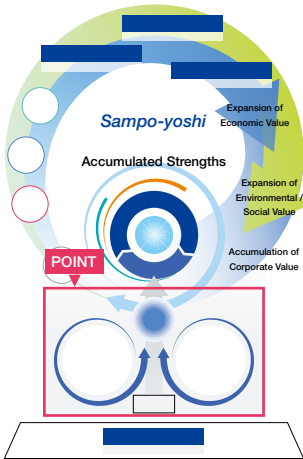


Accumulation of Non-Financial Capital

Sustainable Value Creation through Strengthening of Trust and Creditworthiness

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

We believe that trust and creditworthiness are extremely important for the symbiosis of internal and external capital, which mutually influence each other. 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.



Examples of Key Combinations of Capital in the Businesses Highlighted in the Special Feature of Annual Report 2023

Internal Capital	Explanation of Each Capital (Importance)		Examples of KPI and Monitoring Indicators		Examples of Strengthening Measures	
	Human and Organizational Capital	We strengthen individual capabilities through our human resource strategies and enhance labor productivity. In addition, our business divisions have powerful backing from our administrative divisions, which have quick decision-making systems and high-level expertise, therefore practicing the “earn, cut, prevent” principles.	<ul style="list-style-type: none">• Labor productivity of employees• Company ranking among jobseekers• Monthly average overtime hours• Annual paid leave acquisition rate• Investment in human resource development per employee• Number of employees with Chinese-language qualifications• Engagement survey		<ul style="list-style-type: none">• Realization of Mission and Guideline of Conduct• Business support and control function of administrative divisions• Morning-Focused Flextime System and adoption of the work from home system for all employees• Health management (Support for Balancing the Cancer Care and Work, etc.)• Establishment of the Women’s Advancement Committee as an advisory committee to the Board of Directors• Periodic reviews and improvements through engagement surveys ▶ Page 30 Special Feature 1: Human Resource Strategy to Enhance Corporate Value	
	Business Know-How	With eight Division Companies operating businesses in a diverse range of industries, ITOCHU has accumulated extensive and advanced business know-how. This is a vital intangible asset for creating new businesses and entering into new regions.	<ul style="list-style-type: none">• Number of new businesses formed• Number of years of business with existing customers• Number of contact points with consumers and volume of data• Analysis of various data and proof-of-concept data		<ul style="list-style-type: none">• Creating synergies and new businesses by utilizing ITOCHU’s comprehensive strength• Breaking down product silos and strengthening collaboration among Division Companies• Transforming business models based on a market-oriented perspective• Polishing businesses through hands-on management• Promoting comprehensive digital transformation (DX) support businesses ▶ Page 62 Our Business Model, as Seen through Business Development	
	Business Portfolio	By leveraging one of our advantages of comprehensive strength and ability of self-transformation, ITOCHU optimizes its highly flexible, wide-ranging, and well-balanced business portfolio. Thereby making it possible to adapt quickly to a volatile business environment and diversifying consumer needs.	<ul style="list-style-type: none">• Ratio of Group companies reporting profits• Management efficiency indicators		<ul style="list-style-type: none">• Pursuit of highly efficient management (rigorously selected investments and continuous asset replacement)• Improving profitability of existing businesses (thoroughly implementing the “earn, cut, prevent” principles)• Upholding “the Four Lessons for Investments”• Disclosure and implementation of ITOCHU’s Policy on the Governance of Its Listed Subsidiaries ▶ Page 58 Business Investment ▶ Page 96 Policy on the Governance of Listed Subsidiaries	

Financial Capital

Trust and Creditworthiness

Business Creation through Combinations of Capital

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 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 blue-chip partners• Number of clients and partners• Expenses reduced and decrease in losses on bad debts		<ul style="list-style-type: none">• Selection and securing of blue-chip partners• Use of cutting-edge technologies and services and business model transformation• Complying with Environment, Health, and Safety (EHS) Guidelines• Building of secure and safe supply chains
	Natural Resources	Through our 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">• Renewable energy ratio• GHG emissions• Electricity consumption• Water withdrawal• Waste volume		<ul style="list-style-type: none">• Withdrawing completely from thermal coal interests• Continuing to review projects based on engagement• Strengthening of value chain and business investment management from a sustainability perspective• Stepping up contribution to and engagement with the SDGs through eco-friendly businesses, etc.
	Relationships with Society	ITOCHU engages in continuous and constructive communication with its stakeholders, grasping and addressing their expectations and demands toward the Company, thereby making it possible to stably promote business activities in Japan and overseas, and further enhancing corporate value.	<ul style="list-style-type: none">• Number of engagements with stakeholders• Number of sustainability surveys conducted• Number and percentage of employees participating in sustainability and compliance-related internal training• External evaluation by ESG rating agencies, etc., and inclusions to indices• Shareholder returns (dividends and share buybacks) and EPS• Number of compliance violation incidents		<ul style="list-style-type: none">▶ Page 78 Approach to Climate Change and Related Initiatives▶ Page 82 Sustainability Management
	Explanation of Each Capital (Importance)		Examples of KPI and Monitoring Indicators		Examples of Strengthening Measures

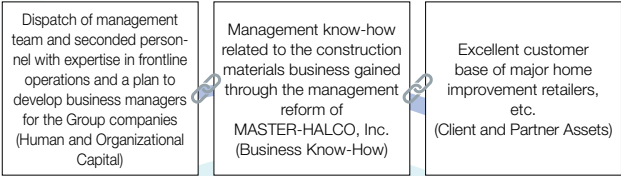
Polishing Value Chain, Starting with FamilyMart and Steppingstones for Further Growth

▶ Page 66



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

▶ Page 68



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

▶ Page 70



Asset Replacement That Took Advantage of Changes in the Business Environment (Belong Inc.)

▶ Page 64



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

▶ Page 81



* For PEST items affecting each of the capital items above, please see ▶ Page 74 PEST Analysis (Macroenvironmental Factors through 2030)

▶ Page 116 ESG Data