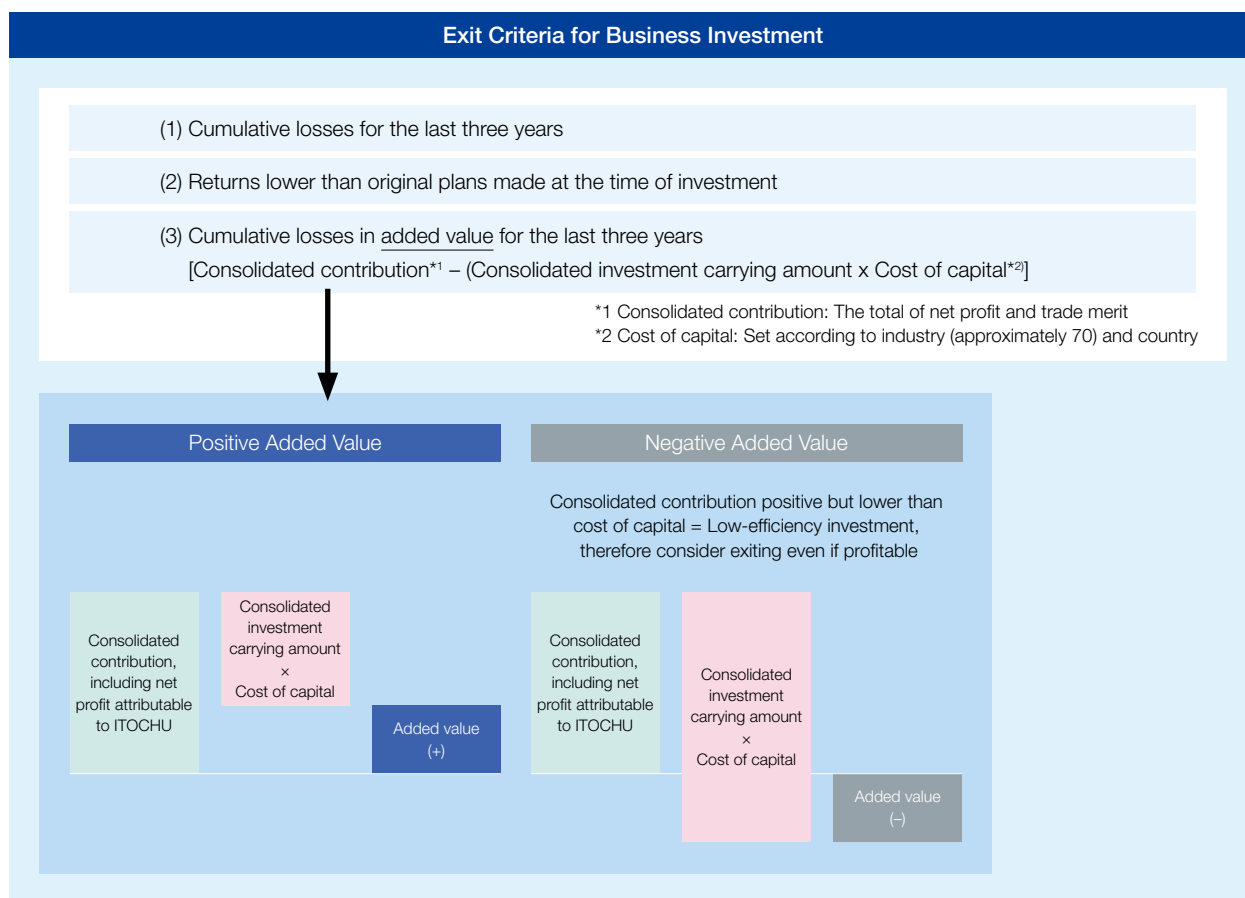


Business Investment



The Four Lessons for Investments

ITOCHU has compiled the lessons learned from past investment failures as “the Four Lessons for Investments” and repeatedly shares the lesson through training sessions based on cases of investment failures and at various management meetings throughout the whole company. In this way, we ensure that the lessons are kept in mind when investment projects are being considered in frontline operations. “The Four Lessons for Investments” are as follows.

The Four Lessons for Investments (To Rigorously Prevent Below)

(1) Overpaying for investments	• Make investments at a low price to minimize future risk of impairment loss
(2) Investments aimed at seizing profit from investees	• Avoid shortsighted investments in a field or area with limited insight that only target current profit contributions
(3) Overdependence on and overconfidence in partners	• Do not engage in projects where ITOCHU must rely on partners or sales from the specific customers
(4) Lack of hands-on management	• Do not engage in projects where ITOCHU cannot seize management control or take the initiative

Training sessions based on cases of investment failures aim to understand the essence of past investment failures so that we avoid repeating the mistakes that led to them. The Global Risk Management Division prepares training materials based on interviews with relevant parties regarding the decision-making process at the time of investment and regarding discussions at the DMC*1 and the HMC*2. In FYE 2023, the training sessions included five specific examples, such as points to keep in mind in relation to projects purchased from investment funds or introduced by investment banks and examples of failures in overseas business investment. In the past, only mid-career employees participated in the training sessions. Beginning from FYE 2023, however, the scope was expanded to all employees, and a large number of employees participated in each training session. Through training sessions based on cases of investment failures, we will continue to utilize the lessons learned from the past in investment decisions and monitoring. In this way, we will strengthen and increase the rigor of measures that “prevent” the occurrence of unforeseen impairment losses, thereby heightening the success rate of investments.

*1 Division Company Management Committee

*2 Headquarters Management Committee