

04 Initiatives and Systems Supporting Sustainable Growth

With an emphasis on the relevance to our businesses, this section focuses on initiatives to promote sustainability and includes a PEST analysis of macroenvironmental factors. In addition, we explain our corporate governance structure and policies with reference to the Women's Advancement Committee, which was established in FYE 2022, as well as the human resource strategy original and distinctive to ITOCHU that supports sustained growth.

Component of the corporate value calculation formula focused on in this section



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ひとりの商人、無数の使命

-50%

Reduction achieved in the GHG emissions of fossil fuel businesses and interests compared with FYE 2019 level

PEST Analysis (Macroenvironmental Factors through 2030)



The ITOCHU Group's business environment is changing, and uncertainties are increasing. Through PEST analysis, we fully assess risks and opportunities in the context of macroenvironmental factors—such as the COVID-19 pandemic, geopolitical risks, and responses to the SDGs—and build an even stronger competitive edge by implementing flexible measures and transforming businesses in response to changes in the times and the business environment.

How to understand this page

In the graph for each macroenvironmental factor, the upper part represents our view of the balance between the degrees of impact of risks and opportunities, while the lower part represents our projection of changes in the degrees of impact through 2030. It also identifies the relevant capital.

Example: Change in Investment Environment
This represents instances where the effect of opportunity is greater than that of risk, and the degree of effect (investment opportunity) is expected to increase over the near- to medium-term, despite uncertainty. Moreover, this represents instances where the long-term outlook is difficult to predict.

Risks	Opportunities
Political Trends — Related Capital: Business Portfolio, Client and Partner Assets, Natural Resources Unpredictable policy changes and headwinds for the growth of profit Deterioration of the global economy, decline in trade volume, and tightening of export and investment restrictions Economic stagnation and financial market turmoil due to terrorism and military conflicts	Stagnation of liberalism and democracy (political instability, inequality issues, etc.) Intensification of conflict between different political systems (democracies vs. non-democracies, the U.S.–China situation, etc.) Geopolitical risks (Russia, East China Sea, South China Sea, Middle East, North Korea, etc.) Increase in business opportunities of consumer-related businesses Reform of supply chains and difficulty in procuring food resources, energy, minerals, and resources Increases in prices of related items accompanying decreases in production and supply volumes
Economic Policy Trends — Related Capital: Business Know-How, Business Portfolio, Natural Resources Slowdown in pace of economic growth Higher interest rates and increase in tax burden	Focus on sustainability instead of growth Normalization of fiscal and monetary policies Stable economic growth Accelerated deregulation and society's expectations of the private sector with respect to economic growth, etc.
Changes in the Tax Code and Regulations — Related Capital: Business Know-How, Business Portfolio, Natural Resources, Relationships with Society Disappearance of existing transactions Shrinking of fossil fuel markets (coal, crude oil) Shrinking of existing transactions and increase in tax burden Increase in regulatory response costs and reputational decline or damage	Trade talks and agreements (TPP, RCEP, etc.) Regulations to curb GHG emissions (Paris Agreement, etc.) International tax trends (BEPS countermeasures, environmental taxes, corporate tax rate hikes) Tighter regulations in the digital technology field (competitive environment, information management, handling of personal data, etc.) Increase in trade volume and generation of new sales channels Expansion of renewable energy markets (wind, solar, hydrogen, ammonia, etc.) Generation of new sales channels through introduction of new taxes End of data monopolies held by existing platformers and increase in availability of open data

With the actualization of geopolitical risks, policies focus more on ongoing international cooperation as well as the stability of citizens' livelihoods. We will develop businesses amid increasing scrutiny of companies.

Risks	Opportunities
Economic Stagnation in Developed Countries — Related Capital: Business Know-How, Business Portfolio, Client and Partner Assets Decrease in business opportunities and trade volume	Emergence of new demand from changes in consumer and corporate behavior
Greater Disparity in Economic Growth among Emerging Countries — Related Capital: Human and Organizational Capital, Business Portfolio, Client and Partner Assets Emergence of non-performing assets due to economic and social deterioration	Increase in consumer spending as standard of living improves; increase in demand for infrastructure and food resources as population grows
Dollar Appreciation — Related Capital: Business Know-How, Business Portfolio Depreciation in currencies of emerging countries; increase in overseas investment costs	Appreciation in value of assets denominated in foreign currencies and expansion of businesses that benefit from yen depreciation
Volatility in Asset (Stocks, Real Estate) and Resource Prices — Related Capital: Business Portfolio, Client and Partner Assets, Natural Resources Formation and collapse of asset bubbles in specific fields and products	Growth in earnings from trading and increase in gains on asset disposal through timely disposal
Change in Investment Environment — Related Capital: Business Know-How, Business Portfolio, Natural Resources Excessive swings in project value	Increase in expected returns as growth rebounds; more investment opportunities in fields and regions of strength

With growth of developed economies slowing as populations level off and the gap in growth potential widening among emerging economies, we will determine the correct balance between growth fields and fields that will peak out.

Risks	Opportunities
Responding to Climate Change (Decarbonization) — Related Capital: Business Know-How, Business Portfolio, Client and Partner Assets, Natural Resources, Relationships with Society Decrease in fossil fuel demand as awareness of the SDGs grows; increase in additional costs arising from decarbonization measures, higher power prices, and a reduction in the competitiveness of companies	Increase in business opportunities accompanying the introduction of clean power sources and electrification, etc.; potential for acquisition of new customers due to heightening of added value or enhancement of brand value of existing products and services
Cultivating a Workplace Environment — Related Capital: Human and Organizational Capital, Business Know-How Labor shortages due to low birth rate; outflow of personnel; harassment, mental health, and long working hours; increases in health-related costs	Improvement in labor productivity due to utilization of IT tools and advancement of diversity; increase in flexibility of work systems; improvement in health and motivation; securing of outstanding human resources
Respecting Human Rights — Related Capital: Client and Partner Assets, Natural Resources, Relationships with Society Human rights issue-related project delays and continuity risks; compliance violations; data leaks	Business stabilization and recruitment through harmonious coexistence with local communities; construction of an ethical procurement-based system for continuous supply of products
Increasing Awareness on Health and Quality of Life — Related Capital: Human and Organizational Capital, Business Know-How, Business Portfolio, Client and Partner Assets, Relationships with Society Decrease in creditworthiness when safety and health issues occur; destabilization of markets and the social security system	Increase in demand for products and services compatible with a non-contact society; increase in demand for health promotion and visualization of food safety and security; expansion of information, financial, and distribution services due to digitalization
Ensuring Stable Procurement and Supply — Related Capital: Business Portfolio, Client and Partner Assets, Natural Resources Increase in additional costs arising from efforts to ensure stable procurement and stable supply of food resources, energy, mineral resources, etc.	Increase in demand for rare metals, rare earths, etc.; stable procurement and supply provision that reflects consideration for environmental burden and economic security throughout entire life cycles of products
Strengthening Governance Structure — Related Capital: Human and Organizational Capital, Business Portfolio, Relationships with Society Decrease in corporate value assessment by investors; withdrawal of invested funds; exclusion from investment targets; decline in stock price	Rise in corporate value assessment by investors; inflow of investment funds; addition to investment targets; increase in stock prices

Based on "Sampo-yoshi," Group corporate mission, we will advance solutions to social issues by providing products and services, creating new businesses, and replacing assets.

Risks	Opportunities
Changes in Business Models Caused by Technological Innovation — Related Capital: Human and Organizational Capital, Business Know-How, Business Portfolio, Client and Partner Assets, Relationships with Society Obsolescence and extinction of existing business models due to proliferation of new technologies; leaks of internal data due to cyberattacks	Creation and provision of innovative services and new business models; improve productivity and optimize overall supply chain through use of new technology

By taking a market-oriented perspective to address rapid technological innovation and changes in consumer behavior, we will advance the self-transformation of business models.

Countermeasures for Business Risks and Other Risks

Due to the diverse and extensive nature of its businesses, the ITOCHU Group is exposed to a range of risks, including complex market-related risk, credit risk, and investment risk. As unpredictable uncertainties are inherent in such risks, they may have significant effects on the Group's future financial position and business performance.

Viewing risk control as an important management task, we have established basic policies, administrative systems, and methods for managing the risks that we face.

Risk Description	Risk Description
(1) Risks Associated with Macroeconomic Factors and Business Model Page 76	(7) Risks Associated with Fund-raising Page 36
(2) Market Risk	(8) Risks Associated with Taxes
a) Foreign Exchange Rate Risk	(9) Risks Associated with Significant Lawsuits
b) Interest Rate Risk	(10) Risks Associated with Laws and Regulations
c) Commodity Price Risk	(11) Risks Associated with Human Resources Page 92
d) Stock Price Risk	(12) Risks Associated with the Environment and Society Page 84
(3) Investment Risk Page 40	(13) Risks Associated with Natural Disasters
(4) Risks Associated with Impairment Loss on Fixed Assets	(14) Risks Associated with Information Systems and Information Security
(5) Credit Risk	(15) Risks Associated with the Outbreak of COVID-19
(6) Country Risk	

For details, please see "Risk Information" in Financial Information Report 2022.
<https://www.itochu.co.jp/en/files/FIR2022E.pdf>



RISK 1



Risks Associated with Macroeconomic Factors and Business Model

Risks Associated with Cost Increases in the Consumer Sector

Due to disruptions in supply chains and other factors, some businesses, such as textiles and foods, are expected to be affected by cost increases due to hikes in the prices of raw materials, fuel, and other items. Based on a detailed analysis of the situation specific in each

industry, the Company will minimize the impact of cost increases by implementing specific measures, such as passing on cost increases to prices in a timely manner, developing new alternative products and procurement routes, and stepping up the rigorous implementation of "cut" measures.

Division Company	Industries	Possible Scenarios in Target Industries	Countermeasures
Textile	Brands and OEM*	<ul style="list-style-type: none"> Increases in raw material prices and logistics costs Decreases in consumption and orders Possible acceleration of brand reorganization (changes in ownership) 	<ul style="list-style-type: none"> Swiftly passing on costs to prices Acquisition of marketing rights and trademarks in the domestic market in response to a trend toward the reorganization of overseas brands
Food	Fresh foods and raw material processing	<ul style="list-style-type: none"> Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as fuel and secondary materials 	<ul style="list-style-type: none"> Swiftly passing on costs to prices Curbing of cost increases through meticulous logistics operations
	Food distribution	<ul style="list-style-type: none"> Increases in distribution costs and other indirect costs due to higher fuel prices Change in consumption trends of consumers due to inflation 	<ul style="list-style-type: none"> Swiftly passing on costs to prices Curbing of cost increases through efficiency of logistics
General Products & Realty	Construction and real estate	<ul style="list-style-type: none"> Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as labor, fuel, and secondary materials 	<ul style="list-style-type: none"> Swiftly passing on costs to prices Optimization of inventory levels
The 8th	Convenience stores	<ul style="list-style-type: none"> Increase in procurement costs due to rising raw material prices Increase in indirect costs, such as utility costs Change in consumption trends of consumers due to inflation 	<ul style="list-style-type: none"> Continue to develop products that provide new value Meticulous price setting for each product (Partially passing on costs to prices) Curbing of cost increases through structural reform of manufacturing and logistics

* Original Equipment Manufacturing

RISK 6



Country Risk

The ITOCHU Group is exposed to country risk, including unforeseen situations arising from the political, economic, and social conditions of the countries and overseas regions in which the Group conducts product transactions and business activities. Country risk also includes state expropriation of assets owned by investees' or remittance suspension due to changes in various laws and regulations. To control the aforementioned risks, the Group takes appropriate risk avoidance measures for each project while using in-house country credit ratings to establish Groupwide guidelines on limits for each country and maintaining overall exposure to each country at a level that is appropriate for the Group's financial strength.

(1) Russia-Related Business

As of March 31, 2022, exposure to Russia was ¥42.1 billion. In response to the Russia-Ukraine situation, the Company promptly formulated a credit policy for Russia and rigorously implemented the "prevent" measures, such as acceleration of receivables collection. In addition, through a joint venture led by the Japanese government, the Company owns an interest in part of the Sakhalin-1 crude oil concession in Russia. In light of such factors as the need to secure stable energy resources for Japan, the Company will discuss and consider future measures

in close consultation with the Japanese government, which is the largest shareholder in the joint venture; other partners; and other relevant parties.

(2) China-Related Business

As of March 31, 2022, exposure to China was ¥1,269.2 billion. The Company has three types of China-related businesses: businesses related to CITIC, iron ore trading to China, and other trade and business investments. The Chinese government has long pursued a policy of strengthening state-owned enterprises. Given that it is a Chinese state-owned conglomerate, CITIC is expected to perform steadily as it is expected to benefit from public projects and economic stimulus measures by the government. In addition, a significant decline in demand for iron ore trading to China is unlikely as at the moment the Chinese government has made maintaining and expanding the economy a key policy and is expected to further increase investment in infrastructure and other areas. As for other trade and business investments, the Company is mainly engaged in China's domestic consumer sector and is not engaged in businesses related to such areas as advanced technologies, with respect to which there is concern over the effect of trade friction between the United States and China.

RISK 14



Risks Associated with Information Systems and Information Security

The Company strengthens its information security by establishing security rules and enhancing security infrastructure.

ITOCHU Group companies have long been required to meet the ITOCHU Group Information Security Minimum Standards as a minimum level of compliance. In FYE 2022, the Company added 40 articles to these standards with the aim of preventing such threats as information leaks caused by cyberattacks, and the Company is endeavoring to ensure rigorous compliance with the standards.

Further, an in-house cybersecurity team, ITCCERT (ITOCHU Computer Emergency Readiness, Response & Recovery Team), which is led by ITOCHU-dedicated expert advanced cybersecurity analysts, collects the latest information on potential cyberthreats and takes

preventive measures. Moreover, if an incident occurs in the Group, the team immediately implements an incident response, which includes investigating the cause, analyzing countermeasures, and restoring services. In addition, ITCCERT has bundled services into the ITOCHU Group Cyber Security Program package, also known as I Series, including a program that checks for latent malware, a program for detecting unauthorized internet communications, and workshops for IT personnel. The package is already in use at 86 overseas offices and overseas branches, etc., and 95 Group companies, and the coverage of the package is being extended. Also, the Group is continuing to strengthen its cybersecurity. In FYE 2023, plans call for expanding and enhancing the services provided by I Series as a measure to strengthen the Group's resilience to cyberattacks even further.

CAO Interview



Fumihiko Kobayashi

Member of the Board,
Executive Vice President, CAO

We aim to enhance corporate value and strengthen sustainability by taking various frontline-focused measures to turn words into accomplishments.

How did you ensure employee safety during the pandemic and the Russian invasion of Ukraine?

We gave top priority to ensuring the safety of employees on the front lines, and implemented prompt measures such as workplace vaccinations and evacuation abroad.

First and foremost, ITOCHU's work style constitutes a commitment to the front lines. Even during the COVID-19 pandemic, many of our customers are constantly operating at the forefront, such as supermarkets striving to keep their shelves full of offerings, convenience stores that are open on a 24/7 basis, and home-delivery service providers committed to delivering goods on time. These endeavors ceaselessly support the daily lives of consumers. Everything depends on those taking care of the front lines, and ITOCHU positions its businesses at the very

front of the lines. Mere talk about prioritizing people on the front lines is not enough. We have to always ensure the safety of frontline employees. Right when the COVID-19 pandemic began, ITOCHU set up a robust infection prevention system within the Company and Group companies. Since then, we have flexibly adjusted the working system 24 times (as of July 31, 2022) to meet frontline needs. To prioritize employee safety, when workplace vaccinations were initiated across Japan in June 2021, ITOCHU conducted these at the fastest speed among domestic companies.

When the Russia-Ukraine situation arose in February 2022, ensuring the safety of stationed and local employees was top of mind, and we took swift action. For example, in addition to temporarily evacuating and repatriating stationed employees, we provided emergency relief funds to local employees and, in the event that they and their families needed to flee the country, the staff of ITOCHU offices in neighboring countries arranged shelter for them.

What was the story behind holding the Sustainability Briefing (May 2022)?

We wanted all stakeholders to understand that the Company's string of work-style reforms enhance strengthening the Company's sustainability.

Originally, briefings for analysts and institutional investors primarily focused on matters related to financial information, such as business results, management plans, and growth strategies. The importance of explanations related to financial information remains unchanged, but I noticed a significant uptick in opinions and questions related to non-financial information in the last few years. At various briefings, there has been more interest in certain topics from an ESG perspective, such as GHG emissions reduction, human rights considerations in the supply chain, diversity, and promoting the advancement of women.

A major reason for this briefing was not only to respond to these opinions and questions but also to enhance the understanding of analysts and institutional investors regarding the effect of the Company's string of work-style reforms aimed at creating a challenging but rewarding corporate environment, thereby enhancing labor productivity and corporate value, as well as strengthening the Company's sustainability.

As mentioned at this briefing, now-Chairman & CEO Okafuji took office as President in FYE 2011 and implemented measures in rapid succession, including the Morning-Focused Working System, the formulation of the ITOCHU Health Charter, Support Measures for Balancing

Cancer Care and Work, spearheading workplace vaccinations, and introducing a work from home system for all employees and the Morning-Focused Flextime System. In addition, because we continually disclose all these efforts, our measures have become significantly influential on the Japanese society as a whole.

By explaining these various measures along with the stories behind their introduction, I think this briefing has helped analysts, institutional investors, and diverse stakeholders to better understand ITOCHU.

As chair of the Sustainability Committee, what issues do you face and what roles does it perform?

Issues such as climate change are discussed and reviewed from a cross-divisional perspective.

Sustainability and ESG have been growing in importance recently, and social demands are accelerating, as are legal and regulatory obligations. In ITOCHU's case, material sustainability issues, such as GHG emissions reduction and human rights considerations in the supply chain, are not limited to specific departments. Rather, they encompass the entire Company.

The Sustainability Committee is a valuable forum for the General Managers of the Planning & Administration Departments of all eight Division Companies and the General Managers of Headquarters Departments to meet and discuss Companywide issues. At committee meetings, it is essential to share the importance of issues through active debate and, subsequently, for the entire Company to come together to implement measures that ultimately gain the committee's consensus. As chair of the committee, I aim to run the committee to foster this kind of awareness.

In recently held Sustainability Committee meeting, various topics were addressed. Among those, there was particularly active debate around the topic of climate change and specific approaches to achieve the medium- to long-term targets ITOCHU set for reducing GHG emissions. Because every Division Company participates in the committee, we can hold discussions from a cross-divisional perspective, overcoming the boundaries of product silos. I feel this is one major reason the committee is vital.

In addition to stimulating vigorous discussion, the committee places great emphasis on reviewing the Sustainability Action Plans, which incorporate identified material issues for specific businesses and initiatives. In each business sector, we identify key sustainability risks and opportunities for each Division Company, make medium- to long-term commitments, establish approaches as well as performance indicators for



Sustainability Briefing: Enhancing Corporate Value through the Evolution of Work-Style Reforms

Details of the Sustainability Briefing are available on our website:

<https://www.itochu.co.jp/en/ir/doc/presentation/>



CAO Interview

achievement, and conduct an annual review of the progress on each action item. This enables every member of the Sustainability Committee to become familiar with the numerous initiatives outside of their own Division Company. Moreover, I think discussing the initiatives from a wide range of perspectives has helped each Division Company expand the scope of its own projects. (▶Page 84 Initiatives to Promote Sustainability)

The second stage of work-style reforms was based on the results of an engagement survey. What are the key points of these reforms?

By introducing more flexible work styles, we will help employees better tap their full potential.

Since FYE 2011, we have rolled out unique measures, including the Morning-Focused Working System, with the rationale that the promotion of work-style reforms contributes to enhancing labor productivity. The results of the engagement survey we conducted in December 2021 showed that our figures remain at the apex of leading companies in Japan. Nevertheless, compared with FYE 2019, there was a drop in positive responses in percentage terms for some topics. Hence, we will strive to improve our figures. From the results of the analysis, including on-site hearings, we concluded that introducing more flexible work styles would help employees better tap their full potential, especially for young employees and female employees. The Morning-Focused Working System had already gained widespread support among employees, and we evolved it even further by introducing the Morning-Focused Flextime System to realize a work style where employees who arrive early leave early. We enabled more flexible work styles by allowing employees to use this system and work from home, which became widely practiced during the pandemic, according to their specific work and personal situations. In addition, we realized that many young employees hope to grow by overcoming a wide range of challenges and building their own careers, so we enhanced the current in-house recruitment system and expanded interviews between employees and superiors regarding their personal career progress. Moreover, we

conduct training that emphasizes the front lines, such as dispatching employees overseas as early in their career as possible and allowing them to experience a wide range of duties, as we work to increase the speed of training.

Our aim of realizing a corporate environment that is challenging but rewarding to work for remains unchanged as the basic policy of our human resource measures. By “challenging,” we mean that employees need to always be aware that they are expected to achieve results through their work and that those results need to help enhance the Company’s sustainable profitability and corporate value. This was also based on our experience and lessons learned when we aimed to become an employee-friendly company. At that time, misconception arose that employees could enjoy benefits even if they did not embrace the challenges of work. Hoping to be a company where anyone, regardless of gender, can thrive at work while staying vigilant to their responsibilities, we will continue working to create a challenging but rewarding corporate environment. (▶Page 92 Human Resource Strategy)

Please tell us tactics for human resource acquisition.

We will continue to hire “merchants” by conducting hiring activities from a student’s perspective and carefully communicating the appeal of our Company to students.

The number of non-consolidated employees at ITOCHU is significantly lower than that of other general trading companies associated with the former *zaibatsu* industrial groups, at around 70% in comparison. We will remain a small select organization of capable individuals as a policy. Regarding the hiring of excellent human resources, the pandemic limited opportunities to interact with students face-to-face. Hence, we provided employment information to students using such diverse methods as online visits with senior employees, more frequent online seminars with added topics, and in-person seminars that minimize infection risks. In addition, to enhance understanding of ITOCHU’s corporate culture, we conducted



Entrance of Tokyo Headquarters in VR space

hiring activities by putting ourselves in students’ shoes, such as promoting branding on social media, beginning hiring activities in the Metaverse in FYE 2022, and creating and utilizing virtual reality (VR) spaces for students. In recent years, ITOCHU has garnered very high praise for clinching the top spots in company rankings among job-seekers. For the most recent class of 2023, we were the No. 1 general trading company in company rankings among job-seekers according to major institutions. For all industries, we ranked No. 1 in four out of seven major institutions. These rankings stand as a tall testament to our appeal and hiring power in Japan. ITOCHU’s most valued management resource is, without a doubt, people. We will continue to hire “merchants” who can sensitively perceive changes in the world from a broad and comprehensive perspective as they undertake challenges for the future with nimble, innovative thinking.

How do you roll out work-style reforms and other human resource strategies across the Group?

We disclose all measures our Company has implemented to promote and support Group companies’ own initiatives.

At Group companies, it is also important to take human resource measures that fully tap each employee’s potential. Group companies consider human resource measures that align with their unique characteristics, and,

during that consideration process, we ask that they start with implementing what they can of the various work-style reform measures ITOCHU has rolled out. To promote such effort, we have openly shared details of our work-style reforms with Group companies. Many Group companies have already introduced the Morning-Focused Working System and health management measures that ITOCHU spearheaded. Those companies have reaped benefits similar to ITOCHU by reducing unnecessary overtime and creating sought-after time for many of their employees, not just for those who face time restrictions due to childcare or nursing care. For example, employees have voiced that the measures, such as in terms of sharing housework and childcare between spouses or enabling self-development, have led to motivation for work. Furthermore, we have heard that better health management has helped foster peace of mind among employees. Since entering the second stage of work-style reforms, the Company is asking its Group companies to again consider evolving their work styles based on the issues identified by ITOCHU.

In addition, from the perspective of enhancing consolidated management, we are providing meticulous support in hiring, training, and labor management in line with each Group company’s situation. For example, regarding training, we are working to expand programs for all Group companies, including joint training for new hires and training for supervisors. For a long time, we have implemented a special program to develop future managers by bringing together national manager candidates of foreign nationalities from Group companies overseas, although for the last few years this program has been temporarily suspended due to the COVID-19 pandemic. In this and other ways, we have rolled out the Group’s human resource strategy in Japan and overseas. To appropriately cope with a rapidly changing labor environment, ITOCHU’s robust support also includes providing information on legal revisions and holding workshops related to labor cases across Group companies.

In line with the corporate mission of “*Sampo-yoshi*,” we will strive to roll out the Company’s work-style reforms and other human resource measures to Group companies as we aim to be a corporate group where every employee works with pride and job satisfaction.



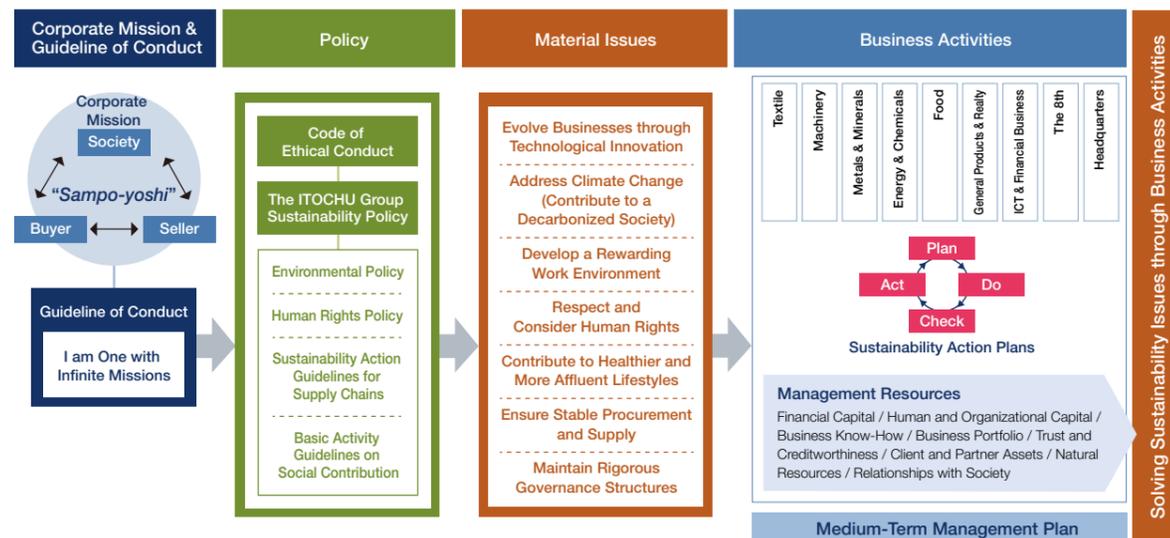
Initiatives to Promote Sustainability

Sustainability Promotion Flow

Under The ITOCHU Group Sustainability Policy in accordance with its corporate mission and changes in the external environment, ITOCHU promotes sustainability initiatives systematically throughout its organization. Of particular note, each Division Company and administrative division incorporates ITOCHU's material issues, which are identified as issues to be addressed with priority, into the Sustainability Action Plans. We will continue to sustainably enhance corporate value and resolve social issues at the same time through our business activities, namely trade and business investment, while ensuring that we maintain and improve profitability.

The Sustainability Management Division plans measures to advance sustainability. After these are decided by the CAO, they are carried out by each organization.

The Sustainability Committee deliberates and makes decisions concerning formulation and revision of basic policies and important matters. Furthermore, through dialogue with external stakeholders such as the Sustainability Advisory Board, we gain an understanding of society's expectations and demands, etc., which we apply in our efforts to promote sustainability.



Expanding Sustainability-Related Disclosure

Each year, ITOCHU publishes an ESG report for the purpose of furthering the understanding of its policies, approaches, targets, systems, and specific initiatives for promoting sustainability among a broad range of stakeholders, including investors, shareholders, and business partners. In the ESG report, the Company mainly discloses ESG performance data and details about initiatives undertaken in the previous fiscal year to contribute to the SDGs.

Our proactive attitude toward disclosure has helped improve our sustainability rating. Going forward, we will continue expanding sustainability-related disclosures while emphasizing dialogue with stakeholders.



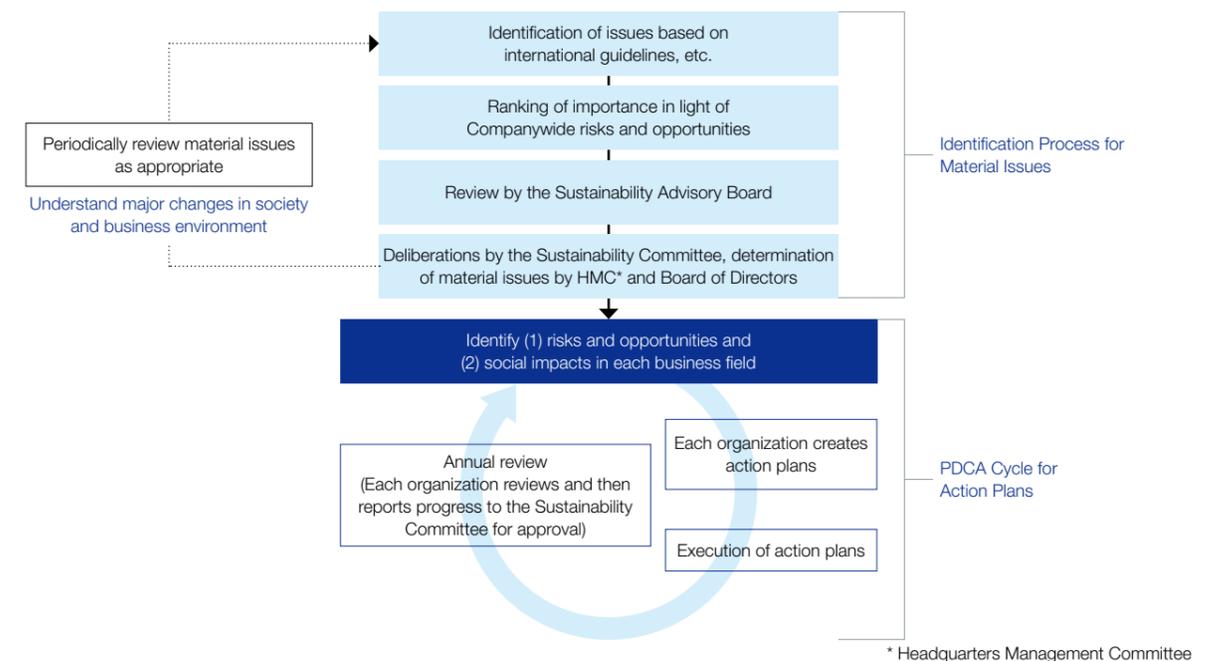
Please see the ESG report for details.
<https://www.itochu.co.jp/en/csr/report/>



Identification Process for Material Issues and Incorporation into Action Plans

Since ITOCHU first identified material issues that pertain to sustainability from an ESG perspective in FYE 2014, we have conducted reviews as appropriate based on trends in the international community and the expectations of stakeholders. In FYE 2019, we revised our material issues, incorporating elements from our fields of strength in health management and the consumer sector, and made revisions to content with an eye on contributing to achieving the Paris Agreement and the SDGs adopted by the United Nations.

Furthermore, as a specific initiative, each Division Company and administrative division incorporates the identified material issues into Sustainability Action Plans for each business field. First, each organization identifies risks and opportunities and social impacts in each business field, and then sets medium- to long-term targets, draws up action plans with measures and performance indicators for achieving these targets, reviews progress, and finally reports achievements to the Sustainability Committee, with the intention of making steady progress through a PDCA cycle.



Viewing Climate Change as an Opportunity

In its medium-term management plan, ITOCHU has set a target of offsetting GHG emissions to zero by 2040. For example, by constructing renewable energy power plants, the Company helps its customers reduce their GHG emissions through the use of this renewable energy and strives to reduce global GHG emissions. When building new renewable energy power plants, there is a possibility that the Company's Scope3 emissions will increase. By accelerating such initiatives, however, ITOCHU intends to reduce its own emissions, including Scope3, and make a greater contribution to reducing GHG emissions overall. I believe this is a rather ambitious target.

At the same time, ITOCHU also aims to achieve net zero GHG emissions by 2050. As a part of this goal, the Company provides training videos to its employees to learn more about how to perform life cycle assessment and calculate Scope3 emissions, for example, and these videos are also used as a marketing tool for customers who are keen to use carbon-free products. In addition to envisioning grand solutions for the future, ITOCHU's approach starts with reducing emissions in its own businesses, and I believe this is the best attitude to reduce GHG emissions. I think ITOCHU's efforts are a useful reference for other companies as well. I am strongly encouraged that ITOCHU, which supports the businesses of numerous customers as a general trading company, views efforts to reduce GHG emissions as a business opportunity rather than just a cost burden and is proactively executing initiatives.



Yukari Takamura
Member, Sustainability Advisory Board (FYE 2022)

Professor of Institute for Future Initiatives, The University of Tokyo. Ms. Takamura specializes in international law and environmental law. Her main research topics are legal problems with multilateral environmental agreements and climate and energy laws and policies. She chairs the Central Environmental Council of Japan, Tokyo Metropolitan Government's Environmental Council, and Procurement Price Calculation Committee for Feed-in Tariff / Feed-in Premium Scheme for Renewable Energy, while also serving as a member of many other advisory bodies inside and outside Japan.

Approach to Climate Change and Related Initiatives

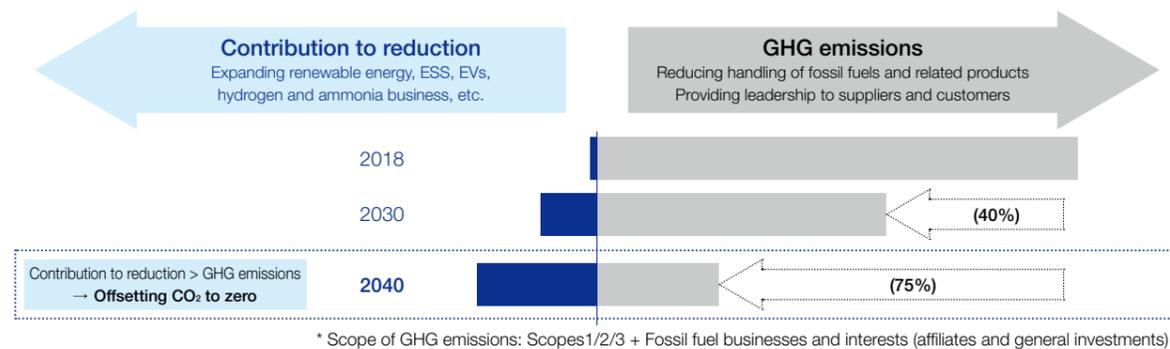
ITOCHU discloses GHG emissions from all of its owned fossil fuel businesses and interests, and intends to completely withdraw from thermal coal interests during the medium-term management plan. By reducing GHG emissions and proactively advancing businesses that help reduce emissions, ITOCHU will contribute to help realize the Japanese government's 2050 Carbon Neutral goal.

GHG Emissions Reduction and Offset Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government's target. In addition, aiming to offset CO₂ to zero*¹ by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government's interim target*² by achieving a 40% reduction from 2018 levels by 2030.
- Based on the understanding that ongoing initiatives to reduce GHG emissions are key, **flexibly and dynamically adjusting "reduction pathways" while paying attention to the unique traits of client industries**, assuming it is possible to expand business while addressing societal demands at the same time.
- **Steadily reducing emissions from a medium- to long-term perspective through initiatives in supply chains**, including reviews of products handled in light of changes in client industries, and transitions to improve fuel economy in logistics networks, centered on the non-resource sector where the Company has strengths.

*¹ Offsetting CO₂ to zero by subtracting "contribution to reduction" accompanying the expansion of renewable energy business, etc., from GHG emissions.

*² The Japanese government's target of a 46% reduction from the 2013 level by 2030 is a 39% reduction based on the year 2018.

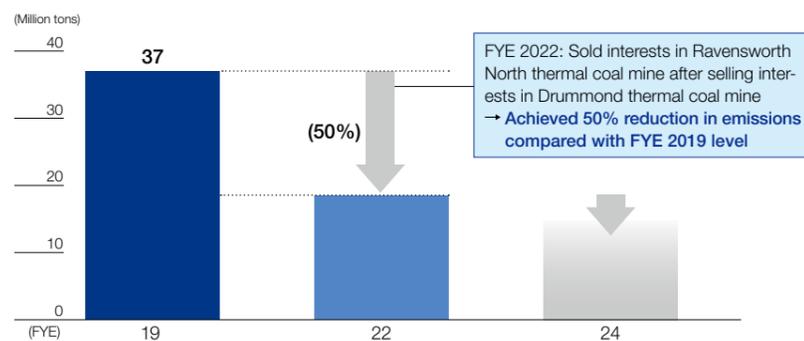


Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

- From early on, we stated our intention to voluntarily discontinue existing operations in fossil fuel businesses and interests*, in which there are strong societal demands, and we have made steady progress in this regard.
- In FYE 2022, after selling our interests in the Drummond thermal coal mine in Colombia, we sold our interests in the Ravensworth North thermal coal mine in Australia. We achieved, ahead of schedule, our target **for reducing GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level**.
- We will actively promote efforts to reduce environmental impact while fulfilling our responsibility to ensure a stable supply of resources and energy.

* Fossil fuel businesses and interests (consolidated subsidiaries, affiliates, and general investments): (1) Coal interests (thermal and coking coal), (2) Coal-fired power generation, and (3) Oil and gas interests

GHG Emissions from Fossil Fuel Businesses and Interests



Method for Calculating GHG Emissions
In addition to Scope 1 and 2, we disclose all GHG emissions in our value chain, including Scope 3 in the following categories.

Category 1. Purchased goods and services
Example: Calculation assuming resources of our interest stakes are purchased

Category 4. Upstream transportation and distribution
Example: Calculation of our portion of emissions, including transportation to ports

Category 11. Use of sold products
Example: Calculation assuming resources of our interest stakes are sold to and combusted by the buyer

Climate Change (Information Disclosure Based on TCFD Recommendations)

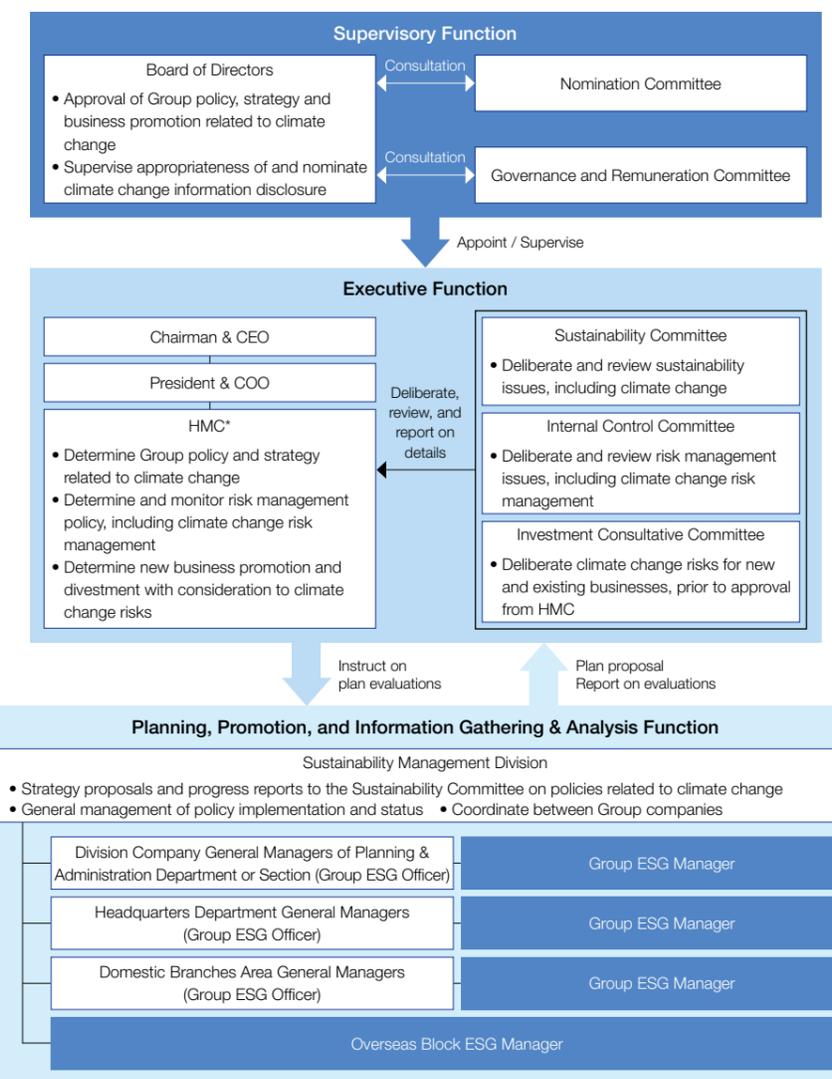
In May 2019, ITOCHU announced its support for the TCFD* recommendations in recognition of the importance of climate-related financial disclosures. Since then, we have endeavored to disclose information based on TCFD recommendations.

* The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB)

Climate Change Governance

At ITOCHU, the Sustainability Management Division plans and proposes measures and initiatives to address risks and opportunities related to climate change, and the Sustainability Committee deliberates and decides these measures and initiatives. The CAO, the director responsible for climate-related issues, chairs the Sustainability Committee, and is responsible for presenting and reporting to the Board of Directors the matters duly deliberated and decided upon by the Sustainability Committee. This structure allows the Board of Directors to properly supervise progress on business strategies to address environmental and social risks and opportunities based on the deliberations of and decisions on related matters by the Sustainability Committee. The Board of Directors deliberates and decides important matters, such as management plans, taking into consideration targets and initiatives for reducing GHG emissions.

As for matters regarding climate change policy, initiatives, and systems, ITOCHU aims to engage in dialogue with external stakeholders, such as the Sustainability Advisory Board, on a periodic basis with the intention of better understanding the expectations, demands, etc., of society for the Company, which strives to incorporate this feedback into measures addressing climate change.



* Headquarters Management Committee

Approach to Climate Change and Related Initiatives

Climate Change Strategy

ITOCHU sets GHG emissions reduction and offset targets (Page 86) and analyzes scenarios based on TCFD recommendations when considering changes in its business strategy and asset replacement. In our scenario analysis, we evaluate businesses that could see considerable changes in business conditions due to climate change. We identified the power generation business, energy business, and coal business as businesses that would be significantly impacted by transition risks such as political and regulatory risks. We then selected the Dole business and the pulp business for inclusion in our scenario analysis as businesses highly susceptible to physical risks related to climate change. The results of our scenario analysis for the power generation business and the Dole business are as follows.

Please see ITOCHU's website for detailed information about its scenario analysis for the energy, coal, and pulp businesses.

https://www.itochu.co.jp/en/csr/environment/climate_change/



		Businesses with Significant Exposure to Transition Risk	Businesses with Significant Exposure to Physical Risk
Business		Power generation business	Dole business
Time frame		through 2040	through 2030
Temperature rise scenario		< 2°C scenario	4°C scenario
Main risks and opportunities	Transition	<p>Risk</p> <ul style="list-style-type: none"> Thermal power generation costs may increase due to the impact of carbon taxes and mandatory CCUS* technology. <p>Opportunities</p> <ul style="list-style-type: none"> The competitive advantage of renewable energy may increase owing to technological progress and cost reduction. More business opportunities from increasing investment in energy storage systems and grids for a significant shift to renewable energy. 	<p>Opportunities</p> <ul style="list-style-type: none"> There might be an expansion in the use of recycled clean energy (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana, and other food residues, and factory waste liquids) and growth in renewable energy such as solar power generation.
	Physical	<p>Risk</p> <ul style="list-style-type: none"> Power generation facilities may be damaged by natural disasters (abnormal weather). 	<p>Risk</p> <ul style="list-style-type: none"> There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) affecting banana and pineapple plantations in the Philippines.
Business environment in the scenario and business impact assessment		<p>Transition risks might squeeze profit of thermal power generation significantly due to higher carbon taxes and CCUS costs. However, by actively promoting renewable energy projects, earnings should improve on greater sales of renewable energy and lower carbon taxes and CCUS costs.</p> <p>Analysis Using EBITDA Indicator (%)</p>	<p>The decrease in crop harvests attributable to climate change can be supplemented by increasing per-unit crop harvest volume through improvements to production methods. We also started pineapple production in West Africa (Sierra Leone, etc.) as part of production site diversification to prepare for weather risks. The above initiatives will make it possible to increase earnings.</p> <p>Analysis Using EBITDA Indicator (%)</p>
Adaptation / mitigation measures and policies business opportunities		<ul style="list-style-type: none"> We will reflect in future initiatives our aim of achieving a renewable energy ratio of over 20% (equity-interest basis) by FYE 2031. We will not develop any new coal-fired power generation business in order to contribute to the realization of a sustainable society. 	<ul style="list-style-type: none"> We will diversify production areas in preparation for weather risks (e.g., Sierra Leone in West Africa, etc.) We will increase per-unit harvest volume by improving production methods, such as by selecting breeds that are viable in high-temperature climates, improving seedling cultivation, and installing irrigation equipment. We will use drones and ICT (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization) to increase productivity. We will expand renewable energy, such as solar power, to achieve low carbon and protect water resources.

* Carbon Capture, Usage and Storage

Climate Change Risk Management

Engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, the status of abnormal weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for the entire Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and abnormal weather information, as one of many major Environmental and Social Risks facing our company. Identified climate change risks are also examined and evaluated during our investment decision process. Each department in charge of risk management has established a structure for risk identification, evaluation, information management, and monitoring for the consolidated group.

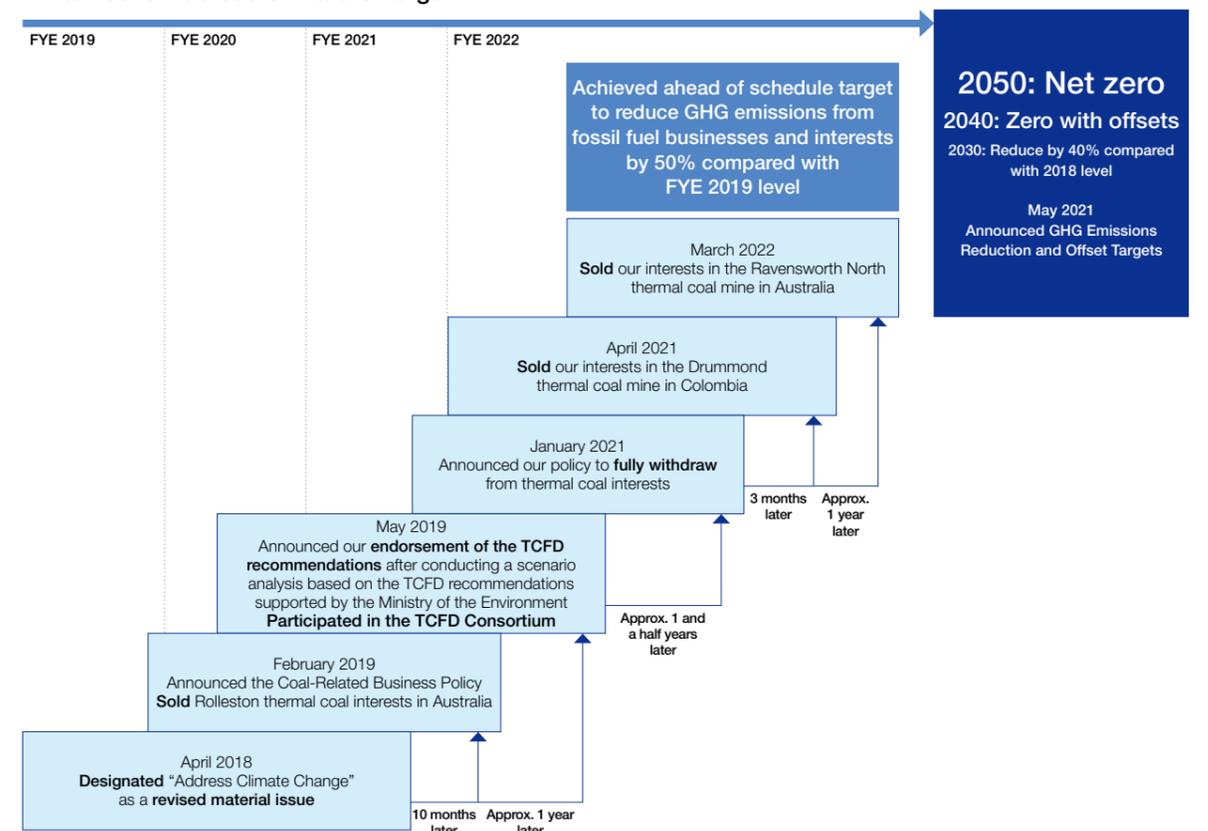
Climate Change Indicators and Targets

ITOCHU sets GHG emissions reduction and offset targets and moves steadily forward to address climate change issues with speed and decisiveness while setting individual targets for the clean-tech business.

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy	<ul style="list-style-type: none"> Raise the renewable energy ratio in the power generating capacity of our equity interests to over 20% by FYE 2031 Currently participating in a renewable energy business with a total capacity of approximately 1,000 MW, such as in Cotton Plains, Texas in the U.S. (wind and solar power) and in Sarulla Operations in Indonesia (geothermal power) Currently developing a new renewable energy business with capacity of approximately 2,000 MW to achieve a renewable energy ratio of over 20%
Fuel Ammonia	<ul style="list-style-type: none"> Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing fuel supply bases Promote the reduction of GHG emissions from the maritime industry by promoting the spread of ammonia-fueled ships from FYE 2026 onward
Energy Storage System-Related Businesses	<ul style="list-style-type: none"> Aim for a cumulative capacity of energy storage system units sold of over 5 GWh by FYE 2031
Waste Management Project	<ul style="list-style-type: none"> Expand to the Middle East and other regions in Asia, leveraging our achievements in Europe, and continue to build up high-quality assets

Initiatives to Address Climate Change



Sustainability Management

Through sustainability management that aligns with its various business activities, ITOCHU makes a concerted effort to address issues related to human rights, labor rights, and the environment in its supply chains and business investments.

Human Rights Due Diligence

The ITOCHU Group is fulfilling its responsibility to respect human rights based on The ITOCHU Group Human Rights Policy established in April 2019. Specifically, we identify and evaluate the negative impact from the corporate activities of the ITOCHU Group on human rights that may affect society. We then work to prevent and mitigate such impact by taking the appropriate steps.

In FYE 2020 and FYE 2021, ITOCHU identified palm oil, coffee beans, and pineapples in the Food Company as products subject to human rights due diligence assessments. In FYE 2022, we identified coal, aluminum, iron ore, platinum, nickel, and silicon metal in the Metals & Minerals Company as subjects for human rights due diligence. The Company discloses information about its progress on and results, etc., of this due diligence process. Regarding issues that come up when conducting human rights due diligence, ITOCHU engages with its suppliers through interviews and additional surveys, discusses response measures to be implemented going forward, and requests rectification. Furthermore, the Company monitors progress at these suppliers through the annual supply chain sustainability surveys, etc. Going forward, upon identifying products that should be assessed with priority, ITOCHU will quickly move to analyze potential risks related to products in all business domains.

Human Rights Due Diligence Flow Chart



Division Company	Product	Target Country or Region	Human Rights Issues Indicated as Survey Targets	No. of Companies in Survey	No. of Companies Subject to Engagement	Issues
Food	Palm oil	Malaysia Indonesia	<ul style="list-style-type: none"> Child labor Fair wages Fair work hours Workplace discrimination Forced labor 	First-tier suppliers: 12 companies Second- / third-tier suppliers: 19 companies	2 companies	Regarding palm oil and coffee beans, continue to monitor operations of grievance mechanism at farms, and improvement in ways to spread awareness
	Coffee beans	Brazil Guatemala Mexico Colombia, etc.	<ul style="list-style-type: none"> Freedom of association and right to organized negotiations Migrant worker rights Health and safety Status of establishing and operating a complaint help desk, etc. 	First-tier suppliers: 18 companies Second- / third-tier suppliers: 49 companies	5 companies	
	Pineapples	Sierra Leone	<ul style="list-style-type: none"> Forced labor Child labor Discrimination Freedom of association and right to organized negotiations Land use Working hours and wages Health and safety Community impact (include infringement of indigenous people right, etc.) Water and hygiene, etc. 	Contractors: 3 companies	—	
Metals & Minerals	Project (coal, aluminum, iron ore, platinum, nickel)	Southeast Asia South America South Africa	<ul style="list-style-type: none"> Forced labor Child labor Discrimination Freedom of association and right to organized negotiations Land use Working hours and wages Health and safety Community impact (include infringement of indigenous people right, etc.) Water and hygiene, etc. 	Suppliers: 19 companies	4 companies	Continue to monitor overtime work during busy periods, set up and operation of grievance mechanism for local residents through supply chain sustainability survey
	Trade (coal, silicon metal, etc.)	Asia region	<ul style="list-style-type: none"> Forced labor Child labor Discrimination Freedom of association and right to organized negotiations Land use Working hours and wages Health and safety Community impact (include infringement of indigenous people right, etc.) Water and hygiene, etc. 	Suppliers: 19 companies	4 companies	

Supply Chain Sustainability Survey

Prior to commencing business with a supplier, ITOCHU notifies all of its suppliers of its Sustainability Action Guidelines for Supply Chains. After commencement of business, it conducts sustainability surveys every year as a means of enhancing communications about its sustainability policies.

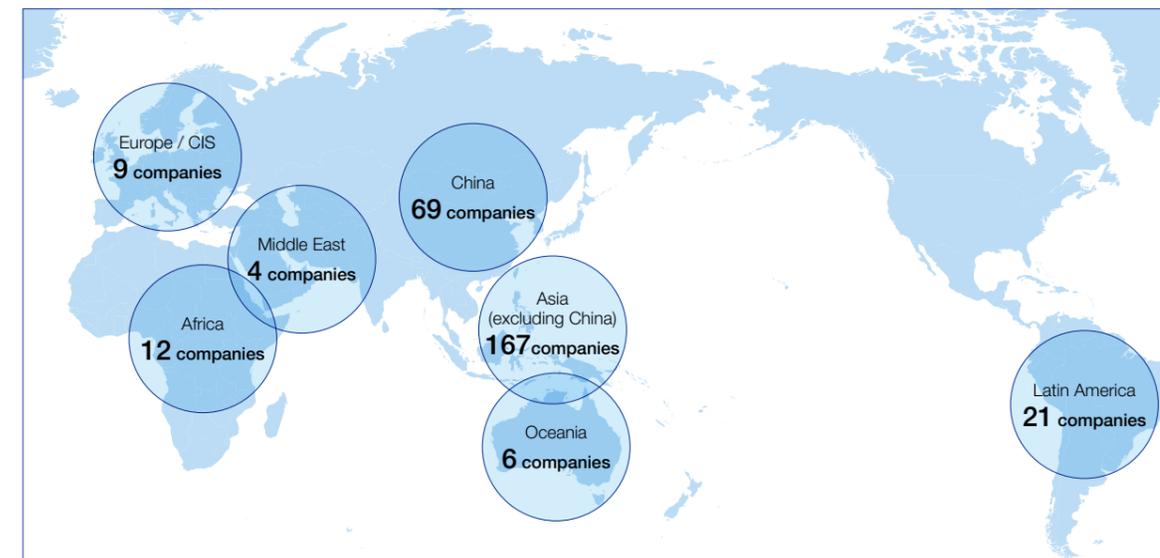
This survey contains questions based on the seven core subjects* of ISO26000 that must be answered. ITOCHU selects important suppliers based on guidelines regarding high-risk countries, handled products, and handled monetary amounts, for example. After obtaining answers to survey questions from these suppliers, sales representatives from each Division Company and sales representatives from overseas affiliates and Group companies meet with suppliers and conduct hearings (approximately 300 suppliers every year) based on their answers to the survey.

Based on the outcomes of these interviews, if violations of the Sustainability Action Guidelines for Supply Chains are discovered and verified, the offending supplier is asked to take corrective action. At the same time, if deemed necessary, the Company conducts an on-site inspection of the supplier and provides instructions while supporting their efforts to improve.

By conducting these surveys and reviews, etc., ITOCHU aims to assess the state of affairs and to prevent problems from occurring.

* Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development

Number of Surveys Conducted, by Region, in FYE 2022



Please see ITOCHU's website for more information about the supply chain sustainability survey.

https://www.itochu.co.jp/en/csr/society/value_chain/system/

Formulation of Procurement Policies for Individual Product Type

Based on The ITOCHU Group Sustainability Policy and Sustainability Action Guidelines for Supply Chains, ITOCHU endeavors to sustainably procure raw materials and products. For the sake of responsible procurement, the Company has formulated the following procurement policies for individual products and engages in activities based on these policies.

Sustainable Procurement Policy on Natural Forests and Forest Resources	Natural Rubber Procurement Policy	Sustainable Palm Oil Procurement Policy	Cocoa Bean Procurement Policy
Coffee Bean Procurement Policy	Raw Material Tuna Procurement Policy	Commitment of Protecting Forests through Material Sourcing of MMCF	

Please see ITOCHU's website for more information about procurement policies for each product.

https://www.itochu.co.jp/en/csr/society/value_chain/activity/

Human Resource Strategy

Cultivate a Motivating Workplace Environment

Having clearly identified human resources as a key component of management strategy, ITOCHU's management team is committed to creating a company that is challenging but rewarding to work for, where meeting the demands of work is not only challenging but also rewarding in many different ways. As well as improving employees' motivation and willingness to contribute, our successful creation of a frontline-focused workplace environment in which everyone can fully realize their capabilities is creating a virtuous cycle that results in a favorable external reputation enabling us to recruit outstanding human resources.

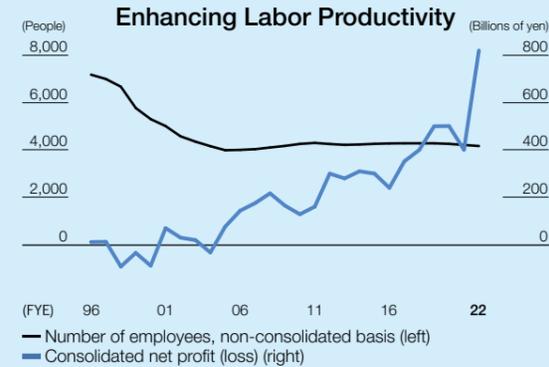
Enhance in Corporate Value through Improved

Labor Productivity

External Evaluations

The Company has earned recognition under systems that evaluate the advancement of women as well as health and productivity management. Both systems are jointly implemented by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc.

- In FYE 2022, received a **Fiscal 2021 Nadeshiko Brand** designation, recognizing listed companies implementing outstanding initiatives for the advancement of women
- For the sixth consecutive year since the Company's first submission in FYE 2017, selected as a **Health and Productivity Management Outstanding Organization (White 500)** in the large enterprise category, a designation recognizing companies that practice outstanding health and productivity management



Enhancing Corporate Value through the Evolution of Work-Style Reforms

FYE 2023 has seen the launch of the second stage of work-style reforms. Based on the Engagement Survey Results (Page 127) conducted in FYE 2022, we are introducing measures with a particular emphasis on reflecting the diversification of values among the young employees and female employees.*

We will continue expanding and enhancing measures. At the same time, all measures will form part of a virtuous cycle that steadily improves both labor productivity and enhances corporate value.

* In the tables below, ★ indicates a measure that has been newly introduced as part of the second stage of work-style reforms.

Recruiting Outstanding Human Resources

INPUT	OUTCOME
Next-generation recruiting enabled by virtual reality technology (VR) (from FYE 2022) • VR-enabled recruiting designed by prospective ITOCHU employees and based on a market-oriented perspective	• Increasing the range of job-hunting options for students in the post-COVID-19 era • Fostering a culture that flexibly incorporates diverse values

Company ranking among job-seekers according to 7 major institutions*

[All industries] Ranked **No. 1** by 4 institutions

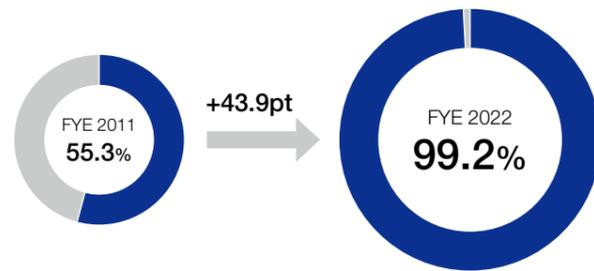
[General trading company] Ranked **No. 1** by all institutions

* Based on the responses of students graduating in 2023, the Company ranked No. 1 among all industries from GAKUJO Co., Ltd., DIAMOND HUMAN RESOURCE, INC., Nippon Cultural Broadcasting Inc., and WORKSJAPAN Co., Ltd. Moreover, the Company ranked No. 1 among general trading companies from the four institutions mentioned above as well as all seven institutions including Rakuten Group, Inc., DISCO Inc., and Mynavi Corporation.

Increasing Awareness of Participation in Management

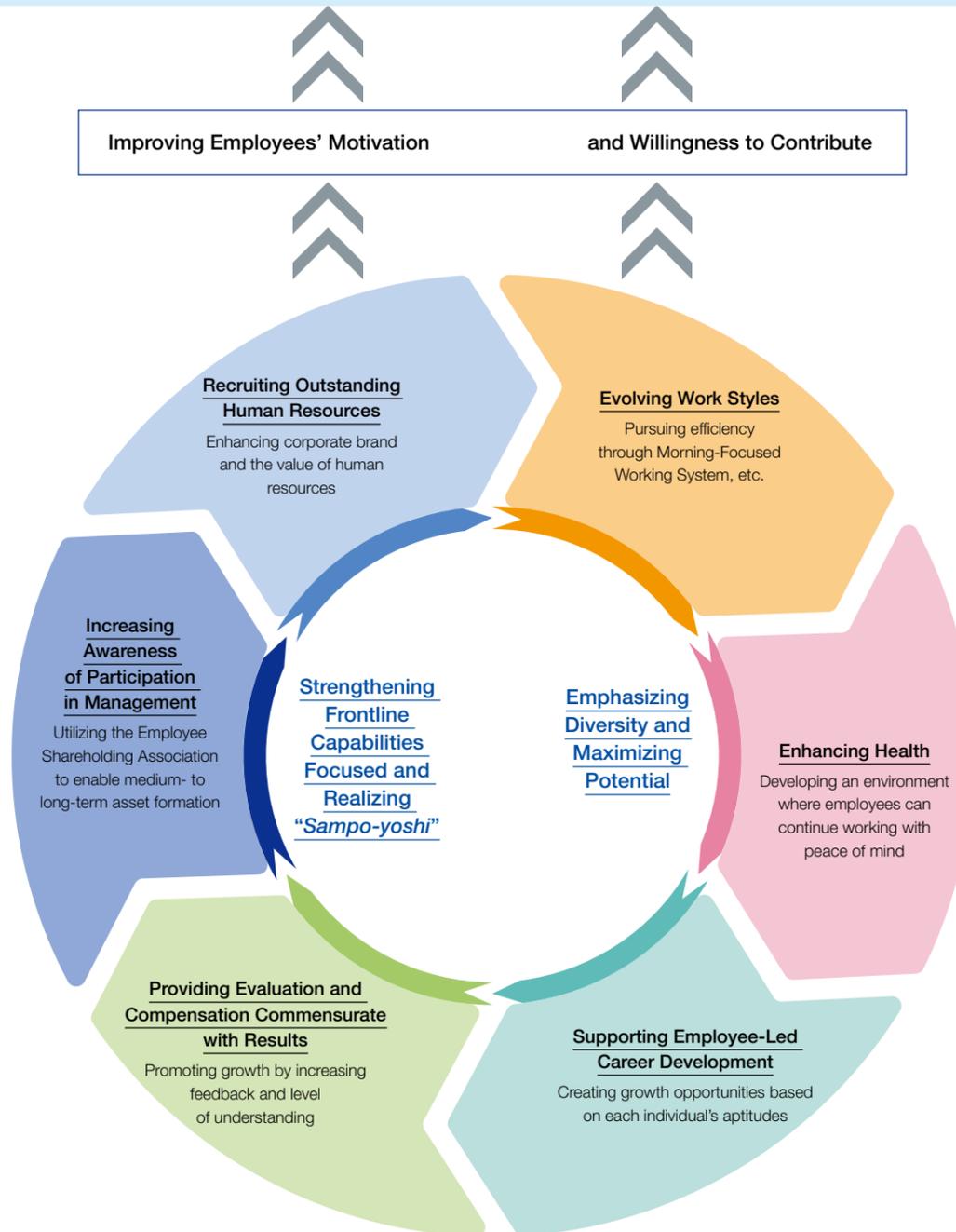
INPUT	OUTCOME
Encouraging participation in the Employee Shareholding Association Stock compensation scheme (from FYE 2020)	• Participation in the Employee Shareholding Association in FYE 2022: 99.2% • Raising each employee's sense of participation in business management

Percentage of Membership in the Employee Shareholding Association



Providing Evaluation and Compensation Commensurate with Results

INPUT	OUTCOME
Compensation highly linked to the Company's performance • 40% of bonus amounts based on the Company's performance	• Raising awareness of the Company's performance
Infinite Missions Award (from FYE 2021) • Commending teams that have achieved results based on Guideline of Conduct	• Encouraging businesses based on market-oriented perspectives, SDG initiatives, and digitalization
Introducing one-on-one interviews (from FYE 2023) ★ • Enabling more interviews between superiors and subordinates	• Enhancing understanding of evaluations and compensation



Evolving Work Styles

INPUT	OUTCOME
Morning-Focused Working System (from FYE 2014) • Shift from the tendency to work late night to Morning-Focused Working Style (In principle, prohibit work after 8:00 p.m. and offer free breakfast and provide a higher wage rate to employees who start work before 8:00 a.m.) • Introducing Morning-Focused Flextime System (from FYE 2023) ★ • Introducing a work from home system for all employees (from FYE 2023) ★	• Improve operating efficiency and use time more effectively (Morning Activity Seminars, self-improvement, etc.) • Reduce overtime work to prevent long working hours • Offering greater options in relation to flexible work styles suited for particular types of work and lifestyle
Expanding and improving ICT infrastructure (digitalizing application forms, advancing introduction of robotic process automation, etc.)	• Allocating finite working hours to high-value-added work

Enhancing Health

INPUT	OUTCOME
ITOCHU Health Charter (from FYE 2017) • Investment for health and productivity measures in FYE 2022: Approx. ¥11.0 million	• Increase the capabilities of employees by enhancing health
Support Measures for Balancing Cancer Care and Work (from FYE 2018) • Regular special checkups in cooperation with the National Cancer Center Research Institute • Establish systems individually to encourage balance treatment and work tasks • Provide schooling and work support for bereaved family members	• Create an environment where employees feel a sense of belonging and work with peace of mind • Nearly 100% screening among people targeted for special cancer checkups in FYE 2022 • Reduce anxiety about the future
Helping employees with disease prevention (Participation in a sleep quality improvement project)	• Helping employees to maintain and improve their health and improving labor productivity during daytime hours

Supporting Employee-Led Career Development (Human Resources Development)

INPUT	OUTCOME
Creating growth opportunities based on individuals' aptitudes and careers • Investment in human resource development in FYE 2022: Approx. ¥1.1 billion • Expanding and enhancing the Challenge Career System (in-house recruitment system) ★	• Supporting employees' self-starting efforts and enhancing job satisfaction • Creating growth opportunities based on each individual's aptitudes
Empowering women • Fostering the next generation of managers through systematic provision of work experience • Introducing systems that support dual-income households (allowance to balance engagement in both work and childrearing, infertility treatment leave) (from FYE 2023) ★ • Page 96 Women's Advancement Committee	• Two female Outside Directors, one female Full-time Audit & Supervisory Board Member, and one female Executive Officer*1 • Percentage of women in management positions: 8.5%** • Offering greater options in relation to flexible work styles suited to diversified values, and types of work and lifestyles
Increasing the number of Chinese-speaking employees (from FYE 2016)	• Employees with Chinese-language qualifications in FYE 2022: 1,255 (more than one-third of all career-track employees)
Providing support that empowers junior and mid-ranking employees • One-on-one interviews (from FYE 2023) ★ and increasing and enhancing career development	• Supporting the autonomous growth of employees and improving their motivation and willingness to contribute
Supporting the reeducation of middle and senior-ranking employees (reskilling support system)	• Supporting employees' self-starting efforts and realizing long-term contributions

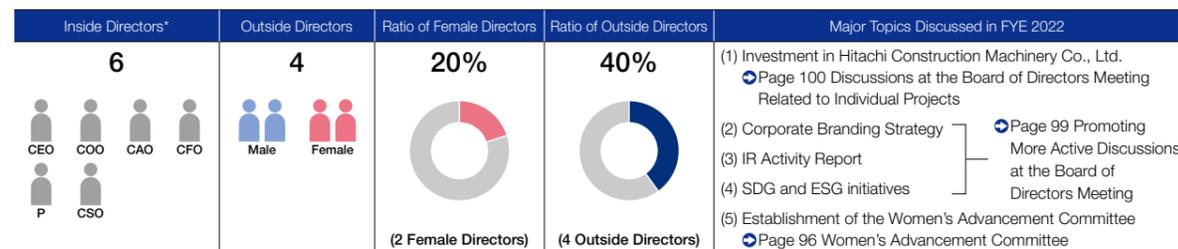
*1 As of June 30, 2022 *2 As of April 1, 2022 (career-track employees, employees in special positions)

Corporate Governance

Further Enhancement of ITOCHU's Corporate Governance System

ITOCHU has consistently reformed and strengthened its governance structure through such measures as implementing measures pursuant to the Corporate Governance Code, shifting to a monitoring-focused Board of Directors, and establishing advisory committees to the Board of Directors that are led by a diverse group of outside officers. Expectations have increased significantly with respect to the further enhancement of corporate governance as a consequence of revisions to the Corporate Governance Code, which call for "Enhancing Board Independence" and "Promoting Diversity." In response, in FYE 2022 the Company appointed two outside officers who have abundant experience and expertise in corporate management. Moreover, the Company established the Women's Advancement Committee to accelerate measures in support of the advancement of women. ITOCHU will continue examining methods of further enhancing its governance, with a particular focus on the practical aspects of strengthening governance.

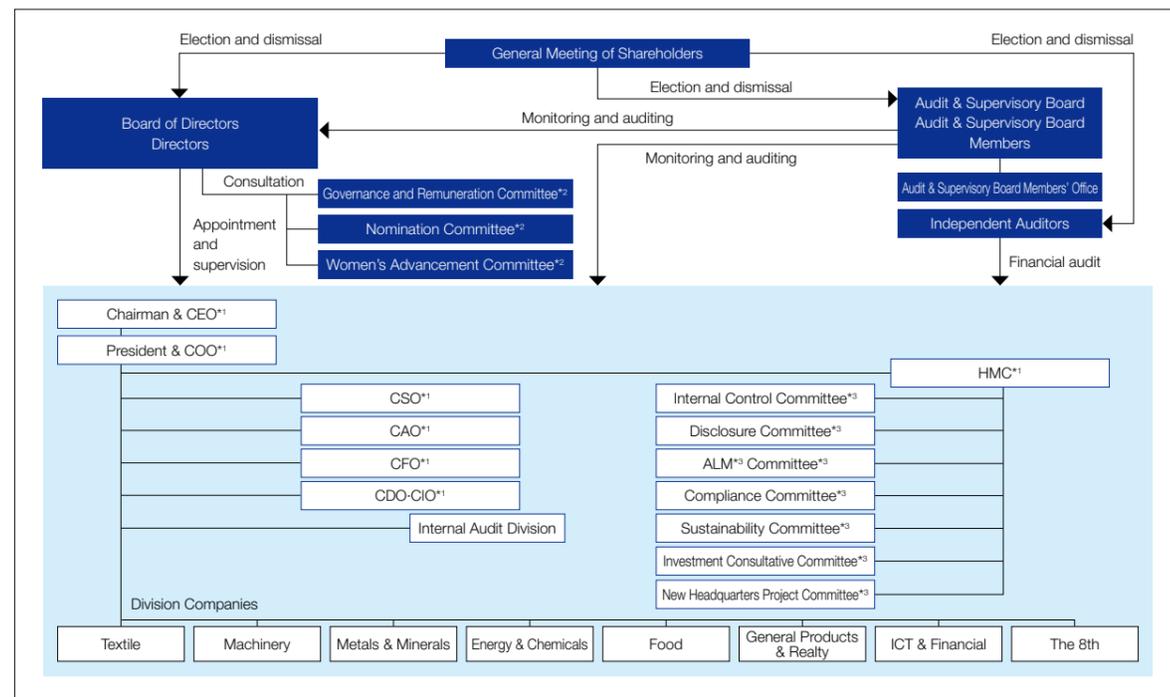
Structure of the Board of Directors



* P: President, Machinery Company

Overview of Corporate Governance and Internal Control System

(As of July 1, 2022)



*1 CEO = Chief Executive Officer COO = Chief Operating Officer CSO = Chief Strategy Officer CAO = Chief Administrative Officer CFO = Chief Financial Officer CDO-CIO = Chief Digital & Information Officer HMC = Headquarters Management Committee ALM = Asset Liability Management

*2 Established advisory committees under the Board of Directors to enhance the transparency of the decision-making process and strengthen supervisory functions.

*3 Internal Control Committee (CAO): Deliberates on issues related to the development of internal control systems. Disclosure Committee (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. ALM Committee (CFO): Deliberates on issues related to risk management systems and balance sheet management. Compliance Committee (CAO): Deliberates on issues related to compliance. Sustainability Committee (CAO): Deliberates on issues related to sustainability, the SDGs, and ESG, excluding governance-related issues. Investment Consultative Committee (CFO): Deliberates on issues related to investment and financing. New Headquarters Project Committee (CAO): Deliberates on issues related to new headquarters project. The chairperson is stated in parentheses.

*4 CAO is the Chief Officer for Compliance. Also, each Division Company has a Division Company President.

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

Activities of Internal Committees

ITOCHU's internal committees carefully screen and deliberate management issues in their respective fields. The Internal Control Committee and Compliance Committee glean insights from external experts for use in business execution by management and in decision-making by the Board of Directors. Matters reviewed by the committees are escalated or reported to the HMC and Board of Directors by the CAO and CFO, who serve as chairs, depending on the content of the matter.

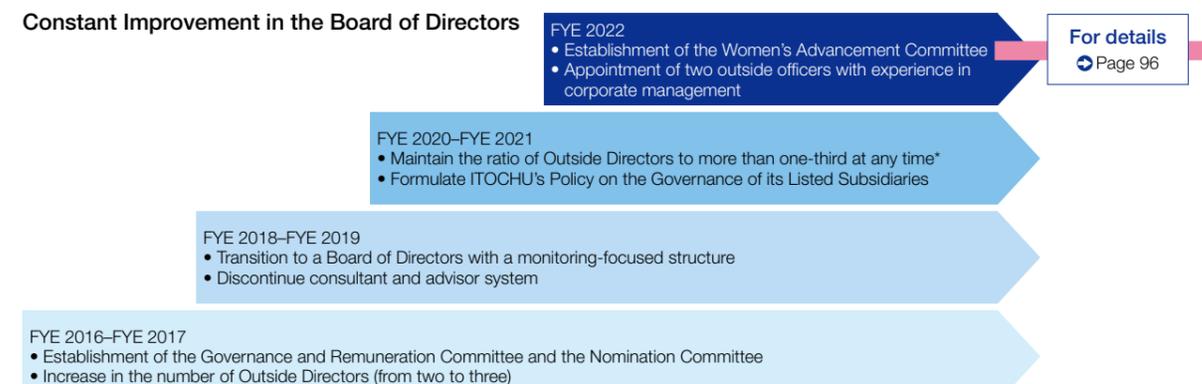
Specific Examples of Discussion at Internal Committees

Compliance Committee (Chairman : CAO)	The committee met a total of 2 times in FYE 2022. Reports were submitted related to the results of a compliance awareness survey that was conducted for over 50,000 Group employees, including those overseas; action plans made based on those results; the status of compliance issues; and the results of a survey on compliance with rules related to personal data privacy, etc. The committee holds discussions, in which outside lawyers who serve as external committee members participate, on these topics, thereby helping to improve various measures related to compliance, preventing compliance issues, and thoroughly implementing preventive measures.
ALM Committee (Chairman : CFO)	The committee met a total of 16 times in FYE 2022. In its analysis of key performance indicators for each Division Company, the committee discusses the analysis of asset efficiency and operating cash flows as well as appropriate responses for assets that were sensitive to changes in the business environment, including rising geopolitical risks and inflation, etc. In addition, the committee discusses policies on ownership of strategic shareholding as well as shareholding of Group companies. Regarding risk analyses, policies, and measures formulated by each Division Company, the CFO and core members work to thoroughly implement the "prevent" principle through detailed discussions from their expert perspectives. Main Matters of Deliberation: <ul style="list-style-type: none"> • Analysis of key performance indicators for each Division Company • Periodic review of general investments (policy on ownership of strategic shareholdings, voting rights guidelines, etc.) • Periodic reviews of all business investments (policy on ownership of Group companies, etc.) ↳ Page 42 In-Depth: Monitoring • Establishing total limit guidelines on total exposure to each country based on in-house country credit ratings

Activities of the Advisory Committees to the Board of Directors

Governance and Remuneration Committee	The committee met a total of 5 times (two of which were held in writing) in FYE 2022, with all members in attendance. The main topics included the Board of Directors' effectiveness evaluation, incorporation of SDG responses into the corporate officer remuneration system, formulation of a skills matrix for corporate officers, revision of the corporate governance report to align with the revised Corporate Governance Code, and establishment of the Women's Advancement Committee. Each member engaged in active deliberations on every topic. In the deliberation regarding the establishment of the Women's Advancement Committee, an opinion was raised that discussions should evolve beyond conceptual policy aspects but more into specific policies and measures based on reviews of internal and frontline issues and that they should be followed by proactive recommendations to the Board of Directors.
Nomination Committee	The committee met 1 time in FYE 2022, with all members in attendance to discuss matters related to corporate officers in FYE 2023 and succession plans. The members engaged in active discussion on such important human resource matters as the retirement of two Executive Vice Presidents and the nomination of two new inside directors. In addition, the committee intends to continue holding future-oriented discussions on succession planning.

Constant Improvement in the Board of Directors



* The ratio of Outside Directors to more than one third had been practiced prior to the transition to a monitoring-focused Board of Directors in FYE 2018 and has been adopted and adhered to as a policy.

Women's Advancement Committee

Establishment of the Women's Advancement Committee

In October 2021, ITOCHU established the Women's Advancement Committee, and I was appointed as its chairperson. To further accelerate the advancement of women, a goal ITOCHU has been promoting since FYE 2004, this committee was established as an advisory committee to the Board of Directors, with a system put in place for management to make determined efforts. The committee is composed of six members with diverse experiences and values, three (half) of whom are outside officers and three of whom are women.

We will foster an internal culture in which diverse employees will contribute to gender equality by "Enhancing Our Contribution to and Engagement with the SDGs through Business Activities," one of the basic policies of the medium-term management plan, and will also enhance corporate value. Furthermore, as a result of the revisions to the Corporate Governance Code and other factors, the promotion of women's advancement in society has received increased demand and attention. While there are many internal committees designed to promote the advancement of women by various companies, we believe that ITOCHU is unique in establishing this as an advisory committee to the Board of Directors.

Discussions at the Women's Advancement Committee

In FYE 2022, the committee met a total of three times. The committee initially reviewed the various measures implemented by ITOCHU to date, one by one. The committee was able to confirm that the series of work-style reforms regardless of gender implemented since FYE 2011, including the Morning-Focused Working System, have been effective in promoting the advancement of women. In addition to the engagement survey conducted in FYE 2022, a questionnaire was sent to each Division Company President and to female employees balancing work and childcare to fully analyze the results of the reforms. Furthermore, we listened to the voices of women through roundtable discussions hosted by the



Atsuko Muraki

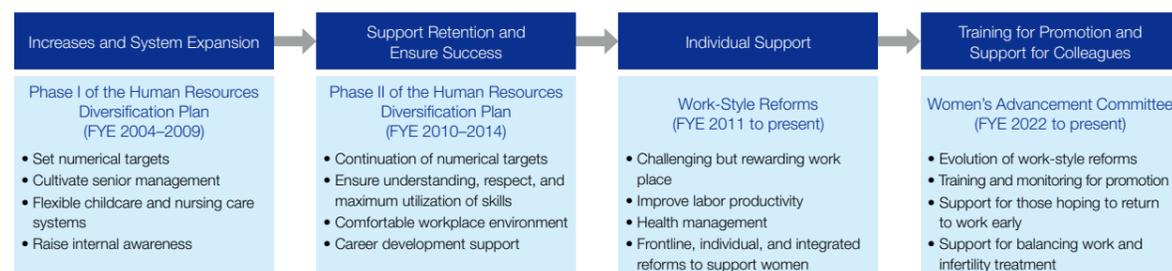
Outside Director

Ms. Muraki assumed a position as a member of the Board of Directors at ITOCHU in June 2016, after serving as Vice-Minister of Health, Labour and Welfare. She provides many helpful suggestions concerning internal control, compliance, deploying personnel, and strengthening organizations. As of FYE 2023, she serves as chair of the Women's Advancement Committee and a member of the Nomination Committee.

three female committee members and through interviews with approximately 150 female employees conducted by Yoshiko Matoba, who heads the Human Resources & General Affairs Division. Based on these, we have organized issues in the advancement of women's activities and formulated a policy of accelerating training for promotion and evolving to a flexible work style.

In the course of our discussions, we analyzed various data and found that changes are especially visible in the ratio of employees in dual-income households. The percentage of ITOCHU male employees in dual-income households was only about 10% Companywide in FYE 2001, but in FYE 2022, it reached 43% Companywide and 90% for employees in their 20s, a change that really stands out. Especially for the younger generation, it is very important to support both women and men, as not only women but also men often need to balance work and family life as well. The introduction of the Morning-Focused Flextime System and a work from home system for all employees during the second stage of work-style reforms will truly encourage flexible work styles regardless of gender, and we intend to monitor the results.

Human Resource Diversification Measures



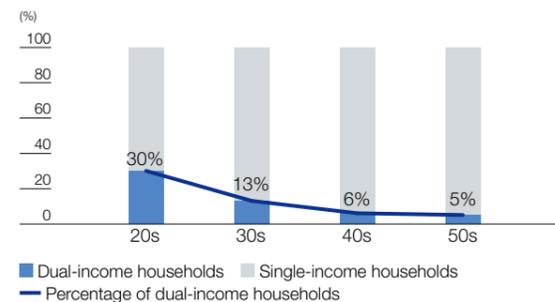
In addition, the number of female employees holding senior managerial positions has increased from 35 as of April 2021 to 46 as of April 2022. ITOCHU's corporate culture of flexible and steady implementation of measures is reflected in the progress of appointments to key positions, including the first female general manager of an overseas office, the first female president of a Group company in Japan, and the second female president of an overseas Group company.

We believe it is important to continue to listen to the voices of employees, discuss matters with frontline

employees, hold committee meetings, report to the Board of Directors, and carry out such an implementation cycle throughout the Company. We closely monitor whether women employees are actually in key positions, whether the development of candidates for managerial positions is progressing smoothly, and most importantly, whether management is seriously committed to the project. We believe that the continuous monitoring of the results of ITOCHU's efforts is one of the missions of the Women's Advancement Committee as an advisory committee to the Board of Directors with oversight functions.

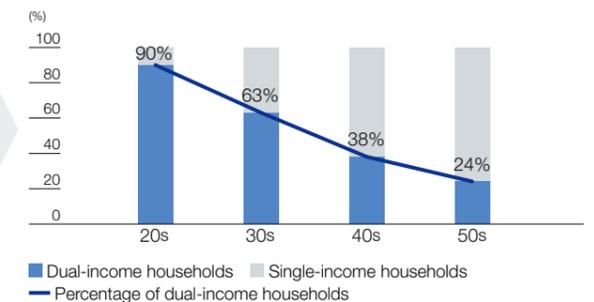
FYE 2001

Male employees in dual-income households: 10%



FYE 2022

Male employees in dual-income households: 43%



Issues and Action Policies for Promoting Women's Advancement

Issues	Action Policies
Further promotion to higher positions <ul style="list-style-type: none"> Providing opportunities for promotion Raising awareness in the workplace and among employees 	Accelerate training for promotion <ul style="list-style-type: none"> Identification of issues and continuation of individualized support Candidate identification and monitoring of training Follow-up after promotion
Further support for career continuity <ul style="list-style-type: none"> Creating an environment that produces sales managers Avoiding gaps in the career after childbirth 	
Uniform careers and work styles <ul style="list-style-type: none"> Respect for diversity as a competitive advantage Understanding of diverse work styles and values 	
	Evolution to flexible work styles <ul style="list-style-type: none"> Introduction of ITOCHU's unique and diverse work styles Support for balancing work and infertility treatment Support for those hoping to return to work early after child birth

Advancement of Women's Activities Based on Employee Opinions

Through discussions of the Women's Advancement Committee, it became clear that there are generational differences in employee awareness and the support they need. Through the roundtable discussions with female employees, we came to understand that it is vital to first successfully promote and support the current generation of executives, so that they will serve as role models, motivating the next generation to become all they aspire to be in the future.

Within the framework of the Companywide work-style reforms at ITOCHU, what particularly resonated with me is the Company policy to provide support for balancing work and family life without distinction for both men and women. It will become increasingly important to take a comprehensive approach that includes employees with diverse values, not just measures specific to women employees raising children. Furthermore, we believe that the number of female employees still needs to be increased. It has yet to reach even 30% of the total number of employees, a threshold where we believe women employees will have the critical mass to continue expanding their influence. As the number grows in the future, we expect women will increase the vitality of ITOCHU in ever new ways. In FYE 2022, ITOCHU clearly demonstrated its commitment to promoting women's activities through the committee. From FYE 2023 onward, we will continue to fulfill the responsibilities of the committee by regularly reviewing measures and delivering solid results.



Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan and a wealth of experience as a corporate manager. She assumed a position as a member of the Board of Directors at ITOCHU in June 2019. She often provides insightful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX. As of FYE 2023, she serves as chair of the Governance and Remuneration Committee and a member of Women's Advancement Committee.

Corporate Governance

Evaluation of the Board of Directors

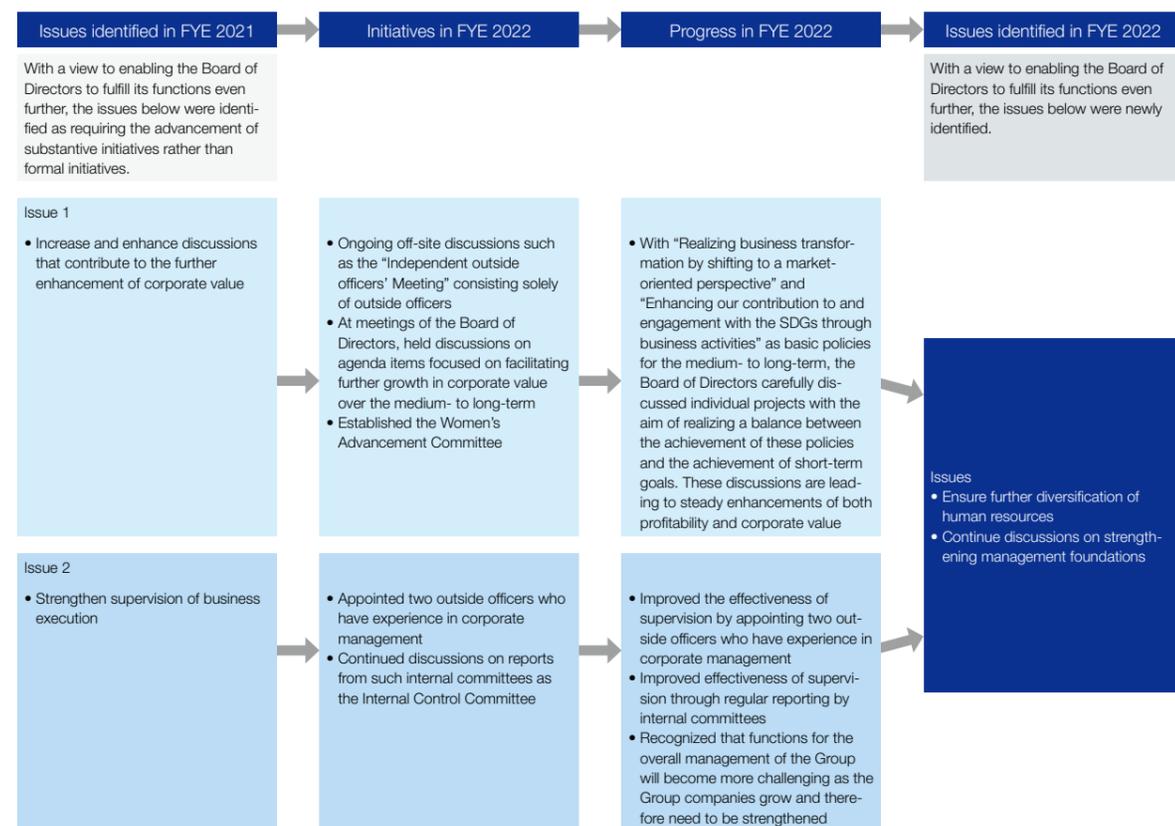
ITOCHU conducted evaluations on the effectiveness of the Board of Directors for all 11 Members of the Board and 5 Audit & Supervisory Board Members for FYE 2022.

The results of this evaluation confirmed that the Company's Board of Directors continues to ensure its effectiveness 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 the Board and Audit & Supervisory Board Members and training, etc. Responses to the majority of the items covered by the questionnaire showed improvement in scores. Furthermore, the specific achievements arising from the effectiveness of the Board of Directors were confirmed, which include the enhancement of profitability and corporate value in a volatile environment, efforts to diversify human resources through the establishment of the Women's Advancement Committee, an increase in the liveliness of deliberations accompanying the appointment of two outside officers with experience in corporate management, and discussion on and strengthening of initiatives related to medium- and long-term issues, such as the SDGs and corporate branding.

Procedure for Evaluation of the Board of Directors

Respondents	All 11 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2022
Implementation and Evaluation Method	Step 1: Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses) Step 2: Have external consultants compile and analyze respondents' answers Step 3: Conduct analysis at the Governance and Remuneration Committee with reference to the compiled answers and analysis of the external consultants Step 4: Conduct analysis and evaluation at the Board of Directors
Items Covered by Questionnaire	<ul style="list-style-type: none"> • Structure of the Board of Directors • Structure of advisory committees to the Board of Directors, etc. • Role and duties of the Board of Directors • Operation status of the Board of Directors • Information provision and training for Members of the Board and Audit & Supervisory Board Members • Other items

Results of the FYE 2022 Evaluation of the Board of Directors



Promoting More Active Discussions at the Board of Directors Meeting

Based on the results of the FYE 2021 Board of Directors' effectiveness evaluation, in FYE 2022 the Board of Directors was provided with reports on corporate branding strategies, IR activity reports, as well as SDG and ESG initiatives, as summarized below.

Topic	Details of Discussions
Corporate Branding Strategies	Corporate Brand Initiative (CBI)* presented ITOCHU's corporate branding strategy and FYE 2022 branding plan and held discussions. The Outside Directors opined that ITOCHU should first define its vision as a company for the practice of branding. Only after then, the Company should compose the messaging for the wider public, and it is very important to actively incorporate external opinions. In addition, the Outside Audit & Supervisory Board Members held active discussions on questions regarding branding strategies in overseas markets. * Established in January 2020, the CBI promotes corporate branding, reporting directly to the CAO.
IR Activity Reports	The Investor Relations Division presented the Company's annual report formulation policy, dialogue with market participants, responses to credit ratings, and key points and issues for IR activities, and also engaged in discussion. Some Outside Directors voiced the opinion that the presentation of the corporate value calculation formula outlined in the annual report was easy to understand and the corporate value creation story using ITOCHU's unique non-financial capital was clearly explained. Various ideas were discussed, including the potential involvement of outside officers in IR activities going forward.
SDG and ESG Initiatives	The Sustainability Management Division explained the incorporation of the SDGs and ESG into the Company's management, climate change responses, such as GHG emissions reduction targets, responses to human rights and supply chain management, social contribution activities, and SDG-related business and held relevant discussions. Outside Directors presented advice based on independent perspectives through questions related to reducing GHG emissions beyond fossil fuels as well as opinions that the Company should proactively announce its efforts to address human rights issues.

ITOCHU considers it indispensable to fully strengthen the management oversight and supervising functions of outside officers, who bring perspective of the public and shareholders, to invigorate the Board of Directors. As a place for outside officers to deepen their understanding of the Company, we strive to further invigorate the Board of Directors by taking such measures as holding deliberations at the Board of Directors Meetings and off-site discussions from the aforementioned medium- to long-term view.

Helping Enhance Medium- to Long-Term Corporate Value through Outside Officers

To enable outside officers to gain a deeper understanding of the Company, ITOCHU has enhanced opportunities for pre-Board Meeting briefings, direct dialogue with executive officers, and site visits. In addition, in light of "the usefulness of discussions at the Board of Directors Meetings regarding topics that help enhance medium- to long-term corporate value," which was pointed out by outside officers, the Board of Directors in FYE 2022 took up the topics of corporate branding strategies, IR activity reports, and SDG and ESG initiatives. The Board held active discussions from various perspectives on these topics. Regarding IR activity reports, opinions were exchanged on the possibility of dialogue between outside officers and investors. One result of this was that in May 2022, Outside Director Atsuko Muraki took part in the Sustainability Briefing, explaining ITOCHU's work-style reforms from a national macro perspective, drawing on her areas of expertise fields. This event garnered high acclaim from analysts and investors. Going forward, when holding discussions that help enhance corporate value, we will continue striving to contribute to ITOCHU's sustainable development, especially in fields of our expertise, by encouraging each outside officer to proactively offer recommendations that contribute to this endeavor.



Masatoshi Kawana
Outside Director
Mr. Kawana served as Vice-president of Tokyo Women's Medical University Hospital, in addition to other positions, where he gained a high level of experience in hospital management and advanced knowledge of medical care. He assumed a position as a member of the Board of Directors at ITOCHU in June 2018. He uses his expertise to provide many useful proposals and suggestions in the fields of health management and the establishment of preventive measures against in-office infection of COVID-19. In FYE 2023, he is a member of the Governance and Remuneration Committee and the Nomination Committee.

Corporate Governance



Discussions at the Board of Directors Meeting Related to Individual Projects

Based on the rules of the Board of Directors, to undertake investment and finance projects above a certain threshold, the Company needs the approval of the Board of Directors following a decision by the HMC*. In FYE 2022, multiple projects were presented to the Board of Directors, including an investment in Hitachi Construction Machinery Co., Ltd. As this is an important investment for the Group amid its search for further growth opportunities in the future and is the largest of all investment projects discussed in FYE 2022, the Board of Directors held in-depth discussions on the matter.

First, an explanation related to the project was presented to the Board of Directors, with the content of the Investment Consultative Committee and the HMC's deliberations reported from the executive side. More specifically, the reported deliberations covered investment partnership policies drawn from past reflections and lessons, the validity of acquisition price and business plans, the feasibility of business development and synergy assessments going forward, contract terms and conditions, and medium- to long-term ownership policies. Opinions of related administrative divisions were also reported.

These reports formed the basis for deliberations and, especially, Q&A sessions with members of the Board of Directors. Pre-Board Meeting briefings ensured that outside officers had a sufficient understanding of the investment, key points raised by executives in discussions, and the positioning of the investment in Companywide strategies, etc. Therefore, opinions voiced at the Board of Directors meetings entailed not only the pros and cons of this particular investment but also future business development, such as synergies with Hitachi Construction Machinery Co., Ltd. It was a highly thoroughgoing discussion.

Many opinions were exchanged and issues were identified from various perspectives during the vigorous deliberations of the Board of Directors. Topics included synergy generation that fully taps into the functions of ITOCHU as a business partner, clear communication to market participants about how this investment aligns with the Company's growth strategy, a transformation of the construction machinery business, and establishment of comprehensive systems that focus on the front lines by leveraging the mutual strengths of Hitachi Construction Machinery Co., Ltd. and ITOCHU.

* Headquarters Management Committee

Regarding Project Discussions at the Board of Directors Meetings

Of all the investment proposals submitted to the Board of Directors in FYE 2022, the investment in Hitachi Construction Machinery Co., Ltd. was among the most actively discussed. Despite prior submission to the Investment Consultative Committee, the investment proposal was once sent back and was subject to various opinions from the executive side. Because of the size of this investment, before partaking in a Board of Directors Meeting, we were equipped with a sufficient understanding of the investment, thanks to pre-Board Meeting briefing sessions which informed us of the details and key points of discussions raised by the Investment Consultative Committee.

Historically, businesses undertaken by general trading companies with manufacturers centered on supporting manufacturers' entry into overseas markets through export trade and management of dealer operations, i.e., product distribution. Therefore, there were questions about how this investment would align with a market-oriented business transformation and if it would square up with the expectations of the executive side. However, discussions at the Board of Directors Meeting made it clear that this investment goes beyond conventional distribution / logistics function and into strengthening downstream businesses and meeting various customer needs by utilizing operational data of construction machinery. In this, Hitachi Construction Machinery Co., Ltd. and ITOCHU are expected to act as business partners and leverage their mutual strengths. The investment is imbued with a sense of urgency and crisis for the traditional business model, wherein there are no functions other than the distribution of products. It was also evaluated as being a project that should be undertaken from a market-oriented perspective, and is expected to expand downstream business through collaboration.



Kunio Ishizuka

Outside Director

Mr. Ishizuka has extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation). He was appointed to the ITOCHU Board of Directors in June 2021. From FYE 2023, he is serving as chair of the Nomination Committee.

Policy on the Governance of Listed Subsidiaries

ITOCHU respects the autonomy of listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality, in accordance with ITOCHU's Policy on the Governance of Its Listed Subsidiaries, which was announced in October 2019. Each subsidiary and ITOCHU are in a mutually beneficial relationship to enhance corporate value as business partners. With the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries, we ensure independent decision-making at listed subsidiaries by encouraging them to establish well-functioning governance structures that effectively utilize independent outside directors. Further, the Company does not conclude governance-related agreements with any listed subsidiary.

As of the convening of their ordinary general meetings of shareholders in 2022, the listed subsidiaries have established and maintained effective governance systems through such measures as further increasing the percentages of outside directors and newly establishing independent advisory committees to Boards of Directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the Corporate Governance Code.

The significance of holding each listed subsidiary from perspectives including the Group's management strategy is as follows:

(As of July 1, 2022)

Company Name	Significance of Holding	Ratio of Independent Outside Directors	Advisory Committees to the Board of Directors	Ratio of Independent Outside Audit & Supervisory Board Members
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 an important and indispensable presence for the Group in order to build a stable earnings base both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing the Group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve the SDGs, and carries out the fuel supply businesses for the Group companies.	38% (3 out of 8 directors)	<ul style="list-style-type: none"> Governance Committee Special Committee 	50% (2 out of 4 members)
C.I. TAKIRON	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 the 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.	43% (3 out of 7 directors)	<ul style="list-style-type: none"> Nomination / Remuneration Committee Governance Committee 	50% (2 out of 4 members)
ISC	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, 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 the Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as "Contribution to customers through creating sales floors which utilize DX," etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd.	33% (3 out of 9 directors)	<ul style="list-style-type: none"> Governance Committee 	50% (2 out of 4 members)
PRIMA MEAT PACKERS, LTD.	The principal and main business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role of supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes the 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 the Group.	50% (3 out of 6 directors)	<ul style="list-style-type: none"> Management Advisory Committee Sustainability Committee 	75% (3 out of 4 members)
CTC	CTC serves a function as a sales channel for products and services using cutting-edge technology held by the Group's investees and business partners, and utilizes the Group's extensive network. In addition, CTC is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals.	57% (4 out of 7 directors)	<ul style="list-style-type: none"> Nomination Committee Remuneration Committee Governance Committee 	50% (2 out of 4 members)
CONEXIO	CONEXIO Corporation is expanding its business by utilizing the Group's extensive domestic and international network. It is expanding its mobile accessory sales business to overseas, as well as promoting more effective use of management resources, such as store assets and know-how in selling products and services to individual customers, in cooperation with companies in other industries in the Group.	38% (3 out of 8 directors)	<ul style="list-style-type: none"> Nomination / Remuneration Committee Governance Committee Special Committee 	50% (2 out of 4 members)

Corporate Governance

Corporate Officer Remuneration

ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration ratio is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. More specifically, the remuneration plan consists of fixed remuneration (1) monthly remuneration, and variable remuneration (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the enhancement of corporate value in the medium- to long-term.

Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG.

The Company has adopted consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, as it is the source of capital for growth-oriented investment and returns to shareholders, and is of high interest on the stock market. In the unlikely event that consolidated net profit falls into a deficit, there is a strict system whereby no such bonus or remuneration is paid out. Furthermore, the share-price linked bonuses, which are indices linked to ITOCHU's share price, are calculated based on the increase in ITOCHU's stock price for each consecutive two fiscal years and relative evaluation between the growth rate of the average value of ITOCHU's share price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX).

Overview of Remuneration System and Maximum Remuneration Limit

Fixed / Variable	Overview	Remuneration Limit	Resolution at General Meeting of Shareholders
Fixed remuneration	(1) Monthly remuneration Determined based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG.	¥1.0 billion per year as total amount of monthly remuneration (including ¥0.1 billion per year as a portion paid to Outside Directors)	June 24, 2022
Variable remuneration (Single year)	(2) Performance-linked bonuses Determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director.	¥3.0 billion* per year as total bonuses paid to all Directors * Not paid to Outside Directors	
Variable remuneration (Medium- to long-term)	(3) Share price-linked bonuses Calculated based on the increase in ITOCHU's stock price for two consecutive fiscal years and relative growth rate of ITOCHU's stock price compared to Tokyo Stock Price Index (TOPIX). (4) Performance-linked stock remuneration (non-monetary remuneration) Total payment amount is determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonuses.	The amounts below are limits for two fiscal years, for Directors and Executive Officers Total payment amount is determined based on: • Limit on contribution to trust by ITOCHU: ¥1.5 billion • Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 24, 2016

* If a special bonus is paid separately, it is paid from the amount of the remuneration limit for bonuses.

Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2022

(Rounded to the nearest million yen)

Type	Number of People	Total Amount of Remuneration (Millions of yen)	Details (Millions of yen)					
			Monthly Remuneration	Performance-Linked Bonuses	Share Price-Linked Bonuses	Special Benefits	Stock Remuneration	
Directors	Inside	7	3,611	682	2,000	—	576	352
	Outside	5	81	81	—	—	—	—
	Total	12	3,692	763	2,000	—	576	352
Audit & Supervisory Board Members	Inside	2	92	92	—	—	—	—
	Outside	4	60	60	—	—	—	—
	Total	6	152	152	—	—	—	—

* Following deliberation by the Governance and Remuneration Committee, a meeting of the Board of Directors convened on March 17, 2022, resolved to pay a special bonus on the condition that proposal No. 5 (Revision of Remuneration Amount for Directors) was passed at the General Meeting of Shareholders held on June 24, 2022. (Said General Meeting of Shareholders approved and passed said proposal No. 5.) This special bonus has been calculated using the formula of FYE 2022 and paid within the existing remuneration limit amount of ¥2.0 billion per year. (As the performance-linked bonus amount will reach ¥2.0 billion per year, share price-linked bonuses will be zero.) Any amount exceeding said remuneration limit amount shall be paid as a special bonus that is separate from the Director bonus.

Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration

Total Amount Paid to All Directors

Total amount paid to all Directors
= (A + B + C) x Sum of position points for all the eligible Directors ÷ 55
A = (Of consolidated net profit for FYE 2023, the portion up to ¥200.0 billion) x 0.35%
B = (Of consolidated net profit for FYE 2023, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%
C = (Of consolidated net profit for FYE 2023, the portion exceeding ¥300.0 billion) x 0.525% (of which, 0.175% as stock remuneration)

The total amount paid shall be the sum of A, B, and C, which shall be adjusted with due regard to the increase / decrease in the number of eligible Directors, the change in position, and other factors. (Remuneration limits exist on bonuses and stock remuneration.)

Amount Paid to an Individual Director

Amount paid to an individual Director = Total amount paid to all Directors x Position points ÷ Sum of position points for all the eligible Directors

performance-linked stock remuneration. As a substitute, such Director is eligible for the equivalent amount of individual stock remuneration. The equivalent amount of individual stock remuneration is calculated in accordance with the formula on the left (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on the formula on the left. In FYE 2023, said special provision is not applied because no Director is a resident outside Japan.

Amount paid to an individual Director is determined by dividing total amount paid to all Directors based on points assigned by position shown below:

Chairman	President	Executive Vice President (Resident in Japan)	Executive Vice President (Resident outside Japan)	Senior Managing Executive Officers	Managing Executive Officers	Executive Officers
10	7.5	5	4	4	3	2.2

Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 80%*1 of the amount paid in cash is linked to the plan achievement rate of the consolidated net profit of the assigned division / department and a rate determined based on a comparison with the business performance of the previous fiscal year. In regard to stock remuneration during the term of office, annual points are awarded (1 point = 1 share), and after retirement stock remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares. A Director that is a resident outside Japan is not eligible for

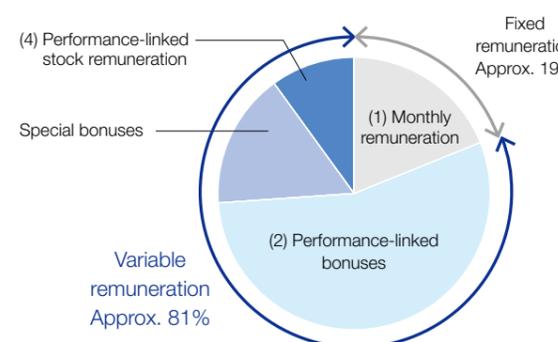
- *1 Formula for 80% of the amount paid in cash to an individual Director: (Total base amount paid to all Directors x Position Point / Sum of Position points for all the eligible Directors) x 80% x (Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department*2 x 50% + Rate determined based on a comparison with the consolidated net profit of the previous fiscal year*3 x 50%)
- *2 Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department: 100% + (plan achievement rate of the consolidated net profit of the assigned division / department - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
- *3 Rate determined based on a comparison with the consolidated net profit of the previous fiscal year: 100% + (Year-on-year ratio of the consolidated net profit of the assigned division / department - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
- *4 The plan achievement rate shall be 100% for the eligible Director for whom no plan achievement rate is measurable.

Calculation Formula for (3) Share Price-Linked Bonuses

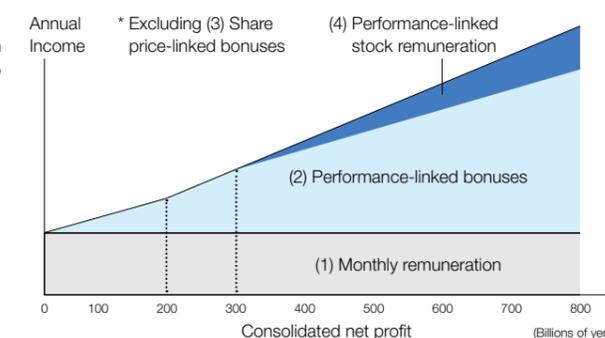
Amount Paid to an Individual Director*1 (FYE 2023)
= ((Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) - (Simple average of daily closing price of ITOCHU stock from FYE 2020 to FYE 2021)) x 1,300,000 x (Total position points*2 of FYE 2022 and FYE 2023) / (108.8 points x 2) x Relative stock price growth rate*3 - Share price-linked bonuses of FYE 2022 calculated based on the formula applied in FYE 2022

- *1 Share price-linked bonus amounts are determined and paid after the Director retires (after the Executive Officer retires, in the case of taking on the position of Executive Officer after retirement of the Director).
- *2 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses, excluding the 5 points assigned to an Executive Vice President who resides outside of Japan.
- *3 Relative stock price growth rate = (simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023 / simple average of daily closing price of ITOCHU stock from FYE 2020 to FYE 2021) / (simple average of daily TOPIX from FYE 2022 to FYE 2023 / simple average of TOPIX from FYE 2020 to FYE 2021)

Composition of Remuneration for Directors (Excluding Outside Directors) (FYE 2022)



Remuneration Image of Directors (Excluding Outside Directors)



Members of the Board, Audit & Supervisory Board Members, and Executive Officers

As of July 1, 2022

Members of the Board



Chairman & Chief Executive Officer
Masahiro Okafuji
1974 Joined ITOCHU Corporation
2018 Chairman & Chief Executive Officer
Number of shares held: 345,310 (173,415**)



President & Chief Operating Officer
Keita Ishii
1983 Joined ITOCHU Corporation
2021 President & Chief Operating Officer
Number of shares held: 144,450 (77,747**)



Member of the Board
Fumihiko Kobayashi
Chief Administrative Officer
1980 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 158,328 (73,748**)



Member of the Board
Tsuyoshi Hachimura
Chief Financial Officer
1991 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 156,715 (71,015**)



Member of the Board
Hiroyuki Tsubai
President, Machinery Company
1982 Joined ITOCHU Corporation
2022 Senior Managing Executive Officer
Number of shares held: 69,861 (30,206**)



Member of the Board
Hiroyuki Naka
Chief Strategy Officer;
Chief Digital & Information Officer;
General Manager,
Corporate Planning & Administration Division
1987 Joined ITOCHU Corporation
2022 Executive Officer
Number of shares held: 32,559 (11,130**)



Member of the Board*2
Atsuko Muraki
2016 Outside Director,
ITOCHU Corporation
Number of shares held: 3,100



Member of the Board*2
Masatoshi Kawana
2018 Outside Director,
ITOCHU Corporation
Number of shares held: 10,700



Member of the Board*2
Makiko Nakamori
2019 Outside Director,
ITOCHU Corporation
Number of shares held: 11,500



Member of the Board*2
Kunio Ishizuka
2021 Outside Director,
ITOCHU Corporation
Number of shares held: 2,000

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Makoto Kyoda
1987 Joined ITOCHU Corporation
2020 Audit & Supervisory Board Member
Number of shares held: 25,510



Audit & Supervisory Board Member
Mitsuru Chino*4
2000 Joined ITOCHU Corporation
2022 Audit & Supervisory Board Member
Number of shares held: 26,204



Audit & Supervisory Board Member*3
Shingo Majima
2013 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 200



Audit & Supervisory Board Member*3
Kentaro Uryu
2015 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 7,900



Audit & Supervisory Board Member*3
Masumi Kikuchi
2021 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 1,200

Number of shares held indicates the number of ITOCHU shares.

*1 Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.

*2 Indicates an Outside Director as provided in Article 2, Item 15 of the Companies Act.

*3 Indicates an Outside Audit & Supervisory Board Member as provided in Article 2, Item 16 of the Companies Act.

*4 Registered name is Mitsuru Ike.

For executives' career profiles, please see the website:

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



Skills Matrix of Corporate Officers and Structure of Advisory Committees

Name	Title	Gender	Principle Specialized Area of Experience / Area in Which Officers Are Expected to Make a Particular Contribution									Governance and Remuneration Committee	Nomination Committee*1	Women's Advancement Committee*2	Main Role, Career History, Qualifications, etc.
			All Aspects of Management	Global	Marketing / Sales	SDGs & ESG	Health & Medical Care	Finance, Accounting & Risk Management	Human Resources & Labor	Internal Control & Legal Affairs / Compliance					
Masahiro Okafuji	Chairman & CEO	♂	○	○	○	○	○		○	○	○	□	□		President, Textile Company; President & CEO, ITOCHU Corporation
Keita Ishii	President & COO	♂	○	○	○	○	○		○	○	○	□	□		President, Energy & Chemicals Company, ITOCHU Corporation
Fumihiko Kobayashi	Director	♂	○	○		○	○		○	○	○	□	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Director	♂	○	○	○	○			○	○	○				General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai	Director	♂	○	○	○	○			○	○	○				CEO for Europe Bloc; CEO for Africa Bloc; President, Machinery Company, ITOCHU Corporation
Hiroyuki Naka	Director	♂	○	○	○	○			○	○	○				General Manager of Corporate Planning & Administration Division; Chief Strategy Officer; Chief Digital & Information Officer, ITOCHU Corporation
Atsuko Muraki	Outside Director	♀				●	●			●			□	■	Vice-Minister of Health, Labour and Welfare
Masatoshi Kawana	Outside Director	♂	●			●	●					□	□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	Outside Director	♀			●				●		●	■		□	Certified Public Accountant in Japan
Kunio Ishizuka	Outside Director	♂	●		●					●			■		President and CEO / Chairman, Isetan Mitsukoshi Holdings Ltd.
Makoto Kyoda	Full-time Audit & Supervisory Board Member	♂				●			●		●		※	□	CFO, Food Company, ITOCHU Corporation
Mitsuru Chino	Full-time Audit & Supervisory Board Member	♂	●	●							●	※			General Manager of Legal Division, ITOCHU Corporation; President & CEO, ITOCHU International Inc.; Attorney-At-Law in the U.S. (California)
Shingo Majima	Outside Audit & Supervisory Board Member	♂		●					●		●	□			Partner, KPMG LLP (U.S.); Certified Public Accountant in Japan and the U.S. (New York)
Kentaro Uryu	Outside Audit & Supervisory Board Member	♂			●				●		●		□		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Masumi Kikuchi	Outside Audit & Supervisory Board Member	♂	●		●					●		□		□	President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director / Director and Chairman, Atre Co., Ltd.

ITOCHU's corporate officers, regardless of whether they are inside or outside, bring their knowledge, experience, and high level of insight in their respective fields to management. The areas in which Inside Directors have knowledge and experience are indicated by the symbol ○. To fully utilize the professional perspectives and high level of insight of each Outside Director and Audit & Supervisory Board Member, the areas in which they are expected to make a particular contribution are indicated by the symbol ●, after consultation with each officer.

■ Chair □ Member ※ Observer

*1 In addition to Full-time Audit & Supervisory Board Member Makoto Kyoda, the General Manager of the Secretariat is an observer of the Nomination Committee.

*2 In addition to the aforementioned members, the General Manager of the Human Resources & General Affairs Division is a member of the Women's Advancement Committee.

*3 Harufumi Mochizuki, former Outside Director of the Company, Kotaro Ohno, former Outside Audit & Supervisory Board Member of the Company and Shotaro Yachi provide advice on the business management of the Company in their capacities as members of the Advisory Board, enabling their extensive experience and expertise to be utilized in the business management of the Company.

Members of the Board, Audit & Supervisory Board Members, and Executive Officers

Executive Officers

Chairman & Chief Executive Officer

Masahiro Okafuji

President & Chief Operating Officer

Keita Ishii

Executive Vice Presidents

Fumihiko Kobayashi

Chief Administrative Officer

Tsuyoshi Hachimura

Chief Financial Officer

Senior Managing Executive Officer

Hiroyuki Tsubai

President, Machinery Company

Managing Executive Officers

Masahiro Morofuji

President, Textile Company;
Executive Advisory Officer for
Osaka Headquarters

Number of shares held: 94,974 (50,092*)

Hiroyuki Kaizuka

President, Food Company

Number of shares held: 85,185 (45,888*)

Tomoyuki Takada

General Manager,
Corporate Communications Division

Number of shares held: 68,630 (22,930*)

Tatsushi Shingu

President,
ICT & Financial Business Company

Number of shares held: 78,149 (40,949*)

Executive Officers

Takanori Morita

Chief Executive for Europe &
CIS Bloc; CEO, ITOCHU Europe PLC

Number of shares held: 31,155

Masaya Tanaka

President, Energy & Chemicals Company

Number of shares held: 51,590 (22,390*)

Kenji Seto

President, Metals & Minerals Company

Number of shares held: 63,759 (29,909*)

Yoshiko Matoba

General Manager, Human Resources &
General Affairs Division

Number of shares held: 48,630 (2,885*)

Hiroyuki Naka

Chief Strategy Officer;
Chief Digital & Information Officer;
General Manager, Corporate Planning &
Administration Division

Shuichi Kato

President, The 8th Company

Number of shares held: 45,451 (14,696*)

Masatoshi Maki

President, General Products & Realty
Company

Number of shares held: 32,039 (6,016*)

Tadayoshi Yamaguchi

President & CEO,
ITOCHU International Inc.

Number of shares held: 5,912

Satoshi Watanabe

General Manager, Finance Division

Number of shares held: 22,799 (1,824*)

Hideto Takeuchi

Chief Operating Officer,
Brand Marketing Division

Number of shares held: 22,785 (1,824*)

Kenichi Tai

Chief Operating Officer,
Fresh Food Division

Number of shares held: 22,157 (1,824*)

Hiroshi Kajiwara

Chief Operating Officer, ICT Division

Number of shares held: 23,327 (1,824*)

Akira Saito

CEO for East Asia Bloc

Number of shares held: 21,499

Yoshinori Kitajima

Representative Director,
Chief Executive Officer,
DOME Corporation

Number of shares held: 21,735

Tomokuni Nishiguchi

General Manager, Secretariat

Number of shares held: 22,753

Kazuaki Yamaguchi

General Manager,
General Accounting Control Division

Number of shares held: 22,703

Nobuyuki Tabata

Chief Operating Officer,
Chemicals Division

Number of shares held: 22,394

Naohiko Yoshikawa

Chief Operating Officer, Plant Project,
Marine & Aerospace Division

Number of shares held: 20,824

Kotaro Yamamoto

Director, President & CEO,
ITOCHU Building Products Holdings Inc.

Number of shares held: 9,463

Kuniaki Abe

General Manager, Planning &
Administration Department,
Food Company

Number of shares held: 21,190

"Number of shares held" indicates the number of ITOCHU shares.

* Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.