

Sustainable Value Creation through Capital Accumulation

The TOCHU 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 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"><li>• Labor productivity of employees</li><li>• Engagement Survey</li><li>• Time and money spent on employee skill development</li><li>• Number of employees with Chinese-language qualifications</li><li>• Hours of overtime work</li><li>• Paid leave acquisition rate</li><li>• Evaluation by students looking for work</li></ul>
Business Know-How	With 160 years of operating businesses in diverse industries, TOCHU 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"><li>• Number of new businesses formed</li><li>• Number of years of business with existing customers</li></ul>
Business Portfolio	Under pressure to respond to a rapidly changing management environment and diversification of consumer needs, the TOCHU Group will leverage business strength in a wide range of business models and enable expansion of its functional domains, expanding the potential for sustainable profit growth.	<ul style="list-style-type: none"><li>• Return on capital employed</li><li>• Management efficiency indicators</li></ul>

Trust and Creditworthiness (Sampo-yoshi)

Financial Capital → Page 40 (P.40) Interview

External Capital		
	Importance of Capital in Value Creation	Examples of KPIs / Monitoring Indicators
Client and Partner Assets	We maintain a relationship with our clients and partners which include a large number of leading companies. This is vital to our ability to rapidly expand our business and enhance our creditworthiness. We have abundant client and partner assets that enable us to realize sustainable earnings growth.	<ul style="list-style-type: none"><li>• Profit from sales with good partners</li><li>• Number of clients and partners</li><li>• Expenses reduced and decrease in allowance for doubtful debts</li></ul>
Natural Resources	Through business and non-resource and resource sectors, we meet social demand for stable production 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"><li>• Ratio of renewable energy</li><li>• Level of energy consumption</li><li>• Level of waste emissions</li><li>• Amount of water usage and emissions</li></ul>
Relationships with Society	We practice constructive communication with our stakeholders ascertaining their expectations and demands on the Company and resolving them. Active communication with stakeholders enables stable business activities in Japan and overseas and realize further increases in corporate value.	<ul style="list-style-type: none"><li>• Number of engagements with stakeholders</li><li>• Number of companies participating in sustainability surveys</li><li>• Number of compliance-related internal training session participants</li><li>• External evaluation of initiatives and additions to indexes</li><li>• Shareholder return ratio and payout ratio and share buybacks and EPS</li><li>• Evaluation by ESG evaluation institutions</li><li>• Number of compliance violation incidents</li></ul>

