

Governance



Governance

Corporate Governance

Basic Policy

ITOCU Group adopts the spirit of “*Sampo-yoshi*” as our corporate mission. In Japanese, “yoshi” means “good,” “sampo” means three sides consisting of (1) the seller (“urite”), (2) the buyer (“kaite”) and (3) society (“seken”). “*Sampo-yoshi*” is therefore “urite-yoshi” (meaning “good for the seller”), “kaite-yoshi” (meaning “good for the buyer”) and “seken-yoshi” (meaning “good for society”). This spirit originates from the message of our founder Chubei Itoh I (the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “*Sampo-yoshi*” is the business spirit by which we aim to bring a positive effect into the world and to contribute to realizing a 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 our fundamental management policy 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 Audit & Supervisory Board (kansayaku secchi kaisha). In recent years, ITOCHU has gradually shifted to a governance model where executive officers decide and carry out the day to day business under the direction and supervision of the Board of Directors, along with implementing measures to strengthen monitoring.

In order to separate execution by and monitoring over management, we reduced the number of executive Directors and the increased percentage of Outside Directors on our Board of Directors to one-third or more from April 2017. We will also maintain this percentage of Outside Directors also in FYE 2021 and onwards. Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance and Remuneration Committee and a Nomination Committee, both of which are chaired by an Outside Director and comprised of a majority of Outside Directors and Audit & Supervisory Board Members (collectively “Outside Officers”) and a Women’s Advancement Committee as another voluntary advisory committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Officers, and has continued to monitor management through the eyes of Outside Officers. As of June 23, 2023, in order to facilitate a more comprehensive and organic linkage between governance, remuneration, and nomination, the “Governance and Remuneration Committee” and the “Nomination Committee” have been restructured as the “Governance, Nomination, and Remuneration Committee.” The committee will be chaired by an Outside Director and will consist of a majority of Outside Directors among its members. ITOCHU continues to maintain oversight of management by Outside Officers.

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


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

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

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


Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> • Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control. 	<ul style="list-style-type: none"> • Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

Materiality	SDGs Targets	Impact Classification	Issues to address	Business area	Commitment	Specific approach	Performance indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Corporate governance	We will implement highly effective supervision over the management from an independent and objective standpoint and ensure the appropriate and efficient execution of business operations by improving the transparency of our decision-making, aiming to our sustainable growth as well as the medium- and long-term improvement of our corporate value.	<ul style="list-style-type: none"> • Appoint several outside Directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields. • Maintain a highly transparent and objective Directors’ and officers’ remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company’s performance and the improvement of our corporate value. 	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ol style="list-style-type: none"> (1) We have maintained the diversity of the Board of Directors (through appointing always one third or higher percentage of outside Directors- four outside Directors out of 10 Directors, two female Directors out of 10 Directors, a female Audit & Supervisory Board Member, and an outside Director and an outside Audit & Supervisory Board Member who had wide range of sufficient experiences in corporate management). (2) We have maintained the chair of the Governance and Remuneration Committee and the Nomination Committee being the outside Director, and a majority of the members of the Governance and Remuneration Committee and the Nomination Committee being the outside Directors and the outside Audit & Supervisory Board Members (four out of 7 members). (3) We have maintained the chair of the Women’s Advancement Committee being the female outside Director, and a half of the Women’s Advancement Committee being the outside Directors and the female members (3 out of 6 members respectively).

Corporate Governance

Compliance with Corporate Governance Code

As of June 2023, ITOCHU complies with all principles set forth in Corporate Governance Code. For details, please refer to Corporate Governance Report (https://www.itochu.co.jp/en/files/CG_e.pdf) 

Reason for Adopting the Current System

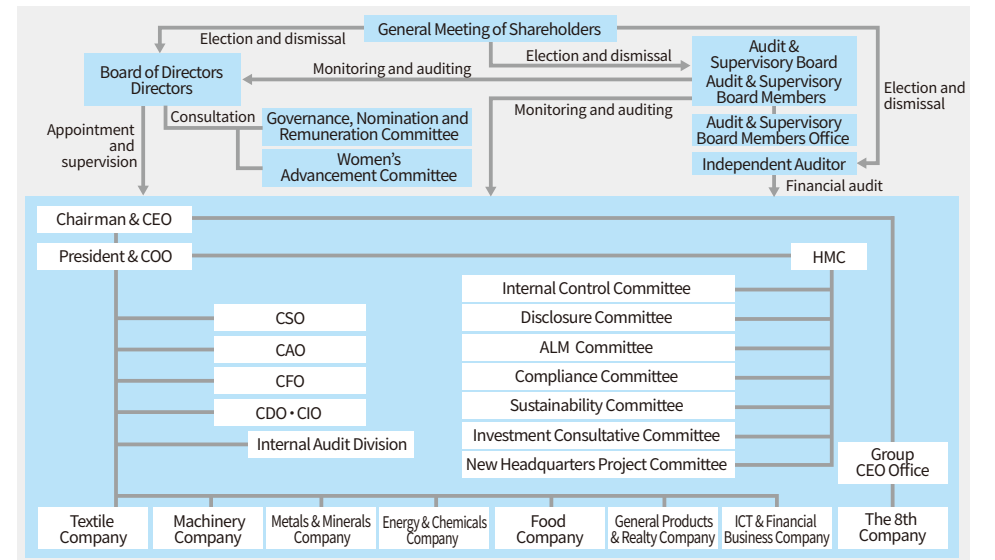
The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed Outside Directors to comprise a percentage of one-third or more of the total number of Directors since FYE 2018, and will also maintain this percentage of Outside Directors in FYE 2024 and onwards. And, the Company has already appointed independent Outside Directors and established, as voluntary advisory committees to the Board, the Governance, Nomination and Remuneration Committee, which is chaired by Outside Directors and which comprise a majority of Outside Directors, and Women's Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Officers, 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 Officers, the Company focuses securing independency of the Outside Officers, and in addition to the independence criteria established by the Tokyo Stock Exchange ITOCHU has adopted its own independence criteria. The Company believes that its current corporate governance system—which is based on independent Outside Directors comprising one-third or more of the Board of Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, majority of whom are outside Audit & Supervisory Board Members—accords with ITOCHU's "Basic Policy" stated in the Corporate Governance Report.

Structures and Systems

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 corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards."

Overview of ITOCHU's Corporate Governance and Internal Control System (As of June 23, 2023)



*1 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
 HMC=Headquarters Management Committee ALM=Asset Liability Management
 *2 CAO is the chief officer for compliance. 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.

Corporate Governance

Board of Directors

Overview

- The Company is a company with the Board of Directors and Audit & Supervisory Board Member (the Audit & Supervisory Board).
- As from April 1, 2018, the Chairman of the Company is the Chief Executive Officer, and the President of the Company is the Chief Operating Officer.
- The Board of Directors, comprising 10 Directors including 4 Outside Directors, is chaired by the Chief Executive Officer. The Board of Directors meets, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors.
- Two of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments will be 5.6 years (as of June 23, 2023).
- In FYE 2023 the Board of Directors held a total of 15 meetings, which were attended by all Directors and all Audit & Supervisory Board Members, except for one-time absence of Ms. Muraki, the Outside Director. In addition, there was a proposal for a single board resolution by paper circulation, and all directors expressed their consent, while all auditors did not raise any objections. Therefore, the board resolution was deemed to have been adopted.
- In FYE 2023, a total of 75 agenda items were submitted to the Board of Directors (excluding the aforementioned matters resolved by paper circulation). The main agenda items were as follows:
 - Financial Results, Dividends, Financing, Treasury Share Acquisitions
 - FYE2023 Management Plan, Overview of Results of the Evaluation as to the Effectiveness of the Board of Directors
 - Report with respect to encountering cyber security incidents
 - Report with respect to the activity of the Women’s Advancement Committee
 - Report with respect to the sustainability development
 - Important Investment Projects
 - Investment in AMMC Iron Ore Project in Canada
 - Divestment of the Shares in CONEXIO Corporation

Corporate Governance System (As of June 23, 2023)

Type of system	Company with the Board of Directors and the Audit & Supervisory Board
Number of Directors (Of which, number of outside Directors)	10 (4) * 2 of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments is 5.6 years.
Number of Audit & Supervisory Board Members (Of which, number of outside Audit & Supervisory Board Members)	5(3)
Term of office for Directors	1 year (the same for Outside Directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory committees to the Board of Directors	Governance, Nomination and Remuneration Committee, Women’s Advancement Committee
Director Remuneration System Details of Corporate Officer Remuneration System (P174)	(1) Monthly remuneration (Fixed) Determined according to factors that include degree of contribution to ITOCHU, including addressing climate change, ESG and SDGs, based on a standard amount for each position (2) Performance-linked bonuses (Variable(Single Year)) Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. (3) Share price-linked bonuses (Variable(Medium- to Long-term)) Calculated 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 for two consecutive fiscal years (4) Performance-linked stock remuneration (Variable(Medium- to Long-term)) Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus * Outside Directors paid monthly remuneration only
Independent external auditor	Deloitte Touche Tohmatsu LLC

Meetings of Management Bodies in FYE 2021-2023

Financial Year		Board Meetings	Nomination Committee	Governance and Remuneration Committee	Women’s Advancement Committee	Audit & Supervisory Board Meeting
FYE2023	Number of Meetings	15	3	2	2	14
	Attendance Rate	Outside Directors 98% Outside Audit & Supervisory Board Members 100%	100%	100%	100%	100%
FYE2022	Number of Meetings	15	1	3	3	14
	Attendance Rate	Outside Directors 100% Outside Audit & Supervisory Board Members 98%	100%	100%	100%	98%
FYE2021	Number of Meetings	12	4	1	—	14
	Attendance Rate	Outside Directors 100% Outside Audit & Supervisory Board Members 100%	100%	100%	—	100%

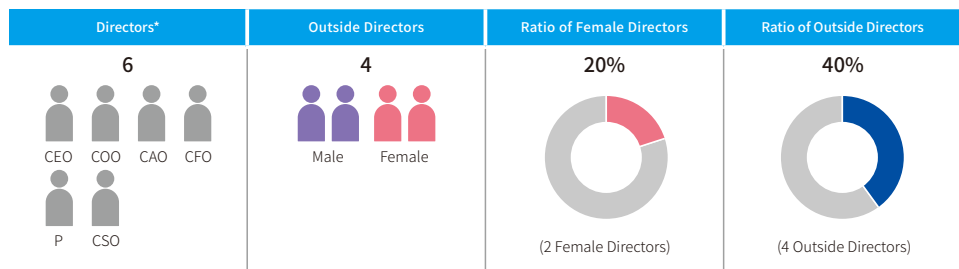
* “Number of Meetings” does not include meetings by paper circulations.

Corporate Governance

Members of the Board

◎Chair ○Member

Name	Position and responsibility in ITOCHU Corporation	Number of Attendance at Meetings of the Board of Directors	Number of years in office	Governance, Nomination and Remuneration Committee	Women's Advancement Committee
Masahiro Okafuji	Member of the Board, Chairman & Chief Executive Officer	15/15 (100%)	19 years	○	—
Keita Ishii	Member of the Board, President & Chief Operating Officer	15/15 (100%)	2 year	○	—
Fumihiko Kobayashi	Member of the Board, Executive Vice President Chief Administrative Officer	15/15 (100%)	8 years	○	○
Tsuyoshi Hachimura	Member of the Board, Executive Vice President Chief Financial Officer	15/15 (100%)	8 years	—	—
Hiroyuki Tsubai	Member of the Board, Executive Vice President President, Machinery Company	11/11 (100%) (since election)	1 year	—	—
Hiroyuki Naka	Member of the Board, Executive Officer Chief Strategy Officer; General Manager, Group CEO Office	11/11 (100%) (since election)	1 year	—	—
Masatoshi Kawana	Member of the Board	15/15 (100%)	5 years	○	—
Makiko Nakamori	Member of the Board	15/15 (100%)	4 years	○	◎
Kunio Ishizuka	Member of the Board	15/15 (100%)	2 years	◎	—
Akiko Ito	Member of the Board	—	—	○	—



* P: President, Machinery Company

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 & CEO, President & COO, officers responsible for overseeing each administrative functions, one appropriate Division Company president as an (internal) director, and several Outside Directors so that the percentage of Outside Directors in the Board of Directors is one-third or more to improve the supervisory function of the Board of Directors. When nominating Outside Director candidates, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent directors" prescribed by the Tokyo Stock Exchange, Inc. 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. The proposal for candidates for directors is created by the Chairman & CEO by taking into consideration diversity such as knowledge, experience, gender and international experience, and submitted to the Governance, Nomination and Remuneration Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

Reason for Appointment as Outside Directors

Name	Reason for appointment
Masatoshi Kawana appointed in June 2018 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	Mr. Kawana is appointed as an Outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and in important posts such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
Makiko Nakamori appointed in June 2019 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	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 appointed in June 2021 [Attendance at Meetings of the Board of Directors] FYE 2023 : 15/15 (100%)	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.
Akiko Ito* appointed in June 2023	Ms. Ito is appointed as an Outside Director in the anticipation that, based on her extensive and profound insights as a government official in charge of consumer-oriented issues, which were earned from her experience such as the Deputy Director-General of the Ministry of Land, Infrastructure, Transport and Tourism, the Director-General of the Housing Bureau as the first female director in the Ministry of Land, Infrastructure, Transport and Tourism, and as Councillor, Cabinet Secretariat, Director General, Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, followed by her service as Commissioner of Consumer Affairs Agency, 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. Ito 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. *Registered name: Akiko Noda

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Outline of Limitation of Liability Contracts

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

Outline of Directors and Officers Liability Insurance Policy

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

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

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

Corporate Officer Remuneration System

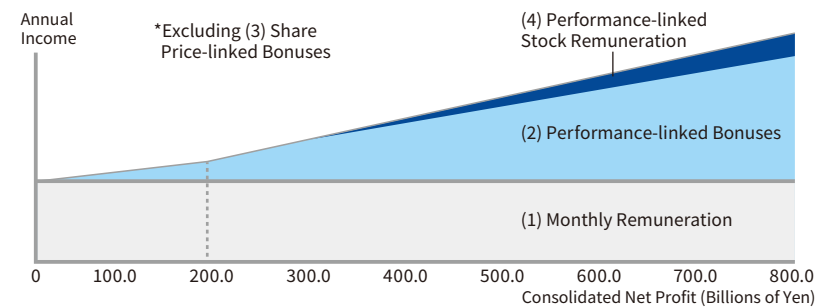
ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration is approximately 80% of overall remuneration (FYE 2023), which is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent.

More specifically, the remuneration plan consists of (1) monthly remuneration, (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the increase of corporate value in the medium to long term.

We have consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, which is a non-monetary remuneration. Consolidated net profit is of high interest on the stock market because it is an easy-to-understand indicator of capital for growth-oriented investment and returns to shareholders, and we believe that its importance as an indicator going forward is unshakeable. In addition, employee bonuses are also linked to consolidated net profit.

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 successive two fiscal years.

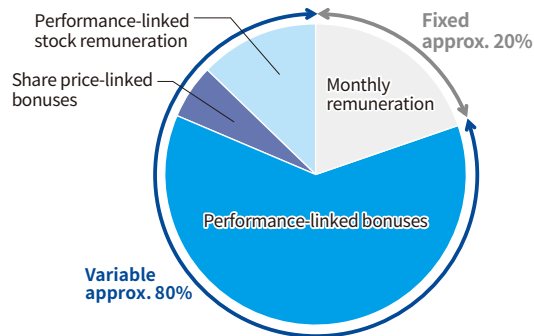
■ Remuneration Image of Directors (Excluding Outside Directors)



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	Type of remuneration	Content	Remuneration limit	Resolution of General Meeting of Shareholders
Directors	(1) Monthly remuneration (Fixed)	Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position	¥1.0 billion per year as total monthly remuneration (including ¥0.1 billion per year as a portion to the Outside Directors)	June 24, 2022
	(2) Performance-linked bonuses (Variable (Single Year))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. *Formula is described below	¥3.0 billion per year as total bonuses paid to all directors (excluding Outside Directors)	
	(3) Share price-linked bonuses (Variable (Medium- to Long-term))	Calculated 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 for two consecutive fiscal years *Formula is described below		
	(4) Performance-linked stock remuneration (Variable (Medium- to Long-term))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus (*2) *Formula is described below		
Corporate Auditors	Only monthly remuneration		¥250 million per year	June 24, 2022

■ Remuneration composition ratio for Directors (excluding Outside Directors) (FYE2023)



Formulas for Performance-linked Bonuses and Stock Remuneration

In accordance with confirmed results for FYE 2024, director bonuses for FYE 2024 will be paid following the conclusion of the 100th Ordinary General Meeting of Shareholders in amounts calculated according to the methods described below (in regard to stock remuneration, points will be awarded).

Total Amount Paid to all Directors

Total amount paid to all directors = (A + B + C) x Sum of Position points for all the eligible directors/55 (but not exceeding ¥1.0billion)
A = (Of consolidated net profit for FYE 2024, for the portion up to ¥200.0 billion) × 0.35%
B = (Of consolidated net profit for FYE 2024, for the portion more than ¥200.0 billion but up to ¥300.0 billion) × 0.525%
C = (Of consolidated net profit for FYE 2024, for the portion exceeding ¥300.0 billion) × 0.525%
(0.175% for stock remuneration)

Amount Paid to an Individual Director

Amount paid to an individual director = Total amount paid to all directors × Assigned position points / Sum of position points for all the eligible directors

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President	Senior Managing Executive Officer	Managing Executive Officer	Executive Officer
10	7.5	5	4	3	2.2

Of the amount paid to an individual director, the portion corresponding to A and B in the total amount paid to all directors is paid entirely in cash. In regard to the portion corresponding to C, the portion of 0.175% is paid as share-based stock remuneration and the rest paid in cash. In addition, 80% of the amount paid in cash is linked the plan achievement rate of the consolidated net profit of the assigned division/department and the rate determined based on the comparison with the consolidated net profit of the previous fiscal year*. In regard to share-based remuneration during the term of office, annual points are awarded (1 point = 1 share), and at the time of retirement share-based remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the shares paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

* Formula for 80% of the Amount Paid in cash 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 80% x (the Rate A (defined below) determined based on plan achievement rate of the consolidated net profit target for the assigned division/department x 50%)
 - The Rate A: 100% + (the plan achievement rate of the consolidated net profit target for the assigned division/department - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%).
 - The plan achievement rate shall be 100% for the eligible director for whom no plan achievement rate is measurable.

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The amount paid to an individual Director shall not exceed the maximum amount for each position for each position as set forth below:

(Millions of yen)

	Maximum amount paid to an individual Director
Chairman and Chief Executive Officer	1,000
President and Chief Operating Officer	750
Executive Vice President	500
Senior Managing Executive Officer	400
Managing Executive Officer	300
Executive Officer	220

Formulas for Share price-linked Bonuses

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

Amount Paid to an Individual Director (Aggregate amount for FYE 2024 and FYE 2025)

The amount paid to an individual director = ((simple average of daily closing price from FYE 2024 to FYE 2025) - (simple average of daily closing price from FYE 2022 to FYE 2023)) × 1,300,000 × (total position points of FYE 2024 and FYE 2025) / (108.8 points × 2 (years)) × Relative Stock Price Growth Rate

* Relative Stock Price Growth Rate = (simple average of daily closing price from FYE 2024 to FYE 2025 / simple average of daily closing price from FYE 2022 to FYE 2023) / (simple average of daily TOPIX from FYE 2024 to FYE 2025 / simple average of TOPIX from FYE 2022 to FYE 2023)

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

The position points assigned to each position are same as those applied for performance-linked bonuses.

Share Price-linked bonuses together with performance-linked bonuses are paid to the eligible directors within the director bonuses limit of ¥3.0 billion.

Please see Corporate Governance Report (https://www.itochu.co.jp/en/files/CG_e.pdf) for the formula applied to amount paid to individual director in each year.

Actual Corporate Officer Remuneration for FYE 2022 and FYE2023

	FYE2022			FYE2023		
	Number of people	Amount paid (Millions of Yen)	Details	Number of people	Amount paid (Millions of Yen)	Details
Directors (Outside Directors)	12 (5)	3,692 (81)	(1) ¥763 million (2) ¥2,000 million (3) ¥- million (4) ¥576 million (5) ¥352 million	10 (4)	3,045 (81)	(1) ¥662 million (2) ¥1,825 million (3) ¥168 million (4) ¥- million (5) ¥390 million
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	152 (60)	Only (1)	6 (3)	172 (60)	Only (1)
Total (Outside)	18 (9)	3,844 (141)		16 (7)	3,216 (141)	

(Rounded to nearest million yen)

* (1) Monthly Remuneration, (2) Performance-linked bonuses, (3) Share price-linked bonuses, (4) Special Benefits, (5) Stock Remuneration

* 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.

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2023, are as follows.

Name	Category	Total Annual Monthly Remuneration	Performance-linked bonuses	Share price-linked bonuses	Stock Remuneration	Total
Masahiro Okafuji*	Director	¥178 million	¥541 million	¥48 million	¥116 million	¥884 million
Keita Ishii*	Director	¥108 million	¥406 million	¥36 million	¥87 million	¥637 million
Fumihiko Kobayashi	Director	¥97 million	¥271 million	¥24 million	¥58 million	¥450 million
Tsuyoshi Hachimura	Director	¥97 million	¥271 million	¥24 million	¥58 million	¥450 million
Hiroyuki Tsubai	Director	¥49 million	¥218 million	¥24 million	¥46 million	¥337 million
Hiroyuki Naka*	Director	¥51 million	¥119 million	¥11 million	¥25 million	¥206 million

* Monthly remuneration includes housing allowance.

(Rounded to nearest million yen)

Corporate Governance

The remuneration for executive officers who do not concurrently hold director positions is provided based on a system designed according to the position based on the remuneration plan for the Directors. Name and amount of compensation paid to executive officers (excluding those who concurrently hold director positions) whose total compensation exceeded ¥100 million in FYE 2023, are as follows:

Name	Total Annual Monthly Remuneration	Performance-linked bonuses	Share price-linked bonuses	Stock Remuneration	Total
Masahiro Morofuji	¥48 million	¥163 million	¥15 million	¥26 million	¥252 million
Hiroyuki Kaizuka	¥48 million	¥32 million	¥15 million	¥36 million	¥131 million
Tomoyuki Takada	¥49 million	¥55 million	—	¥11 million	¥114 million
Tatsushi Shingu	¥58 million	¥121 million	¥15 million	¥35 million	¥228 million
Masaya Tanaka	¥37 million	¥120 million	¥11 million	¥25 million	¥192 million
Kenji Seto	¥35 million	¥120 million	¥11 million	¥25 million	¥191 million
Shuichi Kato	¥41 million	¥106 million	¥11 million	¥26 million	¥184 million
Masatoshi Maki	¥36 million	¥120 million	¥21 million	¥25 million	¥202 million

(Rounded to nearest million yen)

Evaluation as to the Effectiveness of the Board of Directors

ITochu has conducted an evaluation as to the effectiveness of the Board of Directors and Audit & Supervisory Board Members once a year since FYE 2016 utilizing external consultants, and the Board of Directors has analyzed and evaluated the findings after deliberation by the Governance, Nomination and Remuneration Committee (until June 22, 2023, Nomination Committee; excluding FYE 2017).

Training Policy

The Company conducts training related to regulations with respect to Directors and Audit & Supervisory Member, corporate governance and other matters as part of its training for newly appointed internal and Outside Officers. 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 Officers 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 Officers 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 among Outside Officers, reporting activities by internal auditing units to Outside Directors, periodical discussions with the managements and explanatory sessions on matters requested by Outside Officers.

Corporate Governance

Advisory Committees

To strengthen the supervisory function of the Board of Directors and enhance the transparency of the decision-making process, in FYE 2023, we maintained the Governance and Remuneration Committee, the Nomination Committee, and the Women’s Advancement Committee as voluntary advisory committees under the Board of Directors. In the Governance and Remuneration Committee and the Nomination Committee, the chairperson was an Outside Director and a majority of members are Outside Officers to ensure independence. In the Women’s Advancement Committee, the chairperson was an Outside Director, and a majority of the members were Outside Officers, also ensuring independence. As of June 23, 2023, we reorganized the Governance and Remuneration Committee and the Nomination Committee into a new Governance, Nomination, and Remuneration Committee, with Outside Director as chairpersons and a majority of members as Outside Directors. Combining these committees and their members will unify discussions for nominations and remuneration, which are connected in many ways, with governance, which provides the overall framework for nominations and remuneration. This combination aims to facilitate more thorough discussions by committee members. Furthermore, we continue to maintain the Women’s Advancement Committee, as we did in FYE 2023.

The Roles and Composition of the committees as of June 23, 2023 and the Activities of the committees during FYE 2023 are as follows:

■ Advisory Committee(s) to the Board, Composition and Attribution of Chairperson

Name	Roles	Composition	Activities
Governance and Remuneration Committee	To deliberate and advise the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, appointment and dismissal of responsible Directors and executive officers, consideration of the succession plan, remuneration system for Directors and executive officers and other matters on corporate governance.	Chair: Kunio Ishizuka, Director (Outside) Members: Masahiro Okafuji, Director Keita Ishii, Director Fumihiko Kobayashi, Director Masatoshi Kawana, Director (Outside) Makiko Nakamori, Director (Outside) Akiko Ito, Director (Outside) *Kentaro Uryu, Audit & Supervisory Board Member (Outside), attends as an observer.	This committee was held 4 times in FYE 2023 (among those 2 meetings were held by paper circulation) with the participation of all members for physically held meetings. The main agenda items discussed at the Governance and Remuneration Committee were as follows: <ul style="list-style-type: none"> • Evaluation of the Board of Directors for FYE 2022 (April 8, 2022) Approval to propose for the Board of Directors with respect to reporting on the results of the evaluation of the Board of Directors for FYE 2022 and seeking approval of external disclosure materials. • Company indemnification agreements (April 8, 2022) Approval to propose for the Board of Directors with respect to seeking approval for entering into indemnification agreements with all Directors and Audit & Supervisory Board Members. • Performance-linked bonuses for executives for FYE 2023 (April 19, 2022) Approval to propose for the Board of Directors with respect to seeking approval of performance-linked bonuses for Directors for FYE2023 and the individual maximum amount for such bonuses. • Reformation of the Governance and Remuneration Committee and the Nomination Committee (February 21, 2023) Approval to propose for the Board of Directors with respect to seeking approval of the reformation of the Governance and Remuneration Committee and the Nomination Committee, as well as the appointment of members to the Advisory Committee to the Board of Directors. • Executive compensation system (February 21, 2023) Approval to propose for the Board of Directors with respect to seeking approval to continue the stock price-linked bonus program, using FYE 2024-2025 as the calculation period.
Nomination Committee			This committee was held for 4 times in FYE 2023 (among those 1 meeting was held by paper circulation) with the participant of all members (except 1 time with Masahiro Okafuji, Director and the Outside Officers limited) for physically held meetings. The main agenda items discussed at the Nomination Committee were as follows: <ul style="list-style-type: none"> • Succession Plan (September 30, 2022) Discussion about the succession plan of executives. • Officer appointments for FYE 2024 (January 12, 2023) • Approval to propose for the Board of Directors with respect to seeking approval of the officer appointments for FYE 2024.
Women’s Advancement Committee	To deliberate and advise the Board on proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees.	Chair: Makiko Nakamori, Director (Outside) Members: Fumihiko Kobayashi, Director Yoshiko Matoba, Audit & Supervisory Board Member Tsutomu Fujita, Audit & Supervisory Board Member (Outside) Kumi Kobayashi, Audit & Supervisory Board Member (Outside) Toshiyuki Kakimi, General Manager, Human Resources & General Affairs Division	This committee was held for 2 times in FYE 2023 with the participant of all members for physically held meetings. The main agenda items discussed at the Women’s Advancement Committee were as follows: <ul style="list-style-type: none"> • Progress status of the initiatives (September 27, 2022) Deliberation on the current status of women in new executive positions and candidates for executive positions, as well as efforts towards their promotion. • Disclosure of human capital information (February 20, 2023) Deliberation on the status of disclosure regarding human capital and the promotion of women to executive positions.

Corporate Governance

Principal Internal Committees

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 23, 2023).

Name	Objectives
Internal Control Committee	Deliberates on issues related to the development of internal control systems (Chairman: CSO)
Disclosure Committee	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 (Chairman: CFO)
ALM Committee	Deliberates on issues related to risk management systems and balance sheet management (Chairman: CFO)
Compliance Committee	Deliberates on issues related to compliance (Chairman: CAO)
Sustainability Committee	Deliberates on issues related to sustainability, SDGs, and ESG, excluding governance related issues (Chairman: CAO)
Investment Consultative Committee	Deliberates on issues related to investment and financing (Chairman: CFO, Deputy Chairman: CSO)
New Headquarters Project Committee	Deliberates on issues related to New Headquarters Project (Chairman: CAO)

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 & CEO based on, among others, recommendations from other officers (or in terms of incumbent executive officers, based on their respective performance) and submitted to the Governance, Nomination and Remuneration Committee for further deliberation. Based on the deliberation and advice of the Governance, Nomination and Remuneration Committee, the Board of Directors appoints executive officers by its resolution. In case that an executive officer breaches the Executive Officers' Regulation of ITOCHU Corporation or otherwise his or her performance is judged to be not appropriate, the Chairman & CEO (or the chair of the Governance, Nomination and Remuneration 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 Governance, Nomination and Remuneration Committee.

Audit & Supervisory Board Members

Overview

- Audit & Supervisory Board Members and the independent external auditors participate in monthly regular meetings where they exchange information in a timely manner, in addition to providing reports on quarterly reviews and internal control audits. Audit & Supervisory Board Members monitor the progress of the audit conducted by the independent external auditors and share any issues with them.
- Audit & Supervisory Board Members engage in discussions regarding the selection of Key Audit Matters based on the current year's financial performance. For the selected matters in FYE 2023, namely the assessment of FamilyMart's goodwill and the evaluation of CITIC Limited's investment, Audit & Supervisory Board Members conducted detailed discussions and raised inquiries regarding the future cash flows, discount rates, and other underlying assumptions for the assessments. These discussions involved relevant departments and the independent external auditors providing detailed explanations.
- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other's audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- The Audit Division and Audit & Supervisory Board Members endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division strives to strengthen its relationships by regularly holding meetings with the independent external auditors and maintaining close collaboration. In addition, it seeks to promote cooperation through information exchange with the internal audit departments of ITOCHU Group companies.

Corporate Governance

Members of the Audit and Supervisory Boards

Name	Position in ITOCHU Corporation	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Number of years in office	○Member *Observer	
					Governance, Nomination and Remuneration Committee	Women's Advancement Committee
Makoto Kyoda	Full-time Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	3 years	—	—
Yoshiko Matoba <small>New election</small>	Full-time Audit & Supervisory Board Member	—	—	—	—	○
Kentaro Uryu <small>Reelection Outside Independent</small>	Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	8 years	*	—
Tsutomu Fujita <small>New election Outside Independent</small>	Audit & Supervisory Board Member	—	—	—	—	○
Kumi Kobayashi <small>New election Outside Independent</small>	Audit & Supervisory Board Member	—	—	—	—	○

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

In order to appropriately audit and supervise management as Audit & Supervisory Board Members of a general trading company with broad range of business, candidates for Audit & Supervisory Board Members are selected from individuals with understanding about ITOCHU's management, high-level expertise in fields including accounting, finance, law, and risk management, and a broad range of experience. As a company with an Audit & Supervisory Board, Outside Audit & Supervisory Board Members are always at least half of all members. When nominating Outside Audit & Supervisory Board Members, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent auditors" prescribed by Tokyo Stock Exchange, Inc. and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her high-level expertise and extensive experience in the relevant category, are expected to appropriately audit and supervise the management of ITOCHU. Moreover, among the Audit & Supervisory Board Members, ITOCHU nominates at least one person who possesses considerable knowledge concerning finance and accounting. Based on this policy, a proposal on candidates for Audit & Supervisory Board Members is created by the Chairman & CEO after consultation with full-time Audit & Supervisory Board Members. The proposal is then submitted to the Governance, Nomination and Remuneration Committee (until June 22, 2023, Nomination Committee) for further deliberation and, after receiving the approval of the Audit & Supervisory Board, the Board of Directors selects the candidates for election at the General Meeting of Shareholders.

Reason for Appointment as Outside Audit & Supervisory Board Members

Name	Reason for appointment
Kentaro Uryu appointed in June 2015 [Attendance at Meetings of] - Board of Directors FYE 2023: 15/15 (100%) - Audit & Supervisory Board FYE 2023: 14/14 (100%)	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 Audit & Supervisory Board Member.
Tsutomu Fujita appointed in June 2023	Mr. Fujita 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 leveraging his extensive experience and advanced expertise gained from years of experience in the financial industry. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Fujita 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.
Kumi Kobayashi* appointed in June 2023	Ms. Kobayashi is appointed as an outside Audit & Supervisory Board Member in the anticipation that she will monitor management and provide auditing from an independent perspective by utilizing her extensive professional knowledge and practical experience in financial and accounting matters, gained from her career as a certified public accountant. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Kobayashi qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent auditor. *Registered name: Kumi Nojiri

Corporate Governance

Major Areas of Expertise of Directors and Audit & Supervisory Board Members / Areas in which Particular Contributions are Expected

Ensuring Diversity of Officers

In FYE2018, ITOCHU Corporation shifted to a monitoring-oriented Board of Directors with the aim of promoting the separation of management execution and supervision. To ensure that the Board of Directors is able to provide appropriate management supervision, ITOCHU Corporation appoints many officers in charge of overseeing head office functions as Directors, along with a number of Outside Directors so that the percentage of Outside Directors is at least one-third of all Directors. By appointing Outside Directors with more specialized viewpoints and greater diversity, we are further enhancing the functions of ITOCHU Corporation's Board of Directors. In addition, by appointing Outside Audit & Supervisory Board Members with knowledge of finance, accounting and legal affairs makes it possible to monitor and supervise ITOCHU Corporation's management from a neutral and objective viewpoint. ITOCHU Corporation's internal and external officers who were appointed in accordance with the above are engaged in management by using their knowledge, experience and high level of insight in their respective fields. As for internal Directors, this table shows areas of knowledge and experience which internal Directors have. As for Outside Directors and full-time Audit & Supervisory Board Members, this table covers areas where the most significant contributions to management are expected due to the greatest possible use of the professional viewpoints and extensive knowledge of these individuals. The reasons for selecting these categories are explained on (P182)

Name	Role	Principal Specialized Area of Experience / Areas in Which Officers are Expected to Make a Particular Contribution									Governance, Nomination and Remuneration Committee	Women's Advancement Committee	Main Role, Career History, Qualifications, etc.
		All Aspects of Management	Global	Marketing / Sales	Self-Transformation / DX	SDGs & ESG	Health & Medical Care	Finance, Accounting & Risk Management	Human Resources Strategy	Internal Control & Legal Affairs / Compliance			
Masahiro Okafuji	Chairman & Chief Executive Officer Representative Director	○	○	○	○	○	○	○	○	○	□		President, Textile Company; President & CEO, ITOCHU Corporation
Keita Ishii	President & Chief Operating Officer Representative Director	○	○	○	○	○	○	○	○	○	□		President, Energy & Chemicals Company, ITOCHU Corporation
Fumihiko Kobayashi	Representative Director	○	○		○	○	○	○	○	○	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Representative Director	○	○	○	○	○		○	○	○			General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai	Representative Director	○	○	○	○	○		○	○	○			CEO for Africa Bloc; CEO for Europe Bloc; President, Machinery Company, ITOCHU Corporation
Hiroyuki Naka	Representative Director	○	○	○	○	○		○	○	○			General Manager of Corporate Planning & Administration Division, Chief Strategy Officer, Chief Digital & Information Officer ITOCHU Corporation
Masatoshi Kawana	Outside Director	◎				◎	◎				□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	Outside Director				◎			◎		◎	□	■	Certified Public Accountant in Japan
Kunio Ishizuka	Outside Director	◎		◎						◎	■		President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.
Akiko Ito	Outside Director					◎	◎			◎	□		Commissioner, Consumer Affairs Agency
Makoto Kyoda	Full-time Audit & Supervisory Board Member					◎		◎		◎			CFO, Food Company, ITOCHU Corporation
Yoshiko Matoba	Full-time Audit & Supervisory Board Member		◎			◎				◎		□	General Manager of Research & Public Relations Division, General Manager of Human Resources & General Affairs Division
Kentaro Uryu	Outside Audit & Supervisory Board Member			◎				◎		◎	*		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Tsutomu Fujita	Outside Audit & Supervisory Board Member	◎	◎					◎				□	Vice Chairman and a board member, Citigroup Global Markets Japan Inc.
Kumi Kobayashi	Outside Audit & Supervisory Board Member				◎			◎		◎		□	Certified Public Accountant in Japan; Certified Public Tax Accountant in Japan

■ Chair □ Member * Observer

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

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

Corporate Governance

Reasons for Selections of Principal Specialized Area of Experience/Areas in which Officers are Expected to Make a Particular Contribution

Area	Reasons for Selection
All Aspects of Management	ITOCHU is a general trading company that operates in diverse business sectors. The oversight of business operations requires knowledge of this area in order to participate in discussions about business plans and strategies that can enhance corporate value based on the spirit of "Sampo-yoshi".
Global	Knowledge of this area based on understanding different cultures and geopolitics is required because ITOCHU operates on a global scale as a general trading company.
Marketing / Sales	Knowledge of these areas is required because promotion of "Earn" measures is a key element of ITOCHU's operations, which depend on leveraging sales capabilities as a "Merchant," from a market-oriented perspective.
Self-Transformation / DX	ITOCHU realizes sustained growth by drawing on comprehensive strengths as a general trading company accompanied by self-transformation in a flexible manner that reflects changes in the external environment. ITOCHU does not make DX itself a target. Instead, by self-transformation, ITOCHU steadily builds up individual projects that are expected to swiftly contribute to profit namely those that optimize supply chains, etc. while leveraging existing business foundations. Knowledge of these areas is required for taking these actions.
SDGs & ESG	ITOCHU aims for sustained growth with a commitment to capitalism with greater emphasis on serving all stakeholders, which is "Sampo-yoshi capitalism." ITOCHU sets to solve the seven identified material issues through business operations, including addressing climate change, to contribute to accomplishing the Sustainable Development Goals (SDGs). Consequently, knowledge of these areas is required.
Health & Medical Care	People is the most valued management resource of ITOCHU. Developing capability and enhancing the health is essential for maintaining a powerful workforce that can fulfill our Guideline of Conduct: "I am One with Infinite Missions." Consequently, knowledge of these areas is required.
Finance, Accounting & Risk Management	Sustained growth requires strong financial foundation, accurate financial reports, and the analysis of risks when examining M&A and other projects. A quantitative framework of administrative divisions which support business divisions is also essential. Consequently, knowledge of these areas is required for constantly implementing the "Earn, Cut, Prevent" principles.
Human Resource Strategy	ITOCHU clearly identifies human resources as a key component of management strategy. Knowledge of this area is required in order to effectively implement various initiatives, such as work-style reforms to enhance corporate value.
Internal Control & Legal Affairs / Compliance	ITOCHU maintains an appropriate structure for the monitoring and audit of management in order to ensure appropriate and efficient execution of operation. Knowledge of these areas is required in order to make constant improvements to this structure and implement "prevent" measures.

Checking and Balancing System by the Independence Executives

Criteria for the Independence of Directors/ Auditors

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed on our homepage. Please refer to the following.

* Independence Criteria for Outside Directors and Outside Corporate Auditors
 (https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf) 

- ITOCHU has established a de minimis standard of ¥10 million per fiscal year relating to a donation made by the Company. ITOCHU views that a donation within the de minimis standard above is unlikely to affect our investor's judgment on its voting, thus description on such donation is omitted from our filings of independent directors/ auditors.

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

Independent Outside Directors

Mr. Kawana attended all 15 meetings of the Board of Directors held during FYE 2023. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, he was a member of the Governance and Remuneration Committee and the Nomination Committee, and contributed to upgrade governance and increase the objectivity of succession plans and selections of officers. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and internal epidemic prevention in the period of COVID-19 pandemic.

Ms. Nakamori attended all 15 meetings of the Board of Directors held during FYE 2023. She mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, she chaired the Governance and Remuneration Committee, leading discussions about evaluations of the Board of Directors' effectiveness and other governance subjects and the remuneration of officers, and contributed to speeding up support for women's advancement as a member of the Women's Advancement Committee. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.

Mr. Ishizuka attended all 15 meetings of the Board of Directors held during FYE 2023. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2023, he chaired the Nomination Committee where he led practical discussions regarding selections of senior executives and the succession plan. Additionally, he made many useful suggestions and proposals based on his expertise and experience regarding promoting the business transformation from the point of view of incorporating the needs of the market into ITOCHU's products and services.

Outside Directors actively advise and provide recommendations, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and ensure and enhance the effectiveness of the monitoring and supervising function of the Board of Directors and transparency of decision-making by appropriately demonstrating to the internal Directors their supervisory functions based on various perspectives and their management advice function of the Outside Directors.

Independent Outside Audit & Supervisory Board Members

Mr. Uryu attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE 2023. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE 2023, 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.

Corporate Governance

Significance of Holding and ITOCHU's Policy on the Governance of Its Listed Subsidiaries

ITOCHU has 188 consolidated subsidiaries (as of the end of March, 2023) 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.

As of June 23, 2023, ITOCHU's listed subsidiaries are ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd., C.I. TAKIRON Corporation and Prima Meat Packers, Ltd., and ITOCHU respects the autonomy of these listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality (ITOCHU has not entered into any governance related agreements with these listed subsidiaries). In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which functions of their independent Outside Directors are well assured.

Each of the above-mentioned subsidiaries 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, and/or special committees to evaluate and discuss about the important transactions and actions, which may have a conflict with the controlling shareholder. 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 conducting 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. Further, ITOCHU fully respects the decision of the advisory committee to the board of directors, which has the function of nomination, in exercising voting rights regarding the selection or removal of independent directors or nomination process of independent directors of our listed subsidiaries.

ITOCHU does not believe that the dissolution of parent-subsidiary listings should be uniformly carried out based solely on the fact that a subsidiary is publicly listed. As stated below, we recognize the significance of each individual subsidiary's holding rational and strive to establish and maintain an effective governance structure to prevent conflicts of interest. Additionally, while considering the strategic positioning of each subsidiary within ITOCHU Group, we make individual assessments of holding policies of listed subsidiaries without limiting the options, based on a case-by-case basis. Holding policies are deliberated by the Division Company that has the investment and discussed annually in the management meetings. The decisions regarding the holding policies of each listed subsidiary are made taking these discussions into account and are shared with Outside Officers.

On the premise of the above-mentioned governance system, the significance of holding a listed subsidiary includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group; (3) reduction of the ITOCHU'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:

Corporate Governance

Company	Significance of Holding
ITOCHU Techno-Solutions Corporation	ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU Group's investees and business partners, and utilizes our group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value. ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.
ITOCHU ENEX CO., LTD.	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., utilizing ITOCHU Group's extensive domestic and international network, promotes initiatives in the new energy field which contribute to achieving the SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value.
ITOCHU-SHOKUHIN Co., Ltd.	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its existence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing our Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as contribution to customers through creating sales floors which utilize digital transformation (DX), etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUHIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value.
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 Group's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our Group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained.

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

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

As of June 23, 2023, ITOCHU holds investments in multiple listed affiliated companies. Regarding these affiliated companies, we take care to avoid conflicts of interest in transactions with them and, based on the actual conditions of each company, including capital relationships and transaction status, we respond as necessary in a manner similar to that of listed subsidiaries. It should be noted that the common significance of holding each listed affiliated company includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group including synergies among ITOCHU and listed affiliated companies; 3) reduction of the ITOCHU's financial burden on the listed affiliated companies; and 4) securing excellent human resources, among others. Each listed affiliated company has a business relationship with ITOCHU and they utilize the wide network that ITOCHU possesses as a trading house to expand their respective product and service transactions, promoting collaboration. The relationship between each listed affiliated company and ITOCHU contributes to the mutual enhancement of corporate value as business partners.

Corporate Governance

Basic Policy Regarding the Internal Control System and its Operational Status

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 regarding the Internal Control System and its Operational Status as of June 23, 2023. ("Basic Policy regarding the Internal Control System" was approved by Board of Directors on April 19, 2006, and the latest revision was made on May 14, 2021).

Basic Policy Regarding the Internal Control System

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 corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors 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 Executive 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 auditors 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 and social risks, 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.

Corporate Governance

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 Executive Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President and Chief Executive 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 corporate auditors 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 corporate auditors 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 auditors 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 Corporate Auditors, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

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

Corporate Governance

7. System for Reporting by Directors and Employees to Corporate Auditors

(1) Attendance at Important Meetings

The corporate auditors 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 corporate auditors 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 corporate auditors 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 corporate auditors immediately after such decisions are made.
2. Employees are to have the right to report directly to the corporate auditors 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 corporate auditors and to ensure thorough familiarization with this prohibition.

8. System for Reporting by Directors, Corporate Auditors and Employees of Subsidiaries or by a Person who Received a Report from Them to Corporate Auditors

(1) Reporting System

1. The directors and corporate auditors of subsidiaries may report directly to the corporate auditors 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 corporate auditors 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 corporate auditors 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 Corporate Auditors and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When a corporate auditor 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 Corporate Auditors by the Audit Division

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

(2) Retaining External Experts

When deemed necessary, the corporate auditors are to independently retain outside experts for the implementation of an audit.

Corporate Governance

Overview of the Operational Status of Internal Control System

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. As of FYE 2024, the Internal Control Committee is chaired by Chief Strategy Officer with the Corporate Planning & Administration Division as secretariat, and consists of Chief Administrative Officer, Chief Financial Officer, General Manager of Internal Audit Division, and an external expert (attorney) as members. Corporate Auditors 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 twice 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 2023, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 8 times.

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

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 9, 2023 evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for FYE 2023 and confirmed that there were no significant deficiencies or defects.

Initiatives to Further Enhance the Reliability of Financial Reporting

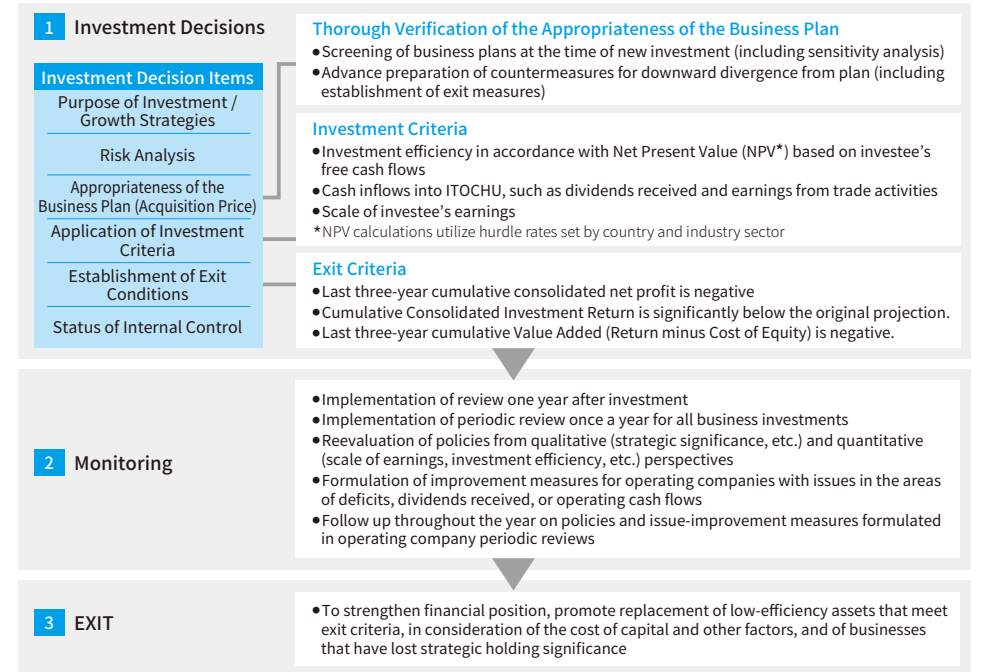
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has been appointed in each organization to design and implement internal control. The Internal Audit Division evaluates the effectiveness of internal control and provides feedback to each organization to ensure the continuous improvement. Overall management of these initiatives is conducted by the Internal Audit Division, and important matters are determined through deliberations in the Disclosure Committee chaired by the CFO. In this way, we are working to reinforce the companywide internal control system.

Strengthening Risk Management on a Group Basis, Including Subsidiaries

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis.

Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on Group balance sheet management as well as analysis and management of risk.

■ Process for Investments



Corporate Governance

Managing Concentrated Risks

We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Country limits are deliberated by the Asset Liability Management (ALM) Committee and approved by the HMC.

Business Continuity Plan

ITOCHU Corporation has formulated, and is regularly reviewing, a Business Continuity Plan (BCP) to ensure that important business will not be interrupted, or when interrupted, the interruption shall last for only a short period, when unforeseen circumstances such as natural disasters, large earthquakes, epidemics of infectious diseases, terrorist attacks, etc. occur. We have formulated a plan for in the event of a large-scale disaster. We have divided our response into four stages from BCP invocation to complete recovery - (1) initial recovery, (2) BCP invocation, (3) business restoration and (4) complete recovery. We have stipulated those who will give orders and the matters that will be dealt with for each of these stages. The formulation of a BCP is targeted to the ITOCHU Group as a whole, and is formulated separately for each business segment and function section.

When the Great East Japan Earthquake occurred in March 2011, we set up headquarters based on BCP, and quickly confirmed the safety of our employees and established a support system for the Tohoku branch. Although the Tohoku branch suffered great damage, we were able to take the necessary measures. Additionally, we also examined supporting measures for group companies, business partners, municipalities, etc., and carried them out accordingly.

Risk Management

Policy and Basic Concept


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

We acknowledge risk management as a key management issue. Therefore, we have established our basic risk management policy and develop necessary risk management systems and techniques based on the concept of the COSO-ERM framework. Specifically, we are responding to the following major risks by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis. In addition, we periodically review the effectiveness of management systems through our internal committees. Moreover in accordance with the medium-term management plan, we conduct risk assessments across the company to reevaluate the risks we are currently aware of and identify risks comprehensively.

- | | |
|---|--|
| 1. Compliance Risks | 10. Foreign Exchange Rate Risks |
| 2. Legal Risks (Excluding Compliance Risks) | 11. Interest Rate Risks |
| 3. Risks Associated with Trade Security Policy Management | 12. Financing Risks |
| 4. Risks Associated with Customs | 13. Information System and Security Risks |
| 5. Country Risks | 14. Labor Management Risks |
| 6. Commodity Price Risks (Specific, Important Product) | 15. Human Resources Risks |
| 7. Credit Risks | 16. Risks Associated with the Appropriateness of Financial Reporting |
| 8. Investment Risks | 17. Risks Associated with Internal Control |
| 9. Stock Price Risks | 18. Environmental and Social Risks |

Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control. 	<ul style="list-style-type: none"> Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	We reviewed the progress of the action plans of the FYE 2023 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to the Internal Control Committee that Itochu's internal risk management system is active, which was held in October 2022 (review of the first half of FYE 2023), and in April 2023 (review of the second half of FYE 2023, and the action plans for FYE 2024).

Risk Management

Structures and Systems

Risk Management Structure

Risks associated to business operations are managed under oversight from the board of directors, within the responsibilities mandated to our division companies, Headquarters Management Committee (HMC), and relevant committees.

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems and reports on results and findings to the board of directors.

At the Group level, ITOCHU's structural approach to risk management is overseen by the President and Chief Operating Officer (COO) and the Board of Directors and aims to ensure timely and sound executive decision making. The HMC, which is chaired by the President and COO and comprised of the Chairman and Chief Executive Officer (CEO) and other executives appointed by the President and COO, is the committee that sits at the highest level regarding our risk management system. Subsequent committees that report up to the HMC, also referred to as Principal Internal Committees, which include the Internal Control Committee, Disclosure Committee, ALM Committee, Compliance Committee, Sustainability Committee, and Investment Consultative Committee, are responsible for identifying and addressing risks and incidents in their respective fields.

The Sustainability Committee, one of the Principal Internal Committees introduced above, is tasked to promote sustainability in the ITOCHU Group's company-wide risk management. The Committee manages operational ESG risks such as human rights risks, health and safety risks, climate risks, and natural disaster risks, as well as ESG risks related to investments. The Committee cooperates with other Committees as necessary and makes decisions on policies and initiatives to address ESG risks and operational improvements to further mainstream sustainability concerns in our risk management culture. Activities and findings are compiled by the Committee and reported to the Board of Directors annually.

At the individual Company level, each Company's President reports to the Division Company Management Committee (DMC), an advisory body to the Companies. The DMC deliberates on important issues such as those regarding investments, lending, assurance, and business management that have the potential to substantially impact the management of each company. If the risks identified or escalated exceed beyond the responsibilities mandated to the DMC, depending on the gravity of the risk and upon deliberation with other committees as necessary, risk issues may be escalated to the HMC and/or the Board of Directors.

ITOCHU is a company with Audit & Supervisory Board Members and 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. Auditors are therefore independent from the Committees within our risk management structure, including the HMC, but do attend Committees to perform their monitoring/supervising responsibilities. The executives chairing each respective Committee is also required to report

to the HMC and/or the President and COO as necessary. The Audit Department directly under COO and other corporate staff departments oversee risks and our group-wide approach to managing risks as assigned within their mandated responsibility, and are also required to support the HMC and their subsequent Committees.

- Organization chart regarding the ITOCHU Group's corporate governance structure and internal controls system (P171)
- Overview of ITOCHU Group's main internal committees (P179)

With the business environment being filled with rapid changes and uncertainty, the ITOCHU Group recognizes the importance of predicting and preparing for various eventualities. As such, we create and analyze various risk scenarios regarding the various elements of the macroeconomic environment, such as political, legal, economic, socioeconomic, and technological factors, and consider relevant future impacts in our management planning.

Please see here for our non-financial capital PEST analysis reported in the Integrated Report. (https://www.itochu.co.jp/en/ir/doc/annual_report/online2023/pest.html).

Initiatives

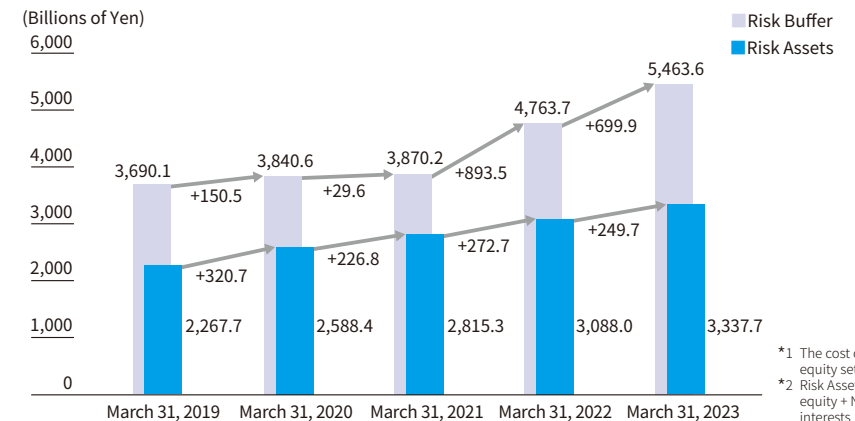
Risk Management

Risk Capital Management*1 and Management of Concentration Risk

Strict Management of Risk Assets

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

Risk Assets*2 and Risk Buffer



Risk Management

Business Investment Management

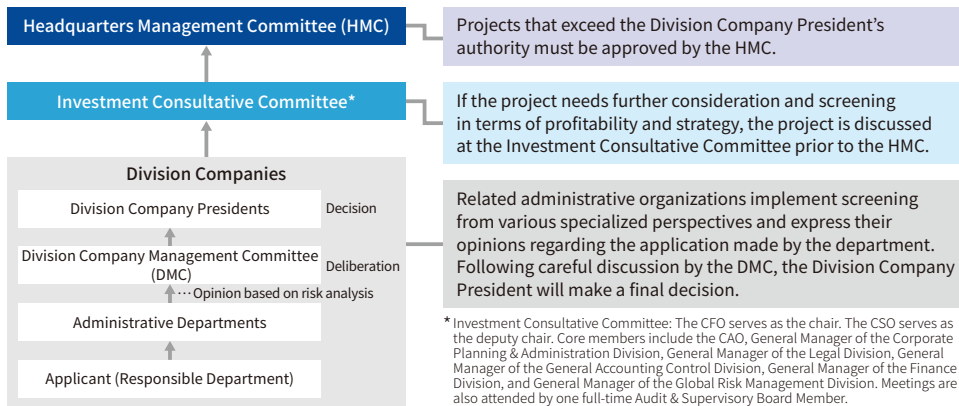
Fundamental Approach

Along with strategic business alliances, business investment is an important means of creating new businesses. To actively promote strategic investments in areas of strength in a timely manner, we choose the optimal structure from a wide range of methods, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary.

In principle, we hold investments continuously. After making each investment, we work to maximize the investee's corporate value and to expand trading profit and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as larger-scale investments in recent years, we are rigorously screening the appropriateness of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures, centered on instituting more rigorous exit criteria and thoroughly implementing periodic investment review.

Decision-Making Process for New Investments

A multilayered decision-making process that achieves quick decision-making by giving a certain level of discretion to the Division Companies while striving to pursue investment return and curb investment risk.

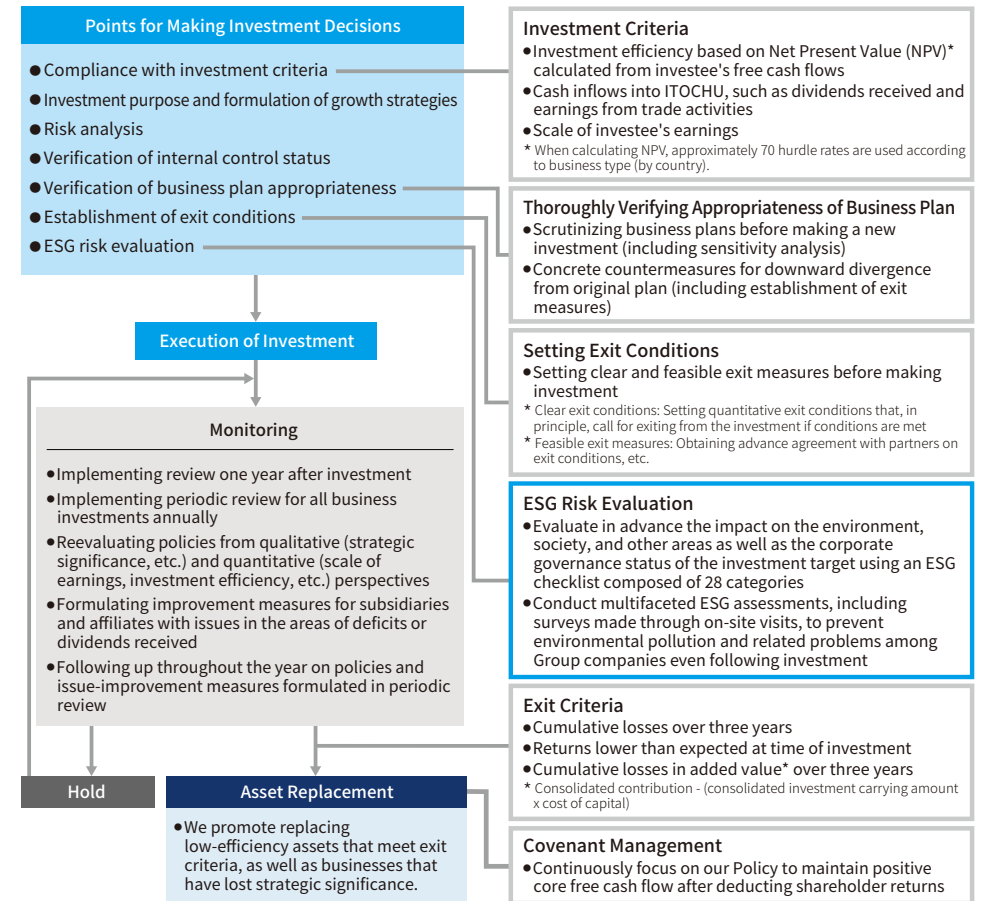


Business Investment Process

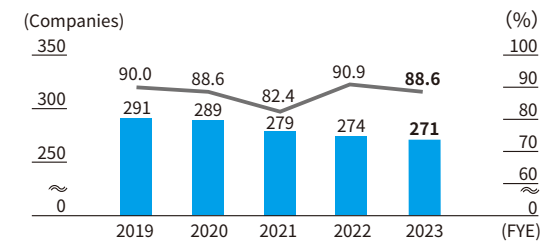
Starting with the impact of COVID-19, the business environment changed dramatically.

Against this background, we steadily implemented strategic investment at the right time and divested businesses which are less efficient or past the peak.

At the same time, we strictly implemented various processes, including the verification of the validity of business plans at the time of investment decisions, and meticulously monitored those decisions after investing. This allowed us to maintain a high ratio of profit-making group companies at 88.6% in FYE 2023.



Number of Consolidated Subsidiaries and Share of Group Companies Reporting Profits



■ Number of Consolidated Subsidiaries (Left) ■ Share of Group Companies Reporting Profits (Right)

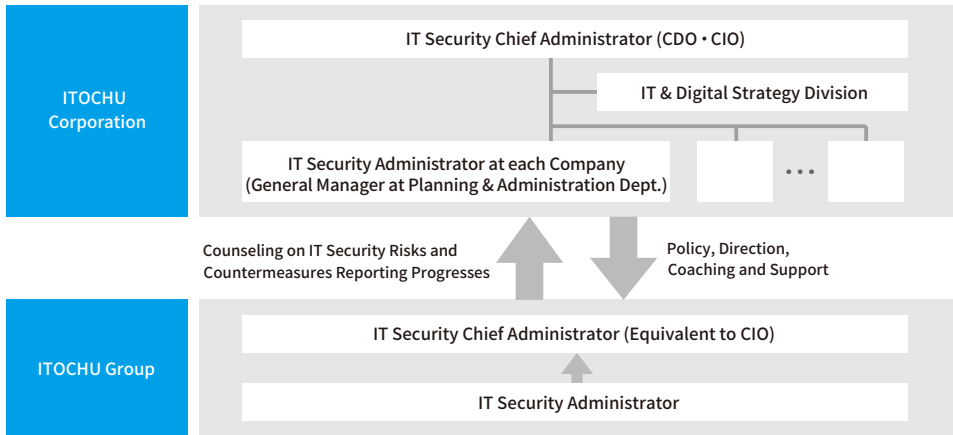
Risk Management

Security Risk Management

Policy and Basic Concept

The ITOCHU Group aims to reduce and avoid information and data security risks by taking a structured approach to ensure a high level of information security. The Information Security Policy (<https://www.itochu.co.jp/en/security/index.html>) is communicated to all of our executives and employees and serves as the overarching policy that guides our information management initiatives. We have also established the Information Management Code, which includes a code of conduct specific to information and data security to which our executives and employees must comply to. More specifically, rules and standards are strictly set regarding the management of personal information, documents, and IT security to prevent information leakage and breaches.

Structures and Systems



Name	Chairman	Objectives
IT Strategy Council	CDO · CIO	Deliberates regarding IT Strategy (Annual IT Strategic Plan, etc.)

Initiatives

ITOCHU has formulated a company-wide information strategy for digital transformation (DX) and data-driven management and is aiming for IT-based management. In order to ensure a high level of information security that supports these management foundations, we continue to take thorough measures for crisis management, including the establishment of security guidelines, the expansion of security infrastructure, and the strengthening of technical security measures for malware, etc.

We routinely collect the latest information regarding potential cyber threats by analyzing system logs and malware. Additionally, when incidents do occur, we respond instantly by investigating their causes, discussing possible countermeasures, and restoring services. This is done by the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCCERT) – a cybersecurity team whose members are senior cybersecurity analysts. As a framework for cybersecurity governance in the ITOCHU Group

companies, “ITOCHU Group Cybersecurity Framework”, which is constituted of regulations, systems and processes, was rolled out from 2022. In addition, ITOCHU Cyber & Intelligence Inc. was established in February 2023 to provide the Cybersecurity Countermeasure Programs to Group companies, thereby ensuring sustainable and practical operations for the framework. We also provide training programs to develop technicians proficient in cybersecurity, including at Group companies. There are only a few cases in Japan where companies are working as actively as we are to develop systems and respond to information security risk. Moving forward, we plan to maintain these initiatives and make enhancements where necessary to ensure sustainable growth that is free from cyber threats.

We periodically engage in the training programs listed below to maintain and improve our information security program.

- We give training to all employees on how to identify and respond to targeted e-mail attacks twice a year.
- All global employees including those in group companies are subject to a mandatory, simultaneous e-learning course on information security, which is held every three years.
- Several times a year, the ITCCERT leads an internal cybersecurity workshop for the ITOCHU Group companies.
- Policies regarding information security and the management of personal information are required to be communicated to employees upon hiring. If amendments or updates are made to these policies, all executives and employees receive a notification of the changes made. Employees are also updated on such amendments in their periodic e-learning trainings.

Business Continuity Plan

In order to ensure business continuity under extreme circumstances, including natural disasters (such as major earthquakes), pandemics, terrorist attacks, cyber-attacks and security incidents, the ITOCHU Group establishes a Business Continuity Plan (BCP). The BCP aims to prepare us for unpredictable incidents and minimize disruptions to our business. It is subject to regular reviews and revised as necessary.

The BCP outlines four stages between the occurrences of a major incident to the full recovery of our business: 1. Emergency response and immediate recovery 2. BCP implementation 3. Operational recovery 4. Full recovery. Each stage in the BCP clearly appoints responsibilities to certain personnel and outlines response protocols. The ITOCHU Group’s BCP is subject to all group-wide operations and is supplemented by business segment and department-specific provisions.

Regarding the COVID-19 Pandemic that began in late 2019, the ITOCHU Group responded by establishing an emergency response task force. In addition to ensuring the health and safety of our immediate employees and their families, as a trading company that prides itself in consumer goods, it is also important to us that we fulfill our duty to consumers and their livelihoods by maintaining stable operations in our various supply chains. By taking a risk-based approach to handling the COVID-19 Pandemic but also prioritizing business continuity, we continued to do our best in fulfilling our social responsibility.

Compliance

Policy and Basic Concept

- All officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct based on high ethical values.
- ITOCHU is to designate a representative director as the Chief Officer for Compliance (Member of the Board · CAO) 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.

Targets and Action Plan

Risks	Opportunities
<ul style="list-style-type: none"> • Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control. 	<ul style="list-style-type: none"> • Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Ensuring compliance	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic compliance attitude survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> • In the period of April-May 2022, we conducted “Monitor and Review” of the ITOCHU Group’s compliance system for FYE 2022, which covered 452 organizations, including ITOCHU Corporation’s all divisions in head quarter, all domestic branches, overseas blocks, and ITOCHU Group companies and their subsidiaries. The purpose is to understand and promote the status of the compliance system in each organization. • In the period of September-November 2022, we conducted the monitoring survey on compliance with “the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade” and “the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” in ITOCHU Corporation and 63 ITOCHU Group companies in Japan. In the course of such survey, we performed individual hearings and fact-finding investigations based on answers to questionnaire in certain prescribed format, as a result of which we found no serious concern on that. • In the period of Dec/2022-Feb/2023, we identified compliance-related cases occurred in ITOCHU Group companies, for which recurrence prevention measures were formulated in FYE 2022 and monitoring was thought to be highly necessary. As a result of the monitoring on the implementation status of the formulated measures, we confirmed that they were properly implemented. • The status of our periodical on-site compliance training seminars in FYE 2023 is as follows: For ITOCHU Corporation: 3,263 employees (who all watched the training video); For ITOCHU Group companies in Japan: 14,872 employees in total, of which (i) the webinar sessions and/or on-site sessions were provided for 49 companies in 86 occasions with 7,108 attendees; and (ii) the training video were provided to 7,764 viewers of 28 companies (including companies that participated in webinar courses as well).

Compliance

Structures and Systems

ITOCHE Group's Compliance System

The ITOCHU Group is developing a system for compliance by having the Compliance Department of the Legal Division plan and suggest policies and measures to encourage compliance throughout the entire Group and appointing compliance officers in each organization within ITOCHU Corporation, overseas offices and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter referred to as the “companies subject to compliance management”).

The Compliance Committee is chaired by the CAO and consists of two external members and heads of relevant administrative divisions and sales divisions as internal members. It deliberates on matters related to compliance as a permanent organization on business operations and is held two times a year in principle. The most recent Compliance Committee meeting was held on March 1st, 2023.

The ITOCHU Group Compliance Program shows policy for developing compliance promotion system so that each organization within ITOCHU Corporation, its overseas offices, and companies subject to compliance management can ensure compliance by taking into account business characteristics, operational formats and local laws. At the same time, the Compliance Committee reviews the effectiveness and validity of the program every fiscal year based on laws/ordinances and social trends. The committee then revises and approves this program as appropriate.

The ITOCHU Chief Officer for Compliance (CAO) and the compliance officers of each organization, overseas offices and companies subject to compliance management report the situation of compliance system operation and the results of the Monitor & Review surveys in accordance with the ITOCHU Group Compliance Program to the respective board of directors and top management (e.g., presidents, compliance officers and management councils) once a year in principle.

The Internal Audit Division of ITOCHU confirms the compliance system operation in the relevant organizations and overseas blocs as appropriate. It does this in compliance audits to verify that the compliance system in the ITOCHU Group is functioning appropriately and regular audits on organizations (including supervising group companies) and overseas blocs in ITOCHU.

Moreover, the directors of ITOCHU and our group companies are obliged to report any serious compliance incidents with laws/ordinances and our Articles of Incorporation to the Audit & Supervisory Board members of the respective companies.

Across the Group, we conduct Monitor & Review surveys once a year to check the status of compliance systems and operations of each organization. In addition, as for key organizations such as overseas offices and companies subject to compliance management, we are implementing activities with a focus on the constant improvement and enhancement of our compliance structure. For example, we have been utilizing the Internet to provide on-site training using compliance incidences that have actually occurred as the teaching materials even during the COVID-19 pandemic. Furthermore, based on trends in former compliance incidents and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures for each organization, and these measures are steadily being implemented.

In addition, to ensure compliance throughout the Group, at individual performance evaluations every fiscal year, we confirm all employees have complied/will comply with laws, regulations, and other rules in writing.

Response to Compliance Incidents (Violations)

The compliance officers in the relevant organizations make reports to the Chief Officer for Compliance (CAO) according to the prescribed standards and procedures if violations of laws/ordinances and internal rules – including those on the prevention of corruption – are uncovered or if it is determined there is a risk of a violation occurring in the organizations of ITOCHU, overseas offices and companies subject to compliance management. At the same time, the compliance officers in the relevant organizations play a central role in reporting results when dealing with such concerns (e.g., internal investigations, cause investigations and recurrence prevention measures) to CAO.

We set up an investigation committee as necessary under the direction of CAO for serious compliance incidents requiring consideration from a company-wide perspective. That committee reports the results of the investigation and the recurrence prevention measures to the Board of Directors.

Furthermore, ITOCHU then takes the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations.

We verify whether it is necessary to impose internal punishments on officers and employees involved in violations of laws/ordinances, including those concerning bribery, with reference to the internal regulations (e.g. work regulations) of each company. If necessary, we impose appropriate punishments such as pay or remuneration cuts according to the standards and procedures stipulated in the internal regulations upon consulting and cooperating with the relevant departments and experts inside and outside the company.

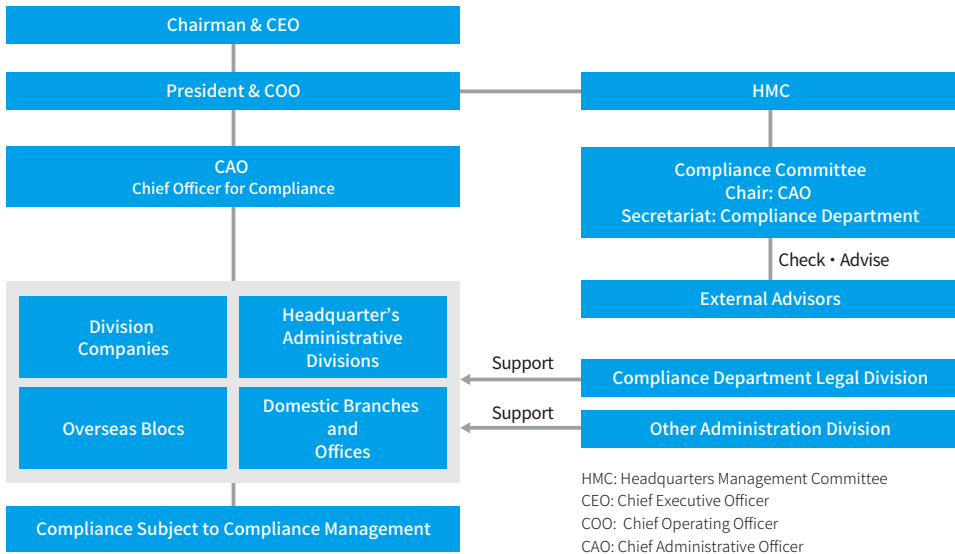
We take the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations.

There was no serious compliance incident (including any breach of customer privacy) which shall require public disclosure.

Compliance

Overview

■ The ITOCHU Group Compliance System



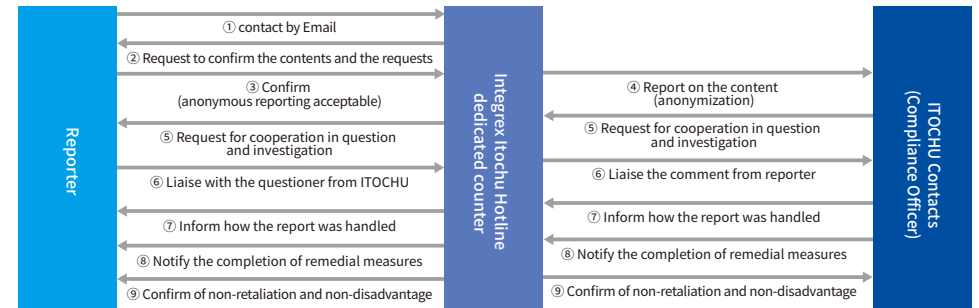
Internal Reporting System (Hotlines)

ITOCHU Corporation has formulated Internal Reporting Regulations and instructed the installment of similar rules at companies subject to compliance management as well. In addition to protecting whistleblowers through these arrangements, we have defined mechanisms for proper disposal of cases. This initiative is reinforcing compliance management by supporting the prompt discovery and rectification of any incidents of corruption, including bribery. The Internal Reporting System operation situation is reported to the Compliance Committee periodically.

ITOCHU Corporation has established multiple whistleblowing contacts both in Japan and overseas (including external whistleblowing contacts that utilize specialized company and external lawyers). We accept reports from employees who have an employment relationship with ITOCHU, those who have been dispatched to ITOCHU under a worker dispatch contract from a company that has entered into that contract with ITOCHU (temporary employees), and employees of group companies. It prohibits the unfavorable treatment (e.g., retaliation) of whistleblowers and allows whistleblowers to provide information anonymously. The following table shows the report numbers for the past three years through ITOCHU Corporation's whistleblowing hotlines.

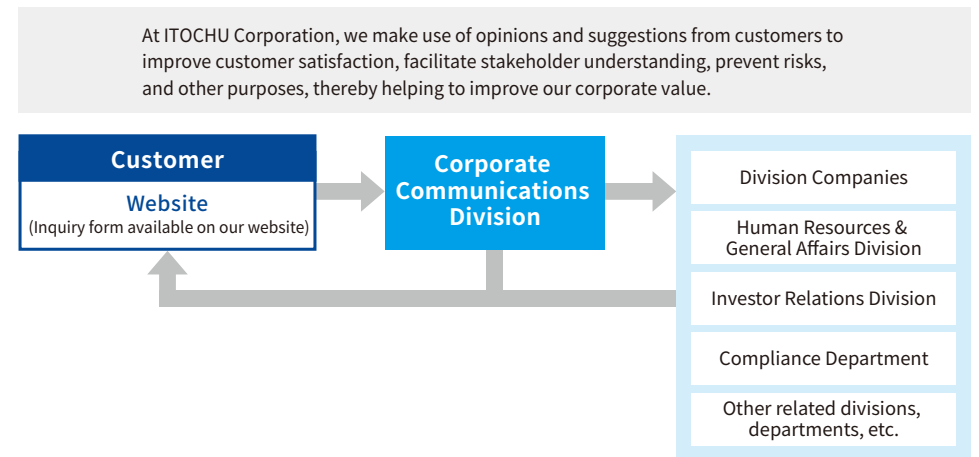
	FYE 2021	FYE 2022	FYE 2023
Report Numbers	71	86	98

■ Flow When Received a Report by the Japanese External Report Reception Desk (Integrex Inc.)



Consultation Desk for the General Public (including Stakeholders)

ITOCHU Corporation has established a system to accept opinions, proposals, and grievances and to accept inquiries from the general public and all our stakeholders, as described below.



Compliance

Initiatives

Implementation of Compliance Training

ITOCHU provides ongoing education and training on compliance. The aim is for each one of our officers and employees to understand the purpose of laws/ordinances and social norms and to then comply with these based on high ethical values.

On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as training materials while also focusing on the following points.

- Raising awareness of compliance with laws that need to be observed in the course of business
- Raising a wide-ranging awareness of compliance, including Anti-Corruption and Antimonopoly Acts
- Raising awareness of prevention of human rights violations such as power harassment and sexual harassment

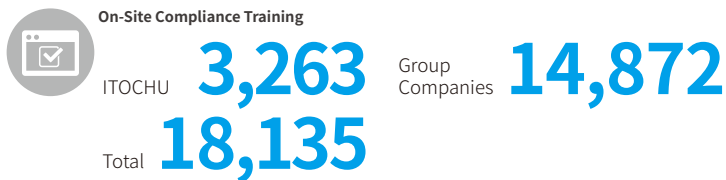
In FYE2023 (following on from FYE2022), face-to-face training was avoided as much as possible—due to the COVID-19 pandemic—and training was conducted mainly through webinars and video viewing, with 3,263 officers and employees participating. We also provided detailed education and training based on actual compliance incidents for each employee level, including training for new employees, managerial training, and training prior to overseas assignments.

Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats, and ITOCHU Corporation also conducted on-site Compliance training sessions for officers and employees of major Group companies in Japan. In FYE2023, 7,108 employees from 49 companies participated in training via webinars, while 7,764 employees from 28 companies (including companies that participated in webinar courses as well) in the form of video viewing, for a total of 14,872 participants.

We have also converted our Compliance Handbook—which provides advice on compliance (in Q&A format) for each potential work setting where employees might face compliance issues and advises what actions to take to prevent corruption—into digital format, making it available for all ITOCHU Group officers and employees to refer to, even when working from home.

Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group officers and employees, which confirms the level of understanding of the ITOCHU Mission, and assists with the implementation of specific initiatives. In FYE2022, the seventh year of the survey, we conducted a survey of 53,163 Group officers and employees and received responses from 52,870 of them (99.4% response rate). The conclusions drawn from the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. We are planning to conduct our eighth Compliance Awareness Survey in FYE2024.



Compliance

Bolstering Measures to Fight Corruption

The ITOCHU Group has established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

ITOCHU Group Anti-Corruption Policy

1. ITOCHU Group Anti-Corruption* Policy

The ITOCHU Group ensures the implementation of the compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization with acceptable standards in a modern society. We have no tolerance for any gain obtained through illegal means.

To address the risk of bribery and corruption, the ITOCHU Group has established rules that cover, among others, application and approval procedures and recording methods. These rules describe behaviors that are commonly found in scenarios where bribery or corruption take place, and instruct the strict observance of those rules. The rules were established based on “Regulations Concerning the Prohibition of Giving Illicit Benefit,” as well as four related guidelines about public officers, foreign public officers, business partners, and investments generally.

[ITOCHU Group Anti-Corruption Policy]

- No money, entertainment, gifts, or anything of value shall be given to any public or quasi-public official inside or outside of Japan, to obtain illicit gains.
- No money, entertainment, gifts, or anything of value shall be given to any director, officer or employee of any private entity, to obtain illicit gains.

2. Requests for All Partners

In order for the ITOCHU Group to implement the above anti-corruption policies, the ITOCHU Group requires the cooperation of all of its business partners and investment partners. When engaging with business partners, co-investors and targets of investments (collectively “Partners”), the ITOCHU Group is required by its internal rules to conduct due diligence on, and to enter into contracts containing anti-bribery provisions with such Partners.

On behalf of the ITOCHU Group we thank you for your understanding and cooperation.

April 1, 2020

Masahiro Okafuji

ITOCHU Corporation
Chairman & Chief Executive Officer

*Corruption: Making use of a position of power or authority for personal profit, including acts such as embezzlement, fraud, and money laundering.

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 are evidence of the global trend towards the tightening of legislation against bribery. In line with this trend, ITOCHU Corporation has strengthened its determination to fight these corrupt practices and strictly operates within the framework of the Regulation Concerning the Prohibition of Giving Illicit Profit and its three related guidelines (ie, guidelines regarding public officers, agents and consultants, and foreign public officers). Accordingly, our internal rules prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in equivalent positions. In December 2015, we revised “The guideline regarding agents and consultants” which is now part of “The guideline regarding business partners”. In this revised guidelines we have expanded its scope of application, and intensified the measures to fight corruption by establishing an investment guideline, which is designed to carefully check investment projects from the perspective of risk of bribery.

“The Regulation Concerning the Prohibition of Giving Illicit Profit” specifically forbids any payment (regardless of the amounts of money) aimed to facilitate ordinary administrative services and any other improper advantages it prohibits; and commercial bribery, which covers any improper advantage given to business partners in the private sector. Our internal rules also prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (eg, conflicts of interest).

“The guidelines regarding public officers and foreign public officers” include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis.

“The guideline regarding business partners” clarifies the process for comprehensive checks and stipulates the process of entering into new contracts and renewals of existing contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). Concerning overseas business partners, we use the Corruption Perceptions Index (CPI) published by Transparency International as one of our risk identification criteria.

In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, setting out the prohibitions of improper payments (bribery or the provision of improper advantages) and clearly stating that such contracts may be terminated immediately if the anti-bribery and anti-corruption provisions are breached.

“The investment guideline” includes specific provisions on the implementation of due diligence and procedures to obtain the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

In the training provided to officers, employees and others, we strive to raise awareness and instill ITOCHU Group Anti-Corruption Policy, the Regulation Concerning the Prohibition of Giving Illicit Profit and four related guidelines. We make sure that the regulation and guidelines are reflected in our personnel daily work to prevent corruption, including the provision of improper advantages. We also provide specialized training on bribery for organizations for which there is a possibility of involvement in businesses or regions where the risk of bribery is particularly high. We also manage our political contributions, charities, and sponsorship activities by referring to internal rules to ensure that they do not constitute corruption, and by following our internally specified routes of application for the approval of donations and sponsorship to ensure that such activities are socially just and meet ethical standards.

Compliance

The annual Monitor & Review surveys—which are mentioned in the ITOCHU Group’s Compliance System above—include checks on business-related entertainment and gift-giving to both domestic and foreign public officials; as well as on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management.

In FYE2023 there were no cases in which the ITOCHU Corporation was accused of acts of corruption, and no fine or administrative penalty charge was paid.

Measures to Fight Collusive Bidding and Cartels

ITOCHU established the Basic Regulations on the Compliance with the Antimonopoly Act., etc. and the specific operational guidelines titled the Standard on Prevention of Cartels and Collusive Bidding in November 2017. The purpose of this is to prevent involvement in collusion, cartels and other violations of the Antimonopoly Act. In addition, we thoroughly inform our employees about compliance with the Antimonopoly Act. We do this by preparing the Antimonopoly Act Compliance Manual, various monitor reviews, and education and training. We passed instructions at a meeting of the Board of Directors according to four exclusion measure orders we received from the Fair Trade Commission from FYE 2018 to FYE 2019. We have notified and thoroughly informed all our employees of the content of these resolutions.

Measures for Intellectual Property

To prevent infringements on intellectual property rights held by third parties in businesses directly affecting such rights, as well as in the ordinary course of business, ITOCHU implements measures to call attention to the issue by holding seminars for officers and employees and by establishing internal rules, regulations and manuals, that conform to applicable laws and regulations. We also define and apply internal rules to protect employees’ inventions and work, and rules for application, renewal, etc. of rights to properly manage and handle intellectual property rights that constitute property of the companies.

Basic Policy on Product Safety

ITOCHU Corporation has prepared a product safety manual for each internal company to assure safety. The manuals are based on its policy of observing obligations stipulated by laws related to the safety of the products it handles, and providing safe and secure products to its customers. We are going to continue with efforts to assure the provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

To ensure appropriate and efficient trading, which is the main pillar of our activities as a general trading company, ITOCHU Corporation is continuously enhancing and improving its import and export controls. The Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security. Accordingly, ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. The Compliance Program of ITOCHU is annually submitted to the Ministry of Economy, Trade and Industry of Japan as a company that has developed export control and an excellent management system. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also been providing information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future.

These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Basic Policy and Efforts against Antisocial Forces

ITOCHU Corporation makes it a basic policy to block any relationship or transaction with anti-social forces that threaten public order and safety. ITOCHU has established and strengthened the internal systems necessary to achieve this by providing education and awareness-raising activities to officers and employees on a regular basis and ensuring prior confirmation that counterparties of transactions do not fall under anti-social forces such as full investigation of new transactions.

Compliance

TAX

Policy and Basic Concept

ITOCHU Corporation and its subsidiaries (“the ITOCHU Group”) have established the ITOCHU Group Tax Policy, which represents its basic attitude and code of conduct towards tax practice, and strive to maintain and improve tax compliance by complying with the Policy. It is committed to fully comply with and follow the significance and spirit of all applicable Tax Rules, not to engage in transactions that are intended to evade taxes such as shift of income from jurisdictions with economic activities and value creation to tax havens, and to make appropriate tax payments.

ITOCHU Group Tax Policy

The ITOCHU Group has established a Basic Policy to comply with all applicable tax laws, rules, regulations, and tax treaties (collectively, “Tax Rules”) of each country and region where the ITOCHU Group conducts business. The ITOCHU Group is committed to uphold the interests of all its stakeholders, including all of the local communities in countries and regions where the ITOCHU Group conducts business, as well as the ITOCHU Group’s shareholders, creditors, business partners, and employees.

1. Basic Policy - Compliance with Tax Rules

The ITOCHU Group is committed to manage its business operations fully complying with and following the significance and spirit of all applicable Tax Rules, not to engage in transactions that are intended to evade taxes, and to make appropriate tax payments based on income earned from its business activities.

2. Tax Cost Management

In accordance with the Basic Policy, the ITOCHU Group strives to achieve effective tax cost management by eliminating double taxation and utilizing the favorable Tax Rules of each country or region.

3. Establishing and Maintaining Relationships of Mutual Trust and Fairness with Tax Authorities

The ITOCHU Group strives to disclose information in an accurate, timely and appropriate manner to ensure overall transparency of the ITOCHU Group’s tax matters and to establish and maintain a relationship of mutual trust and fairness with all tax authorities by making sincere response and engaging in constructive discussions, to ensure proper and fair taxation.

Established in December 2017
Revised in April 2023

Structure and System

ITOCHU CFO supervises the General Accounting and Control Division of ITOCHU, which is responsible for overall tax management including tax risk management, and oversees the appropriate tax payments. ITOCHU CFO also reports to the Board of Directors on the status of the execution of duties related to tax matters.

Executive Officer in charge : Tsuyoshi Hachimura, Member of the Board, Executive Vice President CFO

In accordance with the ITOCHU Group Tax Policy, the ITOCHU Group sets forth the basic action items to be performed and standards for business operations in the ITOCHU Group Tax Rules, and to appropriately implement the Rules, ITOCHU CFO has been appointed as the person ultimately responsible for Rules throughout the entire group, and General Manager of General Accounting Control Division of ITOCHU has been appointed as the person responsible for the management and the operation of the Rules throughout the entire group. In order for the ITOCHU Group to make appropriate tax payments, each department of the ITOCHU Group, in accordance with the Rules, acquires necessary tax knowledge, considers appropriate tax treatment of transactions, and makes appropriate tax filings.

Insider Trading Regulations

To prevent violations of insider trading regulations by its officers and employees, ITOCHU Corporation has established internal rules regarding the restriction of insider trading and conducts regular training, so as to ensure due compliance with these rules. In particular, we operate the Guidelines regarding the Reporting and Management of Insider Information, for handling important facts obtained from investment portfolio companies and transaction partners / suppliers (or other entities with which ITOCHU has a capital or contractual relationship.)

Perspectives on Information Management

ITOCHU Corporation has formulated “Information Security Policy” for all members of the board and employees to provide guidance on how to handle information with high security level. Also, in order to manage information required for business management activities properly, we formulated “IT Security Management Policy” for all officers and employees, which is a code of conduct for information handling. More specifically, we have determined rules and standards on personal information management, document management, and IT security; and we are striving to prevent the leakage of personal information and other confidential information. We have also established a management system for complying with the My Number Act (Japanese law regulating personal identification within Japan).

Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management, under the supervision of the Corporate Planning & Administration Division, IT & Digital Strategy Division, and the Legal Division. In the eleventh survey, which was conducted in FYE2022, the personal information management systems of ITOCHU Corporation and 136 companies subject to compliance management were checked from October to November 2021. Based on the results of the checks, we are determined to persist with the activities to encourage continued improvements at ITOCHU Corporation and its Group companies. At the same time, we have established a system and a support system for our operations using the advice and assistance of external lawyers.