

Sustainable Value Creation through Capital Accumulation

The ITOCHU Group conducts its business through both trade and business investment. In the course of its history over 160 years, we have steadily accumulated internal capital such as human capital and business know-how.

Meanwhile, we believe that trust and creditworthiness are extremely important for achieving enhancement of interaction between internal and external capital. By always remaining cautious of trust and creditworthiness in our management practice, we aim to realize increases in economic and social value, and to continuously expand our corporate value.

Importance and Monitoring Indicators of Each Capital

Internal Capital		
	Importance of Capital in Value Creation	Examples of KPIs / Monitoring Indicators
Human and Organizational Capital	Human resources are the driving force behind the functioning of our business models. We increase "individual capabilities" and labor productivity through our human resource strategies. In addition, our "profit earning" business divisions have powerful backing from our administrative divisions, which have rapid decision-making systems and high-level expertise.	<ul style="list-style-type: none"> • Labor productivity of employees • Engagement Survey • Time and money spent on employee skill development • Number of employees with Chinese-language qualifications • Hours of overtime work • Paid leave acquisition rate • Evaluation by students looking for work
Business Know-How	With eight Division Companies operating businesses in diverse industries, ITOCHU has accumulated extensive business know-how. This is a vital intangible asset for creating new businesses and expanding into new regions.	<ul style="list-style-type: none"> • Number of new businesses formed • Number of years of business with existing customers
Business Portfolio	Under pressure to respond to a rapidly changing management environment and diversification of consumer needs, the entire ITOCHU Group will leverage its comprehensive strength in a wide range of business domains to transform its existing business models and enable expansion of its functional domains, expanding the potential for sustainable profit growth.	<ul style="list-style-type: none"> • Ratio of Group companies reporting profits • Management efficiency indicators

Trust and Creditworthiness (*Sampo-yoshi*)

Financial Capital ➡ Page 40 CFO Interview

External Capital		
	Importance of Capital in Value Creation	Examples of KPIs / Monitoring Indicators
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 good partners • Number of clients and partners • Expenses reduced and decrease in allowance for bad debts
Natural Resources	Through its 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"> • Ratio of renewable energy • Level of energy consumption • Level of waste emissions • Amount of paper consumption • Amount of water usage and emissions
Relationships with Society	We practice constructive communication with our stakeholders, ascertaining their expectations and demands of the Company and resolving them. Through this effort we promote stable business activities in Japan and overseas and realize further increases in corporate value.	<ul style="list-style-type: none"> • Number of engagements with stakeholders • Number of companies participating in sustainability surveys • Number of ESG- and compliance-related internal training session participants • External evaluation of initiatives and additions to indexes • Shareholder returns (dividend payout ratio and share buybacks) and EPS • Evaluation by ESG evaluation institutions • Number of compliance violation incidents

