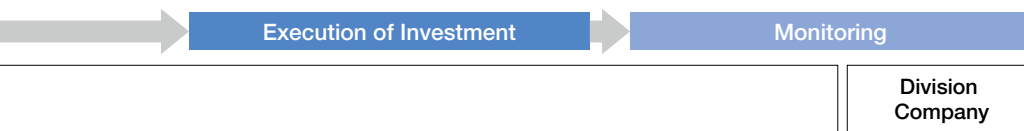


Organizational Assets

The Workings of Administrative Divisions in the Business Investment Process

ITOCHU is pursuing a business model that balances trade and business investment. We have honed sophisticated levels of specialization and accumulated know-how in administrative divisions, including law, risk management, tax and accounting, and finance. Rather than acting simply as “back office” entities that serve as checks on business divisions, our administrative divisions support business divisions’ “earn, cut, prevent” efforts. Here, we show some examples of how administrative divisions support each business investment process (⇔ Page 39), which is key in developing our business.

Investment Decisions	
Division Company	Administrative Division: Headquarters
<p>Division Company CFO</p>  <p>Makoto Kyoda</p> <p>We are dispatched from headquarters, take overall charge of accounting, affiliate administration, and risk management of each Division Company. We vet the investment application, validate the potential investee’s business plan, and conduct a risk analysis by comparing with internal investment criteria, etc. We check and provide support for the applicants through providing suitable advices.</p>	<p>Corporate Planning & Administration Division</p>  <p>Yoriko Ota</p> <p>We are in charge of planning and proposing Companywide management policy and plans, as well as running important meetings such as Board of Directors. On business investment projects, we conduct advance screening and consider consistency with management policy. We help the management team make appropriate decisions smoothly, by highlighting salient points and providing explanations, etc.</p>
	<p>Finance Division</p>  <p>Shino Tadashima</p> <p>From searching for potential business investment projects to making investments, we leverage our network of financial institutions to support M&A execution. We work alongside the applicants to create an optimal acquisition scheme, verify valuations from a market perspective, work to lower financing costs, and support the steady execution of growth investments.</p>
	<p>Legal Division</p>  <p>Grace Gentilli</p> <p>Participating from the initial stage of business investment projects, we provide advice and may join in handling negotiations, helping to secure more favorable terms in negotiations with the legal representatives of the counterparty. In addition to checking the laws of the country of investee, non-compete obligations, antimonopoly legislation, and compliance, we provide a wide range of support for the applicants.</p>
	<p>General Accounting Control Division</p>  <p>Shunta Watanabe</p> <p>Communicating with related departments, we make proposals to ensure the best investments scheme for the Group, by considering accounting treatment based on discussions with the external auditor, as well as optimal tax planning based on Japanese and overseas tax systems. Following investment execution, we introduce consolidated accounting procedures and respond to statutory disclosure requirements.</p>
	<p>Sustainability Management Department</p>  <p>Keiko Mayuzumi</p> <p>As an organization reporting directly to the CAO, we promote a full range of environment- and society-related sustainability measures. All new business investment projects must pass advance validation from an ESG perspective. We conduct such verification and highlight follow-up points and opinions arising from discussion. We ensure that investment decisions reflect an ESG perspective, as well as the business plan.</p>
	<p>Global Risk Management Division</p> <p>We take responsibility for the planning and operation of investment-related policies and systems, handling the formulation and operation of investment criteria. Based on investment applications from Division Companies, we take a Companywide perspective and decide hurdle rates that take into account cost of capital in around 40 business types (by country). For large projects, we screen projects from the perspective of Companywide risk management and Group management control.</p>



Corporate Communications Division



Daisuke Yoshida

We facilitate the timely and accurate disclosure of information to such stakeholders as newspapers, magazines, television, and other mass media via press conferences, websites, and other means. By fielding interview requests, we foster two-way communications with the mass media that help deepen their understanding of business investment projects and promote increases in corporate value.


Global Risk Management Division



Toshio Wakamatsu

We control a comprehensive review of all investment projects once each fiscal year. During this review, we check that exit criteria are being strictly applied, encourage monitoring that reflects current management issues, and work to improve management through extensive discussions with Division Companies. Such efforts help to maintain and enhance a high percentage of Group companies reporting profits.

Investor Relations Department



Aiko Ano

We are in charge of disseminating information to stakeholders through timely disclosures and annual reports. When an investment is executed, we disclose such information in a timely and easy-to-understand manner to help deepen stakeholder understanding about the objectives and strategies. We also provide feedback from the market to the management team, helping to achieve further increases in corporate value.

Division Company CFO

As partners of applicants, CFOs of Division Companies provide support and checks at all phases: when investments are executed, during post-investment management control, and when exiting from investments. In addition to everyday monitoring through our role as part-time Audit & Supervisory Board Members, at annual reviews we work under the supervision of the Global Risk Management Division and discuss future policies and improvement plans with applicants, taking any conflicts with exit criteria into account and coordinating Division Company policy.

