

Governance



Governance

Corporate Governance

Basic Policy

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

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

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

In order to separate execution by and monitoring over management, we reduced the number of executive Directors and the increased percentage of Outside Directors on our Board of Directors to one-third or more from April 2017. We will also maintain this percentage of Outside Directors also in FYE 2021 and onwards. Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance and Remuneration Committee and a Nomination Committee, both of which are chaired by an Outside Director and comprised of a majority of Outside Directors and Audit & Supervisory Board Members. Moreover, a Women’s Advancement Committee serves as another voluntary advisory committee and is chaired by an Outside Director, with at least half of its members comprised of 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 disclose its financial and non-financial information to stakeholders as part of good governance. For this purpose, ITOCHU adopts a “Basic IR Policy” to further promote multi-party stakeholder dialogue, and makes best efforts to disclose such information both timely and adequately. Through communication with its stakeholders, ITOCHU aims to enhance its corporate value on a long-term basis.

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

Targets and Action Plan

Risks	Opportunities
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"> Appoint several outside Directors, who have a high level of independence that fulfills our independence criteria and are expected to contribute to the company management with a high level of knowledge in their respective fields. Maintain a highly transparent and objective Directors’ and officers’ remuneration system, which can increase their motivation to contribute to our medium- and long-term improvement of our company’s performance and the improvement of our corporate value. 	Continue to implement measures to strengthen the supervising function of the Board of Directors, through an annual evaluation of the Board of Directors.	<ol style="list-style-type: none"> 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). 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). 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.

Corporate Governance

Compliance with Corporate Governance Code

As of June 2022, 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)

- Establishment of the Governance and Remuneration Committee, the Nomination Committee, and the Women’s Advancement 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
- Establishment of policy on holding listed shares for purposes other than pure investment and standards for the exercise of voting rights thereon
- Adoption of our own independence criteria regarding the judgement on the independence of outside Directors and outside Audit & Supervisory Board Members
- Formulation of Basic IR Policy

Reason for Adopting the Current System

The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management. In addition to its corporate governance system primarily based on the monitoring of corporate management by Audit & Supervisory Board Members, the Company appointed Outside Directors to comprise a percentage of one-third or more of the total number of Directors, and will also maintain this percentage of Outside Directors in FYE 2022 and onwards. And, the Company has already appointed independent Outside Directors and established, as voluntary advisory committees to the Board, the Governance and Remuneration Committee and the Nomination Committee, which are chaired by Outside Directors and which comprise a majority of outside members, and Women’s Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board 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.

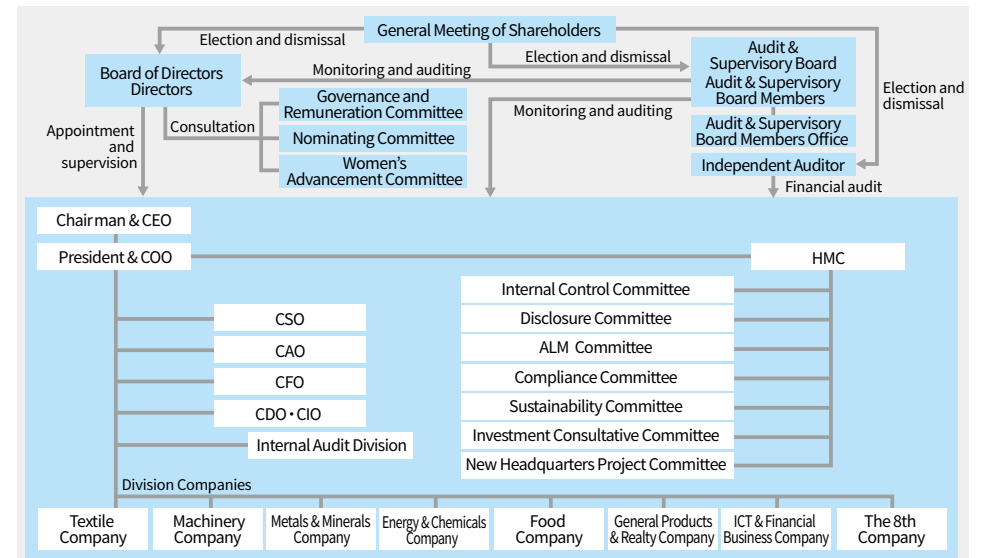
The Company believes that its current corporate governance system—which is based on independent Outside Directors comprising one-third or more of the Board of Directors, the said voluntary advisory committees to the Board and the Audit & Supervisory Board, majority of whom are outside Audit & Supervisory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

Structures and Systems

Corporate Governance

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

Overview of ITOCHU’s Corporate Governance and Internal Control System (As of June 24, 2022)



*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 April 1, 2018, the Chairman of the Company is the Chief Executive Officer, and the President of the Company is the Chief Operating Officer.
- The Board of Directors, comprising 10 Directors including 4 Outside Directors, is chaired by the Chief Executive Officer. The Board of Directors meets, in principle, at least once a month, and it makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the “Board of Directors Regulations,” and supervises the performance of the Directors. Two of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments will be 5.6 years (as of June 24, 2022).
- With the view to further enhancing the Board’s monitoring functions and increasing transparency on the decision making process, both the Governance and Remuneration Committee and the Nomination Committee have been established as voluntary advisory committees to the Board. Each committee is chaired by an Outside Director and the majority each committee’s members are Outside Directors and Audit & Supervisory Board Members. In addition, as of October 2021, as a new voluntary advisory committee to the Board, we established the Women’s Advancement Committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board Members.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, executive officers implement their designated duties delegated by the Board of Directors and representative Directors. As of June 24, 2022, the Company has 29 executive officers (some of whom concurrently serve as Directors), comprising 28 male executive officers and 1 female executive officer.
- 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 24, 2022)

Type of system	Company with the Board of Directors and the Audit & Supervisory Board
Number of Directors (Of which, number of outside Directors)	10 (4) *2 of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments is 5.6 years.
Number of Audit & Supervisory Board Members (Of which, number of outside Audit & Supervisory Board Members)	5 (3)
Term of office for Directors	1 year (the same for outside Directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory committees to the Board of Directors	Governance and Remuneration Committee, Nomination Committee, Women’s Advancement Committee
Independent external auditor	Deloitte Touche Tohmatsu LLC

Meetings of Management Bodies

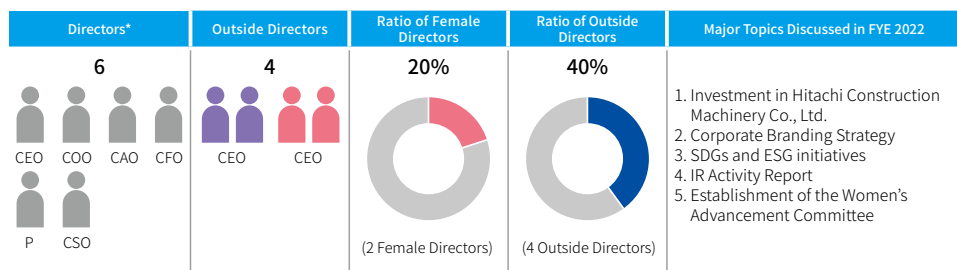
	FYE 2020	FYE 2021	FYE 2022
Board of Directors	15 times	12 times	15 times
Outside Director attendance at Board of Directors’ meetings	100%	100%	100%
Outside Audit & Supervisory Board Member attendance at Board of Directors’ meetings	96%	100%	98%
Board of Audit & Supervisory Board Members	13 times	14 times	14 times
Outside Audit & Supervisory Board Members attendance at Board of Audit & Supervisory Board Members’ meetings	100%	100%	98%

Corporate Governance

Members of the Board

◎Chair ○Member

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	Women's Advancement Committee
Masahiro Okafuji <small>Reelection</small>	Chairman & Chief Executive Officer	15/15 (100%)	18 years	○	○	—
Keita Ishii <small>Reelection</small>	Member of the Board, President & Chief Operating Officer	11/11 (100%) (since his appointment)	1 year	○	○	—
Fumihiko Kobayashi <small>Reelection</small>	Member of the Board, Executive Vice President Chief Administrative Officer	15/15 (100%)	7 years	○	○	○
Tsuyoshi Hachimura <small>Reelection</small>	Member of the Board, Executive Vice President Chief Financial Officer	15/15 (100%)	7 years	—	—	—
Hiroyuki Tsubai <small>New election</small>	Senior Managing Executive Officer President, Machinery Company	—	—	—	—	—
Hiroyuki Naka <small>New election</small>	Executive Officer Chief Strategy Officer; Chief Digital & Information Officer; General Manager, Corporate Planning & Administration Division	—	—	—	—	—
Atsuko Muraki <small>Reelection Outside Independent</small>	Member of the Board	15/15 (100%)	6 years	—	○	◎
Masatoshi Kawana <small>Reelection Outside Independent</small>	Member of the Board	15/15 (100%)	4 years	○	○	—
Makiko Nakamori <small>Reelection Outside Independent</small>	Member of the Board	15/15 (100%)	3 years	◎	—	○
Kunio Ishizuka <small>Reelection Outside Independent</small>	Member of the Board	11/11 (100%) (since his appointment)	1 year	—	◎	—



* P: President, Machinery Company

Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman, President, officers in charge of headquarters administrative functions, one appropriate Division Company president, and enough 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 appointing 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 their individual experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. The Chairman & CEO creates proposals of candidates for Director by taking into consideration diversity such as knowledge, experience, gender and international experience, and submits these to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

Reason for Appointment as Outside Directors

Name	Reason for appointment
Atsuko Muraki appointed in June 2016 [Attendance at Meetings of the Board of Directors] FYE 2022 : 15/15 (100%)	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 appointed in June 2018 [Attendance at Meetings of the Board of Directors] FYE 2022 : 15/15 (100%)	Mr. Kawana is appointed as an Outside Director in the anticipation that, based on his experience as a doctor at Tokyo Women's Medical University Hospital for many years and in important posts such as the Deputy Director of the same hospital as well as his high level of medical knowledge, he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Kawana qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
Makiko Nakamori appointed in June 2019 [Attendance at Meetings of the Board of Directors] FYE 2022 : 15/15 (100%)	Ms. Nakamori is appointed as an Outside Director in the anticipation that, based on her high level expertise regarding finance and accounting as a certified public accountant as well as her extensive experience as a corporate executive, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Nakamori qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director.
Kunio Ishizuka appointed in June 2021 [Attendance at Meetings of the Board of Directors] FYE 2022 : 11/11 (100%) (since his appointment)	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.

Corporate Governance

Outline of Limitation of Liability Contracts

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

Outline of Directors and Officers Liability Insurance Policy

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

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

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

Corporate Officer Remuneration System

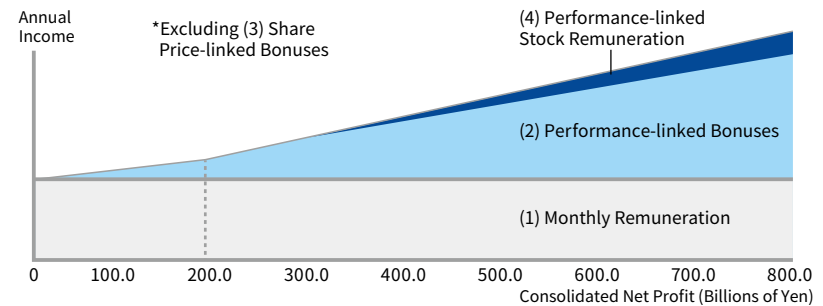
ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration is approximately 81% of overall remuneration (FYE 2022), which is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent.

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

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

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

Remuneration Image of Directors (Excluding Outside Directors)



Corporate Governance

Type of Remuneration	Content	Remuneration Limit	Resolution of General Meeting of Shareholders
(1) Monthly remuneration (Fixed)	Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position	¥1.0 billion per year as total monthly remuneration (including ¥0.1 billion per year as a portion to the Outside Directors)	June 24, 2022
(2) Performance-linked bonuses (Variable(Single Year))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. *Formula is described below	¥3.0 billion per year as total bonuses paid to all directors (excluding Outside Directors)	
(3) Share price-linked bonuses (Variable(Medium-to Long-term))	Calculated by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price for two consecutive fiscal years *Formula is described below		
(4) Performance-linked stock remuneration (Variable(Medium-to Long-term))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus (*2) *Formula is described below	The following is the limit for a two-year period for directors and executive officers <ul style="list-style-type: none"> Upper limit for contribution to trust from ITOCHU: ¥1.5 billion Total points awarded to persons eligible for the plan: 1.3 million points (conversion at 1 point = 1 share) *Not paid to Outside Directors	June 24, 2016

Formulas for Performance-linked Bonuses and Stock Remuneration

In accordance with confirmed results for FYE 2023, director bonuses for FYE 2023 will be paid following the conclusion of the 99th Ordinary General Meeting of Shareholders in amounts calculated according to the methods described below (in regard to stock remuneration, points will be awarded).

Total Amount Paid to all Directors

Total amount paid to all directors = (A + B + C) x Sum of Position points for all the eligible directors/55 (but not exceeding ¥1.0billion)
A = (Of consolidated net profit for FYE 2022, for the portion up to ¥200.0 billion) × 0.35%
B = (Of consolidated net profit for FYE 2022, for the portion more than ¥200.0 billion but up to ¥300.0 billion) × 0.525%
C = (Of consolidated net profit for FYE 2022, for the portion exceeding ¥300.0 billion) × 0.525% (0.175% for stock remuneration)

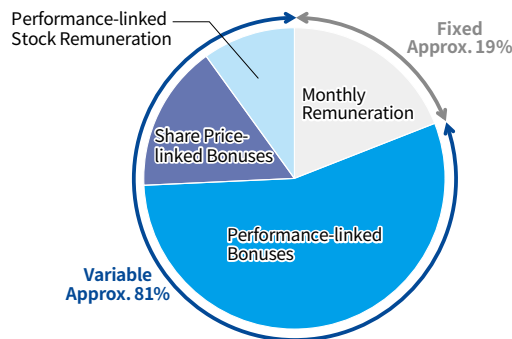
Amount Paid to an Individual Director

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

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President (resident in Japan)	Executive Vice President (resident outside Japan)*	Senior Managing Executive Officer	Managing Executive Officer	Executive Officer
10	7.5	5	4	4	3	2.2

*In FYE2023, there is no Executive Vice President (resident outside Japan).

Remuneration Composition Ratio of Directors (Excluding Outside Directors) (FYE2022)



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

A Director non-resident 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 separately from the performance-linked bonus based on formula above. Since there is no Director non-resident in Japan in FYE2023, this rule will not apply.

Corporate Governance

*Formula for 80% of the Amount Paid in cash to an Individual Director :
 (Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 80% x (the Rate A (defined below) determined based on plan achievement rate of the consolidated net profit target for the assigned division/department x 50% + Rate B (defined below) determined based on the comparison with the consolidated net profit of the previous fiscal year x 50%)

-The Rate A: 100% + (the plan achievement rate of the consolidated net profit target for the assigned division/department -100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
 -The Rate B: 100% + (the rate produced by the consolidated net profit of the fiscal year for the assigned division divided by the consolidated net profit of the previous fiscal year - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
 -The plan achievement rate shall be 100% for the eligible director for whom no plan achievement rate is measurable.

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
Executive Officer	120

* In FYE2023, there is no Executive Vice President (resident outside Japan).

Formulas for Share price-linked Bonuses

To align with our shareholders and create greater awareness of increasing corporate value, we have introduced share-price linked bonuses with ITOCHU's share price as the linked indicator. This bonus is an index linked to the increase in the average daily value of ITOCHU's stock price for two consecutive fiscal years. To ensure fairness, the calculation scheme includes the relative evaluation between the growth rate of the average value of the ITOCHU's stock price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX*1) for each successive two fiscal years.


Amount Paid to an Individual Director (Aggregate amount for FYE 2022 and FYE 2023)

The amount paid to an individual director = ((simple average of daily closing price from FYE 2022 to FYE 2023) - (simple average of daily closing price from FYE 2020 to FYE 2021)) × 1,300,000 × (total position points of FYE 2022 and FYE 2023) / (108.8 points × 2 (years)) × Relative Stock Price Growth Rate*2 - Share Price-linked Bonuses of FYE2022 calculated based on the formula applied in FYE2022

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

*2 Relative Stock Price Growth Rate = (simple average of daily closing price from FYE 2022 to FYE 2023 / simple average of daily closing price from FYE 2020 to FYE 2021) / (simple average of daily TOPIX from FYE 2022 to FYE 2023 / simple average of TOPIX from FYE 2020 to FYE 2021)

Except for the points for Executive Vice President (resident outside Japan), which are fixed at 5, the position points assigned to each position are same as those applied for performance-linked bonuses. Share Price-linked bonuses together with performance-linked bonuses are paid to the eligible directors within the director bonuses limit of ¥3.0 billion.

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

Corporate Governance

Actual Corporate Officer Remuneration for FYE 2022

Type	Number of People	Amount Paid (Millions of Yen)	Details
Directors (Outside Directors)	12 (5)	3,692 (81)	(1) Monthly remuneration ¥763 million (2) Performance-linked bonuses ¥2,000 million (3) Share price-linked bonuses - million (4) Special benefits ¥576 million (5) Stock remuneration ¥352 million
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	152 (60)	(1) Monthly remuneration only
Total (Outside Directors and Audit & Supervisory Board Members)	18 (9)	3,844 (141)	

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

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2022, are as follows.

Name	Category	Total Annual Monthly Remuneration	Performance-linked Bonuses	Share Price-linked Bonuses	Special Bonuses	Stock Remuneration	Total
Masahiro Okafuji	Director	¥178 million	¥531 million	-	¥154 million	¥113 million	¥976 million
Keita Ishii	Director	¥79 million	¥398 million	-	¥115 million	¥85 million	¥676 million
Tomofumi Yoshida	Director	¥90 million	¥265 million	-	¥77 million	¥42 million	¥474 million
Yuji Fukuda	Director	¥76 million	¥275 million	-	¥77 million	-	¥428 million
Fumihiko Kobayashi	Director	¥85 million	¥265 million	-	¥77 million	¥56 million	¥484 million
Tsuyoshi Hachimura	Director	¥85 million	¥265 million	-	¥77 million	¥56 million	¥484 million

(Rounded to nearest million yen)

* Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on March 17, 2022 ITOCHU Corporation resolved to pay special bonuses on the condition that proposal No. 5 (Revision of Remuneration Amount for Directors) is passed at this Ordinary General Meeting of Shareholders. ITOCHU Corporation will pay a Director bonus, calculated using the current formula, that is within the range of the existing bonus (JPY2.0 billion per year) (as the performance-linked bonus amount reaches JPY2.0 billion per year, the share price linked bonuses will be zero). Contingent on the approval of proposal No. 5 (Revision of Remuneration Amount for Directors), any amount exceeding the said range will be paid as a special bonus, separate from the Director bonus.

Evaluation as to the Effectiveness of the Board of Directors

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

Procedure for the Board Evaluation for FYE 2022 is as follows:

Respondents:

All of eleven (11) Members of the Board and five (5) Audit & Supervisory Board Members in FYE2022

Implementation and Evaluation method:

- (1) Conducted a questionnaire to and individual interview with each of respondents by the external consultant (Answered on anonymous basis)
- (2) Implemented an information compilation and analysis by the external consultant based on the answers from the respondents
- (3) In reference to the information compilation and analysis, conducted an examination at the Governance and Remuneration Committee
- (4) Implemented an analysis and evaluation at the Board of Directors.

Question details:

- (1) Structure of the Board of Directors
- (2) Structure of advisory committees to the Board of Directors
- (3) Roles and duties of the Board of Directors
- (4) Operation status of the Board of Directors
- (5) Information provision and training for Members of the Board and Audit & Supervisory Board Members
- (6) Others

As a result of the 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, etc., the Board of Directors of ITOCHU Corporation confirmed that the effectiveness of the Board of Directors was secured.

It was confirmed that there was concrete proof of the effectiveness of the Board of Directors, including (1) enhancement of profitability and corporate value in rapidly changing environment, (2) measures for increasing human resource diversity through the establishment of the Women's Advancement Committee, (3) revitalization of discussions through the election of two external officers with experience in corporate management, and (4) strengthening of measures for discussions for the medium- to long-term, such as on SDGs and corporate branding.


Additionally, it was confirmed that there was steady improvement and progress with regard to issues

Corporate Governance

identified in the previous evaluation (the necessity to expand discussion that contribute to the further enhancement of corporate value in order to have the Board of Directors better perform its function not only formally, but also materially, as well as the need to promote strengthening of oversight with regard to business execution).

On the other hand, it is recognized that the Board of Directors needs to perform its function better than ever, with two issues to prioritize going forward: (1) continuous discussion in order to strengthen the management foundation and (2) securing an increase in human resource diversity.

We will use various opportunities, such as voluntary advisory committees and off-site discussions outside of the Board of Directors, to exchange opinions and engage in constructive discussions that contribute to further improvement of effectiveness, and will make active efforts to maintain the effectiveness of the Board of Directors and further improve its functions.

(For your reference, please see the result of the evaluation in our homepage at: https://www.itochu.co.jp/en/files/board_evaluation_2021e.pdf )

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 the Governance and Remuneration Committee and the 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. On October 1, 2021, we established the Women's Advancement Committee as a new voluntary advisory committee of the Board of Directors. The Committee is chaired by an Outside Director and more than half of the members are Outside Directors and Audit & Supervisory Board Members.

The Roles, Composition and the Activities of the committees as of June 24, 2022 are as follows:

■ Advisory Committees to the Board of Directors

Name	Roles	Composition	Activities
Governance and Remuneration Committee	To deliberate and advise the Board on proposals relating to remuneration system for Directors and executive officers and other matters on corporate governance.	Chair: Makiko Nakamori, Director (Outside) Members: Masahiro Okafuji, Chairman & Chief Executive Officer Keita Ishii, President & Chief Operating Officer Fumihiko Kobayashi, Chief Administrative Officer Masatoshi Kawana, Director (Outside) Shingo Majima, Audit & Supervisory Board Member (Outside) Masumi Kikuchi, Audit & Supervisory Board Member (Outside) *Mitsuru Chino, Audit & Supervisory Board Member, attends as an observer.	This committee was held 5 times in FYE 2022 (among those two meetings were held by paper circulation) with the participation of all members to deliberate the governance related matters (such as the Board Evaluation, submission of the Corporate Governance Report, establishment of the Women's Advancement Committee, etc.) and the remuneration plan for Directors.
Nomination Committee	To deliberate and advise the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and executive officers.	Chair: Kunio Ishizuka, Director (Outside) Members: Masahiro Okafuji, Chairman & Chief Executive Officer Keita Ishii, President & Chief Operating Officer Fumihiko Kobayashi, Chief Administrative Officer Atsuko Muraki, Director (Outside) Masatoshi Kawana, Director (Outside) Kentaro Uryu, Audit & Supervisory Board Member (Outside) *Makoto Kyoda, Audit & Supervisory Board Member, and the General Manager of Secretariat attends as an observer.	This committee was held 1 time in FYE 2022 with the participation of all members to deliberate executive management appointments for FYE 2023 and the succession plan.
Women's Advancement Committee	To deliberate and advise the Board on proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees.	Chair: Atsuko Muraki, Director (Outside) Members: Fumihiko Kobayashi, Chief Administrative Officer Makiko Nakamori, Director (Outside) Makoto Kyoda, Audit & Supervisory Board Member Masumi Kikuchi, Audit & Supervisory Board Member (Outside) Yoshiko Matoba, General Manager, Human Resources & General Affairs Division	This committee was held 3 times in FYE2022, with the participation of all members for 2 meetings and with the participation of 5 members for 1 meeting (by procuring the opinion from the absent member in advance, which was shared with the participating members), to deliberate proposals relating to policies, strategies, and promotion measures to promote the empowerment of female employees. At these meetings, the future direction of the initiative based on a recognition of the current issues regarding the promotion of female employees to official positions and training of candidates for the positions as well as career and work style diversity were discussed and (1) Accelerated training for promotion of female employees to official positions as the result, and (2) Evolution of morning-focused working system and (3) Assistance for early reinstatement after childbearing as the progress for new support measures were reported. Please refer to the following URL in detail: https://www.itochu.co.jp/en/news/press/2022/220419.html

Corporate Governance

Principal Internal Committees

- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making on management issues by the President and Chief Operating Officer and the Board of Directors. HMC is, in principle, chaired by the President, and in principle consists of the Chairman, the President, and executive officers appointed by the President. The HMC is a supporting committee to the President and Chief Operating Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Operating Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures. The roles of the main internal committees are as follows (as of June 24, 2022).

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, SDGs, and ESG, excluding governance related issues
Investment Consultative Committee	CFO	Deliberates on issues related to investment and financing
New Headquarters Project Committee	CAO	Deliberates on issues related to New Headquarters Project

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 an Executive Officer. Candidates for Executive Officers are first selected by the Chairman & CEO based on, among others, recommendations from other officers (or in terms of incumbent Executive Officers, based on their respective performance) and submitted to the 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 & CEO (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' audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- The Audit Division and Audit & Supervisory Board Members endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division and independent external auditors endeavor to cooperate by holding regular meetings to exchange information, etc.
- The Audit & Supervisory Board is comprised of 2 full-time Audit & Supervisory Board Members and 3 outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members' Office (5 members as of June 24, 2022), which directly reports to the Audit & Supervisory Board, is set with employees dedicated to the duties of the Audit & Supervisory Board Members.
- Following the Ordinary General Meeting of Shareholders, the Audit & Supervisory Board determines the audit policy, the allocation of audit work, and the audit plan for the period until the next Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the performance of the duties by Directors and Executive Officers in accordance with the "Audit & Supervisory Board Regulations," and "Auditors' Auditing Standards."
- The Audit & Supervisory Board holds monthly meetings with additional meetings as needed. A total of 14 meetings were held during the current fiscal year, and the average time required for each meeting was approximately one hour. The major issues discussed at the meetings were election of the full-time Audit & Supervisory Board Members and the chairman of the Audit & Supervisory Board, the audit policy and the audit plan for FYE 2022, the remuneration for the independent external auditors, consent to election of Audit & Supervisory Board Member(s), re-election of the independent external auditor, report of the audit result to the Board of Directors, and Response of ITOCHU and independent external auditor to Key Audit Matters. In addition, certain matters related to ITOCHU accounts, internal control, a status of the execution of the Director's duties, etc. are timely discussed at the meeting.

Corporate Governance

- In accordance with the allocation of audit work, each Audit & Supervisory Board Member (i) attends meetings of the Board of Directors and other important meetings to hear from Directors etc. about the status of the execution of their duties, (ii) views important documents approved by management, etc., (iii) investigates the operations and assets at Headquarters and other key offices, and (iv) requests subsidiaries to report on their businesses as required. By utilizing such set methods, Audit & Supervisory Board Members strictly audit the execution of duties of Directors and executive officers. In addition to the monthly regular meeting, Audit & Supervisory Board Members appropriately exchange any required information in a timely manner with the independent external auditor in order to monitor the audit status of the independent external auditor and share issues. From the perspective of the Group's consolidated management, Audit & Supervisory Board Members act in cooperation with our Group companies. On-site inspections of subsidiaries to hear about the business situation from their Directors and their Audit & Supervisory Board Members are held in a timely manner, and the Audit & Supervisory Board holds a liaison council composed of full-time Audit & Supervisory Board Members of major group companies. Any major information of import, obtained by these full-time Audit & Supervisory Board Members in their auditing activities, is shared with outside Audit & Supervisory Board Members in a timely manner.
- Outside Audit & Supervisory Board Members confirm and review the execution status of duties of the Directors by attending the Board of Directors and Executive Officers' Meeting and express their opinions from a neutral standpoint at the Board of Directors and the Audit & Supervisory Board based on and utilizing their special knowledge and background.

Members of the Audit and Supervisory Boards

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	Member / Observer	
						Nomination Committee	Women's Advancement Committee
Makoto Kyoda	Full-time Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	2 years	—	*	○
Mitsuru Chino <small>New election</small>	Full-time Audit & Supervisory Board Member	—	—	—	*	—	—
Shingo Majima <small>Outside Independent</small>	Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	9 years	○	—	—
Kentaro Uryu <small>Outside Independent</small>	Audit & Supervisory Board Member	15/15 (100%)	14/14 (100%)	7 years	—	○	—
Masumi Kikuchi <small>Outside Independent</small>	Audit & Supervisory Board Member	10/11 (91%) (since his appointment)	9/10 (90%) (since his appointment)	1 year	○	—	○

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

As the Audit & Supervisory Board of a general trading company 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 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 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 are expected to effectively monitor and audit ITOCHU's activities. In addition, ITOCHU selects at least one member with adequate expertise in finance and accounting. Candidates for Audit & Supervisory Board Members are selected by the Chairman & CEO after discussion with the executive Audit & Supervisory Board Member and submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates (with consent of the Audit & Supervisory Board) the candidates for election at the General Meeting of Shareholders.

Reason for Appointment as Outside Audit & Supervisory Board Members

Name	Reason for appointment
Shingo Majima appointed in June 2013 [Attendance at Meetings of] - Board of Directors FYE 2022 : 15/15 (100%) - Audit & Supervisory Board FYE 2022 : 14/14 (100%)	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 as a certified public accountant. According to the criteria for the independence of directors/auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, 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 Audit & Supervisory Board Member.
Kentaro Uryu appointed in June 2015 [Attendance at Meetings of] - Board of Directors FYE 2022 : 15/15 (100%) - Audit & Supervisory Board FYE 2022 : 14/14 (100%)	Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors/ auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Audit & Supervisory Board Member.
Masumi Kikuchi appointed in June 2021 [Attendance at Meetings of] - Board of Directors FYE 2022 : 10/11 (91%) - Audit & Supervisory Board FYE 2022 : 9/10 (90%) (since his appointment)	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.

Corporate Governance

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

Ensuring Diversity of Officers

In FYE 2018, ITOCHU Corporation has shifted to a monitoring-oriented Board of Directors with the aim of promoting the separation of management execution and supervision. To ensure that the Board of Directors is able to provide appropriate management supervision, ITOCHU Corporation has appointed officers in charge of headquarters administrative functions and such several Outside Directors that the percentage of Outside Directors in our Board of Directors is one-third or more. By appointing Outside Directors with more specialized viewpoints and greater diversity, we are further enhancing the functions of ITOCHU Corporation's Board of Directors. In addition, by appointing Outside Audit & Supervisory Board Members with knowledge of finance, accounting and legal affairs, we are able to monitor and supervise ITOCHU Corporation's management from a neutral and objective viewpoint.

Name	Role	Principal Specialized Area of Experience and Areas of Particular Potential Contribution								Governance and Remuneration Committee	Nomination Committee	Women's Advancement 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	○	○	○	○	○	○	○	○	□	□		President, Textile Company; President & CEO, ITOCHU Corporation	
Keita Ishii	President & Chief Operating Officer Representative Director	○	○	○	○	○	○	○	○	□	□		President, Energy & Chemicals Company, ITOCHU Corporation	
Fumihiko Kobayashi	Representative Director	○	○		○	○	○	○	○	□	□	□	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation	
Tsuyoshi Hachimura	Representative Director	○	○	○	○		○	○	○				General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation	
Hiroyuki Tsubai	Representative Director	○	○	○	○		○	○	○				Chief Executive for European Operation; Chief Executive for Africa; President, Machinery Company, ITOCHU Corporation	
Hiroyuki Naka	Representative Director	○	○	○	○		○	○	○				General Manager, Corporate Planning & Administration Division; Chief Strategy Officer; Chief Digital & Information Officer, ITOCHU Corporation	
Atsuko Muraki	Outside Director				◎	◎			◎		□	■	Vice-Minister of Health, Labour and Welfare	
Masatoshi Kawana	Outside Director	◎			◎	◎				□	□		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine	
Makiko Nakamori	Outside Director			◎				◎	◎	■		□	Certified Public Accountant	
Kunio Ishizuka	Outside Director	◎		◎					◎			■	President and CEO/Chairman, Isetan Mitsukoshi Holdings Ltd.	
Makoto Kyoda	Full-time Audit & Supervisory Board Member				◎		◎		◎			*	□	CFO, Food Company, ITOCHU Corporation
Mitsuru Chino	Full-time Audit & Supervisory Board Member	◎	◎						◎	*				General Manager, Legal Division, ITOCHU Corporation; President & CEO, ITOCHU International Inc.; Attorney-At-Law in the U.S. (California)
Shingo Majima	Outside Audit & Supervisory Board Member		◎				◎		◎	□				Partner, KPMG (U.S.); Certified public Accountant in Japan and U.S.(New York State)
Kentaro Uryu	Outside Audit & Supervisory Board Member			◎			◎		◎		□			Managing Partner, URYU & ITOGA; Attorney-At-Law
Masumi Kikuchi	Outside Audit & Supervisory Board Member	◎		◎				◎		□		□		President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director/ Director and Chairman, Atre Co., Ltd.


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 ◎.

■ 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 on our homepage. Please refer to the following URL: https://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf 
- All of the Company's Outside Directors and outside Audit & Supervisory Board Members who qualify as independent are designated as independent Directors/ Audit & Supervisory Board Members.
- ITOCHU has established a de minimis standard of ¥10 million per fiscal year relating to a donation made by the Company. ITOCHU views that a donation within the de minimis standard above is unlikely to affect our investor's judgment on its voting, thus description on such donation is omitted from our filings of independent directors/ auditors.

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

Independent Outside Directors

Ms. Muraki attended all 15 meetings of the Board of Directors held during FYE2022. She mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, 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, and chaired the Women's Advancement Committee and led discussions on measures to promote the advancement of ITOCHU's female employees from a real-world perspective. 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 15 meetings of the Board of Directors held during FYE2022. He mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, he chaired the Governance and Remuneration Committee and led discussions on executive remuneration and other topics and also served as a member of the Nomination Committee, contributing to improving the objectivity of ITOCHU's succession plan and director nomination process. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and internal epidemic prevention in the period of COVID-19 pandemic.

Ms. Nakamori attended all 15 meetings of the Board of Directors held during FYE2022. She mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, she was a member of the Nomination Committee and the Women's Advancement Committee, and contributed to improve the objectivity of ITOCHU's officer nomination process and accelerating support for women's advancement. Additionally, she used her expertise to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.

Mr. Ishizuka attended all 11 meetings of the Board of Directors held during FYE2022 since his appointment. He mainly made statements from an objective and neutral position as an Outside Director. During FYE2022, he was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU. Additionally, he made many useful suggestions and proposals based on his expertise and experience regarding promoting the business transformation from the point of view of incorporating the needs of the market into ITOCHU's products and services.

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

Independent Outside Audit & Supervisory Board Members

Mr. Majima attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE2022. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Governance and Remuneration Committee and made contributions toward further enhancement of governance at ITOCHU.

Mr. Uryu attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE2022. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU's officer nomination process.

Mr. Kikuchi attended 10 of the 11 meetings of the Board of Directors and 9 of the 10 meetings of the Audit & Supervisory Board held during FYE2022 since his appointment. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE2022, he was a member of the Governance and Remuneration Committee and the Women's Advancement Committee, and made contributions toward the further enhancement of governance at ITOCHU and acceleration of the support for women's advancement.

Outside Audit & Supervisory Board Members actively provide an opinion, from a neutral and objective position, at the Board of Directors and at the voluntary advisory committee of the Board of Directors, and enhance the transparency of decision-making by appropriately demonstrating their supervisory functions of the Outside Directors against the performance of the internal Directors.

Corporate Governance

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

ITOCHU has 192 consolidated subsidiaries (as of the end of March, 2022) 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-SHOKUJIN Co., Ltd., CONEXIO Corporation, C.I. TAKIRON Corporation and Prima Meat Packers, Ltd., and prohibits any acts that contradict the principle of shareholder equality (ITOCHU has not entered into any governance related agreements with these listed subsidiaries). In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up the governance structure under which functions of their independent Outside Directors are well assured.

During their ordinary general meetings of shareholders in 2022, each of the above-mentioned subsidiaries had established and maintained an effective governance system, including the ratio of Outside Directors and the establishment of an independent advisory committee to the Board of Directors, and/or special committees to evaluate and discuss about the important transactions and actions, which may have a conflict with the controlling shareholder. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the amendments to the Corporate Governance Code issued by the Tokyo Stock Exchange. In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in conducting of transactions with each listed subsidiary, fair and appropriate terms and conditions are determined by taking into account market prices, etc., on the premise of pursuing economic rationality with each other.

On the premise of the above-mentioned governance system, the significance of holding a listed subsidiary includes: 1) expansion of business partners based on our name recognition, creditworthiness and independence; 2) the expansion of synergies within the Group; (3) reduction of the 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
ITOCHU Techno-Solutions Corporation	ITOCHU Techno-Solutions Corporation serves a functions as a sales channel for products and services using cutting-edge technology held by ITOCHU Group's investees and business partners, and utilizes our group's extensive network. In addition, ITOCHU Techno-Solutions Corporation is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals. As a result, ITOCHU and ITOCHU Techno-Solutions Corporation, as business partners, are in a mutually beneficial relationship to enhance corporate value. ITOCHU Techno-Solutions Corporation was established and founded by inheriting a part of ITOCHU's information industry business as an independent company, therefore, there has been no competitive relationship with the ITOCHU's business.
ITOCHU ENEX CO., LTD.	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is important and indispensable presence for the Group in order to build a stable profit based both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., utilizing ITOCHU Group's extensive domestic and international network, promotes initiatives in the new energy field which contribute to achieving the SDGs, and carries out the fuel supply businesses for our Group companies. ITOCHU and ITOCHU ENEX CO., LTD., as business partners, are mutually contributing to the enhancement of corporate value.
ITOCHU-SHOKUJIN Co., Ltd.	The principal and main business of ITOCHU-SHOKUJIN 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-SHOKUJIN Co., Ltd., such as contribution to customers through creating sales floors which utilize digital transformation (DX), etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUJIN Co., Ltd. Accordingly, ITOCHU and ITOCHU-SHOKUJIN Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value.
CONEXIO Corporation	CONEXIO Corporation is expanding its business by utilizing ITOCHU Group's extensive domestic and international network. It is expanding mobile accessory sales business to overseas, as well as promoting more effective use of store assets and management resources, such as know-how 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.
C.I. TAKIRON Corporation	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I.TAKIRON Corporation utilizes ITOCHU Group's extensive domestic and international network for overseas expansion of C.I.TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I.TAKIRON Corporation's various products. ITOCHU and C.I.TAKIRON Corporation, as business partners, are mutually contributing to enhancing corporate value.
Prima Meat Packers, Ltd.	The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our Group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained.

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 regarding the Internal Control System and its Operational Status as of June 24, 2022. ("Basic Policy regarding the Internal Control System" was approved by Board of Directors on April 19, 2006, and the latest revision was made on May 14, 2021).

Basic Policy Regarding the Internal Control System

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

(1) Corporate Governance

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

(2) Compliance

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

(3) Internal Control to Ensure Reliability of Financial Reporting

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

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

(4) Internal Audits

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

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

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

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

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

Corporate Governance

4. System to Ensure Efficient Performance of Directors

(1) The HMC and Other Internal Committees

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

(2) Division Company System

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

(3) Clearly Define the Scope of Authority and Responsibilities

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

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

(1) Subsidiary Management and Reporting System

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

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

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

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

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

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

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

6. Matters Concerning Supporting Personnel to Corporate Auditors, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

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

Corporate Governance

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

(1) Attendance at Important Meetings

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

(2) Reporting System

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

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

(1) Reporting System

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

9. Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Corporate Auditors and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When a corporate auditor claims prepayment, etc. from ITOCHU in relation to the performance of duties under Article 388 of the Companies Act, ITOCHU is to process the relevant expense or claim promptly upon confirmation by the responsible department.

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

(1) Coordination with the Corporate Auditors by the Audit Division

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

(2) Retaining External Experts

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

Corporate Governance

Overview of the Operational Status of Internal Control System

For the proper operation of internal control systems, ITOCHU has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. As of FYE 2023, the Internal Control Committee is chaired by Chief Administrative Officer with the Corporate Planning & Administration Division as secretariat, and consists of Chief Financial Officer, General Manager of Internal Audit Division, and an external expert (attorney) as members. Corporate Auditors also attend and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group. The results of deliberations by the Internal Control Committee are reported twice per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

Regarding the meetings of main internal committees related to internal control in FYE 2022, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 16 times.

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

ITOCHU intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 10, 2022 evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for FYE 2022 and confirmed that there were no significant deficiencies or defects.

Initiatives to Further Enhance the Reliability of Financial Reporting

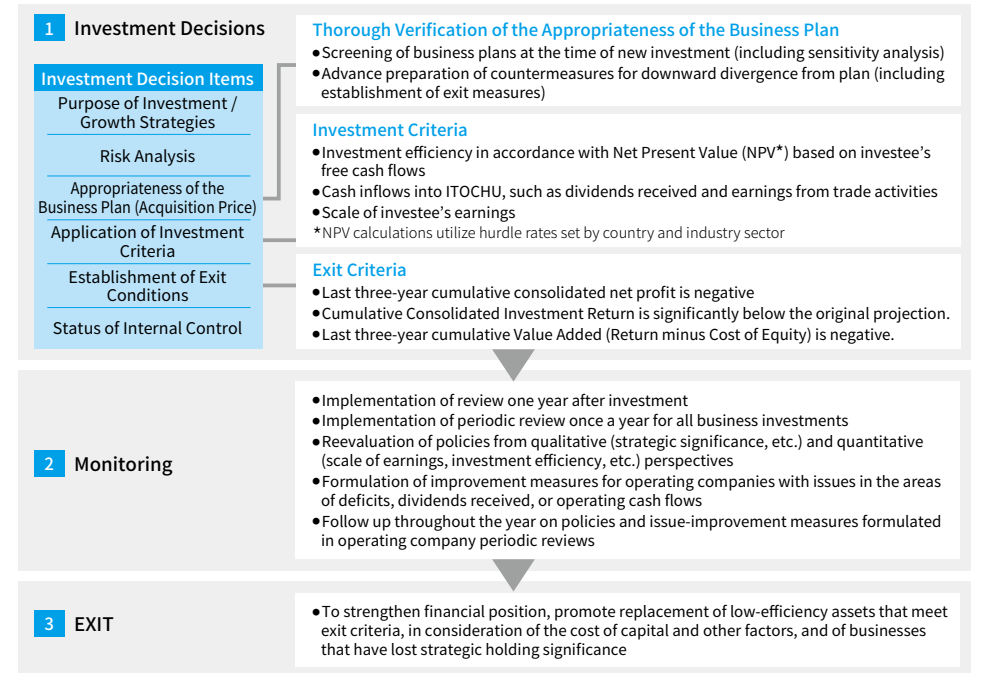
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has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

Strengthening Risk Management on a Group Basis, Including Subsidiaries

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

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

Process for Investments



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

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 |

Targets and 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	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Maintaining and reinforcing a governance system for achieving sustainable growth	Risk management	We will build a system for group risk management and maintain it to manage the risk of loss and ensure the appropriateness of our corporate group's operations.	Conduct regular reviews of risk management systems that have been established, including internal committees and risk management departments, various rules and regulations, reporting and monitoring systems, as well as the effectiveness of such systems.	Maintain a firm governance system in the medium- and long-term by establishing a PDCA cycle, including development and implementation of action plans by the departments responsible for risk management, and monitoring and reviews by internal committees.	<ul style="list-style-type: none"> We reviewed the progress of the action plans of the first half of FYE 2022 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to Internal Control Committee in October 2021 that Itochu's internal risk management system is active. We also reported the review of the second half of FYE 2022 and the action plans of FYE 2023 to the committee in April 2022.

Risk Management

Structures and Systems

Risk Management Structure

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

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

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

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

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

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

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

- Organization chart regarding the ITOCHU Group's corporate governance structure and internal controls system (P162)
- Overview of ITOCHU Group's main internal committees (P170)

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

Please see here for our non-financial capital PEST analysis reported in the Integrated Report (https://www.itochu.co.jp/en/ir/doc/annual_report/online2022/pest.html).

Initiatives

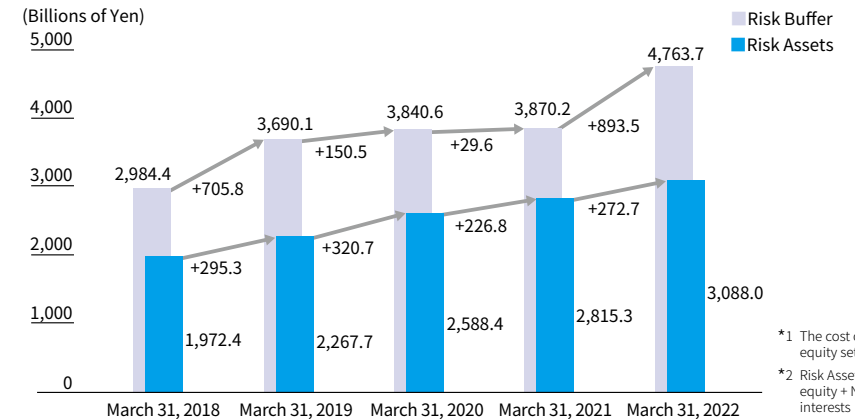
Risk Management

Risk Capital Management*1 and Management of Concentration Risk

Strict Management of Risk Assets

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

Risk Assets*2 and Risk Buffer



Risk Management

Business Investment Management

Fundamental Approach

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

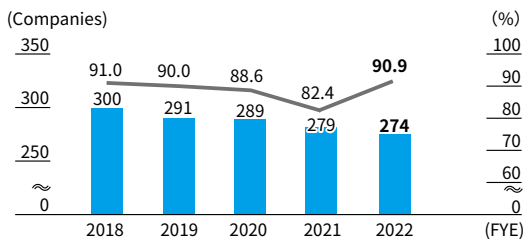
In principle, we hold investments continuously. After making each investment, we work to maximize the investee's corporate value and to expand trading profit and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as larger-scale investments in recent years, we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

Decision-Making Process for New Investments

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



Number of Consolidated Subsidiaries and Share of Group Companies Reporting Profits



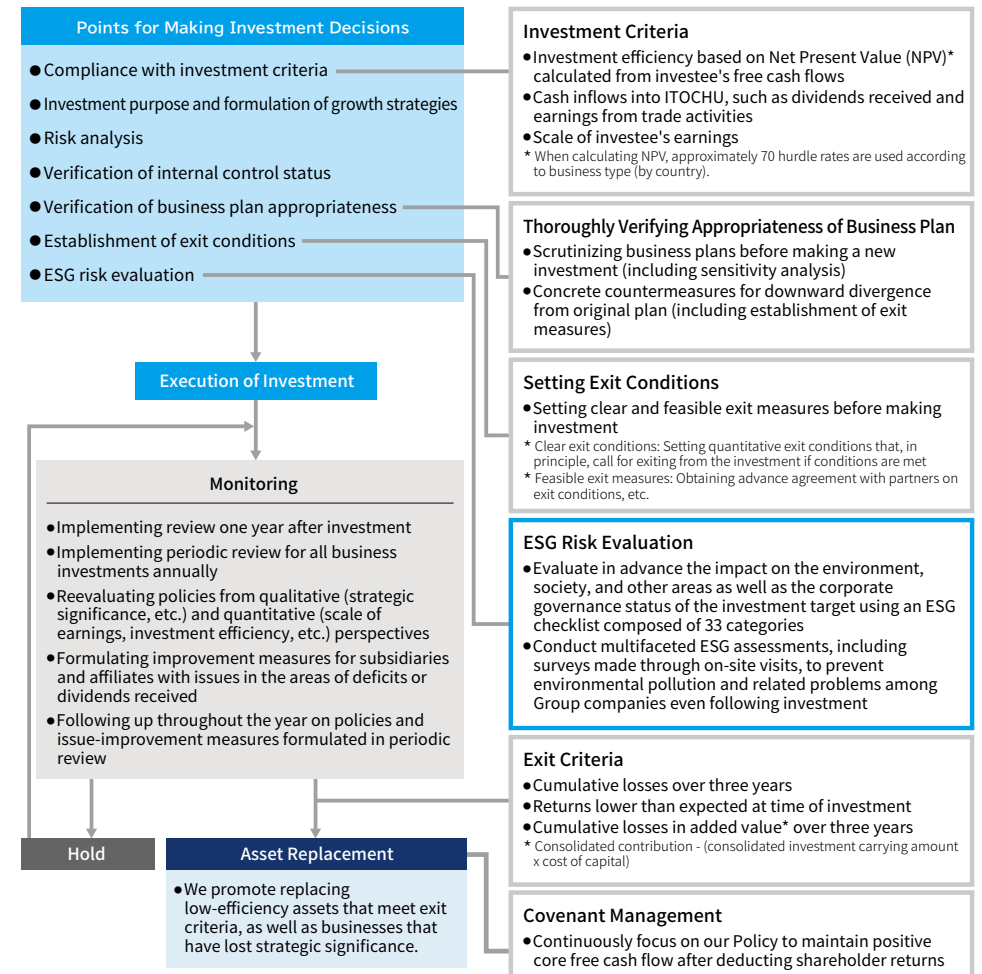
■ Number of Consolidated Subsidiaries (Left) ■ Share of Group Companies Reporting Profits (Right)

Business Investment Process

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

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

At the same time, we strictly implemented various processes, including the verification of the validity of business plans at the time of investment decisions, and meticulously monitored those decisions after investing. This allowed us to maintain a high ratio of profit-making group companies at 90.9% in FYE 2022.



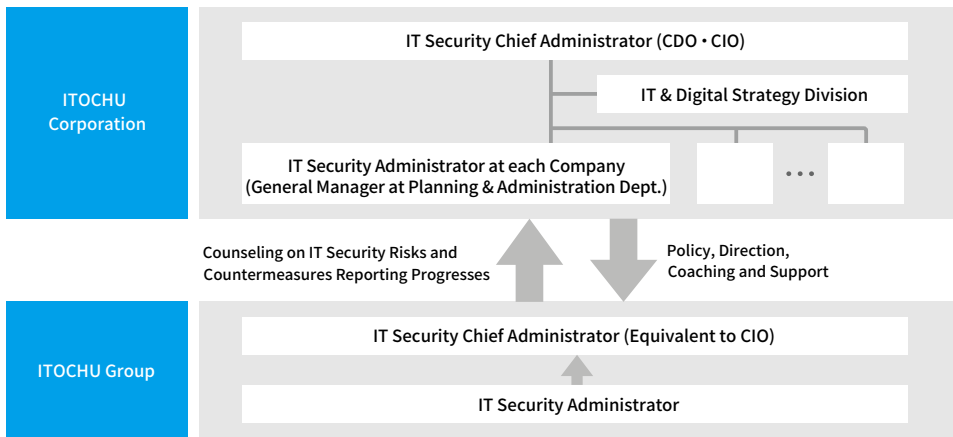
Risk Management

Security Risk Management

Policy and Basic Concept

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

Structures and Systems



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

Initiatives

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

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

Japan and overseas, we revised the ITOCHU Group Information Security Minimum Standard in FYE 2022 by adding specific items regarding cybersecurity. We strengthen our security measures by expanding and deploying our Group's standard defense system. We also provide training programs to develop technicians proficient in cyber security, including at Group companies. There are only a few cases in Japan where companies are working as actively as we are to develop systems and respond to information security risk. Moving forward, we plan to maintain these initiatives and make enhancements where necessary to ensure sustainable growth that is free from cyber threats.

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

- We give training to all employees on how to identify and respond to targeted e-mail attacks twice a year.
- All global employees including those in group companies are subject to a mandatory, simultaneous e-learning course on information security, which is held every three years.
- Several times a year, the ITCCERT leads an internal 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 (Business Continuity Plan) 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.

Business Continuity Plan

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

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

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

Compliance

Policy and Basic Concept

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

Targets and Action Plan

Risks	Opportunities
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	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Maintain Rigorous Governance Structures		Governance	Ensuring compliance	Compliance	We will make employees more aware that ensuring compliance at any time is our contribution to the company and society.	Recognizing attitude of employees identifying issues and ensuring action plans to tackle the issues through periodic compliance attitude survey and direct communications.	Continuous direct communication with employees through face-to-face training programs whose contents shall be updated along with monitoring the measures according to risks, expectations from society and issues on site which will change with the time.	<ul style="list-style-type: none"> • In the period of September-November 2021, we conducted the survey on the compliance with “the Regulations concerning the Prohibition of giving Illicit Benefit” (Bribery-related regulations) in ITOCHU Corporation. To grasp the actual business activities, we performed the fact-finding investigation on the operation of accounting data, internal applications, as well as the actual businesses by sampling method. As a result, we did find no problems. • We provided e-learning on the “Anti-Monopoly Act” and “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” for ITOCHU Corporation employees, seconded employees and employees temporarily assigned to us (in the period of 25 October through 30 November 2021). • The status of our on-site compliance training seminars in FYE 2022 is as follows: For ITOCHU Corporation: 2,717 employees (who all watched the training video); For ITOCHU group companies: 10,454 employees in total (of which (i) the webinar sessions were provided for 74 companies in 86 occasions with 7,248 attendees; and (ii) the training video were provided for 33 companies with 3,206 viewers. (including companies that participated in webinar courses as well) • We conducted the compliance awareness survey among employees (including seconded employees and temporary employees) of ITOCHU Corporation and ITOCHU Group companies in Japan and overseas (approximately 50,000 respondents), for the purpose to improve the compliance system of ITOCHU Group and to prevent the occurrence of compliance incidents.

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 Committee is chaired by the CAO and consists of two external members and heads of relevant administrative divisions and sales divisions as internal members. It deliberates on matters related to compliance as a permanent organization on business operations and is held two times a year in principle. The most recent Compliance Committee meeting was held on February 24, 2022.

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

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

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

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

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

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

Response to Compliance Incidents (Violations)

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

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

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

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

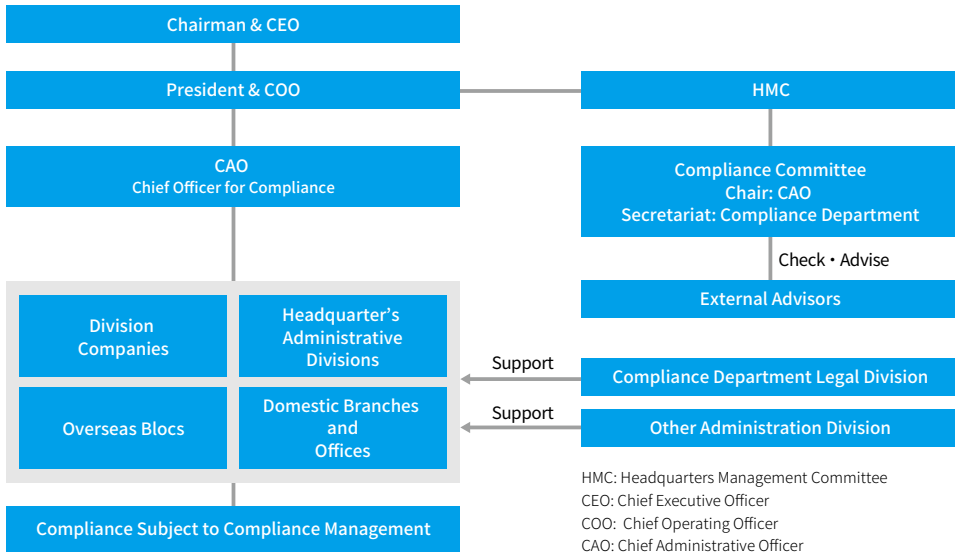
We take the appropriate action as necessary upon considering whether it is necessary to respond, report and make announcements to external organizations.

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

Compliance

Overview

The ITOCHU Group Compliance System

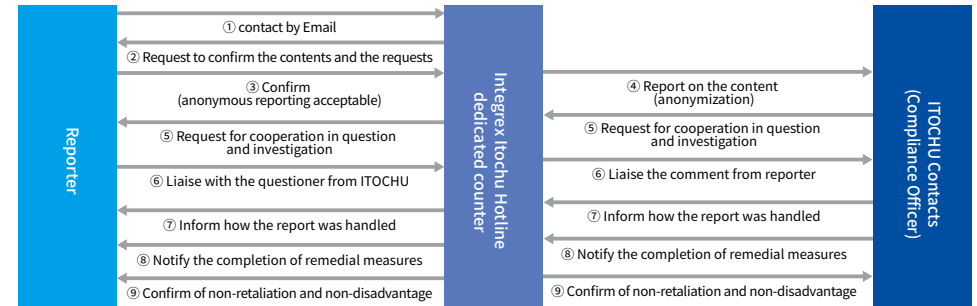


Internal Reporting System (Hotlines)

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

ITOCHU Corporation has established multiple whistleblowing contacts both in Japan and overseas (including external whistleblowing contacts that utilize specialized company and external lawyers). We accept reports from employees who have an employment relationship with ITOCHU, those who have been dispatched to ITOCHU under a worker dispatch contract from a company that has entered into that contract with ITOCHU (temporary employees), and employees of group companies. It prohibits the unfavorable treatment (e.g., retaliation) of whistleblowers and allows whistleblowers to provide information anonymously. In FYE2022, ITOCHU identified and responded to 86 internal whistleblowing reports.

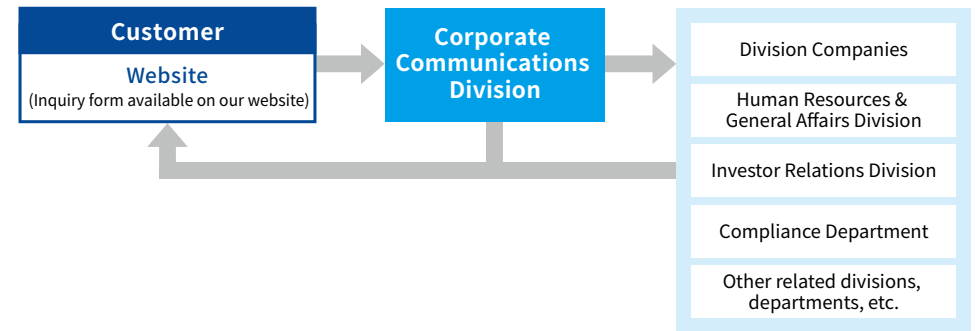
Flow When Received a Report by the Japanese External Report Reception Desk (Integrex Inc.)



Consultation Desk for the General Public (including Stakeholders)

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

At ITOCHU Corporation, we make use of opinions and suggestions from customers to improve customer satisfaction, facilitate stakeholder understanding, prevent risks, and other purposes, thereby helping to improve our corporate value.



Compliance

Initiatives

Implementation of Compliance Training

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

On-Site Compliance Training

We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any cases, uses actual incidents of compliance violations as 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 a wide-ranging awareness of compliance, including Anti-Corruption, Anti-Bribery and Antimonopoly Acts.
 - Raising awareness of prevention of human rights violations such as power harassment and sexual harassment
- In FYE 2022 (following on from FYE 2021), face-to-face training was avoided as much as possible - due to the COVID-19 pandemic - and training was conducted mainly through webinars and video viewing, with 2,717 executives and employees participating. We also provided detailed education and training based on actual compliance incidents for each employee layer, including training for new employees, managerial training, and training prior to overseas assignments.

Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats, and ITOCHU Corporation also conducted On-site Compliance training for officers and employees of major Group companies in Japan. In FYE 2022, 7,248 employees from 74 companies participated in training via webinars, while 3,206 employees from 33 companies (including companies that participated in webinar courses as well) in the form of video viewing, for a total of 10,454 participants.

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



Compliance Awareness Survey

The ITOCHU Group implements a Compliance Awareness Survey every two years with all Group employees, including the level of understanding of the ITOCHU Mission, and assists the implementation of specific initiatives. In FYE 2022, we conducted the survey of 53,163 Group employees, and received response from 52,870 of them (99.4% response rate). The results of the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system.

Bolstering Measures to Fight Corruption

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

ITOCHU Group Anti-Corruption Policy

1. ITOCHU Group Anti-Corruption* Policy

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

To address the risk of bribery and corruption, the ITOCHU Group has established rules relating to applications and approval procedures, and recording methods, etc. according to categories of behaviors that 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

*Corruption: Making use of received power or authority for personal profit. It can include acts such as embezzlement, fraud, and money laundering.

Compliance

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 the 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.

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.

Compliance

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 the provision of safe and secure products through in-house education, institution of ad-hoc units assigned to product safety, establishment of information relay routes, and response in the event of product accidents, while revising arrangements in these aspects as necessary.

Measures for Comprehensive Import and Export Control

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

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

Basic Policy and Efforts against Antisocial Forces

ITOCHU Corporation makes it a basic policy to block any relationship or transaction with anti-social forces that threaten public order and safety. ITOCHU has established and strengthened the internal systems necessary to achieve this by providing education and awareness-raising activities to 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 guideline. The above guideline stipulates, for example, recommended handling in case of acknowledging the insider information of entity with 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 Legal Division and IT & Digital Strategy Division. In the survey, which is conducted in FY2022, the personal information management system of ITOCHU Corporation and 136 companies subject to compliance management were checked from October to November 2021. Based on the results of the checks, we 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.