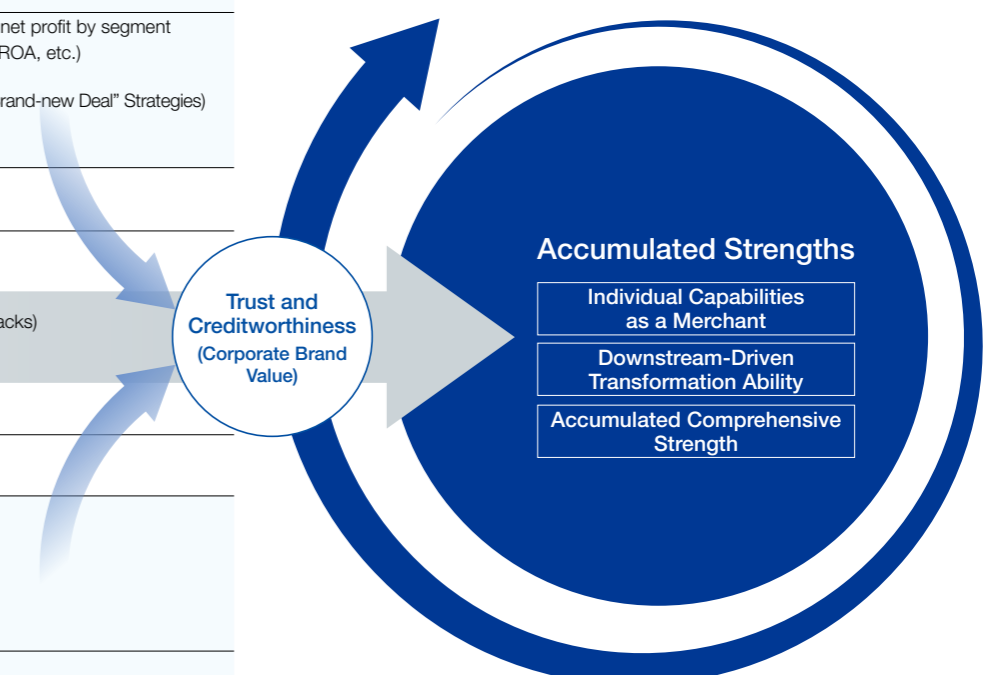


Sustainable Value Creation through Accumulation of Capital and Strengthening of Trust and Creditworthiness

ITOCHU conducts its business through both trade and business investment. During our history of more than 160 years, we have steadily accumulated and evolved our internal capital through our business, such as human capital, organizational capabilities, and business know-how. Trust and creditworthiness are extremely important for the symbiosis of internal and external capital, which mutually influence each other. Moreover, we believe that trust and creditworthiness foster a favorable social reputation, which in turn enhances corporate brand value. By always remaining conscious of trust and creditworthiness in our management practices, we aim to continuously enhance corporate value through realizing growth in both economic value and environmental / social value.

| | Explanation of Each Capital (Importance) | Examples of Strengthening Measures | Examples of KPI and Monitoring Indicators |
|--------------------------|--|--|---|
| Internal Capital | Human Capital (Individual Capabilities) Aiming to be a company that is a challenging but rewarding workplace, we have made human resource strategy one of our key management strategies. By increasing labor productivity through improving employees' motivation and willingness to contribute, we are linking individual capabilities to the enhancement of corporate value. Additionally, through accumulating extensive frontline experience, we are heightening the individual capabilities as a Merchant. | <ul style="list-style-type: none"> Realization of corporate mission and Guideline of Conduct Conducting PDCA cycle based on engagement surveys Morning-Focused Flextime System and adoption of the work from home system (for all employees) Health management (Support for Balancing Cancer Care and Work, etc.) Strengthening frontline capabilities, including overseas assignments and dispatches to Group companies Establishment of the Women's Advancement Committee as an advisory committee to the Board of Directors Enhancing diversity and expanding promotion opportunities through a new policy for appointing Executive Officers | <ul style="list-style-type: none"> Company ranking among jobseekers Engagement survey Labor productivity of employees Investment in human resource development Percentage of career-track employees sent overseas training Ratio of females among all officers <p>(▶ Page 78 Human Resource Strategy to Enhance Corporate Value) (▶ Page 118 ESG Data)</p> |
| | Organizational Capabilities and Business Know-How We have established business divisions with deep insights and experience across various industries, as well as highly specialized administrative divisions. Under a quick decision-making system, both divisions collaborate closely together, effectively exercising their respective functions. Our extensive and advanced business know-how, which includes lessons learned from past failures, has accumulated into an intangible asset that is indispensable for creating new businesses. | <ul style="list-style-type: none"> Creation of business by business divisions with strong frontline capabilities Implementation of business support and control function by administrative divisions with specialized expertise Rigorous application of the "earn, cut, prevent" principles through collaboration between business divisions and administrative divisions Transforming business models based on a market-oriented perspective Refining businesses through hands-on management Rigorous focus on the Four Lessons for Investments, as well as implementation of trainings on investment failure cases and PMI* case studies | <ul style="list-style-type: none"> Compound annual growth rate of consolidated net profit Management efficiency indicators (ROE, etc.) Ratio of Group companies reporting profits Number of employees participating in training (Training on investment failure cases and PMI case studies) <p>(▶ Page 38 Track Record of Profit Growth under "Brand-new Deal" Strategies) (▶ Page 66 Business Investment)</p> |
| | Business Portfolio Eight Division Companies operate businesses across a wide range of industries. By swiftly responding to rapid changes in business environment and diverse consumer needs, we create multifaceted, linked businesses and drive business model transformation, leading to a highly flexible, wide-ranging, and balanced business portfolio. | <ul style="list-style-type: none"> Breaking down product silos and strengthening collaboration among Division Companies Pursuit of highly efficient management (rigorously selected investments and continuous asset replacement) Analysis of key management indicators Practice of consistent management that elevates our entire business | <ul style="list-style-type: none"> Compound annual growth rate of consolidated net profit by segment Management efficiency indicators by segment (ROA, etc.) <p>(▶ Page 38 Track Record of Profit Growth under "Brand-new Deal" Strategies) (▶ Page 47 Portfolio Management) (▶ Page 98 Business Portfolio)</p> |
| Financial Capital | We steadily accumulate profits and maintain financial foundation based on balancing three factors: growth investments, shareholder returns, and control of interest-bearing debt. | <ul style="list-style-type: none"> Reinforcement of shareholders' equity Steady improvement in NET DER B/S control appropriate for A credit rating Obtained the highest credit ratings among the trading companies from all major credit rating agencies | <ul style="list-style-type: none"> EPS · BPS NET DER Credit ratings Shareholder returns (dividends and share buybacks) Share price and market capitalization, TSR <p>(▶ Page 30 CFO Message)</p> |
| 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 for acquiring and developing trade, as well as expanding business domains. Our abundant client and partner assets enable sustainable earnings growth and contribute to "Sampo-yoshi." | <ul style="list-style-type: none"> Selection and securing of blue-chip partners Collaboration with partners who complement functions each other Complying with Environment, Health, and Safety (EHS) Guidelines Building of secure and safe supply chains | <ul style="list-style-type: none"> Profits from initiatives with blue-chip partners Number of clients and partners |
| | Natural Capital / Natural Resources Through our business in the non-resource and resource sectors, we meet social demand for stable procurement and supply of natural resources. At the same time, we recognize that our broad value chain both depends on and impacts the bounty of all kinds of natural capital, and we capture new business opportunities in responding to social issues outlined in the SDGs. | <ul style="list-style-type: none"> Aiming for GHG emissions net zero by 2050 and offset zero by 2040 Withdrawing completely from thermal coal interests Enhancement of disclosures in line with TCFD and TNFD frameworks Strengthening the sustainability management of the supply chain and business investees Enhancing our contribution to and engagement with the SDGs through eco-friendly businesses, etc. | <ul style="list-style-type: none"> Renewable energy ratio GHG emissions Electricity consumption Water withdrawal Waste volume Number of engagements with stakeholders Number of sustainability surveys conducted Number and percentage of employees participating in sustainability and compliance-related internal training Number of compliance violation incidents External evaluation by ESG rating agencies, etc., and inclusions to indices <p>(▶ Page 63 Clean-Tech Business with Swift and Steady Execution) (▶ Page 70 Initiatives to Promote Sustainability) (▶ Page 118 ESG Data) (▶ Page 132 IR Activities)</p> |
| | Relationships with Society ITOCHU engages in continuous and constructive communication with its stakeholders to grasp and address their expectations and demands toward the Company. These efforts enable us to stably promote business activities in Japan and overseas and heighten corporate brand value, thereby further enhancing corporate value. | <ul style="list-style-type: none"> Expansion of opportunities for dialogue and deeper business understanding through events such as project briefings and facility tours for analysts and institutional investors Deployment of unique information-sharing bases and tools for dissemination, including ITOCHU SDGs STUDIO and SHONIN of the Earth (corporate PR magazine) | |
| | Explanation of Each Capital (Importance) | Examples of Strengthening Measures | Examples of KPI and Monitoring Indicators |



* PMI: Post-Merger Integration