# **Editorial Policy**

In compiling this annual report, ITOCHU focuses on three functions in particular: (1) providing an in-depth understanding of its unique business model to a wide range of readers around the world, (2) effectively explaining the processes and potential for ITOCHU to achieve sustainable growth in corporate value over the long term, and (3) clearly communicating the relationship between management strategies and financial and non-financial capital to internal and external stakeholders to foster the virtuous cycle of cultivating mutual understanding through dialogue and achieving a greater level of management sophistication for the Company.

We have prepared Annual Report 2023 based on the aforementioned approach, and with reference to a disclosure framework for integrated

\* Corporate Value Calculation Formula

Enhancement of Corporate Value

Driving Force for Sustainable Value Creation (Total capital)

reports. This year's report places particular emphasis on our strategic focus and future orientation, connectivity, and consistency. Further, as in the past, we have used the "Corporate Value Calculation Formula\*" to clearly establish the link between our management strategies and initiatives, and the enhancement of our corporate

value. Please review this report as an account of our value creation story, which aims to achieve a balance between our "financial capital" and "nonfinancial capital" based upon "Sampo-voshi" as our corporate mission. and our business model evolution process in the current uncertain business environment

Achievement of Short-Term Targets

Expand Created Value 1

Lower Cost of Capital ↓

Increase Growth Rate

The ESG Report is available on ITOCHU's website

https://www.itochu.co.jp/en/csr/report/

Initiatives and Systems Supporting Sustainable Growth

Steppingstones to Medium- to Long-Term Value Creation

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#### Reporting Scope and Other Items

Reporting Period: April 1, 2022 to March 31, 2023 (Certain contents include activities occurring in or after April 2023.)

Reporting Scope: ITOCHU Corporation and the ITOCHU Group

Accounting Standards: Unless otherwise noted, this annual report is prepared in accordance with U.S. GAAP through FYE 2014, and with IFRS from FYE 2015.

Terminology: Unless otherwise noted, throughout this report, "consolidated net profit" is used to refer to "net profit attributable to ITOCHU." Moreover, "GHG" is used to refer to "greenhouse gas " FamilyMart refers to both FamilyMart Co. Ltd. and FamilyMart convenience stores, CITIC refers to CITIC Limited. and CTC refers to ITOCHU Techno-Solutions Corporation.

Inquiries for Annual Reports

В

С

Example

Fertilizer-related

husiness

### **Detailed Financial Information**

For detailed financial information for FYE 2023, please refer to the Financial Information Report.

https://www.itochu.co.jp/en/files/FIR2023E.pdf

### Information about Sustainability

For more information on sustainability, please refer to ITOCHU's website.

### https://www.itochu.co.jp/en/csr/

- Top commitment
- Sustainability at the ITOCHU Group
- · ESG Report (Environment, Society, Governance)
- Social contribution activities
- GRI standard reference table, etc.

# Annual Report (this report) [Focus points] • Sustainability and future, of our strategy and business model • The overall connectivity of our story • Relationship with stakeholders IR Website Sustainability Website **ESG Report** [Focus point] Comprehensiveness and timeliness of information High Importance for management

Example:

Digital transformation-

related businesses

centered on CTC

Example: Lake Biwa rare freshwater fish

conservation project

Our participation in operating activity (investment ratio, etc.)

As the standard for inclusion in our annual report, we have selected environmental, social, and governance (ESG)-related information from an investor's perspective based mainly on its relation to our businesses and material issues.

## Contained in Annual Report

- A. Operating activities that are highly related to ITOCHU's businesses and material issues and that ITOCHU actively participates
- B. Operating activities that are highly related to ITOCHU's businesses and material issues while the participation of ITOCHU is limited

Only Included in Sustainability Website / ESG Report

C. Operating activities with little relation to ITOCHU's businesses and

# **Key Points of Annual Report 2023**

# **Key Points of Annual Report 2023**

Annual Report 2023 continues to logically arrange information by using the established "Corporate Value Calculation Formula," and the concept that the Chairman & CEO gives an overview of management strategies, while each officer explains the details of strategies focused on their area of responsibility. The report also aims to achieve the balance between "financial capital" and "non-financial capital" to ensure the sustainability of the Company, by featuring and explaining the process of self-transformation (polishing our existing business and new steppingstones for the future) of business models in the non-resource sector, which is the Company's strength, and the human resource strategy that focuses on the most important management resource of general trading companies, "people," particularly in the uncertain business environment including concerns over the economic downturn and geo-



political risks. Furthermore, the Annual Report has been created with the perspective explaining the "ITOCHU-ness" that constantly takes preemptive measures by sufficiently distinguishing between "things that should not be changed" and "things to change" in the era of transformation.

- Overview of management strategies Page 6
- Analysis of macroenvironmental factors ▶Page 74 ▶Page 99
- Risk factors / key points for investments Page 42 Page 50
- Financial and capital strategies, and cash allocation Page 54
- Polishing our existing business and new steppingstones for the future Page 65
- Human resource strategy ▶Page 30 ▶Page 36
- Climate change-related issues ▶Page 12 ▶Page 78
- Group CEO Office and Governance ▶Page 43 ▶Page 91



Many factors in the external environment that affect our business management remain uncertain and unpredictable.

Identifying "things that should remain unchanged" and "things that should change" is important.

### Changes Anticipated in FYE 2024

- Lifting of COVID-19 pandemic-related restrictions
- Fall in resource prices compared with FYE 2023 (despite high price levels continuing)

# Factors That Are Difficult to Predict in FYE 2024

- Geopolitical risks
- Price fluctuations (inflation)
- Fluctuations in commodity prices
- Interest rate and foreign exchange rate levels

# Changes in the External Environment in FYE 2023

Acceleration of inflation

• Continuation of COVID-19 pandemic-related restrictions

• Prolongation of Russia-Ukraine situation

- Soaring prices of natural resources, etc.
- Interest rate hikes centered in the United States and Europe
- Rapid depreciation of the yen

# Key Points of Annual Report 2022

Annual Report 2022 used the "Corporate Value Calculation Formula" to logically organize the driving forces behind and initiatives implemented to enhance corporate value. Also, the Chairman & CEO provided an overview of management strategies and priority initiatives, while each officer explained the details of strategies focused on their area of responsibility. Furthermore, by providing examples of business model transformation, and explanations of the countermeasures for country risks and other risks, and our human resource strategy and governance that encompass the advancement of women, we sought to prepare an Annual Report that heightens trust in our management's capabilities to respond to changes in the external environment.

