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

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

### **1. Basic Policy**

ITOCHU Group adopts the spirit of “*Sampo-yoshi*” as our corporate mission. In Japanese, “*yoshi*” means “good,” “*sampo*” means three sides consisting of (1) the seller (“*urite*”), (2) the buyer (“*kaite*”) and (3) society (“*seken*”). “*Sampo-yoshi*” is therefore “*urite-yoshi*” (meaning “good for the seller”), “*kaite-yoshi*” (meaning “good for the buyer”) and “*seken-yoshi*” (meaning “good for society”). This spirit originates from the message of our founder *Chubei Itoh I*, the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “*Sampo-yoshi*” is the business spirit by which we aim to bring a positive effect into the world and to contribute to 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 the fundamental management policy of ITOCHU Corporation (“ITOCHU” or the “Company”) to build a fair and good relationship with various stakeholders based on our corporate mission and our guideline of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

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

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

Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance and Remuneration Committee and a Nomination Committee, both of which are chaired by an Outside Director and comprised of a majority of Outside Directors and Audit & Supervisory Board Members (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.

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

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

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

(Principle 1.4)

##### ■ Cross-Shareholdings

[Policy on Acquiring and Holding Cross-Shareholdings]

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

[The content of the verification regarding Cross-Shareholdings]

In order to manage our investment, we set an internal rule. Through annual review of all investments to non-affiliated companies including Cross-Shareholdings, we examine economic (quantitative) rationale based on returns on our investment, and review the strategic objectives of holding such investments, taking into consideration the likelihood that our investment purpose will be realized in the future. Investments that do not generate economic added value over two-years or investments that lack strategic objective based on such annual review will be, in principle, sold. Results of such annual review with

respect to Cross-Shareholdings are subject to further scrutiny through discussions at our Board of Directors meetings from the perspective of economic rationale and strategic objective. The Board of Directors has conducted a review of the listed investments to Non-Affiliated Companies including Cross-Shareholdings as of the end of March 2022, and confirmed the rationale for holding all stocks except for those where an Exit therefrom was planned.

ITOCHU places great importance on communication with each investee with the view to building, strengthening and maintaining business relationship as well as to improving the corporate value of both ITOCHU and each investee. In May 2015, ITOCHU adopted the following internal voting guideline with respect to Cross-Shareholdings to ensure that ITOCHU's voting rights on all of such investments are exercised in a timely and adequate manner.

[Voting Guidelines on Cross-Shareholdings]

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

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

(Principle 1.7)

■ Transactions between Related Parties

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

(Supplementary Principle 2.4.1)

■ Ensuring Diversity in the Promotion to Core Human Resources

1. Work-Style Reforms

ITOCHU has long recognized that securing organizational diversity is essential to achieving sustainable corporate development. Since FYE 2011, we have been implementing initiatives for all employees based on this awareness and the understanding that Work-Style Reforms help enable diverse human resources to thrive. Morning-Focused Working System, introduced in FYE 2014, encourages employees to change their mindsets to focus on efficiency by starting and leaving work earlier. These efforts have enabled employees to better handle time constraints imposed by childcare, nursing care and other family duties, helping them spend more time with their families and strengthen family ties. The system also helps employees find time for self-improvement and other private activities that contribute to professional fulfillment. Amid the prolonged slump in Japan's birthrate, which now constitutes a national crisis, the birthrate among ITOCHU employees has steadily grown since the introduction of the Morning-Focused Working System and, in FYE 2022, rose to 1.97. We attribute this increase to the success of the various measures executed thus far under Work-Style Reforms, including the Morning-Focused Working System. Beginning in May 2022, we implemented the Morning-Focused Flextime System, which is an upgraded version of Morning-Focused Working System, as well as the work-from-home system for all employees, enabling each employee to choose the work style that best fits their duties and lifestyle.

2. Promoting Core Human Resources

(1) Empowering Women

In October 2021, to further accelerate efforts to empower women, we established the Women's Advancement Committee as an advisory committee to the Board of Directors. The chair and half of the members of committee are Outside Officers. The committee has shared opinions from employees and workplaces and discussed policy and measures for accelerating the development of women for promotion to managerial positions and evolving toward flexible work styles.

As a result of these efforts, as part of our Action Plan for General Employers based on the Act of Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children, we aim to raise the percentage of managerial positions held by women to 9% by March 2024 (as of March 2023, this ratio improved to 8.6%). To date,

ITOCHU has made steady progress in appointing to key positions, including the first female general manager of an overseas office and the first female president of a Group company in Japan. As of March 31, 2023, the wage gap between male and female employees at the Company was 59.1%. The wage gap of full-time employee was 60.5%, and the primary factor for this gap is the difference in the ratio of management positions between male and female employees.

In order to create a work environment that allows women to thrive over the long term, beginning in FYE 2021, we have introduced a system that subsidizes the cost of cervical cancer screenings for employees age 34 and below and covers the cost of annual gynecological exams for employees age 35 and up. The prevalence of cancer during working age is higher among women than men. As such, we believe that initiatives to help employees balance work and cancer treatment will contribute to empowering women to achieve professional success.

In FYE 2023, we established a counseling desk through which employees can anonymously contact midwives commissioned by the Company to receive health-related consultations or assistance resolving anxieties about issues like balancing work with mental health, parenting, health issues.

To accommodate the diverse values of employees and the increased number of dual-income households, in FYE 2023, with an eye to ensuring compliance with the revised Child Care and Family Care Leave Law, we are further encouraging male employees to take childcare leave (as of March 2023, this ratio stood at 52%), providing allowances to help employees balance work and childrearing to support returning work early after child birth, and have established a new type of leave to support employees undergoing infertility treatment while working. Through these and other measures, we are expanding the range of work style options for employees. Furthermore, we designate an annual Diversity Week, during which we implement measures to promote understanding of people who take on nursing care, members of the LGBT community and others who require consideration in terms of workforce inclusiveness. By doing so, we strive to improve understanding of unconscious bias and create an environment that appreciates diverse value systems.

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

Going forward, we will continue to monitor the specific conditions of individual workplaces as we implement a cycle of consulting with workplaces, discussing matters at the Women’s Advancement Committee, and reporting to the Board of Directors in order to formulate and implement effective measures. We will proactively communicate these initiatives to the general public to promote gender equality, which is one of the SDGs, not only within ITOCHU’s workforce but also across Japan’s business community as a whole.

Action Plan for General Employers based on the Act of Promotion of Women’s Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children

[https://www.itochu.co.jp/en/csr/pdf/action\\_plan.pdf](https://www.itochu.co.jp/en/csr/pdf/action_plan.pdf)

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

We aim to hire, develop, and promote excellent human resources who can play key roles in profit expansion overseas. To this end, we have been promoting globally minded personnel strategies. We have created the ITOCHU Global Classification (IGC), a rank system based on positions and duties for employees at all levels worldwide, as well as leadership standards for business leaders at ITOCHU. Using a training framework based on the IGC, each year, around 100-130 locally hired overseas employees take part in training hosted by the Head Office. To support employee career development for these employees,

our approximately 9,500 optional online training programs are also offered overseas and are used by approximately 1,000 overseas local hires each year. In addition, to date we have stationed a total of around 100 overseas local hires at the Head Office in Japan in order to deepen their understanding of the Head Office's corporate mission and enable them to gain knowledge and experience and build their professional networks. Currently, the number of locally hired overseas employees in management positions is approximately 700, or approximately 40% of all such employees. As of April 2023, a total of eight locally hired foreign nationals have been assigned important managerial positions at locations in North America, Europe, the Middle East, and East Asia. We will continue to steadily develop human resources able to excel globally, aiming to increase the promotion of overseas local hires to management positions.

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

◆ Number of employees overseas and Number of managers among overseas employees hired locally  
[https://www.itochu.co.jp/en/csr/data/index.html?href=tab01-2#h3\\_society\\_03](https://www.itochu.co.jp/en/csr/data/index.html?href=tab01-2#h3_society_03)

### (3) Empowering Mid-Career Hires to Achieve Success

In response to the changing business environment, we proactively hire professionals throughout the year targeting sectors that are highly relevant to our business focus. We seek out individuals with particular strengths in their particular specialty based on the market-oriented perspective approach. After joining the Company, we are creating opportunities for new hires by holding get-togethers for them to build networks and arranging dialogue with top management so they can rapidly begin playing active parts in the organization.

In terms of promoting mid-career hires, as of March 2023, approximately more than 40% of mid-career hires have been assigned managerial positions, reflecting progress in retaining such individuals. Going forward, we will continue to empower mid-career hires to achieve professional success with an eye toward further promoting them.

Note: With regard to the promotion of core human resources, we recognize the gender gap in the number of managers as an issue that must be addressed, and have set specific numerical targets as stated above as a priority measure to support the advancement of women. On the other hand, we do not currently recognize any particular difference between the status of foreign nationals or mid-career hires with the status of other employee groups in terms of the proportional presence of managers among them. Accordingly, we have not defined specific numerical targets for these two employee groups. Instead, we simply aim to achieve an increase from the current number of managers among foreign nationals and mid-career hires and, to this end, are engaged in a variety of initiatives as described above.

#### (Principle 2.6)

##### ■ Functional Performance of Corporate Pension as an Asset Owner

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



(Principle 3.1(i))

■ Corporate Mission

[Corporate Mission]

The ITOCHU Group declares the spirit of “Sampo-yoshi” (“good for the seller,” “good for the buyer” and “good for society”) as our corporate mission, which spirit originates from the message of our founder Chubei Itoh I (the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture)). This original business spirit has been passed down through the years from ITOCHU’s establishment in 1858 to the present day, and it will continue to be passed down to many future generations to come. 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 ITOCHU aims to bring a positive effect into the world and to contribute to sustainable society for all. (Note) The origin of “Sampo-yoshi” is that the merchants of Ohmi were permitted to promote business activities in the regions they visited due to their contribution to the economy of these regions with the spirit of “good for society” in addition to “good for the seller” and “good for the buyer.” Therefore, “Sampo-yoshi” can be said to be the roots of today’s idea of sustainability. This spirit is evident in the personal motto of Chubei Itoh I, “Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society.”

[Guideline of Conduct]

The ITOCHU Group declares “I am One with Infinite Missions” as our Guideline of Conduct. These are words that realize our thoughts behind “Sampo-yoshi” and provide direction for ITOCHU Group employees in performing ideal business operations. Each individual employee should consider his or her business conduct on his or her own initiative in order to deliver “what is required to the right person and in the right manner” and thus we will be able to fulfil our individual capabilities, a strength of ITOCHU. “I am One with Infinite Missions” is the phrase that represents this aspect of ITOCHU. “I am One with Infinite Missions” is precisely the business philosophy of our founder, Chubei Itoh I, and the path to the materialization of ITOCHU Mission “Sampo-yoshi.” As one of the representative trading houses in Japan, we will remain grounded in our merchant spirit, and complete our infinite missions aim for better business operations that are good for the seller, good for the buyer, and good for society as well as for a better future.

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

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

■ Management Plan

Our current management plan for and in relation to FYE 2024 was disclosed on May 9, 2023. Please refer to the following URL to find the management plan:

[https://www.itochu.co.jp/en/ir/financial\\_statements/2023/\\_icsFiles/afieldfile/2023/05/11/23\\_ended\\_02\\_e.pdf](https://www.itochu.co.jp/en/ir/financial_statements/2023/_icsFiles/afieldfile/2023/05/11/23_ended_02_e.pdf)

(Principle 3.1(ii))

■ Basic Policy on Corporate Governance

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

(Principle 3.1(iii))

■ Policy and Process for Setting Compensation

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

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

In accordance with the above policy for determining the remuneration of Directors, our remuneration plan for Directors which includes the formula and calculation method for the individual payment amount for each director, is resolved by the Board of Directors with consideration of the annual financial plan following the deliberation at the Governance, Nomination and Remuneration Committee (Until June 22, 2023, Governance and Remuneration Committee. Same in this principle.) under the Board of Directors as voluntary advisory committees.

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

The Board of Directors has deemed that the remuneration for FYE 2023 is appropriate based on the fact that it adheres to the decision policy for the details of remuneration, as individual remuneration for Directors was decided using the calculation process and procedures in line with deliberations by the Governance, Nomination and Remuneration Committee and the resolution of the Board of Directors.

With respect to compensation paid to Directors for FYE 2024, please refer to “Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation” in section II-1 of this report. Only monthly remuneration is paid to the Outside Directors and bonuses and stock remuneration are not paid. Monthly remuneration paid to Audit & Supervisory Board Members is determined by consultation among Audit & Supervisory Board Members and bonuses and stock remuneration are not paid.

(Principle 3.1(iv))

■ Policy and Process for Appointing Directors and Audit & Supervisory Board Members  
Our policy and process for appointing Executive Officers, candidate for Directors and candidates for Audit & Supervisory Board Members are as follows:

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

Executive officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as Executive Officers) who are judged to be capable of assuming the role as the Executive Officers. Additionally, in order to reflect diverse opinions in our management, we will actively promote the appointment of women as the Executive Officers, and particularly appoint talented women who are expected to grow its competence regardless of age. For Executive Officers with managing titles, Executive Officers of important posts including Presidents of Division Companies and Officers responsible for overseeing each administrative functions, we will select individuals who are deemed suitable to shoulder the responsibilities that come with those positions from a wide talent pool that is constituted primarily from individuals with Executive Officer experience. 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 in terms of Executive Officers with managing titles or those of important posts including Presidents of Division Companies and Officers responsible for overseeing each administrative functions, based on their experience and performance) and submitted to the Governance, Nomination and Remuneration Committee (Until June 22, 2023, Nomination Committee. Same in this principle.) 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.

## 2. Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman & 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 (until June 22, 2023, Nomination Committee) for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

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

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.

(Principle 3.1(v))

### ■ Explanations on the Individual Appointments and Nominations

Company has disclosed reasons for appointment of each candidate for Directors and Audit & Supervisory Board Members in our notice of general meeting of shareholders. Please refer to the following URL with respect to the disclosure made in FYE 2024:

[https://www.itochu.co.jp/en/files/99\\_shoshu\\_e.pdf](https://www.itochu.co.jp/en/files/99_shoshu_e.pdf)

(please refer to pages 7-16 for candidates for Directors, and pages 17-23 for candidates for Audit & Supervisory Board Members)

(Supplementary Principle 3.1.3)

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

< Our Sustainability Initiatives >

ITOCHU has established the ITOCHU Group Sustainability Policy to set ITOCHU Corporation's initiatives to further sustainability in accordance with our corporate mission and the dynamic environment in which we operate. Our implementation of the policy is organized and systematic. In the course of implementation, we determined the Material Issues with priority need for a solution, then inserts the



Material Issues into Sustainability Action Plans. These plans guide operations in our trading and business investments as we carry out the policies in the mid-term management plan, thus helping to solve the aforementioned issues.

For ITOCHU's Governance Structure for Sustainability (as of June 23, 2023), please refer to Chart 1.

For details of our sustainability initiatives, please refer to the following URL.

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

#### < Climate Change Action >

ITOCHU has announced its long-term target of achieving net zero greenhouse gas (GHG) emissions by 2050. Moreover, in May 2019, we declared our support of recommendations issued by the Taskforce on Climate-related Financial Disclosures (TCFD), becoming a TCFD signatory. Since then, we have been verifying and disclosing our initiatives to address climate change as recommended by the TCFD.

For details of our initiatives to address climate change, please refer to the following URL.

[https://www.itochu.co.jp/en/csr/environment/climate\\_change/index.html](https://www.itochu.co.jp/en/csr/environment/climate_change/index.html)

#### ■ Investments in Human Capital etc.

The ITOCHU Group strives to secure and nurture human resources who can carry on the spirit of our corporate mission, "Sampo-yoshi," and embody our Guideline of Conduct, "I am One with Infinite Missions." To this end, we deem it essential to execute a human resource strategy designed to empower each employee to realize their full potential irrespective of race, sex, religion, nationality, age or other attributes, in addition to developing an environment supportive of empowerment. Accordingly, the Company endeavors to ensure that all Group companies can benefit from the sharing of best practices associated with its Morning-Focused Working System, commitment to health management, and other initiatives executed under Work-Style Reforms, as well as its human resource management practices. Moreover, ITOCHU is developing human resource strategies uniquely suited to its Group companies and the particular nature of business operations being undertaken by each.

#### 1. Human Resource Strategy as an Important Aspect of Management Strategy

ITOCHU has clearly defined its human resource strategy as a part of its management strategy. Our human resource strategy comprises six pillars: 1. Recruiting outstanding human resources, 2. Evolving work styles, 3. Enhancing health, 4. Employee-led career development, 5. Providing Evaluation and Compensation Commensurate with Results, and 6. Increasing Awareness of Participation in Management. This strategy is aimed at making maximum use of employee abilities to enhance labor productivity and corporate value while maintaining the lowest number of employees among the general trading companies (non-consolidated basis). Going forward, we will continue striving to create challenging but rewarding workplace environments in which all employees can exercise their abilities to the fullest.

#### 2. Human Resource Development Policy

ITOCHU Group works together as one to provide each employee with opportunities to pursue spontaneous learning and take on new challenges to gain robust business experience. By doing so, we push ahead with human resource development and provide career building assistance in a way that is aligned with the diverse skills and aptitudes our employees possess. Through these Group-wide initiatives, we will develop "Merchants" capable of fulfilling "Infinite Missions" and adapting to changes in the social environment and customer needs, with the aim of realizing "Sampo-yoshi," the ITOCHU Group's corporate mission.

Human resource development expenses were, in FYE 2000, repositioned by the Company as investment in human capital essential to supporting sustainable enhancement in corporate value. Therefore, we regularly review these expenses on a Company-wide basis and direct investment to achieve the best possible outcomes in terms of human resource development.

#### FYE 2023 Results

- Total investment in human resource development: ¥1.63 billion (non-consolidated basis)
- Investment per individual: ¥396 thousands (non-consolidated basis)
- Individuals who underwent training: 48,044 (non-consolidated basis)

- Individuals who visited the place of ITOCHU's founding to gain a deeper understanding of "Sampo-yoshi" as our corporate mission: 3,027 (cumulative total, consolidated basis)

Note: Cumulative number of employees who participated in tours to the place of ITOCHU's founding, an education program introduced in FYE 2005.

### 3. Health Management

The Company believes improving employee health is a cornerstone supporting the enhancement of its human resource capabilities which will, in turn, enable the fulfillment of its Guideline of Conduct, "I am One with Infinite Missions." Based on this concept, the Company has established the ITOCHU Health Charter. Moreover, we have developed a robust health and safety management structure aimed at, for example, helping employees who strive to balance cancer care and work.

For example, ITOCHU has set up Health Administration Centers at its Tokyo and Osaka Headquarters and is distinguished by the "concierge" assistance it extends to individual employees with the involvement of industrial physicians, health nurses and other specialists in a way that transcends regional boundaries.

Furthermore, we also provide special cancer examinations on a periodic basis via collaboration with the National Cancer Center Research Institute. For bereaved children and spouses of employees who had such diseases, we provide scholarships along with offering employment at ITOCHU Group. By doing so, we strive to ensure peace of mind for all employees.

In recognition of these efforts, in FYE 2023, we were granted the Minister Award in the medical examination category of the Cancer Countermeasure Promotion Corporate Action Partner Award program sponsored by the Ministry of Health, Labour and Welfare and have consistently been selected as a "White 500" Certified Health & Productivity Management Outstanding Organization.

Looking ahead, we continue to place the utmost priority on enabling each employee to stay healthy while rallying the Group's entire strength to realize a workplace environment in which everyone can work with confidence.

#### FYE 2023 Results

- Ratio of individuals who underwent recommended special checkups for cancer: 93.1% (non-consolidated basis)
- Individuals who suffered from occupational accidents: 3 (non-consolidated basis)
- Deaths due to occupational accidents: 0 (non-consolidated basis)

#### ■ Investments in Intellectual Property etc.

ITOCHU broadly develops branding businesses mainly by the Textile Company, which utilize intellectual properties such as trademarks and copyrights, etc. In addition to the licensing and importing business, which utilizes rights granted by the brand holders, ITOCHU owns and manages brand trademarks such as Converse, LeSportsac, Hunting World, etc. by itself or through subsidiaries. ITOCHU keeps strategies to improve brand value through the development of such brand businesses, which leads to further expansion of the businesses. In FYE 2023, ITOCHU has acquired majority stock of DOME Corporation that is the sole distributor of the Under Armour brand in Japan, the distribution and license rights of Reebok brand in Japan, distribution and master license rights of FOREVER21 brand in Japan, and distribution and master license rights of L.L. Bean brand in Japan. ITOCHU will continue to develop the businesses which utilizes intellectual property rights.

#### (Supplementary Principle 4.1.1)

##### ■ Scope of the Matters Delegated to the Managements

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

#### (Supplementary Principle 4.1.3)

##### ■ Succession Plan

ITOCHU conducts discussions on succession planning through a process involving the proposal by Chairman & CEO followed by the deliberation at the Governance, Nomination, and Remuneration Committee (Until June 22, 2023, Nomination Committee. Same in this principle.) as an advisory committee to the Board of Directors. In considering the succession plan, it is essential to have a deep understanding not only of the overall business of ITOCHU but also of the candidates' professional backgrounds, experiences, and personal qualities, in order to achieve long-term enhancement of corporate value. With this in mind, the process assumes the involvement of the executive team. And the Governance, Nomination, and Remuneration Committee consists of a majority of Outside Directors, with one serving as the committee chairman, which allows for the inclusion of perspectives from Outside Officers who possess a viewpoint encompassing both public perception and the interests of common shareholders. It should be noted that the successor will be determined by the Board of Directors based on the candidate proposed by the Chairman & CEO, following deliberation and recommendations from the Governance, Nomination, and Remuneration Committee, which are then presented to and resolved upon by the Board of Directors.

(Principle 4.9)

■ Independence Criteria

ITOCHU's Board of Directors has adopted its own independence criteria as follows:

For Outside Directors or Outside Audit & Supervisory Board Members of ITOCHU Corporation to be qualified as "independent directors / auditors" as defined by the Tokyo Stock Exchange, they must NOT fall under any of the following items:

A. A person whose major business partner is ITOCHU Corporation or an executing person (Note 1) of such person

- "A person whose major business partner is ITOCHU Corporation" in the above criteria means a person whose accounts receivable from ITOCHU Corporation exceed 2% of such person's consolidated net sales in any one of its last three (3) fiscal years.

B. A person who is a major business partner of ITOCHU Corporation or an executing person of such person

- "A person who is a major business partner of ITOCHU Corporation" in the above criteria means a person to which ITOCHU Corporation's revenues exceed 2% of ITOCHU Corporation's consolidated revenues in any one of ITOCHU Corporation's last three (3) fiscal years.

C. 1. A consultant, an accounting professional, a legal professional, or a tax professional receiving a significant amount of money or other assets from ITOCHU Corporation other than executive remunerations (which shall be read as a consultant, an accounting professional, a legal professional, or a tax professional of an organization if such person receiving the said assets is an organization such as corporation and partnership)

- "A significant amount of money" in the above criteria means, if such person receiving the money is an individual, 10 million yen or higher per year on average of the past three (3) years, or, if such person is an organization, in respect of the payments made by ITOCHU Corporation on average over the last three (3) fiscal years (of such organization), the higher of 10 million yen or 2% of the consolidated gross sales of the organization.

2. A member or a partner of an auditing firm which is Independent Accounting Auditor of ITOCHU Corporation, or other accounting professional who undertakes audits on ITOCHU Corporation or its subsidiary.

D. A major shareholder (or its executing person) of ITOCHU Corporation

- "A major shareholder" in the above criteria means a shareholder who directly or indirectly holds 10% or more of voting rights of ITOCHU Corporation.

E. A director or other executing person of an organization (limited to those who are involved in business

execution of such organization) to which ITOCHU Corporation has made a significant amount of donation

- “A significant amount of donation” in the above criteria means a donation of an amount exceeding 20 million yen per year on average over the last three (3) fiscal years.

F. A major lender of ITOCHU Corporation, its parent company, or their respective executing person

- “A major lender” of ITOCHU Corporation in the above criteria means the top three (3) companies of the lenders of ITOCHU Corporation in terms of the amount of borrowings in the last fiscal year.

G. A person who was an executing person of ITOCHU Corporation or its subsidiary at a certain point in time during ten (10) years prior to their appointment

H. An executing person of a company which has Director(s) on loan from ITOCHU Corporation

I. 1. In case there is an organization falling under A, B or C-1 above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment

2. A person who fell under C-2 above at a certain point in time during three (3) years prior to their appointment

3. In case there is an organization falling under E above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment

4. A person who fell under D or F above at a certain point in time during three (3) years prior to their appointment

J. A close relative (Note 2) of a person falling under one of the following items (limited to an important person)

(A) A person falling under any of items A through C above, or a person falling under I-1 or I-2 (For A and B, an “important person” means an executive director, executive officer or corporate officer. For C-1, “important person” means, in case of an organization, a member or a partner of such organization, and for C-2, “important person” means a member, a partner or an accounting professional who directly engages in auditing on ITOCHU Corporation’s group)

(B) An executing person of ITOCHU Corporation’s subsidiary

(C) A non-executive director or an Accounting Advisor of ITOCHU Corporation’s subsidiary (limited to a case where an outside audit & supervisory board member is to be designated as an independent director/auditor)

(D) A person who fell under (B) or (C), or was an executing person of ITOCHU Corporation (including non-executive director if an outside audit & supervisory board member is to be designated as an independent director/ auditor) at a certain point in time during one (1) year prior to their appointment

Notes: 1. “An executing person” means a person who executes business as provided for in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.

2. “Close relative” means a relative within the second degree of kinship.

Above criteria is disclosed on our homepage. Please refer to the following URL:

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

(Supplementary Principle 4.10.1)

■ Independence, Mandates and Roles of the Voluntary Advisory Committees

To strengthen the supervisory function of the Board of Directors and enhance the transparency of the decision-making process, in FYE 2023, ITOCHU 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 were

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

(Supplementary Principle 4.11.1)

■ Approach to the Balance of Knowledge, Experience, and Skills, Diversity, and Board Size in the Board of Directors

In FYE 2018, ITOCHU 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 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'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's management from a neutral and objective viewpoint.

ITOCHU'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, we identified areas of knowledge and experience which internal Directors have. As for Outside Directors and full-time Audit & Supervisory Board Members, we identified 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. For a list of the specialized fields, so-called skill matrix, and the selection reasons for each category, which the Board of Directors should possess in terms of expertise and the fields where specific contributions are expected, please refer to Chart 2.

Currently, our Board of Directors includes two female directors and one director with management experience from another company.

(Supplementary Principle 4.11.2)

■ Directors' and Audit & Supervisory Board Members' Concurrent Positions Held at Other Companies  
With the view to monitoring concurrent positions held by our Directors and Audit & Supervisory Board Members at other companies, our Rules of the Board of Directors require each Director and Audit & Supervisory Board Member to seek approval of or report to ITOCHU's Board prior to holding a position at other entities. In addition, important concurrent positions of our Directors and Audit & Supervisory Board Members have been disclosed in our notice of general meeting of shareholders. Regarding the status of concurrent positions as of March 31, 2023, please refer to the following URL:  
[https://www.itochu.co.jp/en/files/99\\_shoshu\\_e.pdf](https://www.itochu.co.jp/en/files/99_shoshu_e.pdf) (please refer to page 53)

Regarding the concurrent positions held by the Independent Outside Officers, please refer to “Other Items Related to Independent Directors / Audit & Supervisory Board Members” in 1. Items Related to Organizational Structure and Operations, etc. of section II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.



(Supplementary Principle 4.11.3)

■ Evaluation as to the Effectiveness of the Board of Directors

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

Procedure for the Board Evaluation for FYE 2023 is as follows:

Respondents	All of ten (10) Members of the Board and five (5) Audit & Supervisory Board Members in FYE 2023
Implementation and Evaluation method	<ol style="list-style-type: none"> <li>(1) Conducted a questionnaire to and individual interview with each of respondents by the external consultant (Answered on anonymous basis)</li> <li>(2) Implemented an information compilation and analysis by the external consultant based on the answers from the respondents</li> <li>(3) In reference to the information compilation and analysis, conducted an examination at the Governance and Remuneration Committee</li> <li>(4) Implemented an analysis and evaluation at the Board of Directors.</li> </ol>
Question details	<p>Centered on items related to the following six sections:</p> <ol style="list-style-type: none"> <li>(1) Structure of the Board of Directors</li> <li>(2) Structure of advisory committees to the Board of Directors</li> <li>(3) Roles and duties of the Board of Directors</li> <li>(4) Operation status of the Board of Directors</li> <li>(5) Information provision and training for Members of the Board and Audit &amp; Supervisory Board Members</li> <li>(6) Other Important Themes</li> </ol>

This evaluation confirmed the effectiveness of the Board of Directors in terms of the structure of the Board of Directors and advisory committees to the Board of Directors, the roles and duties of the Board of Directors, the operation status of the Board of Directors, the information provision to Members of Board and Audit & Supervisory Board Members and training, etc.

In terms of the quantitative aspect, the scores that were improved in FYE 2022 has been further improved, showing that the board is functioning at a high level concerning all evaluation themes. In terms of qualitative aspect, there were many suggestions and other information for more progress along with a large number of positive opinions.

The previous evaluation revealed two issues that required attention: (1) continuous discussions for strengthening the business foundation; (2) securing the further diversity. The Directors recognized that they should use the functions of the board even more concerning these issues. Although there has been steady progress, such as the establishment of the Group CEO Office with respect to (1), and the initiatives of the Women's Advancement Committee with respect to (2) etc., both of these issues require a medium- to long-term perspective and ITOCHU will continuously exercise the functions of the Board of Directors, and move forward the actions for further improvement.

In addition, two new issues were identified: (A) continuous discussions for the succession plans for executives among the entire ITOCHU Group companies and (B) continuing enhancement of the monitoring frameworks considering the changes of the business environment as the matters that Board of Directors should work on further. More thorough discussions will be held about these two issues, including the use of opportunities for off-site discussions.

Based on the results of this evaluation, ITOCHU will continue to take actions for maintaining and increasing the effectiveness of the Board of Directors.

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

[https://www.itochu.co.jp/en/about/governance\\_compliance/board\\_evaluation/index.html](https://www.itochu.co.jp/en/about/governance_compliance/board_evaluation/index.html)

(Supplementary Principle 4.14.2)

■ 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.

(Principle 5.1)

■ Policy of Dialogue with Shareholders

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

(Dialogue with Shareholders and Investors, etc.)

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

(Implementation status of dialogue with shareholders, etc.)

From the perspective of sustained growth and enhancing medium- to long-term corporate value of ITOCHU Group, ITOCHU actively engage in a variety of IR activities in order to promote constructive dialogue with domestic and foreign shareholders and investors, etc. For the specific details on the status of activities related to IR and their implementation in FYE 2023, please refer to "2. Investor Relations Activities" in section III Status of Implementation of Measures Related to Shareholders and Other Stakeholders below in this report. We have achieved a virtuous cycle that leads to sustained growth and enhancing medium- to long-term corporate value by providing feedback to the management team and the Board of Directors on the opinions and issues recognized through dialogue with shareholders and investors, etc. and appropriately reflecting them in our management strategies, as well as financial and capital strategies. ITOCHU will continue perpetuating highly effective dialogues with shareholders and investors, etc. Specific details and examples of this virtuous cycle are disclosed in our annual report (issued annually), please refer to the following URL for more information.

Annual Report : [https://www.itochu.co.jp/en/ir/doc/annual\\_report/index.html](https://www.itochu.co.jp/en/ir/doc/annual_report/index.html)

In addition to the IR activities, ITOCHU actively engages in shareholder relations (SR) activities to facilitate dialogue and build stable relationships with domestic institutional investors who hold ITOCHU's shares. SR activities are primarily handled by the Human Resources and General Affairs Divisions, and ITOCHU conducts constructive dialogues primarily on ESG-related topics with institutional investors' voting representatives, ESG specialists, analysts, and others. In FYE 2023, ITOCHU held individual meetings with more than 10 shareholders and also organized joint meetings with multiple shareholders in

attendance. Any feedback or suggestions obtained through these dialogues are shared with the management team, and ITOCHU strives to incorporate them into our efforts to further enhance the quality of our corporate value.

(Actions towards achieving management that is conscious of capital costs and stock prices)

With our corporate mission “Sampo-yoshi,” we allocate management resources based on a comprehensive understanding of ITOCHU’s cost of capital. In line with our management strategies, which take into account the business environment, we prioritize resource allocation accordingly. Additionally, while we consider ROE as an important indicator, to actively practice management that is conscious of the cost of capital, we strive to maintain and enhance a high ROE that surpasses ITOCHU’s cost of capital and to optimize the balance between our financial soundness and shareholder returns. Our management policies and strategies that enable these efforts are clearly disclosed in our management plan and medium-term management plan, as well as in our annual report. We also conduct thorough explanations during shareholder meetings, business results summary briefings, and other various explanatory sessions to ensure understanding of shareholders and investors, etc.

Policy / Target and Evaluation

In our medium-term management plan, we have set a target range for ROE of about 13% to 16% during our medium-term management plan period. For FYE 2022 and FYE 2023 results, our ROE stood at 21.8% and 17.8% respectively, surpassing and achieving the ROE target. Additionally, the PBR of FYE 2022 and 2023 results was 1.45 times and 1.30 times respectively. During FYE 2022 to 2023, our stock price reached record high 22 times.

Regarding “management that is conscious of cost of capital and stock price,” we also disclose the same perspective as mentioned above in our website.

In our Annual Report, by using the "Corporate Value Calculation Formula," we clarify the connection between the enhancement of corporate value and management policies and strategies. In addition, the Annual Report represents our management principle that is conscious of the "cost of capital" as one element of the "Corporate Value Calculation Formula.”

Please refer to the following URL.

Homepage : [https://www.itochu.co.jp/en/about/governance\\_compliance/stakeholder/index.html](https://www.itochu.co.jp/en/about/governance_compliance/stakeholder/index.html)

Annual Report : [https://www.itochu.co.jp/en/ir/doc/annual\\_report/index.html](https://www.itochu.co.jp/en/ir/doc/annual_report/index.html)

## 2. Capital Structure

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

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	236,671,300	16.25
EUROCLEAR BANK S. A. /N. V.	109,510,643	7.52
Custody Bank of Japan, Ltd. (trust account)	85,717,000	5.88
CP WORLDWIDE INVESTMENT COMPANY LIMITED	63,500,000	4.36
Nippon Life Insurance Company	34,056,023	2.34
Mizuho Bank, Ltd.	31,200,000	2.14
STATE STREET BANK WEST CLIENT - TREATY 505234	23,941,951	1.64
Asahi Mutual Life Insurance Company	23,400,500	1.61
SSBTC CLIENT OMNIBUS ACCOUNT	20,330,362	1.40
JP MORGAN CHASE BANK 385781	17,762,043	1.22

## Supplementary Information

- (1) The major shareholders as abovementioned are as of March 31, 2023.
- (2) As of March 31, 2023, the Company holds 128,019,739 shares of treasury stock (8.08 % of the total number of issued shares) that are excluded from the above list of the major shareholders.
- (3) The above is stated in the shareholder registry. In addition to the above, we are confirming that CP WORLDWIDE INVESTMENT COMPANY LIMITED owned our company shares under another name (CP WORLDWIDE INVESTMENT COMPANY LIMITED 1008520), and the total number of shares substantially owned by CP WORLDWIDE INVESTMENT COMPANY LIMITED is 78 million shares (5.35% of the total number of issued shares excluding treasury shares).
- (4) As of February 20, 2023, a large shareholding report was submitted to the Kanto Local Finance Bureau by Mitsubishi UFJ Financial Group, Inc. which reported that Mitsubishi UFJ Trust and Banking Corporation, together with other three joint holders, hold 64,115,408 shares (shareholding ratio is 4.05%) as of February 13, 2023. However, this is not included in the above list of major shareholder as we could not confirm the substantial ownership as of March 31, 2023.
- (5) As of June 5, 2023, a large shareholding report was submitted to the Kanto Local Finance Bureau by J.P. Morgan Asset Management (Japan) Limited which reported that J.P. Morgan Securities Plc, together with other three joint holders, hold 94,254,175 shares (shareholding ratio is 5.95%) as of May 31, 2023. However, this is not included in the above list of major shareholder as we could not confirm the substantial ownership as of March 31, 2023.
- (6) As of June 19, 2023, a large shareholding report was submitted to the Kanto Local Finance Bureau by National Indemnity Company, a 100% subsidiary of Berkshire Hathaway Inc. which reported that this company holds 118,331,800 thousand shares (shareholding ratio is 7.47%) as of June 12, 2023. However, this is not reflected to the above list of major shareholders as we could not confirm the substantial ownership as of March 31, 2023.

## 3. Corporate Attributes

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

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

N.A.

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

ITOCHU has 188 consolidated subsidiaries (as of the end of FYE 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 December 22<sup>nd</sup>, 2023, ITOCHU's listed subsidiaries are 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 executed contracts related to the governance with the listed subsidiaries). In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which functions of their independent Outside Directors are well assured.

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

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

**【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.

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

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

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

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

**Relationship with the Company (1)**

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

\* Relationship with the Company

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

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

## Relationship with the Company (2)

Name	Independent Directors	Supplementary Information Related to the Criteria	Reason for Appointment as Outside Director (For Independent Directors, Including Reason for Designation as an Independent Director)
Masatoshi Kawana	✓		Mr. Kawana is appointed as an Outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and in important posts such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
Makiko Nakamori	✓		Ms. Nakamori is appointed as an Outside Director in the anticipation that, based on her high level expertise regarding finance and accounting as a certified public accountant as well as her extensive experience as a corporate executive, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Nakamori qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.
Kunio Ishizuka	✓		Mr. Ishizuka is appointed as an Outside Director in the anticipation that, by utilizing his extensive knowledge of corporate management and the retail industry that was earned through his experience as President & CEO and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business

			<p>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.</p>
Akiko Ito*	✓		<p>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.</p> <p>*Registered name: Akiko Noda</p>

Existence of advisory committee(s) comparable to nomination committee or remuneration committee

Yes



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

Name of Committee	Total Number of Members	Internal Directors	Outside Directors	Internal Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	Chairman
Governance, Nomination and Remuneration Committee	7	3	4	0	0	Outside Director
Governance, Nomination and Remuneration Committee	7	3	4	0	0	Outside Director

- 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:

Roles and composition of each committee as of June 23, 2023

[Governance, Nomination and Remuneration Committee]

**Roles:** To deliberate and advise the Board on proposals relating to nomination and dismissal of Executive Officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, 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.

**Composition:**

**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)

\*Kentarō Uryu, Audit & Supervisory Board Member (Outside), attends as an observer.

[Women's Advancement Committee]

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

Composition:

Chair	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

Activities of each committee for FYE 2023

[Governance and Remuneration Committee]

Activities: 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:

- 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]

Activities: 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:

- 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]

Activities: 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:

- 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

## [Audit &amp; Supervisory Board Members]

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

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

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

Relationship with the Company (1)
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Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kentaro Uryu	Lawyer										○			
Tsutomu Fujita	From another company													
Kumi Kobayashi	Certified Public Accountant										△			

## \* Relationship with the Company

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

- a. A person performing an executive role at the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary

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

Relationship with the Company (2)

Name	Independent Auditors	Supplementary Information Related to the Criteria	Reason for Appointment as Outside Audit & Supervisory Board Member (For Independent Auditors, Including Reason for Designation as an Independent Auditor)
Kentaro Uryu	✓	ITOCHU paid legal fees to URYU & ITOGA, where Mr. Uryu serves as the representative lawyer and managing partner, as compensation for receiving legal advice in FYE 2023. However, the amount paid is minimal and does not exceed 1% of the total income of the law firm. Based on this, we have determined that it does not pose a risk to the independence of Mr. Uryu.	Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors/ auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.
Tsutomu Fujita	✓		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*	✓	Until August 2015, Ms. Kobayashi served as an employee at GCA Corporation (currently Houlihan Lokey Corporation). ITOCHU pays a consulting fee to the company in exchange for receiving advice on specific businesses. However, based on the average payment made by ITOCHU over the past three fiscal years, the amount paid is minimal and does not exceed 1% of the company's total income. Therefore, we have determined that it does not pose a risk to the independence of the individual.	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

[Independent Directors/ Audit & Supervisory Board Members]

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

[Criteria for the independence of directors/ auditors]

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed in Principle 4-9, 2. Disclosure Based on Principles of Corporate Governance Code, I. Basic Policy, Capital Structure, Corporate Attributes and Other Basic Information.
- All of the Company's Outside Directors and outside Audit & Supervisory Board Members who qualify as independent are designated as independent Directors/ Audit & Supervisory Board Members.
- ITOCHU has established a *de minimis* standard of ¥10 million per fiscal year relating to a donation made by the Company. ITOCHU views that a donation within the *de minimis* standard above is unlikely to affect our investor's judgment on its voting, thus description on such donation is omitted from our filings of independent directors/ auditors.

[Performance of the Independent Outside Directors and Outside Audit & Supervisory Board Members during FYE 2023]

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.

#### [Important concurrent positions of Independent Outside Officers as of June 23, 2023]

- Independent Outside Director
  - Masatoshi Kawana: Outside Director of MedPeer, Inc.
  - Makiko Nakamori: Representative Partner of Nakamori CPA offices,  
Outside Audit & Supervisory Board Member of M&A Capital Partners Co., Ltd.,  
Outside Audit & Supervisory Board Member of LIFULL Co., Ltd.
  - Kunio Ishizuka: Outside Director of Welcia Holdings Co., Ltd.
  - Akiko Ito: N/A
- Independent Outside Audit & Supervisory Board Members
  - Kentaro Uryu: Managing Partner of URYU & ITOGA  
Representative Director of U&I Advisory Service Co., Ltd.  
Director of Lotte Holdings Co., Ltd.
  - Tsutomu Fujita: Outside Director of RIZAP GROUP, Inc.  
Outside Director of Dream Incubator Inc.
  - Kumi Kobayashi: Representative Partner, Kobayashi CPA Office  
Representative Director, Tokyo Athletes Office, Inc.  
Outside Audit & Supervisory Board Member, KOSÉ Corporation  
Outside Audit & Supervisory Board Member, Oisix ra daichi Inc.

#### [Advisory Board]

Harufumi Mochizuki, Atsuko Muraki, former Outside Directors of ITOCHU, Kotaro Ohno, former Outside Audit & Supervisory Board Member of ITOCHU, and Shotaro Yachi provide advice on the business management of ITOCHU in their capacities as members of the Advisory Board, enabling their

extensive experience and expertise to be utilized in the business management of ITOCHU.

**[Incentives]**

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

- Following the deliberation at the Governance and Remuneration Committee (from June 23, 2023, the Governance, Nomination and Remuneration Committee), the Board of Directors has unanimously approved the current Remuneration Plan for Directors consisting of monthly remuneration and Performance-Linked Remunerations—performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration (non-monetary compensation).
- The performance-linked bonuses are positioned as compensation linked to short-term (one fiscal year) performance, and the share price-linked and performance-linked stock remuneration are positioned as compensation for the performance for enhancing the corporate value over the medium to long term.
- ITOCHU’s current remuneration plan for Directors does not have a fixed percentage of Performance-Linked Remuneration—performance-linked bonuses, share price-linked bonuses, performance-linked stock remuneration (non-monetary compensation)—and is designed so that the percentage of Performance-Linked Remuneration in total director remuneration increases as ITOCHU Corporation’s performance improves and its share price increases. ITOCHU believes that this system is in line with the decision policy of our remuneration plan for Directors, which is designed to be an incentive to grow business performance.
- Regarding the Director’s remuneration in FYE 2023, the ratio of performance-linked bonus is approximately 61.6% and the aggregate ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 18.8%. As for the Director’s remuneration in FYE 2024, the estimated ratio of the aggregate amount of the performance-linked bonus is approximately 58.4% and the ratio of the share price-linked bonuses and performance-linked stock remuneration is approximately 21.9%. The share price-linked bonus in FYE 2024 is calculated based on the assumption that the relative stock growth rate with TOPIX\* is 110%.  
\*TOPIX = Tokyo Stock Price Index, the principal index determined pursuant to the relevant rules of Tokyo Stock Exchange (Tosho Shisuu Sanshutsu Youryo (TOPIX-hen)).
- Net profit (consolidated) is of high interest to the stock market because it is an easy-to-understand indicator of capital to growth-oriented investments and to returns to shareholders and we have an unshakable belief in its importance as an indicator going forward. In addition, bonuses for employees are linked to net profit (consolidated) so we have net profit attributable to ITOCHU (consolidated) as the linked indicator for performance-linked bonuses and performance-linked stock remuneration (non-monetary compensation). For FYE 2023, the initial plan for "net income attributable to ITOCHU (consolidated)" was 700.0 billion yen (announced on May 10, 2022), which was revised to be 800.0 billion yen on October 4, 2022, and the actual result was 800.5 billion yen (announced on May 9, 2023).
- Regarding share price-linked bonuses for FYE 2023, the average value of our company stock prices on a daily basis for successive two fiscal years is used as the linked indicator thereof. The average value of our company stock prices during FYE 2022-2023 increased by approximately 1,239 yen compared to the average value of our company stock price during FYE 2020-2021.
- For the details of the performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration mentioned above, please refer to section II (Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.) -1 (Items Related to Organizational Structure and Operations, etc.) for “Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation”.

Grantees of Stock Options	Not Applicable
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**Supplementary Information**

N.A.

[Translation for Reference and Convenience Purposes Only]

ITOCHU Corporation

CORPORATE GOVERNANCE

[Directors' Compensation]

Disclosure Status (of Compensation for Individual Directors)	Partial individual disclosure
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Supplementary Information

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

Name	Category	(Rounded to nearest million yen)				
		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

Note: The remuneration paid to Directors (excluding Outside Directors) in FYE 2023 comprised monthly remuneration, performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration (non-monetary compensation) for Directors (Board Incentive Plan Trust). Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU, including its response to climate change, ESG, and the SDGs. The total amount of performance-linked bonuses is determined on the basis of consolidated net profit attributable to ITOCHU, and the amount of the share price-linked bonuses is determined by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price. An overview of the system of performance-linked stock remuneration for Directors is described below in "Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation" below. (\*) Monthly remuneration includes housing allowance.

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	(Rounded to nearest million yen)				
	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	- 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

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

## (a) Compensation Paid to Directors, etc. in FYE 2023

- Details of the compensation paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2023 are as follows.

Type	Number of People	Amount Paid (Millions of yen)	Details
Directors	10	3,045	(1) Monthly remuneration: ¥662 million (¥81 million is for Outside Directors) (2) Performance-linked bonuses: ¥1,825 million (3) Share price-linked bonuses: ¥168 million (4) Stock Remuneration: ¥390 million
(Outside Directors)	(4)	(81)	
Audit & Supervisory Board Members	6	172	Only monthly remuneration
(Outside Audit & Supervisory Board Members)	(3)	(60)	
Total	16	3,216	
(Outside Directors/ Audit & Supervisory Board Members)	(7)	(141)	

(Rounded to nearest million yen)

Notes:

1. Maximum compensation paid to all Directors: ¥1.0 billion per year as total monthly remuneration (including ¥100 million per year for the Outside Directors) and ¥3.0 billion per year as total bonuses paid to all Directors (resolved at the General Meeting of Shareholders on June 24, 2022.)\*
2. Maximum compensation paid to all Audit & Supervisory Board Members: ¥250 million per year (resolved at General Meeting of Shareholders on June 24, 2022. The number of eligible Audit & Supervisory Board Members is five.)\*
3. The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust “BIP”) was approved at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 24, 2016. The total amount of stock remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP. An overview of this stock remuneration system is provided below, in “(c) performance-linked Stock Remuneration for Directors.”

## (b) Directors’ Bonuses for FYE 2024

- Performance-linked Bonuses

Director performance-linked bonuses for FYE 2024 will be paid following the conclusion of the 100<sup>th</sup> Ordinary General Meeting of Shareholders in amounts calculated according to the methods described below.

## a. Total amount paid to all Directors:

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

## b. Amount paid to an individual Director

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

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

Where:

A = (Consolidated net profit attributable to the Company for FYE 2024 for the portion up to ¥200.0 billion) × 0.35%

B = (Consolidated net profit attributable to the Company for FYE 2024 for the portion more than ¥200.0 billion but up to ¥300.0 billion x 0.525%

C = (Consolidated net profit attributable to the Company for FYE 2024 for the portion exceeding ¥300.0 billion) × 0.35%

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

The amount paid to an individual Director = (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 20% + (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 80% x (the Rate A (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division/department.

(amounts of less than ¥1,000 shall be rounded up)

Provided, however, that

- (1) The Rate A: 100% + (the plan achievement rate of the consolidated net profit target for the assigned division/department -100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
- (2) The assigned division of the Director whose bonuses are determined utilizing the Rate A is the Machinery Company, while with its planned target for the FYE 2024 consolidated net profit set at ¥105.0 billion (announced at May 9, 2023), in order to make it further incentive to grow business performance, net profit target was set to be ¥110.0 billion.
- (3) The plan achievement rate shall be 100% for the eligible Director (not being the Division Company President) for whom no plan achievement rate is measurable.

The points assigned to each position are as per below:

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

Notwithstanding the calculation stated above, the amount paid to an individual Director shall not exceed the maximum amount for each position for FYE 2024 as set forth below:

Maximum amount paid to an individual Director	(Millions of yen)
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

- Share Price-linked Bonuses

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share-price linked bonuses with ITOCHU's share price as the linked indicator. This bonus

is an index linked to the increase in the average daily value of ITOCHU's stock price for two consecutive fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX) (Note 1) for each successive two fiscal years. The total amount of bonuses during the term of Directors is paid to them after their retirement.

Based on the formula below, the Company calculates the individual payment amount of share price-linked bonuses for FYE 2024 and FYE 2025, and when the Director retires or, in the case of taking on the position of Executive Officer after retirement of the Director, the Executive Officer retires, such amount will be paid.

(i) FYE 2024

$$[(\text{The simple average of daily stock closing price of the Company ("Average of Daily Closing Price" in FYE2024)} - (\text{Average of Daily Closing Price from FYE 2022 to FYE 2023})) \times 1,300,000 \times (\text{aggregated points assigned to each Director (such point is called "Position Point") during FYE 2024 according to the position} / 108.8 \text{ points} \times \text{Relative Stock Price Growth Rate (Note 2)}) \times 1/2.$$

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

Note 2 Relative Stock Price Growth Rate =  $(\text{Average of Daily Closing Price in FYE 2024} / \text{Average of Daily Closing Price from FYE 2022 to FYE 2023}) / (\text{Simple average of daily TOPIX in FYE2024} / \text{Simple average of daily TOPIX from FYE 2022 to FYE 2023})$

(ii) FYE 2025

$$[(\text{Average of Daily Closing Price from FYE 2024 to FYE 2025}) - (\text{Average of Daily Closing Price from FYE 2022 to FYE 2023})] \times 1,300,000 \times \text{aggregated Position Point during FYE 2024 and FYE 2025 according to the position} / 108.8 \text{ points} \times 2 \times \text{Relative Stock Price Growth Rate (Note 3)} - \text{Share Price-linked Bonuses of FYE 2024.}$$

Note 3 Relative Stock Price Growth Rate =  $(\text{Average of Daily Closing Price from FYE 2024 to FYE 2025} / \text{Average of Daily Closing Price from FYE 2022 to FYE 2023}) / (\text{Simple average of daily TOPIX from FYE 2024 to FYE 2025} / \text{Simple average of daily TOPIX from FYE 2022 to FYE 2023})$

If the tenure is less than 2 years, the amount will be calculated and paid according to the following:

(i) FYE 2024

For individuals who retire or are no longer eligible for Stock Price-linked Bonuses during FYE 2024, a payment will be made for the period in which they were eligible in FYE 2024 ("FYE 2024 Tenure Period") as follows:

$$[(\text{The Average of Daily Closing Price during FYE 2024 Tenure Period}) - (\text{Average of Daily Closing Price from FYE 2022 to FYE 2023})] \times 1,300,000 \times \text{Position Point during FYE 2024 according to the position} / 108.8 \text{ points} \times \text{Relative Stock Price Growth Rate (Note 4)} \times 1/2 \times \text{number of months in FYE 2024 Tenure Period} / 12$$

Note 4 Relative Stock Price Growth Rate =  $(\text{Average of Daily Closing Price during FYE 2024 Tenure Period} / \text{Average of Daily Closing Price from FYE 2022 to FYE 2023}) / (\text{Simple average of daily TOPIX during FYE 2024 Tenure Period} / \text{Simple average of daily TOPIX from FYE 2022 to FYE 2023})$

(ii) FYE 2025

For individuals who retire or are no longer eligible for Stock Price-linked Bonuses during FYE 2025, a payment will be made for FYE 2025 during the period in which they were eligible from FYE 2024 to FYE 2025 ("FYE 2024-2025 Tenure Period") as follows:

$$[(\text{The Average of Daily Closing Price during FYE 2024-2025 Tenure Period}) - (\text{Average of Daily Closing Price from FYE 2022 to FYE 2023})] \times 1,300,000 \times \text{aggregated Position Point during FYE}$$



2024 and FYE 2025 according to the position / 108.8 points × 2 × Relative Stock Price Growth Rate (Note 5) × number of months in FYE 2024-2025 Tenure Period / 24 – Share Price-linked Bonuses of FYE 2024

Note 5 Relative Stock Price Growth Rate = (Average of Daily Closing Price during FYE 2024-2025 Tenure Period / Average of Daily Closing Price from FYE 2022 to FYE 2023) / (Simple average of daily TOPIX during FYE 2024-2025 Tenure Period / Simple average of daily TOPIX from FYE 2022 to FYE 2023)

If the amount calculated based on the calculation formula is negative, the amount paid to an individual Director for the relevant year will be zero.

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

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

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

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

- By resolution of the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 24, 2016, ITOCHU introduced the performance-linked stock remuneration plan (the “Stock Remuneration Plan”) and, by resolution of the Board of Directors on March 17, 2021, this plan will continue from FYE 2023.
- Under this plan, in June of every year during the trust period, Directors who served as Directors from July 1 of the previous year to the last day of June of the said year are granted points based on performance in the fiscal year that ended on March 31 of said year and in accordance with the number of months of service during that period.
- The method of calculating the number of points granted to Directors (excluding Outside Directors) in FYE 2024 is described below. One point corresponds to one share in ITOCHU, and amounts of less than one point are discarded.

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

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

a. Total stock remuneration amount

= (the amount of consolidated net profit attributable to ITOCHU for FYE 2024 – ¥300.0 billion) × 0.175% × Sum total of position points of eligible Directors / 55 (rounding up fractions of less than ¥1)

b. Individual stock remuneration amount

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

The points assigned to each position are as per below:

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

Notwithstanding the calculation stated above, the number of points granted to an individual Director shall not exceed the maximum points for each position for FYE 2024 as set forth below:

Maximum number of points granted to an individual Director	(Number of points)
Chairman and Chief Executive Officer	100,000
President and Chief Operating Officer	75,000
Executive Vice President	50,000
Senior Managing Executive Officer	40,000
Managing Executive Officer	30,000
Executive Officer	22,000

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

- Points granted to Executive Officers (excluding those concurrently serving as Directors) and Senior Operating Officers in June each year shall be calculated by the method similar to that of Directors.
- As the Stock Remuneration Plan, ITOCHU has adopted a framework called “Board Incentive Plan Trust (BIP)” (“BIP Trust”). The BIP Trust is a stock incentive plan for executives, based on the performance share and restricted stock plans in the United States. ITOCHU will conduct delivery of ITOCHU shares acquired by the BIP Trust to Directors (delivery and payment of ITOCHU shares acquired by the BIP Trust and an amount of money equivalent of the conversion value of said shares to Directors whose tenure are not long enough, collectively “ITOCHU Shares, etc.”), together with dividends derived from ITOCHU shares following retirement from office (or after death in the event of the death of a Director, etc.; the same applies hereinafter), based on performance, etc. Please refer to Chart 3 for overview of the BIP Trust.
- Outline of the Stock Remuneration Plan is as follows:
  - (1) Persons Entitled to Receive Stock Remuneration: Directors, Executive Officers and Senior Operating Officers of ITOCHU (excluding Outside Directors and those who are non-residents of Japan, as of the date hereof, the numbers of the Directors applicable is 6, of the Executive Officers not being Director is 29 and of the Senior Operating Officers is 3)
  - (2) Maximum Amount of Money Contributed by the Company to the Trust: a total of ¥1.5 billion for 2 fiscal years
  - (3) Method for the Acquisition of Shares by the Trust: Scheduled to be acquired on the stock market (thus no dilution of shares is anticipated)
  - (4) Upper Limit on the Number of Shares to be acquired by Directors, etc.: For the trust period, with an applicable period of 2 fiscal years, the upper limit will be 1,300,000 points (an average of 650,000 points per year)
  - (5) Performance Index under the Stock Remuneration Plan: Consolidated net profit attributable to the Company (upon which the amount of total stock remuneration will be calculated. See above for more details)
  - (6) Timing of Delivery of ITOCHU Shares, etc.: After retirement from Office
  - (7) Voting Rights Concerning Shares in the Trust: Will not be exercised in order to ensure neutrality toward management

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

ITOCHU utilizes in its management as much as possible the oversight and supervision of Outside Officers, who use perspectives of society and of ordinary shareholders. The goal is to maintain and increase the effectiveness of the Board of Directors. To accomplish this goal, priority is placed on strengthening communications and on sharing information with Outside Officers in order to minimize any differences in information known to internal Officers and Outside Officers. These initiatives are constantly reexamined to make more improvements by using comments received from Directors during the evaluation of the Board of Directors’ effectiveness and other input.

CORPORATE GOVERNANCE

- Pre-briefing to Outside Officers, etc.  
Outside Officers receive briefings before meetings of the Board of Directors. These briefings cover agenda items as well as the background of these items and their positioning relative to plans and strategies for ITOCHU. Outside Officers also receive information about preliminary discussions of agenda items by ITOCHU executives who conduct business operations. These activities enable the Board of Directors to perform its duties with Outside Officers who have a sufficient understanding of the overall picture of agenda items.
- Various meetings and interviews, etc.  
ITOCHU places importance on direct dialogues between Outside Officers and the executives and other personnel of ITOCHU. Outside Officers have meetings on a regular basis with the Chairman and CEO, President & COO and with the full-time Audit & Supervisory Board Members, and there are regular reporting activities by internal auditing units to Outside Officers. In addition, Outside Officers hold meetings individually with the Division Company Presidents and the officer responsible for overseeing head office functions. During FYE 2023, there were interviews with the Executive Officers responsible for overseas blocs, business divisions and head office divisions of ITOCHU. To give Outside Offices a better understanding of ITOCHU, executive side holds information meetings. During FYE 2023, there were information meetings for recruiting, evaluation, compliance and other activities.
- Promoting understanding of the ITOCHU Group such as with on-site visits  
ITOCHU gives Outside Officers opportunities on a regular basis to visit ITOCHU Group companies, companies receiving investments and other ITOCHU Group business units. During these on-site visits, Outside Officers see products and services of companies, have discussions with managers and others, including employees, and engage in other activities. These activities give Outside Officers a better understanding of the business activities, products, services and other operations of the ITOCHU Group, which span a broad spectrum of business sectors.  
In FYE 2023, Outside Officers visited two ITOCHU Group companies in Japan. At YANASE & CO., LTD. (“YANASE”), on-site visits included automobile showrooms and maintenance and repair facilities. Employees’ explanations of automobile sales and maintenance and repair operations and discussed business plans and other subjects with the management team of YANASE. At ITOCHU Techno-Solutions Corporation, the Outside Officers received an explanation of business operations and other subjects from the company’s president, and they learned about the company’s commitment to the SDGs, the use of advanced technologies and other subjects during a tour of the company’s offices. All of these activities increased their understanding of these ITOCHU Group companies.

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

Name and other information of the senior advisor/advisor and other positions who are the former representative Director and president and other positions
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Name	Position	Assignment	Work Condition (full time or non- full time, remuneration etc.)	Retirement Date	Term of Assignment
Uichiro Niwa	Director Emeritus ("Meiyo Riji")	None	Non-full time and no remuneration	June 16, 2010	Not fixed
Eizo Kobayashi	Director Emeritus ("Meiyo Riji")	None	Non-full time and no remuneration	June 24, 2016	Not fixed
Yoshihisa Suzuki	Advisory Member ("Riji")	None	Non-full time and no remuneration	March 31, 2021	Not fixed

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

The Company, by the resolution of the Board of Directors on January 18, 2018, abolished the senior advisor ("Sodanyaku") and advisor ("Komon") positions as of April 1, 2018 (excluding the advisor(s) to be appointed who are not the executives of the Company). From the past, the Company has Advisory Member ("Riji") position in addition to the senior advisor ("Sodanyaku") and advisor ("Komon") positions, and all of the executives of the Company will be appointed as Advisory Member ("Riji") after their retirement. While we keep the positions of Director Emeritus ("Meiyo Riji"), Senior Representative for Business Community Relations ("Tokubetsu Riji"), Senior Vice Representative for Business Community Relations ("Senmu Riji"), Representative for Business Community Relations ("Jomu Riji"), and Senior Operating Officer ("Joseki Shikkou Riji"), no Advisory Member ("Riji") other than Senior Operating Officer ("Joseki Shikkou Riji") is involved in the management and decision making of the Company at all (about Senior Operating Officer ("Joseki Shikkou Riji"), please refer to 2. Items Related to Functions of Business Execution, Audits and Supervision, Nomination, and Decisions on Compensation, etc. (Overview of Current Corporate Governance System) of section II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision). On the other hand, taking the external affairs such as business community relations of the Company into consideration, we need the support of the former executives of the Company, so we keep the positions of Senior Representative for Business Community Relations ("Tokubetsu Riji"), Senior Vice Representative for Business Community Relations ("Senmu Riji") and Representative for Business Community Relations ("Jomu Riji"), which are assigned the said business community relations with appropriate remuneration paid.

The summary of Advisory Member ("Riji") positions (other than Senior Operating Officer ("Joseki Shikkou Riji")) is as follows:

Position	Number	Term	Work Condition	Remuneration	Assignment	Others
Director Emeritus ("Meiyo Riji")	A few	Not fixed	Non-full time	None	None	The former Chairman and President only

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

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

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

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

### [Organizational Structure Regarding Business Execution and Board of Directors]

- 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:
  - Evaluation of the Board of Directors for FYE 2022 (April 19, 2022)  
Report on the results of the evaluation of the Board of Directors for FYE2022 and the approval of external disclosure materials.
  - Report of Women’s Advancement Committee (April 19, 2022)  
Report on the achievements of the committee for FYE 2022.
  - Proposal for the short-term management plan for FYE 2023, Dividend proposal for FYE 2022, Dividend policy for FYE 2023 (May 10, 2022)

- Approval of the short-term management plan for FYE2023, Dividend proposal for FYE 2022, Dividend policy for FYE 2023.
- 98th Fiscal Year Consolidated and Non-Consolidated Financial Statements (May 10, 2022)  
Report on the consolidated and non-consolidated financial statements for the financial year ending on March 2022, and the approval of external disclosure materials.
  - Annual renewal of Directors and Officers Liability Insurance (May 10, 2022)  
Approval of the Directors and Officers Liability Insurance for a year from July 1, 2022.
  - Evaluation of the "Basic Policy Regarding Internal Control Systems" for FYE 2022 (May 10, 2022)  
Report on the evaluation of the establishment and operational status of the internal control system for FYE 2022 and the approval of external disclosure materials.
  - Performance-linked bonuses for executives for FYE 2023 (May 10, 2022)  
Approval of performance-linked bonuses for Directors for FYE 2023 and the individual maximum amount for such bonuses.
  - Amendment of Articles of Incorporation (May 10, 2022)  
Approval to submit the amendment of the Articles of Incorporation regarding the "Virtual General Shareholders' Meeting" and "Electronic Provision of Shareholders' Meeting Materials" for deliberation at the 98th Annual General Meeting of Shareholders.
  - Audit report by the Audit & Supervisory Board for the 98th fiscal year (May 17, 2022)  
Report on audit report for the 98th fiscal year.
  - Approval of Company Law-related documents for the 98th fiscal year (May 17, 2022)  
Approval of the financial statements, business reports, and related documents for the 98th fiscal year
  - Appointment of independent directors (May 17, 2022)  
Approval to designate Outside Directors and Outside Audit & Supervisory Board Members as independent officers as of the date of the general shareholders' meeting.
  - Calling of the General Shareholders' Meeting (May 17, 2022)  
Approval to convene the 98th General Shareholders' Meeting on June 24, 2022.
  - Comprehensive Fundraising Plan for FYE 2023 (May 17, 2022)  
Approval on the Comprehensive Fundraising Plan for FYE 2023.
  - Submission of the 98th fiscal year Securities Report (June 10, 2022)  
Approval on the submission of the 98th fiscal year Securities Report.
  - Internal Control-related matters for FYE 2022 (June 10, 2022)  
Approval of the internal control evaluation results for FYE 2022, as well as the submission of the 98th Period Confirmation Statement and Internal Control Report.
  - Submission of the Corporate Governance Report (June 10, 2022)  
Approval of the annual revision to the Corporate Governance Report.
  - Organizational change for the first half of FYE 2023 (June 10, 2022)  
Approval of the organizational change for the first half of FYE 2023.
  - Execution of company indemnification agreements (June 24, 2022)  
Approval to enter into indemnification agreements with all Directors and Audit & Supervisory Board Members.
  - Report on the status of cyber security measures (July 20, 2022)  
Report on ITOCHU's initiatives regarding cybersecurity.
  - Report on the activity of The 8th Company (July 20, 2022)  
Report on the 3-year review after the establishment of the 8th Company.
  - Policy for the holdings of listed shares other than affiliates for FYE 2023 (September 2, 2022)  
Report on the verification results of the rationale for holding the listed investments to Non-Affiliated Companies including Cross-Shareholdings.
  - Revision of the performance forecast for FYE 2023, increase in dividends, and share repurchase (October 4, 2022)  
Approval of the upward revision of the consolidated net profit forecast for FYE 2023, dividend increase, and share repurchase.
  - Progress update on corporate branding strategy (October 17, 2022)  
Report on the progress update on corporate branding strategy.
  - Review of the "Basic Policy on Internal Control Systems" for FYE 2023 (November 4, 2022)  
Report on the evaluation of the establishment and operational status of the internal control system for the first half of FYE 2023.
  - Organizational change for the first half of FYE 2024 (January 19, 2023)



- Approval of the organization change as of April 1, 2023.
- Officer appointments for FYE 2024 (January 19, 2023)  
Approval of the officer appointments for FYE 2024.
- Share Repurchase (February 3, 2023)  
Approval of the share repurchase.
- Establishment of the Group's financial borrowing limit for FYE 2024 (March 17, 2023)  
Approval of the Group's financial borrowing limit for FYE 2024.
- Executive compensation system (March 17, 2023)  
Approval to continue the stock price-linked bonus program, using FYE 2024-2025 as the calculation period.
- Reformation and appointment of members to the Advisory Committees to the Board of Directors (March 17, 2023)  
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.
- Initiatives related to sustainability (March 17, 2023)  
Report on sustainability-related activities for FYE 2023.
- Report of Women's Advancement Committee (March 17, 2023)  
Report on the activities of the Women's Advancement Committee for FYE 2023.
- Each Director carries out functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and the other internal regulations.
- 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 were 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. Regarding the details of each committee's roles, composition, and activities, please refer to “Advisory Committee(s) to the Board, Composition and Attribution of Chairperson” in 1. Items Related to Organizational Structure and Operations, etc. of section II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, the Executive Officers implement their designated duties delegated by the Board of Directors and representative Directors. As of April 1, 2024, the Company has 38 Executive Officers (some of whom concurrently serve as Directors), comprising 32 male Executive Officers and 6 female Executive Officers.
- “Senior Operating Officer” was created as a new post. Tenure of Executive Officers (except for Executive Officers with managing titles, Executive Officers of important posts including Presidents of Division Companies and Officers responsible for overseeing each administrative functions (collectively “Executive Officers with Important Roles”) or Executive Officers appointed by a special measure applicable to women) is two years and those who will leave the office upon the end of the tenure will be appointed as Senior Operating Officers if they will continue to owe the same task or be transferred to the other internal positions. Senior Operating Officers are senior to Executive Officers (except for Executive Offices with Important Roles) and Executive Officers with Important Roles will be in principle appointed from Senior Operating Officers or those who had been Executive Officers and moved out to group companies.

- 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 April 1, 2024).

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

**[Organizational Structure Regarding Audit & Supervisory Board]**

- The Audit & Supervisory Board is comprised of 2 full-time Audit & Supervisory Board Member and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of April 1, 2024), which directly reports to the Audit & Supervisory Board, is set with employees dedicated to the duties of the Audit & Supervisory Board Members.
- Following the Ordinary General Meeting of Shareholders, the Audit & Supervisory Board determines the audit policy, the allocation of audit work, and the audit plan for the period until the next Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the performance of the duties by Directors and Executive Officers in accordance with the “Audit & Supervisory Board Regulations,” and “Auditors’ Auditing Standards.”
- Mr. Kentaro Uryu, Audit & Supervisory Board Member, is qualified as a lawyer in Japan and has adequate knowledge and experience in the field of law. Further, Ms. Kumi Kobayashi, Audit & Supervisory Board Member, is qualified as a certified public accountant in Japan, and has adequate knowledge and experience in the fields of finance and accounting.
- The Audit & Supervisory Board holds monthly meetings with additional meetings as needed. A total of 14 meetings were held during FYE 2023, and the average time required for each meeting was approximately one hour and twenty minutes. Throughout the year, the following resolutions and reports were made:  
Resolutions -17 items:  
Approval of the proposal for appointing Audit & Supervisory Board Members, Reappointment of the independent external auditor, Investigation results regarding the appropriateness of proposals and documents submitted to the general shareholders' meeting, Audit reports from each Audit & Supervisory Board Members and the Audit & Supervisory Board, Reporting of audit results to the

Board of Directors, Selection of the Audit & Supervisory Board Chairman, Selection of full-time Audit & Supervisory Board Member, Formulation of audit policies and plans, Agreement on the audit fees for the independent external auditor, Revision of the Audit & Supervisory Board Regulations and Audit Standards Policy on responding to revisions of the International Ethics Standards Board for Accountants (“IESBA”) Code of Ethics, etc.

Reports - 27 items:

Quarterly and annual financial statements, Confirmation of distributable amount, Evaluation of the independent external auditor, Confirmation of the performance of Directors and the Division Company President in executing their duties, Activities of the Internal Control Committee, Response to information security risks, Audit plans by the internal audit organization, Status of internal control regarding financial reporting, Quarterly review and annual audit results by the accounting auditor, Audit results of internal controls by the independent external auditor, Activities of the internal audit organization, Investor relations (IR) activities by the CFO, etc.

- In accordance with the allocation of audit work, each Audit & Supervisory Board Member (i) attends meetings of the Board of Directors and other important meetings to hear from Directors etc. about the status of the execution of their duties, (ii) views important documents approved by management, etc., (iii) investigates the operations and assets at Headquarters and other key offices, and (iv) requests subsidiaries to report on their businesses as required. By utilizing such set methods, Audit & Supervisory Board Members strictly audit the execution of duties of Directors and Executive Officers.
- Regarding attendance at important meetings, including the Board of Directors, Executive Officers' meetings, various internal committees, HMC, DMC (Division Management Committee), etc., the Audit & Supervisory Board Members attended a total of 263 meetings in FYE 2023 and expressed the necessary opinions.
- Regarding the hearing of the execution status from directors, employees, etc., the Audit & Supervisory Board Members regularly engage in dialogue with Chairman & CEO, President & COO, Officer in charge of overseeing head office functions, Division Company Presidents, COO of the Division, Division Company CFO, General Manager of Planning & Administration Department of Division Company, General Manager of Headquarters Administrative Division, etc., and in FYE 2023, the Audit & Supervisory Board Members have conducted a total of 121 dialogues to confirm the execution status and exchange opinions.
- From the perspective of the Group's consolidated management, Audit & Supervisory Board Members act in cooperation with our Group companies. On-site inspections of subsidiaries to hear about the business situation from their Directors and their Audit & Supervisory Board Members are held in a timely manner, and the Audit & Supervisory Board holds a liaison council composed of full-time Audit & Supervisory Board Members of major group companies. In the FYE 2023, Audit & Supervisory Board Members visited a total of 64 subsidiaries, including overseas local subsidiaries, and conducted interviews with the Directors and Audit & Supervisory Board Members of these subsidiaries. Any major information of import, obtained by these full-time Audit & Supervisory Board Members in their auditing activities, is shared with Outside Audit & Supervisory Board Members in a timely manner.
- Outside Audit & Supervisory Board Members confirm and review the execution status of duties of the Directors by attending the Board of Directors and Executive Officers' Meeting and express their opinions from a neutral standpoint at the Board of Directors and the Audit & Supervisory Board based on and utilizing their special knowledge and background.

#### [Organizational Structure Regarding Internal Audit]

- The Internal Audit Division (about 50 members as of April 1, 2024) is responsible for internal audits under the direct control of the President & COO. The Audit Division implements audits of ITOCHU and its domestic and overseas consolidated companies from various perspectives, such as 1) whether the financial information, other reports, records and related procedures can be trusted; 2) whether laws, statutory regulations and other items are being complied with and whether related internal mechanisms and systems are effective and appropriate; 3) whether operational procedures and activities are effective and efficient for carrying out organizations' policies and plans; and 4) whether other management activities are being conducted rationally and efficiently.
- The audit results are directly reported to the Chairman CEO as well as the President & COO, both of whom are Representative Directors. Additionally, they are directly reported to the Executive Officers' meetings where Directors and Audit & Supervisory Board Members are present, thereby establishing

a dual reporting line to ensure the effectiveness of internal auditing. We thoroughly follow up on the improvement status of identified issues and recommendations after the audit.

- The internal control audit section established within the Audit Division independently evaluates the development and operation of internal control systems concerning financial reporting.

**[Organizational Structure Regarding Accounting Audit]**

- Regarding accounting audits, ITOCHU entered into an audit contract with Deloitte Touche Tohmatsu LLC, which has conducted the English financial statement audit, the Companies Act audit, and the Financial Instruments and Exchange Act audit. ITOCHU appropriately exchanges opinions on accounting and internal control considerations, etc. with the independent external auditors, in response to the report setting forth the results of the financial statement audits and internal control audits conducted by the auditor as an independent third party, and has received advice such as matters for improvement.

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

- The continuous audit period by Deloitte Touche Tohmatsu LLC is 55 years (FYE 1969 to FYE 2023).
- The independent external auditors who executed the audit are Mr. Masayuki Nakagawa, Mr. Hiroyuki Yamada, Mr. Susumu Nakamura, and Mr. Daisuke Yabuuchi and the number of years of continuous audit of each auditor is within the statutory period. As of June 23, 2023, there were 113 certified public accountants and 74 assistants involved in audit work.
- When the independent external auditor falls under any of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board dismisses the independent external auditor by unanimous consent of the Audit & Supervisory Board. In this case, one of the Audit & Supervisory Board Members selected will report the dismissal of the independent external auditor and the reason thereof at the first General Meeting of Shareholders convened after the dismissal.

When the Audit & Supervisory Board finds that the appropriateness and reliability of the audit by the independent external auditor cannot be ensured, the Audit & Supervisory Board determines the contents of proposals, regarding the dismissal of or the refusal to re-elect the independent external auditor, to be submitted to the General Meeting of Shareholders.

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

As a result, the Audit & Supervisory Board has judged that the independent external auditor fulfilled its function by exerting expertise and maintaining diverse and close communication while maintaining independence as an independent external auditor, and resolved that it would be reappointed.

In addition, regarding the reappointment resolution, the Audit & Supervisory Board has received an explanation from the independent external auditor regarding the introduction of the advanced audit tool using the digital innovation, establishment of the global team that has the broad knowledge and experiences in the area of the ITOCHU Group businesses, the active productive advice in addition to the necessary report in the accounting and internal control, the successful succession plan in view of the need for advanced accounting points and the ability to respond to audit points due to the diversification and complexity of our business, for the purpose of further improving audit quality. Furthermore, during FYE 2023, we have engaged in discussions regarding the institutionalization of pre-approval for non-assurance services in response to the ethical code amendments by IESBA. We have established the necessary framework to address this matter.

“Independent External Auditor's Evaluation Criteria”

- quality control system of Deloitte Touche Tohmatsu LLC
- independence and expertise of the audit team, and the contents of the audit plan and systems
- remuneration for the independent external auditor
- Communication with Audit & Supervisory Board Members and Directors and Officers of ITOCHU
- Audit on Group Basis
- Operation of quality control system for fraud risk

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

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

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

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

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

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

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

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

The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed Outside Directors to comprise a percentage of one-third or more of the total number of Directors 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.



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



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

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

**2. Investor Relations Activities**

	Explanation by Representative	Supplementary Information
Adoption of Disclosure Policy	-	ITOCHU’s disclosure policy is included in our Basic IR Policy. Please refer to the following URL: <a href="https://www.itochu.co.jp/en/ir/policy/">https://www.itochu.co.jp/en/ir/policy/</a>
Holding Regular Meetings for Individual Investors	No	Meetings are held for several times online and at securities companies etc. (FYE 2023 results) Held 3 meetings for individual investors.
Holding Regular Meetings for Analysts and Institutional	Yes	Meetings are held every quarter, as either presentations or online conferences.

Investors		(FYE 2023 results) Held 4 investor briefings / online analyst conferences, sustainability briefing and annual report briefing, etc.
Holding Regular Meetings for Foreign Investors	Yes	Meetings are held for Investors in Europe, North America, Hong Kong and Singapore etc. (FYE 2023 results) In addition to individual meetings, held 5 overseas IR roadshows and attend 6 conferences sponsored by securities companies.
Posting Investor Relations Materials on the Company Web Site	—	Financial statements, presentation materials of investors meetings (including Q&A summary), materials used in briefings on each segment, materials for timely disclosure, annual securities reports ( <i>yuka shoken hokokusho</i> ), quarterly securities reports ( <i>shihanki hokokusho</i> ), the status of corporate governance, convocation notices for General Meetings of Shareholders, reports ( <i>hokokusho</i> ) and annual report are posted on the Company web site.
Establishment of Investor Relations Department	—	Investor Relations Division was established under the CFO as a department specializing in investor relations.

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

	Supplementary Information
Provisions Made in Consideration of Stakeholders' Interests (Internal Regulations, etc.)	<p>ITOCHU Group adopts the spirit of “<i>Sampo-yoshi</i>” as our corporate mission. In Japanese, “<i>yoshi</i>” means “good,” and “<i>sampo</i>” means three sides, and these three sides consist of (1) the seller (“<i>urite</i>”), (2) the buyer (“<i>kaite</i>”) and (3) society (“<i>seken</i>”). “<i>Sampo-yoshi</i>” is therefore “<i>urite-yoshi</i>” (meaning “good for the seller”), “<i>kaite-yoshi</i>” (meaning “good for the buyer”) and “<i>seken-yoshi</i>” (meaning “good for society”). This spirit originates from the message of our founder <i>Chubei Itoh I</i>, the merchant based in the former Ohmi Province of Japan (present-day Shiga Prefecture). We sincerely wish to contribute to solving social issues by not purely seeking to maximize our profits but also considering and responding to the expectations and trust of all of our surrounding stakeholders, including our customers, our shareholders and our employees. “<i>Sampo-yoshi</i>” is the business spirit by which we aim to bring a positive effect into the world and to contribute to realizing sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future.</p> <p>In pursuit of our corporate mission, we have established the Code of Ethical Conduct to be put into practice by our company officers and employees. Furthermore, in promoting sustainability, we refer to international guidelines and principles such as the Ten Principles of the United Nations Global Compact and Sustainable Development Goals (SDGs).</p>
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	<p>In April 2018, we adopted an environmental, social, and governance (ESG)-oriented management approach, identifying seven Material Issues (key sustainability issues) from two perspectives: societal impact and business impact. We believe that addressing these Material Issues in terms of both the associated risks and opportunities will serve to enhance our corporate value over the medium- to long-term.</p> <p>ITOCHU’s Material Issues</p> <ul style="list-style-type: none"> <li>• Evolve Businesses through Technological Innovation</li> <li>• Address Climate Change (Contribute to a Decarbonized Society)</li> </ul>

- Develop a Rewarding Work Environment
- Respect and Consider Human Rights
- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

For more details regarding the identification and review process for Material Issues, please refer to the ITOCHU ESG Report 2022.

We will work to contribute to the realization of a sustainable society by addressing these Material Issues through our core business from the following three perspectives, while considering the current business environment in which we operate.

#### 1. Sustainable Enhancement of Corporate Value

Over more than 160 years of history, the ITOCHU Group has evolved by transforming its product mix and business domains with the times, viewing change as an opportunity and expanding its scope of influence from upstream raw materials to downstream retail sector. We therefore believe that constantly transcending the framework of our existing business to create new value will contribute to sustainable enhancement of the Group's corporate value. We understand that it is important to provide new value in our products and services through a market-oriented approach that recognizes the needs of sellers, buyers, and society by leveraging our strength in consumer contacts in the consumer products field, while also conducting our business activities with due consideration for the environment and human rights, including in our supply chain.

#### 2. Response to Climate Change

The ITOCHU Group recognizes that climate change is one of the most pressing environmental challenges facing the world today, and as a global business, is committed to adapting to changes in the business environment due to climate change, while viewing these changes as an opportunity for further growth. In addition, we believe that developing and implementing greenhouse gas (GHG) emission reduction targets and specific actions for 2030, 2040, and 2050 will serve to enhance our corporate value.

#### 3. Human Capital Management & Diversity

The ITOCHU Group strives to recruit and develop human resources who can carry on the spirit of "*Sampo-yoshi*," our corporate mission, and embody our corporate Guideline of Conduct, "I am One with Infinite Missions." In order to achieve this, it is important to develop a human resource strategy and corporate environment that allows each and every employee to realize their full potential, regardless of race, gender, religion, nationality, age, or other attributes. We share case studies of our company's work style reforms and human resource policies with our Group companies, such as our Morning-Focused Working System and health management, and develop unique human resource strategies that best suit the business needs of our respective group companies. In addition, the Group is working as one to enhance its corporate value by providing in-depth support for the personnel-related challenges faced by each Group company, including recruitment, talent development, and labor management.

ITOCHU's efforts on environmental conservation and social contribution activities sustainability-related information are featured on its corporate website. Please refer to URLs listed below.

<https://www.itochu.co.jp/en/csr/social/conservation/index.html>

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

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Establishment of Policy Concerning Disclosure of Information to Stakeholders	The Basic IR Policy states that ITOCHU will provide timely and appropriate disclosure.
Other	

## IV Items Related to the Internal Control System

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

The Company has established the following internal control systems, which are necessary to ensure that Executive Officers' implementation of duties is in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy and implementation status regarding the Internal Control System as of June 23, 2023, which the Board of Directors approved on April 19, 2006 (and partially revised as of May 14, 2021).

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

##### 1) Corporate Governance

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

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

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

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

##### 2) Compliance

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

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

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

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

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

##### 4) Internal Audits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

#### 1) Attendance at Important Meetings

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

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

2) Reporting System

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

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

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

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

1) Reporting System

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

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

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

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

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

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

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

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

2) Retaining Outside Experts

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

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee (FYE 2024), chaired by the CSO and with the Corporate Planning & Administration Division as secretariat, consists of the CAO, the CFO, General Manager of Internal Audit Division, and an external expert (attorney) as members. Audit & Supervisory Board Members also attend and voice opinions every time.

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

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

Regarding the meetings of main internal committees related to internal control in FYE 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 throughout the base of the ITOCHU Group, consisting of ITOCHU and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

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

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

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

**V Others**

**1. Adoption of Takeover Defense Measures**

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

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

Please refer to Chart 4 for ITOCHU's Corporate Governance and Overview of Internal Control System.

[Overview of System for Timely Disclosure]

1. Internal Organizational Structure

The Company has established internal rules for the handling of disclosure and assigned primary responsibility for operations related to the timely disclosure to the Investor Relations Division, in consultation with the Corporate Planning & Administration Division and the Corporate Communications Division. In each Division Company, the Company also assigns persons in charge of corporate communication and investor relations, and endeavors to conduct timely disclosure by closely communicating with such persons in charge. Please refer to Chart 5 for Overview of System for Timely Disclosure.

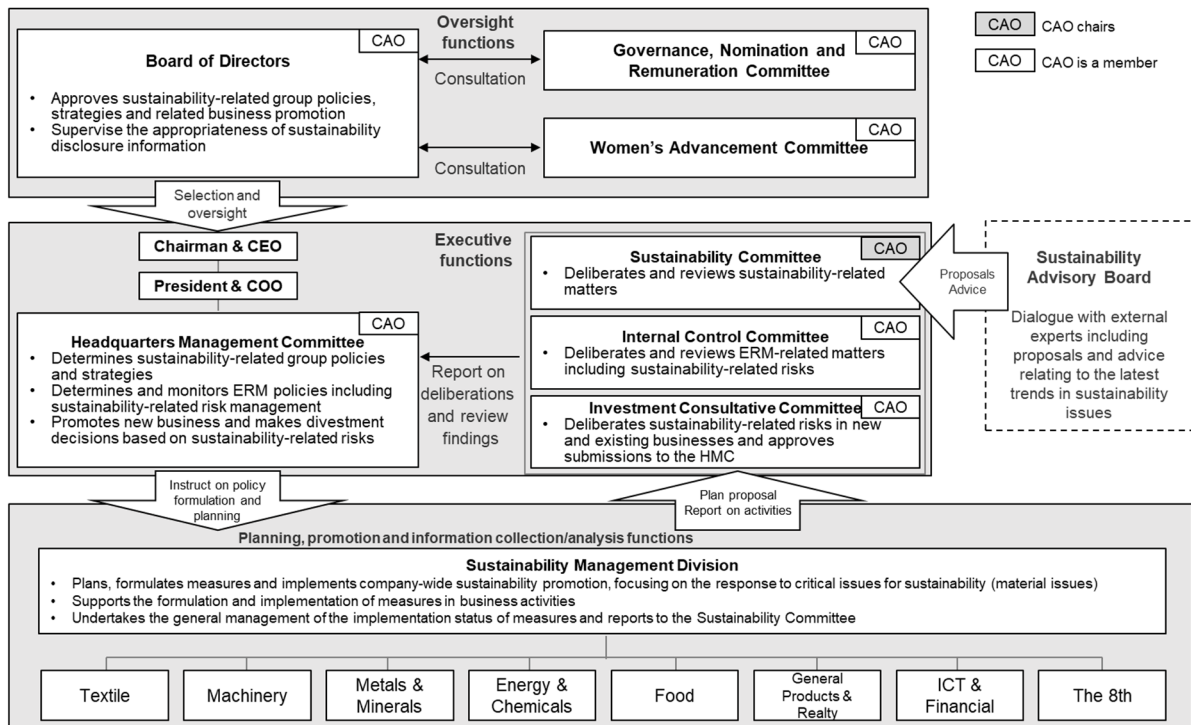
The Investor Relations Division, promptly after the public announcement of our annual financial results, notifies each Division Company and headquarters administrative department of the criteria and other details related to our and our subsidiaries' qualitative and quantitative information which are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

2. Decision of timely disclosure

Our decision for timely disclosure is as follows.

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

[Chart 1] Sustainability Governance Promotion Framework (As of June 23, 2023)



[Chart 2] (1) Ensuring Diversity of Officers

Name	Role	Principal Specialized Area of Experience / Areas in Which Officers are Expected to Make a Particular Contribution				
		All Aspects of Management	Global	Marketing / Sales	Self-Transformation / DX	SDGs & ESG
Masahiro Okafuji	Chairman & Chief Executive Officer Representative Director	○	○	○	○	○
Keita Ishii	President & Chief Operating Officer Representative Director	○	○	○	○	○
Fumihiko Kobayashi	Representative Director	○	○		○	○
Tsuyoshi Hachimura	Representative Director	○	○	○	○	○
Hiroyuki Tsubai	Representative Director	○	○	○	○	○
Hiroyuki Naka	Representative Director	○	○	○	○	○
Masatoshi Kawana	Outside Director	◎				◎
Makiko Nakamori	Outside Director				◎	
Kunio Ishizuka	Outside Director	◎		◎		
Akiko Ito	Outside Director					◎
Makoto Kyoda	Full-time Audit & Supervisory Board Member					◎
Yoshiko Matoba	Full-time Audit & Supervisory Board Member		◎			◎
Kentaro Uryu	Outside Audit & Supervisory Board Member			◎		
Tsutomu Fujita	Outside Audit & Supervisory Board Member	◎	◎			
Kumi Kobayashi	Outside Audit & Supervisory Board Member				◎	



[Translation for Reference and Convenience Purposes Only]

ITOCHU Corporation

CORPORATE GOVERNANCE

■Chair □Member \*Observer

Name	Principal Specialized Area of Experience / 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.
	Health & Medical Care	Finance, Accounting & Risk Management	Human Resources Strategy	Internal Control & Legal Affairs / Compliance			
Masahiro Okafuji	○	○	○	○	□		President, Textile Company; President & CEO, ITOCHU Corporation
Keita Ishii	○	○	○	○	□		President, Energy & Chemicals Company, ITOCHU Corporation
Fumihiko Kobayashi	○	○	○	○	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura		○	○	○			General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai		○	○	○			CEO for Africa Bloc; CEO for Europe Bloc; President, Machinery Company, ITOCHU Corporation
Hiroyuki Naka		○	○	○			General Manager of Corporate Planning & Administration Division, Chief Strategy Officer, Chief Digital & Information Officer ITOCHU Corporation
Masatoshi Kawana	◎				□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori		◎		◎	□	■	Certified Public Accountant in Japan
Kunio Ishizuka			◎		■		President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.
Akiko Ito	◎		◎		□		Commissioner, Consumer Affairs Agency
Makoto Kyoda		◎		◎			CFO, Food Company, ITOCHU Corporation
Yoshiko Matoba			◎			□	General Manager of Research & Public Relations Division, General Manager of Human Resources & General Affairs Division
Kentaro Uryu		◎		◎	*		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Tsutomu Fujita		◎				□	Vice Chairman and a board member, Citigroup Global Markets Japan Inc.
Kumi Kobayashi		◎		◎		□	Certified Public Accountant in Japan; Certified Public Tax Accountant in Japan

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

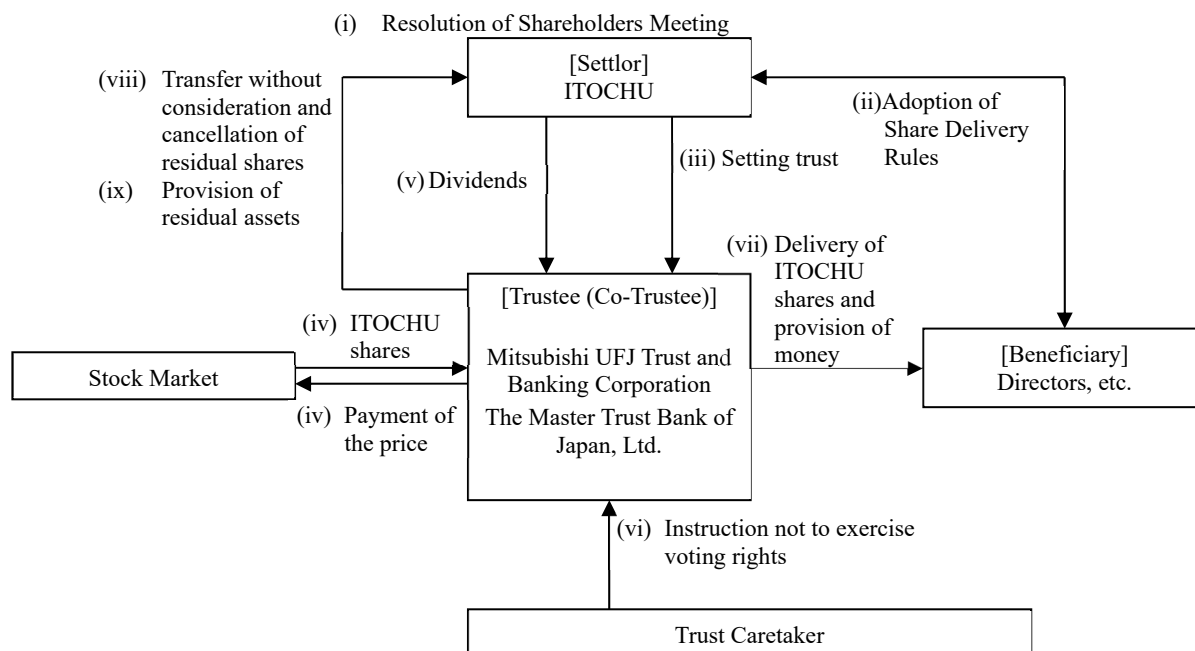
Note 2: Women's Advancement Committee is comprised of the members mentioned above and General Manager of the Human Resources & General Affairs Division.

Note 3: Hiroyuki Naka assumed a position as the CXO and has left a position as the CSO as of April 1, 2024.

[Chart 2] (2) 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 “ <i>Sampo-yoshi</i> .”
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 “ <i>Sampo-yoshi</i> 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.

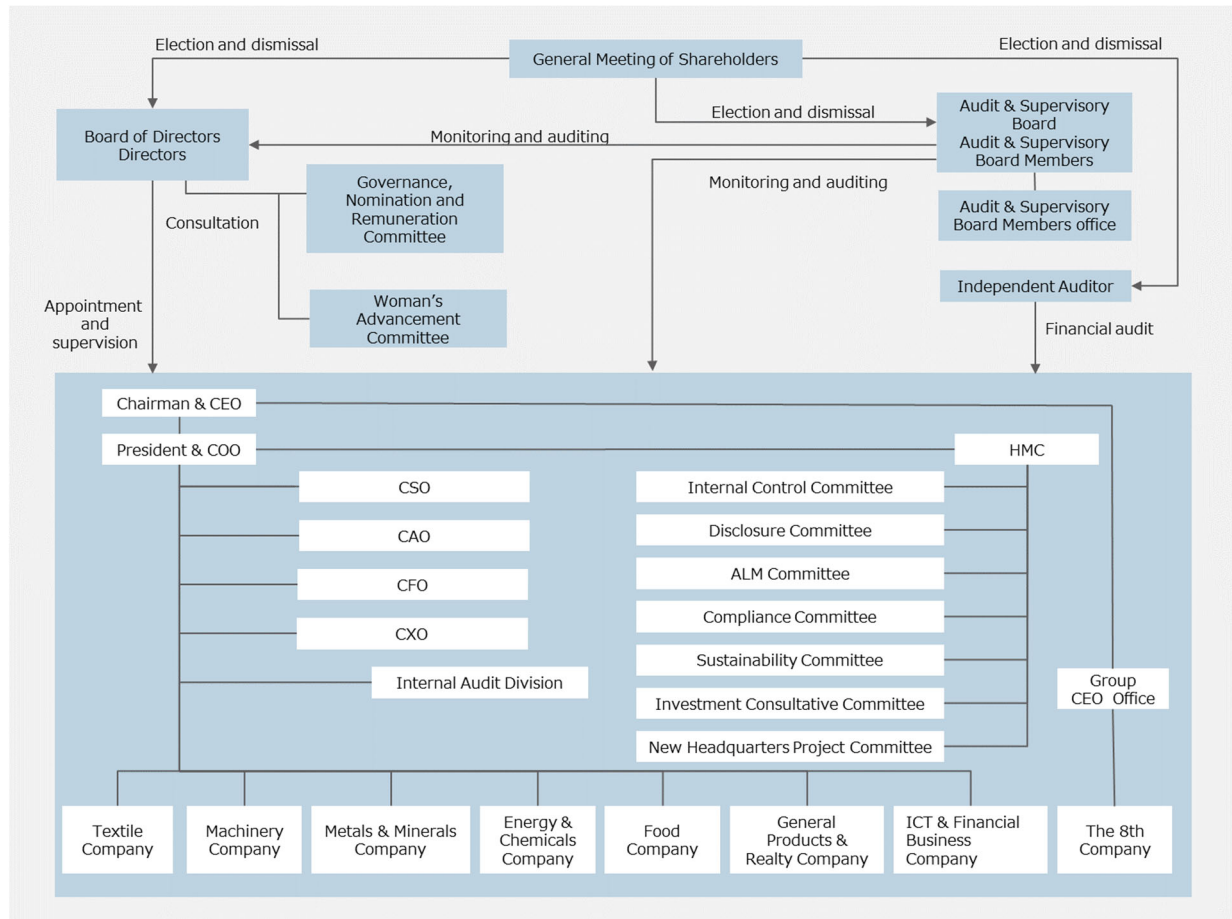
[Chart 3] Overview of the BIP Trust



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

[Chart 4] ITOCHU's Corporate Governance and Overview of Internal Control System

(As of April 1, 2024)



- \*1 CEO=Chief Executive Officer
- COO=Chief Operating Officer
- CSO=Chief Strategy Officer
- CAO=Chief Administrative Officer
- CFO=Chief Financial Officer
- CXO=Chief Transformation Officer
- HMC=Headquarters Management Committee
- ALM=Asset Liability Management

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

\*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

[Chart 5] Overview of System for Timely Disclosure

