[Translation for Reference and Convenience Purposes Only]

# ITOCHU Corporation

# CORPORATE GOVERNANCE

**Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of ITOCHU Corporation, which has been reported to the Tokyo Stock Exchange. ITOCHU Corporation provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.**


Latest Revision: 18 June, 2021
Company: ITOCHU Corporation
Representative: Keita Ishii, Representative Director and President and Chief Operating Officer
Inquiries: Suguru Amano, General Manager Investor Relations Division
Phone: +81-3-3497-7295
Securities Code: 8001
URL: https://www.itochu.co.jp/en


**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*" (in Japanese, "*yoshi*" means " good", and "*sampo*" means three sides, and these three sides consist 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")) as our corporate mission, which 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 aims 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 several executive Directors and the percentage of outside Directors in our Board of Directors was increased to one-third or more from April 2017. We keep this percentage of outside Directors also in FYE 2021 and onwards.

Additionally, ITOCHU has established a Governance and Remuneration Committee and a Nomination Committee as advisory committees to 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. 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 discloses its financial and non-financial information to the stakeholders as part of good governance. For this purpose, ITOCHU adopts a "Basic IR Policy" to further promote a multi-party stakeholder dialogue, and uses our best effort to timely and adequately disclose such information. Through the 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 the "Cross-Shareholdings" as set forth in Corporate Governance Code is included 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, or listed or unlisted.

In order to manage our investment, we set our internal rule. Through annual review of all investments to non-affiliated companies including the Cross-Shareholdings, we examine economic (quantitative) rationale based on returns on our investment, and review strategic objectives to hold such investments taking into consideration the likelihood that our investment purpose is 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 at our Board of Directors 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 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 internal decision making process based on an initial plan prepared by a department in question 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.

(Principle 2.6)
■ Functional Performance of Corporate Pension as an Asset Owner
In ITOCHU, our finance division dispatches several persons with high expertise in asset management to our corporate pension fund, and such persons, one of who is positioned as the executive Director of the pension fund, are in charge of asset management thereof. 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 regulation 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 6 June, 2019, the corporation pension fund has accepted and announced the Japan's Stewardship Code as an Asset Owner. The corporation 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 medium-term management plan for and in relation to the period of FYE 2022 to FYE 2024 was disclosed on 10 May, 2021. Please refer to the following URL to find the management plan:
https://www.itochu.co.jp/en/ir/financial_statements/2021/__icsFiles/afieldfile/2021/05/10/21_ended_02_e.pdf

(Principle 3.1(ii))
■ Basic Policy on Corporate Governance
Please see Paragraph 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 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 up until today, 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 at the Board of Directors with consideration of the annual financial plan of each year 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 remunerations (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 reflects 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 the section II-1 of this report.
Only monthly remuneration is paid to the outside Directors and bonuses and stock remuneration are not paid thereto. 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 thereto.

(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 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 2022:
https://www.itochu.co.jp/en/files/97_shoshu_eng.pdf
(please refer to pages 8-15 for candidates for Directors, and pages 18-19 for candidates for Audit & Supervisory Board Members)

(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 decisions of the day to day business are delegated to the managements to the extent permitted under applicable laws. ITOCHU’s Board of Directors assumes the role to supervise the business execution by the managements, as well as to decide corporate governance related matters and certain business matters which are highly important either qualitatively or quantitatively. Matters to be resolved at the Board of Directors are set forth in our Rules of Board of Directors.

(Principle 4.9)

■ Independence Criteria

ITOCHU's Board of Directors has adopted its own independence criteria (augmenting the independence criterial established by the Tokyo Stock Exchange) following discussion at our Nomination Committee, which is disclosed at our homepage. Please refer to the following URL:
https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf

(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 II-2 below in this report.

(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, ITOCHU's Board requires, by the Rules of Board of Directors, each Director and Audit & Supervisory Board Member to seek approval of or report to the 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 2022:
https://www.itochu.co.jp/en/files/97_shoshu_eng.pdf
(please refer to page 48)

(Supplementary Principle 4.11.3)

■ Evaluation as to the Effectiveness of the Board of Directors

ITOCHU Corporation conducted the evaluation as to the effectiveness of the Board of Directors targeting directors and Audit & Supervisory Board Members in FYE 2021.
As a result of this 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, the Board of Directors of ITOCHU Corporation confirmed that the effectiveness of the Board of Directors was secured.
According to an external consultant, in FYE 2021, the Board of Directors held sufficient discussions on matters that are highly consistent with ITOCHU Corporation's mid- to long-term management strategy and that contribute to the implementation thereof, confirming that the Board of Directors is fulfilling its functions. Among other factors, the evaluation stated that the Board of Directors played an appropriate role in enhancing the involvement of Outside Directors in the management selection process and the commitment to the SDGs in the next mid-term management plan, as manifestations of the effectiveness of the Board of Directors.
In regard to the issues identified in the previous evaluation ((1) further diversity, (2) the further enhancement of mid-to long-term discussions, and (3) the strengthening of provision of information to Outside Directors and outside Audit & Supervisory Board Members), steady improvement and progress were observed.
At the same time, the findings also noted that promoting enhanced supervision of business execution and discussions that contribute to further improving corporate value, not in form, but in substance, so that the Board of Directors can further fulfill its role, is an issue to be dealt with going forward.
Based on the above effectiveness evaluation results, ITOCHU Corporation intends to actively work on enhancing discussion and strengthening supervision in order to maintain the effectiveness of the Board of Directors and further improve its functionality.

For your reference, please see the result in our homepage at:
https://www.itochu.co.jp/en/files/board_evaluation_2020e.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., learned 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 III-2 below in this report.

## 2. Capital Structure

| | |
|---|---|
| Ratio of Shares Held by Foreigners | More than 30% |

**[Major Shareholders]**

| Name or Designation | Number of Shares Held (Shares) | Shareholding Ratio (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 140,390,900 | 9.44 |
| BNYM AS AGT/CLTS NON TREATY JASDEC | 85,057,535 | 5.72 |
| Custody Bank of Japan, Ltd.(trust account) | 81,626,400 | 5.49 |
| CP WORLDWIDE INVESTMENT COMPANY LIMITED | 63,500,000 | 4.27 |
| Nippon Life Insurance Company | 34,056,023 | 2.29 |
| Custody Bank of Japan, Ltd. (trust account 7) | 31,431,600 | 2.11 |
| Mizuho Bank, Ltd. | 31,200,000 | 2.10 |
| Asahi Mutual Life Insurance Company | 23,400,500 | 1.57 |
| Custody Bank of Japan, Ltd. (trust account 5) | 21,128,200 | 1.42 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 20,773,751 | 1.40 |

Supplementary Information

(1) The major shareholders as abovementioned are as of 31 March, 2021.
(2) As of 31 March, 2021, the Company holds 97,462,139 shares of treasury stock (6.15 % of the total number of issued shares), but is 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 (5.24% of the total number of issued shares excluding treasury shares).
(4) As of 31August, 2020, a large shareholding report was submitted to 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%) on 24 August, 2020. However, this is not reflected to the above list of major shareholders as we could not confirm the substantial ownership as of 31 March, 2021.
(5) As of 6 October, 2020, a large shareholding report was submitted to Kanto Local Finance Bureau by Sumitomo Mitsui Trust Bank, Limited which reported that Sumitomo Mitsui Trust Asset Management Co., Ltd., together with other two joint holders, hold 83,989 thousand shares (shareholding ratio is 5.30%). However, this is not included in the above list of major shareholder as we could not confirm the substantial ownership as of 31 March, 2021.
(6)As of 7 May, 2021, a large shareholding report was submitted to 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 86,060 thousand shares (shareholding ratio is 5.43%). However, this is not included in the above list of major shareholder as we could not confirm the substantial ownership as of 31 March, 2021.

## 3. Corporate Attributes

| | |
|---|---|
| Stock Exchange Listings and Market Classification | First Section, Tokyo Stock Exchange |
| 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 199 consolidated subsidiaries (as of the end of FYE 2021) 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. 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 the independent outside Directors of these listed subsidiaries are well functioned.

At the time of ordinary general meetings of shareholders in 2021, each of the listed subsidiaries mentioned above had established and maintained an effective governance system, including the ratio of Outside Directors and the establishment of an independent advisory committee to the Board of Directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code issued by the Tokyo Stock Exchange.
In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in the case of 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 is including: 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., with utilizing ITOCHU group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve 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 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-hows 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 ITOCHUs 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.

# ITOCHU Corporation

# CORPORATE GOVERNANCE

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 |

**[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 | 11 |
| 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 who 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 who 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, as the agreement only provides general medical services to officers and employees of our company, 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 as an important post 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 |

## 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 | 2 | 2 | 1 | 2 | Outside Director |

- We have established Governance and Remuneration Committee and 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.

- The Roles, Composition (as of 18 June, 2021) and the Activities in FYE 2021 are as follows:
[Governance and Remuneration Committee]

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

Composition:

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

Activities: This committee was held for 3 times in FYE 2021with the participant of all members, and the remuneration plan for Directors.

[Nomination Committee]

Roles: To deliberate and advise to 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 Atsuko Muraki, Director (Outside)
Members Masahiro Okafuji, Chairman & Chief Executive Officer
Keita Ishii, President & Chief Operating Officer
Fumihiko Kobayashi, Chief Administrative Officer
Masatoshi Kawana, Director (Outside)
Makiko Nakamori, Director (Outside)
Kentaro Uryu, Audit & Supervisory Board Member (Outside)
*Shuzaburo Tsuchihashi, Audit & Supervisory Board Member, attends as an observer.

Activities: This committee was held for 4 times in FYE 2021 with the participant of all members (except two times with Masahiro Okafuji, Chairman & Chief Executive Officer and the outside members limited), and the executive management appointment, and the plan for the successor were deliberated therein.

**[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' 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

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 who 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 who 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 |

■ 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 at our homepage. Please refer to the following URL:
  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 an independent Director/ Audit & Supervisory Board Member 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 Executives]

- Ms. Muraki attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, 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. 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 of the 12 meetings of the Board of Directors held since his appointment. He mainly made statements from an objective and neutral position as an outside Director. During the current term, he chaired the Governance and Remuneration Committee and led discussions on executive remuneration and other topics. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and medical care-related business.
- Ms. Nakamori attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, she was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.
- 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.
- Mr. Majima attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.
- Mr. Uryu attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.
- 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 |

Supplementary Information

- Following the deliberation at the Governance and Remuneration Committee, Board of Directors has resolved unanimously 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 is 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 design/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 2021, the ratio of performance-linked bonus is approximately 69% and the aggregate ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 14%. As for the Director's remuneration in FYE 2022, the estimated ratio of the aggregate amount of the performance-linked bonus is approximately 58% and the ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 12%. In the calculation of the ratio in the above for FYE 2021 mentioned above, 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 benefits" mentioned in " Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation" is included, and the share price-linked bonus in FYE 2022 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 2021, the initial plan for "Net income attributable to ITOCHU (consolidated)" was 400 billion yen (announced on May 8, 2020), and the actual result was 401.4 billion yen (announced on May 10, 2021).
- Regarding share price-linked bonuses, the average value of our company stock prices on a daily basis for each fiscal year is used as the linked indicator thereof. The average value of our company stock prices in FYE 2021 increased by approximately 660 yen compared to the average value of our company stock prices in FYE 2019.
- 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.) "Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation".

| Grantees of Stock Options | Not Applicable |
|---|---|

| Supplementary Information |
|---|

N.A.

**[Directors' Compensation]**

| Disclosure Status (of Compensation for Individual Directors) | Partial individual disclosure |
|---|---|

| Supplementary Information |
|---|

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2021, are as follows.

(Rounded to nearest million yen)

| Name | Category | Monthly Remuneration | Performance-linked bonuses | Share price-linked bonuses | Special Benefits | Stock Remuneration | Total |
|---|---|---|---|---|---|---|---|
| Masahiro Okafuji* | Director | ¥165 million | ¥287 million | ¥ 75million | ¥100 million | ¥22 million | ¥649 million |
| Yoshihisa Suzuki | Director | ¥98 million | ¥215 million | ¥57 million | ¥75million | ¥16 million | ¥462 million |
| Tomofumi Yoshida | Director | ¥90 million | ¥156 million | ¥38 million | ¥50 million | ¥11 million | ¥345 million |
| Yuji Fukuda* | Director | ¥75 million | ¥121 million | ¥38 million | ¥50 million | ¥0 million | ¥284 million |
| Fumihiko Kobayashi | Director | ¥73 million | ¥115 million | ¥30 million | ¥40 million | ¥9 million | ¥267million |
| Tsuyoshi Hachimura | Director | ¥73 million | ¥115 million | ¥30 million | ¥40 million | ¥9 million | ¥267million |

Note: The remuneration paid to Directors (excluding outside Directors) in FYE 2021 comprised monthly remuneration, performance-linked bonuses, share price-linked bonuses, special benefits, 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 |
|---|---|

## Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation

(a) Compensation Paid to Directors, etc. in FYE 2021

- Details of the compensation paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2021 are as follows.

| Type | Number of People | Amount Paid (Millions of yen) | Details |
|---|---|---|---|
| Directors | 10 | 2,350 | (1) Monthly remuneration: ¥651 million<br>(2) Performance-linked bonuses : ¥1,009 million<br>(3) Share price-linked bonuses: ¥268 million<br>(4) Special Benefits: ¥355 million<br>(5) Stock Remuneration: ¥67 million |
| (Outside Directors) | (4) | (76) | |
| Audit & Supervisory Board Members | 6 | 148 | Only monthly remuneration |
| (Outside Audit & Supervisory Board Members) | (3) | (57) | |
| Total | 16 | 2,498 | |
| (Outside Directors/ Audit & Supervisory Board Members) | (7) | (133) | |

(Rounded to nearest million yen)

Notes:

1. Maximum compensation paid to all Directors:
   ¥800 million per year as total monthly remuneration (including ¥100 million per year for the outside Directors) and ¥2.0 billion per year as total bonuses paid to all Directors (resolved at the General Meeting of Shareholders on 21 June, 2019.
2. Maximum compensation paid to all Audit & Supervisory Board Members:
   ¥13 million per month (resolved at General Meeting of Shareholders on 29 June, 2005)
3. Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on April 14, 2021 ITOCHU Corporation resolved to pay special benefits. These special benefits for FYE 2021 were paid within the limit of Director bonuses based on the minimization of earnings reductions caused by the COVID-19 pandemic, the achievement of the income goals in the "FYE 2021 Management Plan" and significant improvement of corporate value, and the Company claiming the top position in the general trading company industry for this first time in terms of annual average stock price and average market capitalization.
4. The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust "BIP") was approved at the 92nd 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 2022

- Performance-linked Bonuses

Director performance-linked bonuses for FYE 2022 will be paid in amounts calculated according to the methods described below, following the conclusion of the 98th Ordinary General Meeting of Shareholders.

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 ¥2.0 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 2022 for the portion up to ¥200.0 billion) × 0.35%
B = (Consolidated net profit attributable to the Company for FYE 2022 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 2022 for the portion exceeding ¥300.0 billion) × 0.35%
(amount 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 (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division/department
(amount of less than ¥1,000 shall be rounded up)

Provided, however, that
(1) The Rate: 100% + (plan achievement rate of the consolidated net profit of the assigned division/department -100%) x 2 (if negative, it will be 0%)
(2) The assigned division of the Director utilized the Rate is the General Products & Realty Company of which planning of the consolidated net profit for FYE 2022 is 63 billion yen (announced at 10 May, 2021).
(3) 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 |

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 |

- Share Price-liked 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 each consecutive two 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) for each fiscal year. The total amount of bonuses during the term of Directors is paid to them after their retirement.

For share price-linked bonuses, the bonus amount for individual Director is calculated for FYE 2022 and FYE 2023 based on the following specific calculation formula for individual payment amounts, 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.

a. FYE 2022

[(The simple average of daily stock closing price of the Company ("Average of Daily Closing Price") in FYE 2022) – (Average of Daily Closing Price in FYE 2021)] × 1,300,000 × (Points assigned to each Director according to the position ("Position Point") / 108.8 points × Relative Stock Price Growth Rate (Note 1)

Note 1 Relative Stock Price Growth Rate = (Average of Daily Closing Price in FYE 2022 / Average of Daily Closing Price of FYE 2021) / (Simple average of daily TOPIX (Note 2) in FYE 2022 / Simple average of TOPIX in FYE 2021)

Note 2 TOPIX = Tokyo Stock Price Index, the principal index consisting of all Japanese common stocks listed on the First Section of Tokyo Stock Exchange.

b. FYE 2023

[(Average of Daily Closing Price in FYE 2023) – (Average of Daily Closing Price in FYE 2021)] × 1,300,000 × (Total Position Points in FYE 2022 and FYE 2023) / (108.8 points × 2 (years)) × Relative Stock Price Growth Rate (Note 3) - (share price-linked bonus for FYE 2022 calculated in the above a.).

Note 3 Relative Stock Price Growth Rate = (Average of Daily Closing Price in FYE 2023 / Average of Daily Closing Price of FYE 2021) / (Simple average of daily TOPIX of in FYE 2023 / Simple average of TOPIX in FYE 2021)

Except for the point for Executive Vice President (resident outside Japan) is 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 ¥2.0 billion.
(If the amount of performance-linked bonus and share price-linked bonus based on the above formula exceeds 2.0 billion yen, the performance-linked bonus is preferentially allocated to the limit amount)

(c) performance-linked Stock Remuneration Plan

- By resolution at the 92nd Ordinary General Meeting of Shareholders held on 24 June, 2016, ITOCHU introduced the performance-linked stock remuneration plan (the "Stock Remuneration Plan") and, by resolution of the Board of Directors held on 13 May, 2020, we continue this plan from FYE 2021.
- Under this plan, in June of ever year during the trust period, Directors who served as Directors from 1 July 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 31 March 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 2022 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 2022 – ¥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)
  Position points for each Director are the same as the number used for calculating Director bonuses.

  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).

- 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 |

- 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 5 and of the executive officers not being Director is 18)
(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 of non-residents in Japan
A Director of non-residents 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. The remuneration will be determined and paid following the conclusion of the 97th Ordinary General Meeting of Shareholders as a performance-linked bonus, (round up less than ¥ 1,000), separately from the performance-linked bonus based on formula above.

This performance-linked bonus (the Equivalent Amount of Individual stock remuneration) will be paid within the limit of 2.0 billion yen (a resolution of the general meeting of shareholders on June 21, 2019), the overall maximum limit of the bonus including this performance-linked bonus, the performance-linked bonus calculated by formula above and the share price-linked bonus. If the total amount exceeds 2.0 billion yen, this performance-linked bonus and the performance-linked bonus calculated by formula above will be preferentially allocated.

**[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]**
The Corporate Auditors' Office provides the outside Directors with materials and prior briefings on items on the agenda of the meetings of the Board of Directors, as required, and the secretary in charge provides other necessary support activities to assist them in fulfilling their duties.
The Audit & Supervisory Board Member's Office, which is under the direct control of internal Audit & Supervisory Board Member and the Audit & Supervisory Board, provides the outside Audit & Supervisory Board Members with materials and prior briefings on items on the agenda of the meetings of the Board of Directors, as required, as well as other necessary support activities to assist them in fulfilling their duties with measures such as the appropriate provision of corporate information through the Audit & Supervisory Board Member's Office.

**[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 | 16 June, 2010 | Not fixed |
| Eizo Kobayashi | Director Emeritus (“*Meiyo Riji*”) | None | Non-full time and no remuneration | 24 June, 2016 | Not fixed |

| | |
|---|---|
| Number of the senior advisor/advisor and other positions who are the former representative Director and president and other positions | 2 |

| Remarks |
|---|

The Company, by the resolution of the Board of Directors on 18 January, 2018, abolished the senior advisor (“*Sodanyaku*”) and advisor (“*Komon*”) positions as from 1 April, 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 the new positions of “Senior Representative for Business Community Relations” (“*Tokubetsu Riji*”) and “Representative for Business Community Relations” (“*Jomu Riji*”) have been established. They are assigned the said business community relations and the appropriate remuneration is 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 (“*Semmu Riji*”) | A few | Fixed | Full time in principle | To be paid | External affairs such as business community relations | - |

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

* Executives mean Director (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.
*** Senior Vice Representative for Business Community Relations has been newly established as of 1 April, 2019.

**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 1 April, 2018, Chairman of the Company is Chief Executive Officer and President of the Company is Chief Operating Officer.
- The Board of Directors, comprising 11 Directors including 4 outside Directors, is chaired by the Chief Executive Officer. The Board of Directors is held, 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 of overseas assignment period of our internal Directors is 5.8 years (as of 18 June, 2021).
- In FYE 2021, a total of 12 meetings of Board of Directors was held and attended by all Directors and all Audit & Supervisory Board Members. The major issues discussed at the meetings were the medium-term management plan for FYE 2021 Management Plan, Reorganization, Efforts related to SDGs, 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 Governance and Remuneration Committee and Nomination Committee have been established as voluntary advisory committees to the Board. Each committee is chaired by an outside Director and the majority members of each committee are 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 18 June, 2021, the Company has 31 executive officers (some of whom concurrently serve as Directors), comprising 29 male executive officers and 2 female executive officers.
- 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 18 June, 2021).

| | |
|---|---|
| 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): | Sustainability promotion 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 internal Audit & Supervisory Board Members and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of 18 June, 2021), 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," "Auditors' Auditing Standards".
- Mr. Shingo Majima, Auditor, is qualified as a certified public accountant in Japan and Unites States of America, and has adequate knowledge and experience in the fields of finance and accounting. In addition, Mr. Kentaro Uryu, Audit & Supervisory Board Members, is qualified as a lawyer in Japan and have adequate knowledge and experience in the field of law.
- The Audit & Supervisory Board holds the monthly meetings with an additional meeting as needed. A total of 14 meetings were held during the current fiscal year, and the attendance rate for all Audit & Supervisory Board Member was 100%, 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 2021, 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 certain method, Audit & Supervisory Board Member strictly audits the execution of duties of Directors and executive officers.

In addition to the monthly regular meeting, Audit & Supervisory Board Member timely and appropriately exchanges any required information with the independent external auditor in order for monitoring the audit status by the independent external auditor and for sharing the issues. From the perspective of the Group's consolidated management, Audit & Supervisory Board Members acts in cooperation with our group companies. On-site inspections of subsidiaries to hear from the Directors and the Audit & Supervisory Board Member of the subsidiary about the business situation are timely held, and Audit & Supervisory Board hold a liaison council composed of full-time Audit & Supervisory Board Members of major group companies. Any major information obtained by the auditing activities of these full-time Audit & Supervisory Board Members, important information is shared with outsideAudit & 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 is established responsible for internal audits under the direct control of the President and Chief Operating Officer (about 50 members as of 18 June, 2021). 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, and has been conducted English financial statements 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 set forth the results of the financial statement audits and internal control audits conducted by the auditor as an independent third party, and have received advice such as improvement matters.
  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 53 years (FYE 1969 to FYE 2021).
- 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 18 June, 2021, there were 40 certified public accountants and 58 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 determine the contents of proposal regarding the dismissal of independent external auditor and the refusal to re-elect to be submitted to 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, Audit & Supervisory Board conduct evaluations whether the independent external auditor holds an independent position and conducts appropriate audits.

As a result, Audit & Supervisory Board have judged that the independent external auditor fulfilled their function by exerting expertise and maintaining 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, Audit & Supervisory Board have received an explanation from the independent external auditor regarding 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 to further improve the 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

- Audit & Supervisory Board have agreed 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 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 and the third party 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 the Executive Officers. 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 such several outside Directors that the percentage of outside Directors in 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 his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. Proposal on candidates for

Directors is created by the Chairman and Chief Executive Officer taking into consideration diversity such as knowledge, experience, gender and international experience, and submitted 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 Audit & Supervisory Board of a *sogo-shosha* 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 the discussion with the executive Audit & Supervisory Board Members and submitted to the Nomination Committee for further deliberation before the Board of Directors (with consent of the Audit & Supervisory Board) finally nominates the candidates for election at the General Meeting of Shareholders.

**[Ensuring Diversity of Officers]**
ITOCHU's officers appointed in accordance with the above 2 and 3, 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.

**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 the percentage of which is one-third or more of the total number of the Directors, and keep this percentage of outside Directors also in FYE 2022 and onwards. And, the Company has already

appointed independent outside Directors and established the Governance and Remuneration Committee and the Nomination Committee, as voluntary advisory committees to the Board which are chaired by outside Directors and which comprise of majority outside 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 the Board of Directors consisting with the independent outside Directors for one-third or more of all Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, more than half of whom are outside Audit & Supervisory Board Members— accords with ITOCHU's "Basic Policy" stated in 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, the convocation notices have been made available via electronic means since the Ordinary General Meeting of Shareholders held in June 2005. Furthermore, since the Ordinary General Meeting of Shareholders held in June 2015, the Company has posted its convocation notice on its website and on TDnet before posting the notice to shareholders. |

### 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: https://www.itochu.co.jp/en/ir/policy/ |
| 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 (*yuka shoken hokokusho*), quarterly securities reports (*shihanki hokokusho*), the status of corporate governance, convocation notices for General Meetings of Shareholders, reports (*hokokusyo*) 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.) | ITOCHU Group adopts the spirit of "*Sampo-yoshi*" (in Japanese, "*yoshi*" means " good", and "*sampo*" means three sides, and these three sides consist 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")) as our corporate mission, which 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 aims 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.<br>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 have formulated the basic policies for sustainability promotion, and "Mutual trust building with society" is clearly stated in the basic policies and published. |
| Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities | Measures for promoting company-wide sustainability, such as social and environmental issues, are planned by the Sustainability Management Division, promoted by domestic and international organizations under the decision of CAO who are responsible for company sustainability. Regarding the formulation of policies and important matters, discussions and decisions are made at the "Sustainability Committee", one of the main internal committees, and the main activities of sustainability promotion are regularly reported to the Board of Directors. In addition, we regularly grasp social expectations and requests for our Company through "Sustainability Advisory Board" aiming at dialogue with internal and external stakeholders, and make use of them in promoting sustainability.<br><br>In April 2018, we identified material sustainability issues (materiality) incorporating environmental, social and governance (ESG) perspectives. As a specific measure to identify materiality and contribute to solving social issues, we are putting it in the "Sustainability Action Plan" for each business field. This plan sets out "commitment" showing medium and long-term growth and as to how to provide society with value, concrete "response approach" and "outcome |

| | |
|---|---|
| | indicator" to achieve commitment, disclose of the degree of progress in each year annually, and promotes sustainability throughout the entire Company. To resolve the materiality through our business field leads to the sustainable growth through an approach under our new Corporate Mission, *sampo yoshi*.<br>Our sustainability efforts to fulfill our responsibility to society now and to the future also contribute to achieving "sustainable development goals (SDGs)" adopted by the United Nations in 2015.<br><br>In 1997, we introduced the environmental management system (EMS) based on ISO 14001 for the first time as a trading company, and actively engage in environmental protection business that utilizes a wide range of functions as Trading House and network, and we, not only the Company but also our entire group, are promoting efforts in response to the growing global environmental issues such as global warming.<br><br>Since 2009, we are also participating in the United Nations Global Compact, a global effort to realize sustainable growth in the international community. We are actively participating in activities as a member company of "Global Compact Network Japan" (GCNJ), a local network of the United Nations Global Compact. In accordance with the ten principles of "Human Rights", "Labor", "Environment" and "Prevention of Corruption", we practice the concept of the UN "Guiding Principles on Business and Human Rights" for risk management and promote our employees.<br><br>We are also participating in the sustainability action plan thorough our business activities.<br>https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/index.html |
| Establishment of Policy Concerning Disclosure of Information to Stakeholders | The Basic Policy regarding the Internal Control System states that ITOCHU will provide timely and appropriate disclosure. |
| Other | 1. Supporting the success of human resources diversification<br>In our recognition, as global competition intensifies, "organizational diversity" is indispensable in order to respond precisely to the various needs of the market and to continuously create new business and added value. Based on this idea, the Company implemented the "Human Resource Diversification Promotion Plan" in January 2004, and, during 10 years thereafter, expanded the number of diversified human resources, promoted their settlement and performance, and prepared the support system for compatibility between life events such as childcare and nursing and work at a level higher than the statutory level. Currently, with utilizing these systems as safety nets, we will support the career development of all employees regardless of gender, with the aim of developing a "strict but rewarding" corporate culture in which diverse values are respected.<br><br>We put much effort on creating working environment where diverse values are respected by promoting understanding of “unconscious bias” through encouraging male employees to take childcare leave and holding “Diversity Weeks” which gives all employees comprehension of diversity in workplace such as nursing, LGBT etc.<br><br>These efforts were evaluated, and we were awarded Platinum Kurumin Company from Ministry of H<br>ealth, Labor and Welfare, FYE 2016 Nadeshiko stock, New Diversity Management Company Top 100, FYE 2018 Equality/Compatibility Promotion Company Award, Family-Friendly Company Division, of Minister of Health, Labor and Welfare, and FYE 2021 Ministerial Award for Women Empowering |

| | |
|---|---|
| | Companies.<br><br>2. Promoting women success<br>Until now, under the "Human Resource Diversification Promotion Plan", we have worked on it with the aim of retention of women employees by expanding the number of women employees and developing childcare and nursing-related regulations at a higher level than the statutory requirement.<br><br>Currently, from the point of view of women success, all women employees under 34 years old are able to take Cervical Screening on the company cost under the Support Measure for Balancing Cancer Care and Work with the recognition of that the prevalence of cancers of women is higher than that of men.<br>Under the action plan corresponding to the Act on Promotion of Women's Activities, we provide carefully individualized support according to individual's life stage and career, and, in order for the expanding generation of women in career-track positions who joined company during early-mid 2000's to compete as organization managers on an equal footing with male employees, with the need for ongoing support to be carefully tailored to individual circumstances.<br>In particular, support for the employees taking children only during overseas assignment, work from home system for employees with certain reasons such as childcare, nursing, illness etc., guidance before taking maternity leave, three-party meeting on return from childcare leave, interviews before/after overseas assignment. In terms career development, sending women employees to the external training sessions, provision of skill-up training during childcare leave, transfer from clerical positons to career-tracking positon, and re-employment system that allows those who left the Company due to relocation of spouses to apply for re-employment.<br><br>By endorsing government-related measures and economic organizations to support women's participation in the workforce, and execution of the Action Plan, we will engage the contribution with SDGs (Gender Equality)<br><br>【ITOCHU's Action Plan】<br>https://www.itochu.co.jp/en/csr/pdf/action_plan.pdf<br><br>3. Promotion of Working-Style Reform<br>For our company aiming for management based on a small group of capable talent it is essential to achieve high productivity and individual employee skills. We regard "Working-Style Reform" as an important measure of the management strategy for improving corporate value, consider the customer's perspective first, and are practicing measures aiming for not "easy to work", but "a company that takes on challenges and accomplishes worthwhile work.<br>We introduced "Morning Focused Working System" in FYE 2014 and affected the working-style reform of government as well as many private entities and thereafter, developed "Health and Productivity Management" in FYE 2017 and "full support measures for balancing cancer care and work" and "Dress-down Days" in FYE 2018. As a pioneer of Working-Style Reform, we will promote measures unique to ITOCHU, and we will realize a workplace where all employees have a sense of motivation and can work with peace of mind without worry.<br><br>4. Health and Productivity Management<br>To maintain further growth and maintain competitiveness, we believe that an environment in which each and every employee can demonstrate the maximum results is essential, and we believe that it is the cornerstone of strengthening good health of each employee. |

| | |
|---|---|
| | Under the idea that improvement of "good health" of each employee leads to realization of permanent enhancement of corporate value that is beneficial not only for "employees" but also for "company" and "shareholders", we regard health and productivity management as one of our management strategies and we established ITOCHU Health Charter in June 2016.<br>With this charter as the core, we strongly promote morning focused working system, increase the acquisition rate for the vacation leave, implement countermeasures against life-style related disease such "smoking cessation" support (smoking cessation program that utilize online application and interviews), and improve the vitality of our employees both mentally and physically through measures such as maintenance of mental health and strengthening of mental response.<br>From August 2017, we began to implement measures to support balancing cancer treatment and work. We have now decided to add the new initiative to support balancing cancer care with work from the three perspectives of prevention, treatment and co-existence. For this purpose, we promote the treatment and co-existence and cooperation with National Cancer Center, the establishment of a system that offers support for balancing work with cancer treatment, the enhancement of financial support for advanced cancer treatment, and the expansion of scholarships for children and job search support. By promoting these measures, we hope to create a workplace in which all employees, regardless of whether they suffer from disease, can continue to work as much as they like without concern, and reach their fullest potential. We want employees to maintain motivation and find their work worthwhile. At the same time, we aim to become a company that is challenging but does work worth doing—the strongest and best in Japan. As a leading company of health and productivity management, we are awarded "Health and Productivity Stock 2016 · 2017" and "A company promoting cancer care and developing actions" from Minister of Health, Labor and Welfare Award. We will actively promote health and production management in the future. |

## IV Items Related to the Internal Control System

### 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 are 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 18 June, 2021, which the Board of Directors approved on 19 April, 2006 (and partially revised as of 14 May, 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 company-wide 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 2022), chaired by CAO and with the Corporate Planning & Administration Division as secretariat, consists of 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 2021, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 10 times.

ITOCHU's internal control systems are constructed on 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 14 May, 2021, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for the FYE 2021 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 | — |

| Supplementary Information |
|---|

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. Also, the Company assigned in each Division Company persons in charge of corporate communication and investor relations, and endeavors to do timely disclosure by closely communicating with such persons in charge.

The Investor Relations Division, promptly after the public announcement of our financial result in each year, notifies each Division Company and headquarters administrative departments of the criteria and other details related to our and our subsidiaries' qualitative and quantitative information which is required to timely disclose pursuant to the relevant regulations of Tokyo Stock Exchange, and holds explanatory sessions, regularly and if required, to 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

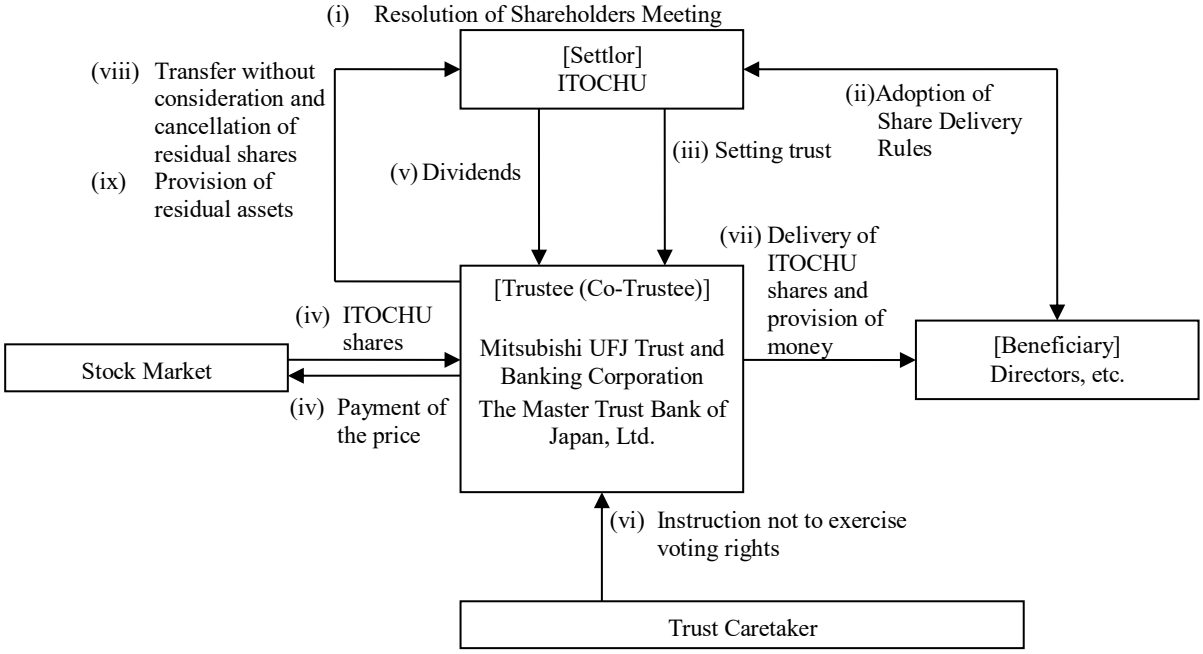
Our decision for timely disclosure is as follows.

(1) The person in charge of each Division Company, of each domestic or overseas subsidiary and of each administrative division at headquarters, 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 to disclose 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.

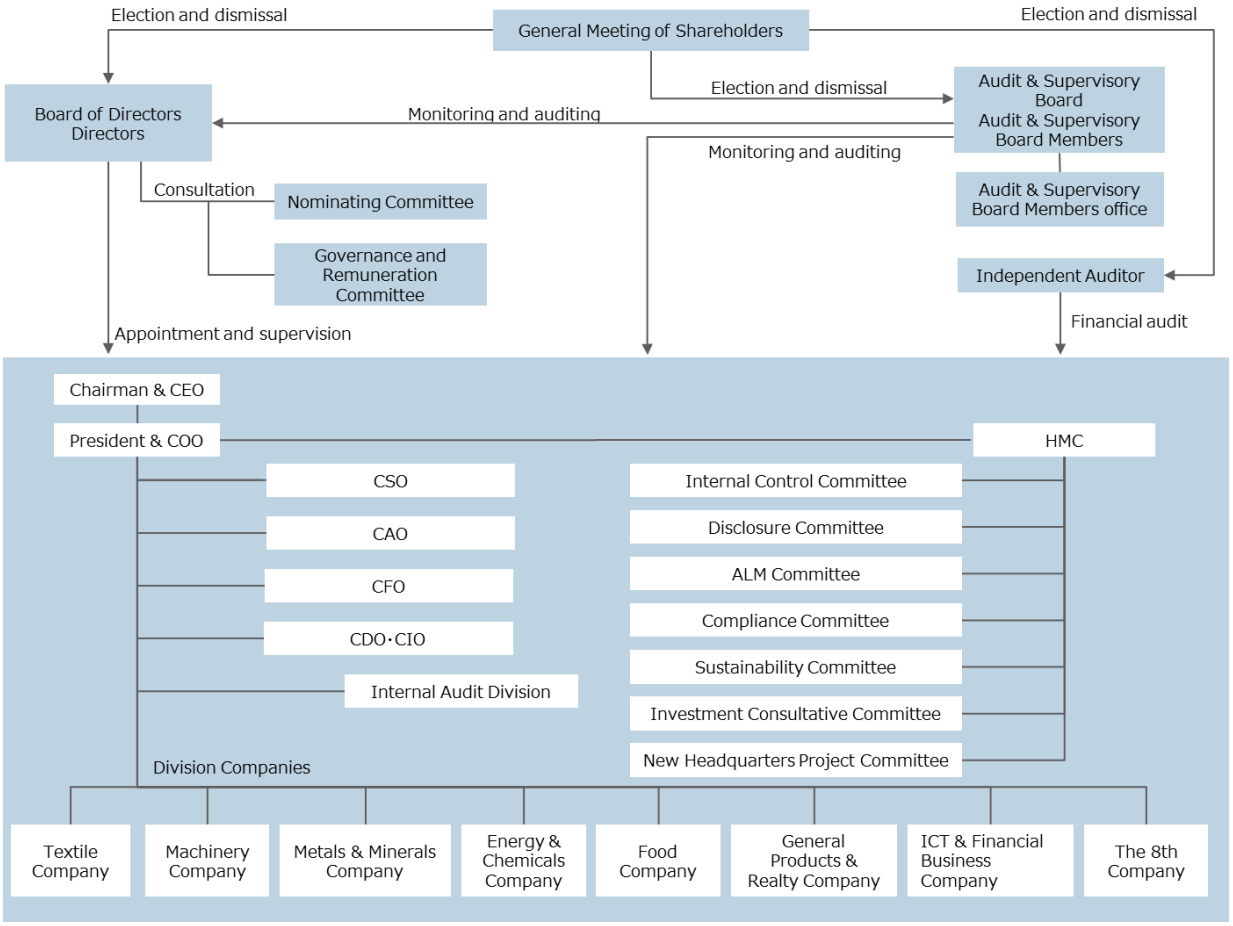
[Chart 1] Overview of the BIP Trust




| | |
|---|---|
| (i) | In regard to the introduction of the Stock Remuneration Plan, ITOCHU obtains approval on remuneration by resolution of Shareholders Meeting (such approval was granted on the 92nd Ordinary General Meeting of Shareholders held on 24 June, 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. |

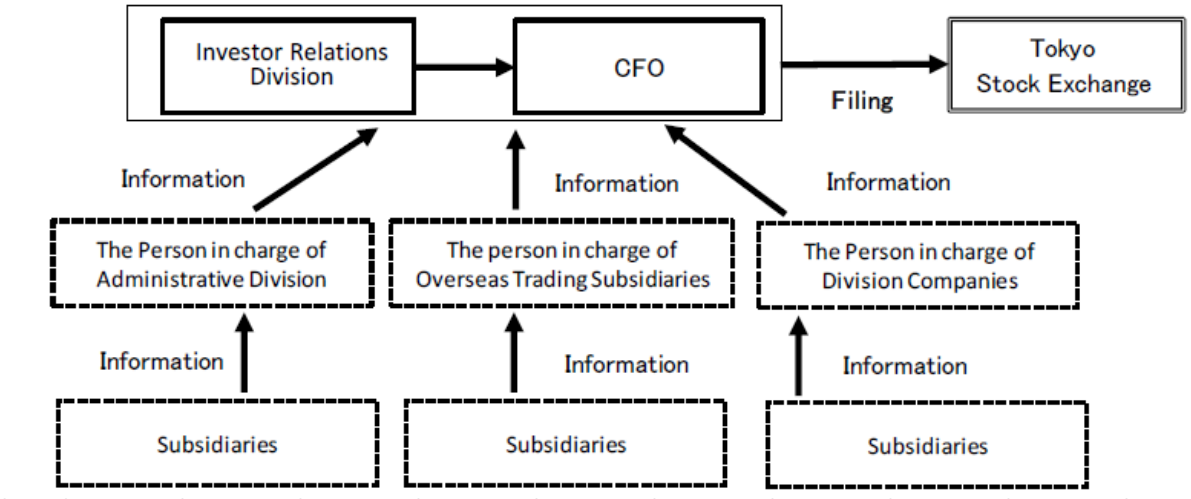
[Chart 2]ITOCHU's Corporate Governance and Overview of Internal Control System

(As of 1 April, 2021)




*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 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 | Gender | 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 | Male | ○ | ○ | ○ | ○ | ○ |
| Yoshihisa Suzuki | Vice Chairman | Male | ○ | ○ | ○ | ○ | ○ |
| Keita Ishii | President & Chief Operating Officer Representative Director | Male | ○ | ○ | ○ | ○ | ○ |
| Tomofumi Yoshida | Representative Director | Male | ○ | ○ | ○ | ○ | |
| Yuji Fukuda | Representative Director | Male | ○ | ○ | ○ | ○ | |
| Fumihiko Kobayashi | Representative Director | Male | ○ | ○ | | ○ | ○ |
| Tsuyoshi Hachimura | Representative Director | Male | ○ | ○ | ○ | ○ | |
| Atsuko Muraki | Outside Director | Female | | | | ◎ | ◎ |
| Masatoshi Kawana | Outside Director | Male | ◎ | | | ◎ | ◎ |
| Makiko Nakamori | Outside Director | Female | | | ◎ | | |
| Kunio Ishizuka | Outside Director | Male | ◎ | | ◎ | | |
| Shuzaburo Tsuchihashi | Full-time Audit & Supervisory Board Member | Male | | ◎ | ◎ | | |
| Makoto Kyoda | Full-time Audit & Supervisory Board Member | Male | | | | ◎ | |
| Shingo Majima | Outside Audit & Supervisory Board Member | Male | | ◎ | | | |
| Kentaro Uryu | Outside Audit & Supervisory Board Member | Male | | | ◎ | | |
| Masumi Kikuchi | Outside Audit & Supervisory Board Member | Male | ◎ | | ◎ | | |

■Chair ☐Member ＊Observer

| Name | Principal specialized area of experience and areas of particular potential contribution | | | Governance and Remuneration Committee | Nomination 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 |
| Yoshihisa Suzuki | ○ | ○ | ○ | | | CEO, ITOCHU International Inc.; President, ICT & Financial Business Company; President & Chief Operating Officer, ITOCHU Corporation |
| Keita Ishii | ○ | ○ | ○ | ☐ | ☐ | President, Energy & Chemicals Company |
| Tomofumi Yoshida | ○ | ○ | ○ | | | CEO, ITOCHU International Inc.; President, General Products & Realty Company |
| Yuji Fukuda | ○ | ○ | ○ | | | President, Energy & Chemicals Company; CEO for East Asia Bloc; CEO for Asia & Oceania Bloc, ITOCHU Corporation |
| 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 |
| 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. |
| Shuzaburo Tsuchihashi | | | ◎ | | ＊ | President, ITOCHU Australia Ltd.; Chief Operating Officer, Metal & Mineral Resources Division, ITOCHU Corporation |
| Makoto Kyoda | ◎ | | ◎ | ☐ | | CFO, Food Company |
| Shingo Majima | ◎ | | ◎ | ☐ | | Partner, KPMG (U.S.); Certified public Accountant in Japan and U.S. (New York State) |
| 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. |

Notes: 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.