened the renewable energy field of the power plant operation and maintenance business
- Enhanced environmental business, including an Energy from Waste project in Dubai
- Began investing in and joint operations of the start-up SkyDrive Inc., which is developing a flying car
- Started a study on promoting overseas EV fleet solution business with Dishangtie (DST), who provides the same business model throughout China while deepening relations and cooperation
- Extended our value chain into downstream fields by investing in a rental company through ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Expanding peripheral functions, such as operations, maintenance, and demand–supply balancing services, in addition to strengthening business development capabilities in the renewable energy field
- Promoting the fuel supply business and developing/owning zero-emission ships, which use ammonia as fuel, with the aim of reducing marine GHG emissions
- Expanding value-added businesses in the water and environment sectors, both geographically and in terms of functions, to spur the transition to a circular economy and meet social needs
- Transforming total value chains in the automobile field
- Providing leading-edge medical devices and advanced medical services to enhance quality of life in the medical field

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Complying with coal-related business policy and promoting renewable energy projects accounting for national/regional energy differences
- Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification
- Conducting due diligence on environmental/social safety for suppliers and investments in new development projects

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

Nazareth Solar Power Facility in Pennsylvania, USA

Kento Shibata
Power Infrastructure Section No. 4

Expansion of Operation and Maintenance (O&M) Business for Renewable Energy in the U.S.

In December 2020, ITOCHU acquired Bay4 Energy Services, LLC (Bay4), which provides O&M services for solar power plants, through its wholly owned U.S.-based subsidiary NAES Corporation, which is one of the world's largest independent O&M services companies. Bay4 leverages its system that remotely monitors operations and malfunctions to provide O&M services efficiently to approximately 1,400 solar power plants, representing combined generating capacity of 1,600 MW, that are owned by major utilities, institutional investors, and other clients.

In combination with the solar power plant development endeavor of another U.S. subsidiary, Tyr Energy Inc., we are enhancing our contribution to and engagement with the SDGs by providing comprehensive services throughout the solar power generation value chain from development to O&M.

Metals & Minerals Company

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steel-making (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CCUS, emissions trading, etc.)
- Steel business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)

Kenji Seto
President, Metals & Minerals Company

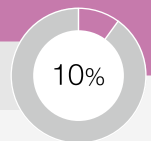
From left: **Jun Inomata,** Chief Operating Officer, Metal & Mineral Resources Division
Kazuyoshi Sato, Chief Financial Officer
Osamu Tano, General Manager, Planning & Administration Department
Toru Shinya, General Manager, Steel Business Coordination Department

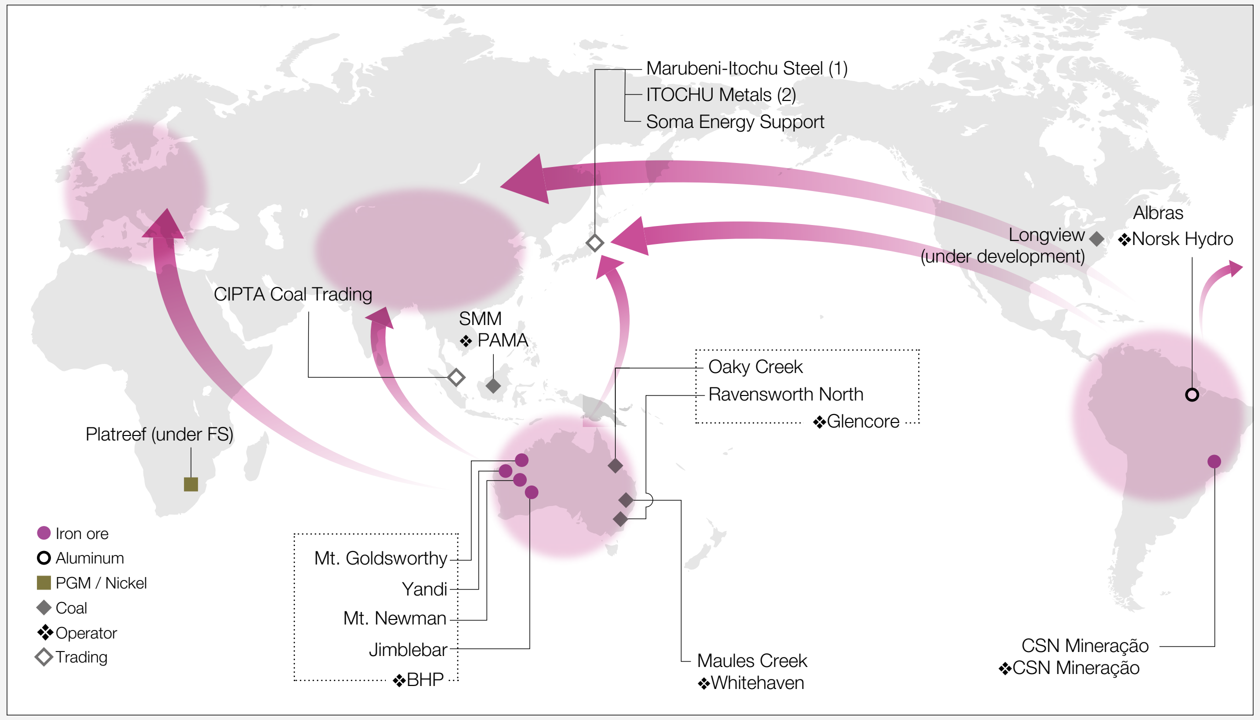
Company Strengths

- Strong relationships with blue-chip business partners in each business area
- Ownership of superior natural resource assets, in particular centering on iron ore and coal
- Broad-ranging trade flows that run from upstream (metal & mineral resources and metal materials) to downstream (steel / non-ferrous products)

Business Development

Percentage of Earnings from Domestic Business (image)





(1) Marubeni-Itochu Steel

- Trading company that specializes in the steel distribution business and has business foundations in regions worldwide
- Provision of high-value-added services related to steel and other products, including import, export, sale, processing, supply chain management, and investment in steel-related industries

(2) ITOCHU Metals

- Trading company that specializes in non-ferrous metals and recycling, operates from raw material supply to resource recycling worldwide
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy

FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Promoted development of South Flank iron ore mine in Australia and Longview coking coal mine in the U.S. with the aim of building a natural-resource asset portfolio supporting continued future business growth
- To make hydrogen a practical fuel option for society, started to collaborate with NIPPON COKE & ENGINEERING CO., LTD. and Compagnie Maritime Belge B.V. in Belgium to promote a "local production for local consumption" model for hydrogen in northern Kyushu
- To promote decarbonization, divested our interest in the Drummond thermal coal mine
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately disposing of waste

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects that help realize decarbonization across society
- Further promoting initiatives for venous industries to help build a circular economy, such as recycling and appropriate waste treatment
- Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, storage batteries, and lighter-weight materials that improve energy efficiency

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reductions
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals)
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs
- Complying with our Environment, Health, and Safety (EHS) Guidelines and continuing employee education on the Guidelines
- Contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance to the establishment of regional infrastructure
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, and conversion to the automated operation of mining equipment

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

CMB's hydrogen mixed fuel engine

Sho Kusuda
Carbon Neutral Management Section

Constructing a "Local Production for Local Consumption" Hydrogen Business in Northern Kyushu

ITOCHU is promoting cross-division initiatives related to hydrogen as a key technology for carbon neutrality.

The Metals & Minerals Company is conducting a joint operationalization research related to a "local production for local consumption" hydrogen business in northern Kyushu with ITOCHU's major customer NIPPON COKE & ENGINEERING CO., LTD. and Belgium's largest general maritime shipping company Compagnie Maritime Belge B.V. (CMB), which has a long-standing business relationship with ITOCHU in building new ships.

The aim of the project is to generate demand (underpinned by CMB's hydrogen engine), provide supply (underpinned by by-product hydrogen from the coke business), and both construct and launch a "local production for local consumption" model by FYE 2024. Furthermore, we will strengthen initiatives to contribute to the SDGs by making hydrogen a practical fuel option on a global scale through a proactive rollout of the project to other regions.

Energy & Chemicals Company

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), biomass fuel, and other related materials)

Masaya Tanaka
President, Energy & Chemicals Company;
Chief Operating Officer,
Power & Environmental Solution Division

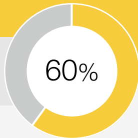
From left: **Hisato Okubo,**
Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division
Nobuyuki Tabata,
Chief Operating Officer, Chemicals Division
Kenji Takai,
Chief Financial Officer
Isao Nakao,
General Manager, Planning & Administration Department

Company Strengths

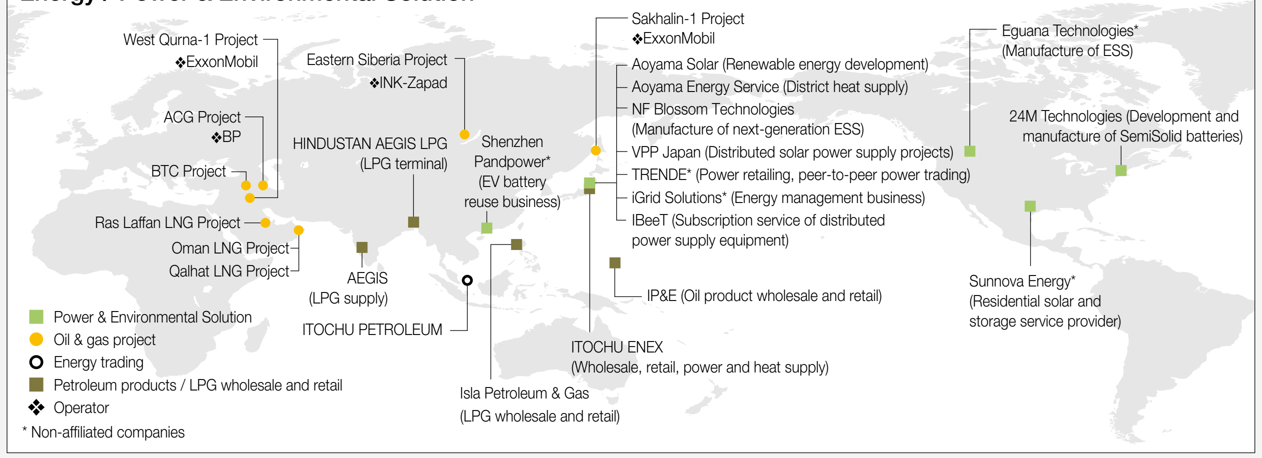
- Development and trading of eco-friendly energy
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consists of both investments and trade businesses

Business Development

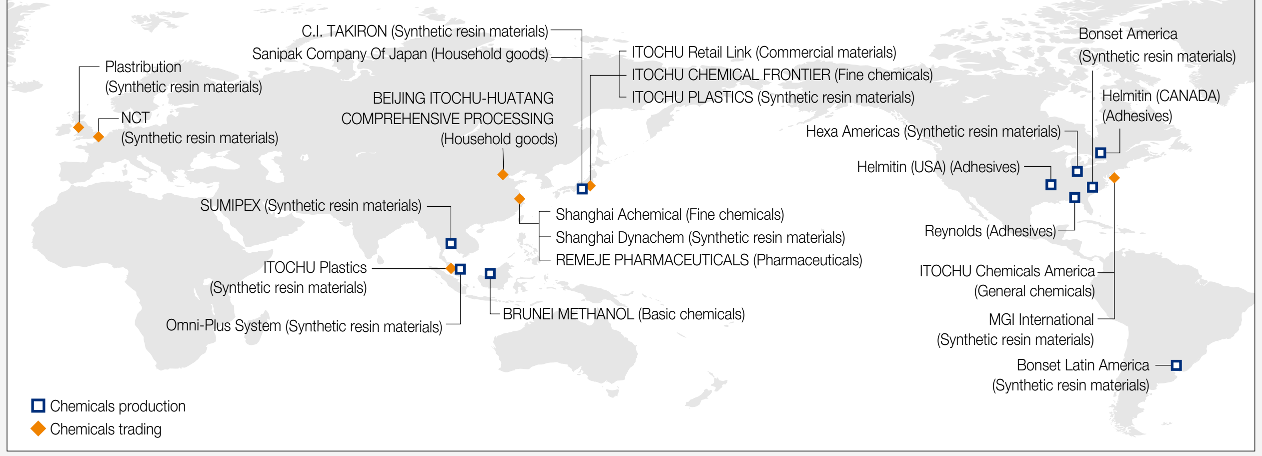
Percentage of Earnings from Domestic Business (image)



Energy / Power & Environmental Solution



Chemicals



FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

Supplied sustainable aviation fuel on commercial flight scale for the first time Japan
Promoted the joint development and branding of products using eco-friendly materials with brand owners
Started development of a hydrogen value chain through strategic joint venture with Air Liquide Japan G.K.
Strengthened capital and business alliance with reputable partners in ESS businesses and launched new products which contribute its users to utilize environmental value
Promoted commercialization of large-scale renewable energy projects, such as starting operations at biomass power plants and inviting reputable partners for wind power generation, and development of solar distributed power sources

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
Developing new products using reused EV batteries for industry and business, and promoting next-generation battery business including SemiSolid batteries
Realizing the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants; expanding electric power and biomass fuel trade in line with the needs of the SDGs
Promoting CCUS-related projects by utilizing our expertise and collaborating with global leading companies

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

Accelerating initiatives for environment-related business, such as sustainable fuel and renewable energy, to contribute to decarbonization across society
Enhancing activities to further minimize environmental burden in our existing portfolio

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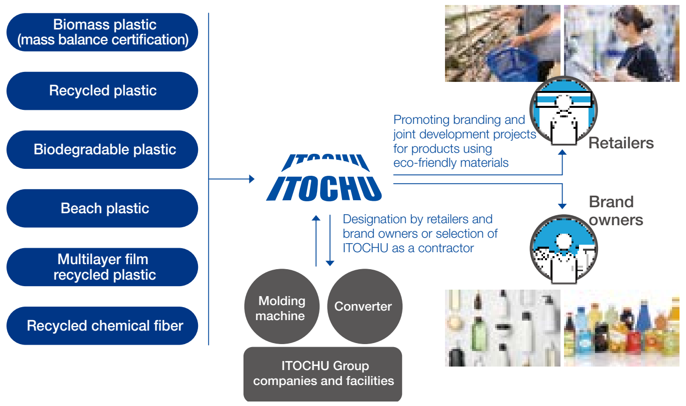
Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Promoting a Market-Oriented Environmental Business

ITOCHU is proactively addressing environmental problems. We are working with U.S.-based TerraCycle, Inc. to develop recycled plastic derived from marine waste and build a recycle–reuse model, and also working with European companies to introduce eco-friendly materials, such as biomass plastic and recycled nylon. We are currently promoting branding and joint development projects for products using eco-friendly materials with retailers and brand owners. By leveraging our global sales network and top-tier synthetic resin sales in the industry, we will contribute to realizing a sustainable society by promoting environment-related businesses from a market-oriented perspective, in order to build a new supply chain based on "*Sampo-yoshi*" from downstream to upstream.

A New Supply Chain Based on "*Sampo-yoshi*" from Downstream to Upstream



Takuya Kobayashi
Chemical Projects
Development Team

Food Company

- Food resources and ingredients
- Food production and processing
- Food marketing & distribution

Hiroyuki Kaizuka
President, Food Company

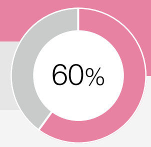
From left: **Shuichi Miyamoto,**
Chief Operating Officer, Provisions Division
Kenichi Tai,
Chief Operating Officer, Fresh Food Division
Hidenari Sato,
Chief Operating Officer, Food Products Marketing & Distribution Division
Kenichiro Soma,
Chief Financial Officer
Kuniaki Abe,
General Manager, Planning & Administration Department

Company Strengths

- Top-class food distribution and retail network
- Worldwide network of production, distribution, and sales value chains for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources

Business Development

Percentage of Earnings from Domestic Business (image)



Food Resources & Ingredients

Food resources

- Provence Huiles (Manufacture of vegetable oils)
- OILSEEDS INTERNATIONAL (Sale of vegetable oils)

- Value chain for functional vegetable oils
- Quality Technology International (Sale of soybeans and functional feed additives)
- CGB (Grain collection, sales, warehousing, and logistics)
- UNEX (GUATEMALA) (Refinement and export of coffee)

Food Production & Processing

- FUJI OIL
  - Commercial-use chocolate
  - **No. 1** share of the domestic market
  - **No. 3** share of the global market

- Soybean protein (soybean meat raw material) **No. 1** share of the domestic market
- ITOCHU FEED MILLS (Production and sale of compound feed)
- ITOCHU Sugar (Production, processing, and sale of sugar)

Food Marketing & Distribution

- ITOCHU Food Sales and Marketing (Import and sale of raw materials for food products)
- ITOCHU-SHOKUHIN (Wholesale and distribution of foods, etc.)
- NIPPON ACCESS

- General wholesalers for CVS and general merchandise stores
- **No. 2** net sales among Japan's food wholesale industry
- **520 distribution locations**

Retailers

Consumers

Fresh food

- Dole (Asian fresh produce business and packaged foods business)
  - **No. 1** share of the U.S. market for canned pineapple and pineapple juice

- HYLIFE GROUP HOLDINGS

- **Integrated pork production**
  Meat value chain
- Longrong Meat Foodstuff* (Production and sale of meat)

- Prima Meat Packers

- Integration of domestic pork
- YANTAI LONGRONG FOODSTUFFS (Production and sale of processed meat products)
- ANEKA TUNA INDONESIA (Production and sale of canned and pouched tuna)

- SHANGHAI ZHONGXIN* (Wholesale and distribution of foods)
- BIX* (Wholesale and distribution of foods)

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries ■ Other countries * Non-affiliated companies

FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Expanded our integrated pork production base in the North American region by acquiring Prime Pork, LLC, a hog farming operation of ProVista group, through HYLIFE GROUP HOLDINGS LTD.
- Expanded digital services supporting DX of retail operations through the Group's wholesale operations and promoted optimization of the food supply chain
- Invested in Farmer Connect SA, a traceability platform for coffee that supports sustainable production by farmers

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Broadening production bases, which ensures food safety and security, and developing a stable supply network
- Leveraging the Group's wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding our business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supporting development to create employment and improve living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Diversifying production regions to ensure stable supplies of fresh foods and avoid risks related to weather and epidemics
- Strengthening our sustainable food resource procurement system, which protects the environment and respects human rights
- Reducing our environmental impact by using green energy in our packaged foods business
- Increasing the number of employees holding international certifications for inspections under a food safety management system (FSMS)
- Creating a procurement system, which complies with third-party verification and our business partners' own codes of conduct

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Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Grapeseed oil produced by Provence Huiles which meets the SDGs

France-Based Provence Huiles Made a Wholly Owned Subsidiary

ITOCHU made Provence Huiles S.A.S. (PH), which conducts vegetable oil manufacturing and sales mainly in Europe, a wholly owned subsidiary.

PH handles highly functional vegetable oils, such as grapeseed oil and high oleic sunflower oil, and also focuses on sustainable products, such as organic oils that require strict management. PH is one of the largest grapeseed oil producers in the world by volume.

Since its capital participation in September 2015, ITOCHU combined its marketing capabilities in North America and Asia with PH and has actively worked to strengthen the value chain for functional vegetable oils. Now that PH has been made a wholly owned subsidiary, we will continue building a product supply system to more adeptly meet diversifying consumer needs and growing health consciousness.

Yosuke Yasuda
Oils & Fats Section

General Products & Realty Company

- Paper, pulp, and hygiene (production, wholesale)
- Natural rubber and tire (processing, wholesale, and retail)
- Wood products and materials (production, wholesale)
- Development and operation of real estate (housing, logistics facilities, etc.)
- Logistics (3PL, international transport, logistics systems, etc.)

Tomofumi Yoshida
President,
General Products & Realty Company

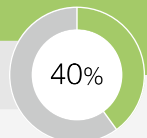
From left: **Kenji Murai,**
Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
Masatoshi Maki,
Chief Operating Officer, Construction & Real Estate Division
Tetsuya Sebe,
Chief Financial Officer
Tsutomu Yamauchi,
General Manager, Planning & Administration Department

Company Strengths

- Well-established position and value chains in each business area
- Creation of synergy through collaboration between businesses
- Strengthening of the management foundation through the aggressive replacement of our asset portfolio

Business Development

Percentage of Earnings from Domestic Business (image)



Paper / Pulp / Hygiene

■ METSA FIBRE

- **One of the world's largest** manufacturers of commercial softwood pulp
- Production capacity: Approx. 3.2 million tonnes per year

◆ ITOCHU Pulp & Paper (Wholesale of paper, paper board, and processed paper products)

Natural Rubber / Tires / Ceramics

■ European Tyre Enterprise

- Conducts the operations of Kwik-Fit, **the UK's largest tire retailer**

■ ANEKA BUMI PRATAMA (Processing of natural rubber)
◆ ITOCHU CERATECH (Manufacture of ceramic raw materials and products)

Wood Products & Materials

North American construction materials business
- **Development of a robust value chain**

■ MASTER-HALCO (Manufacture and wholesale of fences)
■ Alta Forest Products (Manufacture of wooden fences)
■ CIPA LUMBER (Manufacture of veneer)
■ Pacific Woodtech (Manufacture of laminated veneer lumber)

◆ ITOCHU KENZAI (Wholesale of wood products and building materials)
◆ DAIKEN (Manufacture and wholesale of building materials)

Development & Operation of Real Estate

◆ ITOCHU Property Development
- Development of condominiums (CREVIA series)
- Development of profit-earning real estate

◆ ITOCHU Urban Community (Management of condominiums, rental apartments, and office buildings)
◆ ITOCHU HOUSING (Real estate agent and property consultant)
◆ CENTURY 21 REAL ESTATE OF JAPAN (Real estate franchise operation)
◆ ITOHPIA HOME (Planning and construction of detached houses)
◆ CHUSETSU Engineering (Planning and construction of plants, logistics facilities, etc.)
◆ IZU-OHITO DEVELOPMENT (Golf course management)

REITs and funds
◆ AD Investment Management
◆ ITOPIA Asset Management
◆ ITOCHU REIT Management

Overseas businesses
■ Saigon Sky Garden (Serviced apartments, Vietnam)
■ Makati Sky Plaza Building (Office building, the Philippines)
■ Harindhorn Building (Office building, Thailand)
■ KARAWANG INTERNATIONAL INDUSTRIAL CITY (Indonesia)
■ Resort hotel management business (Indonesia)
■ Data center development business (China)
■ Condominium leasing business (U.S.A.)

Logistics

◆ ITOCHU LOGISTICS

- Comprehensive logistics services (Freight forwarding, warehousing, trucking, and distribution centers)

■ ITOCHU LOGISTICS (CHINA) (Comprehensive domestic logistics services in China)
■ Dateng Logistics (Shanghai) (Comprehensive domestic logistics services in China)

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries

FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Steadily expanded the North American construction materials business by acquiring a fence component manufacturer
- Strengthened the allocation of management resources in growth fields by reviewing owned assets in the pulp business
- Reinforced the value chain, from the manufacture and distribution of construction materials to real estate development, through Group synergy
- Undertook large-scale logistics center development projects using our business partner network
- Began development of an experiential entertainment facility by enticing a major overseas media company to Japan

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Enhancing profitability by promoting M&As in the North American construction materials business
- Contributing to the SDGs and strengthening profitability by promoting the recycling of existing products and expanding sales of eco-friendly products that use sustainable forest resources
- Reinforcing our earnings base by promoting more efficient cross-industry logistics, seizing the logistics crisis caused by a driver shortage as an opportunity
- Strengthening and expanding construction functions by promoting M&As in the construction materials distribution business
- Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Promoting the effective use of sustainable by-products (slag) as a cement alternative and creating a sustainable and stable distribution system
- Promoting the production and widespread use of sustainable natural rubber that excludes raw materials produced by illegal logging through the use of a traceability system developed by ITOCHU
- Revising Group companies' backbone systems (ERP) to increase analytical/operational efficiency ("cut") and reduce security risk ("prevent")

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

Aiming to ensure the widespread use of sustainable natural rubber by making procurement transparent

Procuring Natural Rubber from Sustainable Natural Resources

In the natural rubber business, human rights infringements against local people and illegal logging have become issues. Companies are being called on to procure environmentally and socially conscious products. Using a traceability system ITOCHU developed on its own, it is now possible to trace each step of the procurement process for natural rubber, enabling us to differentiate sustainable natural rubber as better for the environment and society. ITOCHU's Indonesia-based subsidiary P.T. ANEKA BUMI PRATAMA began manufacturing traceable natural rubber using this system and plans to market it as a high-value-added product aligned with the SDGs. By returning a portion of sales revenue to farmers and promoting the use of this system, we will continue to support the production and widespread use of sustainable natural rubber, as well as rein in illegal logging.

Hideyuki Karasawa
Logistics & Material Distribution Department

ICT & Financial Business Company

- Information technology (IT services, BPO, and healthcare)
- Communications (mobile, media, and space and satellite)
- Finance (retail finance business)
- Insurance (retail, brokerage, and underwriting)

Tatsushi Shingu
President,
ICT & Financial Business Company

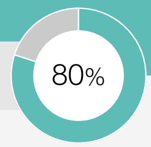
From left: **Hiroshi Kajiwara,**
Chief Operating Officer, ICT Division
Yasuhito Kawauchino,
Chief Operating Officer, Financial & Insurance Business Division
Fumitaka Horiuchi,
Chief Financial Officer
Atsushi Hashimoto,
General Manager, Planning & Administration Department

Company Strengths

- Profitable revenue structure made possible by the core Group companies in the ICT field and the generation of synergies through various alliances between businesses
- Business development in the retail financial services and insurance fields in Japan and overseas
- Network including start-up companies and other leading-edge companies in Japan and overseas

Business Development

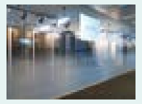
Percentage of Earnings from Domestic Business (image)



Information Technology / Communications

IT services and BPO

◆ ITOCHU Techno-Solutions
- Provision of a wide range of IT solutions, from software development to sales, maintenance and support of computers and network systems
- **A robust client base** of more than 10,000 companies in various industries



◆ BELLSYSTEM24
(Customer relationship management solutions and contact center services)
◆ ITOCHU INTERACTIVE (Digital marketing)
◆ WingArc1st (Software development and sales)
◆ DENTSU RETAIL MARKETING
(Data analysis and sales promotion / marketing support services for retailers)

Communication and mobile business

◆ CONEXIO
- **One of the largest networks** of carrier-certified stores in Japan
- Provision of solutions for corporate clients

◆ Asurion Japan
(Insurance for mobile devices)
◆ Belong
(Online distribution of mobile devices)
■ ITC Auto Multi Finance
(Mobile device finance)

Healthcare business

◆ A2 Healthcare
(Clinical development services)
◆ Wellness Communications
(Healthcare management solutions)

Space, satellite, and media related business

◆ SKY Perfect JSAT
- **Asia's largest** satellite communications operator
- Media service "SKY PerfecTV!"

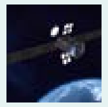


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Photo courtesy of SKY Perfect JSAT

◆ SPACE SHOWER NETWORKS
(Music media)
◆ ITOCHU Cable Systems
(System integration for broadcasters and telecommunication companies)
■ Advanced Media Technologies
(Distribution of cable TV products)

Venture capital business

◆ ITOCHU TECHNOLOGY VENTURES

×

Finance / Insurance

Retail finance business

◆ Money Communications
- Salary prepayment service

◆ Orient Corporation (Consumer credit business)
◆ POCKET CARD (Credit card business)
◆ Paidy (Buy Now Pay Later service)
■ United Asia Finance
(Retail finance business in Hong Kong and other parts of China)
■ EASY BUY (Retail finance business in Thailand)
■ ACOM CONSUMER FINANCE
(Retail finance business in the Philippines)
■ Pasar Dana Pinjaman
(Peer-to-peer finance intermediation business in Indonesia)
■ First Response Finance
(Pre-owned vehicle finance business in the U.K.)

Corporate finance business

■ Tokyo Century Leasing China (Diversified leasing business)

Insurance shop and retail insurance business

◆ HOKEN NO MADOGUCHI
- **Japan's leading retail insurance distributor**
- Network of more than **790 shops** in Japan

Insurance brokerage business

◆ ITOCHU Orico Insurance Services (Insurance agency)
◆ I&T Risk Solutions (Insurance broker)
■ COSMOS SERVICES (Insurance broker)

Reinsurance business and credit guarantee business

◆ Gardia (Credit guarantee for retail businesses)
■ NEWGT Reinsurance (Reinsurance business)

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries

FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Strengthened our DX support capabilities through a capital alliance with BrainPad Inc. and partnering with its team
- Entered the online distribution business for mobile devices rooted in customer- and market-oriented perspectives
- Through Money Communications Inc., accelerated the development of the salary prepayment business
- Concluded a business alliance related to providing unified financial services with GMO Aozora Net Bank, Ltd.

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Discovering and forming alliances with start-up companies, and leveraging new technologies to create and promote next-generation businesses
- Fostering overseas development of business models cultivated in Japan in the mobile and ICT business sectors
- Establishing an earnings base in the innovative and highly convenient DX business based on a market-oriented perspective
- Expanding our overseas business foundation by leveraging new retail finance
- Creating an insurance business value chain in the retail sector

Risk Responses (Reduction in Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Reducing negative environmental impact caused by the high demand of new mobile handsets, by distributing secondary phones
- Reducing health-related risks by supporting the development of pharmaceuticals and providing health preventive services
- Enhancing the quality of people's lives through the retail finance business in Japan and overseas
- Reducing the risk of business suspension by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Details of the action plans are available on our website: https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/
Evolve Businesses Through Technological Innovation / Address Climate Change (Contribute to Realization of a Decarbonized Society) / Cultivate a Motivating Workplace Environment / Respect Human Rights / Contribute to Healthier and More Enriched Lifestyles / Ensure Stable Procurement and Supply / Maintain Rigorous Governance Structures

Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

BrainPad Inc.
—Supporting the DX of companies through data utilization

Capital and Business Alliance with Data Utilization Specialist Group BrainPad Inc.

ITOCHU concluded a capital and business alliance agreement related to DX promotion with BrainPad Inc. (BrainPad), which is a leading company using data to support DX. This capital and business alliance will accelerate the Group's DX promotion and will realize new market-oriented customer experiences, services, and products by connecting the Group's business know-how in various industries with BrainPad's data analysis and utilization know-how. We will continue contributing to the sustainable growth of customer companies in digital society by supporting unified DX promotion in various industries with multiple collaborators, including BrainPad.

Naoto Tazumi
IT Business Section No. 1

The 8th Company

- Creating new business and collaborating with the seven existing Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart's customer contact points
- Building an information platform that combines the ITOCHU Group's consumer-related data

Shuichi Kato
President, The 8th Company

From left: **Toshifumi Iwamura**, Chief Financial Officer
Tetsuya Mukohata, General Manager, Planning & Administration Section

Company Strengths

- **FamilyMart's physical store network and a business base of Group companies with its strength in the consumer sector**
- **Human resources from diverse backgrounds and a highly fluid, ameba-like organizational system**
- **An organizational culture that creates businesses flexibly with a market-oriented perspective independent of product lines**

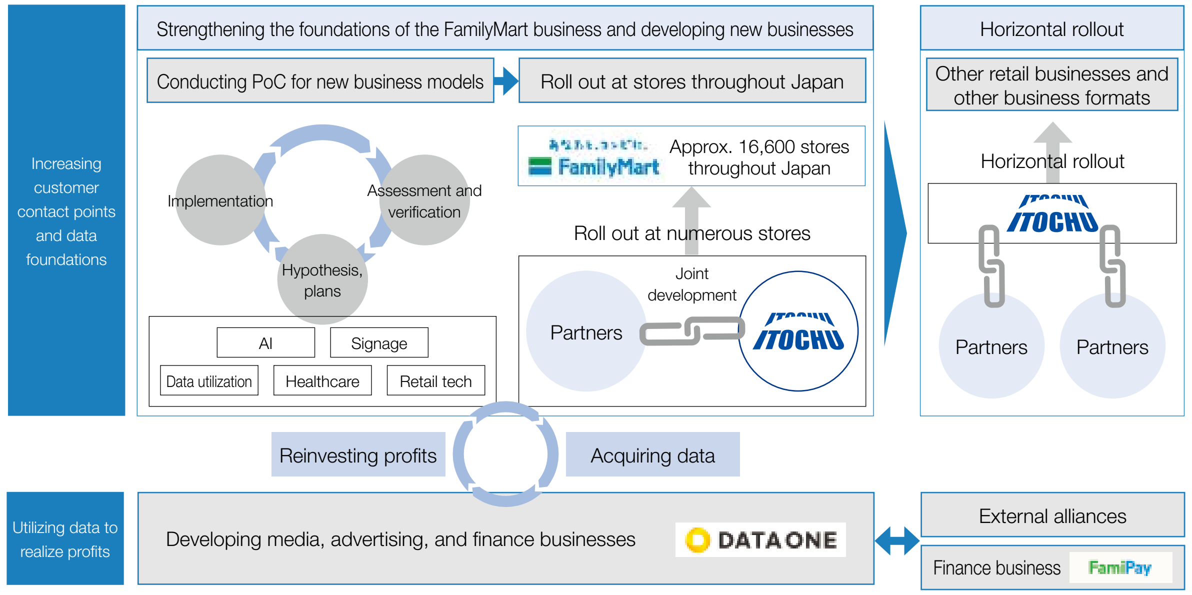
Business Development

Percentage of Earnings from Domestic Business (image) 100%

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to change has become vital. While making maximum use of ITOCHU's diverse business foundations—which are particularly robust in the consumer sector—The 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

Specific Policies

- Rigorously strengthening FamilyMart, which is a core business. (➔ Page 115 Growth Opportunities)
- Creating new business models that reflect customer needs and which utilize FamilyMart's store network and ability to attract customers; after conducting proof-of-concept testing for these business models, rolling them out at stores throughout Japan; and horizontally rolling out these services and technologies in other retail businesses and other business formats.
- Increasing data volume and customer contact points through external alliances and finance businesses, etc. to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores' ability to attract customers.



FYE 2021 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Privatized FamilyMart to quickly shift its business model and swiftly respond to changes
- Entered the digital advertising distribution business by establishing Data One Corp.
- Began use of "FamiPay" (barcode payments) at stores besides FamilyMart
- Promoted the establishment and proof-of-concept tests of various projects

Growth Opportunities (Sustainable Growth)

- Expanding FamilyMart's earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing and introducing demand prediction and procurement improvement tools using AI

Risk Responses (Reduction in Cost of Capital)

- Responding to the shortage of workers using digital technologies
- Flexibly responding to changes in consumer behavior caused by the COVID-19 pandemic, such as creating FamilyMart stores that are beloved by local people, developing store formats that meet local needs, and enhancing convenience through the development of new services

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Details of the action plans are available on our website: https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/
Evolve Businesses Through Technological Innovation; Address Climate Change (Contribute to Realization of a Decarbonized Society); Cultivate a Motivating Workplace Environment; Respect Human Rights; Contribute to Healthier and More Enriched Lifestyles; Ensure Stable Procurement and Supply; Maintain Rigorous Governance Structures

Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

FamilyMart celebrates its 40th founding anniversary this year

Mariko Fukao
Deputy General Manager, Planning & Administration Section

Accelerating the Business Model Shift by Privatizing FamilyMart

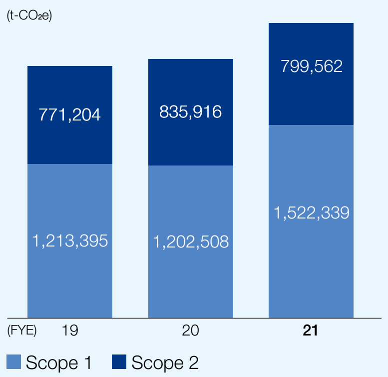
ITOCHU conducted a public tender from July 9, 2020 with the aim of privatizing FamilyMart. A share consolidation was approved at FamilyMart's extraordinary general meeting of shareholders held on October 22, and the company was delisted on November 12. ITOCHU Group's ownership increased to 94.7% by March 31, 2021.

FamilyMart is ITOCHU's core business in the consumer sector. Going forward, we will first thoroughly strengthen the basics of the convenience store business: product appeal, convenience, and familiarity. We will simultaneously make distribution more efficient using Group companies' technologies and know-how, and create new businesses such as advertising and financial services. Through privatization, ITOCHU and FamilyMart become unified in name and in reality, and we will vigorously and quickly promote strategies rooted in a market-oriented perspective.

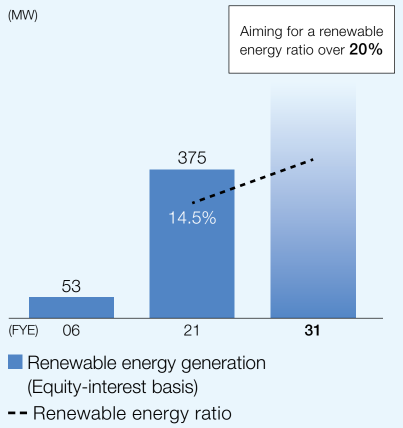
ESG Data

Environment

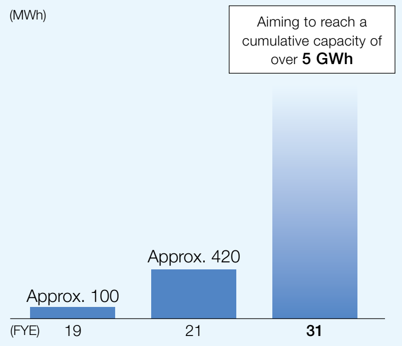
GHG Emissions (Consolidated)*1



Renewable Energy Generation (Equity-Interest Basis) / Renewable Energy Ratio



Cumulative Capacity of Energy Storage System Units Sold



	Non-consolidated*2			Consolidated*3		
	FYE 2019	FYE 2020	**FYE 2021**	FYE 2019	FYE 2020	**FYE 2021**
GHG emissions (t-CO_2e)*1	7,060	6,891	6,619	1,984,599	2,038,424	2,321,901
Scope 1 (t-CO_2e)	91	151	152	1,213,395	1,202,508	1,522,339
Scope 2 (t-CO_2e)	6,969	6,740	6,466	771,204	835,916	799,562
CO_2 emissions attributable to distribution (t-CO_2)	14,828	13,041	12,034	—	—	—
Electricity consumption (1,000 kWh)	11,014	10,759	10,231	1,481,382	1,665,148	1,699,034
Water usage (1,000 m^3)	78	76	54	138,538	94,017	73,140
Waste volume (t)	680	767	465	454,383	611,751	753,315
Waste recycling rate	92.9%	94.3%	93.4%	—	—	—

*1 From FYE 2021, GHG emissions have increased due to the expansion of the calculation scope of GHG other than CO_2 from energy consumption.
*2 GHG emissions and electricity consumption are the totals for domestic bases. Water usage, waste volume, and waste recycling rate are totals for the Tokyo Headquarters.
*3 This is the total of non-consolidated, Group companies in Japan, overseas offices, and overseas Group companies. FYE 2021 figures include 563 companies.

Inclusion in ESG-Related Indices

MSCI Japan ESG Select Leaders Index★*1
MSCI Japan Empowering Women Index (WIN)★*1
FTSE4Good Index Series*2
FTSE Blossom Japan Index★*2
Dow Jones Sustainability Indices (World / Asia Pacific Index)
S&P / JPX Carbon Efficient Index★
SNAM Sustainability Index

★ ESG indices selected by the Government Pension Investment Fund

ESG Ratings

- MSCI ESG Rating: AAA
- S&P Global Sustainability Award 2021: Gold Class

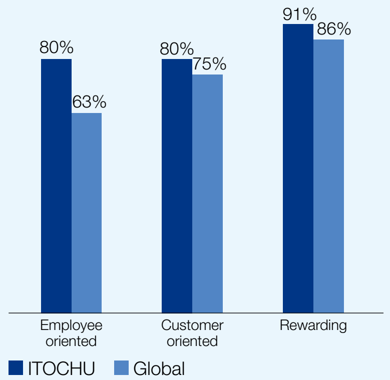
*1 The inclusion of ITOCHU in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI indexes are trademarks or service marks of MSCI or its affiliates.
*2 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements and become a constituent of FTSE4Good Index and FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Also, FTSE Blossom Japan Index is specifically designed to assess the performance of Japanese companies demonstrating strong ESG practices using the globally established FTSE4Good Index Inclusion Rules. The FTSE4Good Indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Society

Human Resources Related

	FYE 2019	FYE 2020	**FYE 2021**
Consolidated employees (people)	119,796	128,146	125,944
Non-consolidated employees (people)	4,285	4,261	4,215
Career-track employees (people)	3,463	3,462	3,435
Female career-track employees (people)	327 (9.4%)	335 (9.7%)	346 (10.1%)
Managers (people)	2,555	2,566	2,565
Female managers (people)	195 (7.6%)	209 (8.1%)	206 (8.0%)
Average years employed (year)	17.5	17.8	17.9
Monthly average overtime hours (hours)*1	34.8	35.4	39.1
Annual paid leave acquisition rate	67.0%	65.1%	52.6%
Employees taking childcare leave (people) (Percentage of employees returning to work)	152 (97.1%)	168 (98.1%)	139 (97.4%)
Share of disabled employees	2.2%	2.2%	2.3%

Engagement Survey Results*3



*1 Hours exceeding the prescribed daily working hours of 7 hours and 15 minutes are counted as overtime hours.
*2 The number of the times ITOCHU ranked No. 1 among all companies and among general trading companies in Japan according to seven major magazines and newspapers. From 2022 graduates, the Company ranked No. 1 among all companies in the surveys of GAKUJO Co., Ltd., DIAMOND HUMAN RESOURCE, INC., Rakuten Group, Inc., and Nippon Cultural Broadcasting Inc., and ranked No. 1 among general trading companies in all surveys including the four institutions mentioned above, DISCO Inc., WORKSJAPAN Co., Ltd., and Mynavi Corporation.
*3 The results of the main items of an Engagement Survey conducted in FYE 2019. Global results are from 330 companies and 6.7 million people worldwide. The graph indicates the percentages of affirmative responses to questions concerning whether the Company values and is considerate toward employees (employee oriented); whether it places emphasis on customers (customer oriented); and whether it expects the achievement of high results (rewarding). The next survey is scheduled to be conducted in the third quarter of FYE 2022.

Company Ranking among Job-Seekers According to Seven Major Institutions*2

	2020 Graduates	2021 Graduates	**2022 Graduates**
Number of first-place rankings among all companies	3 institutions	3 institutions	4 institutions
Number of first-place rankings among general trading companies	6 institutions	7 institutions	7 institutions

Training Related

	FYE 2019	FYE 2020	**FYE 2021**
Average training cost per employee (Thousands of yen)	444	407	260
Number of Morning Activity Seminars held (participants)	10 times (2,631)	7 times (3,162)	4 times (1,153)
Sustainability basic education participation rate of all Group employees	99.9%	100.0%	100.0%
Themed sustainability training participants	—	—	617

Governance

Members of the Board and Audit & Supervisory Board Members

(People)	July 2018	July 2019	**July 2020**	July 2021
Members of the Board	8	10	10	11
Outside Directors (share)	3 (37.5%)	4 (40.0%)	4 (40.0%)	4 (36.4%)
Female Directors (share)	1 (12.5%)	2 (20.0%)	2 (20.0%)	2 (18.2%)
Average terms of overseas assignment period of Inside Directors	5.4 years	5.5 years	5.7 years	6.3 years
Audit & Supervisory Board Members	5	5	5	5
Outside Audit & Supervisory Board Members (share)	3 (60.0%)	3 (60.0%)	3 (60.0%)	3 (60.0%)

Attendance Rate at Meetings of the Board of Directors

	FYE 2019	FYE 2020	**FYE 2021**
Attendance rate of Directors	100.0%	100.0%	100.0%
Attendance rate of all corporate officers	99.5%	99.0%	100.0%
Attendance rate of inside officers	100.0%	100.0%	100.0%
Attendance rate of outside officers	99.0%	98.0%	100.0%

Selected Financial Data

* Figures in yen for FYE 2021 have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥110.71 = US$1, the exchange rate prevailing on March 31, 2021.

For the data since FYE 2010, please see the website:
https://www.itochu.co.jp/en/ir/finance/financial_data/

	U.S. GAAP				IFRS								
	Millions of yen				Millions of yen								Millions of U.S. dollars
Fiscal Years Ended March 31	2011	2012	2013	2014	2014	2015	2016	2017	2018	2019	2020	**2021**	**2021**
P/L (For the year):													
Revenues	¥3,581,795	¥4,197,525	¥4,579,763	¥5,530,895	¥5,587,526	¥5,591,435	¥5,083,536	¥4,838,464	¥5,510,059	¥11,600,485	¥10,982,968	**¥10,362,628**	**$93,602**
Gross trading profit	906,587	956,920	915,879	1,028,273	1,045,022	1,089,064	1,069,711	1,093,462	1,210,440	1,563,772	1,797,788	**1,780,747**	**16,085**
Net profit attributable to ITOCHU	161,114	300,505	280,297	310,267	245,312	300,569	240,376	352,221	400,333	500,523	501,322	**401,433**	**3,626**
Total comprehensive income attributable to ITOCHU	106,041	249,983	475,819	446,214	391,901	465,605	(144,777)	303,063	390,022	464,785	279,832	**655,259**	**5,919**
Per share (yen and U.S. dollars):													
Basic earnings attributable to ITOCHU*1	101.93	190.13	177.35	196.31	155.21	189.13	152.14	223.67	257.94	324.07	335.58	**269.83**	**2.44**
Cash dividends	18.0	44.0	40.0	46.0	46.0	46.0	50.0	55.0	70.0	83.0	85.0	**88.0**	**0.79**
Shareholders' equity*1	731.57	862.88	1,117.01	1,358.42	1,293.35	1,539.55	1,388.66	1,532.56	1,722.06	1,930.47	2,010.33	**2,232.84**	**20.17**
B/S (At year-end):													
Total assets	¥5,676,709	¥6,507,273	¥7,117,446	¥7,848,440	¥7,784,851	¥8,560,701	¥8,036,395	¥8,122,032	¥8,663,937	¥10,098,703	¥10,919,598	**¥11,178,432**	**$100,970**
Short-term interest-bearing debt	288,973	450,968	482,544	464,992	472,667	543,660	426,820	563,033	526,867	650,909	684,406	**710,213**	**6,415**
Long-term interest-bearing debt	1,979,967	2,082,592	2,279,915	2,420,272	2,420,713	2,548,504	2,769,345	2,381,620	2,252,606	2,332,928	2,192,557	**2,445,099**	**22,086**
Interest-bearing debt	2,268,940	2,533,560	2,762,459	2,885,264	2,893,380	3,092,164	3,196,165	2,944,653	2,779,473	2,983,837	2,876,963	**3,155,312**	**28,501**
Net interest-bearing debt	1,630,764	2,014,898	2,185,623	2,224,279	2,231,988	2,380,504	2,555,644	2,330,683	2,320,418	2,406,756	2,256,882	**2,601,358**	**23,497**
Long-term debt (excluding current maturities, including long-term interest-bearing debt and lease liabilities (long-term))	2,160,772	2,259,717	2,447,868	2,628,937	2,523,992	2,652,323	2,875,067	2,489,953	2,367,233	2,548,537	3,198,802	**3,323,752**	**30,022**
Shareholders' equity	1,156,270	1,363,797	1,765,435	2,146,963	2,044,120	2,433,202	2,193,677	2,401,893	2,669,483	2,936,908	2,995,951	**3,316,281**	**29,954**
Cash flows (For the year):													
Core operating cash flows*2	¥ 282,040	¥ 347,598	¥ 335,604	¥ 389,413	¥ 393,692	¥ 385,881	¥ 374,176	¥ 419,735	¥ 461,054	¥ 514,289	¥ 601,812	**¥ 574,319**	**$ 5,188**
Cash flows from operating activities	335,361	212,830	245,661	418,396	428,101	403,629	419,404	389,693	388,212	476,551	878,133	**895,900**	**8,092**
Cash flows from investing activities	(230,866)	(416,315)	(199,990)	(266,692)	(270,377)	(276,103)	(557,260)	(81,306)	(256,350)	201,149	(248,766)	**(207,296)**	**(1,872)**
Cash flows from financing activities	53,202	84,704	(11,323)	(71,707)	(77,855)	(97,896)	81,770	(335,396)	(296,136)	(538,318)	(575,482)	**(728,767)**	**(6,583)**
Cash and cash equivalents at the end of the year	633,756	513,489	569,716	653,332	653,739	700,292	632,871	605,589	432,140	572,030	611,223	**544,009**	**4,914**
Ratios:													
ROA (%)	2.9	4.9	4.1	4.1	3.3	3.7	2.9	4.4	4.8	5.3	4.5	**3.6**	**—**
ROE (%)	14.3	23.8	17.9	15.9	13.0	13.4	10.4	15.3	15.8	17.9	17.0	**12.7**	**—**
Ratio of shareholders' equity to total assets (%)	20.4	21.0	24.8	27.4	26.3	28.4	27.3	29.6	30.8	29.1	27.4	**29.7**	**—**
Net debt-to-equity ratio (times)	1.4	1.5	1.2	1.0	1.09	0.98	1.17	0.97	0.87	0.82	0.75	**0.78**	**—**
Interest coverage (times)*3	10.7	13.5	12.4	13.1	12.5	12.7	10.1	11.1	9.3	8.3	8.7	**13.2**	**—**
Common stock information:													
Stock price (yen and U.S. dollars):													
Opening price	¥829.0	¥870.0	¥925.0	¥1,125.0	¥1,125.0	¥1,222.0	¥1,282.0	¥1,380.0	¥1,577.0	¥2,063.0	¥2,018.5	**¥2,220.0**	**$20.05**
High	930.0	966.0	1,241.0	1,568.0	1,568.0	1,429.0	1,756.0	1,674.5	2,254.0	2,302.5	2,695.5	**3,653.0**	**33.00**
Low	659.0	676.0	755.0	1,033.0	1,033.0	1,118.0	1,170.0	1,135.5	1,478.0	1,740.0	1,873.5	**2,000.0**	**18.07**
Closing price	871.0	903.0	1,131.0	1,206.0	1,206.0	1,301.5	1,386.0	1,580.0	2,066.5	2,002.5	2,242.5	**3,587.0**	**32.40**
Market capitalization (at year-end, yen and U.S. dollars in billions)	1,377	1,427	1,788	1,906	1,906	2,057	2,189	2,476	3,203	3,046	3,342	**5,328**	**48.12**
Trading volume (yearly, million shares)	2,287	1,882	1,783	1,782	1,782	1,782	1,886	1,604	1,240	1,155	1,129	**957**	**—**
Number of shares of common stock issued (at year-end, thousand shares)	1,584,889	1,584,889	1,584,889	1,584,889	1,584,889	1,662,889	1,662,889	1,662,889	1,662,889	1,584,889	1,584,889	**1,584,889**	**—**
Exchange rates into U.S. currency (Federal Reserve Bank of New York):													
At year-end	¥82.76	¥82.41	¥94.16	¥102.98	¥102.98	¥119.96	¥112.42	¥111.41	¥106.20	¥110.68	¥107.53	**¥110.61**	**—**
Average for the year	85.00	78.86	83.26	100.46	100.46	109.75	120.04	108.25	110.80	110.88	108.72	**106.09**	**—**
Range:													
Low	94.68	85.26	96.16	105.25	105.25	121.50	125.58	118.32	114.25	114.19	112.00	**110.61**	**—**
High	78.74	75.72	77.41	92.96	92.96	101.26	111.30	100.07	104.83	105.99	102.52	**102.70**	**—**
Number of subsidiaries, associates and joint ventures (at year-end)	393	366	356	354	—	342	326	308	300	291	289	**279**	**—**
Number of employees (at year-end, consolidated)	62,635	70,639	77,513	102,376	104,310	110,487	105,800	95,944	102,086	119,796	128,146	**125,944**	**—**

*1 Basic earnings per share attributable to ITOCHU and Shareholders' equity per share are calculated by using the number of common shares excluding treasury stock.
*2 "Core operating cash flows" represents figures deducting "changes in working capital" (excluding the effect of lease accounting) from "Cash flows from operating activities".
*3 Interest coverage = $\frac{\text{Gross trading profit + SG\&A expenses + Provision for doubtful accounts + Interest income + Dividends received}}{\text{Interest expense}}$

Data Section

Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets As of March 31	2017	2018	2019	2020	Millions of yen 2021	Millions of U.S. dollars 2021
Current assets						
Cash and cash equivalents	¥ 605,589	¥ 432,140	¥ 572,030	¥ 611,223	¥ 544,009	$ 4,914
Time deposits	8,381	26,915	5,051	8,858	9,945	90
Trade receivables	1,949,049	2,183,349	2,397,608	2,113,746	2,122,815	19,174
Other current receivables	74,322	84,146	168,968	176,691	166,282	1,502
Other current financial assets	28,999	34,329	43,132	45,315	44,930	406
Inventories	775,396	870,352	937,183	952,029	898,692	8,117
Advances to suppliers	161,855	179,760	98,081	89,425	80,521	727
Other current assets	97,224	112,370	185,767	135,774	161,256	1,457
Assets held for sale	—	—	—	—	248,861	2,248
Total current assets	3,700,815	3,923,361	4,407,820	4,133,061	4,277,311	38,635
Non-current assets						
Investments accounted for by the equity method	1,626,583	1,844,871	1,559,280	1,640,286	1,867,777	16,871
Other investments	793,589	816,510	857,261	816,518	952,374	8,603
Non-current receivables	656,774	617,719	618,762	660,578	658,658	5,949
Non-current financial assets other than investments and receivables	118,511	82,379	270,116	172,417	166,611	1,505
Property, plant and equipment	680,375	813,294	1,077,874	2,137,474	1,939,791	17,521
Investment property	26,605	19,134	32,524	58,595	50,665	458
Goodwill	131,662	129,283	391,560	403,940	396,869	3,585
Intangible assets	237,716	233,288	736,200	759,167	728,967	6,584
Deferred tax assets	54,660	62,259	65,609	61,051	60,446	546
Other non-current assets	94,742	121,839	81,697	76,511	78,963	713
Total non-current assets	4,421,217	4,740,576	5,690,883	6,786,537	6,901,121	62,335
Total assets	¥8,122,032	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	$100,970

Liabilities and Equity As of March 31	2017	2018	2019	2020	Millions of yen 2021	Millions of U.S. dollars 2021
Current liabilities						
Short-term debentures and borrowings	¥ 563,033	¥ 526,867	¥ 650,909	¥ 684,406	¥ 710,213	$ 6,415
Lease liabilities (short-term)	—	—	—	242,076	238,446	2,154
Trade payables	1,588,783	1,825,859	1,942,037	1,707,472	1,628,766	14,712
Other current payables	53,494	79,200	234,518	215,175	199,757	1,804
Other current financial liabilities	15,729	26,791	27,073	35,699	40,172	363
Current tax liabilities	40,660	53,241	48,014	67,074	57,370	518
Advances from customers	149,921	157,167	88,480	81,799	84,699	765
Other current liabilities	288,785	319,777	350,343	368,163	374,489	3,383
Liabilities held for sale	—	—	—	—	220,722	1,994
Total current liabilities	2,700,405	2,988,902	3,341,374	3,401,864	3,554,634	32,108
Non-current liabilities						
Long-term debentures and borrowings	2,381,620	2,252,606	2,332,928	2,192,557	2,445,099	22,086
Lease liabilities (long-term)	—	—	—	937,345	825,170	7,453
Other non-current financial liabilities	108,333	114,627	215,609	68,900	53,483	483
Non-current liabilities for employee benefits	59,614	97,955	124,418	133,138	116,631	1,054
Deferred tax liabilities	123,374	129,579	251,489	200,912	150,275	1,357
Other non-current liabilities	85,875	95,917	142,769	144,273	162,900	1,471
Total non-current liabilities	2,758,816	2,690,684	3,067,213	3,677,125	3,753,558	33,904
Total liabilities	5,459,221	5,679,586	6,408,587	7,078,989	7,308,192	66,012
Equity						
Common stock	253,448	253,448	253,448	253,448	253,448	2,289
Capital surplus	162,038	160,271	49,584	50,677	(155,210)	(1,402)
Retained earnings	2,020,018	2,324,766	2,608,243	2,948,135	3,238,948	29,256
Other components of equity						
Translation adjustments	137,085	136,729	81,037	(37,836)	131,612	1,189
FVTOCI financial assets	(50,353)	(61,484)	49,764	(31,972)	38,740	350
Cash flow hedges	1,997	5,961	433	(19,163)	(9,897)	(90)
Total other components of equity	88,729	81,206	131,234	(88,971)	160,455	1,449
Treasury stock	(122,340)	(150,208)	(105,601)	(167,338)	(181,360)	(1,638)
Total shareholders' equity	2,401,893	2,669,483	2,936,908	2,995,951	3,316,281	29,954
Non-controlling interests	260,918	314,868	753,208	844,658	553,959	5,004
Total equity	2,662,811	2,984,351	3,690,116	3,840,609	3,870,240	34,958
Total liabilities and equity	¥8,122,032	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	$100,970

Consolidated Statement of Comprehensive Income

Fiscal Years Ended March 31	2017	2018	2019	2020	Millions of yen 2021	Millions of U.S. dollars 2021
Revenues						
Revenues from sale of goods	¥ 4,115,568	¥ 4,719,460	¥ 10,570,925	¥ 9,738,983	**¥ 9,156,193**	**$ 82,705**
Revenues from rendering of services and royalties	722,896	790,599	1,029,560	1,243,985	**1,206,435**	**10,897**
Total revenues	4,838,464	5,510,059	11,600,485	10,982,968	**10,362,628**	**93,602**
Cost						
Cost of sale of goods	(3,209,289)	(3,706,873)	(9,427,881)	(8,575,102)	**(7,989,246)**	**(72,164)**
Cost of rendering of services and royalties	(535,713)	(592,746)	(608,832)	(610,078)	**(592,635)**	**(5,353)**
Total cost	(3,745,002)	(4,299,619)	(10,036,713)	(9,185,180)	**(8,581,881)**	**(77,517)**
Gross trading profit	1,093,462	1,210,440	1,563,772	1,797,788	**1,780,747**	**16,085**
Other gains (losses)						
Selling, general and administrative expenses	(801,837)	(890,276)	(1,193,301)	(1,380,944)	**(1,366,489)**	**(12,343)**
Provision for doubtful accounts	(3,226)	(3,231)	(8,979)	(17,406)	**(10,844)**	**(98)**
Gains on investments	32,144	7,080	203,034	57,801	**4,105**	**37**
Losses on property, plant, equipment and intangible assets	(16,696)	(29,629)	(12,041)	(4,396)	**(157,524)**	**(1,423)**
Other–net	(5,425)	(280)	10,734	(1,414)	**(6,197)**	**(56)**
Total other losses	(795,040)	(916,336)	(1,000,553)	(1,346,359)	**(1,536,949)**	**(13,883)**
Financial income (loss)						
Interest income	26,625	34,702	40,128	35,267	**23,114**	**209**
Dividends received	19,901	34,273	48,372	66,474	**53,145**	**480**
Interest expense	(30,251)	(41,449)	(54,388)	(57,600)	**(36,218)**	**(327)**
Total financial income	16,275	27,526	34,112	44,141	**40,041**	**362**
Equity in earnings of associates and joint ventures	185,158	216,228	98,052	205,860	**228,636**	**2,065**
Profit before tax	499,855	537,858	695,383	701,430	**512,475**	**4,629**
Income tax expense	(125,262)	(106,138)	(149,694)	(142,221)	**(71,592)**	**(647)**
Net profit	374,593	431,720	545,689	559,209	**440,883**	**3,982**
Net profit attributable to ITOCHU	¥ 352,221	¥ 400,333	¥ 500,523	¥ 501,322	**¥ 401,433**	**$ 3,626**
Net profit attributable to non-controlling interests	22,372	31,387	45,166	57,887	**39,450**	**356**
Other comprehensive income, net of tax:						
Items that will not be reclassified to profit or loss						
FVTOCI financial assets	263	(23,100)	20,040	(67,643)	**80,764**	**730**
Remeasurement of net defined pension liability	6,017	3,252	(3,174)	(3,835)	**12,449**	**112**
Other comprehensive income in associates and joint ventures	(4,115)	1,333	9,143	(7,761)	**13,474**	**122**
Items that will be reclassified to profit or loss						
Translation adjustments	(11,789)	(38,452)	(8,803)	(92,645)	**114,879**	**1,038**
Cash flow hedges	5,674	495	(3,641)	(6,074)	**3,470**	**31**
Other comprehensive income in associates and joint ventures	(47,278)	40,354	(47,668)	(43,307)	**63,660**	**575**
Total other comprehensive income, net of tax	(51,228)	(16,118)	(34,103)	(221,265)	**288,696**	**2,608**
Total comprehensive income	323,365	415,602	511,586	337,944	**729,579**	**6,590**
Total comprehensive income attributable to ITOCHU	¥ 303,063	¥ 390,022	¥ 464,785	¥ 279,832	**¥ 655,259**	**$ 5,919**
Total comprehensive income attributable to non-controlling interests	20,302	25,580	46,801	58,112	**74,320**	**671**

Consolidated Statement of Changes in Equity

Fiscal Years Ended March 31	2017	2018	2019	2020	Millions of yen 2021	Millions of U.S. dollars 2021
Common stock						
Balance at the beginning of the year	¥ 253,448	¥ 253,448	¥ 253,448	¥ 253,448	**¥ 253,448**	**$ 2,289**
Issuance of common stock	—	—	—	—	**—**	**—**
Balance at the end of the year	253,448	253,448	253,448	253,448	**253,448**	**2,289**
Capital surplus						
Balance at the beginning of the year	156,688	162,038	160,271	49,584	**50,677**	**458**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	5,350	(1,767)	(6,624)	1,093	**(205,887)**	**(1,860)**
Cancellation of treasury stock	—	—	(104,063)	—	**—**	**—**
Balance at the end of the year	162,038	160,271	49,584	50,677	**(155,210)**	**(1,402)**
Retained earnings						
Balance at the beginning of the year	1,748,375	2,020,018	2,324,766	2,608,243	**2,948,135**	**26,629**
Cumulative effects of the application of new accounting standards	—	—	(14,097)	(26,501)	**—**	**—**
Net profit attributable to ITOCHU	352,221	400,333	500,523	501,322	**401,433**	**3,626**
Transfer from other components of equity	2,459	(2,740)	(86,512)	(1,392)	**18,388**	**166**
Cash dividends	(83,037)	(92,845)	(116,437)	(133,537)	**(129,008)**	**(1,165)**
Balance at the end of the year	2,020,018	2,324,766	2,608,243	2,948,135	**3,238,948**	**29,256**
Other components of equity						
Balance at the beginning of the year	140,750	88,729	81,206	131,234	**(88,971)**	**(804)**
Other comprehensive income attributable to ITOCHU	(49,158)	(10,311)	(35,738)	(221,490)	**253,826**	**2,293**
Transfer to retained earnings	(2,459)	2,740	86,512	1,392	**(18,388)**	**(166)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	(404)	48	(746)	(107)	**13,988**	**126**
Balance at the end of the year	88,729	81,206	131,234	(88,971)	**160,455**	**1,449**
Treasury stock						
Balance at the beginning of the year	(105,584)	(122,340)	(150,208)	(105,601)	**(167,338)**	**(1,511)**
Net change in treasury stock	(16,756)	(27,868)	(59,456)	(61,737)	**(14,022)**	**(127)**
Cancellation of treasury stock	—	—	104,063	—	**—**	**—**
Balance at the end of the year	(122,340)	(150,208)	(105,601)	(167,338)	**(181,360)**	**(1,638)**
Total shareholders' equity	2,401,893	2,669,483	2,936,908	2,995,951	**3,316,281**	**29,954**
Non-controlling interests						
Balance at the beginning of the year	258,378	260,918	314,868	753,208	**844,658**	**7,629**
Cumulative effects of the application of new accounting standards	—	—	5	(5,295)	**—**	**—**
Net profit attributable to non-controlling interests	22,372	31,387	45,166	57,887	**39,450**	**356**
Other comprehensive income attributable to non-controlling interests	(2,070)	(5,807)	1,635	225	**34,870**	**315**
Cash dividends to non-controlling interests	(9,726)	(10,732)	(20,829)	(27,295)	**(27,832)**	**(251)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	(8,036)	39,102	412,363	65,928	**(337,187)**	**(3,045)**
Balance at the end of the year	260,918	314,868	753,208	844,658	**553,959**	**5,004**
Total equity	¥2,662,811	¥2,984,351	¥3,690,116	¥3,840,609	**¥3,870,240**	**$34,958**

Consolidated Statement of Cash Flows

Fiscal Years Ended March 31	2017	2018	2019	2020	Millions of yen 2021	Millions of U.S. dollars 2021
Cash flows from operating activities						
Net profit	¥ 374,593	¥ 431,720	¥ 545,689	¥ 559,209	¥ 440,883	$ 3,982
Adjustments to reconcile net profit to net cash provided by operating activities						
Depreciation and amortization	107,046	114,102	154,944	422,624	424,297	3,832
(Gains) losses on investments	(32,144)	(7,080)	(203,034)	(57,801)	(4,105)	(37)
(Gains) losses on property, plant, equipment and intangible assets	16,696	29,629	12,041	4,396	157,524	1,423
Financial (income) loss	(16,275)	(27,526)	(34,112)	(44,141)	(40,041)	(362)
Equity in earnings of associates and joint ventures	(185,158)	(216,228)	(98,052)	(205,860)	(228,636)	(2,065)
Income tax expense	125,262	106,138	149,694	142,221	71,592	647
Provision for doubtful accounts and other provisions	3,599	12,995	1,394	22,154	30,504	276
Changes in assets and liabilities, other–net	(30,042)	(72,842)	(37,738)	23,574	58,976	533
Proceeds from interest	26,693	31,321	37,525	34,460	24,142	218
Proceeds from dividends	88,498	110,518	140,146	152,862	144,732	1,307
Payments for interest	(27,757)	(38,703)	(56,365)	(62,775)	(39,412)	(356)
Payments for income taxes	(61,318)	(85,832)	(135,581)	(112,790)	(144,556)	(1,306)
Net cash provided by operating activities	389,693	388,212	476,551	878,133	895,900	8,092
Cash flows from investing activities						
Net change in investments accounted for by the equity method	(17,115)	(125,146)	(106,112)	(50,915)	(20,694)	(187)
Net change in other investments	(5,277)	(56,833)	353,023	(69,382)	(50,913)	(460)
Net change in loans receivable	29,150	21,307	27,723	21,411	23,300	211
Net change in property, plant, equipment and intangible assets	(76,844)	(87,019)	(95,672)	(147,688)	(152,583)	(1,378)
Net change in time deposits	(11,220)	(8,659)	22,187	(2,192)	(6,406)	(58)
Net cash provided by (used in) investing activities	(81,306)	(256,350)	201,149	(248,766)	(207,296)	(1,872)
Cash flows from financing activities						
Net change in debentures and loans payable	(226,547)	(160,858)	(345,047)	(79,726)	251,606	2,273
Repayments of lease liabilities*	—	—	—	(267,193)	(277,493)	(2,507)
Cash dividends	(83,037)	(92,845)	(116,437)	(133,537)	(129,008)	(1,165)
Net change in treasury stock	(16,756)	(27,895)	(68,700)	(62,016)	(14,266)	(129)
Other	(9,056)	(14,538)	(8,134)	(33,010)	(559,606)	(5,055)
Net cash provided by (used in) financing activities	(335,396)	(296,136)	(538,318)	(575,482)	(728,767)	(6,583)
Net change in cash and cash equivalents	(27,009)	(164,274)	139,382	53,885	(40,163)	(363)
Cash and cash equivalents at the beginning of the year	632,871	605,589	432,140	572,030	611,223	5,521
Effect of exchange rate changes on cash and cash equivalents	(273)	(9,175)	508	(14,692)	17,280	156
Cash and cash equivalents included in assets held for sale	—	—	—	—	(44,331)	(400)
Cash and cash equivalents at the end of the year	¥ 605,589	¥ 432,140	¥ 572,030	¥ 611,223	¥ 544,009	$ 4,914

* "Repayments of lease liabilities" in "Cash flows from financing activities" is presented independently due to the application of IFRS 16 "Leases" and the amounts of "Repayments of lease liabilities" for Fiscal Years ended March 31, 2017 to 2019 are not reclassified.

Major Indicators

Selling, General and Administrative (SG&A) Expenses, Provision for Doubtful Accounts, and Expense Ratio

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Personnel expenses	¥ 414.1	¥ 453.5	¥ 538.4	¥ 586.9	¥ 588.9	$ 5,320
Other SG&A expenses	387.7	436.8	654.9	794.0	777.5	7,023
Total SG&A expenses (A)	801.8	890.3	1,193.3	1,380.9	1,366.5	12,343
Provision for doubtful accounts	3.2	3.2	9.0	17.4	10.8	98
SG&A expenses and provision for doubtful accounts	805.1	893.5	1,202.3	1,398.4	1,377.3	12,441
Gross trading profit	1,093.5	1,210.4	1,563.8	1,797.8	1,780.7	16,085
Net interest expenses	(3.6)	(6.7)	(14.3)	(22.3)	(13.1)	(118)
Dividends received	19.9	34.3	48.4	66.5	53.1	480
Total (B)	1,109.7	1,238.0	1,597.9	1,841.9	1,820.8	16,446
Expense ratio (A) / (B) (%)*	72.3	71.9	74.7	75.0	75.0	—

* Expense ratio is the ratio of total SG&A expenses to the combined total of gross trading profit, net interest expenses, and dividends received.

Interest-Bearing Debt, Shareholders' Equity, and Net Debt-to-Shareholders' Equity Ratio

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Short-term borrowings	¥ 278.1	¥ 281.3	¥ 235.0	¥ 286.4	¥ 282.8	$ 2,555
Commercial paper	12.0	13.1	30.5	32.0	15.0	135
Current maturities of long-term borrowings	202.9	181.9	313.6	287.3	301.8	2,726
Current maturities of debentures	70.0	50.2	71.3	78.0	110.0	993
Short-term total	563.0	526.5	650.4	683.8	709.6	6,410
Long-term borrowings	2,024.3	1,938.5	2,013.6	1,946.2	2,247.0	20,296
Debentures	331.1	294.2	303.7	235.3	190.6	1,721
Long-term total	2,355.4	2,232.7	2,317.3	2,181.5	2,437.6	22,018
Total interest-bearing debt	2,918.4	2,759.2	2,967.7	2,865.3	3,147.2	28,428
Fair value hedge adjustment	26.3	20.3	16.1	11.7	8.1	73
Adjusted total interest-bearing debt (A)	2,944.7	2,779.5	2,983.8	2,877.0	3,155.3	28,501
Cash and cash equivalents, time deposits (B)	614.0	459.1	577.1	620.1	554.0	5,004
Net interest-bearing debt (A)–(B)	2,330.7	2,320.4	2,406.8	2,256.9	2,601.4	23,497
Shareholders' equity	2,401.9	2,669.5	2,936.9	2,996.0	3,316.3	29,954
Net debt-to-shareholders' equity ratio (times)*	0.97	0.87	0.82	0.75	0.78	—

* Net debt-to-shareholders' equity ratio = $\frac{\text{Net interest-bearing debt}}{\text{Shareholders' equity}}$

Profits / Losses of Group Companies

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Profits of Group companies	¥357.4	¥452.9	¥ 545.3	¥471.1	¥ 463.8	$4,189
Losses of Group companies	(28.7)	(60.6)	(107.4)	(25.9)	(104.2)	(941)
Total	328.6	392.3	437.9	445.2	359.6	3,248
Ratio of Group companies reporting profits (%)	86.4	91.0	90.0	88.6	82.4	—

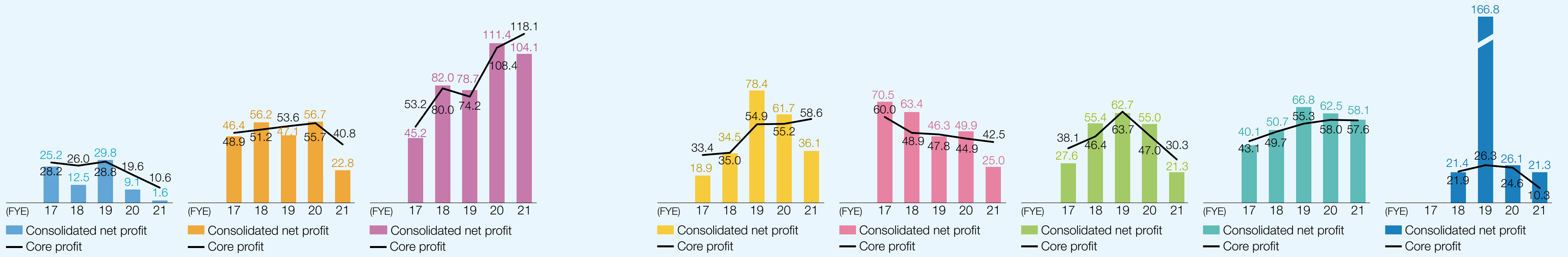
Risk Buffer and Risk Assets

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Risk buffer	¥2,662.8	¥2,984.4	¥3,690.1	¥3,840.6	¥3,870.2	$34,958
Risk assets	1,796.1	1,972.4	2,267.7	2,588.4	2,815.3	25,429

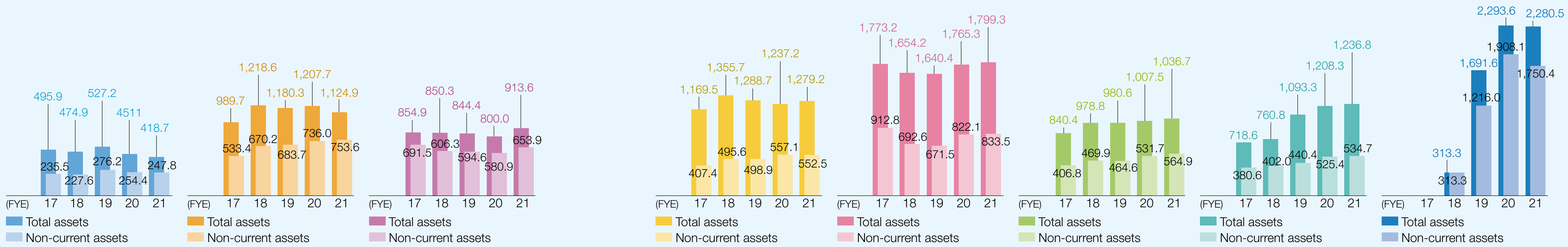
Performance Trends by Segment

Textile Company | Machinery Company | Metals & Minerals Company | Energy & Chemicals Company | Food Company | General Products & Realty Company | ICT & Financial Business Company | The 8th Company

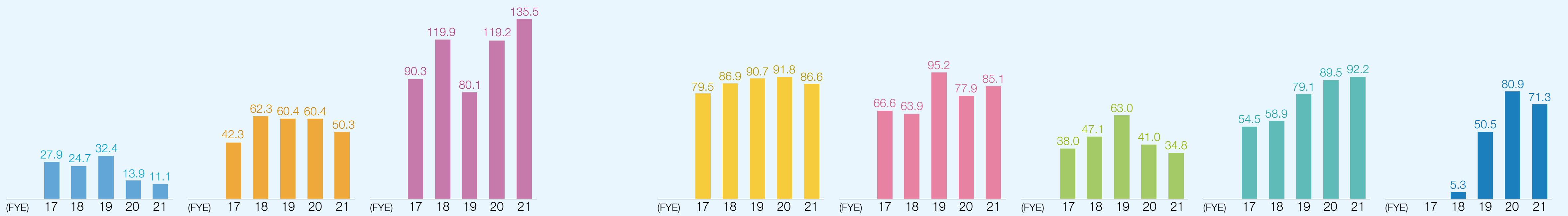
Consolidated Net Profit & Core Profit
(Billions of yen)



Total Assets
(Billions of yen)

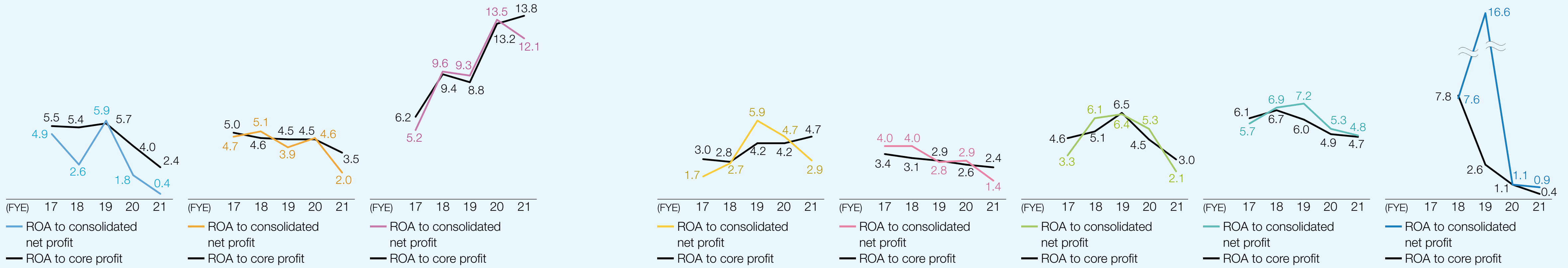


Core Operating Cash Flows*
(Billions of yen)



* "Operating cash flows" minus "changes in working capital" (excluding the effect of lease accounting)

ROA
(%)



* On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The amounts under FYE 2018, FYE 2019 and the 1st quarter of FYE 2020 are presented post reclassification.

Segment Information by Operating Segment[*1]

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Textile						
Revenues from external customers	¥ 528.1	¥ 522.4	¥ 593.6	¥ 537.4	¥ 435.0	$ 3,929
Gross trading profit	132.4	122.0	118.9	107.5	89.5	809
Equity in earnings of associates and joint ventures	6.9	7.0	8.4	3.7	2.0	18
Net profit attributable to ITOCHU	25.2	12.5	29.8	9.1	1.6	15
Core profit	28.2	26.0	28.8	19.6	10.6	96
Core operating cash flows	27.9	24.7	32.4	13.9	11.1	100
Total assets as of March 31	495.9	474.9	527.2	451.1	418.7	3,782
ROA (%)	4.9	2.6	5.9	1.8	0.4	—
Machinery						
Revenues from external customers	361.9	722.8	1,222.8	1,212.5	1,053.4	9,515
Gross trading profit	103.1	171.9	193.8	194.9	173.6	1,568
Equity in earnings of associates and joint ventures	24.8	25.1	30.1	30.7	25.6	231
Net profit attributable to ITOCHU	46.4	56.2	47.1	56.7	22.8	206
Core profit	48.9	51.2	53.6	55.7	40.8	369
Core operating cash flows	42.3	62.3	60.4	60.4	50.3	454
Total assets as of March 31	989.7	1,218.6	1,180.3	1,207.7	1,124.9	10,161
ROA (%)	4.7	5.1	3.9	4.6	2.0	—
Metals & Minerals						
Revenues from external customers	209.3	229.7	666.1	643.9	657.2	5,936
Gross trading profit	69.6	93.5	82.8	105.2	110.4	997
Equity in earnings of associates and joint ventures	17.6	20.8	20.1	22.3	22.6	204
Net profit attributable to ITOCHU	45.2	82.0	78.7	111.4	104.1	940
Core profit	53.2	80.0	74.2	108.4	118.1	1,067
Core operating cash flows	90.3	119.9	80.1	119.2	135.5	1,224
Total assets as of March 31	854.9	850.3	844.4	800.0	913.6	8,252
ROA (%)	5.2	9.6	9.3	13.5	12.1	—
Energy & Chemicals						
Revenues from external customers	1,426.4	1,576.8	3,124.4	2,603.2	2,180.4	19,694
Gross trading profit	183.1	206.8	216.6	217.9	228.2	2,061
Equity in earnings of associates and joint ventures	4.6	6.2	13.4	11.1	11.0	99
Net profit attributable to ITOCHU	18.9	34.5	78.4	61.7	36.1	326
Core profit	33.4	35.0	54.9	55.2	58.6	529
Core operating cash flows	79.5	86.9	90.7	91.8	86.6	782
Total assets as of March 31	1,169.5	1,355.7	1,288.7	1,237.2	1,279.2	11,555
ROA (%)	1.7	2.7	5.9	4.7	2.9	—
Food						
Revenues from external customers	1,071.3	1,149.2	3,770.3	3,828.3	3,975.3	35,907
Gross trading profit	272.2	278.3	278.6	304.0	331.2	2,992
Equity in earnings of associates and joint ventures	19.0	20.6	17.5	15.6	12.3	111
Net profit attributable to ITOCHU	70.5	63.4	46.3	49.9	25.0	226
Core profit	60.0	48.9	47.8	44.9	42.5	384
Core operating cash flows	66.6	63.9	95.2	77.9	85.1	769
Total assets as of March 31	1,773.2	1,654.2	1,640.4	1,765.3	1,799.3	16,253
ROA (%)	4.0	4.0	2.8	2.9	1.4	—
General Products & Realty						
Revenues from external customers	548.1	594.4	890.1	808.1	755.4	6,823
Gross trading profit	145.9	152.4	164.1	157.0	147.4	1,332
Equity in earnings of associates and joint ventures	12.7	18.1	30.9	5.1	5.2	47
Net profit attributable to ITOCHU	27.6	55.4	62.7	55.0	21.3	192
Core profit	38.1	46.4	63.7	47.0	30.3	273
Core operating cash flows	38.0	47.1	63.0	41.0	34.8	314
Total assets as of March 31	840.4	978.8	980.6	1,007.5	1,036.7	9,364
ROA (%)	3.3	6.1	6.4	5.3	2.1	—
ICT & Financial Business						
Revenues from external customers	669.7	697.2	728.0	751.1	751.2	6,786
Gross trading profit	171.6	178.7	207.8	249.7	280.6	2,534
Equity in earnings of associates and joint ventures	30.9	37.0	42.1	40.7	39.1	353
Net profit attributable to ITOCHU	40.1	50.7	66.8	62.5	58.1	525
Core profit	43.1	49.7	55.3	58.0	57.6	521
Core operating cash flows	54.5	58.9	79.1	89.5	92.2	832
Total assets as of March 31	718.6	760.8	1,093.3	1,208.3	1,236.8	11,171
ROA (%)	5.7	6.9	7.2	5.3	4.8	—
The 8th						
Revenues from external customers	¥ —	¥ —	¥ 496.5	¥ 516.9	¥ 478.8	$ 4,324
Gross trading profit	—	—	305.1	459.9	418.8	3,783
Equity in earnings of associates and joint ventures	—	13.3	13.4	1.5	(0.4)	(4)
Net profit attributable to ITOCHU	—	21.4	166.8	26.1	21.3	192
Core profit	—	21.9	26.3	24.6	10.3	93
Core operating cash flows	—	5.3	50.5	80.9	71.3	644
Total assets as of March 31	—	313.3	1,691.6	2,293.6	2,280.5	20,599
ROA (%)	—	7.6	16.6	1.1	0.9	—
Others, Adjustments & Eliminations[*2]						
Revenues from external customers	23.6	17.7	108.7	81.5	76.0	686
Gross trading profit	15.5	6.9	(4.0)	1.7	1.0	9
Equity in earnings of associates and joint ventures	68.7	68.1	(77.8)	75.2	111.2	1,005
Net profit attributable to ITOCHU	78.3	24.2	(76.0)	69.0	111.1	1,004
Core profit	65.3	57.7	67.5	72.0	83.6	756
Core operating cash flows	20.6	(7.9)	(37.2)	27.1	7.6	69
Total assets as of March 31	1,280.0	1,057.4	852.2	948.9	1,088.8	9,835
ROA (%)	5.9	2.1	—	7.6	10.9	—
Consolidated						
Revenues from external customers	4,838.5	5,510.1	11,600.5	10,983.0	10,362.6	93,602
Gross trading profit	1,093.5	1,210.4	1,563.8	1,797.8	1,780.7	16,085
Equity in earnings of associates and joint ventures	185.2	216.2	98.1	205.9	228.6	2,065
Net profit attributable to ITOCHU	352.2	400.3	500.5	501.3	401.4	3,626
Core profit	370.2	416.8	472.0	485.3	452.4	4,087
Core operating cash flows	419.7	461.1	514.3	601.8	574.3	5,188
Total assets as of March 31	8,122.0	8,663.9	10,098.7	10,919.6	11,178.4	100,970
ROA (%)	4.4	4.8	5.3	4.5	3.6	—

*1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The amounts under FYE 2018, FYE 2019 and the 1st quarter of FYE 2020 are presented post reclassification.
*2 "Others, Adjustments & Eliminations" includes gains and losses which do not belong to each operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Segment Information by Geographical Area[*1]

Fiscal Years Ended March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Revenue						
Japan	¥3,270.8	¥3,773.3	¥ 8,996.9	¥ 8,686.0	¥ 8,351.7	$75,438
Singapore	309.0	327.7	668.1	534.2	490.7	4,432
United States	638.1	693.1	712.6	588.6	463.0	4,183
China	105.4	127.1	327.8	287.0	292.7	2,644
Australia	160.8	181.1	196.4	222.4	262.3	2,370
Others	354.4	407.8	698.7	664.8	502.1	4,536
Consolidated	¥4,838.5	¥5,510.1	¥11,600.5	¥10,983.0	¥10,362.6	$93,602

As of March 31	2017	2018	2019	2020	Billions of yen 2021	Millions of U.S. dollars 2021
Non-current assets[*2]						
Japan	¥ 563.0	¥ 645.1	¥1,651.4	¥2,700.1	¥2,432.5	$21,972
Australia	183.0	167.3	163.1	147.5	178.6	1,613
United Kingdom	124.4	140.1	101.6	140.5	152.0	1,373
Singapore	130.9	123.4	127.7	140.1	139.0	1,255
United States	76.0	89.7	90.2	104.6	114.8	1,037
Others	89.8	146.6	180.6	195.5	167.2	1,510
Consolidated	¥1,167.1	¥1,312.1	¥2,314.6	¥3,428.3	¥3,184.0	$28,760

*1 Segment information by geographical area above is grouped taking into consideration the actual condition of the transaction and placement of management resource of each business in the Company and its subsidiaries.
*2 Excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts.

Quarterly Information

Quarterly Financial Information

Billions of yen

Fiscal Years Ended March 31	1st Quarter 2017	2018	2019	2020	2021	2nd Quarter 2017	2018	2019	2020	2021
Revenues:										
Revenues from sale of goods	¥ 932.3	¥1,029.2	¥2,419.4	¥2,428.0	¥2,104.6	¥ 964.6	¥1,157.4	¥2,644.3	¥2,450.7	¥2,228.4
Revenues from rendering of services and royalties	174.3	189.5	193.7	298.7	283.6	175.2	201.5	203.6	312.3	301.1
Total revenues	1,106.6	1,218.8	2,613.1	2,726.7	2,388.2	1,139.8	1,358.9	2,847.8	2,763.0	2,529.5
Gross trading profit	248.9	276.3	300.4	433.3	401.5	265.3	302.6	319.3	449.7	451.5
Selling, general and administrative expenses	(199.7)	(204.7)	(227.5)	(328.7)	(326.2)	(195.9)	(224.9)	(225.1)	(325.4)	(330.5)
Provision for doubtful accounts	(0.7)	(0.5)	(1.2)	(2.2)	(3.2)	(1.0)	(0.2)	(1.3)	(4.1)	(2.2)
Gains (losses) on investments	8.8	6.9	2.8	30.7	19.9	30.1	30.5	189.4	4.3	6.3
Gains (losses) on property, plant, equipment and intangible assets	(0.0)	0.5	0.0	1.8	(3.9)	0.4	0.4	0.1	0.4	(37.1)
Other–net	(2.3)	4.7	3.2	1.4	2.4	2.9	4.9	2.2	5.5	7.6
Total other losses	(193.9)	(193.1)	(222.6)	(297.0)	(311.1)	(163.5)	(189.3)	(34.7)	(319.3)	(355.9)
Interest income	6.1	8.4	9.0	8.9	6.5	6.8	8.1	10.7	10.0	6.0
Dividends received	5.3	6.5	7.0	16.0	8.8	1.5	3.6	4.6	11.2	8.4
Interest expense	(6.2)	(8.9)	(11.6)	(16.2)	(10.1)	(7.2)	(9.7)	(14.5)	(15.5)	(8.5)
Total financial income	5.1	6.0	4.4	8.8	5.2	1.1	2.1	0.9	5.6	5.9
Equity in earnings of associates and joint ventures	37.1	47.7	59.0	52.7	43.3	58.9	61.6	(68.7)	65.0	50.1
Profit before tax	97.2	136.9	141.2	197.8	138.9	161.8	177.0	216.8	201.0	151.7
Income tax expense	(21.4)	(22.9)	(24.5)	(34.0)	(23.6)	(27.4)	(34.2)	(55.6)	(40.5)	3.1
Net profit	75.8	113.9	116.7	163.8	115.3	134.4	142.8	161.2	160.6	154.8
Net profit attributable to ITOCHU	¥ 73.1	¥ 108.2	¥ 113.4	¥ 147.3	¥ 104.8	¥ 129.1	¥ 134.3	¥ 144.6	¥ 141.8	¥ 147.7
Net profit attributable to non-controlling interests	2.8	5.7	3.4	16.5	10.6	5.3	8.5	16.5	18.8	7.0

Fiscal Years Ended March 31	3rd Quarter 2017	2018	2019	2020	2021	4th Quarter 2017	2018	2019	2020	2021
Revenues:										
Revenues from sale of goods	¥1,043.2	¥1,246.4	¥2,848.9	¥2,463.0	¥2,362.8	¥ 1,175.4	¥ 1,286.4	¥2,658.4	¥2,397.4	¥2,460.5
Revenues from rendering of services and royalties	181.4	195.7	317.0	307.9	310.7	192.0	203.9	315.3	325.0	311.0
Total revenues	1,224.6	1,442.1	3,165.9	2,770.9	2,673.4	1,367.4	1,490.3	2,973.7	2,722.4	2,771.5
Gross trading profit	278.2	312.6	488.5	454.2	456.8	301.1	318.8	455.6	460.6	470.9
Selling, general and administrative expenses	(195.0)	(227.7)	(378.9)	(353.6)	(341.6)	(211.3)	(233.0)	(361.9)	(373.2)	(368.2)
Provision for doubtful accounts	0.8	(2.0)	(3.2)	(2.2)	(1.2)	(2.3)	(0.6)	(3.3)	(8.9)	(4.3)
Gains (losses) on investments	(3.5)	4.7	23.5	26.1	3.2	(3.3)	(34.9)	(12.7)	(3.3)	(25.3)
Gains (losses) on property, plant, equipment and intangible assets	(0.5)	4.1	0.5	13.8	(30.0)	(16.6)	(34.7)	(12.7)	(20.4)	(86.5)
Other–net	7.1	(10.5)	(0.4)	(0.2)	5.3	(13.1)	0.7	5.7	(8.2)	(21.5)
Total other losses	(191.1)	(231.4)	(358.5)	(316.1)	(364.2)	(246.5)	(302.5)	(384.8)	(413.9)	(505.8)
Interest income	6.7	9.0	10.7	8.6	5.8	7.1	9.2	9.6	7.8	4.8
Dividends received	2.8	5.1	6.8	8.5	12.4	10.3	19.1	29.9	30.8	23.6
Interest expense	(8.4)	(11.0)	(13.9)	(13.6)	(9.7)	(8.4)	(11.9)	(14.4)	(12.2)	(8.0)
Total financial income	1.0	3.1	3.7	3.4	8.5	9.0	16.4	25.1	26.3	20.4
Equity in earnings of associates and joint ventures	46.5	60.9	58.4	49.6	58.4	42.7	46.0	49.4	38.5	76.9
Profit before tax	134.6	145.2	192.1	191.1	159.6	106.2	78.8	145.3	111.5	62.3
Income tax expense	(29.8)	(21.5)	(38.5)	(37.1)	(36.6)	(46.7)	(27.5)	(31.1)	(30.6)	(14.6)
Net profit	104.8	123.7	153.6	154.0	123.0	59.5	51.3	114.2	80.9	47.7
Net profit attributable to ITOCHU	¥ 98.2	¥ 114.7	¥ 139.5	¥ 137.6	¥ 111.8	¥ 51.9	¥ 43.2	¥ 103.0	¥ 74.6	¥ 37.1
Net profit attributable to non-controlling interests	6.7	9.0	14.1	16.4	11.2	7.6	8.1	11.2	6.2	10.6

Quarterly Segment Information by Operating Segment[*1]

Billions of yen

Fiscal Years Ended March 31	1st Quarter 2017	2018	2019	2020	2021	2nd Quarter 2017	2018	2019	2020	2021
Textile										
Gross trading profit	¥31.0	¥30.0	¥27.2	¥ 27.7	¥19.8	¥33.8	¥31.2	¥ 29.3	¥ 29.9	¥ 26.4
Net profit (loss) attributable to ITOCHU	4.2	6.4	7.7	7.0	0.9	7.7	7.3	7.9	8.0	7.5
Machinery										
Gross trading profit	25.5	25.0	43.6	46.7	31.9	24.9	49.9	48.1	50.1	43.2
Net profit (loss) attributable to ITOCHU	16.5	12.2	11.6	13.5	5.3	9.5	14.6	15.3	15.3	11.4
Metals & Minerals										
Gross trading profit	11.1	24.4	24.6	31.0	26.0	9.9	20.0	19.4	25.7	24.6
Net profit attributable to ITOCHU	8.4	21.0	22.3	33.8	22.8	6.4	15.9	16.8	27.5	25.0
Energy & Chemicals										
Gross trading profit	38.2	51.6	52.7	54.2	50.4	46.6	47.9	56.8	57.5	57.5
Net profit attributable to ITOCHU	4.5	8.0	10.2	10.5	11.2	8.9	5.7	12.3	11.5	12.3
Food										
Gross trading profit	67.1	69.9	69.2	67.2	78.0	70.5	71.7	71.5	71.0	86.1
Net profit (loss) attributable to ITOCHU	12.8	15.4	14.0	9.9	8.8	36.6	27.8	5.7	9.7	15.0
General Products & Realty										
Gross trading profit	37.2	36.6	40.9	41.3	36.0	35.2	37.5	47.3	38.0	37.6
Net profit (loss) attributable to ITOCHU	9.1	14.3	16.5	32.8	8.4	10.1	14.1	22.4	12.9	9.6
ICT & Financial Business										
Gross trading profit	35.5	37.4	39.2	50.8	60.1	40.3	43.5	44.2	57.3	66.2
Net profit attributable to ITOCHU	8.4	11.0	12.3	16.4	22.4	9.2	12.2	24.7	15.6	14.6
The 8th										
Gross trading profit	—	—	—	114.4	99.6	—	—	—	119.3	110.3
Net profit (loss) attributable to ITOCHU	—	5.0	7.4	10.7	5.2	—	9.4	150.9	10.7	24.8
Others, Adjustments & Eliminations[*2]										
Gross trading profit	3.3	1.4	3.0	(0.1)	(0.4)	4.2	1.0	2.7	0.8	(0.3)
Net profit (loss) attributable to ITOCHU	9.1	15.0	11.3	12.6	19.7	40.8	27.3	(111.3)	30.7	27.5

Fiscal Years Ended March 31	3rd Quarter 2017	2018	2019	2020	2021	4th Quarter 2017	2018	2019	2020	2021
Textile										
Gross trading profit	¥35.2	¥34.5	¥ 32.1	¥ 30.2	¥ 25.1	¥ 32.4	¥ 26.3	¥ 30.3	¥ 19.7	¥ 18.3
Net profit (loss) attributable to ITOCHU	9.0	8.3	8.7	6.5	7.5	4.3	(9.5)	5.5	(12.4)	(14.2)
Machinery										
Gross trading profit	24.9	47.5	52.0	47.8	48.5	27.8	49.5	50.2	50.3	50.0
Net profit (loss) attributable to ITOCHU	11.6	10.0	20.1	15.3	16.1	8.8	19.5	0.1	12.6	(9.9)
Metals & Minerals										
Gross trading profit	18.0	21.7	20.5	22.0	27.4	30.6	27.4	18.4	26.5	32.5
Net profit attributable to ITOCHU	9.9	19.9	19.1	23.2	25.9	20.5	25.3	20.5	26.9	30.4
Energy & Chemicals										
Gross trading profit	49.4	52.2	55.7	52.7	54.8	48.9	55.1	51.4	53.5	65.4
Net profit attributable to ITOCHU	3.7	8.0	32.3	17.4	10.8	1.8	12.8	23.6	22.3	1.8
Food										
Gross trading profit	71.1	74.1	73.0	92.5	88.6	63.5	62.5	64.8	73.2	78.5
Net profit (loss) attributable to ITOCHU	13.7	18.0	14.8	21.3	18.9	7.5	2.3	11.7	9.0	(17.7)
General Products & Realty										
Gross trading profit	32.7	36.5	35.1	36.7	36.1	40.9	41.8	40.8	41.0	37.6
Net profit (loss) attributable to ITOCHU	7.4	12.9	12.7	12.3	8.3	1.0	14.2	11.1	(2.9)	(5.1)
ICT & Financial Business										
Gross trading profit	40.4	43.6	54.8	58.8	69.8	55.5	54.2	69.7	82.7	84.5
Net profit attributable to ITOCHU	9.4	12.5	12.3	15.7	14.3	13.1	14.9	17.5	14.7	6.7
The 8th										
Gross trading profit	—	—	170.3	112.4	106.5	—	—	134.8	113.8	102.4
Net profit (loss) attributable to ITOCHU	—	11.9	6.2	4.8	(6.9)	—	(4.9)	2.3	(0.1)	(1.9)
Others, Adjustments & Eliminations[*2]										
Gross trading profit	6.6	2.5	(4.9)	1.0	(0.1)	1.5	2.1	(4.8)	(0.0)	1.7
Net profit (loss) attributable to ITOCHU	33.5	13.2	13.4	21.2	17.0	(5.1)	(31.3)	10.6	4.6	46.9

*1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The amounts under FYE 2018, FYE 2019 and the 1st quarter of FYE 2020 are presented post reclassification.

*2 "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Profits / Losses from Major Group Companies

Textile Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
JOI'X CORPORATION	100.0%	1.2	0.8	**(0.8)**	0.8
DESCENTE LTD.	40.0%	1.2	(1.4)	**1.6**	1.2
EDWIN CO., LTD.	98.5%	(0.8)	(1.3)	**(1.7)**	1.0
Sankei Co., Ltd.	100.0%	1.9	1.5	**(8.2)**	0.3
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	1.1	0.4	**0.9**	1.9
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.1	1.1	**1.1**	1.2

Machinery Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Tokyo Century Corporation	30.1%	12.6	14.2	**13.5**	18.0
I-Power Investment Inc.	100.0%	(5.8)	1.8	**2.5**	2.5
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	1.0	1.2	**0.6**	0.9
ITOCHU Plantech Inc. *3	60.0%	0.8	1.2	**0.8**	0.7
IMECS Co., Ltd.	100.0%	1.6	0.8	**1.1**	1.5
JAMCO Corporation	33.4%	0.6	0.1	**(5.0)**	(1.0)
JAPAN AEROSPACE CORPORATION	100.0%	1.2	1.6	**1.5**	1.4
YANASE & CO., LTD.	66.0%	1.1	3.0	**4.6**	5.2
Auto Investment Inc.	100.0%	0.3	0.5	**1.2**	0.7
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.	50.0%	0.6	0.3	**0.2**	0.2
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.4	1.4	**0.5**	0.8
Century Medical, Inc.	100.0%	0.7	0.6	**0.6**	0.8
MULTIQUIP INC.	100.0%	2.8	2.8	**2.4**	2.8

Metals & Minerals Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	60.1	83.4	**90.6**	123.4
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	1.7	9.4	**5.5**	—
Marubeni-Itochu Steel Inc.	50.0%	12.1	11.2	**8.7**	—
ITOCHU Metals Corporation*3	70.0%	1.1	1.3	**1.0**	1.1

Energy & Chemicals Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG project)	100.0%	3.3	4.9	**1.8**	2.7
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	0.5	0.7	**1.1**	1.1
ITOCHU ENEX CO., LTD.	54.0%	6.5	6.9	**6.6**	6.7
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	9.1	7.7	**4.8**	—
Dividends from LNG Projects (PAT)	—	6.2	5.5	**3.4**	4.1
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	5.2	4.4	**4.7**	4.6
ITOCHU PLASTICS INC. *3	60.0%	2.3	2.5	**2.6**	2.7
C. I. TAKIRON Corporation	55.7%	2.9	6.4	**2.8**	3.1

Food Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Dole International Holdings, Inc.	100.0%	7.8	(0.2)	**(3.3)**	8.8
NIPPON ACCESS, INC. *3	60.0%	7.0	8.4	**4.4**	8.9
FUJI OIL HOLDINGS INC.	39.9%	3.0	5.1	**2.4**	4.6
Prima Meat Packers, Ltd.	47.9%	3.2	3.9	**5.6**	4.9
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	1.7	2.0	**2.0**	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	2.7	3.0	**4.5**	—

General Products & Realty Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	4.2	6.2	**(3.6)**	0.0
ITOCHU FIBRE LIMITED (METSA FIBRE)	100.0%	16.1	1.9	**(1.2)**	—
ITOCHU PULP & PAPER CORPORATION *3	90.0%	0.8	1.0	**1.0**	1.2
ITOCHU CERATECH CORPORATION	100.0%	0.7	0.5	**0.5**	0.5
ITOCHU LOGISTICS CORP. *3	95.2%	2.9	4.9	**2.8**	2.9
ITOCHU KENZAI CORPORATION	100.0%	2.9	2.9	**2.7**	2.5
DAIKEN CORPORATION	36.4%	1.3	1.9	**2.0**	2.2
ITOCHU PROPERTY DEVELOPMENT, LTD.	100.0%	2.9	2.4	**3.1**	2.8

ICT & Financial Business Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	14.2	16.6	**17.8**	19.2
BELLSYSTEM24 Holdings, Inc.	40.8%	1.2	1.8	**1.9**	3.2
CONEXIO Corporation	60.3%	4.0	4.0	**4.3**	4.0
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	1.4	0.2	**1.9**	2.1
HOKEN NO MADOGUCHI GROUP INC.	76.2%	2.0	2.8	**3.4**	—
POCKET CARD CO., LTD. *3	40.2%	2.0	2.1	**1.3**	2.1
Orient Corporation	16.5%	4.2	3.7	**(9.5)**	—
First Response Finance Ltd.	100.0%	1.1	1.4	**1.5**	1.6
ITOCHU FINANCE (ASIA) LTD.	100.0%	2.7	3.5	**4.0**	3.7

The 8th Company

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
FamilyMart Co., Ltd. *4	94.7%	17.3	17.5	**(16.7)**	31.2
NIPPON ACCESS, INC. *3	40.0%	4.6	5.5	**2.7**	5.7
POCKET CARD CO., LTD. *3 *5	38.0%	1.9	2.1	**1.3**	2.0
ITOCHU PLASTICS INC.*3	40.0%	1.5	1.6	**1.7**	1.8
ITOCHU Plantech Inc. *3	40.0%	0.5	0.8	**0.5**	0.4
ITOCHU Metals Corporation *3	30.0%	0.5	0.6	**0.4**	0.5
ITOCHU LOGISTICS CORP. *3	4.8%	0.2	0.1	**0.1**	0.1
ITOCHU PULP & PAPER CORPORATION *3	10.0%	0.1	0.1	**0.1**	0.1

Others, Adjustments & Eliminations

Billions of yen

	Ownership %*1	FYE 2019	FYE 2020	FYE 2021	FYE 2022 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Orchid Alliance Holdings Limited	100.0%	(85.0)	66.4	**72.5**	75.0
C.P. Pokphand Co. Ltd.	23.8%	5.5	7.1	**40.2**	—
Chia Tai Enterprises International Limited	23.8%	(2.9)	0.4	**(0.2)**	—

*1 Indicated ownership percentages are as of June 30, 2021.
*2 "FYE 2022 (Plan)" indicates initial plans disclosed on May 10, 2021.
*3 Ownership has been partially transferred to The 8th Company. Accordingly ownership percentages and profits / losses are shown for each Division Company.
*4 The figures include net profits from POCKET CARD CO., LTD.
*5 The figures include net profits through FamilyMart Co., Ltd.

IR Activities

ITOCHU engages in communication with analysts, institutional investors, individual investors, and all other stakeholders. While explaining our thinking to those stakeholders, we proactively report the valuable opinions received through the communications to the management team in order to facilitate increases in corporate value.

Major IR Activities

Activity	FYE 2019 Results	FYE 2020 Results	FYE 2021 Results
Individual meetings with institutional investors	328	301	305
Investor briefings on financial results for analysts and institutional investors	5	4	4
Briefings on operating segments and projects and site tours for analysts and institutional investors	0	1	1
Overseas IR roadshows	8	5*	0*
Conferences sponsored by securities companies	5	4	6
Meetings for individual investors	13	6	2

* To prevent the spread of COVID-19, overseas travel has been suspended since February 2020, and individual meetings have been held online.

	FYE 2019 Results	FYE 2020 Results	FYE 2021 Results
Number of shareholders	187,392	176,884	193,948
Number of attendees at General Meeting of Shareholders	2,696	7*	97*

* To prevent the spread of COVID-19, the scale has been reduced.


Investor briefing on financial results for analysts and institutional investors


General Meeting of Shareholders


Briefing on operating segments and projects (Power & Environmental Solution Division)

External Evaluations of Our IR Activities

Annual Report

Government Pension Investment Fund (GPIF)
Outstanding Integrated Report
Highly-Improved Integrated Report

WICI Japan
Integrated Report Award 2020
Gold Award

IR Website

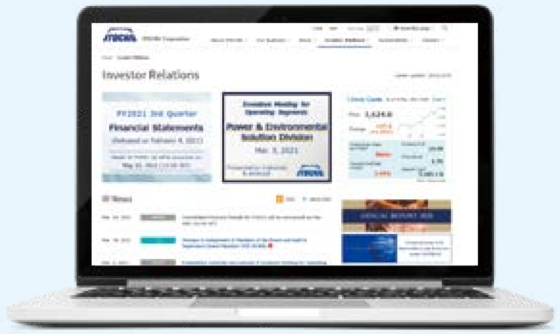
Daiwa Investor Relations Co. Ltd.
2020 Internet IR Award
Grand Prize (1st Place)

Nikko Investor Relations Co., Ltd.
All Japanese Listed Companies' Website Ranking 2020
Overall Ranking: AAA Grade
By-sector Ranking (Wholesale Trade): AAA Grade

Morningstar Japan K.K.
Gomez IR Site Ranking 2020
Gold Ranking

Credit Ratings
(As of July 2021)

Credit Rating Agency	Long-Term / Outlook	Short-Term
Japan Credit Rating Agency (JCR)	AA / Stable	J-1+
Rating & Investment Information (R&I)	AA- / Stable	a-1+
Moody's Investors Service	A3 / Stable	P-2
S&P Global Ratings	A / Stable	A-1



For more information about IR,
please visit our Investor Relations website.
https://www.itochu.co.jp/en/ir/

- Financial statements
- TSE filings
- Shareholders and stock information
- Operating results and financial position, etc.

Message from the Investor Relations Division

We would like to express our gratitude to the readers of Annual Report 2021. We hope that it has contributed to understanding of the relationship between ITOCHU's business management continuity and corporate value enhancement. Going forward, we will continue proactively engaging in dialogue with all of our stakeholders, ensuring timely, appropriate disclosure, and sincerely advancing investor relations activities aimed at increasing corporate value even further.

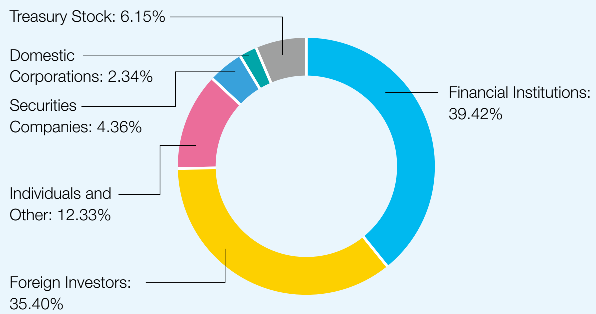
Stock and Shareholder Information (As of March 31, 2021)

Basic Information About Our Stock

Stock listing	Tokyo
Category	Wholesale, Trade
Stock code	8001
Minimum number of stocks allowed per trade	100
Fiscal year	From April 1 to March 31
Shareholder fixed day for dividend payment	March 31 (Interim: September 30)
Number of common shares issued	1,584,889,504 shares
Number of shareholders	193,948
Transfer agent of common stock	Sumitomo Mitsui Trust Bank, Limited

Status of inclusion in indices (excluding ESG indices)
- JPX-Nikkei Index 400
- TOPIX Core 30 / TOPIX 100 / TOPIX 500 / TOPIX 1000
- Tokyo Stock Exchange Dividend Focus 100 Index
- Nikkei Stock Average (Nikkei 225)
- Nikkei Stock Index 300 / Nikkei 500 Stock Average
- Nikkei 225 High Dividend Yield Stock 50 Index
- MSCI Japan Index* • MSCI Japan High Dividend Yield*

Breakdown of Shareholders



* The inclusion of ITOCHU in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. The MSCI indexes are trademarks or service marks of MSCI or its affiliates.

Major Shareholders*1

Name	Number of Shares (1,000 shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	140,390	9.44
BNYM AS AGT/CLTS NON TREATY JASDEC	85,057	5.72
Custody Bank of Japan, Ltd. (trust account)	81,626	5.49
CP WORLDWIDE INVESTMENT COMPANY LIMITED*2	63,500	4.27
Nippon Life Insurance Company	34,056	2.29
Custody Bank of Japan, Ltd. (trust account 7)	31,431	2.11
Mizuho Bank, Ltd.	31,200	2.10
Asahi Mutual Life Insurance Company	23,400	1.57
Custody Bank of Japan, Ltd. (trust account 5)	21,128	1.42
STATE STREET BANK WEST CLIENT - TREATY 505234	20,773	1.40

*1 Our treasury stock of 97,462 thousand shares (6.15%) is excluded from the above list.
Shareholding ratio shows the ratio against the total number of common shares issued excluding treasury stock.
*2 In addition to the above, we have confirmed that CP WORLDWIDE INVESTMENT COMPANY LIMITED holds ITOCHU's shares under another name (CP WORLDWIDE INVESTMENT COMPANY LIMITED 1008520). The total number of shares actually owned by the company is 78 million shares (5.24% of the number of issued shares excluding treasury stock).