


# Governance



# Corporate Governance

## Action Plan

Risks	Opportunities
Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.	Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Maintaining and reinforcing a governance system for achieving sustainable growth	Corporate governance	We will implement highly effective supervision over the management from an independent and objective standpoint and ensure the appropriate and efficient execution of business operations by improving the transparency of our decision-making, aiming to our sustainable growth as well as the medium- and long-term improvement of our corporate value.	<ul style="list-style-type: none"> <li>Appoint several outside Directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields.</li> <li>Maintain a highly transparent and objective Directors' and officers' remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company's performance and the improvement of our corporate value.</li> </ul>	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ol style="list-style-type: none"> <li>We have maintained the diversity of the Board of Directors (always a one third or higher percentage of outside Directors; currently four out of 10 Directors) and the ratio of women (currently two out of 10 Directors).</li> <li>We have maintained a majority of the members of the Governance and Remuneration Committee and Nomination Committee coming from outside the company (four out of seven members).</li> <li>We have mostly completed the establishment of a structure in each listed subsidiary in accordance with our Policy on the Governance of Its Listed Subsidiaries.</li> </ol>

## Policy and Basic Concept

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

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

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

In order to separate execution by and monitoring over management, we reduced several executive Directors and the percentage of outside Directors in our Board of Directors was increased to one-third or more from April 2017. We keep this percentage of outside Directors also in FYE 2020 and onwards. Additionally, ITOCHU has established a Governance and Remuneration Committee and a Nomination Committee as advisory committees to the Board of Directors. Each committee is chaired by an outside Director and the majority members of each committee are outside Directors and Audit & Supervisory Board Members. In appointing outside Directors and Audit & Supervisory Board Members, ITOCHU places great importance on their independence, and in this connection, ITOCHU has adopted its own independence criteria, augmenting the independence criteria established by the Tokyo Stock Exchange.

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

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

# Corporate Governance

## Compliance with Corporate Governance Code

As of June 2021, ITOCHU complies with all principles set forth in Corporate Governance Code.

For details, please refer to Corporate Governance Report ([https://www.itochu.co.jp/en/files/CG\\_e.pdf](https://www.itochu.co.jp/en/files/CG_e.pdf)).

- Establishment of the Governance and Remuneration Committee and the Nomination Committee as advisory committees to the Board of Directors
- Establishment of policy and process for appointing executive officers, candidates for Directors and candidates for Audit & Supervisory Board Members
- Adoption of our own independence criteria regarding the judgement on the independence of outside Directors and outside Audit & Supervisory Board Members

## Reason for Adopting the Current System

The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed outside Directors the percentage of which is one-third or more of the total number of the Directors, and keep this percentage of outside Directors also in FYE 2021 and onwards. And, the Company has already appointed independent outside Directors and established the Governance and Remuneration Committee and the Nomination Committee, as voluntary advisory committees to the Board which are chaired by outside Directors and which comprise of majority outside members, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and strengthening and improving the transparency of decision making. In the process of appointing the outside Directors and outside Audit & Supervisory Board Members, the Company focuses securing independency of the outside Directors and the outside Audit & Supervisory Board Members, and in addition to the independence criteria established by the Tokyo Stock Exchange ITOCHU has adopted its own independence criteria.

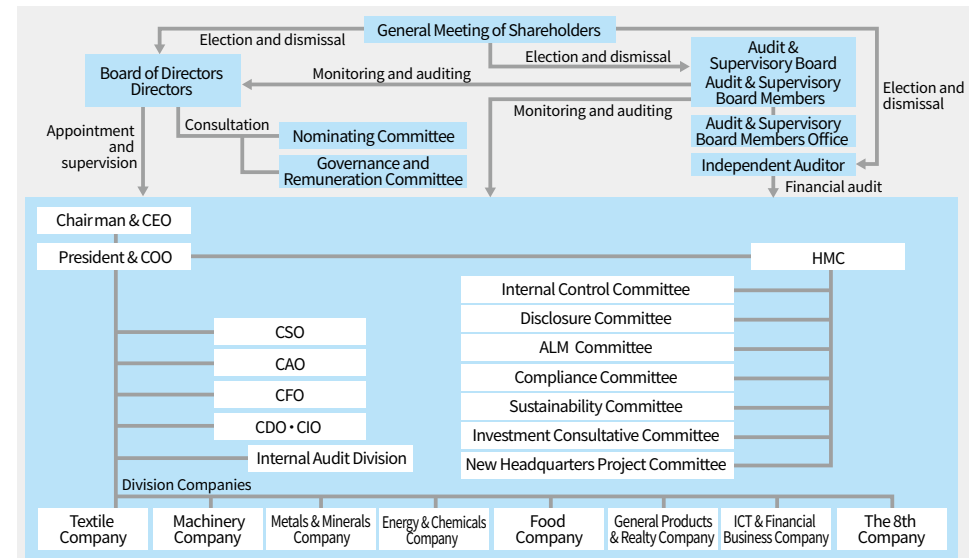
The Company believes that its current corporate governance system—which is based on the Board of Directors consisting with the independent outside Directors for one-third or more of all Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, more than half of whom are outside Audit & Supervisory Board Members— accords with ITOCHU’s Basic Policy stated in this report.

## Structures and Systems

### Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the Directors.
2. Each Director is to carry out such Director’s functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative Directors.
4. The Audit & Supervisory Board Members are to oversee the performance of the Directors based on the “Audit & Supervisory Board Regulations” and “Auditors’ Auditing Standards.”

### Overview of ITOCHU’s Corporate Governance and Internal Control System (As of April 1, 2021)



\*1 HMC=Headquarters Management Committee CEO=Chief Executive Officer COO=Chief Operating Officer CSO=Chief Strategy Officer  
 CAO=Chief Administrative Officer CFO=Chief Financial Officer CDO·CIO=Chief Digital & Information Officer ALM=Asset Liability Management  
 \*2 CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.  
 \*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

# Corporate Governance

## Board of Directors

### Overview

- The Company is a company with the Board of Directors and Audit & Supervisory Board Member (the Audit & Supervisory Board).
- As from 1 April, 2018, Chairman of the Company is Chief Executive Officer and President of the Company is Chief Operating Officer.
- The Board of Directors, comprising 11 Directors including 4 outside Directors, is chaired by the Chief Executive Officer. The Board of Directors is held, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors. Two of the outside Directors are female, and the average term of overseas assignment period of our internal Directors is 5.8 years (as of 18 June, 2021).
- Each Director carries out functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and the other internal regulations.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, executive officers implement their designated duties delegated by the Board of Directors and representative Directors. As of 18 June, 2021, the Company has 31 executive officers (some of whom concurrently serve as Directors), comprising 29 male executive officers and 2 female executive officers.
- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.

### Corporate Governance System (As of June 18, 2021)

Type of System	Company with the Board of Directors and the Audit & Supervisory Board
Number of Directors (Of which, Number of Outside Directors)	11 (4*)
Number of Audit & Supervisory Board Members (Of which, Number of Outside Audit & Supervisory Board Members)	5(3)
Term of Office for Directors	1 year (the same for outside Directors)
Adoption of an Executive Officer System	Yes
Organization to Support CEO Decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory Committees to the Board of Directors	Governance and Remuneration Committee, Nomination Committee

\*Two of the outside Directors is female, and the average term of overseas assignment period of our internal Directors is 5.8 years.

## Members of the Board

◎Chair ○Member ★Observer

Name	Current Position and Responsibility in ITOCHU Corporation	Number of Attendance at Meetings of the Board of Directors	Number of Years in Office	Governance and Remuneration Committee	Nomination Committee
Masahiro Okafuji <span>Reelection</span> <span>Male</span>	Chairman & Chief Executive Officer	12 / 12 (100%)	17 years	○	○
Yoshihisa Suzuki <span>Reelection</span> <span>Male</span>	Vice Chairman	12 / 12 (100%)	5 years	—	—
Keita Ishii <span>New election</span> <span>Male</span>	President & Chief Operating Officer	—	—	○	○
Tomofumi Yoshida <span>Reelection</span> <span>Male</span>	Member of the Board, Executive Vice President, General Products & Realty Company	12 / 12 (100%)	6 years and 9 months	—	—
Yuji Fukuda <span>Reelection</span> <span>Male</span>	Member of the Board, Executive Vice President CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations	12 / 12 (100%)	5 years and 9 months	—	—
Fumihiko Kobayashi <span>Reelection</span> <span>Male</span>	Member of the Board, Executive Vice President Chief Administrative Officer	12 / 12 (100%)	6 years	★	○
Tsuyoshi Hachimura <span>Reelection</span> <span>Male</span>	Member of the Board, Executive Vice President Chief Financial Officer	12 / 12 (100%)	6 years	—	—
Atsuko Muraki <span>Reelection</span> <span>Outside</span> <span>Female</span> <span>Independent</span>	Member of the Board	12 / 12 (100%)	5 years	—	◎
Masatoshi Kawana <span>Reelection</span> <span>Outside</span> <span>Male</span> <span>Independent</span>	Member of the Board	12 / 12 (100%)	3 years	◎	○
Makiko Nakamori <span>Reelection</span> <span>Outside</span> <span>Female</span> <span>Independent</span>	Member of the Board	12 / 12 (100%)	2 years	—	○
Kunio Ishizuka <span>New election</span> <span>Outside</span> <span>Male</span> <span>Independent</span>	Member of the Board	—	—	○	—

# Corporate Governance

## Policy and Process for Appointing Candidates for Directors

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

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

## Outline of Limitation of Liability Contracts

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

## Outline of Directors and Officers Liability Insurance Policy

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

# Corporate Governance

## Remuneration

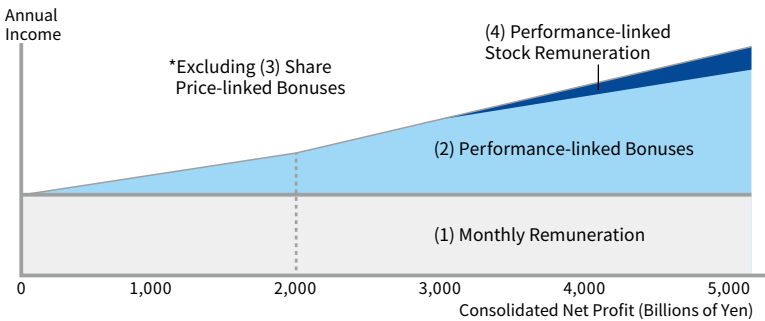
### Overview of the Remuneration Plan for Directors

ITOCHU Corporation's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration is approximately 75% of overall remuneration (FY2021), which is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. More specifically, the remuneration plan consists of (1) monthly remuneration, (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the increase of corporate value in the medium to long term.

Monthly remuneration, which is approximately 25% of the total amount of remuneration is evaluated and determined according to factors that include the degree of contribution to ITOCHU Corporation based on a standard amount for each position. The degree of contribution to ITOCHU Corporation in FY2021 includes newly addressing the response to climate change, ESG and SDGs.

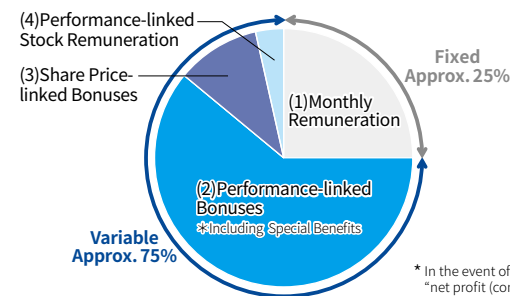
Furthermore, performance-linked bonuses and performance-linked stock remuneration are calculated based on the calculation formula determined by the Board of Directors using net profit attributable to ITOCHU (consolidated) as the linked indicator. Share price-linked bonuses are calculated based on the calculation formula determined by the Board of Directors using ITOCHU Corporation's share price as the linked indicator.

### Remuneration Image of Directors (Excluding Outside Directors)



Type of Remuneration	Details	Fixed / Variable	Remuneration Limits	Resolution at General Meeting of Shareholders
(1) Monthly Remuneration	Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position	Fixed	¥0.8 billion per year as total amount of monthly remuneration (of that amount, ¥0.1 billion per year for Outside Directors)	
(2) Performance-linked Bonuses	Total amount of payment is determined based on net profit (consolidated), and the each individual payment amount is determined in relation to the position points, etc. for the Director	Variable (single year)	¥2.0 billion per year as the total amount of bonus * Not paid to Outside Directors	June 21, 2019
(3) Share Price-linked Bonuses	Calculated by adding the evaluation of the relative growth rate of ITOCHU Corporation's share price and Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU Corporation's share price for two consecutive fiscal years	Variable (medium-to long-term)	The amounts below are limits for two fiscal years, for Directors and Executive Officers • Limit on contribution to trust by ITOCHU Corporation: ¥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
(4) Performance-linked Stock Remuneration	Total payment amount is determined based on net profit (consolidated), and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus			

### Remuneration Composition Ratios Image of Directors (Excluding Outside Directors) (FYE 2021)



\* In the event of net loss attributable to ITOCHU (consolidated) (referred to as "net profit (consolidated)" in this section), Directors will receive neither performance-linked bonuses nor performance-linked stock remuneration.

# Corporate Governance

## Formulas for Remuneration

### Directors' Bonuses for FYE 2022

#### Performance-linked Bonuses

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

#### a. Total Amount Paid to All Directors:

The total amount paid to all Directors shall be the lesser of the sum of the amount paid to an individual Director in b. below or ¥2.0 billion.

#### b. Amount Paid to an Individual Director

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

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

Where:

**A**=(Consolidated net profit attributable to the Company for FYE 2022 for the portion up to ¥200.0 billion) x 0.35%

**B**=(Consolidated net profit attributable to the Company for FYE 2022 for the portion more than ¥200.0 billion but up to ¥300.0 billion) x 0.525%

**C**=(Consolidated net profit attributable to the Company for FYE 2022 for the portion exceeding ¥300.0 billion) x 0.35%(amount of less than ¥1 shall be rounded down)

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

Provided, however, that

- The Rate: 100% + (plan achievement rate of the consolidated net profit of the assigned division/department -100%) x 2 (if negative, it will be 0%)
- The assigned division of the Director utilized the Rate is the General Products & Realty Company of which planning of the consolidated net profit for FYE 2022 is 63 billion yen (announced at 10 May, 2021).
- The plan achievement rate shall be 100% for the eligible Director (not being the Division Company President) for whom no plan achievement rate is measurable.

The points assigned to each position are as per below:

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President (Resident in Japan)	Executive Vice President (Resident Outside Japan)	Senior Managing Executive Officer	Managing Executive Officer
10	7.5	5	4	4	3

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

(Millions of yen)

	Maximum Amount Paid to an Individual Director
Chairman and Chief Executive Officer	546
President and Chief Operating Officer	409
Executive Vice President (Resident in Japan)	273
Executive Vice President (Resident outside Japan)	218
Senior Managing Executive Officer	218
Managing Executive Officer	163

#### Share Price-linked Bonuses

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

For share price-linked bonuses, the bonus amount for individual Director is calculated for FYE 2022 and FYE 2023 based on the following specific calculation formula for individual payment amounts, and when the Director retires or, in the case of taking on the position of executive officer after retirement of the Director, the executive officer retires, such amount will be paid.

#### a. FYE 2022

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

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

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

#### b. FYE 2023

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

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

# Corporate Governance

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

The share price-linked bonuses together with performance-linked bonuses are paid to the eligible Directors within the Director bonuses limit of ¥2.0 billion.

(If the amount of performance-linked bonus and share price-linked bonus based on the above formula exceeds 2.0 billion yen, the performance-linked bonus is preferentially allocated to the limit amount)

## Performance-linked Stock Remuneration Plan

- By resolution at the 92nd Ordinary General Meeting of Shareholders held on 24 June, 2016, ITOCHU introduced the performance-linked stock remuneration plan (the “Stock Remuneration Plan”) and, by resolution of the Board of Directors held on 13 May, 2020, we continue this plan from FYE 2021.
- Under this plan, in June of every year during the trust period, Directors who served as Directors from 1 July of the previous year to the last day of June of the said year are granted points based on performance in the fiscal year that ended on 31 March of said year and in accordance with the number of months of service during that period.
- The method of calculating the number of points granted to Directors (excluding outside Directors) in FYE 2022 is described below. One point corresponds to one share in ITOCHU, and amounts of less than one point are discarded.

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

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

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

### a. Total Stock Remuneration Amount

= (the amount of consolidated net profit attributable to ITOCHU for FYE 2022 – ¥300.0 billion) x 0.175% x Sum total of position points of eligible Directors / 55 (rounding up fractions of less than ¥1)

### b. Individual Stock Remuneration Amount

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

Position points for each Director are the same as the number used for calculating Director bonuses.

The points assigned to each position are as per below:

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President (Resident in Japan)	Senior Managing Executive Officer	Managing Executive Officer
10	7.5	5	4	3

- As the Stock Remuneration Plan, ITOCHU has adopted a framework called “Board Incentive Plan Trust (BIP)” (“BIP Trust”). The BIP Trust is a stock incentive plan for executives, based on the performance share and restricted stock plans in the United States. ITOCHU will conduct delivery and payment of ITOCHU shares acquired by the BIP Trust and an amount of money equivalent of the conversion value of said shares (“ITOCHU Shares, etc.”), together with dividends derived from ITOCHU shares, to Directors, etc. following retirement from office (or after death in the event of the death of a Director, etc.; the same applies hereinafter), based on performance, etc.

Outline of the Stock Remuneration Plan is as follows:

1. Persons Entitled to Receive Stock Remuneration: Directors and executive officers of ITOCHU (excluding outside Directors and those who are non-residents of Japan, as of June 18, 2021, the numbers of the Directors applicable is 5 and of the executive officers not being Director is 18)
2. Maximum Amount of Money Contributed by the Company to the Trust: a total of ¥1.5 billion for 2 fiscal years
3. Method for the Acquisition of Shares by the Trust: Scheduled to be acquired on the stock market (thus no dilution of shares is anticipated)
4. Upper Limit on the Number of Shares to be acquired by Directors, etc.: For the trust period, with an applicable period of 2 fiscal years, the upper limit will be 1,300,000 points (an average of 650,000 points per year)
5. Performance Index under the Stock Remuneration Plan: Consolidated net profit attributable to the Company (upon which the amount of total stock remuneration will be calculated. See above for more details)
6. Timing of Delivery of Shares: After retirement from Office
7. Voting Rights Concerning Shares in the Trust: Will not be exercised in order to ensure neutrality toward management



# Corporate Governance

## Rules for Directors of Non-residents in Japan

A Director of non-residents in Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the Equivalent Amount of Individual stock remuneration. The Equivalent Amount of Individual stock remuneration is calculated in accordance with the above formula (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid following the conclusion of the 97th Ordinary General Meeting of Shareholders as a performance-linked bonus, (round up less than \ 1,000), separately from the performance-linked bonus based on formula above.

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

## Compensation Paid to Directors in FYE 2021

Details of the compensation paid to Directors in FYE 2021 are as follows.

Type	Number of People	Amount Paid (Millions of yen)	Details
Directors (Outside Directors)	10 (4)	2,350 (76)	(1) Monthly Remuneration: ¥651 million (2) Performance-linked Bonuses: ¥1,009 million (3) Share Price-linked Bonuses: ¥268 million (4) Special Benefits: ¥355 million (5) Stock Remuneration: ¥67 million

(Rounded to nearest million yen)

Notes:

- Maximum compensation paid to all Directors: ¥800 million per year as total monthly remuneration (including ¥100 million per year for the outside Directors) and ¥2.0 billion per year as total bonuses paid to all Directors (resolved at the General Meeting of Shareholders on 21 June, 2019).
- Maximum compensation paid to all Audit & Supervisory Board Members: ¥13 million per month (resolved at General Meeting of Shareholders on 29 June, 2005, as of the date hereof, the numbers of the Audit & Supervisory Board Members applicable is 5)
- Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on April 14, 2021 ITOCHU Corporation resolved to pay special benefits. These special benefits for FYE 2021 were paid within the limit of Director bonuses based on the minimization of earnings reductions caused by the COVID-19 pandemic, the achievement of the income goals in the "FYE 2021 Management Plan" and significant improvement of corporate value, and the Company claiming the top position in the general trading company industry for this first time in terms of annual average stock price and average market capitalization.
- The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust "BIP") was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016. The total amount of stock remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP.

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

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

(Rounded to nearest million yen)

Note:

The remuneration paid to Directors (excluding outside Directors) in FYE 2021 comprised monthly remuneration, performance-linked bonuses, share price-linked bonuses, special benefits, and performance-linked stock remuneration (non-monetary compensation) for Directors (Board Incentive Plan Trust). Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs. The total amount of performance-linked bonuses is determined on the basis of consolidated net profit attributable to ITOCHU, and the amount of the share price-linked bonuses is determined by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price. An overview of the system of performance-linked stock remuneration for Directors is described below in "Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation" below.

(\*) Monthly remuneration includes housing allowance.

## Evaluation as to the Effectiveness of the Board of Directors

ITOCHU conducted the evaluation as to the effectiveness of the Board of Directors targeting Directors and Audit & Supervisory Board Members in FYE 2021. ITOCHU appoints an external consultant to evaluate the effectiveness of the Board of Directors annually.

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

According to an external consultant, in FYE 2021, the Board of Directors held sufficient discussions on matters that are highly consistent with ITOCHU Corporation's mid- to long-term management strategy and that contribute to the implementation thereof, confirming that the Board of Directors is fulfilling its functions. Among other factors, the evaluation stated that the Board of Directors played an appropriate role in enhancing the involvement of Outside Directors in the management selection process and the commitment to the SDGs in the next mid-term management plan, as manifestations of the effectiveness of the Board of Directors.

In regard to the issues identified in the previous evaluation ((1) further diversity, (2) the further enhancement of mid-to long-term discussions, and (3) the strengthening of provision of information to Outside Directors and outside Audit & Supervisory Board Members), steady improvement and progress were observed.

At the same time, the findings also noted that promoting enhanced supervision of business execution and discussions that contribute to further improving corporate value, not in form, but in substance, so that the Board of Directors can further fulfill its role, is an issue to be dealt with going forward.

Based on the above effectiveness evaluation results, ITOCHU Corporation intends to actively work on enhancing discussion and strengthening supervision in order to maintain the effectiveness of the Board of Directors and further improve its functionality.

For your reference, please see the result in our homepage at: [https://www.itochu.co.jp/en/files/board\\_evaluation\\_2020e.pdf](https://www.itochu.co.jp/en/files/board_evaluation_2020e.pdf)

# Corporate Governance

## Training Policy

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

## Advisory Committees

We have established Governance and Remuneration Committee and Nomination Committee under the Board of Directors as voluntary advisory committees to raise the transparency of the decision-making process and strengthen the supervisory function of the Board of Directors. Each committee is chaired by an outside Director and the majority members of each committee are outside Directors and Audit & Supervisory Board Members.

### ■ Advisory Committees to the Board of Directors

Name	Function
<b>Governance and Remuneration Committee</b>	To deliberate and advise to the Board on proposals relating to remuneration system for Directors and executive officers and other matters on corporate governance.  This committee was held for 3 times in FYE 2021 with the participant of all members, and the remuneration plan for Directors.
<b>Nomination Committee</b>	To deliberate and advise to the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and executive officers.  This committee was held for 4 times in FYE 2021 with the participant of all members (except two times with Masahiro Okafuji, Chairman & Chief Executive Officer and the outside members limited), and the executive management appointment, and the plan for the successor were deliberated therein.

### ■ Composition of the Governance and Remuneration Committee and the Nomination Committee (As of June 18, 2021)

◎Chair ○Member ★Observer

Name	Title	Governance and Remuneration Committee	Nomination Committee
Masahiro Okafuji	Chairman & Chief Executive Officer	○	○
Keita Ishii	President & Chief Operating Officer	○	○
Fumihiko Kobayashi	Director	★	○
Atsuko Muraki	Outside Director		◎
Masatoshi Kawana	Outside Director	◎	○
Makiko Nakamori	Outside Director		○
Kunio Ishizuka	Outside Director	○	
Shuzaburo Tsuchihashi	Audit & Supervisory Board Member		★
Makoto Kyoda	Audit & Supervisory Board Member	○	
Shingo Majima	Outside Audit & Supervisory Board Member	○	
Kentaro Uryu	Outside Audit & Supervisory Board Member		○
Masumi Kikuchi	Outside Audit & Supervisory Board Member	○	
		7 members	7 members

## Principal Internal Committees

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 19, 2020).

# Corporate Governance

Name	Chairman	Objectives
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 and ESG, including environmental problems and social contribution initiatives, 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

## Policy and Process for Appointing Executive Officers

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

## Audit & Supervisory Board Members

### Overview

- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other's audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- Audit & Supervisory Board Members and the Audit Division (internal audit division) endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division and independent external auditors endeavor to cooperate by holding regular meetings to exchange information, etc.
- The Audit & Supervisory Board is comprised of 2 full-time internal Audit & Supervisory Board Members and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of 18 June, 2021), which directly reports to the Audit & Supervisory Board, is set with employees dedicated to the duties of the Audit & Supervisory Board Members.
- Following the Ordinary General Meeting of Shareholders, the Audit & Supervisory Board determines the audit policy, the allocation of audit work, and the audit plan for the period until the next Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the performance of the duties by Directors and Executive Officers in accordance with the "Audit & Supervisory Board Regulations," "Auditors' Auditing Standards".
- Mr. Shingo Majima, Auditor, is qualified as a certified public accountant in Japan and Unites States of America, and has adequate knowledge and experience in the fields of finance and accounting. In addition, Mr. Kentaro Uryu and Mr. Kotaro Ohno, both Audit & Supervisory Board Members, are qualified as a lawyer in Japan and have adequate knowledge and experience in the field of law.
- The results of audits by the Audit & Supervisory Board Members, Audit Department and independent external auditors are reported to the Board of Directors, HMC, internal committees, etc. in a timely and appropriate manner, and are fully taken into account in decision making and used to improve management.

### Members of the Audit and Supervisory Boards

○Member ★Observer

Name	Position in ITOCHU Corporation	Number of Attendance at Meetings of the Board of Directors	Number of Attendance at Meetings of the Audit & Supervisory Board	Number of years in office	Governance and Remuneration Committee	Nomination Committee
Shuzaburo Tsuchihashi	Full-time Audit & Supervisory Board Member	12/12 (100%)	14/14 (100%)	3 years	—	★
Makoto Kyoda	Full-time Audit & Supervisory Board Member	9/9 (100%) (since his appointment)	10/10 (100%) (since his appointment)	1 year	○	—
Shingo Majima	<small>Outside Independent</small> Audit & Supervisory Board Member	12/12 (100%)	14/14 (100%)	8 years	○	—
Kentaro Uryu	<small>Outside Independent</small> Audit & Supervisory Board Member	12/12 (100%)	14/14 (100%)	6 years	—	○
Masumi Kikuchi	<small>Outside Independent</small> Audit & Supervisory Board Member	—	—	—	○	—

# Corporate Governance

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

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

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

## Outline of Limitation of Liability Contracts

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

## Outline of Directors and Officers Liability Insurance Policy

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

## Compensation Paid to Audit & Supervisory Board Members in FYE 2021

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

Type	Number of People	Amount Paid (Millions of yen)	Details
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (3)	148 (57)	Only monthly remuneration

(Rounded to nearest million yen)

# Corporate Governance

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

### Ensuring Diversity of Board of Directors and Audit & Supervisory Board Members

ITOCHU's Board of Directors and Audit & Supervisory Board Members appointed in accordance with the policy and process (P153,160), both inside and outside, are engaged in management with their knowledge, experience and high level of insight in their respective fields. With respect to Outside Directors and full-time Audit & Supervisory Board Members, ITOCHU indicates the areas in which they are expected to contribute to the management of ITOCHU, in order to make maximum use of their specialized perspectives and high level of insight. Discussions with each officer are also reflected in deciding the areas. Please see the so-called skill matrix below, which lists the principal specialized area of experience and areas of public potential contributions that should be provided by the Board of Directors.

Name	Role	Gender	Principal Specialized Area of Experience and Areas of Particular Potential Contribution								Governance and Remuneration Committee	Nomination Committee	Main Role, Career History, Qualifications, etc.
			All Aspects of Management	Global	Marketing/Sales	SDGs and ESG	Health and Medical Care	Finance and Accounting Risk Management	Human Resources and Labor	Internal Control and Legal Affairs /Compliance			
Masahiro Okafuji	Chairman & Chief Executive Officer Representative Director	Male	○	○	○	○	○	○	○	○	□	□	President, Textile Company; President, ITOCHU Corporation
Yoshihisa Suzuki	Vice Chairman	Male	○	○	○	○	○	○	○	○			CEO, ITOCHU International Inc.; President, ICT & Financial Business Company; President & Chief Operating Officer, ITOCHU Corporation
Keita Ishii	President & Chief Operating Officer Representative Director	Male	○	○	○	○	○	○	○	○	□	□	President, Energy & Chemicals Company
Tomofumi Yoshida	Representative Director	Male	○	○	○	○		○	○	○			CEO, ITOCHU International Inc.; President, General Products & Realty Company
Yuji Fukuda	Representative Director	Male	○	○	○	○		○	○	○			President, Energy & Chemicals Company; CEO for East Asia Bloc; CEO for Asia & Oceania Bloc, ITOCHU Corporation
Fumihiko Kobayashi	Representative Director	Male	○	○		○	○	○	○	○	*	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Representative Director	Male	○	○	○	○		○	○	○			General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Atsuko Muraki	Outside Director	Female				◎	◎			◎		■	Vice-Minister of Health, Labour and Welfare
Masatoshi Kawana	Outside Director	Male	◎			◎	◎				■	□	Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	Outside Director	Female			◎			◎		◎		□	Certified Public Accountant
Kunio Ishizuka	Outside Director	Male	◎		◎				◎		□		President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.
Shuzaburo Tsuchihashi	Full-time Audit & Supervisory Board Member	Male		◎	◎					◎		*	President, ITOCHU Australia Ltd.; Chief Operating Officer, Metal & Mineral Resources Division, ITOCHU Corporation
Makoto Kyoda	Full-time Audit & Supervisory Board Member	Male				◎		◎		◎	□		CFO, Food Company
Shingo Majima	Outside Audit & Supervisory Board Member	Male		◎				◎		◎	□		Partner, KPMG (U.S.); Certified public Accountant in Japan and U.S. (New York State)
Kentaro Uryu	Outside Audit & Supervisory Board Member	Male			◎			◎		◎		□	Managing Partner, URYU & ITOGA; Attorney-At-Law
Masumi Kikuchi	Outside Audit & Supervisory Board Member	Male	◎		◎				◎		□		President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director/Director and Chairman, Atre Co., Ltd.

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

■ Chair □ Member ★ Observer

# Corporate Governance

## Checking and Balancing System by the Independence Executives

### Criteria for the Independence of Directors/ Auditors

- ITOCHU has adopted its own independence criteria (augmenting the independence criteria established by the Tokyo Stock Exchange), which is disclosed at our homepage. Please refer to the following URL: [https://www.itochu.co.jp/en/about/governance\\_compliance/governance/pdf/independence\\_criteria.pdf](https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf)
- All of the Company's outside Directors and outside Audit & Supervisory Board Members who qualify as an independent Director/ Audit & Supervisory Board Member are designated as independent Directors/ Audit & Supervisory Board Members.

### Performance of the Independent Executives

- Ms. Muraki attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, she chaired the Nomination Committee and offered a practical perspective while leading discussions on the appointment and dismissal of key management members and succession plans. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, human resource utilization, and organizational revitalization.
- Mr. Kawana attended all of the 12 meetings of the Board of Directors held since his appointment. He mainly made statements from an objective and neutral position as an outside Director. During the current term, he chaired the Governance and Remuneration Committee and led discussions on executive remuneration and other topics. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and medical care-related business.
- Ms. Nakamori attended all of the 12 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside Director. During the current term, she was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.
- Outside Directors actively advise and provide recommendations, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and ensure and enhance the effectiveness of the monitoring and supervising function of the Board of Directors and transparency of decision-making by appropriately demonstrating to the internal Directors their supervisory functions based on various perspectives and their management advice function of the outside Directors.
- Mr. Majima attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.

- Mr. Uryu attended all of the 12 meetings of the Board of Directors and all of the 14 meetings of the Audit & Supervisory Board held during the current term. He made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.
- Outside Audit & Supervisory Board Members actively provide an opinion, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and enhance the transparency of decision-making by appropriately demonstrating their supervisory functions of the outside Directors against the performance of the internal Directors.

# Corporate Governance

## Significance of Holding and ITOCHU's Policy on the Governance regarding its Listed Subsidiaries

ITOCHU has 199 consolidated subsidiaries (as of the end of FYE 2021) and is expanding our diverse businesses in Japan and all over the world. As the core of the Group, ITOCHU formulates management policies as well as short- and medium-term management plans on a group basis, and regularly monitors the progress of each segment. In order to appropriately deal with various risks as a group, we have the internal control systems on a group basis, which are necessary to ensure that Directors' implementations of duties are in compliance with laws and statutory regulations and the Articles of Incorporation, and to ensure the appropriateness of other operations.

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

ITOCHU respects the autonomy of listed subsidiaries, ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd., CONEXIO Corporation, C.I. TAKIRON Corporation and Prima Meat Packers, Ltd., and prohibits any acts that contradict the principle of shareholder equality. In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which the independent outside Directors of these listed subsidiaries are well functioned.

At the time of ordinary general meetings of shareholders in 2021, each of the listed subsidiaries mentioned above had established and maintained an effective governance system, including the ratio of Outside Directors and the establishment of an independent advisory committee to the Board of Directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code issued by the Tokyo Stock Exchange.

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

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

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

Company	Significance of Holding
<b>ITOCHU Techno-Solutions Corporation</b>	ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU group's investees and business partners, and utilizes our group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value. ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.
<b>ITOCHU ENEX CO., LTD.</b>	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing ITOCHU group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value.
<b>ITOCHU-SHOKUHIN Co., Ltd.</b>	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its existence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing our group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as contribution to customers through creating sales floors which utilize DX, etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUHIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value.
<b>CONEXIO Corporation</b>	CONEXIO Corporation is expanding its business by utilizing ITOCHU group's extensive domestic and international network. It is expanding mobile accessory sales business to overseas, as well as promoting more effective use of store assets and management resources, such as know-hows in selling products and services to individual customers, in cooperation with companies in other industries in our group. ITOCHU and CONEXIO Corporation, as business partners, are mutually contributing to the enhancement of corporate value. CONEXIO Corporation was established and founded by inheriting ITOCHU's mobile device sales business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.
<b>C.I. TAKIRON Corporation</b>	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I.TAKIRON Corporation utilizes ITOCHU group's extensive domestic and international network for overseas expansion of C.I.TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I.TAKIRON Corporation's various products. ITOCHU and C.I.TAKIRON Corporation, as business partners, are mutually contributing to enhancing corporate value.
<b>Prima Meat Packers, Ltd.</b>	The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained.

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

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

# Corporate Governance

## Internal Control System

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy and implementation status regarding the Internal Control System as of 18 June, 2021, which the Board of Directors approved on 19 April, 2006 (and partially revised as of 14 May, 2021).

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

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

##### (1) Corporate Governance

1. As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the Directors.
2. Each Director is to carry out such Director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
3. ITOCHU is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative Directors.
4. The Audit & Supervisory Board Members are to oversee the performance of the Directors based on the "Audit & Supervisory Board Regulations" and "Auditors' Auditing Standards."

##### (2) Compliance

1. Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct.
2. ITOCHU is to designate a representative Director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

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

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

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

#### (4) Internal Audits

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

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

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

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

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



# Corporate Governance

## 4. System to Ensure Efficient Performance of Directors

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

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

### (2) Division Company System

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

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

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

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

### (1) Subsidiary Management and Reporting System

1. ITOCHU is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary to ensure the adequacy of the subsidiary's operations.
2. With respect to subsidiaries that ITOCHU owns indirectly through its directly-owned subsidiaries, ITOCHU is to strive to ensure the adequacy of operations by such indirectly-owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly-owned subsidiaries to provide managerial guidance to indirectly-owned subsidiaries.
3. With respect to important matters on the management of subsidiaries, ITOCHU is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

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

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

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

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

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

1. In principle, ITOCHU is to send Directors and Audit & Supervisory Board Members to each subsidiary and strive to ensure that the performance of duties of Directors, etc. and employees of a subsidiary complies with laws and regulations and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said Directors and Audit & Supervisory Board Members sent from ITOCHU.
2. ITOCHU is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.
3. All of the operations and activities of the subsidiaries are to be subject to internal audits by the Audit Division.

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

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

# Corporate Governance

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

### (1) Attendance at Important Meetings

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

### (2) Reporting System

1. The Directors and corporate officers are to regularly report to the Audit & Supervisory Board Members about their performance. Furthermore, in addition to the matters required by laws and regulations, the Directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU to the Audit & Supervisory Board Members immediately after such decisions are made.
2. Employees are to have the right to report directly to the Audit & Supervisory Board Members any matters that could cause serious damage to ITOCHU.
3. In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of Directors and employees who have reported to the Audit & Supervisory Board Members and to ensure thorough familiarization with this prohibition.

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

### (1) Reporting System

1. The Directors and Audit & Supervisory Board Members of subsidiaries may report directly to the Audit & Supervisory Board Members of ITOCHU any matters that could cause serious damage to the said subsidiary.
2. A department that oversees compliance is to periodically report to the Audit & Supervisory Board Members of ITOCHU a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.
3. In the “ITOCHU Group Compliance Program,” ITOCHU is to explicitly prohibit disadvantageous treatment of persons who have reported to the Audit & Supervisory Board Members under the provisions listed above and to ensure full familiarization with this prohibition.

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

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

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

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

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

### (2) Retaining External Experts

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

# Corporate Governance

## Overview of the Operational Status of Internal Control System

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee (FYE 2022), chaired by CAO and with the Corporate Planning & Administration Division as secretariat, consists of CFO, General Manager of Internal Audit Division, and an external expert (attorney) as members. Audit & Supervisory Board Members also attend and voice opinions every time.

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

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

Regarding the meetings of main internal committees related to internal control in FYE 2021, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 10 times.

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

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on 14 May, 2021, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for the FYE 2021 and confirmed that there were no significant deficiencies or defects.

## Initiatives to Further Enhance the Reliability of Financial Reporting

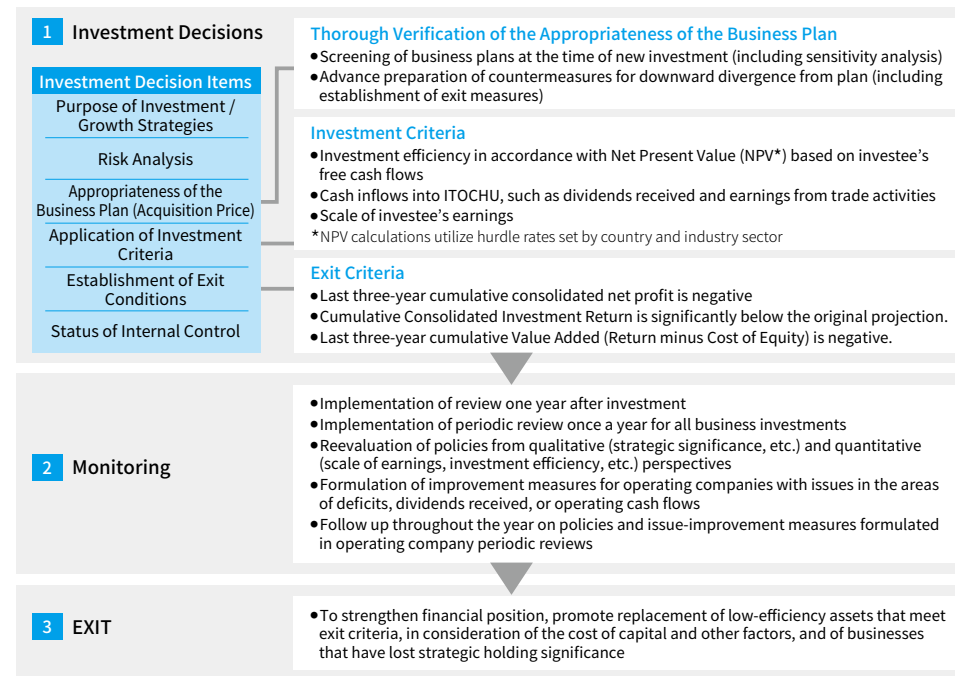
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has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

## Strengthening Risk Management on a Group Basis, Including Subsidiaries

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

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

### Process for Investments




### Managing Concentrated Risks

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

# Risk Management

## Action Plan

Risks	Opportunities
Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control, and others.	Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system, and others.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Maintaining and reinforcing a governance system for achieving sustainable growth	Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	<ul style="list-style-type: none"> <li>• We reviewed the progress situation for the action plans in the first half of FYE2021 with each department responsible for risk management. The Global Risk Management Division assembled and made a report to the Internal Control Committee in October 2020 to the effect that the risk management structure is functioning. This includes the response to events that occurred during the applicable period. It obtained approval for the report from the committee.</li> <li>• We reviewed the progress of the second half of FYE 2021 and the action plans of FYE 2022 at the meeting of Internal Control Committee in April 2021 and obtained approval from the committee.</li> </ul>

## Policy and Basic Concept

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

We acknowledge risk management as a key management issue. Therefore, we have established our basic risk management policy and develop necessary risk management systems and techniques based on the concept of the COSO-ERM framework. Specifically, we have defined the following 18 risks as major risks\* and are responding to them by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis. In addition, we periodically review the effectiveness of management systems through our internal committees. Moreover in accordance with the medium-term management plan, we conduct risk assessments across the company to reevaluate the risks we are currently aware of and identify risks comprehensively.

\* Major Risks

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

# Risk Management

## Structures and Systems

### Risk Management Structure

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

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

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

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

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

ITOCHU is a company with Audit & Supervisory Board Members and endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. Auditors are therefore independent from the Committees within our risk management structure, including the HMC, but do attend Committees to perform their monitoring/

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

- Organization chart regarding the ITOCHU Group's corporate governance structure and internal controls system (P151)
- Overview of ITOCHU Group's main internal committees (P158)

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

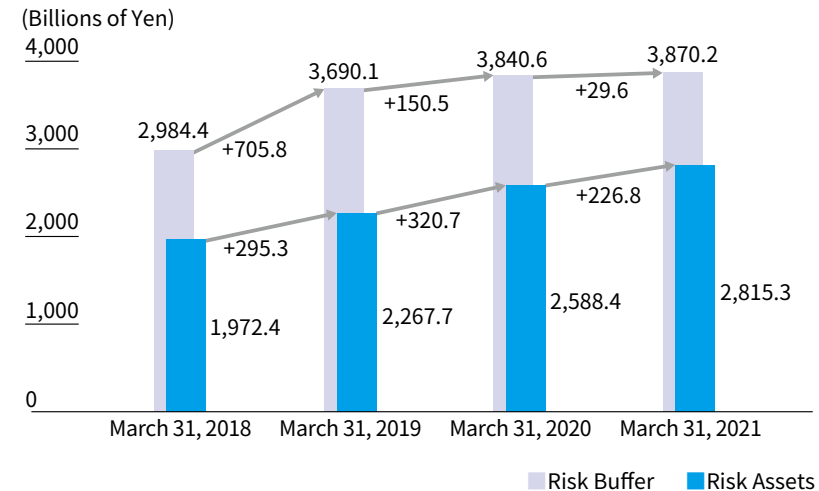
Please see Macroenvironmental PEST Analysis page ([https://www.itochu.co.jp/en/ir/doc/annual\\_report/online2021/pest.html](https://www.itochu.co.jp/en/ir/doc/annual_report/online2021/pest.html)) for our non-financial capital PEST analysis reported in the Integrated Report.

## Initiatives

### Risk Management

#### Risk Capital Management\*1 and Management of Concentration Risk

##### ■ Risk Assets and Risk Buffer\*2



\*1 The cost of shareholders' equity set at 8%

\*2 Risk Asset = Total shareholders' equity + Non-controlling interests

# Risk Management

## Strict Management of Risk Assets

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

## Business Investment Management

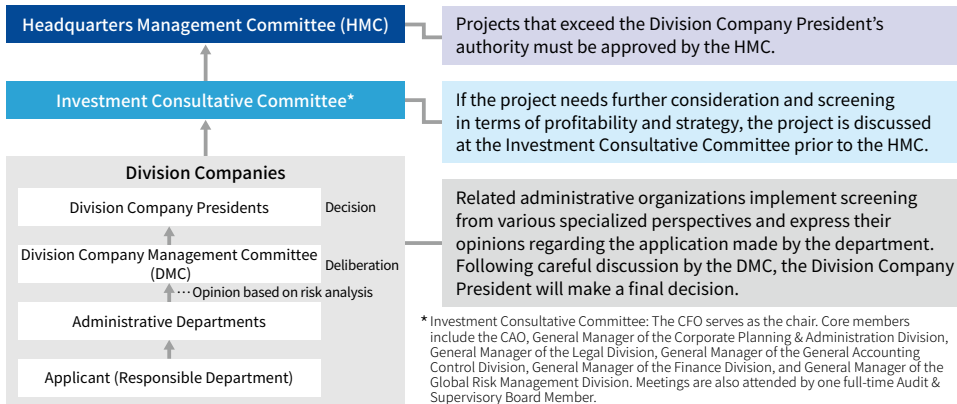
### Fundamental Approach

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

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

### Decision-Making Process for New Investments

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



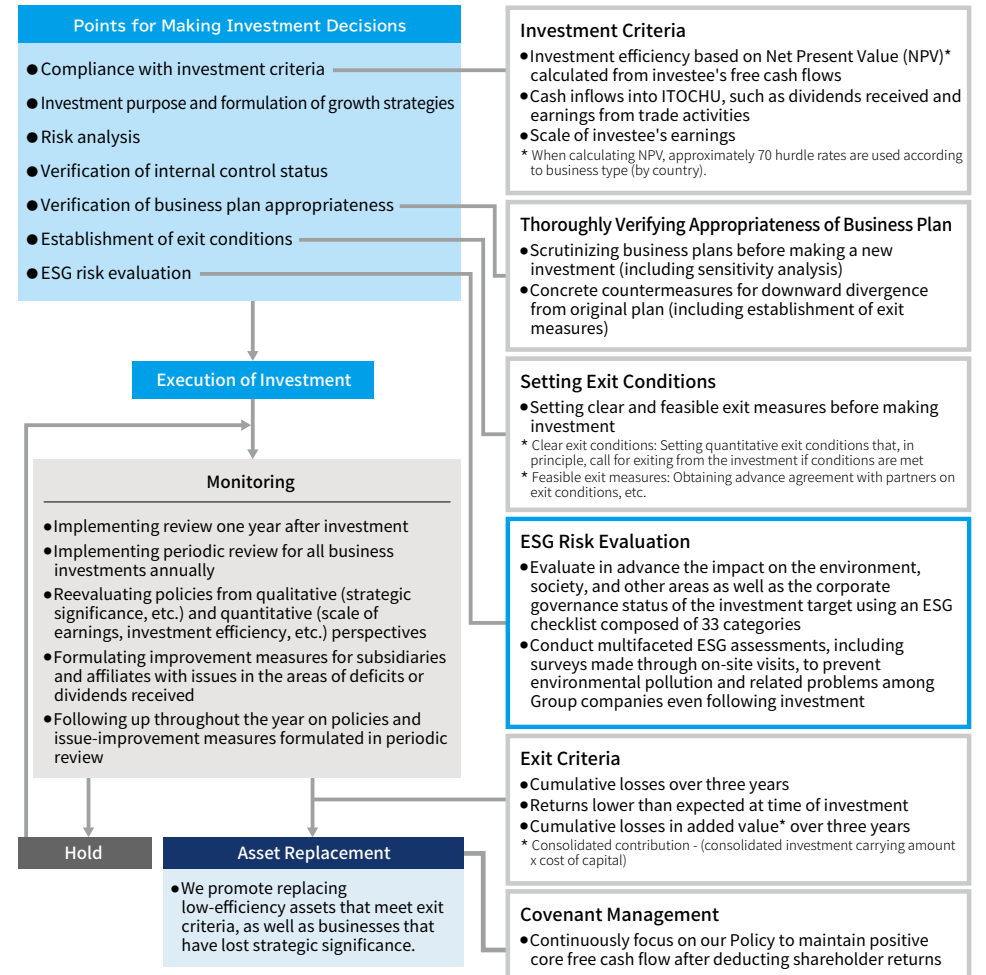
## Business Investment Process

Starting with the impact of COVID-19, the business environment changed dramatically in FYE 2021.

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

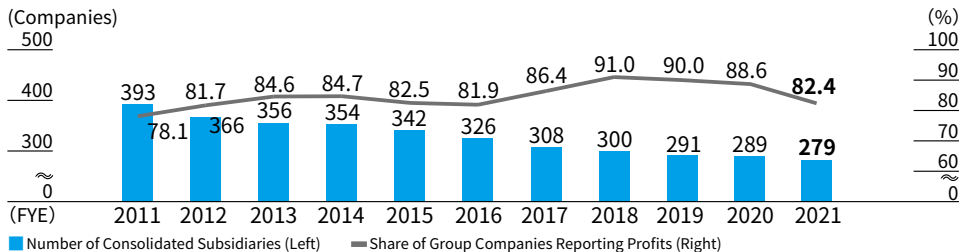
We cleared up business concerns and further strengthened our economy-resilient earnings base.

At the same time, we strictly implemented various processes, including the verification of the validity of business plans at the time of investment decisions, and meticulously monitored those decisions after investing. This allowed us to maintain a high ratio of profit-making group companies at 82.4%.



# Risk Management

## Number of Consolidated Subsidiaries and Share of Group Companies Reporting Profits

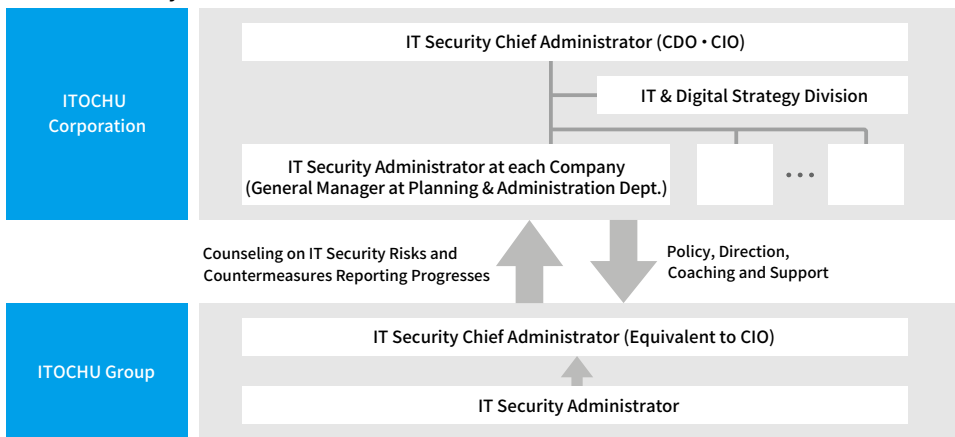


## Security Risk Management

### Policy and Basic Concept

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

### Structures and Systems



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

## Initiatives

ITOCHU has formulated a company-wide information strategy for digital transformation (DX) and data-driven management and is aiming for IT-based management.

In order to ensure a high level of information security that supports these management foundations, we continue to take thorough measures for crisis management, including the establishment of security guidelines, the expansion of security infrastructure, and the strengthening of technical security measures for malware, etc.

We routinely collect the latest information regarding potential cyber threats by analyzing system logs and malware. Additionally, when incidents do occur, we respond instantly by investigating their causes, discussing possible countermeasures, and restoring services. This is done by the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCERT) – a cyber security team whose members are senior cyber security analysts. In 2017, we established ITCERT space in our IT & Digital Strategy Division to further enhance security countermeasures across the entire Group and to develop security personnel. We also provide training programs to develop technicians proficient in cyber security. There are few examples of user companies in Japan that are working as actively as we are to develop systems and respond to information security risk. Moving forward, we plan to maintain these initiatives and make enhancements where necessary to ensure sustainable growth that is free from cyber threats.

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

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

Cyber security is especially important to us given that our BCP is supplemented by IT solutions which have enabled us to maintain business operations during the COVID-19 pandemic. Such IT solutions include our adoption of thin clients in all of our internal computers, WEB-based teleconferencing systems, and cloud systems. We ensure that cyber security is monitored in these systems by requiring that all company-wide services and tools are subject to prior assessments.

# Risk Management

## Business Continuity Plan

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

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

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



# Compliance

## Action Plan

Risks	Opportunities
Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance or internal control.	Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

Materiality	SDGs Targets	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Ensuring compliance	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic compliance attitude survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> <li>• We registered with the Whistleblowing Compliance Management System (self-declaration of conformity) as of April 10, 2019, which had been renewed for FYE 2020. For FYE 2021, we got started on the renewal proceedings on February 17, 2021.</li> <li>• We conducted the monitoring survey on compliance with the “Act on Prohibition of Private Monopolization and Maintenance of Fair Trade” and the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” in ITOCHU Corporation and 62 ITOCHU group companies in the period of September through November 2020. During the course of such survey, we performed individual hearings and fact-finding investigations based on answers to questionnaire in certain prescribed format, as a result of which we found no serious concern on that.</li> <li>• We provided e-learning on thorough information management for ITOCHU Corporation employees, temporary employees and seconded employees in total of approximately 5,300 individuals (in the period of July 13 through 31, 2020).</li> <li>• The results of our on-site compliance training seminars in FYE 2021 are as follows (as of March 31, 2021):             <ul style="list-style-type: none"> <li>• For ITOCHU Corporation: 2,925 employees (who all watched the training video); and</li> <li>• For ITOCHU group companies: 12,903 employees in total (of which (i) the webinar sessions were provided for 72 companies in 90 occasions with 6,911 attendees; and (ii) the training video were provided for 32 companies with 5,992 viewers.</li> </ul> </li> </ul>

## Policy and Basic Concept

- All officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Mission and the ITOCHU Group Guideline of Conduct based on high ethical values.
- ITOCHU is to designate a representative director as the Chief Officer for Compliance (Member of the Board • CAO) responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the “ITOCHU Group Compliance Program” is to be created to further enhance our compliance system.

# Compliance

## Structures and Systems

### ITOCHU Group's Compliance System

The ITOCHU Group is developing a system for compliance by having the Compliance Department of the Legal Division plan and suggest policies and measures to encourage compliance throughout the entire Group and appointing compliance officers in each organization within ITOCHU Corporation, overseas offices and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter referred to as the “companies subject to compliance management”). The Compliance Department performs these roles under the direction of the Chief Administrative Officer (CAO) who serves as the Chief Officer for Compliance. In addition, the ITOCHU Group Compliance Program provides guidelines to maintain the compliance system. We then periodically monitor and review the implementation situation of these matters. At the same time, we strive to ensure thorough compliance throughout the Group by giving education and training in our group companies as necessary.

Compliance incidents revealed in each organization within ITOCHU, overseas offices or companies subject to compliance management are reported to the Chief Officer for Compliance (CAO) and the Corporate Auditors, while incidences of serious compliance violations are reported to the Board of Directors as appropriate. The Compliance Committee is chaired by the CAO and consists of two external members and heads of relevant administrative divisions and sales division as internal members. It deliberates on matters related to compliance as a permanent organization on business operations. The most recent Compliance Committee meeting was held on February 26, 2021. (The meeting is held two times a year, in principle.)

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

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

The ITOCHU Chief Officer for Compliance (CAO) and the compliance officers of each organization, overseas offices and companies subject to compliance management report the situation of compliance system operation and the results of the Monitor & Review surveys in accordance with the ITOCHU Group

Compliance Program to the respective board of directors and top management (e.g., presidents, compliance officers and management councils) once a year in principle. Moreover, the directors of ITOCHU and our group companies are obliged to report any serious compliance incidents with laws/ordinances and our Articles of Incorporation to the Audit & Supervisory Board members of the respective companies. The Internal Audit Division of ITOCHU confirms the compliance system operation in the relevant organizations and overseas blocs as appropriate. It does this in compliance audits to verify that the compliance system in the ITOCHU Group is functioning appropriately and regular audits on organizations (including supervising group companies) and overseas blocs in ITOCHU.

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

### Response to Compliance Incidents (Violations)

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

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

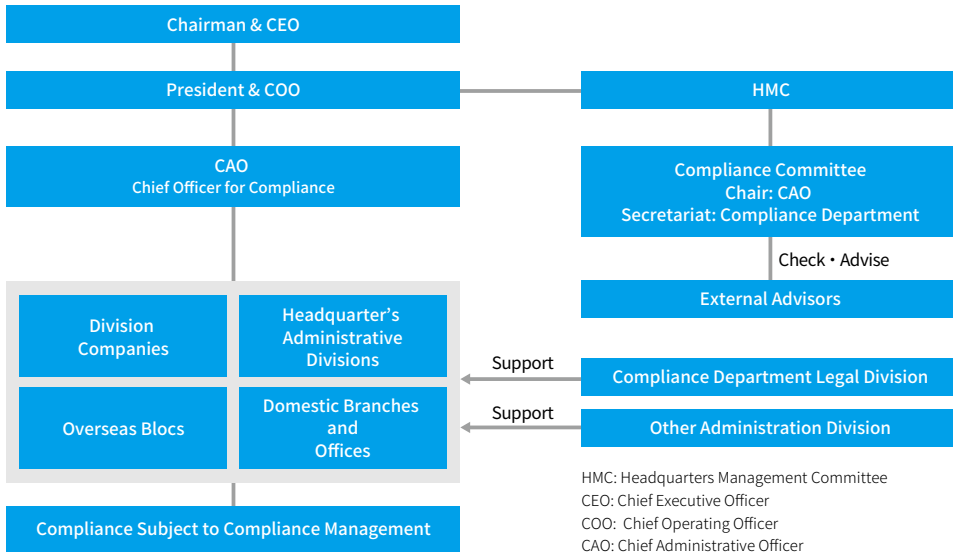
Furthermore, ITOCHU then takes the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations. We verify whether it is necessary to impose internal punishments on officers and employees involved in violations of laws/ordinances, including those concerning bribery, with reference to the internal regulations (e.g., work regulations) of each company. If necessary, we impose appropriate punishments according to the standards and procedures stipulated in the internal regulations upon consulting and cooperating with the relevant departments and experts inside and outside the company.

In FYE 2021, ITOCHU Corporation identified and responded to 71 internal whistleblowing reports, but there was no serious compliance incident (including any breach of customer privacy) which shall require public disclosure.

# Compliance

## Overview

### The ITOCHU Group Compliance System

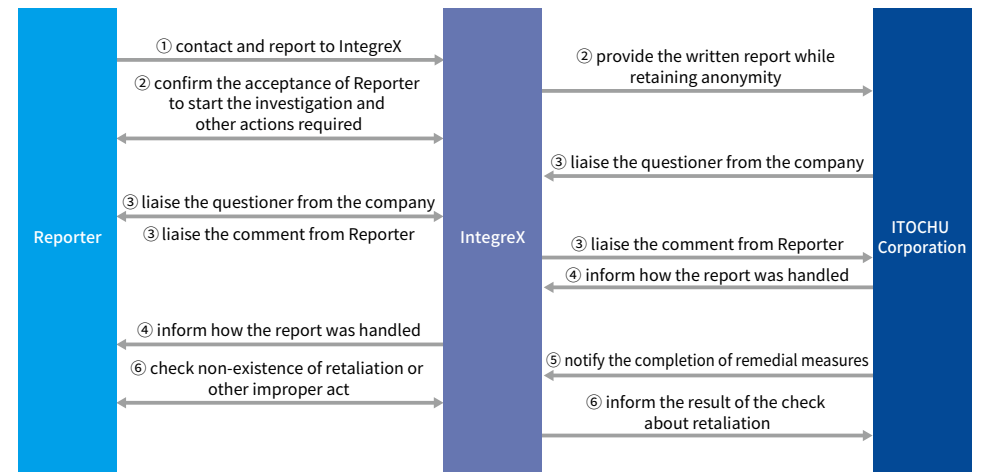


## Internal Reporting System (Hotlines)

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

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

### Flow When Received a Report by the Japanese External Report Reception Desk (IntegreX Inc.)

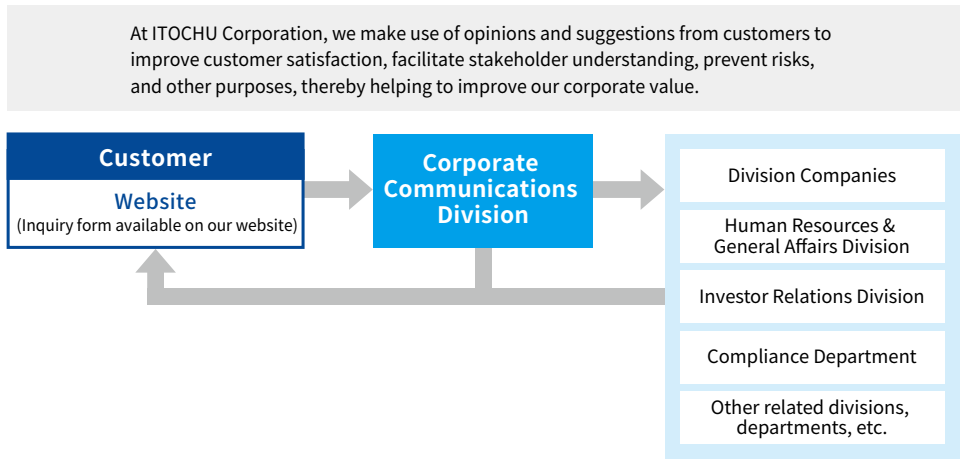


ITOCHU Corporation applied for recognition under the Whistleblowing Compliance Management System (Phase 1: self-declaration of conformity), which was newly introduced by the Consumer Affairs Agency of Japan. Our conformity with certification standards was confirmed and our registration was accepted as of April 10, 2019 (first to be registered in this system in Japan).

# Compliance

## Consultation Desk for the General Public (including Stakeholders)

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



## Initiatives

### Implementation of Compliance Training

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

#### On-Site Compliance Training

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

- Raising awareness of compliance with laws that need to be observed in the course of business
- Raising awareness of prevention of any incidents of corruption, including bribery, insider trading, and money laundering
- Raising awareness of prevention of human rights violations such as power harassment and sexual harassment

In addition, Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats.

In FY2020, on-site training was also provided by the Headquarters for officers and employees of major Group companies for a total of about 10,800 people from 85 companies in Japan and for a total of about 1,450 people from 51 group companies at major overseas blocs. In FY2021, the training was given to approximately 12,900 people from 104 companies in Japan.

We also distribute the Compliance Handbook to all employees. This handbook provides advice on compliance for each potential work setting (in Q&A format) and advises what actions to take in order to prevent corruption. We also conduct separate programs of finely-tuned education and training for each employee layer that are based on actual cases, including training for new recruits, manager training, training for Group company officers and training prior to overseas assignments.

#### Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees, including the level of understanding of the ITOCHU Mission, and assists the implementation of specific initiatives. In FYE2021, we conducted the survey of 57,781 Group employees, and received response from 54,848 of them (retrieval rate of 94.9%). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. In FYE 2022, we plan to conduct our seventh compliance awareness survey.

# Compliance

## Bolstering Measures to Fight Corruption

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

### ITOCHU Group Anti-Corruption Policy

#### 1. ITOCHU Group Anti-Corruption Policy

The ITOCHU Group ensures the implementation the compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization that is permitted by society. We do not even need one yen if it is gained through illegal means.

To address the risk of bribery and corruption, the ITOCHU Group has established rules relating applications and approval procedures, and recording method, etc. according to categories of behaviors which are easy to be used for bribery or corruption, and strictly observes those rules. The rules were established based on “Regulations Concerning the Prohibition of Giving Illicit Benefit,” as well as four related guidelines relating to public officers, foreign public officers, business partners, and investment generally.

##### [ITOCHU Group Anti-Corruption Policy]

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

#### 2. Requests for All Partners

In order for the ITOCHU Group to implement the above anti-corruption policies, the ITOCHU Group requires the cooperation of all of its business partners and investment partners. In connection with the business partners and the investment targets and investment partners (collectively “Partners”), the ITOCHU Group will request itself conducting due diligence on Partners and entering into contracts containing anti-bribery provisions with Partners. The ITOCHU Group thanks you for your understanding and cooperation.

April 1, 2020

Masahiro Okafuji

ITOCHU Corporation

Chairman & Chief Executive Officer

The U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the U.K. Bribery Act 2010 evidence the global trend toward the tightening of legislation against bribery. In keeping with this trend, ITOCHU Corporation has thus far determined and strictly operates the Regulation Concerning the Prohibition of Giving Illicit Profit and three related guidelines (regarding public officers, agents and consultants, and foreign public officers) to prohibit all employees from giving any improper advantage to Japanese or foreign civil servants or people in an equivalent position. In December 2015, we revised the guideline regarding agents and consultants to guideline regarding business partners, thereby expanding the scope of application of the guideline, and bolstered measures to fight corruption by establishing investment guideline, which is designed to carefully check investment projects for the risk of bribery. The Regulation Concerning the Prohibition of Giving Illicit Profit includes facility payments, or payments of small amounts of money that are aimed solely at facilitating ordinary administrative services, among the improper advantages it prohibits. It also prohibits commercial bribery, which falls under an improper advantage given to business partners in the private sector. In addition to banning bribery, our internal rules prohibit officers and employees from receiving improper advantages from business partners in the private sector, deeming such acts to be a mix of business with personal affairs (conflicts of interest, etc.).

The guidelines regarding public officers and foreign public officers include guides for decisions and judgments on business entertainment and gift-giving to public officers and foreign public officers, under which we review cases on an individual basis. The guideline regarding business partners clarifies the process for comprehensive checks and stipulates the process of concluding contracts on new appointments and renewals of contracts with business partners who will provide services to ITOCHU Corporation (including agents and consultants). Concerning overseas business partners, we use the Corruption Perceptions Index (CPI) published by Transparency International as one of our risk identification criteria.

In contracts where there is a possibility to contain a risk of bribery, including ones with business partners, we include an article prohibiting bribery, thereby prohibiting improper payments (bribery or the provision of improper advantages) and clearly state that the contracts may be cancelled immediately if the provisions of the article are violated. The investment guideline includes specific provisions on the implementation of due diligence and procedures for obtaining the confirmation letter from the viewpoint of preventing corruption, which are to be used for deliberations on investment projects.

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

The annual Monitor & Review surveys, which are mentioned in the ITOCHU Group’s Compliance System above, include a check on business entertainment and gift-giving to public officers and foreign public officers and on the appointments and renewals of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management. Where necessary, we hold a dialogue on the status with the compliance officer of each organization.

# Compliance

## Measures to Fight Collusive Bidding and Cartels

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

## ITOCHU Group Tax Policy

7th December, 2017  
ITOCHU Corporation

ITOCHU Corporation and the ITOCHU group companies (collectively, “the ITOCHU Group”) have established a Basic Policy: To comply with all applicable tax laws, rules, regulations, and tax treaties (collectively, “Tax Rules”) of each country and region where the ITOCHU Group conducts business.

The ITOCHU Group is committed to respecting the interests of all stakeholders, including all of the countries and regions where the ITOCHU Group conducts business, as well as the ITOCHU Group’s shareholders, creditors, business partners, and employees.

### 1. Basic Policy - Compliance with Tax Rules

The ITOCHU Group is committed to managing its business operations in full compliance with all applicable Tax Rules and not engaging in transactions that are intended to evade or avoid taxes.

### 2. Tax Cost Management

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

### 3. Maintaining Relationships of Mutual Trust with Tax Authorities

The ITOCHU Group strives to maintain a relationship of mutual trust with all tax authorities by engaging in constructive discussions and preparing documents in an accurate, timely and appropriate manner to ensure overall transparency of the ITOCHU Group’s tax matters.

## Measures for Intellectual Property

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

## Basic Policy on Product Safety

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

## Measures for Comprehensive Import and Export Control

Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security.

Accordingly ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. The Compliance Program of ITOCHU is annually submitted to the Ministry of Economy, Trade and Industry of Japan as a company that has developed export control and an excellent management system. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination (monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also been providing information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

# Compliance

## Basic Policy and Efforts against Antisocial Forces

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

## Insider Trading Regulations

ITOCHU Corporation has an internal rule regarding the restriction of insider trading, and formulated the “guideline regarding reporting and management of insider information” in April 2014 in conjunction with the revision of the rule. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity which ITOCHU has capital or contractual relationship, and we are taking action to assure that all employees know about them.

## Perspectives on Information Management

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

## Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts Monitor & Review surveys of ITOCHU Corporation and companies subject to compliance management under the auspices of the Corporate Planning & Administration Division, the IT Planning Division and the Legal Division. In the ten survey, which was conducted in FY2020, the personal information management systems of ITOCHU Corporation and 136 companies subject to compliance management were checked from September to November 2019. Based on the results of the checks, we have continued activities to encourage continued improvements at ITOCHU Corporation and Group companies. At the same time, we have established a system and provide support for the operation with advice from external lawyers.

## Response to Violations

If an act in violation of the above policies or rules, including policies and rules designed to prevent corruption, should be confirmed, we take corrective action, including an investigation into the cause and education and training of those involved in the act, as well as related individuals. At ITOCHU Corporation, we consider disciplinary action against officers and employees who have been involved in any violation of laws, including bribery, with the aim of imposing harsh penalties when deemed appropriate as a result of internal investigations.