

1 Creating Added Value

We strive to stabilize commercial rights, expand trade, and increase the value of businesses, including the companies that we have invested in, by leveraging the distinctive functions of a general trading company, continually creating added value from the customer's viewpoint.

Brand Management

Through integrated management of the entire merchandising function, including sales channels and product nurturing, ITOCHU strives to increase brand value and take the initiative in business activities.

Coordination

Leveraging its client assets and partnerships with leading companies, ITOCHU works to cultivate sales channels and suppliers and takes steps to foster the creation of new businesses, such as large-scale project structuring.

Trading Company Functions

ITOCHU offers its business partners more than just the traditional functions of a general trading company, such as credit, insurance, logistics, and IT. We also provide new functions aligned with needs to create new businesses.

Management Know-how

By providing the management know-how that we have accumulated and by dispatching management personnel, we promote increases in the corporate value of companies that we have invested in.

2 Implementing Asset Strategies

As the strategic importance of business investment has increased, we have developed asset strategies comprising investment in areas where we have strengths, risk management, and the pursuit of asset efficiency.

Investment in Areas Where We Have Strengths

Our fundamental principle is to invest in areas where we have strengths, such as the non-resource sector, centered on consumer-related businesses, and in China and Asia. On this basis, we are working to further reinforce our competitive edge.

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Risk Management

ITOCHU is implementing comprehensive management of risk through risk assets, risk management on a project-by-project basis through evaluation of investments using a hurdle rate based on the cost of capital, and analysis and control of a wide range of risk factors that affect business. ⇒ Page 32

Pursuit of Asset Efficiency

We exit from investments that are determined to be low-efficiency assets from such perspectives as scale of earnings, investment efficiency, and strategic significance. In this way, we are working to increase asset efficiency and to maximize free cash flow under strengthened cash flow management. ⇒ Page 43

3 Management Resources

Internal

Financial Base

ITOCHU's foundation for investing aggressively to expand future earnings is supported by (1) its capacity to steadily generate operating cash flows, (2) its sound financial base, and (3) its strong fund-raising ability, including Group financial systems in Japan and overseas. ⇒ Page 26

Human Resources

It is human resources that are the driving force behind the functioning of ITOCHU's business models. We are working to develop industry professionals who have high levels of expertise in specific areas. ⇒ Page 46

Traditional Functions of a General Trading Company

The traditional functions of a general trading company, such as credit, insurance, logistics, and IT, are the foundations of the provision of solutions for smooth progress in business transactions.

Business Know-How

ITOCHU is developing businesses in a broad array of industries spanned by its seven Division Companies, and has accumulated a wide range of business know-how. This know-how is an indispensable intangible asset in creating new businesses and in advancing into new business fields.

Various Strengths of Group Companies

The combination of the strengths of ITOCHU's 212 subsidiaries and 114 associated companies (as of the end of March 2016) and the strengths of the Company itself substantially expands the potential for the creation of added value.

Organizational Assets

In addition to rapid decision-making systems, ITOCHU also has functional organizations that possess high levels of expertise in such fields as legal affairs, risk management, accounting, taxation, finance, and more. These organizations provide strong backup for ITOCHU's ability to generate income from a front-line perspective. ⇒ Page 52

External

Client Assets (Customers / Suppliers)

Maintaining relationships with customers and suppliers is indispensable in securing continued trade opportunities. In addition, ITOCHU can control risk in investments precisely because we can draw on these client assets. ⇒ Page 50

Partner Assets

From the viewpoints of rapidly advancing into new business areas and increasing the probability of business success, ITOCHU emphasizes win-win relationships with partners. Over many years, ITOCHU has built excellent relationships with many leading companies. ⇒ Page 50