

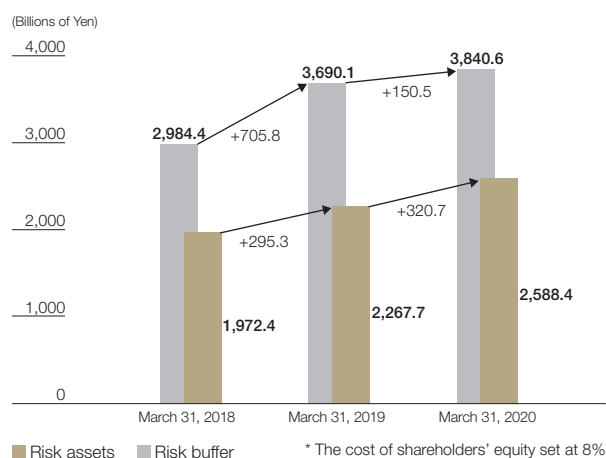
Risk Management

Risk Capital Management* and Management of Concentration Risk

Strict Management of Risk Assets

Our basic operational policy involves first calculating risk assets based on the maximum amount of possible future losses from all assets on the balance sheet including investments and all off-balance-sheet transactions. Second, we manage the amount of risk assets within the limits of our risk buffer (Total shareholders' equity + Non-controlling interests). As we promote investments that will lead to evolve existing business moving forward, we will work to maintain risk assets within the limits of our risk buffer, conduct strict risk management, and further strengthen our financial position.

Risk Assets and Risk Buffer



Significant Risks to Be Managed on a Consolidated Basis

The ITOCHU Group is exposed to various risks due to its wide range of business natures, such as multiple risks in markets, credit risks, and investment risks. These risks include unpredictable uncertainties and may have significant effects on the Group's future financial position and business performance.

We acknowledge risk management as a key management issue. Therefore, we have established our basic risk management policy and develop necessary risk management systems and methods. Specifically, we have defined the following 18 risks as major risks and are responding to

them by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis. In addition, we periodically review the effectiveness of management systems through our internal committees.

With COVID-19 having a wide-ranging impact, we have used asterisks (*) to indicate those of the 18 risks indicated below that we believe have a relatively high likelihood of materializing.

Individual Risk Categories (Major Risks)

		Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th
1	Compliance Risks								
2	Legal Risks (Excluding Compliance Risks)								
3	Risks Associated with Trade Security Policy Management								
4	Risks Associated with Customs								
5	Country Risks*								
6	Commodity Price Risks (Specific Important Commodities)*								
7	Credit Risks*								
8	Investment Risks*								
9	Stock Price Risks*								
10	Foreign Exchange Rate Risks*								
11	Interest Rate Risks*								
12	Financing Risks								
13	Information System Risks								
14	Information Security Risks*								
15	Labor Management Risks*								
16	Human Resource Risks								
17	Risks Associated with the Appropriateness of Financial Reporting								
18	Risks Associated with Internal Control								