



ITOCHU Corporation

Annual Report Briefing

ITOCHU Corporation

November 29, 2023

Brand-new Deal



- ✓ Understanding the key points of ITOCHU's management through a detailed explanation of Annual Report 2023 and **engaging in dialogue with stakeholders on various issues common to the market**
- ✓ Promoting engagement regarding management strategy and our responses to issues in the unclear and uncertain business environment
- ✓ Achieving further enhancement of corporate value through the actions above

Explanation of the Cover of Annual Report 2023



After the lifting of COVID-19 pandemic-related restrictions, everyday life has returned. While the way we live, work, and socialize have undergone dramatic changes in the past few years, ITOCHU always stands by people and continues to create businesses based upon *"Sampo-yoshi."* The cover expresses ITOCHU's unwavering principles as a *"merchant."*

p.1

“Unchanging”

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

Accumulation of strengths
and achievements as a
general trading company

From Our Founding to the Present

From the Present to the Future
First-mover strategy and
commitment-based management

Evolution of
ITOCHU-ness
in an Era of Change

“Changing”

p.1

“Unchanging”

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Continuing Structure of Annual Report

Continuing to logically arrange information by using the “Corporate Value Calculation Formula (a perspective of investment decision)”

p.2

Achievement of Short-Term Targets

**Enhancement of
Corporate Value** ↑

Driving Force for
Sustainable Value Creation
(Total capital)

Expand Created Value ↑

**Lower
Cost of Capital** ↓

Initiatives and Systems
Supporting Sustainable Growth

**Increase
Growth Rate** ↑

Steppingstones to Medium- to
Long-Term Value Creation

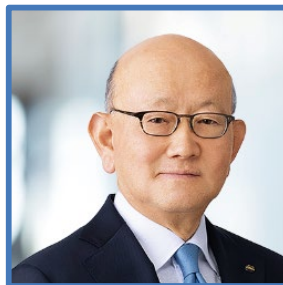
Management Messages



COO



CAO



CEO



CSO



CFO

Continuing the concept that the Chairman & CEO gives an overview of management strategy, while each officer explains the details of strategies focused on their area of responsibility

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Role as the “Table of Contents” in the overall Annual Report

- ✓ Without growing overconfident, I move full steam ahead at all times
- ✓ Preparing and implementing strategies while keeping an eye on the eventual normalization of natural resource prices and foreign exchange rates
- ✓ “Market-oriented perspective,” which understands peoples’ emotions
- ✓ Steadfast Non-Financial Initiatives
- ✓ Further evolve our corporate culture rooted in “*Sampo-yoshi*”
- ✓ “Market-oriented perspective” for the stock market

Changes in CEO Message



2021

2022

2023

Market-oriented perspective

Promoting business transformation with a "market-oriented perspective"

"Market-oriented perspective," understanding peoples' emotions

Management strategy based on "*Sampo-yoshi*"

Businesses contributing to "*Sampo-yoshi*"

Our corporate culture rooted in "*Sampo-yoshi*"

Taking initiatives by focusing the downstream

Preparing for post-normalization of resource prices

Preparing and implementing strategies for resource prices and exchange rates normalization

Driving decarbonization based on a "market-oriented perspective"

Human resource strategies

Steadfast Non-Financial Initiatives

Basic stance as a "merchant"

Lessons learned from history

Without overconfidence, move full steam ahead at all times

Responding to the market expectations (shareholder returns)

Stance on shareholder returns based on dialogue

"Market-oriented perspective" for the stock market

p.12



Resolutions for the Third Year as President & COO, post-COVID-19 Restrictions

- ✓ Visiting our front lines to reinforce our businesses with our employees
- ✓ Strengthen “front-line capability” and reinforced “hands-on management”

Approach to Decarbonization Efforts

- ✓ Continuous and steady Efforts to Reduce GHG Emissions

Breaking Down the “Three Walls”

- ✓ Vertical organizational structure, Communications and Inner barrier within myself

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Visualizing the “non-visible value” and the way sustainability runs

- ✓ Shared their mission of enriching the world through business
- ✓ A “common language” to talk about sustainability
- ✓ The point where PBR exceed 1 time marks “non-visible value = human resource”



High Resilience to Economic Volatility in an Uncertain Business Environment

- ✓ The current business environment surrounding ITOCHU
- ✓ The points when making growth investments

The Four Lessons for Investments (To Rigorously Prevent Below)

- ① Overpaying for investments
- ② Investments aimed at seizing profit from investees
- ③ Overdependence on and overconfidence in partners
- ④ Lack of hands-on management

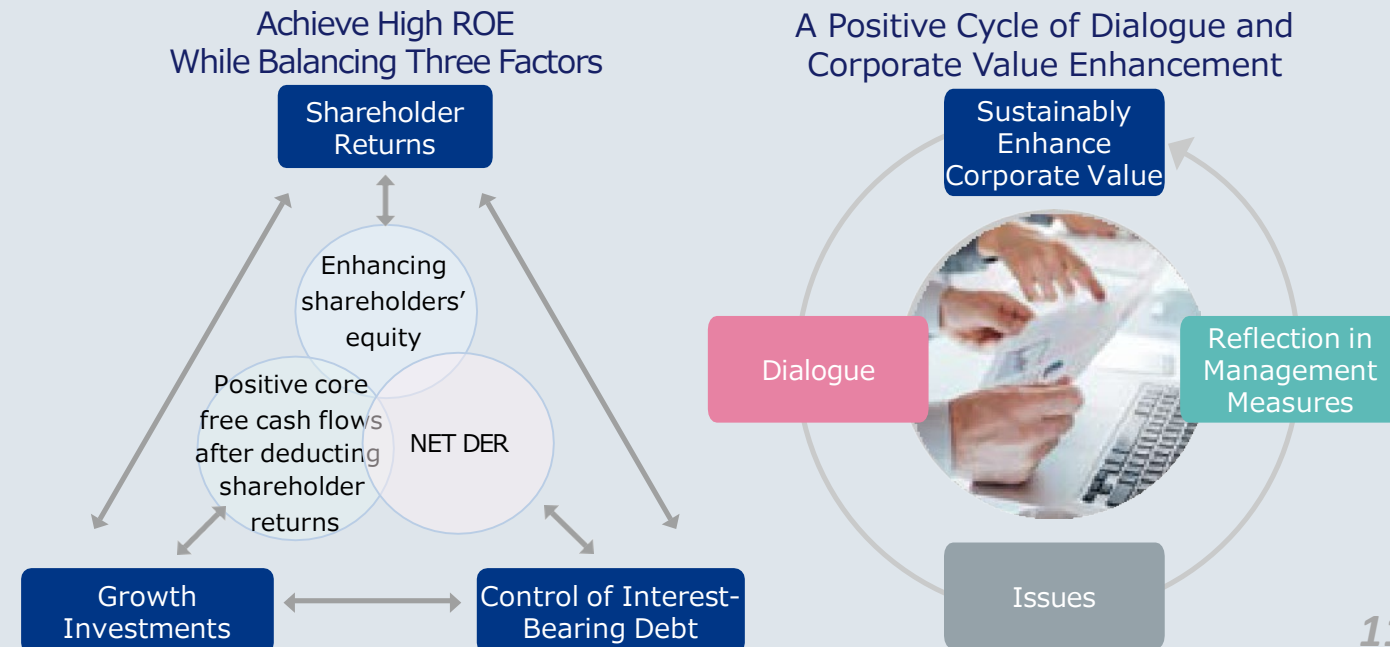
- ✓ Forecasts for CITIC's performance
- ✓ Background behind newly establishing the Group CEO Office

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Firmly maintaining our financial and capital strategies to balance three factors

- ✓ Expansion of our financial and capital foundations, which will underpin our growth strategy
- ✓ Upgrade in credit rating to ensure funding
- ✓ The shareholder returns policy for FYE 2024
- ✓ The policy for growth investments in FYE 2024



Evolution of our Annual Report



“Unchanging”

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

Accumulation of strengths
and achievements as a
general trading company

From Our Founding to the Present

From the Present to the Future
First-mover strategy and
commitment-based management

We have captured the trends of the times and steadily evolved our business model, human resource strategy, sustainability initiatives, governance, and more.

Evolution of
ITOCHU-ness
in an Era of Change
“Changing”

Evolution of our Annual Report in “Brand-new Deal 2023”

Changes in the business environment

ITOCHU

Annual Report

COVID-19 pandemic

★ Downgraded to Category 5

The adoption of new lifestyles and workstyles, and the acceleration of digitalization.

Actualization of geopolitical risks incl. Russia-Ukraine situation

Exchange rate (Yen/US\$)	110.71	122.39	133.53	149.58
Interest rate (Libor•SOFR)	0.32%	0.24%	3.52%	5.25%

- ★ Revised Corporate Governance Code
- ★ Declaration of GHG emission reduction targets by the Japanese government.

- ★ Non-financial disclosures in the securities report
- ★ Implement Management that is conscious of cost of capital and stock price

★ Privatization of FamilyMart

★ Disclosure of medium-term management plan

★ A policy of completely withdrawing from thermal coal interests

★ Sold Drummond thermal coal interest

★ Women's Advancement Committee

★ Sold Ravensworth North thermal coal interest

★ Investment in HCM*

★ Sold CONEXIO
★ Moody's Upgraded to A2
★ TOB announced (CTC/DAIKEN)

Reflecting above and the voice of the market

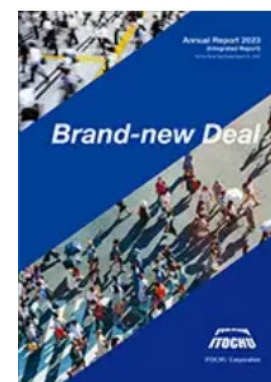
HCM*: Hitachi Construction Machinery



- ✓ Medium-term management plan
 - Realizing business transformation by shifting to a market-oriented perspective
 - Enhancing our contribution to and engagement with the SDGs through business activities
- ✓ GHG emissions reduction and offset targets
- ✓ The Governance of Listed Subsidiaries / Discussions at the Nomination Committee



- ✓ Business Transformation with the Keyword “Ability of Self-Transformation”
- ✓ The second stage of work-style reforms
- ✓ Sale of thermal coal interests
- ✓ Women's Advancement Committee



- ✓ Polishing Our Existing Business and New Steppingstones (CTC etc.)
- ✓ Detailed explanation of highly unique human resource strategy
- ✓ Scenario analysis(1.5°C etc.)
- ✓ Expanding content regarding governance (Succession Plan etc.)

Expanding business environment / risk analysis and disclosure

Structure

Logically arrange information by using the “Corporate Value Calculation Formula,” Structure of Management Messages, The “Merchant” Business Model etc.

FYE2021

FYE2022

FYE2023

FYE2024

New

1. Newly created contents

- ① Business environment and risk analysis
- ② Special Feature2:
Polishing our existing business and new steppingstones

Update

2. The contents updated to meet market expectations

- ③ Special Feature1:
Human resource strategy to enhance corporate value
- ④ Approach to climate change / sustainability management
(Expansion of scenario analysis, Human rights due diligence etc.)
- ⑤ Corporate governance
(Succession plan, Discussions at meetings of the board of directors)

① Business environment and risk analysis

p.42 CSO Interview

Please explain the current business environment surrounding ITOCHU and the initial plan for FYE 2024.

Although we are in a period of a highly uncertain and unpredictable business environment, our plan reflects ITOCHU's stable earnings foundation that is highly resilient to economic volatility.



RISK 6 Country Risk

The ITOCHU Group is exposed to various country risks, including unforeseen situations arising from the political, economic, and social conditions of the overseas countries and regions in which the Group conducts product transactions and business activities. Country risk also includes the potential for state expropriation of assets owned by investees or remittance suspension due to changes in various laws and regulations. To control the aforementioned risks, the Group takes appropriate risk mitigation measures for each project while using in-house country credit ratings to establish Groupwide guidelines on limits for each country, and to maintain overall exposure to each country at a level that is appropriate considering the Group's financial strength.

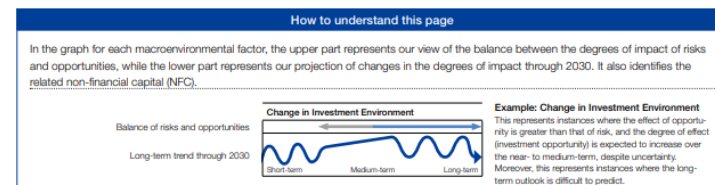
(1) Russia-Related Business

ITOCHU Corporation Annual Report 2023

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 economic recession risks, geopolitical risks, 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 times and the business environment.



Risks		Opportunities
Political Trends — Related NFC: Business Stability, Client and Partner Assets, Natural Resources		
Unpredictable policy changes and headwinds for the growth of profit	Retreat 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 (democracy vs. authoritarianism)	Reform of supply chains and difficulty in procuring food resources, energy, minerals, and resources
Economic stagnation and financial market turmoil due to terrorism and military conflicts	Geopolitical risks (Russia, East China Sea, South China Sea, Middle East, North Korea, etc.)	Increase in prices of related items accompanying decreases in production and supply volumes

p.50 Country Risk

relevant parties such as the Japanese Government, which is the largest shareholder in the joint venture, and other partners.

(2) China-Related Business

As of March 31, 2023, exposure to China was ¥1,330.1 billion. China's current economic state suggests that consumer activity has returned to normal following the lifting of the zero-COVID policy. However, the recovery in consumer spending and real estate investment has been lower than forecast, due to delayed improvement in employment, income levels and real estate markets. Furthermore, the economy is expected to face the stagnation of exports due to a slowdown in the economies of Europe and the United States.

ITOCHU has three types of China-related businesses:



p.74 PEST Analysis

New

p.99 Impact on Performance

Macroenvironmental Factors Impacting Division Company Performances in FYE 2024

	Sensitivity		National Macroeconomy			Rebound from decline caused by COVID-19
	Foreign Exchange Rate	Market-Sensitive Commodities	China	North America	Japan	
Textile Company						
Machinery Company	US\$					
Metals & Minerals Company	US\$ · A\$	Iron ore price, coal price, etc.				
Energy & Chemicals Company	US\$	Crude oil price, LNG price, etc.				
Food Company		Pork price, feed price, etc.				
General Products & Realty Company	US\$	Pulp price, etc.				
ICT & Financial Business Company						
The 8th Company						
Others, Adjustments & Eliminations	US\$	Pork price, etc.				

Impact: High (dark blue), Low (light blue)

✓ Analysis of the Impact of Macroenvironmental Factors impacting Division Company performance

New

p.118 Selected Financial Data

Fiscal Years Ended March 31	IFRS			
	2020	2021	2022	2023
Return on risk assets:				
RORA (Non-resource) (%) *4	17.9	12.3	23.2	20.7
Consolidated net profit (loss) (Non-resource, billions of yen)	378.3	292.7	610.3	587.8
RORA (Resource) (%) *4	44.6	37.6	73.4	64.5
Consolidated net profit (loss) (Resource, billions of yen)	126.8	107.9	221.6	215.6

✓ Disclosed return on risk assets for Non-resource/Resource (RORA)

② Polishing our existing business and steppingstones for the future

Explanation of
“Polishing Our Existing
Business” in FamilyMart,
the North American
Construction Materials
Business and CTC as our
strengths.

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■ Polishing Value Chain, Starting with FamilyMart and Steppingstones for Further Growth



■ Polishing and Further Expanding the Earnings Base of the North American Construction Materials Business through a Hands-on Management Style



■ Evolution of the Value Chain through Collaboration between CTC and Our Group of Digital Businesses



As new steppingstones for the future growth, the structure considers the TOB for CTC and DAIKEN announced in August.

③ Human resource strategy to enhance corporate value

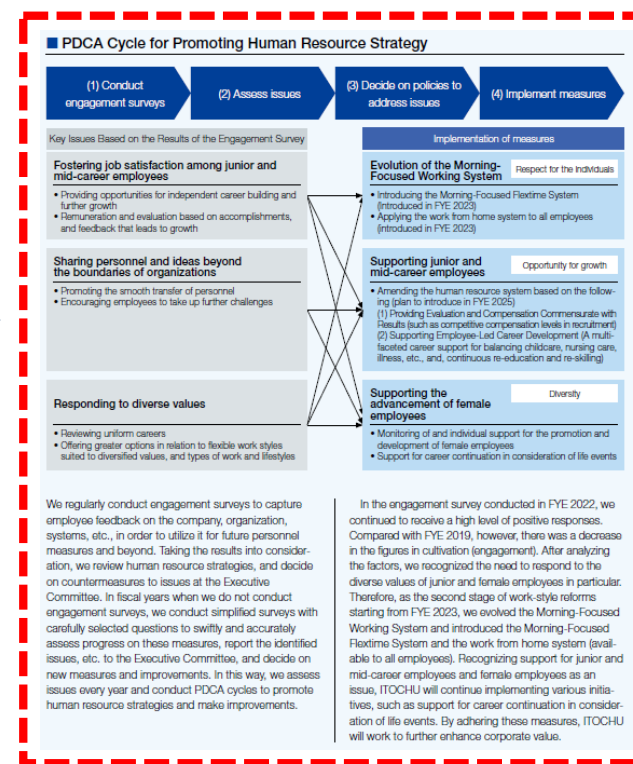
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Update

Detailed and evolution for each measure



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Update

Major Indicators on Human Resource Strategy

■ Major Indicators on Human Resource Strategy

Human Resource Strategy Issues	Item	FYE 2011	FYE 2016	FYE 2021	FYE 2023
Recruiting Outstanding Human Resources	Labor productivity*	1.0	1.5	2.5	5.2
	Consolidated employees (People)	62,635	105,800	125,944	110,698
	Non-consolidated employees (People)	4,301	4,279	4,215	4,112
	Career-track employees (People)	3,257	3,387	3,435	3,331
	Female career-track employees (People) (%)	274 (8.4%)	294 (8.7%)	346 (10.1%)	375 (11.3%)
Evolving Work Styles	Female employees as a percentage of new employees*	45.5%	17.1%	29.9%	33.3%
	Female employees as a percentage of employees	25.5%	23.8%	23.4%	24.3%
	Percentage of employees working in Morning-Focused Working System*	—	40%	57%	54%
	Monthly average overtime hours (Hours / Monthly)*	23.4	22.7	25.2	23.0
	Annual paid leave acquisition rate	51.9%	54.7%	52.6%	62.2%
Enhancing Health	Childcare leave acquisition rate of male employees	1%	44%	34%*	52%
	Average childcare leave acquisition days of male employees (Days)	50	2	10	36
	Investment for health and productivity measures (Millions of yen)*	723	554	507	570
	Percentage for screening among people targeted for special cancer checkups	—	—	96.2%	93.1%
	Rate of complication medical checkup reexamination	100%	100%	100%	100%
Supporting Employee-Led Career Development	Total investment in human resource development (Billions of yen)	1.05	1.30	1.10	1.63
	Investment in human resource development per employee (Thousands of yen)	243	304	260	396
	Employees with Chinese-language qualifications (People)	196	525	1,231	1,293
	Percentage of career-track employees sent overseas training by the eighth year of joining the Company	91.0%	87.9%	90.9%	89.4%
	Average years employed (Year)	15.8	16.7	17.9	18.3
Providing Evaluation and Compensation Commensurate with Results	Voluntary resignation rate	0.9%	1.1%	1.5%	1.8%
	Average annual salary (Millions of yen)	12.54	13.83	16.28	17.30
	Managers (People)	2,451	2,539	2,588	2,541
	Female managers (People) (%)	82 (3.5%)	136 (5.4%)	209 (8.1%)	219 (8.6%)
	Percentage of membership in the Employee Shareholding Association	55%	52%	Almost 100%	Almost 100%

- ✓ Explanation of the evolutions and detailed contents of each measure on highly unique human resource strategy undertaken from the past
- ✓ Identify major indicators on human resource strategy and disclose with linking related measures together

Corporate Value ↑

Created Value ↑

Cost of Capital ↓

Growth Rate ↑

④ Approach to climate change

FYE2019

★ Started scenario analysis based on TCFD recommendations

FYE2020

★ Announced support for and disclosing based on the TCFD recommendations

FYE2021

★ Disclosed GHG emissions reduction target

FYE2022

FYE2023

Scenario Analysis

Power Generation Business, Coal Business

Energy Business

Iron Ore Business
Chemicals Business
Automobile Business

Dole Business, Pulp Business

Feed and Grain
Trade Business

less than 2°C scenario/4°C scenario

1.5°C scenario

Business

Transition Risks

Physical Risks

Scenario

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Update

Businesses for Which Transition Risks Are the Main Issues	
Business	Iron ore business
Time frame	By 2050
Temperature band scenario	1.5°C scenario
Business environment under the scenario Business impact assessment	The introduction of a carbon tax is expected to increase the cost of fuel, materials, and other items. Nevertheless, the impact on earnings will be limited due to strengthened relationships with blue-chip business partners and improvement of operational efficiencies. Further growth is expected by focusing on the production of high-grade ore, for which demand is expected to increase due to the acceleration of the shift to decarbonization, and steadily seizing business opportunities in iron ore and related fields, such as creation of businesses related to low-carbon emission steelmaking raw materials.
	Analysis According to Consolidated Net Profit (%)
Adaptation / mitigation measures, policies Business opportunities	<p>Current situation</p> <p>The stable supply of low-carbon emission steelmaking raw materials</p> <p>Increase in cost of fuel and materials due to the introduction of carbon tax</p> <p>Strengthen relationships with business partners</p> <p>Creation of a new low-carbon emission steelmaking raw materials business</p> <p>After taking the measures</p>
	<ul style="list-style-type: none"> We will closely monitor trends in low-carbon emission steelmaking technologies and promote initiatives to ensure a stable supply of low-carbon emission steel-making raw materials Promote initiatives to reduce GHG emissions by strengthening relationships with business partners

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Creating a Supply Chain of the Ferrous Raw Material for Green Ironmaking with Low Carbon Emission

Steel is an irreplaceable material underpinning social infrastructure that is used by a wide range of industries, but reducing CO₂ emissions during its production processes has become an urgent issue in the industry. Compared with the conventional blast furnace method, the direct reduction method, which uses natural gas and high-grade iron ore for reduction, significantly reduces CO₂ emissions in the steelmaking process.

To ensure the stable supply of high-grade iron ore, which is indispensable raw material for the direct reduction method, ITOCHU acquired partial interests in the AMMC iron ore mining business operating in Canada, through ITOCHU Minerals & Energy of Australia Pty Ltd in December 2022. Ahead of this, ITOCHU, together with JFE Steel Corporation, our long-term business partner, agreed to jointly promote detailed commercialization surveys regarding the building of a low-carbon reduced steel supply chain with Emirates Steel Arkan, the largest steel manufacturer in the United Arab Emirates (UAE). In this business, we plan to utilize high-grade iron ore produced by CSN Mineração S.A., a Brazilian iron ore business that ITOCHU has invested in, as well. Conventional blast furnace steel produces approximately 2 tons of CO₂ emissions per ton of crude steel. The direct reduction method using natural gas competitively period in the UAE, effectively cuts this to about 1 to 1.5 tons of CO₂ emissions. In addition, by processing the CO₂ emitted during the reduction process through carbon dioxide capture, utilization, and storage (CCUS) technologies that inject CO₂ into oil fields, we are able to further reduce CO₂ emissions. In the near future, by realizing reduction through hydrogen, we aim to achieve net zero CO₂ emissions.

Going forward, after conducting a detailed commercialization survey, we plan to begin producing low-carbon reduced iron from 2026 and will work to build a supply chain to serve the Asian market. To resolve various industrial issues, ITOCHU will help build a more robust decarbonized society through collaboration with customers and partners, including blue-chip companies, and the provision of new materials.

Comparison of CO₂ Emissions when Producing 1 Ton of Crude Steel

Method	CO ₂ Emissions (tons)
Blast Furnace Method	Approx. 2 tons
Direct Reduction Method	Approx. 1-1.5 tons
Reduced with hydrogen in the future	Net zero CO ₂ emissions

Low-carbon reduced iron

Strategic Collaboration MOU for Green Steel

Exchange of MOU at the UAE Economic Mission

- ✓ Newly analyzed and disclosed the “Iron Ore Business,” “Automobile Business,” “Chemicals Business,” and “Feed and Grain Trade Business” under a 1.5°C scenario
- ✓ Covering 80% of GHG emission(Scope3) by analyzing 9 businesses

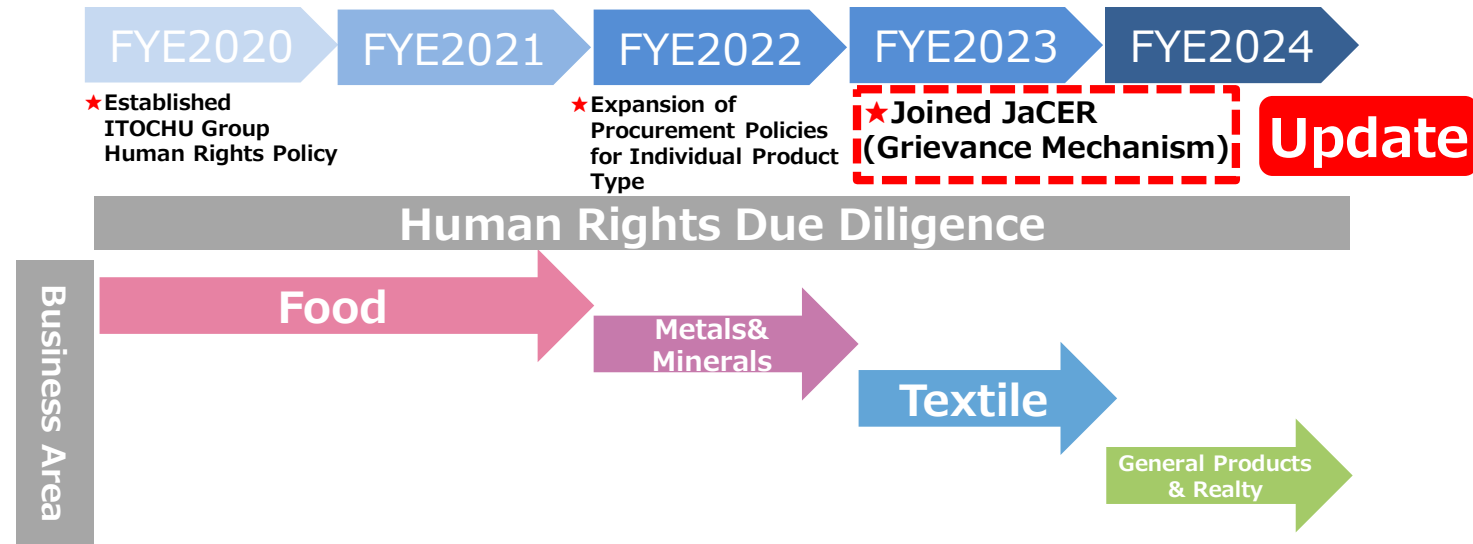
Corporate Value ↑

Created Value ↑

Cost of Capital ↓

Growth Rate ↑

④ Sustainability management (human rights due diligence)



Risk Map by Business Area

Update p.83

Issue	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th
Child Labor								
Forced Labor								
Health and Safety								
Freedom of Association and Right to Collective Bargaining								
Discrimination								
Disciplinary Practices								
Working Hours								
Remuneration								
Migrant Workers								
Human Trafficking								
Indigenous Human Rights								
Impact on Local Communities and Residents								
Land Acquisition and Resettlement								
Implementation Status of Human Rights Due Diligence	Implemented in FYE 2023	To be implemented in FYE 2025 or after	Implemented in FYE 2022	To be implemented in FYE 2025 or after	Implemented in FYE 2021	Being implemented in FYE 2024	To be implemented in FYE 2025 or after	To be implemented in FYE 2025 or after

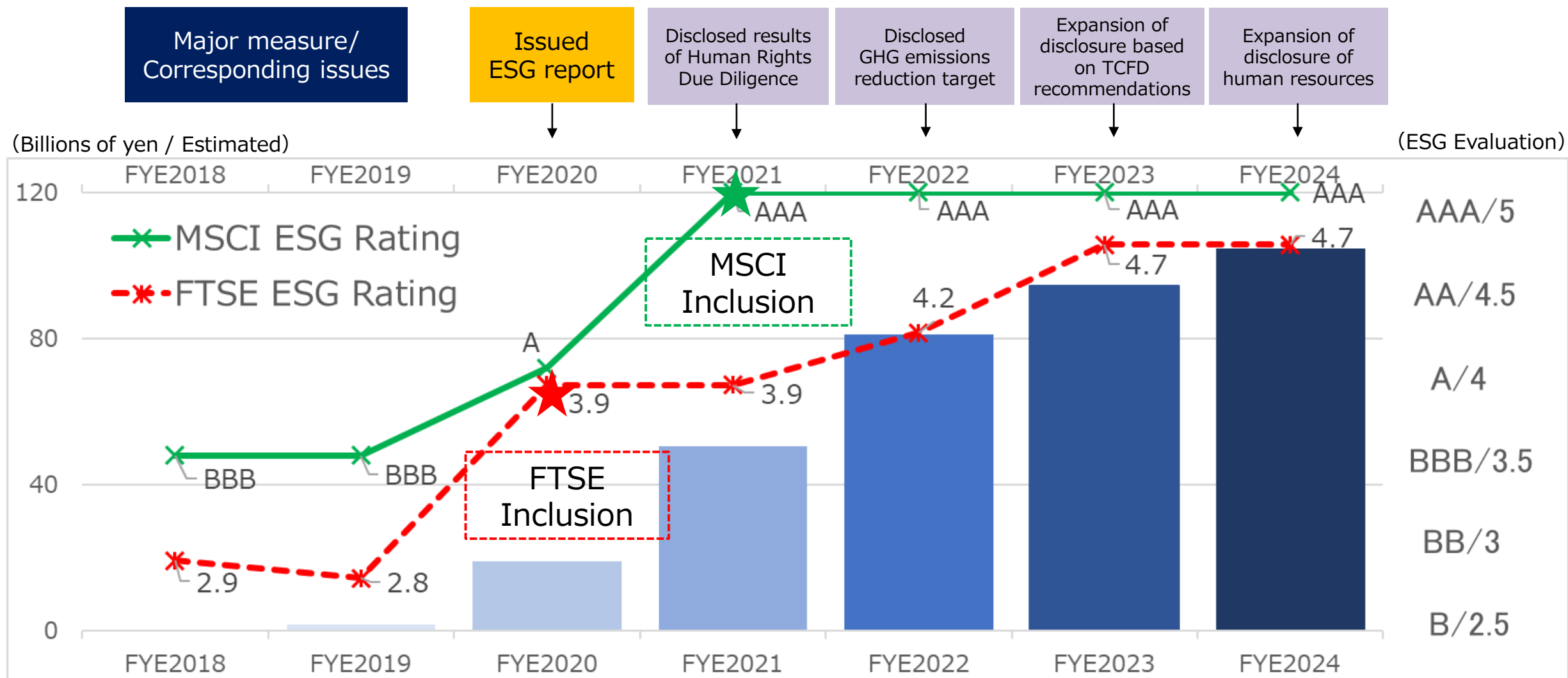
- ✓ Starting with FYE 2009, Supply Chain Sustainability Survey, we have steadily promoted initiatives related to human rights, capturing the changes of the times
- ✓ Conducted Risk Map by Business Area and identify key themes for proactively addressing human rights risks
- ✓ Joining JaCER, we became the first general trading company to establish a grievance mechanism

Corporate Value ↑	=	Created Value ↑
	=	Cost of Capital ↓
	=	Growth Rate ↑

(Ref) Transition of ESG evaluation / ESG investment amount



<Our major ESG measures and ESG evaluation / GPIF ESG investment amount>



⑤ Corporate Governance

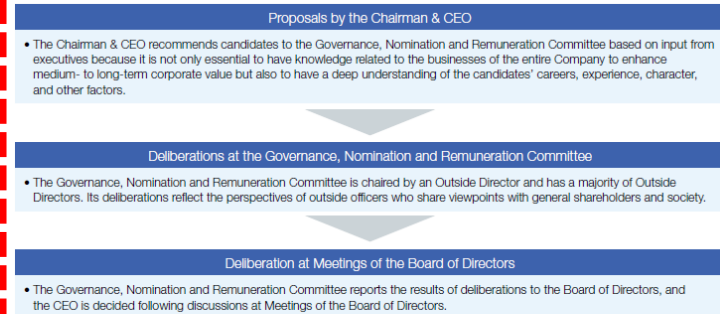
Succession plan / Discussions at meetings of the board of directors



■ Succession Plan

The Company positions succession plans as a material management issue in an effort to enhance management sustainability and medium- to long-term corporate value. As the CEO leading ITOCHU, a general trading company, it is assumed that the most important skill is to have "business capabilities as a merchant" and business sense, and to be able to practice "Sampo-yoshi." The CEO selection process and a policy on training CEO candidates are as follows.

CEO Selection Process



Policy on Training CEO Candidates

Officers who have "business capabilities as a merchant" are positioned within the organization to enable them to thrive and gain experience. To train multiple candidates in leadership and enable them to learn how to engage with customers, we allow them to gain daily experience in highly challenging frontline operations, regardless of whether they are stationed at headquarters or a Group company, in Japan or overseas.

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Update



Kunio Ishizuka

Outside Director

Mr. Ishizuka has extensive knowledge of corporate management and the retail industry, which was earned through his experience as President and Chairman of Isotan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keiretsu (Japan Business Federation). He assumed his position as a member of the Board of Directors at ITOCHU in June 2021. As of FYE 2024, he serves as chair of the Governance, Nomination and Remuneration Committee.

Selecting Management with a Focus on Practicality

As chair of the Governance, Nomination and Remuneration Committee, I emphasize practicality above all else in selecting senior management members. There are aspects of formally setting the CEO's term and retirement age that are easy for stakeholders to comprehend, but amid this uncertain business environment, I do not believe that proceeding with generational replacement in line with just one set of rules will necessarily lead to the sustainable growth and enhancement of corporate value. Corporate management is not conducted by the CEO alone. The presence of a robust management team supporting the CEO is crucial. The Governance, Nomination and Remuneration Committee discusses many important human resource matters, including management supporting the CEO. When selecting management, some aspects of character can be glimpsed from their experience to date and their daily interactions. It is also important, however, to uncover their unwavering resilience and true qualities in line with the trends of the time. General trading companies have expanded business and changed their business structures in tandem with changes in the external environment. In addition to nimble innovation suited to the roles of companies demanded by each era, we need to assess whether they have a consistent core as a merchant and can demonstrate steadfast leadership. ITOCHU has many personnel who have a talent for doing business. As chair of the Governance, Nomination and Remuneration Committee, I will continue leading discussions on important personnel, such as the CEO and other senior management members, while assessing current trends, as well as utilizing my perspective as outside officer and as a former top management in the retail industry.

- ✓ Regarding succession plan, include the selection process, training policy, and a comment from the Chair of the Governance, Nomination, and Remuneration Committee

■ Discussions at Meetings of the Board of Directors Related to an Individual Project

Based on the rules of the Board of Directors, investment or financing projects exceeding a certain monetary threshold require approval by the Board of Directors following approval by the HMC*.

In FYE 2023, multiple projects were submitted to the Board of Directors, including "Execution of Agreement to Tender Shares in CONEXIO Corporation" in the ICT & Financial Business Company. CONEXIO's main business is operating sales agencies for mobile phones and, until FYE 2021, it was a strong-performing Group company boasting nine consecutive years of profit growth. Following changes in the mobile phone sales industry, however, profitability



began a downward trajectory. Amid this situation, ITOCHU and CONEXIO searched for further Group synergies and simultaneously worked to study all possible options. When the public tender was ultimately determined to be the optimal option to realize higher corporate value for ITOCHU and CONEXIO, we decided to sell.

First, after conducting a briefing related to the project for the Board of Directors, the content of executive discussions from the HMC and the Investment Consultative Committee was reported to the Board. This covered the sales price, the fairness of the premium, the status of negotiations with buyers, synergies expected by the buyers, the probability of the buyer enhancing CONEXIO's corporate value, and the opinions of related administrative organizations. Other points that were raised included reflecting on the business expansion of CONEXIO to date, the need to promote the diversification of businesses that take their own initiative, and CONEXIO's need to identify changes in the business environment surrounding the mobile phone sales industry and engage in business while forecasting potential scenarios. These and other opinions connected to future businesses were provided at the Board meeting.

As a result of discussions at Meetings of the Board of Directors, we realized we need to consider how this sale might impact ITOCHU's relationship with telecommunication carriers. It was difficult to create additional synergies between CONEXIO and the Group, we determined that the proposed sales price was rational and began implementing the sale without letting our guard down during final sales price negotiations. We confirmed the focus on quickly establishing a new earnings base for the ICT & Financial Business Company, and approved the policy of sale through a tender offer bid.

* Headquarters Management Committee

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Update



Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan, and has a wealth of experience as a corporate manager. She assumed her position as a member of the Board of Directors at ITOCHU in June 2019. She often provides insightful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX. As of FYE 2024, she serves as chair of the Women's Advancement Committee, and a member of the Governance, Nomination and Remuneration Committee.

Asset Replacement with No Boundaries

The tender offer for CONEXIO was a major project that included discussions on governance matters related to dissolution of parent-subsidiary listing, as well as business matters centering on large-scale asset replacement. After carefully monitoring the business environment of each Group company, both listed and unlisted, ITOCHU is promoting the replacement of low-efficiency businesses and businesses with diminished strategic significance. In addition, listed subsidiaries are of great concern to investors and other parties as they present corporate governance issues including risks related to conflicts of interests with minority shareholders. ITOCHU announced its policy related to the governance of listed subsidiaries, and, through its Corporate Governance Report and other documents, has explained that it will maintain a structure to avoid potential conflicts of interest. CONEXIO was originally spun off from a sales agency business for mobile phones, which ITOCHU had been involved in. The business contributed to profits for a long time and there were a lot of strong emotions involved within the Company, but we objectively reviewed its strategic significance and considered its standing as a listed subsidiary. As a result, it became subject to asset replacement. I hold the intention to exercise my role as an Outside Director by fulfilling check and supervisory function to ensure that the asset replacement process is conducted with no boundaries, while also considering the parent-subsidiary listing perspective.

- ✓ Included the discussion contents at Meetings of the Board of Directors related to specific examples of asset replacement



“Unchanging”

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

Accumulation of strengths
and achievements as a
general trading company

From Our Founding to the Present

From the Present to the Future
First-mover strategy and
commitment-based management

Evolution of
ITOCHU-ness
in an Era of Change
“Changing”

Progress in addressing issues and Issues in 2024 and beyond



Major issues raised in Annual Report Briefing 2021 and 2022

Studying and implementing investment projects that help further strengthen our earnings base

Presenting specific results of the FamilyMart Business and collaboration with CITIC and CP Group

Cash allocation under an uncertain business environment

Expanding our disclosure and building up our track record related to climate change, such as GHG reduction results

Continual discussion and explanation related to ownership and increasing in stake of listed subsidiaries (6 companies)

Explaining our policy and discussion content related to the succession plan of top management

Progress in addressing issues

Steadily executing investments in non-resource sector including CTC, DAIKEN and Hitachi Construction Machinery

Presenting specific progress and results of the strategy and measures of FamilyMart Business after privatization

Enhance shareholder returns, promote growth investments, upgrade our credit ratings

Sell two thermal coal interests and reduce GHG emissions

Privatization of CTC and Sale of CONEXIO

Presentation of the succession plan including the selection process and the training policy

Issues in 2024 and beyond

Realization of synergy from major investments

Presentation of specific results of medium- to long-term initiatives with the CITIC and CP Group

Presentation of the shareholder returns policy and growth investment policy of next management plan

Creating an effective roadmap, addressing new regulations and disclosure requirements including ISSB and TNFD

Further explanation of the strategic significance of owning a listed subsidiaries

Expansion of dialogue between Outside Directors and the market

The image features a bright blue sky with soft, white, puffy clouds. A solid, medium-blue horizontal band stretches across the middle of the frame. Centered within this band is the text "I am One with Infinite Missions" in a white, serif font.

I am One with Infinite Missions