

| Risks | Overview | Countermeasures |
|--|--|--|
| Credit Risk | <ul style="list-style-type: none"> • Credit risk in relation to credit becoming uncollectible due to the deteriorating credit status or insolvency of the Group's trading partners, both domestically and overseas | <ul style="list-style-type: none"> • When granting credit, the Group conducts risk management through the establishment of credit limits and the acquisition of collateral or guaranties as needed. • The Group establishes allowances for doubtful receivables based on the creditworthiness, the status of collection, and the status of receivables in arrears of business partners. |
| Country Risk | <ul style="list-style-type: none"> • Risk such as unforeseen situations arising from political, economic, and social conditions in various countries and regions overseas, and national expropriation or remittance suspension due to changes in various laws and regulations | <ul style="list-style-type: none"> • The Group formulates risk countermeasures for each transaction. • With the aim of avoiding a concentration of exposure, the Group works to reduce risk by setting total limit guidelines and limits for each country and setting credit policies appropriate to each country. |
| Risks Associated with Fund-raising | <ul style="list-style-type: none"> • Risk of experiencing an inability to raise funds from financial institutions or investors when necessary or under desirable conditions and consequently experiencing an increase in funding costs should ITOCHU's credit worthiness in the capital market deteriorate due to a significant lowering of the Company's credit rating, or should there be an upheaval in the financial systems in major financial markets | <ul style="list-style-type: none"> • To secure stable funds and reduce the cost of funds, the Group works to increase the long-term fund-raising ratio, to diversify funding sources, and to diversify fund-raising methods and instruments. In accordance with changes in financial situations, the Group flexibly utilizes indirect financing, such as bank loans, and direct financing, such as commercial paper and debentures. • Through commitment line contracts with financial institutions, the Group secures liquidity in preparation for unforeseen situations. |
| Risks Associated with Laws and Regulations, Compliance, and Significant Lawsuits | <ul style="list-style-type: none"> • Risk of unexpected, additional enactment, or change in laws and regulations by legislative, judicial, and regulatory bodies both domestically and overseas • Risk of major change in laws and regulations by political/economical changes • Risk associated with personal misconduct by directors and employees and risk associated with suffering social disgrace | <ul style="list-style-type: none"> • Being aware that the observance of laws and regulations is a serious obligation of the Group, the Group has taken a thorough approach to the observance of laws and regulations by reinforcing the compliance system. • Through networks among legal circles, the Group works to obtain, at an early stage, information related to enactment or changes in laws and regulations, to reflect that information in internal systems, and to implement training for employees at an early stage. |
| Risks Associated with the Environment | <ul style="list-style-type: none"> • Risk that the occurrence of environmental pollution due to the Group's business activity could lead to the delay or suspension of operations, the incurring of pollution disposal expenses or expenses due to compensation for damage, or the lowering of society's evaluation of the Group | <ul style="list-style-type: none"> • The Group has designated global environmental issues as one of the most important elements of its management policy, and the Group has established an environmental policy. • The Group has built an environmental management system in order to minimize environmental risk, such as the risk of infringement of laws and regulations in the handling of goods the provision of services, and business investment. |
| Risks Associated with Natural Disasters, Climate Change, and Other Factors | <ul style="list-style-type: none"> • Risk of damage from natural disasters; infectious diseases, such as new types of influenza; and abnormal weather arising from climate change, etc. | <ul style="list-style-type: none"> • ITOCHU has implemented measures such as developing Business Continuity Plans (BCPs) for large-scale disasters and the outbreak of new types of influenza. • ITOCHU has introduced a safety confirmation system and conducts emergency drills. • To reduce the influence of abnormal weather, the Group has diversified its sources of supply for raw materials, such as food resources. • The Group is implementing initiatives in renewable energy, including geothermal and wind power, and water-related businesses. |
| Investment Risk | <ul style="list-style-type: none"> • Risk such as being unable to achieve expected earnings due to changes in business conditions or deterioration in the business results of partners and investees • Risk such as the likelihood of investment recovery are lowered due to poor corporate results of investees, or stock prices are expected to drop below a specified level for a considerable period of time which may lead to necessities that the whole or partial investment is recognized as a loss, and that the infusion of additional funds is required • Risk of being unable to withdraw from a business or restructure the business under a timeframe or method that the Group desires due to differences in business management policy with partners or the low liquidity of investments | <ul style="list-style-type: none"> • ITOCHU works to reduce risk through decision-making based on the establishment of investment criteria for the implementation of new investments while monitoring existing investments periodically. • ITOCHU promotes asset replacement through the application of exit standards to investments with low investment efficiency that it has little reason to hold. |
| Risks Associated with Information Systems and Information Security | <ul style="list-style-type: none"> • Risk of sensitive information leakage due to unauthorized access from the outside or computer viruses and the risk of the stoppage of information systems due to equipment damage or problems with telecommunications circuitry | <ul style="list-style-type: none"> • The Group has formulated a code of conduct concerning the handling of information for all directors and employees and has secured high information security level. • In order to maintain secure operation of its information systems, the ITOCHU Group has established security guidelines and has developed crisis control measures. |

* Excerpt / reorganization of the "Risk Information" section of the Consolidated Financial Results (*kessan tanshin*) and the Annual Securities Report (*yuka shoken hokokusho*).