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The following is an overview of corporate governance at ITOCHU Corporation.

## **I Basic Policy, Capital Structure, Corporate Attributes and Other Basic Information**

### **1. Basic Policy**

ITOCHU Group adopts the spirit of “*Sampo-yoshi*” as our corporate mission. In Japanese, “*yoshi*” means “good,” “*sampo*” means three sides consisting of (1) the seller (“*urite*”), (2) the buyer (“*kaite*”) and (3) society (“*seken*”). “*Sampo-yoshi*” is therefore “*urite-yoshi*” (meaning “good for the seller”), “*kaite-yoshi*” (meaning “good for the buyer”) and “*seken-yoshi*” (meaning “good for society”). This spirit originates from the message of our founder *Chubei Itoh I*, the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “*Sampo-yoshi*” is the business spirit by which we aim to bring a positive effect into the world and to contribute to sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future.

It is the fundamental management policy of ITOCHU Corporation (“ITOCHU” or the “Company”) to build a fair and good relationship with various stakeholders based on our corporate mission and our guideline of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

A strong leadership and a transparent decision-making system are pillars of good corporate governance. ITOCHU adopts an organizational structure with the presence of an Audit & Supervisory Board (*kansayaku secchi kaisha*). In recent years, ITOCHU has gradually shifted to a governance model where executive officers decide and carry out the day to day business under the direction and supervision of the Board of Directors, along with implementing measures to strengthen monitoring.

In order to separate execution by and monitoring over management, we reduced the number of executive Directors and increased the percentage of Outside Directors on our Board of Directors to one-third or more from April 2017. We will also maintain this percentage of Outside Directors in this fiscal year and onwards.

Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance and Remuneration Committee and a Nomination Committee, both of which are chaired by an Outside Director and comprised of a majority of Outside Directors and Audit & Supervisory Board Members. Moreover, a Women's Advancement Committee serves as another voluntary advisory committee and is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board Members.

In appointing Outside Directors and Audit & Supervisory Board Members, ITOCHU places great importance on their independence, and in this connection, ITOCHU has adopted its own independence criteria, augmenting the independence criteria established by the Tokyo Stock Exchange.

This highly independent Board of Directors monitors execution by management as well as deliberates the execution of business that is of high quantitative or qualitative importance. The Company believes this arrangement facilitates not only appropriate monitoring over execution by management but also the consideration of important business execution from an external perspective.

It is also vital that ITOCHU disclose its financial and non-financial information to stakeholders as part of good governance. For this purpose, ITOCHU adopts a "Basic IR Policy" to further promote multi-party stakeholder dialogue, and makes best efforts to disclose such information both timely and adequately. Through communication with its stakeholders, ITOCHU aims to enhance its corporate value on a long-term basis.

We believe that our current corporate governance structure accords with good and effective corporate governance called for by the Tokyo Stock Exchange, in its Corporate Governance Code. ITOCHU will continue to evaluate and improve its corporate governance structure so that it always best suits ITOCHU in any given moment and time in its corporate history.

#### [Reasons for Not Implementing Principles of Corporate Governance Code]

ITOCHU complies with all principles set forth in the Corporate Governance Code.

#### [Disclosure Based on Principles of Corporate Governance Code]

(Principle 1.4)

■ Policy on Acquiring and Holding Listed Stocks

ITOCHU classifies investments other than for pure investment purposes and to consolidated companies as "Investments to Non-Affiliated Companies," and includes "Cross-Shareholdings," as set forth in Corporate Governance Code, in this classification. ITOCHU engages in investments to non-affiliated companies in order to create business relationships. In principle, it is the Company's policy to limit investments to non-affiliated companies to those that have a high likelihood of generating investment returns, and those with a high strategic significance including affiliation in future. This policy remains the same, regardless of whether investments are in or outside Japan, listed or unlisted.

In order to manage our investment, we set an internal rule. Through annual review of all investments to non-affiliated companies including Cross-Shareholdings, we examine economic (quantitative) rationale based on returns on our investment, and review the strategic objectives of holding such investments, taking into consideration the likelihood that our investment purpose will be realized in the future.

Investments that do not generate economic added value over two-years or investments that lack strategic objective based on such annual review will be, in principle, sold. Results of such annual review with respect to Cross-Shareholdings are subject to further scrutiny through discussions at our Board of Directors meetings from the perspective of economic rationale and strategic objective.

ITOCHU places great importance on communication with each investee with the view to building, strengthening and maintaining business relationship as well as to improving the corporate value of both ITOCHU and each investee. In May 2015, ITOCHU adopted the following internal voting guideline with

respect to Cross-Shareholdings to ensure that ITOCHU's voting rights on all of such investments are exercised in a timely and adequate manner.

[Voting Guideline]

- (1) In principle, not to abstain from voting or to grant full authority to exercise voting rights on our behalf.
- (2) To decide for or against a proposal taking into consideration our investment purpose and holding policy.

ITOCHU's final position on voting is determined through an internal decision making process based on the initial plan prepared by the department through which an investment is made.

(Principle 1.7)

■ Transactions between Related Parties

Based on our Rules of the Board of Directors, ITOCHU requires a resolution of the Board of Directors concerning transactions involving conflict of interests of Directors or transactions by Director which may compete with ITOCHU, and through such requirement, ITOCHU believes such transactions are adequately supervised by the Board of Directors.

(Supplementary Principle 2.4.1)

■ Ensuring Diversity in the Promotion to Core Human Resources

Please refer to "Other" in 3. Measures that Consider the Interests of Stakeholders of section III Status of Implementation of Measures Related to Shareholders and Other Stakeholders below in this report.

(Principle 2.6)

■ Functional Performance of Corporate Pension as an Asset Owner

ITOCHU's finance division dispatches several persons with a high degree of expertise in asset management to our corporate pension fund. One of them is positioned as the executive Director of the pension fund, and such persons are in charge of the fund's asset management. Appropriate placement of such persons is arranged by sufficient training as well as planned and regular rotation. In addition, ITOCHU respects the intention of the pension fund regarding its investment portfolio and the stewardship activities of the investment management institutions. Furthermore, operating the pension fund in the interest of the third parties is strictly prohibited pursuant to the internal regulations of the pension funds, and the potential conflict of interest is regularly announced and well-known to the Directors of the pension fund. Thus, we appropriately manage conflicts of interest that may arise between the beneficiaries of the corporate pension and ITOCHU. On June 6, 2019, the corporate pension fund announced its acceptance of Japan's Stewardship Code as an Asset Owner. The corporate pension fund as an asset owner will fulfill its stewardship responsibilities through the actions of the asset managers, to which they outsource their asset management activities.

(Principle 3.1(i))

■ Corporate Mission

ITOCHU's corporate mission and guideline of conduct are available at our homepage. Please refer to the following URL:

<https://www.itochu.co.jp/en/about/mission/>

■ Management Plan

Our current management plan for and in relation to FYE2023 was disclosed on May 10, 2022. Please refer to the following URL to find the management plan:

[https://www.itochu.co.jp/en/ir/financial\\_statements/2022/\\_\\_\\_icsFiles/afieldfile/2022/05/13/22\\_ended\\_02\\_e.pdf](https://www.itochu.co.jp/en/ir/financial_statements/2022/___icsFiles/afieldfile/2022/05/13/22_ended_02_e.pdf)

(Principle 3.1(ii))

■ Basic Policy on Corporate Governance

Please see section I-1 (Basic Policy) above in this report.

(Principle 3.1(iii))

■ Policy and Process for Setting Compensation

Our current remuneration plan for Directors is designed to be an incentive to grow business performance. The variable remuneration (performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration) accounts for a high proportion of total remuneration. Also, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. In order to increase awareness of their contribution to raising business performance and enlarging corporate value over the medium to long term, we are including stock remuneration (non-monetary compensation) as part of the remuneration plan.

Given our current performance to date, the purpose of this remuneration plan is sufficiently achieved. In order to continue the expansion in business performance, we are keen to maintain this remuneration plan for Directors.

In accordance with the above policy for determining the remuneration of Directors, our remuneration plan for Directors which includes the formula and calculation method for the individual payment amount for each director, is resolved by the Board of Directors with consideration of the annual financial plan following the deliberation at the Governance and Remuneration Committee under the Board of Directors as voluntary advisory committees.

Remuneration Plan for Directors consists of monthly remuneration and performance-linked remuneration—performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration (non-monetary compensation)—and is deliberated by the Governance and Compensation Committee and approved by the Board of Directors unanimously. Performance-linked bonuses reflect short-term performance and share price-linked bonuses and performance-linked stock remuneration reflect the increase of corporate value in the medium to long term.

The Board of Directors has deemed that the remuneration for FYE 2021 is appropriate based on the fact that it adheres to the decision policy for the details of remuneration, as individual remuneration for Directors was decided using the calculation process and procedures in line with deliberations by the Governance and Remuneration Committee and the resolution of the Board of Directors.

With respect to compensation paid to Directors for FYE 2022, please refer to “Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation” in section II-1 of this report. Only monthly remuneration is paid to the Outside Directors and bonuses and stock remuneration are not paid. Monthly remuneration paid to Audit & Supervisory Board Members is determined by consultation among Audit & Supervisory Board Members and bonuses and stock remuneration are not paid.

(Principle 3.1(iv))

■ Policy and Process for Appointing Directors and Audit & Supervisory Board Members

With respect to policy and process for appointing executive officers and candidates for Directors and Audit & Supervisory Board Members, please refer to “Policy and Process for Appointing Executive Officers and Candidates for Directors and Audit & Supervisory Board Members” in section II-2 below in this report.

(Principle 3.1(v))

■ Explanations on the Individual Appointments and Nominations

Company has disclosed reasons for appointment of each candidate for Directors and Audit & Supervisory Board Members in our notice of general meeting of shareholders. Please refer to the following URL with respect to the disclosure made in FYE 2023:

[https://www.itochu.co.jp/en/files/98\\_shoshu\\_e.pdf](https://www.itochu.co.jp/en/files/98_shoshu_e.pdf)

(please refer to pages 10-19 for candidates for Directors, and pages 20-21 for candidates for Audit & Supervisory Board Members)

(Supplementary Principle 3.1.3)

- Initiatives on Sustainability, Enhancement of the Quality and Quantity of Disclosure based on TCFD Framework

Please refer to “Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities” in 3. Measures that Consider the Interests of Stakeholders of section III Status of Implementation of Measures Related to Shareholders and Other Stakeholders below in this report.

- Investments in Human Capital etc.

Please refer to “Other” in 3. Measures that Consider the Interests of Stakeholders of section III Status of Implementation of Measures Related to Shareholders and Other Stakeholders below in this report.

- Investments in Intellectual Property etc.

ITOCHU broadly develops branding businesses mainly by the Textile Company, which utilize intellectual properties such as trademarks and copyrights, etc. In addition to the licensing and importing business, which utilizes rights granted by the brand holders, ITOCHU owns and manages brand trademarks such as Converse, LeSportsac, Hunting World, etc. by itself or through subsidiaries. ITOCHU keeps strategies to improve brand value through the development of such brand businesses, which leads to further expansion of the businesses. In FYE2023, ITOCHU has entered into the contract to acquire majority stock of DOME Corporation that is the sole distributor of the Under Armour brand in Japan, and acquired the distribution and license rights of Reebok brand in Japan. ITOCHU will continue to develop the businesses which utilizes intellectual property rights.

(Supplementary Principle 4.1.1)

- Scope of the Matters Delegated to the Managements

As a corporation with the Audit & Supervisory Board (*kansayaku secchi kaisha*), ITOCHU has gradually shifted to a governance model where day-to-day business decisions are delegated to the management to the extent permitted under applicable laws. ITOCHU’s Board of Directors assumes the role of supervising the execution of business by the management, as well as deciding corporate governance related matters and certain business matters which are highly important either qualitatively or quantitatively. Matters to be resolved by the Board of Directors are set forth in our Rules of the Board of Directors.

(Principle 4.9)

- Independence Criteria

ITOCHU’s Board of Directors has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange) following discussion at our Nomination Committee, which is disclosed on our homepage. Please refer to the following URL:

[https://www.itochu.co.jp/en/about/governance\\_compliance/governance/pdf/independence\\_criteria.pdf](https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf)

(Supplementary Principle 4.10.1)

- Independence, Mandates and Roles of the Voluntary Advisory Committees

Please refer to “Advisory Committee(s) to the Board, Composition and Attribution of Chairperson” in 1. Items Related to Organizational Structure and Operations, etc. of section II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.

(Supplementary Principle 4.11.1)

- Composition of the Board of Directors

For ITOCHU’s stance on the composition of the Board of Directors as well as policy and process for appointing executive officers and candidates for Directors and Audit & Supervisory Board Members, please refer to “Policy and Process for Appointing Executive Officers and Candidates for Directors and Audit & Supervisory Board Members” and “Ensuring Diversity of Officers” in section II-2 below in this report.

ITOCHU’s Board of Directors includes independent Outside Directors with management experience in other companies.

(Supplementary Principle 4.11.2)

- Directors’ and Audit & Supervisory Board Members’ Concurrent Positions Held at Other Companies

With the view to monitoring concurrent positions held by our Directors and Audit & Supervisory Board Members at other companies, our Rules of the Board of Directors require each Director and Audit & Supervisory Board Member to seek approval of or report to ITOCHU's Board prior to holding a position at other entities. In addition, important concurrent positions of our Directors and Audit & Supervisory Board Members have been disclosed in our notice of general meeting of shareholders. Please refer to the following URL with respect to disclosure made in FYE 2023:

[https://www.itochu.co.jp/en/files/98\\_shoshu\\_e.pdf](https://www.itochu.co.jp/en/files/98_shoshu_e.pdf)

(please refer to page 52-53)

(Supplementary Principle 4.11.3)

■ Evaluation as to the Effectiveness of the Board of Directors

ITOCHU has conducted an evaluation as to the effectiveness of the Board of Directors and Audit & Supervisory Board Members once a year since FYE 2016 utilizing external consultants, and the Board of Directors has analyzed and evaluated the findings after deliberation by the Governance and Compensation Committee (excluding FYE 2017).

Procedure for the Board Evaluation for FYE 2022 is as follows:

Respondents	All of eleven (11) Members of the Board and five (5) Audit & Supervisory Board Members in FYE2022
Implementation and Evaluation method	<ol style="list-style-type: none"> <li>(1) Conducted a questionnaire to and individual interview with each of respondents by the external consultant (Answered on anonymous basis)</li> <li>(2) Implemented an information compilation and analysis by the external consultant based on the answers from the respondents</li> <li>(3) In reference to the information compilation and analysis, conducted an examination at the Governance and Remuneration Committee</li> <li>(4) Implemented an analysis and evaluation at the Board of Directors.</li> </ol>
Question details	<p>Centered on items related to the following six sections:</p> <ol style="list-style-type: none"> <li>(1) Structure of the Board of Directors</li> <li>(2) Structure of advisory committees to the Board of Directors</li> <li>(3) Roles and duties of the Board of Directors</li> <li>(4) Operation status of the Board of Directors</li> <li>(5) Information provision and training for Members of the Board and Audit &amp; Supervisory Board Members</li> <li>(6) Others</li> </ol>

As a result of the evaluation, in terms of the structure of the Board of Directors and its advisory committees as well as the roles and duties, operation status, information provision to Directors and Audit & Supervisory Board Members, and training, etc., the Board of Directors of ITOCHU Corporation confirmed that the effectiveness of the Board of Directors was secured.

It was confirmed that there was concrete proof of the effectiveness of the Board of Directors, including (1) enhancement of profitability and corporate value in rapidly changing environment, (2) measures for increasing human resource diversity through the establishment of the Women's Advancement Committee, (3) revitalization of discussions through the election of two external officers with experience in corporate management, and (4) strengthening of measures for discussions for the medium- to long-term, such as on SDGs and corporate branding.

Additionally, it was confirmed that there was steady improvement and progress with regard to issues identified in the previous evaluation (the necessity to expand discussion that contribute to the further enhancement of corporate value in order to have the Board of Directors better perform its function not only formally, but also materially, as well as the need to promote strengthening of oversight with regard to business execution).

On the other hand, it is recognized that the Board of Directors needs to perform its function better than ever, with two issues to prioritize going forward: (1) continuous discussion in order to strengthen the management foundation and (2) securing an increase in human resource diversity.

We will use various opportunities, such as voluntary advisory committees and off-site discussions outside of the Board of Directors, to exchange opinions and engage in constructive discussions that

contribute to further improvement of effectiveness, and will make active efforts to maintain the effectiveness of the Board of Directors and further improve its functions.

For your reference, please see the result of the evaluation in our homepage at:

[https://www.itochu.co.jp/en/files/board\\_evaluation\\_2021e.pdf](https://www.itochu.co.jp/en/files/board_evaluation_2021e.pdf)

(Supplementary Principle 4.14.2)

■ Training Policy

The Company conducts training related to corporate governance and other matters as part of its training for newly appointed internal and Outside Directors and Audit & Supervisory Board Members. The Company also provides Directors and Audit & Supervisory Board Members with opportunities for training at third-party institutions, with the Company bearing the costs of such training. Also, to ensure that management supervision by Directors and audit by Audit & Supervisory Board Members are adequately performed, before each meeting we provide to Outside Directors and Audit & Supervisory Board Members prior explanations on matters presented to each meeting of the Board of Directors through respective offices of the Board of Directors and the Audit & Supervisory Board. In addition, ITOCHU strives to ensure that Outside Directors and Audit & Supervisory Board Members appropriately understand its business environment and challenges through various occasions such as introductory session concerning ITOCHU's business upon election, visits to business premises in or outside Japan, meetings with Audit & Supervisory Board Members, periodical discussions with the managements and explanatory sessions on matters requested by Outside Directors and Audit & Supervisory Board Members

(Principle 5.1)

■ Policy of Dialogue with Shareholders

In our “Basic IR Policy,” we have established our policy of dialogue with shareholders and other stakeholders as follows:

(Dialogue with Shareholders and Investors, etc.)

- The Chief Financial Officer (CFO) has the primary responsibility for dialogue with shareholders and investors, etc. The senior management and Directors will strive to engage in dialogue with shareholders and investors, etc., within reasonable limits.
- The CFO supervises the Investor Relations Division as the section in charge of dialogue with shareholders and investors. The Investor Relations Division assists the senior management and Directors in engaging in dialogue with shareholders and investors, etc., by maintaining close cooperation with relevant internal departments and sections, including through regular meetings with them.
- The CFO regularly reports to the Board of Directors the views and concerns of shareholders and investors, etc., gleaned through dialogue. In addition, the CFO shares the views and concerns of shareholders and investors, etc., with the senior management as needed.
- With the Investor Relations Division in charge of related activities, the CFO promotes dialogue with shareholders and investors, etc.

ITOCHU strives to achieve our Group’s continuous growth and to enhance corporate value on mid-to-long term basis. It is vital for ITOCHU to actively conduct IR activities in order to promote constructive dialogue with shareholders. For detailed information on such activities, please refer to “Investor Relations Activities” in section III-2 below in this report.



## 2. Capital Structure

Ratio of Shares Held by Foreigners	More than 30%
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### [Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	260,645,100	17.71
Custody Bank of Japan, Ltd. (trust account)	81,906,500	5.57
EUROCLEAR BANK S. A. /N. V.	81,873,399	5.56
CP WORLDWIDE INVESTMENT COMPANY LIMITED	63,500,000	4.31
Nippon Life Insurance Company	34,056,023	2.31
Mizuho Bank, Ltd.	31,200,000	2.12
Asahi Mutual Life Insurance Company	23,400,500	1.59
STATE STREET BANK WEST CLIENT - TREATY 505234	21,671,651	1.47
SSBTC CLIENT OMNIBUS ACCOUNT	20,176,728	1.37
BNYM AS AGT/CLTS NON TREATY JASDEC	19,086,950	1.30

### Supplementary Information

(1) The major shareholders as abovementioned are as of March 31, 2022.

(2) As of March 31, 2022, the Company holds 113,229,733 shares of treasury stock (7.14 % of the total number of issued shares) that are excluded from the above list of the major shareholders.

(3) The above is stated in the shareholder registry. In addition to the above, we are confirming that CP WORLDWIDE INVESTMENT COMPANY LIMITED owned our company shares under another name (CP WORLDWIDE INVESTMENT COMPANY LIMITED 1008520), and the total number of shares substantially owned by CP WORLDWIDE INVESTMENT COMPANY LIMITED is 78 million shares (5.30% of the total number of issued shares excluding treasury shares).

(4) As of August 31, 2020, a large shareholding report was submitted to the Kanto Local Finance Bureau by National Indemnity Company, a 100% subsidiary of Berkshire Hathaway Inc. which reported that this company holds 79,509 thousand shares (shareholding ratio is 5.02%) as of August 24, 2020. However, this is not reflected to the above list of major shareholders as we could not confirm the substantial ownership as of March 31, 2022.

(5) As of May 17, 2022, a large shareholding report was submitted to the Kanto Local Finance Bureau by J.P. Morgan Asset Management (Japan) Limited which reported that J.P. Morgan Securities Plc, together with other three joint holders, hold 96,021 thousand shares (shareholding ratio is 6.06%). However, this is not included in the above list of major shareholder as we could not confirm the substantial ownership as of March 31, 2022.

## 3. Corporate Attributes

Stock Exchange Listings and Market Classification	Tokyo Prime Market
Fiscal Year-End	March
Industry	Wholesale Trade
Number of Employees as of Previous Fiscal Year-End (Consolidated)	1,000 or more
Total Trading Transactions in Previous Fiscal Year (Consolidated)	¥1 trillion or more
Number of Consolidated Subsidiaries	100 or more and less than 300

## 4. Policy for Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholder

N.A.

## 5. Other Exceptional Circumstances that May Have a Material Impact on Corporate Governance

ITOCHU has 192 consolidated subsidiaries (as of the end of FYE 2022) and is expanding our diverse businesses in Japan and all over the world. As the core of the Group, ITOCHU formulates management policies as well as short- and medium-term management plans on a group basis, and regularly monitors the progress of each segment. In order to appropriately deal with various risks as a group, we have the internal control systems on a group basis, which are necessary to ensure that Directors' implementations of duties are in compliance with laws and statutory regulations and the Articles of Incorporation, and to ensure the appropriateness of other operations.

In particular, ITOCHU makes conscientious efforts to ensure execution of duties by directors and employees at each subsidiary to comply with laws and regulations and the Articles of Incorporation by means of the directors and corporate auditors dispatched to each subsidiary supervising and auditing the execution of duties. In addition, in order to deal with various risks such as market risk, credit risk, country risk, investment risk, environmental/social risk etc. of the Group, ITOCHU maintains and manages risks comprehensively and individually. For that purpose, various internal committees and responsible departments have been established, and the necessary risk management system and management method are group-based. Furthermore, ITOCHU formulates a group compliance program, establishes and operates the system required to prevent the occurrence of any violations of laws and regulations, and strives for continuous improvement through regular reviews.

ITOCHU respects the autonomy of listed subsidiaries—ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd., CONEXIO Corporation, C.I. TAKIRON Corporation and Prima Meat Packers, Ltd.—and prohibits any acts that contradict the principle of shareholder equality (ITOCHU has not executed contracts related to the governance with the listed subsidiaries). In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which functions of their independent Outside Directors are well assured.

As of the date of their ordinary general meetings of shareholders in 2022, each of the above-mentioned subsidiaries had established and maintained an effective governance system, including the appointment of certain number of Outside Directors and the establishment of an independent advisory committee to the Board of Directors, and a special committee where transactions or actions which may conflict with the interest of the controlling shareholder. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the the Corporate Governance Code issued by the Tokyo Stock Exchange.

In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in conducting transactions with each listed subsidiary, fair and appropriate terms and conditions are determined by taking into account market prices, etc., on the premise of pursuing economic rationality with each other.

On the premise of the above-mentioned governance system, the significance of holding a listed subsidiary includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group; (3) reduction of the Company's financial burden on the listed subsidiary; and (4) securing excellent human resources.

In addition, the significance of holding each listed subsidiary from the perspective of the Group's management strategy and sales perspective is as follows:

**【ITOCHU Techno-Solutions Corporation】**

ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU Group's investees and business partners, and utilizes our Group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value.

ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.

**【ITOCHU ENEX CO., LTD.】**

Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas.

In addition, ITOCHU ENEX CO., LTD., utilizing ITOCHU Group's extensive domestic and international network, promotes initiatives in the new energy field which contribute to achieving the SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value.

**【ITOCHU-SHOKUHIN Co., Ltd.】**

The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its existence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel.

In addition, by utilizing our Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as contribution to customers through creating sales floors which utilize digital transformation (DX), etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUHIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value.

**【CONEXIO Corporation】**

CONEXIO Corporation is expanding its business by utilizing ITOCHU Group's extensive domestic and international network. It is expanding mobile accessory sales business to overseas, as well as promoting more effective use of store assets and management resources, such as know-how in selling products and services to individual customers, in cooperation with companies in other industries in our Group. ITOCHU and CONEXIO Corporation, as business partners, are mutually contributing to the enhancement of corporate value.

CONEXIO Corporation was established and founded by inheriting ITOCHU's mobile device sales business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.

**【C.I. TAKIRON Corporation】**

C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I. TAKIRON Corporation utilizes ITOCHU Group's extensive domestic and international network for overseas expansion of C.I. TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I. TAKIRON Corporation's various products. ITOCHU and C.I. TAKIRON Corporation, as business partners, are mutually contributing to enhancing corporate value.

**【Prima Meat Packers, Ltd.】**

The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our Group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained.

To enhance the corporate value of the overall ITOCHU Group, ITOCHU, as their parent company and major shareholder, regularly pays adequate attention to the legal compliance systems and status of these listed subsidiaries. ITOCHU provides appropriate advice and support as needed on specific compliance-related matters, creation of internal control systems, and other managerial issues.

In addition, in order to contribute to the stabilization of management and the expansion of profits at each listed subsidiary, ITOCHU, upon consultation with each listed subsidiary, promotes personnel exchanges mainly by dispatching persons with expertise in financial accounting, legal affairs, etc. and management personnel of overseas expansion and overseas bases of each listed subsidiary, and by accepting personnel from each listed subsidiary to sales and management departments of ITOCHU.

**II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision**

**1. Items Related to Organizational Structure and Operations, etc.**

Form of Organization	Company with Audit & Supervisory Board Members
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**[Directors]**

Number of Directors Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Term of Office for Directors Stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman and Chief Executive Officer
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Outside Directors Designated as Independent Director	4

**Relationship with the Company (1)**

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Atsuko Muraki	Other													
Masatoshi Kawana	Scholar								○					
Makiko Nakamori	Certified Public Accountant													
Kunio Ishizuka	From another company													

\* Relationship with the Company

○: shows the item is/was applicable to the Outside Director either currently or until recently

△: shows the item was applicable to the Outside Director in the past

●: shows the item is/was applicable to a close relative of the Outside Director either currently or until recently

▲: shows the item was applicable to a close relative of the Outside Director in the past

a. A person performing an executive role at the Company or its subsidiary

b. A person performing an executive role at or who is a non-executive director of the Company's parent

c. A person performing an executive role at an affiliate that is another subsidiary of the Company's parent

d. A person (or its person performing an executive role) whose major customers include the Company

e. A person (or its person performing an executive role) who is a major customer of the Company

f. A consultant, accountant or lawyer who receives a large amount of monetary compensation or other property (other than remuneration as the Outside Director) from the Company

g. A major shareholder (or its person performing an executive role) of the Company

h. A person performing an executive role at a customer of the Company (other than those to which item d, e or f applies) (this item applies only to the Outside Director himself/herself)

i. A person performing an executive role at an entity that has an Outside Director or corporate auditor from the Company

j. A person performing an executive role at an entity to which the Company makes donations (this item applies only to the Outside Director himself/ herself)

k. Others

## Relationship with the Company (2)

Name	Independent Directors	Supplementary Information Related to the Criteria	Reason for Appointment as Outside Director (For Independent Directors, Including Reason for Designation as an Independent Director)
Atsuko Muraki	✓		Ms. Muraki is appointed as an Outside Director in the anticipation that she will use her wealth of experience and high-level knowledge she accumulated as a government official and also monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Muraki qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.
Masatoshi Kawana	✓	Although ITOCHU has entered into an alliance with Tokyo Women's Medical University Hospital in relation to the novel coronavirus, this agreement has expired as of June 30, 2021. As the agreement only provides general medical services to officers and employees of our company, before the expiration of the agreement, ITOCHU has determined that there is no risk of impact on Mr. Kawana's independence.	Mr. Kawana is appointed as an Outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and in important posts such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
Makiko Nakamori	✓		Ms. Nakamori is appointed as an Outside Director in the anticipation that, based on her high level expertise regarding finance and accounting as a certified public accountant as well as her extensive experience as a corporate executive, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of

			directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Nakamori qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.
Kunio Ishizuka	✓		Mr. Ishizuka is appointed as an Outside Director in the anticipation that, by utilizing his extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation), he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Ishizuka qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.

Existence of advisory committee(s) comparable to nomination committee or remuneration committee	Yes
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Advisory Committee(s) to the Board, Composition and Attribution of Chairperson

Name of Committee	Total Number of Members	Internal Directors	Outside Directors	Internal Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	Chairman
Nomination Committee	7	3	3	0	1	Outside Director
Governance and Remuneration Committee	7	3	2	0	2	Outside Director

- We have established the Governance and Remuneration Committee and the Nomination Committee under the Board of Directors as voluntary advisory committees to raise the transparency of the decision-making process and strengthen the supervisory function of the Board of Directors. Each committee is chaired by an Outside Director and the majority members of each committee are Outside Directors and Audit & Supervisory Board Members. On October 1, 2021, we established the Women's Advancement Committee as a new voluntary advisory committee of the Board of Directors. The Committee is chaired by an Outside Director and more than half of the members are Outside Directors and Audit & Supervisory Board Members.

CORPORATE GOVERNANCE

- The Roles, Composition and the Activities of the committees as of June 24, 2022 are as follows:  
[Governance and Remuneration Committee]

Roles: To deliberate and advise the Board on proposals relating to remuneration system for Directors and executive officers and other matters on corporate governance.

Composition:

Chair Makiko Nakamori, Director (Outside)  
Members Masahiro Okafuji, Chairman & Chief Executive Officer  
Keita Ishii, President & Chief Operating Officer  
Fumihiko Kobayashi, Chief Administrative Officer  
Masatoshi Kawana, Director (Outside)  
Shingo Majima, Audit & Supervisory Board Member (Outside)  
Masumi Kikuchi, Audit & Supervisory Board Member (Outside)  
\*Mitsuru Chino, Audit & Supervisory Board Member, attends as an observer.

Activities: This committee was held 5 times in FYE 2022 (among those two meetings were held by paper circulation) with the participation of all members to deliberate the governance related matters (such as the Board Evaluation, submission of the Corporate Governance Report, establishment of the Women's Advancement Committee, etc.) and the remuneration plan for Directors.

[Nomination Committee]

Roles: To deliberate and advise the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and executive officers.

Composition:

Chair Kunio Ishizuka, Director (Outside)  
Members Masahiro Okafuji, Chairman & Chief Executive Officer  
Keita Ishii, President & Chief Operating Officer  
Fumihiko Kobayashi, Chief Administrative Officer  
Atsuko Muraki, Director (Outside)  
Masatoshi Kawana, Director (Outside)  
Kentaro Uryu, Audit & Supervisory Board Member (Outside)  
\*Makoto Kyoda, Audit & Supervisory Board Member, and the General Manager of Secretariat attends as an observer.

Activities: This committee was held 1 time in FYE 2022 with the participation of all members to deliberate executive management appointments for FYE 2023 and the succession plan.

[Women's Advancement Committee]

Roles: To deliberate and advise the Board on proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees.

Composition:

Chair Atsuko Muraki, Director (Outside)  
Members Fumihiko Kobayashi, Chief Administrative Officer  
Makiko Nakamori, Director (Outside)  
Makoto Kyoda, Audit & Supervisory Board Member  
Masumi Kikuchi, Audit & Supervisory Board Member (Outside)  
Yoshiko Matoba, General Manager, Human Resources & General Affairs Division



Activities: This committee was held 3 times in FYE2022, with the participation of all members for 2 meetings and with the participation of 5 members for 1 meeting (by procuring the opinion from the absent member in advance, which was shared with the participating members), to deliberate proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees. At these meetings, the future direction of the initiative based on a recognition of the current issues regarding the promotion of female employees to official positions and training of candidates for the positions as well as career and work style diversity were discussed and (1) Accelerated training for promotion of female employees to official positions as the result, and (2) Evolution of morning-focused working system and (3) Assistance for early reinstatement after childbearing as the progress for new support measures were reported. Please refer to the following URL in detail:

<https://www.itochu.co.jp/en/news/press/2022/220419.html>

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Number of Audit & Supervisory Board Members	5

Cooperation Between Audit & Supervisory Board Members, Independent External Auditor, and Internal Audit Division

- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other's audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- The Audit Division and Audit & Supervisory Board Members endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division and independent external auditors endeavor to cooperate by holding regular meetings to exchange information, etc.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members Designated as Independent Auditor	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shingo Majima	Certified public accountant													
Kentaro Uryu	Lawyer													
Masumi Kikuchi	From another company													

\* Relationship with the Company

- : shows the item is/was applicable to the outside corporate auditor either currently or until recently
- △: shows the item was applicable to the outside corporate auditor in the past
- : shows the item is/was applicable to a close relative of the outside corporate auditor either currently or until recently
- ▲: shows the item was applicable to a close relative of the outside corporate auditor in the past

## CORPORATE GOVERNANCE

- a. A person performing an executive role at the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. A person performing an executive role at or who is a non-executive director of the Company's parent
- d. A corporate auditor of the Company's parent
- e. A person performing an executive role at an affiliate that is another subsidiary of the Company's parent
- f. A person (or its person performing an executive role) whose major customers include the Company
- g. A person (or its person performing an executive role) who is a major customer of the Company
- h. A consultant, accountant or lawyer who receives a large amount of monetary compensation or other property (other than remuneration as the outside corporate auditor) from the Company
- i. A major shareholder (or its person performing an executive role) of the Company
- j. A person performing an executive role at a customer of the Company (other than those to which item f, g or h applies) (this item applies only to the outside corporate auditor himself/herself)
- k. A person performing an executive role at an entity that has an Outside Director or corporate auditor from the Company
- l. A person performing an executive role at an entity to which the Company makes donations (this item applies only to the outside corporate auditor himself/ herself)
- m. Others

## Relationship with the Company (2)

Name	Independent Auditors	Supplementary Information Related to the Criteria	Reason for Appointment as Outside Audit & Supervisory Board Member (For Independent Auditors, Including Reason for Designation as an Independent Auditor)
Shingo Majima	✓		Mr. Majima is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise on finance and accounting audit as a certified public accountant for many years. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Majima qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.
Kentaro Uryu	✓		Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors/auditors prescribed by the Tokyo

			Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.
Masumi Kikuchi	✓		Mr. Kikuchi is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his extensive executive experience having served as President of Sendai Terminal Building Co., Ltd., and as President and Chairman of Atre Co., Ltd. According to the criteria for the independence of directors/ auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kikuchi qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.

**[Independent Directors/ Audit & Supervisory Board Members]**

Number of Independent Directors/ Audit & Supervisory Board Members	7
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**Other Items Related to Independent Directors/ Audit & Supervisory Board Members**

[Criteria for the independence of directors/ auditors]

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed on our homepage. Please refer to the following URL:  
[https://www.itochu.co.jp/en/about/governance\\_compliance/governance/pdf/independence\\_criteria.pdf](https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf)
- All of the Company's Outside Directors and outside Audit & Supervisory Board Members who qualify as independent are designated as independent Directors/ Audit & Supervisory Board Members.
- ITOCHU has established a *de minimis* standard of ¥10 million per fiscal year relating to a donation made by the Company. ITOCHU views that a donation within the *de minimis* standard above is unlikely to affect our investor's judgment on its voting, thus description on such donation is omitted from our filings of independent directors/ auditors.

[Performance of the Independent Outside Directors and Outside Audit & Supervisory Board Members]

Independent Outside Directors

- Ms. Muraki attended all 15 meetings of the Board of Directors held during FYE2022. She mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, she chaired the Nomination Committee and offered a practical perspective while leading discussions on the appointment and dismissal of key management members and succession plans, and chaired the Women's Advancement Committee and led discussions on measures to promote the advancement of

ITOCHU's female employees from a real-world perspective. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, human resource utilization, and organizational revitalization.

- Mr. Kawana attended all 15 meetings of the Board of Directors held during FYE2022. He mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, he chaired the Governance and Remuneration Committee and led discussions on executive remuneration and other topics and also served as a member of the Nomination Committee, contributing to improving the objectivity of ITOCHU's succession plan and director nomination process. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and internal epidemic prevention in the period of COVID-19 pandemic.
- Ms. Nakamori attended all 15 meetings of the Board of Directors held during FYE2022. She mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, she was a member of the Nomination Committee and the Women's Advancement Committee, and contributed to improve the objectivity of ITOCHU's officer nomination process and accelerating support for women's advancement. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.
- Mr. Ishizuka attended all 11 meetings of the Board of Directors held during FYE2022 since his appointment. He mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, he was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU. Additionally, he made many useful suggestions and proposals based on his expertise and experience regarding promoting the business transformation from the point of view of incorporating the needs of the market into ITOCHU's products and services.
- Outside Directors actively advise and provide recommendations, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and ensure and enhance the effectiveness of the monitoring and supervising function of the Board of Directors and transparency of decision-making by appropriately demonstrating to the internal Directors their supervisory functions based on various perspectives and their management advice function of the Outside Directors.

#### Independent Outside Audit & Supervisory Board Members

- Mr. Majima attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE2022. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Governance and Remuneration Committee and made contributions toward further enhancement of governance at ITOCHU.
- Mr. Uryu attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE2022. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.
- Mr. Kikuchi attended 10 of the 11 meetings of the Board of Directors and 9 of the 10 meetings of the Audit & Supervisory Board held during FYE2022 since his appointment. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Governance and Remuneration Committee and the Women's Advancement Committee, and made contributions toward the further enhancement of governance at ITOCHU and acceleration of the support for women's advancement.
- Outside Audit & Supervisory Board Members actively provide an opinion, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and enhance the transparency of decision-making by appropriately demonstrating their supervisory functions of the Outside Directors against the performance of the internal Directors.

#### [Incentives]

Status of Implementation of Measures to Grant Incentives to Directors	Adoption of a performance-linked compensation system
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Supplementary Information

- Following the deliberation at the Governance and Remuneration Committee, the Board of Directors has unanimously approved the current Remuneration Plan for Directors consisting of monthly remuneration and Performance-Linked Remunerations—performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration (non-monetary compensation).
- The performance-linked bonuses are positioned as compensation linked to short-term (one fiscal year) performance, and the share price-linked and performance-linked stock remuneration are positioned as compensation for the performance for enhancing the corporate value over the medium to long term.
- ITOCHU’s current remuneration plan for Directors does not have a fixed percentage of Performance-Linked Remuneration—performance-linked bonuses, share price-linked bonuses, performance-linked stock remuneration (non-monetary compensation)—and is designed so that the percentage of Performance-Linked Remuneration in total director remuneration increases as ITOCHU Corporation’s performance improves and its share price increases. ITOCHU believes that this system is in line with the decision policy of our remuneration plan for Directors, which is designed to be an incentive to grow business performance.
- Regarding the Director’s remuneration in FYE 2022, the ratio of performance-linked bonus is approximately 57% and the aggregate ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 24%. As for the Director’s remuneration in FYE 2023, the estimated ratio of the aggregate amount of the performance-linked bonus is approximately 62% and the ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 16%. In the calculation of the above-mentioned ratio for FYE 2022, as described later in section II (Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.) -1 (Items Related to Organizational Structure and Operations, etc.), the “special bonuses” mentioned in “Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation” are included, and the share price-linked bonus in FYE 2023 is calculated based on the assumption that the relative stock growth rate with TOPIX is 110%.
- Net profit (consolidated) is of high interest to the stock market because it is an easy-to-understand indicator of capital to growth-oriented investments and to returns to shareholders and we have an unshakeable belief in its importance as an indicator going forward. In addition, bonuses for employees are linked to net profit (consolidated) so we have net profit attributable to ITOCHU (consolidated) as the linked indicator for performance-linked bonuses and performance-linked stock remuneration (non-monetary compensation). For FYE 2022, the initial plan for "net income attributable to ITOCHU (consolidated)" was 550.0 billion yen (announced on May 10, 2021), which was revised to be 750.0 billion yen on November 5, 2021 and to be 820.0 billion yen on February 3, 2022, and the actual result was 820.3 billion yen (announced on May 10, 2022).
- Regarding share price-linked bonuses for FYE 2022, the average value of our company stock prices on a daily basis for successive two fiscal years is used as the linked indicator thereof. The average value of our company stock prices in FYE 2022 increased by approximately 767 yen compared to the average value of our company stock price in FYE 2021.
- For the details of the performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration mentioned above, please refer to section II (Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.) -1 (Items Related to Organizational Structure and Operations, etc.) for “Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation”.

Grantees of Stock Options	Not Applicable
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Supplementary Information	N.A.
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**[Directors’ Compensation]**

Disclosure Status (of Compensation for Individual Directors)	Partial individual disclosure
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Supplementary Information	Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million
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or more during FYE 2022, are as follows.

Name	Category	Total Annual Monthly Remuneration	Performance- linked bonuses	Share price- linked bonuses	(Rounded to nearest million yen)		
					Special Bonuses	Stock Remuneration	Total
Masahiro Okafuji*	Director	¥178 million	¥531 million	- million	¥154 million	¥113 million	¥976 million
Keita Ishii*	Director	¥79 million	¥398 million	- million	¥115 million	¥85 million	¥676 million
Tomofumi Yoshida	Director	¥90 million	¥265 million	- million	¥77 million	¥42 million	¥474 million
Yuji Fukuda*	Director	¥76 million	¥275 million	- million	¥77 million	- million	¥428 million
Fumihiko Kobayashi	Director	¥85 million	¥265 million	- million	¥77 million	¥56 million	¥484 million
Tsuyoshi Hachimura	Director	¥85 million	¥265 million	- million	¥77 million	¥56 million	¥484 million

Note: The remuneration paid to Directors (excluding Outside Directors) in FYE 2022 comprised monthly remuneration, performance-linked bonuses, share price-linked bonuses, special bonuses, and performance-linked stock remuneration (non-monetary compensation) for Directors (Board Incentive Plan Trust). Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs. The total amount of performance-linked bonuses is determined on the basis of consolidated net profit attributable to ITOCHU, and the amount of the share price-linked bonuses is determined by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price. An overview of the system of performance-linked stock remuneration for Directors is described below in "Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation" below.

(\*) Monthly remuneration includes housing allowance.

Policy for Determining Amount and Calculation Method of Compensation	Adopted
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Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation
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## (a) Compensation Paid to Directors, etc. in FYE 2022

- Details of the compensation paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2022 are as follows.

Type	Number of People	Amount Paid (Millions of yen)	Details
Directors	12	3,692	(1) Monthly remuneration: ¥763 million (2) Performance-linked bonuses: ¥2,000 million (3) Share price-linked bonuses: - million (4) Special Bonuses: ¥576 million (5) Stock Remuneration: ¥352 million
(Outside Directors)	(5)	(81)	
Audit & Supervisory Board Members	6	152	Only monthly remuneration
(Outside Audit & Supervisory Board Members)	(4)	(60)	
Total	18	3,844	
(Outside Directors/ Audit & Supervisory Board Members)	(9)	(141)	

(Rounded to nearest million yen)

Notes:

1. Maximum compensation paid to all Directors:  
¥1.0 billion per year as total monthly remuneration (including ¥100 million per year for the Outside Directors) and ¥3.0 billion per year as total bonuses paid to all Directors (resolved at the General Meeting of Shareholders on June 24, 2022.\*  
\* In FYE2022, ¥800 million per year as a total monthly remuneration (including ¥100 million per year for the Outside Directors, resolved at the General Meeting of Shareholders on June 21, 2019). Maximum bonus amount of ¥3.0 billion was resolved to be applied from FYE2022 based on the resolution at the General Meeting of Shareholders on June 24, 2022.
2. Maximum compensation paid to all Audit & Supervisory Board Members:  
¥250 million per year (resolved at General Meeting of Shareholders on June 24, 2022)\*  
\* In FYE2022, ¥13 million per month as a maximum compensation (resolved at General Meeting of Shareholders on June 29, 2005).
3. Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on March 17, 2022 ITOCHU Corporation resolved to pay special bonuses on the condition that proposal No. 5 (Revision of Remuneration Amount for Directors) is passed at this Ordinary General Meeting of Shareholders. ITOCHU Corporation will pay a Director bonus, calculated using the current formula, that is within the range of the existing bonus (¥2.0 billion per year) (as the performance-linked bonus amount reaches ¥2.0 billion per year, the share price linked bonuses will be zero). Contingent on the approval of proposal No. 5 (Revision of Remuneration Amount for Directors), any amount exceeding the said range will be paid as a special bonus, separate from the Director bonus.
4. The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust "BIP") was approved at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June

24, 2016. The total amount of stock remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP. An overview of this stock remuneration system is provided below, in “(c) performance-linked Stock Remuneration for Directors.”

(b) Directors' Bonuses for FYE 2023

• Performance-linked Bonuses

Director performance-linked bonuses for FYE 2023 will be paid following the conclusion of the 98<sup>th</sup> Ordinary General Meeting of Shareholders in amounts calculated according to the methods described below.

a. Total amount paid to all Directors:

The total amount paid to all Directors shall be the lesser of the sum of the amount paid to an individual Director in b. below or ¥3.0 billion.

b. Amount paid to an individual Director

The formula to calculate the amount paid to an individual Director is below.

Total base amount paid to all Directors = (A + B + C) x Sum of Position points for all the eligible Directors/55

Where:

A = (Consolidated net profit attributable to the Company for FYE 2023 for the portion up to ¥200.0 billion) × 0.35%

B = (Consolidated net profit attributable to the Company for FYE 2023 for the portion more than ¥200.0 billion but up to ¥300.0 billion x 0.525%

C = (Consolidated net profit attributable to the Company for FYE 2023 for the portion exceeding ¥300.0 billion) × 0.35%

(amounts of less than ¥1 shall be rounded down)

The amount paid to an individual Director = (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 20% + (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 80% x (the Rate A (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division/department x 50% + the Rate B (defined below) determined based on the comparison with the consolidated net profit of the previous fiscal year x 50%).  
(amounts of less than ¥1,000 shall be rounded up)

Provided, however, that

- (1) The Rate A: 100% + (the plan achievement rate of the consolidated net profit target for the assigned division/department - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
- (2) The Rate B: 100% + (the rate produced by the consolidated net profit of the fiscal year for the assigned division divided by the consolidated net profit of the previous fiscal year – 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
- (3) The assigned division of the Director whose bonuses are determined utilizing the Rate A and Rate B is the Machinery Company, with its planned target for the FYE 2023 consolidated net profit set at 72.0 billion yen (announced at May 10, 2022).
- (4) The plan achievement rate shall be 100% for the eligible Director (not being the Division Company President) for whom no plan achievement rate is measurable.

The points assigned to each position are as per below:



Position points	
Chairman and Chief Executive Officer	10
President and Chief Operating Officer	7.5
Executive Vice President (resident in Japan)	5
Executive Vice President (resident outside Japan)*	4
Senior Managing Executive Officer	4
Managing Executive Officer	3
Executive Officer	2.2

Notwithstanding the calculation stated above, the amount paid to an individual Director shall not exceed the maximum amount for each position as set forth below:

Maximum amount paid to an individual Director	(Millions of yen)
Chairman and Chief Executive Officer	546
President and Chief Operating Officer	409
Executive Vice President (resident in Japan)	273
Executive Vice President (resident outside Japan)*	218
Senior Managing Executive Officer	218
Managing Executive Officer	163
Executive Officer	120

\* In FYE2023, there is no Executive Vice President (resident outside Japan).

- Share Price-linked Bonuses

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share-price linked bonuses with ITOCHU's share price as the linked indicator. This bonus is an index linked to the increase in the average daily value of ITOCHU's stock price for two consecutive fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX) (Note 1) for each successive two fiscal years. The total amount of bonuses during the term of Directors is paid to them after their retirement.

Based on the formula below, the Company calculates the individual payment amount of share price-linked bonuses for FYE 2023, and when the Director retires or, in the case of taking on the position of executive officer after retirement of the Director, the executive officer retires, such amount will be paid.

[(The simple average of daily stock closing price of the Company ("Average of Daily Closing Price") from FYE 2022 to FYE2023) – (Average of Daily Closing Price from FYE 2020 to FYE 2021)] × 1,300,000 × (aggregated points assigned to each Director (such point is called "Position Point") during FYE2022 and FYE 2023 according to the position / 108.8 points × 2 × Relative Stock Price Growth Rate (Note 2) – Share Price-linked Bonuses of FYE2022 calculated based on the formula applied in FYE2022.

Note 1 TOPIX = Tokyo Stock Price Index, the principal index determined pursuant to the relevant rules of Tokyo Stock Exchange (Tosho Shisuu Sanshutsu Youryo (TOPIX-hen)).

Note 2 Relative Stock Price Growth Rate = (Average of Daily Closing Price from FYE 2022 to FYE2023 / Average of Daily Closing Price from FYE 2020 to FYE 2021) / (Simple average of daily TOPIX from FYE 2022 to FYE2023 / Simple average of TOPIX from FYE 2020 to FYE 2021)

Except for the points for Executive Vice President (resident outside Japan), which are fixed at 5, the Position Points assigned to each position are same as those applied for performance-linked bonuses.

The share price-linked bonuses together with performance-linked bonuses are paid to the eligible Directors within the Director bonuses limit of ¥3.0 billion.

(If the amount of performance-linked bonus and share price-linked bonus based on the above formula exceeds ¥3.0 billion, the performance-linked bonus is preferentially allocated to the limit amount)

(c) Performance-linked Stock Remuneration Plan (Non cash remuneration)

- By resolution of the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 24, 2016, ITOCHU introduced the performance-linked stock remuneration plan (the “Stock Remuneration Plan”) and, by resolution of the Board of Directors on March 17, 2021, this plan will continue from FYE 2023.
- Under this plan, in June of every year during the trust period, Directors who served as Directors from July 1 of the previous year to the last day of June of the said year are granted points based on performance in the fiscal year that ended on March 31 of said year and in accordance with the number of months of service during that period.
- The method of calculating the number of points granted to Directors (excluding Outside Directors) in FYE 2023 is described below. One point corresponds to one share in ITOCHU, and amounts of less than one point are discarded.

Points = Individual stock remuneration amount (Note 1) / Average acquisition stock price of ITOCHU shares in the trust (Note 2) × {(Number of months of service from July, the beginning month of the applicable period of payment, to June of the following year (rounding up fractions of less than one month)) / 12} (rounding down fractions)

Note 1: The individual stock remuneration amount is calculated on the basis of the total stock remuneration amount, which is calculated as indicated below.

a. Total stock remuneration amount

= (the amount of consolidated net profit attributable to ITOCHU for FYE 2023 – ¥300.0 billion) x 0.175% x Sum total of position points of eligible Directors / 55  
(rounding up fractions of less than ¥1)

b. Individual stock remuneration amount

= Total stock remuneration amount x Position points of each Director / Sum total of position points of Directors (rounding down fractions of less than ¥1,000)

The points assigned to each position are as per below:

Position points	
Chairman and Chief Executive Officer	10
President and Chief Operating Officer	7.5
Executive Vice President (resident in Japan)	5
Senior Managing Executive Officer	4
Managing Executive Officer	3
Executive Officer	2.2

Note 2: In the event that the trust period has been extended, this is the average acquisition stock price of ITOCHU shares that were acquired by the Trust in accordance with the extension of the trust period. (However, if no ITOCHU shares are acquired by the trust in accordance with the extension of the trust period, then this is the closing stock price of ITOCHU shares on the market of Tokyo Stock Exchange on the first day of the extended trust period).

- Points granted to Executive Officers (excluding those concurrently serving as Directors) in June each year shall be calculated by the method similar to that of Directors.
- As the Stock Remuneration Plan, ITOCHU has adopted a framework called “Board Incentive Plan Trust (BIP)” (“BIP Trust”). The BIP Trust is a stock incentive plan for executives, based on the performance share and restricted stock plans in the United States. ITOCHU will conduct delivery and payment of ITOCHU shares acquired by the BIP Trust and an amount of money equivalent of the conversion value of said shares (“ITOCHU Shares, etc.”), together with dividends derived from ITOCHU shares, to Directors, etc. following retirement from office (or after death in the event of the death of a Director, etc.; the same applies hereinafter), based on performance, etc. Please see Chart 1 below for overview of the BIP Trust.

- Outline of the Stock Remuneration Plan is as follows:
  - (1) Persons Entitled to Receive Stock Remuneration: Directors and executive officers of ITOCHU (excluding Outside Directors and those who are non-residents of Japan, as of the date hereof, the numbers of the Directors applicable is 6 and of the executive officers not being Director is 19)
  - (2) Maximum Amount of Money Contributed by the Company to the Trust: a total of ¥1.5 billion for 2 fiscal years
  - (3) Method for the Acquisition of Shares by the Trust: Scheduled to be acquired on the stock market (thus no dilution of shares is anticipated)
  - (4) Upper Limit on the Number of Shares to be acquired by Directors, etc.: For the trust period, with an applicable period of 2 fiscal years, the upper limit will be 1,300,000 points (an average of 650,000 points per year)
  - (5) Performance Index under the Stock Remuneration Plan: Consolidated net profit attributable to the Company (upon which the amount of total stock remuneration will be calculated. See above for more details)
  - (6) Timing of Delivery of Shares: After retirement from Office
  - (7) Voting Rights Concerning Shares in the Trust: Will not be exercised in order to ensure neutrality toward management
  
- (d) Rules for Directors non-resident in Japan  
A Director non-resident in Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the Equivalent Amount of Individual stock remuneration. The Equivalent Amount of Individual stock remuneration is calculated in accordance with the above formula (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate within the limit of Director's bonuses. Since there is no Director non-resident in Japan in FYE2023, this rule will not apply.

#### [Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

ITOCHU Corporation believes it is essential to strengthen the monitoring and supervision of management as much as possible by Outside Directors and Outside Audit & Supervisory Board Members (“Outside Officers”) as “the public eye” (the eyes of general shareholders) to energize the Board of Directors. So we focus attention on strengthening communication and information sharing with Outside Officers, providing opportunities to deepen their understanding of the wide range of businesses operated as a general trading company.

- Pre-briefing to Outside Officers  
Careful explanation of each agenda item is provided to Outside Officers together with responses to questions, etc. before each meeting of the Board of Directors in an effort to ensure deliberations at the Board of Directors are practical and essential. In addition to the details of the agenda item, information is provided on the background of such agenda item and how such agenda item fits into the company-wide plans and strategies in an effort to reduce the asymmetry between information available to internal Directors and Audit & Supervisory Board Members and Outside Officers. In addition, ITOCHU makes it possible to reflect the diverse insights and perspectives of Outside Officers by creating opportunities for Outside Officers to exchange opinions with executives before meetings when formulating management plans and in the multiple stages of the formulation process.
  
- Various meetings and interviews, etc.  
ITOCHU Corporation places emphasis on direct conversations between offices and employees of ITOCHU Corporation and Outside Officers, and conducts meetings between Outside Officers and each president of individual Division Company and officers in charge of headquarters administrative functions.  
In addition to measures such as sharing the status of audits at the offices of group companies through

liaison committees that have to date been held between Outside Directors and Full-Time Audit & Supervisory Board Members, coordination has been deepened since FYE2022 with the Internal Audit Division establishing opportunities for direct reporting of auditing plans and other activities to Outside Directors.

- Promoting understanding of the ITOCHU Group such as with on-site visits  
ITOCHU Corporation provides Outside Officers with opportunities to deepen their understanding about the broad scope of business activities and traded products and services of the ITOCHU Group through regular visits to group companies and investment targets and discussion with senior management of group companies, etc.  
In FYE2022, to verify the initiatives in FamilyMart's new business innovations, Outside Officers visited the stores with digital signage and unmanned stores, to experience the new technologies and talk with on-site employees, etc.  
In addition, opportunities were created to have interviews between Outside Officers and senior management of 12 key group companies with active exchange of opinions concerning each company's business strategies and initiatives for expanding the business scope.

Above various support for the Outside Officers were highly scored at the Board Evaluation and ITOCHU will continue this support.

## [Status of the Company executives who are the former representative Director and president and other positions]

Name and other information of the senior advisor/advisor and other positions who are the former representative Director and president and other positions					
Name	Position	Assignment	Work Condition (full time or non-full time, remuneration etc.)	Retirement Date	Term of Assignment
Uichiro Niwa	Director Emeritus ("Meiyo Riji")	None	Non-full time and no remuneration	June 16, 2010	Not fixed
Eizo Kobayashi	Director Emeritus ("Meiyo Riji")	None	Non-full time and no remuneration	June 24, 2016	Not fixed
Yoshihisa Suzuki	Senior Vice Representative for Business Community Relations ("Senmu Riji")	External affairs such as business community relations	Full time and to be paid	March 31, 2021	One year from April 1, 2022

Number of the senior advisor/advisor and other positions who are the former representative Director and president and other positions	3
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## Remarks

The Company, by the resolution of the Board of Directors on January 18, 2018, abolished the senior advisor ("Sodanyaku") and advisor ("Komon") positions as of April 1, 2018 (excluding the advisor(s) to be appointed who are not the executives of the Company). From the past, the Company has Advisory Member ("Riji") position in addition to the senior advisor ("Sodanyaku") and advisor ("Komon") positions, and all of the executives of the Company will be appointed as Advisory Member ("Riji") after their retirement. Advisory Member ("Riji") is an honorary position after the retirement of the executives of the Company, and no Advisory Member ("Riji") is involved in the management and decision making of the Company at all. On the other hand, taking the external affairs such as business community relations of the Company into consideration, we need the support of the former executives of the Company, so we keep the positions of "Senior Representative for Business Community Relations" ("Tokubetsu Riji"), "Senior Vice Representative for Business Community Relations" ("Senmu Riji") and "Representative for Business Community Relations" ("Jomu Riji"). They are assigned the said business community relations with appropriate remuneration paid.

The summary of "Riji" positions is as follows:

Position	Number	Term	Work Condition	Remuneration	Assignment	Others
Director Emeritus ("Meiyo Riji")	A few	Not fixed	Non-full time	None	None	The former Chairman and President only
Senior Representative for Business Community Relations ("Tokubetsu Riji")	One	Fixed	Full time in principle	To be paid	External affairs such as business community relations	The former Chairman and President only

Senior Vice Representative for Business Community Relations (“ <i>Semmu Riji</i> ”)	A few	Fixed	Full time in principle	To be paid	External affairs such as business community relations	-
Representative for Business Community Relations (“ <i>Jomu Riji</i> ”)	A few	Fixed	Full time in principle	To be paid	External affairs such as business community relations	-
Advisory Member (“ <i>Riji</i> ”)	Not fixed	Not fixed	Non-full time	None	None	-

\* Executives mean Directors (excluding non-executive Directors), officers and Audit & Supervisory Board Members (excluding non-executive members).

\*\* The term of Senior Representative for Business Community Relations (“*Tokubetsu Riji*”), Senior Vice Representative for Business Community Relations (“*Semmu Riji*”) and Representative for Business Community Relations (“*Jomu Riji*”) is fixed at the time of the appointment.

## 2. Items Related to Functions of Business Execution, Audits and Supervision, Nomination, and Decisions on Compensation, etc. (Overview of Current Corporate Governance System)

[The Current System]

- The Company is a company with the Board of Directors and Audit & Supervisory Board Member (the Audit & Supervisory Board).
- As from April 1, 2018, the Chairman of the Company is the Chief Executive Officer, and the President of the Company is the Chief Operating Officer.
- The Board of Directors, comprising 10 Directors including 4 Outside Directors, is chaired by the Chief Executive Officer. The Board of Directors meets, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors. Two of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments will be 5.6 years (as of June 24, 2022).
- In FYE 2022 the Board of Directors held a total of 15 meetings, which were attended by all Directors and all Audit & Supervisory Board Members, except for one-time absence of Mr. Kikuchi, the Outside Audit & Supervisory Board Member. The major issues discussed at the meetings were the medium-term management plan, efforts related to SDGs/ESG, investment projects with high importance from the aspect of quantitative or qualitative, internal control and compliance, executive compensation, corporate governance (including, a review of cross-shareholdings), etc.
- Each Director carries out functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and the other internal regulations.
- With the view to further enhancing the Board’s monitoring functions and increasing transparency on the decision making process, both the Governance and Remuneration Committee and the Nomination Committee have been established as voluntary advisory committees to the Board. Each committee is chaired by an Outside Director and the majority each committee’s members are Outside Directors and Audit & Supervisory Board Members. In addition, as of October 2021, as a new voluntary advisory committee to the Board, we established the Women’s Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board Members.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, executive officers implement their designated duties delegated by the Board of Directors and representative Directors. As of June 24, 2022, the Company

## CORPORATE GOVERNANCE

has 29 executive officers (some of whom concurrently serve as Directors), comprising 28 male executive officers and 1 female executive officer.

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 24, 2022).

Internal Control Committee (Chairman: Chief Administrative Officer (CAO))	Deliberates on issues related to the development of internal control systems
Disclosure Committee (Chairman: CFO)	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
Asset Liability Management (ALM) Committee (Chairman: CFO)	Deliberates on issues related to risk management systems and balance sheet management
Compliance Committee (Chairman: CAO)	Deliberates on issues related to compliance
Sustainability Committee (Chairman: CAO)	Promotes sustainability on issues related to SDGs and ESG efforts (including environmental and social related issues; excluding governance-related issues)
Investment Consultative Committee (Chairman: CFO)	Deliberates on issues related to investment and financing
New Headquarters Project Committee (Chairman: CAO)	Deliberates on issues related to New Headquarters Project

- The Audit & Supervisory Board is comprised of 2 full-time Audit & Supervisory Board Members and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of June 24, 2022), which directly reports to the Audit & Supervisory Board, is set with employees dedicated to the duties of the Audit & Supervisory Board Members.
- Following the Ordinary General Meeting of Shareholders, the Audit & Supervisory Board determines the audit policy, the allocation of audit work, and the audit plan for the period until the next Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the performance of the duties by Directors and Executive Officers in accordance with the "Audit & Supervisory Board Regulations," and "Auditors' Auditing Standards."
- Ms. Mitsuru Chino (registered name: Mitsuru Ike), Audit & Supervisory Board Member, is qualified as a lawyer in the United State of America (the State of California) and has adequate knowledge and experience in the field of law and compliance. In addition, Mr. Shingo Majima, Audit & Supervisory Board Member, is qualified as a certified public accountant in Japan and Unites States of America (the State of New York), and has adequate knowledge and experience in the fields of finance and accounting. Further, Mr. Kentaro Uryu, Audit & Supervisory Board Member, is qualified as a lawyer in Japan and has adequate knowledge and experience in the field of law.
- The Audit & Supervisory Board holds monthly meetings with additional meetings as needed. A total of 14 meetings were held during the current fiscal year, and the average time required for each meeting was approximately one hour. The major issues discussed at the meetings were election of the full-time Audit & Supervisory Board Members and the chairman of the Audit & Supervisory Board, the audit policy and the audit plan for FYE 2022, the remuneration for the independent external auditors, consent to election of Audit & Supervisory Board Member(s), re-election of the independent external auditor, report of the audit result to the Board of Directors, and Response of ITOCHU and independent external auditor to Key Audit Matters. In addition, certain matters related to ITOCHU

accounts, internal control, a status of the execution of the Director's duties, etc. are timely discussed at the meeting.

- In accordance with the allocation of audit work, each Audit & Supervisory Board Member (i) attends meetings of the Board of Directors and other important meetings to hear from Directors etc. about the status of the execution of their duties, (ii) views important documents approved by management, etc., (iii) investigates the operations and assets at Headquarters and other key offices, and (iv) requests subsidiaries to report on their businesses as required. By utilizing such set methods, Audit & Supervisory Board Members strictly audit the execution of duties of Directors and executive officers. In addition to the monthly regular meeting, Audit & Supervisory Board Members appropriately exchange any required information in a timely manner with the independent external auditor in order to monitor the audit status of the independent external auditor and share issues. From the perspective of the Group's consolidated management, Audit & Supervisory Board Members act in cooperation with our Group companies. On-site inspections of subsidiaries to hear about the business situation from their Directors and their Audit & Supervisory Board Members are held in a timely manner, and the Audit & Supervisory Board holds a liaison council composed of full-time Audit & Supervisory Board Members of major group companies. Any major information of import, obtained by these full-time Audit & Supervisory Board Members in their auditing activities, is shared with outside Audit & Supervisory Board Members in a timely manner.
- Outside Audit & Supervisory Board Members confirm and review the execution status of duties of the Directors by attending the Board of Directors and Executive Officers' Meeting and express their opinions from a neutral standpoint at the Board of Directors and the Audit & Supervisory Board based on and utilizing their special knowledge and background.
- The Audit Division (about 50 members as of June 24, 2022) is responsible for internal audits under the direct control of the President and Chief Operating Officer. The Audit Division implements audits of the Company and its domestic and overseas consolidated companies from various perspectives, such as 1) whether the financial information, other reports, records and related procedures can be trusted; 2) whether laws, statutory regulations and other items are being complied with and whether related internal mechanisms and systems are effective and appropriate; 3) whether operational procedures and activities are effective and efficient for carrying out organizations' policies and plans; and 4) whether other management activities are being conducted rationally and efficiently. The audit results are directly reported to the Chairman and Chief Executive Officer as well as the President and Chief Operating Officer. Thorough follow-ups are also made on the status of improvements made based on suggestions and recommendations after audits. Close collaboration with the internal auditing departments of group companies is also carried out. The internal control audit section established within the Audit Division independently evaluates the development and operation of internal control systems concerning financial reporting.
- Regarding accounting audits, the Company entered into an audit contract with Deloitte Touche Tohmatsu LLC, which has conducted the English financial statement audit, the Companies Act audit, and the Financial Instruments and Exchange Act audit. The Company appropriately exchanges opinions on accounting and internal control considerations, etc. with the independent external auditors, in response to the report setting forth the results of the financial statement audits and internal control audits conducted by the auditor as an independent third party, and has received advice such as matters for improvement.

In addition, we provide sufficient information and data contributing to create an environment where quick and accurate audits can be conducted.

- The continuous audit period by Deloitte Touche Tohmatsu LLC is 54 years (FYE 1969 to FYE 2022).
- The independent external auditors who executed the audit are Mr. Koichi Okubo, Ms. Haruko Nagayama, and Mr. Susumu Nakamura, and the number of years of continuous audit of each auditor is within the statutory period. As of June 24, 2022, there were 40 certified public accountants and 63 assistants involved in audit work.
- When the independent external auditor falls under any of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board dismisses the independent external auditor by unanimous consent of the Audit & Supervisory Board. In this case, one of the Audit & Supervisory Board Members selected will report the dismissal of the independent external auditor and the reason thereof at the first General Meeting of Shareholders convened after the dismissal.

When the Audit & Supervisory Board finds that the appropriateness and reliability of the audit by the independent external auditor cannot be ensured, the Audit & Supervisory Board determines the



contents of proposals, regarding the dismissal of or the refusal to re-elect the independent external auditor, to be submitted to the General Meeting of Shareholders.

- In accordance with the “Independent External Auditor's Evaluation Criteria” dated April 2016 formulated by the Audit & Supervisory Board, the Company evaluates the independent external auditor each period. Based on the evaluation criteria, and according to the explanation from the independent external auditor for the audit plan, audit system, and status of execution of duties, the Audit & Supervisory Board conducts evaluations on whether the independent external auditor holds an independent position and conducts appropriate audits.

As a result, the Audit & Supervisory Board has judged that the independent external auditor fulfilled its function by exerting expertise and maintaining diverse and close communication while maintaining independence as an independent external auditor, and there is no need to consider changing the independent external auditor.

In addition, regarding the reappointment resolution, the Audit & Supervisory Board has received an explanation from the independent external auditor regarding the introduction of the advanced audit tool using the digital innovation, establishment of the global team that has the broad knowledge and experiences in the area of the ITOCHU Group businesses, the active productive advice in addition to the necessary report in the accounting and internal control, the successful succession plan in view of the need for advanced accounting points and the ability to respond to audit points due to the diversification and complexity of our business, for the purpose of further improving audit quality.

“Independent External Auditor's Evaluation Criteria”

-quality control system of Deloitte Touche Tohmatsu LLC

-independence and expertise of the audit team, and the contents of the audit plan and systems

-remuneration for the independent external auditor

-Communication with Audit & Supervisory Board Members and Directors and Officers of ITOCHU

-Audit on Group Basis

- Operation of quality control system for fraud risk

- The Audit & Supervisory Board had agreed on the amount of remuneration for independent external auditors pursuant to Article 399, Paragraph 1 of the Companies Act, based on the result of certain verifications that the Audit & Supervisory Board confirms—the contents of the audit plan of the independent external auditor, the status of performance of duties in the previous business year, the audit quality expected by the independent external auditor, the number of audit days required, and the comparisons for the amount of remuneration to the independent external auditors with the previous business year, the third party independence and the basis for calculation of remuneration estimates.
- The results of audits by the Audit & Supervisory Board Members, Audit Department and independent external auditors are reported to the Board of Directors, HMC, internal committees, etc. in a timely and appropriate manner, and are fully taken into account in decision making and used to improve management.

#### **[Policy and Process for Appointing Executive Officers and Candidates for Directors and Audit & Supervisory Board Members]**

##### 1. Policy and Process for Appointing Executive Officers

Executive Officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as Executive Officers) who are judged to be capable of assuming the role as an Executive Officer. Candidates for Executive Officers are first selected by the Chairman and Chief Executive Officer based on, among others, recommendations from other officers (or in terms of incumbent Executive Officers, based on their respective performance) and submitted to the Nomination Committee for further deliberation. Based on the deliberation and advice of the Nomination Committee, the Board of Directors appoints Executive Officers by its resolution. In case that an Executive Officer breaches the Executive Officers' Regulation of the Company or otherwise his or her performance is judged to be not appropriate, the Chairman and Chief Executive Officer (or the chairman of the Nomination Committee) firstly makes a proposal of dismissal, and the Board of Directors dismisses such Executive Officer by its resolution based on the deliberation and advice of the Nomination Committee.

2. Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman, President, officers in charge of headquarters administrative functions, one appropriate Division Company president, and enough Outside Directors that the percentage of Outside Directors on our Board of Directors is one-third or more to improve supervisory function of the Board of Directors. In nominating Outside Directors, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent Directors" prescribed by the Tokyo Stock Exchange, and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with their individual experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. The Chairman and Chief Executive Officer creates proposals of candidates for Director by taking into consideration diversity, such as knowledge, experience, gender and international experience, and submits these to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

3. Policy and Process for Appointing Candidates for Audit & Supervisory Board Members

As the Audit & Supervisory Board of a general trading company with broad range of business, for effective monitoring and audit, candidates for Audit & Supervisory Board Members are selected from those with understanding about ITOCHU's management and with high expertise and extensive experience in the relevant area such as accounting, finance, legal and risk management. Among the members of ITOCHU's Board of Audit & Supervisory Board Members, half or more of the members always consist of outside Audit & Supervisory Board Members. In appointing outside Audit & Supervisory Board Members, ITOCHU prioritizes candidates with higher independence, based on the independence criteria prescribed by the Tokyo Stock Exchange and ITOCHU's own independence criteria, who are expected to effectively monitor and audit ITOCHU's activities. In addition, ITOCHU selects at least one Audit & Supervisory Board Member with adequate expertise in finance and accounting. Candidates for Audit & Supervisory Board Members are selected by the Chairman and Chief Executive Officer after discussion with the executive Audit & Supervisory Board Members and submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates (with consent of the Audit & Supervisory Board) the candidates for election at the General Meeting of Shareholders.

**[Ensuring Diversity of Officers]**

ITOCHU's officers appointed in accordance with 2 and 3 above, both inside and outside, are engaged in management with their knowledge, experience and high level of insight in their respective fields. With respect to Outside Directors and full-time Audit & Supervisory Board Members, ITOCHU indicates the areas in which they are expected to contribute to the management of ITOCHU, in order to make maximum use of their specialized perspectives and high level of insight. Discussions with each officer are also reflected in deciding the areas. Please see figure 4 below for the so-called skill matrix, which lists the principal specialized area of experience and areas of public potential contributions that should be provided by the Board of Directors.

**[Outline of Limitation of Liability Contracts]**

Pursuant to Article 427, Paragraph 1, of the Companies Act, ITOCHU has entered into limitation of liability contracts with respect to liability as set forth in Article 423, Paragraph 1, of the Companies Act with Outside Directors and outside Audit & Supervisory Board Members. Under these contracts, their liabilities are limited to the lowest amount of liability pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties.

**[Outline of Directors and Officers Liability Insurance Policy]**

ITOCHU has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the losses, such as damages payable and litigation costs in damage suits, incurred by all of ITOCHU's directors and Audit & Supervisory Board Members, etc. who are the insureds. However, the scope of compensation does not cover the damages and litigation costs of a director or officer involved in an intentional illegal

act or criminal act such as bribery, to ensure that the appropriateness of the performance of director or officer duties is not lost. The full amount of the insurance premiums is borne by ITOCHU.

**[Outline of the Indemnity Contract with Directors and Audit & Supervisory Board members]**

ITOCHU has entered into the indemnity contracts with all of Directors and Audit & Supervisory Board Members in accordance with Paragraph 1 of Section 430-2 of the Companies Act, pursuant to which ITOCHU indemnifies the costs under the sub-paragraph 1, paragraph 1 of Section 430-2 of the Companies Act and the losses under the sub-paragraph 2, paragraph 1 of Section 430-2 of the Companies Act, incurred by them within the limit under the law. ITOCHU will not indemnify such costs or losses incurred by them in relation to their acts performed with the knowledge of illegality or to provide undue profit for third parties or to cause damages to ITOCHU.

**3. Reason for Adopting the Current System**

The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed Outside Directors to comprise a percentage of one-third or more of the total number of Directors, and will also maintain this percentage of Outside Directors in FYE 2022 and onwards. And, the Company has already appointed independent Outside Directors and established, as voluntary advisory committees to the Board, the Governance and Remuneration Committee and the Nomination Committee, which are chaired by Outside Directors and which comprise a majority of outside members, and Women's Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board Members, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and strengthening and improving the transparency of decision making. In the process of appointing the Outside Directors and outside Audit & Supervisory Board Members, the Company focuses securing independency of the Outside Directors and the outside Audit & Supervisory Board Members, and in addition to the independence criteria established by the Tokyo Stock Exchange ITOCHU has adopted its own independence criteria.

The Company believes that its current corporate governance system—which is based on independent Outside Directors comprising one-third or more of the Board of Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, majority of whom are outside Audit & Supervisory Board Members—accords with ITOCHU's "Basic Policy" stated in section I-1 above in this report.

**III Status of Implementation of Measures Related to Shareholders and Other Stakeholders****1. Measures to Revitalize the General Meeting of Shareholders and Facilitate of Exercise of Voting Rights**

	Supplementary Information
Prompt Delivery of Convocation Notice of General Meeting of Shareholders	Sent approximately three weeks before the General Meeting of Shareholders.
Setting Date of General Meeting of Shareholders to Avoid Being Held on the Same Day as Many Other Companies	Held on a day other than the day on which the largest number of companies held their meetings.
Exercise of Voting Rights by Electromagnetic Means	In order to promote the exercise of voting rights by individual shareholders, the exercise of voting rights by electronic means has been available since the Ordinary General Meeting of Shareholders held in June 2005. In June 2019, ITOCHU introduced the use of QR codes to exercise voting rights via smartphones.
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance Environment for Exercise of Voting Rights by Institutional Investors	The “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd., has been used since the Ordinary General Meeting of Shareholders held in June 2008.
Providing Convocation Notice (Summary) in English	An English version of the entire convocation notice, including Business Report, has been prepared and posted on the Company’s Web site and on TDnet since the Ordinary General Meeting of Shareholders held in June 2010.
Other	In order to improve convenience for shareholders and ensure sufficient time for considering proposals, ITOCHU has posted its Notice of the Ordinary General Meeting of Shareholders on its website and on TDnet before posting the notice to shareholders. Moreover, a booklet containing an overview of business activities and Q&A on matters of interest to shareholders is mailed with the Notice of the Ordinary General Meeting of Shareholders. In addition, ITOCHU provides live stream of the General Meeting of Shareholders for shareholders and keep videos available on its website for certain period of time.

**2. Investor Relations Activities**

	Explanation by Representative	Supplementary Information
Adoption of Disclosure Policy	-	ITOCHU’s disclosure policy is included in our Basic IR Policy. Please refer to the following URL: <a href="https://www.itochu.co.jp/en/ir/policy/">https://www.itochu.co.jp/en/ir/policy/</a>
Holding Regular Meetings for Individual Investors	No	Meetings are held for several times online and at securities companies etc.
Holding Regular Meetings for Analysts and Institutional Investors	Yes	Meetings are held every quarter, as either presentations or online conferences.

Holding Regular Meetings for Foreign Investors	Yes	Meetings are held for Investors in Europe, North America, Hong Kong and Singapore etc.
Posting Investor Relations Materials on the Company Web Site	—	Financial statements, presentation materials of investors meetings (including Q&A summary), materials used in briefings on each segment, materials for timely disclosure, annual securities reports ( <i>yuka shoken hokokusho</i> ), quarterly securities reports ( <i>shihanki hokokusho</i> ), the status of corporate governance, convocation notices for General Meetings of Shareholders, reports ( <i>hokokusyo</i> ) and annual report are posted on the Company web site.
Establishment of Investor Relations Department	—	Investor Relations Division was established under the CFO as a department specializing in investor relations.

### 3. Measures that Consider the Interests of Stakeholders

	Supplementary Information
Provisions Made in Consideration of Stakeholders' Interests (Internal Regulations, etc.)	<p>ITOCHU Group adopts the spirit of “<i>Sampo-yoshi</i>” as our corporate mission. In Japanese, “<i>yoshi</i>” means “good,” and “<i>sampo</i>” means three sides, and these three sides consist of (1) the seller (“<i>urite</i>”), (2) the buyer (“<i>kaite</i>”) and (3) society (“<i>seken</i>”). “<i>Sampo-yoshi</i>” is therefore “<i>urite-yoshi</i>” (meaning “good for the seller”), “<i>kaite-yoshi</i>” (meaning “good for the buyer”) and “<i>seken-yoshi</i>” (meaning “good for society”). This spirit originates from the message of our founder <i>Chubei Itoh I</i>, the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “<i>Sampo-yoshi</i>” is the business spirit by which we aim to bring a positive effect into the world and to contribute to sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future.</p> <p>In FYE 2019, as a part of the top priorities of ITOCHU’s business management, in order to promote response to issues related to companywide sustainability such as social and environmental problems, we formulated the basic policies for sustainability promotion. “Mutual trust building with society” was clearly stated in the basic policies that were disseminated.</p>
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	<p><b>Our Policies on Sustainability</b></p> <p>The ITOCHU Group conducts business globally in the spirit of “<i>Sampo-yoshi</i>,” our corporate mission, and upholds addressing global environmental and social issues as a top priority in its management policy. By contributing to the realization of a sustainable society, we seek to achieve the goals of the ITOCHU Group Corporate Guideline of Conduct: “I am One with Infinite Missions.”</p> <p>For more detail, please refer to the following URL for the ITOCHU Group Sustainability Policy.  <a href="https://www.itochu.co.jp/en/csr/itochu/policy/index.html">https://www.itochu.co.jp/en/csr/itochu/policy/index.html</a></p> <p>ITOCHU’s sustainability initiatives are aimed at fulfilling its social responsibilities to present and future generations. These endeavors also contribute to the Sustainable Development Goals (SDGs) adopted by the United Nations (UN) in 2015.</p>

In addition to the above policy, we developed a code of conduct as well as action guidelines for all officers and employees, striving to ensure that everyone at the ITOCHU Group fully understands and firmly observes these.

Code of Ethical Conduct  
Environmental Policy  
Human Rights Policy  
Sustainability Action Guidelines for Supply Chains

**Structure, System, etc. to Promote Sustainability**

In 1997, ITOCHU became the first general trading company to introduce an environmental management system (EMS) in conformity with ISO14001. We are actively taking on the environment conserving business by fully leveraging our wide-ranging functions and networks as a general trading company. At the same time, we are promoting initiatives transcending the boundaries of ITOCHU itself and involving all Group companies to tackle increasingly serious global environmental problems, such as global warming.

The Sustainability Management Division plans and formulates companywide action to further sustainability at ITOCHU Corporation, which includes addressing social and environmental issues. The Chief Administrative Officer, acting as the Sustainability Chairperson, makes relevant decisions on initiatives to be promoted by business units at home and abroad. In addition, the Sustainability Committee, one of the company's key committees, holds deliberations and makes decisions concerning policy formulation and important matters, while the Board of Directors receives periodic reporting on the status of key sustainability initiatives. Moreover, in order to dialog with stakeholders within and outside the company, we also regularly convene the Sustainability Advisory Board to deepen our understanding of what society expects and desires from the Company, applying input gleaned by this body to improve our initiatives aimed at advancing sustainability.

Please see Chart 5 below for our Sustainability Promotion Framework.

**Material Sustainability Issues and Action Plans**

In April 2018, ITOCHU identified seven material sustainability issues that incorporate a perspective of environmental, social and governance (ESG) issues as described below.

- Evolve Businesses through Technological Innovation
- Address Climate Change (Contribute to Realization of Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

To set out tangible action aimed at helping to resolve the issues society now confronts, we incorporate these material issues into Sustainability Action Plans formulated for each business field. These plans, in turn, guide trading, business investment and other operations being carried out in line with policies set forth in the mid-term management plan. In other words, we are striving to contribute to the resolution of the aforementioned issues through our main business, aiming to achieve sustainable growth in a way that lives up to the spirit of “*Sampo-yoshi*,” our corporate mission.

Under these action plans, we have defined our “Commitment” for each issue to clarify our vision for medium- to long-term corporate growth along with

	<p>describing value we aim to deliver to society. Furthermore, these plans lay out the “Specific Approach” to be taken to accomplish the commitment, as well as “Performance Indicators” and “Degree of Progress” to be disclosed annually. For details of Sustainability Action Plans, please refer to the following URL.  <a href="https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/index.html">https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/index.html</a></p> <p><b>Climate Change Action</b>          ITOCHU has announced its long-term target of achieving net zero greenhouse gas (GHG) emissions by 2050. Moreover, in May 2019, we declared our support of recommendations issued by the Taskforce on Climate-related Financial Disclosures (TCFD), becoming a TCFD signatory. Since then, we have been striving to verify our response to climate change relative to core elements of climate-related financial disclosure as recommended by the TCFD, as well as metrics and targets to be used for business assessments. Looking ahead, we will periodically disclose our climate change-related information in line with these core elements.          For details of our initiatives to address climate change, please refer to the following URL.  <a href="https://www.itochu.co.jp/en/csr/environment/climate_change/index.html">https://www.itochu.co.jp/en/csr/environment/climate_change/index.html</a></p> <p><b>Other Sustainability Initiatives</b>          Since 2009, we are a participant in the UN Global Compact, a worldwide initiative aimed at achieving sustainable growth in the international community. In addition, ITOCHU is a corporate director of Global Compact Network Japan (GCNJ), a local network of the UN Global Compact in Japan, and is proactively involved in GCNJ initiatives. The UN Global Compact centers on Ten Principles, which include items such as human rights, labor, the environment and anti-corruption. In line with the principles, we are striving to raise employee awareness of these issues by, for example, incorporating concepts of the UN Guiding Principles on Business and Human Rights into risk management and other business endeavors.          ITOCHU’s sustainability-related information is featured on its corporate website and ESG Report, which is issued annually. Please refer to URLs listed below.          “Sustainability” section of ITOCHU corporate website:  <a href="https://www.itochu.co.jp/en/csr/index.html">https://www.itochu.co.jp/en/csr/index.html</a>          The latest edition of the ESG Report:  <a href="https://www.itochu.co.jp/en/csr/report/index.html">https://www.itochu.co.jp/en/csr/report/index.html</a></p>
<p>Establishment of Policy Concerning Disclosure of Information to Stakeholders</p>	<p>The Basic Policy regarding the Internal Control System states that ITOCHU will provide timely and appropriate disclosure.</p>
<p>Other</p>	<p><b>&lt; Ensuring Diversity in the Promotion to Core Human Resources &gt;</b>          1. Human Resource Strategy as a Part of Management Strategy          ITOCHU has clearly defined its human resource strategy as a part of its management strategy. Our human resource strategy comprises six pillars: 1. Securing outstanding talent, 2. Evolving work styles, 3. Enhancing health, 4. Proactive career development, 5. Results-based evaluations and compensation, and 6. Increasing awareness of participation in management. This strategy is aimed at making maximum use of employee abilities to enhance labor productivity and corporate value while maintaining the lowest number of employees among the general trading companies (non-consolidated basis). Going forward, we will continue striving to create challenging but rewarding</p>

environments in which all employees can exercise their abilities to the fullest.

## 2. Work-Style Reforms

Based on the understanding that Work-Style Reforms help enable diverse human resources to thrive, ITOCHU has implemented a variety of initiatives since FYE 2011. Morning-Focused Working, introduced in FYE 2014, encourages employees to change their mindsets to focus on efficiency by starting and leaving work earlier. These efforts have enabled employees to better handle time constraints imposed by childcare, nursing care and other family duties, helping them spend more time with their families and strengthens family ties. The system also helps employees find time for self-improvement and other private activities that contribute to professional fulfillment. These initiatives have been recognized as an effective approach to curbing excessive working hours, exerting a profound impact on the Japanese government's policy for promoting Work-Style Reforms and relevant measures introduced by a number of private companies. Beginning in May 2022, we have implemented the Morning-Focused Flextime System, which is an upgraded version of Morning-Focused Working, as well as Work-From-Home System for all employees, enabling each employee to choose the work style that best fits their duties and lifestyle.

## 3. Health Management

We established the ITOCHU Health Charter in FYE 2017. The charter states that each employee is responsible for maintaining and improving their health, that ITOCHU will actively support their efforts to do so, and that the good health of its employees is the foundation of the happiness of the employees themselves as well as their families, customers, and society more broadly. In FYE 2018, we launched initiatives to ensure that employees fighting cancer can find their place in ITOCHU and continue to work with confidence. To help such employees balancing cancer care and work, these initiatives are designed in line with three perspectives, namely, prevention, care and coexistence. We also provide special cancer examinations on a periodic basis via collaboration with the National Cancer Center Research Institute. For bereaved children and spouses of employees who had such diseases, we provide scholarships along with offering employment at ITOCHU Group companies. By doing so, we strive to ensure peace of mind for all employees.

ITOCHU has set up Health Administration Centers at its Tokyo and Osaka Headquarters and is distinguished by the “conciierge” assistance it extends to individual employees with the involvement of industrial physicians, health nurses and other specialists in a way that transcends regional boundaries. In recognition of these efforts, we were granted the Minister Award under the Cancer Countermeasure Promotion Corporate Action Partner Award program sponsored by the Ministry of Health, Labour and Welfare (MHLW) in FYE 2018 and have consistently been selected as a “White 500” Certified Health & Productivity Management Outstanding Organization.

## 4. Supporting Diverse Human Resources in Their Pursuit of Career Success

ITOCHU has long recognized that securing organizational diversity is essential to achieving sustainable corporate development. Since FYE 2011, we have been implementing initiatives for all employees based on this awareness and the understanding that Work-Style Reforms help enable diverse human resources to thrive. To accommodate the diverse values of employees, in FYE 2023, with an eye to ensuring compliance with the revised Child Care and Family Care Leave Law, we are further encouraging male employees to take childcare leave, providing allowances to help employees balance work and childrearing to support the work styles of employees with small children, and have established a new type of leave to support employees undergoing infertility treatment while working. Through these and other measures, we are expanding the range of work style



options for employees. Furthermore, we designate an annual Diversity Week, during which we implement measures to promote understanding of such as nursing care and the LGBT community. By doing so, we strive to improve understanding of unconscious biases and create an environment that appreciates diverse value systems.

In recognition of these efforts, ITOCHU acquired “Platinum *Kurumin* Certification” under a certification program run by the MHLW in FYE 2017. Moreover, in FYE 2018 we received an “Award for Excellence from the Minister” under the “Excellent Equal Opportunity/Work and Family-Life Balance Companies” commendation program (Family-Friendly Corporation Category) sponsored by the MHLW. In FYE 2021, ITOCHU was selected to receive an “Award from the Minister of State for Gender Equality” under a program titled “Leading Companies where Women Shine” sponsored by the Gender Equality Bureau of the Cabinet Office. Most recently, in FYE 2022, ITOCHU was chosen as a “Nadeshiko Brand” for promoting gender equality, a distinction awarded under a joint initiative between the Tokyo Stock Exchange and Japan’s Ministry of Economy, Trade and Industry (METI).

#### (1) Empowering Women to Achieve Success

In order to create a work environment that allows women to thrive over the long term, beginning in FYE 2021, we have introduced a system that subsidizes the cost of cervical cancer screenings for employees age 34 and below and covers the cost of annual gynecological exams for employees age 35 and up. The prevalence of cancer during working age is higher among women than men. As such, we believe that initiatives to help employees balance work and cancer care will contribute to empowering women to achieve professional success. In FYE 2022, we sent out videos that explain women’s health issues by age group to foster understanding among affected women’s supervisors and colleagues.

In October 2021, to further accelerate efforts to empower women, we established the Women’s Advancement Committee as an advisory committee to the Board of Directors. The chair and half of the members of committee are Outside Directors, and half of its members are women. The committee has shared opinions from employees and workplaces and discussed policy and measures for accelerating the development of woman for promotion to managerial positions and evolving toward flexible work styles. As a result of these efforts, considerable progress has been made in appointing women to important positions: the number of women in managerial positions increased from 35 in April 2021 to 46 as of April 2022, women were appointed to head an overseas office and as president of a domestic Group company for the first time, and a woman was appointed as president of an overseas Group company for the second case. Going forward, we will continue to monitor the specific conditions of individual workplaces as we implement a cycle of consulting with workplaces, discussing matters at the Women’s Advancement Committee, and reporting to the Board of Directors in order to formulate and implement effective measures.

As part of our Action Plan for General Employers based on the Act of Promotion of Women’s Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children, we aim to raise the percentage of managerial positions held by women to 9% by March 2024 (as of March 2022, this ratio stood at 8%). We will proactively communicate these initiatives to the general public to promote gender equality, which is one of the SDGs, not only within ITOCHU’s workforce but also across Japan’s business community as a whole.

Action Plan for General Employers based on the Act of Promotion of Women’s Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children  
[https://www.itochu.co.jp/en/csr/pdf/action\\_plan.pdf](https://www.itochu.co.jp/en/csr/pdf/action_plan.pdf)

(2) Empowering Foreign Nationals (Including Locally Hired Employees) to Play Key Roles

We aim to hire, develop, and promote excellent human resources who can play key roles in profit expansion overseas. To this end, we have been promoting globally minded personnel strategies. We have created the ITOCHU Global Classification (IGC), a rank system based on positions and duties for employees at all levels worldwide, as well as leadership standards for business leaders at ITOCHU. Using a training framework based on the IGC, each year, around 100 locally hired overseas employees take part in training hosted by the Head Office. To support employee career development for these employees, our approximately 3,000 optional online training programs are also offered overseas and are used by approximately 1,000 overseas local hires each year. In addition, to date we have stationed a total of around 100 overseas local hires at the Head Office in Japan in order to deepen their understanding of the Head Office's corporate mission and enable them to gain knowledge and experience and build their professional networks. Currently, the number of locally hired overseas employees in management positions is approximately 700, or 38% of all such employees. As of April 2022, a total of six locally hired foreign nationals have been assigned important managerial positions at locations in North America, Europe, the Middle East, and East Asia. We will continue to steadily develop human resources able to excel globally, aiming to increase the promotion of overseas local hires to management positions.

Looking ahead, working in collaboration with local business sites, we will proactively develop and promote excellent human resources regardless of nationality, with the aim of allocating the right people to the right positions. In this way, we will secure greater ability to expand our overseas operations.

◆ Number of employees overseas

[https://www.itochu.co.jp/en/csr/society/employee/employee\\_benefits/index.html#data03](https://www.itochu.co.jp/en/csr/society/employee/employee_benefits/index.html#data03)

◆ Number of managers among overseas employees hired locally

<https://www.itochu.co.jp/en/csr/society/development/index.html>

(3) Empowering Mid-Career Hires

In response to the changing labor market, we proactively hire professionals in line with clearly defined requirements for the human resources we need, targeting sectors that are highly relevant to our business focus as we seek out individuals with particular strengths in their particular specialty. We also actively rehire ITOCHU retirees through a “come-back” program and make use of employee referrals in hiring. We appoint “motivators” who provide consultation to mid-career hires so they can rapidly begin playing active parts in the organization after joining ITOCHU. In terms of promoting mid-career hires, as of March 2022, more than 30% of mid-career hires have been assigned managerial positions, reflecting progress in retaining such individuals. Going forward, we will continue to empower mid-career hires to achieve professional success with an eye toward further promoting them.

In addition, we rehire former employees who have resigned due to such reasons as their spouses being transferred overseas and promote capable part-time employees to full-time positions. Through such measures, we will continue to proactively practice mid-career recruitment to accurately assess customer needs via the use of a market-oriented perspective.

<Investing in Human Capital>

We strive to develop human resources who can carry on the spirit of our corporate mission, “*Sampo-yoshi*” and embody our Guideline of Conduct, “I am One with Infinite Missions.” In FYE 2022, we invested approximately ¥1.1 billion in human

capital. Our human resource development system is focused on providing practical work experience through on-the-job training (OJT) while incorporating a cycle of Evaluation and Feedback to motivate personal growth and helping employees acquire knowledge and skills through training. These efforts are aimed at developing Merchants who can apply Market-Oriented perspective to meet diverse needs.

Recently, based on our management strategy, we have been prioritizing the development of human resources that can implement Profitability-Focused Digital Transformation (DX) rooted in business. To this end, we are introducing employees to case studies of cutting-edge business models and IT expertise via training sessions, lectures, and other opportunities. To date, a cumulative 20,000 employees have undergone such development.

Furthermore, from the perspective of supporting employees with diverse values in proactively shaping their careers, we hold Career Meetings and Career Design Training sessions coinciding with significant moments in their careers and have implemented a “Challenge Career” system that enables employees to proactively take on opportunities to grow. To promote ongoing skill development, we provide opportunities and support for re-training (such as acquiring certifications) for mid-career and senior employees.

To advance human resource development in Group operations, we are enhancing training programs for employees at domestic Group companies in order to enable them to build skills and expand their professional networks within the Group. In FYE 2022, approximately 8,400 employees took part in joint training for Group companies, including leadership and management training. To reinforce the acquisition of business management fundamentals and risk management methodologies, we have made it mandatory for young employees to undergo intensive programs designed to help them efficiently learn accounting operations through practical exercises. Using these and other measures, we have built a framework for developing human resources capable of handling business administration at Group companies.

◆Our employee training action plan and recent achievements  
<https://www.itochu.co.jp/en/csr/society/development/index.html>

## **IV Items Related to the Internal Control System**

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### **1. A Basic Policy and Development and Operation Status Related to Internal Control System**

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties is in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy and implementation status regarding the Internal Control System as of June 24, 2022, which the Board of Directors approved on April 19, 2006 (and partially revised as of May 14, 2021).

#### **1. System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation**

##### 1) Corporate Governance

(1) As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the Directors.

(2) Each Director is to carry out such Director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.

(3) ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative Directors.

(4) The Audit & Supervisory Board Members are to oversee the performance of the Directors based on the "Audit & Supervisory Board Regulations" and "Auditors' Auditing Standards."

##### 2) Compliance

(1) Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct.

(2) ITOCHU is to designate a representative Director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

##### 3) Internal Control to Ensure Reliability of Financial Reporting

(1) ITOCHU is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO to ensure the reliability of financial reporting.

(2) ITOCHU is to establish the Disclosure Committee and regularly review and improve the development and implementation status of the internal control systems to ensure the reliability of financial reporting.

##### 4) Internal Audits

ITOCHU is to establish the Audit Division under the direct control of the President and Chief Operating Officer. The Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations." Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

## **2. System for the Storage and Preservation of Information Related to Director Duties**

The Directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the “Information Management Regulations,” the “Document Management Rules” and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the Directors and Audit & Supervisory Board Members at any time. Further, the Company will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, Directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

## **3. Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System**

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, investment risk, and environmental/social risk, ITOCHU is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing companywide as well as matter-specific risks. Furthermore, ITOCHU is to regularly review the effectiveness of the risk management system.

## **4. System to Ensure Efficient Performance of Directors**

### **1) The HMC and Other Internal Committees**

The HMC as a supporting body to the President and Chief Operating Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President and Chief Operating Officer and the Board of Directors.

### **2) Division Company System**

Under the Division Company System, the position of Division Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

### **3) Clearly Define the Scope of Authority and Responsibilities**

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

## **5. System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)**

### **1) Subsidiary Management and Reporting System**

(1) ITOCHU is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary to ensure the adequacy of the subsidiary's operations.

(2) With respect to subsidiaries that ITOCHU owns indirectly through its directly owned subsidiaries, ITOCHU is to strive to ensure the adequacy of operations by such indirectly owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly owned subsidiaries to provide managerial guidance to indirectly owned subsidiaries.

(3) With respect to important matters on the management of subsidiaries, ITOCHU is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

#### 2) Rules and Other Systems to Manage the Risk of Loss at Subsidiaries

ITOCHU is to identify the subsidiaries which shall be subject to ITOCHU's Group-wide risk management in respect of each risk category, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted. In addition, ITOCHU is to periodically review the effectiveness of such Group-wide management system.

#### 3) System to Ensure the Efficient Performance of Duties by Directors, etc. of Subsidiaries

ITOCHU is to formulate a management plan on a consolidated basis and undertake managerial guidance of subsidiaries in order to attain the said management plan as well as to provide support to subsidiaries such as provision of group financing from ITOCHU.

#### 4) System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries to Laws, Regulations and the Articles of Incorporation

(1) In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary and strive to ensure that the performance of duties of Directors, etc. and employees of a subsidiary complies with laws and regulations and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said Directors and Audit & Supervisory Board Members sent from ITOCHU.

(2) ITOCHU is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.

(3) All of the operations and activities of the subsidiaries are to be subject to internal audits by the Audit Division.

### **6. Matters Concerning Supporting Personnel to Audit & Supervisory Board Members, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel**

ITOCHU is to establish the Audit & Supervisory Board Members' Office under the direct jurisdiction of the Audit & Supervisory Board and is to put in place full-time employees with the sole responsibility of supporting the work of the Audit & Supervisory Board Members. The supervisory authority over such employees is to belong exclusively to the Audit & Supervisory Board Members, and evaluation of such employees is to be carried out by the Audit & Supervisory Board Member designated by the Audit & Supervisory Board. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such Audit & Supervisory Board Member.

### **7. System for Reporting by Directors and Employees to Audit & Supervisory Board Members**

#### 1) Attendance at Important Meetings

The Audit & Supervisory Board Members are to attend meetings of the Board of Directors, the HMC

meetings, and other important meetings, and interview the Directors and other relevant persons regarding the performance of their duties. In addition, the Audit & Supervisory Board Members are to have the right to inspect all relevant materials.

2) Reporting System

(1) The Directors and corporate officers are to regularly report to the Audit & Supervisory Board Members about their performance. Furthermore, in addition to the matters required by laws and regulations, the Directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU to the Audit & Supervisory Board Members immediately after such decisions are made.

(2) Employees are to have the right to report directly to the Audit & Supervisory Board Members any matters that could cause serious damage to ITOCHU.

(3) In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of Directors and employees who have reported to the Audit & Supervisory Board Members and to ensure thorough familiarization with this prohibition.

**8. System for Reporting by Directors, Audit & Supervisory Board Members and Employees of Subsidiaries or by a Person who Received a Report from Them to Audit & Supervisory Board Members**

1) Reporting System

(1) The Directors and Audit & Supervisory Board Members of subsidiaries may report directly to the Audit & Supervisory Board Members of ITOCHU any matters that could cause serious damage to the said subsidiary.

(2) A department that oversees compliance is to periodically report to the Audit & Supervisory Board Members of ITOCHU a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.

(3) In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of persons who have reported to the Audit & Supervisory Board Members under the provisions listed above and to ensure full familiarization with this prohibition.

**9. Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Audit & Supervisory Board Members and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties**

When an Audit & Supervisory Board Member claims prepayment, etc. from ITOCHU in relation to the performance of duties under Article 388 of the Companies Act, ITOCHU is to process the relevant expense or claim promptly upon confirmation by the responsible department.

**10. Other Relevant Systems to Ensure the Proper Functioning of Audits**

1) Coordination with the Audit & Supervisory Board Members by the Audit Division

The Audit Division is to maintain close communication and coordination with the Audit & Supervisory Board Members with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

2) Retaining Outside Experts

When deemed necessary, the Audit & Supervisory Board Members are to independently retain outside experts for the implementation of an audit.

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee (FYE 2023), chaired by the CAO and with the Corporate Planning & Administration Division as secretariat, consists of the CFO, General Manager of Internal Audit Division, and an external expert (attorney) as members. Audit & Supervisory Board Members also attend and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group.

The results of deliberations by the Internal Control Committee are reported once per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

Regarding the meetings of main internal committees related to internal control in FYE 2022, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 16 times.

ITOCHU's internal control systems are constructed throughout the base of the ITOCHU Group, consisting of ITOCHU and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 10, 2022, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for the FYE 2022 and confirmed that there were no significant deficiencies or defects.

## **2. Basic Policy and Efforts to Against Antisocial Forces**

ITOCHU has set out basic policy to cut off any relationship and business with anti-social forces and groups that threaten the order and safety of civic society. To realize this policy, we are regularly promoting enlightenment education and improving internal systems such as thorough confirmation that our business counterparts are not anti-social forces and groups.



**V Others**

**1. Adoption of Takeover Defense Measures**

Adoption of Takeover Defense Measures	—
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Supplementary Information
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N.A.

**2. Other Items Related to Corporate Governance System, etc.**

Please refer to Chart 2 for ITOCHU's Corporate Governance and Overview of Internal Control System below.

[Overview of System for Timely Disclosure]

**1. Internal Organizational Structure**

The Company has established internal rules for the handling of disclosure and assigned primary responsibility for operations related to the timely disclosure to the Investor Relations Division, in consultation with the Corporate Planning & Administration Division and the Corporate Communications Division. In each Division Company, the Company also assigns persons in charge of corporate communication and investor relations, and endeavors to conduct timely disclosure by closely communicating with such persons in charge.

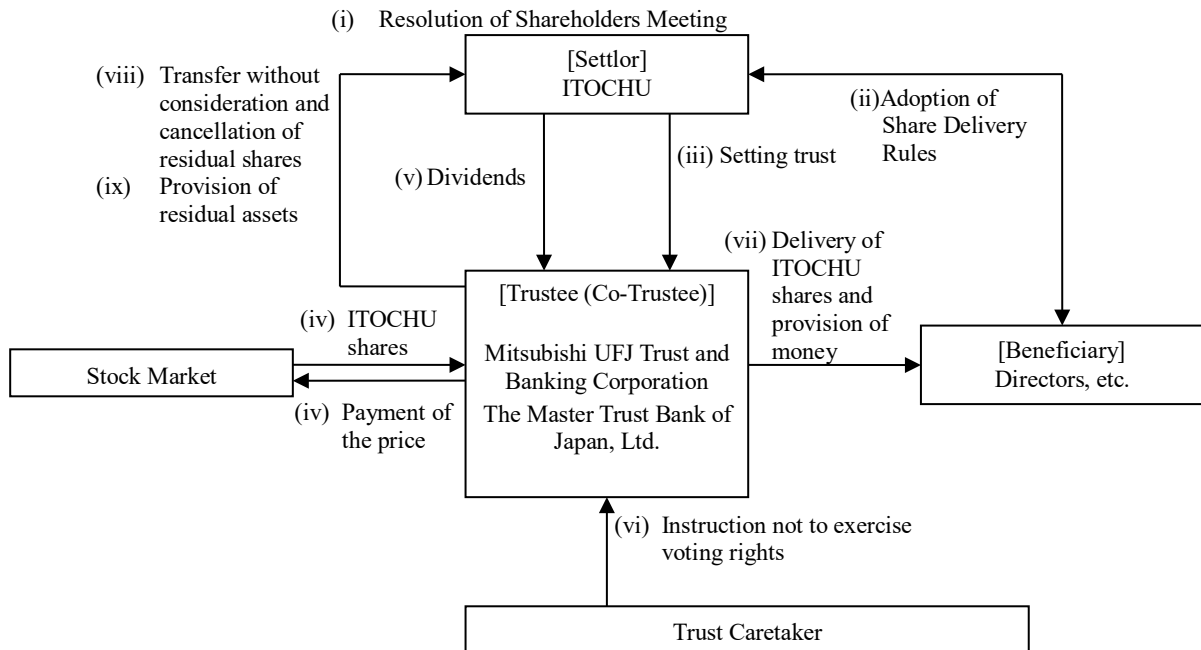
The Investor Relations Division, promptly after the public announcement of our annual financial results, notifies each Division Company and headquarters administrative department of the criteria and other details related to our and our subsidiaries' qualitative and quantitative information which are required for timely disclosure pursuant to the relevant regulations of Tokyo Stock Exchange, and holds explanatory sessions, regularly and if required, for relevant departments in our company in order to strictly follow the regulations of Tokyo Stock exchange, thereby promoting the awareness of such timely disclosure rules.

**2. Decision of timely disclosure**

Our decision for timely disclosure is as follows.

- (1) The person in charge of each Division Company, of each domestic or overseas subsidiary and of each administrative division at headquarters, must report without delay to the general manager of the Investor Relations Division any decisions, events, or financial information related to the divisions and domestic or overseas subsidiaries for which they are responsible as requested or as may be requested for disclosure based on the regulations of the Tokyo Stock Exchange.
- (2) When the general manager of the Investor Relations Division receives a report as per preceding, he/she considers and determines (i) whether the information requires disclosure, and (ii) if disclosure is required, the details and method thereof, and upon the examination and receipt of opinions from the Corporate Planning & Administrative Division and the Corporate Communications Division, he/she requests the approval of the CFO about the disclosure.
- (3) After receiving approval as per the preceding, the general manager of the Investor Relations Division without delay files the disclosure with the Tokyo Stock Exchange.

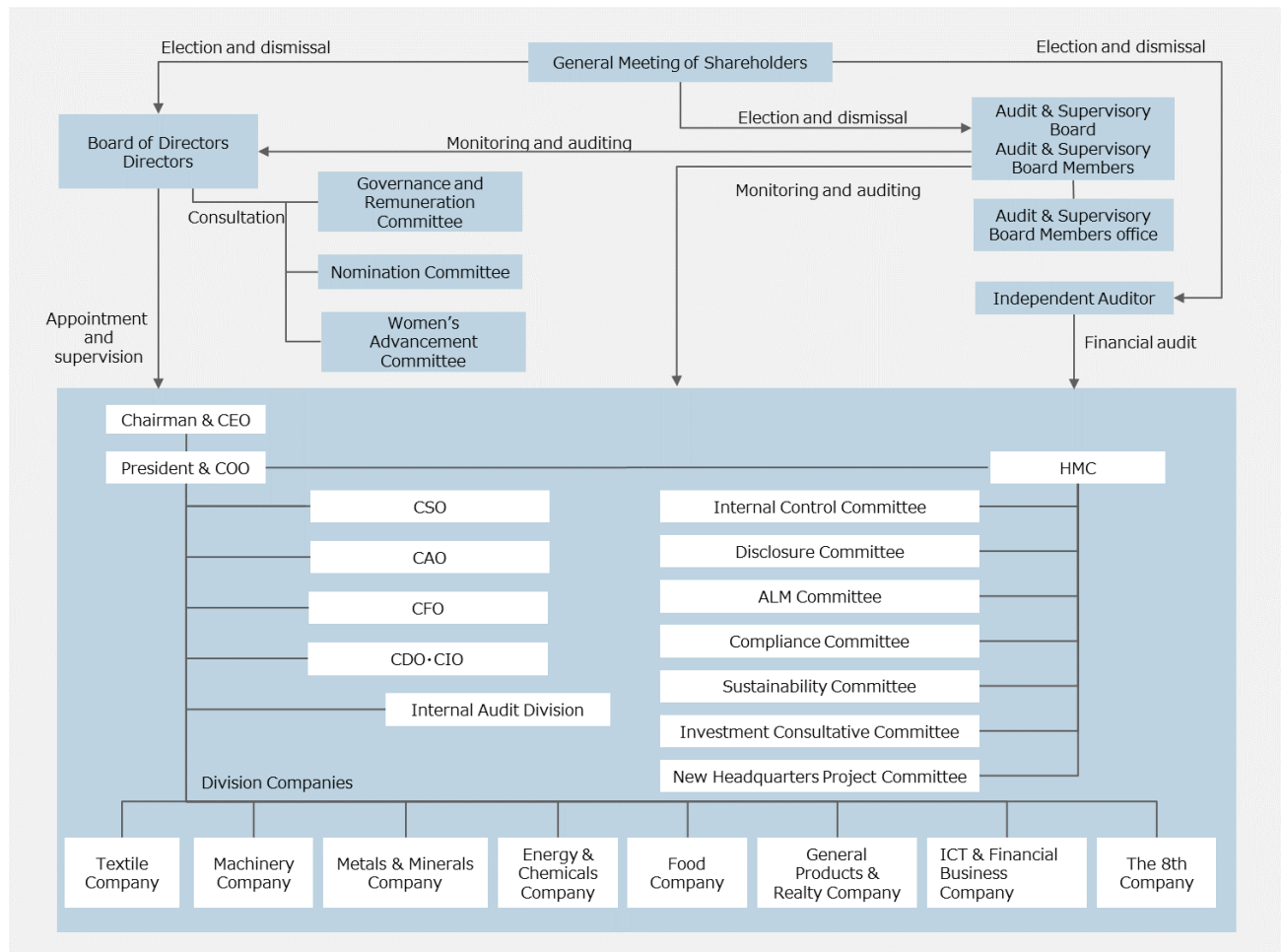
[Chart 1] Overview of the BIP Trust



- (i) In regard to the introduction of the Stock Remuneration Plan, ITOCHU obtained approval on remuneration by resolution of Shareholders Meeting (such approval was granted at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 24, 2016).
- (ii) In regard to the introduction of the Stock Remuneration Plan, ITOCHU’s Board of Directors will adopt Share Delivery Rules regarding the remuneration of Directors and Executive Officers.
- (iii) ITOCHU will set a trust to which it entrusts money within the range approved by resolution of Shareholders Meeting as in (i) and of which Directors, etc. that satisfy the requirements for eligible beneficiaries are beneficiaries (“Trust”).
- (iv) The Trustee (of the Trust) will purchase ITOCHU shares from the stock market using the money entrusted in (iii) in accordance with the instructions of the trust caretaker. The number of shares to be acquired by the Trust will be within the range approved by resolution of Shareholders Meeting as in (i).
- (v) Payment of dividends for ITOCHU shares in the Trust will be made in the same manner as done for other ITOCHU shares.
- (vi) Voting rights for ITOCHU shares in the Trust will not be exercised throughout the trust period.
- (vii) During the trust period, a certain number of points will be granted to Directors, etc. based on performance and other factors during each fiscal year. A Director, etc. who fulfills certain requirements for beneficiaries will, after retirement from office, receive the delivery of ITOCHU shares corresponding to a certain ratio of the number of points accumulated; money equivalent to a number of ITOCHU shares corresponding to the residual number of points, converted into cash within the Trust in accordance with the provisions of the trust contract; and money for dividends paid on ITOCHU shares in the Trust, corresponding to the number of points as of the record date.
- (viii) In the event that there are residual shares at the time of expiry of the Trust due to the non-attainment of performance targets during each fiscal year during the trust period or other reasons, ITOCHU will either continue use of the Trust as a new stock remuneration plan by amendment to the trust contract and placement of additional trust, or transfer the residual shares without consideration from the Trust to ITOCHU and cancel the shares by resolution of the Board of Directors.
- (ix) Residual assets after distribution are made to beneficiaries at the time of termination of the Trust will belong to ITOCHU within the range of the reserve for trust expenses derived by deducting the funds for purchasing shares from the funds of the Trust. With regard to any portion in excess of the reserve for trust expenses, ITOCHU plans to donate this to groups having no interest in ITOCHU or its Directors, etc.

[Chart 2] ITOCHU's Corporate Governance and Overview of Internal Control System

(As of June 24, 2022)



\*1 HMC=Headquarters Management Committee

CEO=Chief Executive Officer

COO=Chief Operating Officer

CSO=Chief Strategy Officer

CAO=Chief Administrative Officer

CFO=Chief Financial Officer

CDO・CIO=Chief Digital & Information Officer

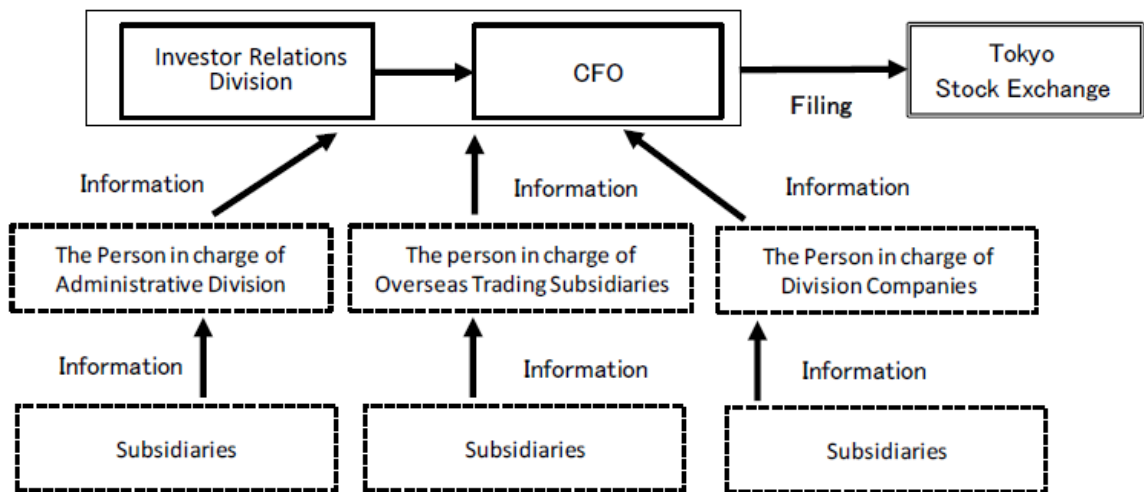
ALM=Asset Liability Management

\*2 The chief officer for compliance is the CAO. Also, each Division Company has a Division Company president.

\*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU.

Only the main internal control organization and committees are described herein.

[Chart 3] Overview of System for Timely Disclosure



[Chart 4] Ensuring Diversity of Officers

Name	Role	Principal specialized area of experience and areas of particular potential contribution				
		All aspects of management	Global	Marketing /sales	SDGs and ESG	Health and medical care
Masahiro Okafuji	Chairman & Chief Executive Officer Representative Director	○	○	○	○	○
Keita Ishii	President & Chief Operating Officer Representative Director	○	○	○	○	○
Fumihiko Kobayashi	Representative Director	○	○		○	○
Tsuyoshi Hachimura	Representative Director	○	○	○	○	
Hiroyuki Tsubai	Representative Director	○	○	○	○	
Hiroyuki Naka	Representative Director	○	○	○	○	
Atsuko Muraki	Outside Director				◎	◎
Masatoshi Kawana	Outside Director	◎			◎	◎
Makiko Nakamori	Outside Director			◎		
Kunio Ishizuka	Outside Director	◎		◎		
Makoto Kyoda	Full-time Audit & Supervisory Board Member				◎	
Mitsuru Chino	Full-time Audit & Supervisory Board Member	◎	◎			
Shingo Majima	Outside Audit & Supervisory Board Member		◎			
Kentaro Uryu	Outside Audit & Supervisory Board Member			◎		
Masumi Kikuchi	Outside Audit & Supervisory Board Member	◎		◎		

[Translation for Reference and Convenience Purposes Only]

ITOCHU Corporation

CORPORATE GOVERNANCE

■Chair □Member \*Observer

Name	Principal specialized area of experience and areas of particular potential contribution			Governance and Remuneration Committee	Nomination Committee	Women's Advancement Committee	Main role, career history, qualifications, etc.
	Finance and accounting Risk management	Human resources and labor	Internal control and legal affairs /compliance				
Masahiro Okafuji	○	○	○	□	□		President, Textile Company; President, ITOCHU Corporation
Keita Ishii	○	○	○	□	□		President, Energy & Chemicals Company
Fumihiko Kobayashi	○	○	○	□	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	○	○	○				General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai	○	○	○				CEO for Europe Bloc; CEO for Africa Bloc; President, Machinery Company
Hiroyuki Naka	○	○	○				General Manager of Corporate Planning & Administration Division, CSO, CDO・CIO
Atsuko Muraki		◎			□	■	Vice-Minister of Health, Labour and Welfare
Masatoshi Kawana				□	□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	◎		◎	■		□	Certified Public Accountant
Kunio Ishizuka		◎			■		President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.
Makoto Kyoda	◎		◎		*	□	CFO, Food Company
Mitsuru Chino			◎	*			General Manager of Legal Division CEO for ITOCHU International Inc. Attorney-At-Law of U.S. (California)
Shingo Majima	◎		◎	□			Partner, KPMG (U.S.); Certified public Accountant in Japan and U.S. (New York)
Kentaro Uryu	◎		◎		□		Managing Partner, URYU & ITOGA; Attorney-At-Law
Masumi Kikuchi		◎		□		□	President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director/Director and Chairman, Atre Co., Ltd.

Note 1: Knowledge and experience held by internal directors are indicated with ○, and areas in which full-time Audit & Supervisory Board Members, Outside Directors and outside Audit & Supervisory Board Members are expected to contribute in particular are indicated with ◎ as the above list shows.

Note 2: Women's Advancement Committee is comprised of the members mentioned above and General Manager of the Human Resources & General Affairs Division.

Note 3: Observer of the Nomination Committee includes General Manager of Secretariats in addition to Mr. Kyoda, Audit & Supervisory Board Member.

[Chart 5] Sustainability Promotion Framework (As of June 24, 2022)

