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) by organizing our management policies and financial and non-financial capital and communicating them to internal and external stakeholders, fostering the virtuous cycle of cultivating mutual understanding through dialogue and achieving a greater level of management sophistication for the Company.

Annual Report 2020 was compiled based on this focus with consideration paid to the disclosure framework of the International Integrated Reporting Council (IIRC). Special emphasis was also placed on connectivity as well as the sustainability and future of our strategy and business model.

ITOCHU aims to steadily address social issues and rapid changes in the business environment, including its response to the COVID-19 pandemic, while being guided by its Group corporate mission, “Sampo-yoshi,” an ideal and driving force that has allowed ITOCHU to overcome numerous hardships in its more than 160-year history. Furthermore, ITOCHU intends to build a foundation for sustainable growth and enhance corporate value, by targeting growth and further progress in both financial and non-financial capital that it has refined and accumulated to date, while moving to pursue both economic and social value.

In compiling this annual report, in addition to these points, we focused on giving explanation especially for the relationship between “corporate value based on the perspective for investment decisions,” as it relates to the Company’s shares, and “the pursuit of capital efficiency,” one of the Company’s management strategies.

Going forward, we intend to further improve our annual report as a medium for dialogue with a variety of stakeholders through reflecting their opinions.

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

For more information about Sustainability
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.
CONTENTS

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

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.