

## Earnings Opportunities for Growth

- Long-term demand growth for metals and mineral resources and energy
- Expansion of trade and construction of supply chain based on equity interests
- Reinforcement of business with excellent partners and new business development



- Proliferation and gain in momentum of solar and other types of renewable energy



- Progress in the biomass power generation business and expansion of the market for biomass fuels



- Development of resource recycling toward the creation of a recycling-oriented society

### IN DEPTH

#### Merger of Assets Related to Iron Ore Business in Brazil



Casa de Pedra Mine

##### Management Resources

One of the world's most prominent projects, by Companhia Siderúrgica Nacional (CSN) of Brazil and alliances with leading companies in Japan, Asia, and Brazil

##### Creating Added Value

November 2015 marked the merger of Nacional Minérios S.A. (NAMISA), a Brazilian iron ore producer in which ITOCHU already owned a stake along with other shareholders, and the mining division of CSN, NAMISA's local partner. The addition of the scale and quality of CSN's mining division, which includes the globally prominent Casa de Pedra Mine, as well as its auxiliary logistics assets such as a railway company's share and a port terminal, transformed the merged company into a leading global mining entity with integrated mining and logistics capabilities. Going beyond the simple consolidation of tangible assets, the project combines the management, operational, and sales strengths from Asia and Brazilian partners, aiming to take advantage of business synergies and growth.

## Challenges to Address

- Establishment of a balanced earnings platform that has stable profitability in any business environment
- Improvement in production efficiency at each project to be more resistant to fluctuations in resource prices
- Acquisition of superior interests to secure stable supply of metals and mineral resources



- Harmony with local communities in resource development projects



- Sustainable resource development with consideration for impacts on the environment and ecology, health, and safety at the workplace



- Thorough enactment and ongoing monitoring of supply chain management

### IN DEPTH

#### Initiatives in the Renewable Energy Field



Oita Hiyoshibaru Mega-Solar Power Plant

##### Reason for Importance from a Strategic Perspective

The prevention of global warming and the accompanying need to realize a low-carbon society are issues of the highest importance on a global scale. The renewable energy market is expanding due to a variety of initiatives in Japan and overseas to introduce and promote the proliferation of solar power generation, biomass generation, and other types of renewable energy.

##### Current and Future Actions

In March 2016, commercial operation commenced at the Oita Hiyoshibaru Mega-Solar Power Plant, a joint project with Kyudenko Corporation and Mitsui Engineering & Shipbuilding Co., Ltd. The facility will engage in power generation with an output of 44,800 kW and capacity equivalent to the annual power consumption of around 9,300 regular homes. The project is expected to reduce CO<sub>2</sub> emissions by approximately 32,000 tons per year. In addition to the Saijo Komatsu Solar Power Plant (Ehime Prefecture), which is currently operational, ITOCHU is moving forward with the construction of new plants in Okayama and Saga prefectures. Going forward, we will continue to play an active role in renewable energy power generation and related trading businesses in Japan and overseas.