

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 symbiosis of internal and external capital which mutually influence each other. By always remaining cautious of trust and creditworthiness in our management practice, we aim to continuously expand corporate value through realizing increases in both economic value and environmental / social value.

	Explanation of Each Capital (Importance)	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.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Realization of ITOCHU Mission and Guideline of Conduct Morning-Focused Flextime System and adoption of a work from home system for all employees Health management (Support Measures for Balancing Cancer Care and Work, etc.) Business support and control function of administrative divisions Changing work system flexibly during the COVID-19 pandemic <p>Page 92 Human Resource Strategy</p>
	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 entering into new regions.	<ul style="list-style-type: none"> Number of new businesses formed Number of years of business with existing customers Number of contact points with consumers and volume of data Analysis of various data and proof-of-concept data 	<ul style="list-style-type: none"> Creating synergies and new businesses by utilizing ITOCHU's comprehensive strength Breaking down product silos and strengthening collaboration among Division Companies Transforming business models based on a market-oriented perspective Acquiring new knowledge through venture investments, etc. Promoting comprehensive DX support businesses
	Business Portfolio	Leveraging comprehensive strength and ability of self-transformation enables ITOCHU to optimize its business portfolio by increasing its flexibility, range, and balance even further. Moreover, these advantages allow us to adapt quickly to a volatile business environment and diversifying consumer needs.	<ul style="list-style-type: none"> Ratio of Group companies reporting profits Management efficiency indicators 	<ul style="list-style-type: none"> 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 <p>Page 40 Business Investment Page 101 Policy on the Governance of Listed Subsidiaries</p>
Financial Capital				
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.	<ul style="list-style-type: none"> Profits from initiatives with blue-chip partners Number of clients and partners Expenses reduced and decrease in losses on bad debts 	<ul style="list-style-type: none"> Selection and securing of blue-chip partners Use of cutting-edge technologies and services and business model transformation Complying with Environment, Health, and Safety (EHS) Guidelines Building of safe and secure supply chains
	Natural Resources	Through 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.	<ul style="list-style-type: none"> Renewable energy ratio GHG emissions Electricity consumption Water usage Waste volume 	<ul style="list-style-type: none"> 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. <p>Page 86 Approach to Climate Change and Related Initiatives Page 90 Sustainability Management</p>
	Relationships with Society	We practice continuous and constructive communication with our stakeholders, ascertaining their expectations and demands of the Company and solving them. Through this effort, we promote stable business activities in Japan and overseas and realize further enhancement in corporate value.	<ul style="list-style-type: none"> Number of engagements with stakeholders Number of sustainability surveys conducted Number and percentage of employees participating in sustainability and compliance-related internal training 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)	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures	

* For PEST items affecting each capital above, please see
Page 76 PEST Analysis (Macroeconomic Factors through 2030)

Page 126 Data Section

Examples of Key Combinations of Capital in the Businesses Highlighted in the SPECIAL FEATURE "Merchants Who Continue to Transform" (Page 58)

