

Governance



Governance

Corporate Governance

Policy and Basic Concept

The ITOCHU Group declares the spirit of “*Sampo-yoshi*” (Japanese for “good for all three sides”: good for the seller, good for the buyer, and good for society) to be our corporate mission, based on the philosophy of our founder, Chubei Itoh I. We seek not only to achieve profit but also to help address social issues, in line with the trust and expectations placed on us by our customers, shareholders, employees, and various other stakeholders. Through the business spirit of “*Sampo-yoshi*,” ITOCHU aims to have an ongoing and positive social impact and to contribute to a sustainable society for all. Furthermore, we adopt “I am One with Infinite Missions” as our guideline of conduct. These words mean that each individual employee should consider his or her business conduct on his or her own initiative in order to complete our infinite missions aim for better business operations which are good for the seller, good for the buyer, and good for society as well as for a better future. It is our fundamental management policy to build a fair and good relationship with various stakeholders based on our corporate mission and our guideline of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

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

In order to separate execution by and monitoring over management, we reduced the number of executive Directors and the increased percentage of Outside Directors on our Board of Directors to one-third or more from April 2017. We will also maintain this percentage of Outside Directors also in FYE 2021 and onwards. Additionally, ITOCHU has established, as voluntary advisory committees to the Board, a Governance, Nomination and

Remuneration Committee, which is chaired by an Outside Director and comprised of a majority of Outside Directors and a Women’s Advancement Committee as another voluntary advisory committee which is chaired by an Outside Director, with at least half of its members comprised of Outside Directors and Audit & Supervisory Board Members (collectively “Outside Officers”), and has continued to monitor management through the eyes of Outside Officers. ITOCHU continues to maintain oversight of management by Outside Officers.

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


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

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

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

Targets and Action Plan

Risks	Opportunities
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	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.	<ul style="list-style-type: none"> • We have maintained the diversity of the Board of Directors (through appointing always one third or higher percentage of outside Directors- 4 outside Directors out of 10 Directors, 2 female Directors out of 10 Directors, 2 female Audit & Supervisory Board Members, and an outside Director and an outside Audit & Supervisory Board Member who had wide range of sufficient experiences in corporate management). • We have restructured the Governance and Remuneration Committee and the Nomination Committee into the Governance, Nomination and Remuneration Committee, the chair of which being the outside Director and a majority of the members of which being the outside Directors (4 out of 7 members). • We have maintained the chair of the Women’s Advancement Committee being the female outside Director, and a half of the Women’s Advancement Committee being the outside Directors and the outside Audit & Supervisory Board Members, and the female members (3 out of 6 members respectively).

Corporate Governance

Compliance with Corporate Governance Code

As of June 21, 2024, ITOCHU complies with all principles set forth in Corporate Governance Code. For details, please refer to Corporate Governance Report (https://www.itochu.co.jp/en/files/CG_e.pdf)

Reason for Adopting the Current System

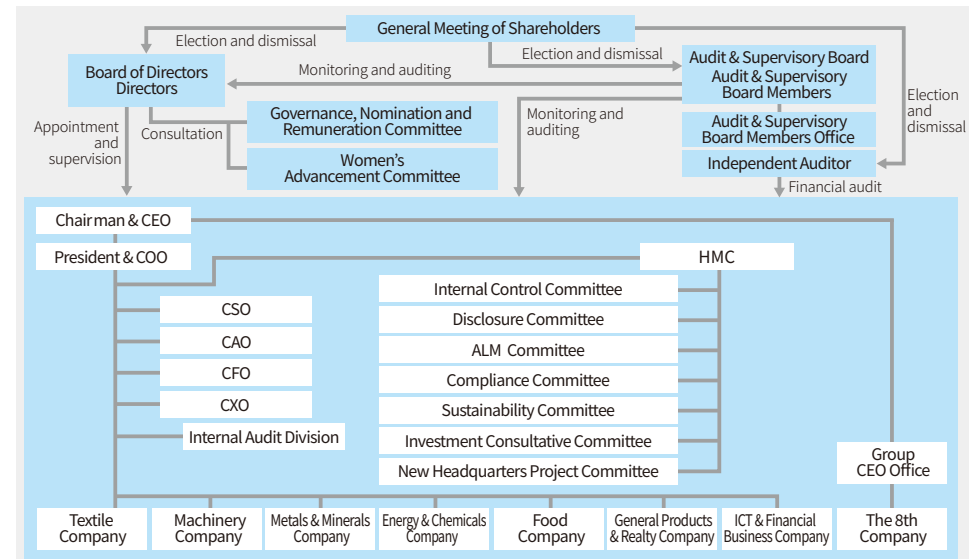
The Company, as a company with Audit & Supervisory Board Members, endeavors to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) fully monitor corporate management.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

Structures and Systems

Corporate Governance

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

Overview of ITOCHU's Corporate Governance and Internal Control System (As of June 21, 2024)



*1 CEO=Chief Executive Officer COO=Chief Operating Officer CSO=Chief Strategy Officer
 CAO=Chief Administrative Officer CFO=Chief Financial Officer CXO=Chief Transformation Officer
 HMC=Headquarters Management Committee ALM=Asset Liability Management
 *2 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 11 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 5.4 years (as of June 21, 2024).

- In FYE 2024 the Board of Directors held a total of 17 meetings, which were attended by all Directors and all Audit & Supervisory Board Members. In addition, there was a proposal for a single board resolution by paper circulation, and all directors expressed their consent, while all auditors did not raise any objections. Therefore, the board resolution was deemed to have been adopted.
- In FYE 2024, a total of 75 agenda items were submitted to the Board of Directors (excluding the aforementioned matters resolved by paper circulation). The main agenda items were as follows:
 - Financial Results, Dividends, Financing, Treasury Share Acquisitions
 - FYE 2024 Management Plan, Overview of Results of the Evaluation as to the Effectiveness of the Board of Directors
 - Policy for the holdings of listed shares other than affiliates for FYE 2024
 - Recommendation of Women’s Advancement Committee
 - Report with respect to the sustainability development
 - Important Investment Projects
 - Acquire 100% shares of ITOCHU Techno-Solutions Corporation
 - Acquire 100% shares of Daiken Corporation

Etc.

Corporate Governance System (As of June 21, 2024)

Type of system	Company with the Board of Directors and the Audit & Supervisory Board
Number of Directors (Of which, number of outside Directors)	11 (4) *2 of the Outside Directors are female, and the average term our internal Directors have been on overseas assignments is 5.4 years.
Number of Audit & Supervisory Board Members (Of which, number of outside Audit & Supervisory Board Members)	5 (3)
Term of office for Directors	1 year (the same for Outside Directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory committees to the Board of Directors	Governance, Nomination and Remuneration Committee, Women’s Advancement Committee
Director Remuneration System Details of Corporate Officer Remuneration System (P192)	(1) Monthly remuneration (Fixed) Determined according to factors that include degree of contribution to ITOCHU, including addressing climate change, ESG and SDGs, based on a standard amount for each position (2) Performance-linked bonuses (Variable(Single Year)) Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. (3) Share price-linked bonuses (Variable(Medium- to Long-term)) Calculated by adding the evaluation of the relative growth rate of ITOCHU’s share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU’s share price for two consecutive fiscal years (4) Performance-linked stock remuneration (Variable(Medium- to Long-term)) number of shares delivered as remuneration is determined based on consolidated net profit and in relation to the position points for the Director * Outside Directors paid monthly remuneration only
Independent external auditor	Deloitte Touche Tohmatsu LLC

Meetings of Management Bodies in FYE 2022-2024

Financial Year		Board Meetings	Governance, Nomination and Remuneration Committee	Governance and Remuneration Committee	Women’s Advancement Committee	Audit & Supervisory Board Meeting
FYE2024	Number of Meetings	17	3	2	2	14
	Attendance Rate	Outside Directors: 100% Outside Audit & Supervisory Board Members: 100%	100% (Observer)	100%	100%	100%

Financial Year		Board Meetings	Nomination Committee	Governance and Remuneration Committee	Women’s Advancement Committee	Audit & Supervisory Board Meeting
FYE 2023	Number of Meetings	15	3	2	2	14
	Attendance Rate	Outside Directors: 98% Outside Audit & Supervisory Board Members: 100%	100%	100%	100%	100%
FYE 2022	Number of Meetings	15	1	3	3	14
	Attendance Rate	Outside Directors: 100% Outside Audit & Supervisory Board Members: 98%	100%	100%	67%	98%

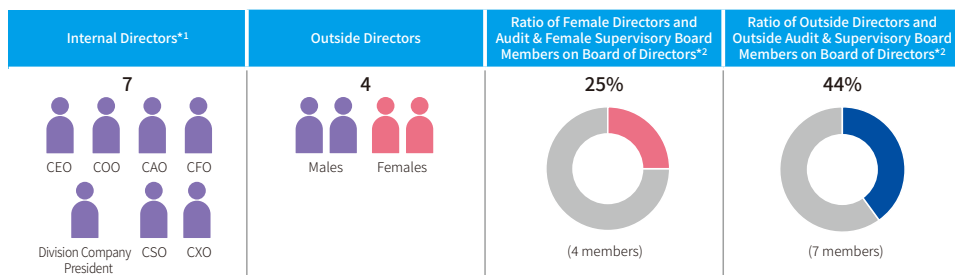
* “Number of Meetings” does not include meetings by paper circulations.

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, Nomination and Remuneration Committee	Women's Advancement Committee
Masahiro Okafuji Reelection	Member of the Board, Chairman & Chief Executive Officer	17/17 (100%)	20 years	○	—
Keita Ishii Reelection	Member of the Board, President & Chief Operating Officer	17/17 (100%)	3 years	○	—
Fumihiko Kobayashi Reelection	Member of the Board, Executive Vice President Chief Administrative Officer	17/17 (100%)	9 years	○	○
Tsuyoshi Hachimura Reelection	Member of the Board, Executive Vice President Chief Financial Officer	17/17 (100%)	9 years	—	—
Hiroyuki Tsubai Reelection	Member of the Board, Executive Vice President President, Machinery Company	17/17 (100%)	2 years	—	—
Kenji Seto New election	Executive Officer Chief Strategy Officer	—	—	—	—
Hiroyuki Naka Reelection	Member of the Board, Executive Officer Chief Transformation Officer; General Manager, Group CEO Office	17/17 (100%)	2 years	—	—
Masatoshi Kawana Reelection	Member of the Board	17/17 (100%)	6 years	○	—
Makiko Nakamori Reelection Outside Independent	Member of the Board	17/17 (100%)	5 years	○	◎
Kunio Ishizuka Reelection Outside Independent	Member of the Board	17/17 (100%)	3 years	◎	—
Akiko Ito Reelection Outside Independent	Member of the Board	13/13 (100%) (since election)	1 year	○	—



*1 Division Company President: President, Machinery Company

*2 The composition of the above Board of Directors includes Directors and Audit & Supervisory Board Members.

Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU's Board of Directors consists of, in principle, the Chairman & CEO, President & COO, officers responsible for overseeing each administrative functions, one appropriate Division Company president as an (internal) director, and several Outside Directors so that the percentage of Outside Directors in the Board of Directors is one-third or more to improve the supervisory function of the Board of Directors. When nominating Outside Director candidates, ITOCHU prioritizes candidates with higher independence, based on the criteria for "independent directors" prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU. The proposal for candidates for directors is created by the Chairman & CEO by taking into consideration diversity such as knowledge, experience, gender and internationality (race, ethnicity, nationality, etc.), and submitted to the Governance, Nomination and Remuneration Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

Reason for Appointment as Outside Directors

Name	Reason for appointment
Masatoshi Kawana appointed in June 2018 [Attendance at Meetings of the Board of Directors] FYE 2024 : 17/17 (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 2024 : 17/17 (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 2024 : 17/17 (100%)	Mr. Ishizuka is appointed as an Outside Director in the anticipation that, by utilizing his extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation), he will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Ishizuka qualifies as an independent Director. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Director.
Akiko Ito* appointed in June 2023 [Attendance at Meetings of the Board of Directors] FYE 2024 : 13/13 (100%) (After appointment)	Ms. Ito is appointed as an Outside Director in the anticipation that, based on her extensive and profound insights as a government official in charge of consumer-oriented issues, which were earned from her experience such as the Deputy Director-General of the Ministry of Land, Infrastructure, Transport and Tourism, the first female director in the Ministry of Land, Infrastructure, Transport and Tourism (the Director-General of the Housing Bureau), and as Councillor, Cabinet Secretariat, Director General, Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, followed by her service as Commissioner of Consumer Affairs Agency, she will monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Ito qualifies as an independent Director. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent Director. * Registered name: Akiko Noda

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Outline of Limitation of Liability Contracts

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

Outline of Directors and Officers Liability Insurance Policy

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

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

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

Consideration of the Succession Plan

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

Corporate Officer Remuneration System

ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance and raise ITOCHU's stock price. Variable remuneration is approximately 82% of overall remuneration (FYE 2024), 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.

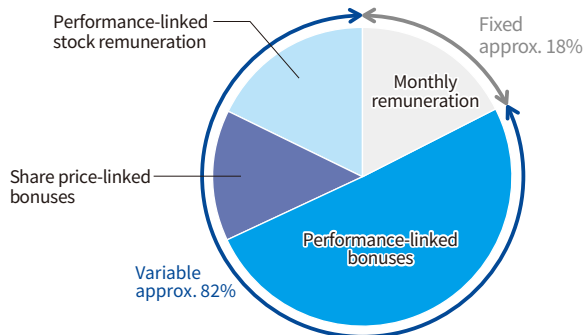
We have consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, which is a non-monetary remuneration. Consolidated net profit is of high interest on the stock market because it is an easy-to-understand indicator of capital for growth-oriented 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.

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	Type of remuneration	Content	Remuneration limit	Resolution of General Meeting of Shareholders
Directors	(1) Monthly remuneration (Fixed)	Determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position	¥1.0 billion per year as total monthly remuneration (including ¥0.1 billion per year as a portion to the Outside Directors)	June 24, 2022
	(2) Performance-linked bonuses (Variable(Single Year))	Total amount is determined based on consolidated net profit, and individual amount is determined in relation to the position points for the Director, etc. *Formula is described below	¥3.0 billion per year as total bonuses paid to all directors (excluding Outside Directors)	
	(3) Share price-linked bonuses (Variable(Medium-to Long-term))	Calculated by adding the evaluation of the relative growth rate of ITOCHU's share price compared to Tokyo Stock Price Index (TOPIX) to the amount of increase of ITOCHU's share price for two consecutive fiscal years *Formula is described below		
	(4) Performance-linked stock remuneration (Variable(Medium-to Long-term))	Number of shares delivered as remuneration is determined based on net profit (consolidated), and in relation to the position points for the Director *Formula is described below	The following is the limit for a two-year period for Directors, Executive Officers and Senior Operating Officers <ul style="list-style-type: none"> • Upper limit for contribution to trust from ITOCHU: ¥5 billion • Total points awarded to persons eligible for the plan: 0.6 million points (conversion at 1 point = 1 share) *Not paid to Outside Directors	June 21, 2024
Audit & Supervisory Board Members	Only monthly remuneration		¥250 million per year	June 24, 2022

■ Remuneration composition ratio for Directors (excluding Outside Directors) (FYE2024)



Formulas for Performance-linked Bonuses and Stock Remuneration

In accordance with confirmed results for FYE 2025, director bonuses for FYE 2025 will be paid following the conclusion of the 101st 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 2025, for the portion up to ¥200.0 billion) × 0.35%

B = (Of consolidated net profit for FYE 2025, for the portion more than ¥200.0 billion but up to ¥300.0 billion) x 0.525%

C = (Of consolidated net profit for FYE 2025, for the portion exceeding ¥300.0 billion) × 0.35%

Amount Paid to an Individual Director

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

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

Of the amount paid to an individual director, 80% of the amount paid is linked the plan achievement rate of the consolidated net profit of the assigned division/department and the rate determined by comparing the net profit of the assigned division/department in the fiscal year and that in the fiscal year prior to the fiscal year when he/she assumed the position*.

*Formula for 80% of the Amount Paid to an Individual Director :

(Total base amount paid to all Directors as above x Position Point/Sum of Position points for all the eligible Directors) x 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 70% + (the Rate B (defined below) determined based on the rate determined by comparing the net profit of the assigned division/department in the fiscal year and that in the fiscal year prior to the fiscal year when he/she assumed the position) x 30%)

- 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 consolidated net profit in FYE 2025 of the assigned division/department divided by the consolidated net profit in the fiscal year prior to the fiscal year when he/she assumed the position - 100%) x 2 (if negative, it will be 0%. Maximum will be 200%).
- The assigned division of the Director whose bonuses are determined utilizing the Rate A and Rate B is the Machinery Company, while with its planned target for the FYE 2025 consolidated net profit set at ¥130.0 billion (announced on May 8, 2024).
- However, for Directors who have already assumed a position in the assigned division/department as of the date of the system revision on June 13, 2023, the consolidated net profit in the fiscal year prior to the fiscal year when he/she assumed the position for the year before assuming the position shall be replaced with the consolidated net profit of the assigned division/department for FYE 2024.
- The Rate A and Rate B shall be 100% for the eligible Director for whom no plan achievement rate is measurable.

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Formulas for Share price-linked Bonuses

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

Amount Paid to an Individual Director

FYE 2025 *1
 = ((Average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025) – (Average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023)) × 1,300,000 × (agregated position points*2 of FYE 2024 and FYE 2025) / (108.8 points × 2) × Relative stock price growth rate*3 – Share Price-linked Bonuses of FYE 2024

- *1 Share price-linked bonus amounts are determined and paid after the Director retires (after the Executive Officer retires, in the case of taking on the position of Executive Officer after retirement of the Director.) If the amount calculated based on the calculation formula is negative, the amount paid to an individual Director for the relevant year will be zero.
- *2 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses.
- *3 Relative stock price growth rate = (Average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025 / Average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) / (Average of daily TOPIX from FYE 2024 to FYE 2025 / Average of TOPIX from FYE 2022 to FYE 2023)

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

Formulas for Performance-linked Stock Remuneration Plan

Points = Base points assigned to each position*1 x Calculation rate of points based on performance*2 x {(Number of months of service from July, the beginning month of the applicable period of payment, to June of the following year (rounding up fractions of less than one month)) / 12} (rounding down fractions)

*1 Base points assigned to each position as the Director are as per below:

Chairman and Chief Executive Officer	President and Chief Operating Officer	Executive Vice President	Senior Managing Executive Officer	Managing Executive Officer	Executive Officer
31,900	23,900	16,000	12,800	9,600	7,000

*2 Calculation rate of points based on performance is as set forth below:
 (The amount of consolidated net profit attributable to ITOCHU for FYE 2025 – ¥300.0 billion) / ¥10.0 billion x 2%

We implement the clawback and malus provisions for the Performance-linked Stock Remuneration Plan. In the event that a Director is found to have committed major infractions of their duties or internal rules, or in the event that a Director resigns or is dismissed due to serious unlawful acts, etc. that warrant disciplinary action, including the occurrence of similar cases, the delivery, etc. of ITOCHU shares, etc. under the Plan shall not be conducted. If the delivery, etc. has already been conducted, ITOCHU shall be able to demand compensation from said Director of an amount, etc. obtained by multiplying the number of shares delivered under the Plan (including the number of shares converted) by the closing stock price of ITOCHU shares on the Tokyo Stock Exchange on the date on which ITOCHU provided notification of the return to said Director.

Actual Corporate Officer Remuneration for FYE 2023 and FYE2024

	FYE 2023			FYE 2024		
	Number of people	Amount paid (Millions of Yen)	Details	Number of people	Amount paid (Millions of Yen)	Details
Directors (Outside Directors)	10 (4)	3,045 (81)	(1) ¥662 million (2) ¥1,825 million (3) ¥168 million (4) ¥390 million	11 (5)	3,661 (81)	(1) ¥714 million (2) ¥1,966 million (3) ¥512 million (4) ¥469 million
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (3)	172 (60)	Only (1)	7 (5)	160 (61)	Only (1)
Total (Outside Officers)	16 (7)	3,216 (141)		18 (10)	3,821 (142)	

* (1) Monthly Remuneration, (2) Performance-linked bonuses, (3) Share price-linked bonuses, (4) Stock Remuneration
 * Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, ESG, and the SDGs.

Corporate Governance

Name, position, and amount of compensation paid to Directors receiving compensation of ¥100 million or more during FYE 2024, are as follows.

Name	Category	Total Annual Monthly Remuneration	Performancelinked bonuses	Share pricelinked bonuses	Stock Remuneration	Total
Masahiro Okafuji*	Director	¥179 million	¥542 million	¥148 million	¥135 million	¥1,003 million
Keita Ishii*	Director	¥111 million	¥407 million	¥111 million	¥101 million	¥729 million
Fumihiko Kobayashi	Director	¥99 million	¥271 million	¥74 million	¥68 million	¥511 million
Tsuyoshi Hachimura	Director	¥98 million	¥271 million	¥74 million	¥68 million	¥511 million
Hiroyuki Tsubai	Director	¥82 million	¥356 million	¥74 million	¥68 million	¥580 million
Hiroyuki Naka*	Director	¥64 million	¥119 million	¥32 million	¥30 million	¥246 million

* Monthly remuneration includes housing allowance.

(Rounded to nearest million yen)

The remuneration for Executive Officers who do not concurrently hold director positions is provided based on a system designed according to the position based on the remuneration plan for the Directors. Name and amount of compensation paid to Executive Officers (excluding those who concurrently hold director positions) whose total compensation exceeded ¥100 million in FYE 2024, are as follows:

Name	Total Annual Monthly Remuneration	Performancelinked bonuses	Share pricelinked bonuses	Stock Remuneration	Total
Mitsuru Chino*	¥44 million	¥56 million	—	¥13 million	¥112 million
Tomoyuki Takada	¥51 million	¥49 million	—	¥13 million	¥113 million
Tatsushi Shingu	¥51 million	¥158 million	¥44 million	¥30 million	¥284 million
Masaya Tanaka	¥40 million	¥128 million	¥32 million	¥29 million	¥230 million
Kenji Seto	¥36 million	¥100 million	¥32 million	¥29 million	¥197 million
Masatoshi Maki	¥40 million	¥86 million	¥32 million	¥29 million	¥187 million
Hideto Takeuchi	¥36 million	¥96 million	¥32 million	¥29 million	¥193 million
Shuichi Miyamoto	¥37 million	¥112 million	¥32 million	¥29 million	¥210 million

* Registered name: Mitsuru Ike

(Rounded to nearest million yen)

Evaluation as to the Effectiveness of the Board of Directors

ITOCHU has conducted an evaluation as to the effectiveness of the Board of Directors and Audit & Supervisory Board Members once a year since FYE 2016 utilizing external consultants, and the Board of Directors has analyzed and evaluated the findings after deliberation by the Governance, Nomination and Remuneration Committee (until June 23, 2023, Governance and Remuneration Committee; excluding FYE 2017).

Procedure for the Board Evaluation for FYE 2024 is as follows:

Procedure for the Board Evaluation

Respondents	All of ten (10) Members of the Board and five (5) Audit & Supervisory Board Members in FYE 2024
Implementation and Evaluation method	<ol style="list-style-type: none"> 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, Nomination and Remuneration Committee 4. Implemented an analysis and evaluation at the Board of Directors
Question details	<ol style="list-style-type: none"> 1. Structure of the Board of Directors 2. Structure of the 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. Other important topics

Overview of the results of the evaluation

As a result of deliberations at the Governance, Nomination and Remuneration Committee and the Board of Directors based on the analysis on questionnaires and interviews in the evaluation as to the effectiveness, it was confirmed that the effectiveness of the Board of Directors of ITOCHU is continuously secured.

With respect to the quantitative aspect, the scores that were improved in FYE2023 has been further improved and the Board of Directors was confirmed to be performing at a high level in six themes for the evaluation. In particular, the total number / ratio of Directors, the attributes of the Chairman of the Board, and the appropriateness of the proceedings of the Board of Directors have been further building on the high evaluation from the previous year. Our efforts to enhance the effectiveness of the Board's deliberations have also been recognized in the evaluation. With respect to the qualitative aspect, we received many positive opinions as well as the implications for further improvement. As priority issues to be addressed in the medium- to long-term, primarily "Group governance" and "forward-looking discussions for the future" were highlighted.

Corporate Governance

In the previous evaluation, it was recognized that the ongoing efforts should continue to address the identified issues of “continuing discussions on strengthening management foundations” and “ensuring further diversification of human resources,” which were identified as the issues of FYE2022, and as new issues, we recognized the need for further efforts in “holding ongoing discussions on succession planning for senior management throughout the Group” and “continuing strengthening monitoring and supervision systems in light of changes in the external environment” in the Board of Directors. As to these issues, the improvement and progress were confirmed as follows:

FYE	Issues Identified	Progress in FYE 2024
2022	Continue discussions on strengthening management foundations	<ul style="list-style-type: none"> • We are making investment decisions for the future growth of the entire consolidated group, such as considering tender offers for listed subsidiaries or affiliates, and evaluating investment projects across multiple Division Companies. • We have established a new position of CXO and are actively working on building a structure to promote the transformation of the Group's business scope and business model, including the promotion of digitalization.
	Ensure further diversification of human resources	<ul style="list-style-type: none"> • Taking into account the discussions and recommendations of the Women's Advancement Committee, we have set forth specific measures and goals to promote the advancement of women, such as appointing female Executive Officers and establishing numerical targets for the proportion of women among all officers. We have announced these initiatives and goals, and are actively implementing concrete actions. • We are implementing concrete initiatives that contribute to further diversity in talent, such as the introduction of Virtual Office to facilitate the growth and career development of junior employees, promote cross-organizational business, and adopt other work-style reform measures. • The improvement in the overall women ratio of Member of the Board and Audit & Supervisory Board Members has further enhanced the diversity of officers and facilitated deeper discussions within the Board of Directors.
2023	Hold ongoing discussions on succession planning for senior management throughout the Group	<ul style="list-style-type: none"> • We have established a governance structure in the Governance, Nomination, and Remuneration Committee (with the chairman and the majority of members being Outside Directors) that enables cross-functional and organic discussions on succession planning, selection and compensation of Executive Officers, and other related matters. • We have established a new position of Senior Operating Officer to ensure a pool of candidates for key manager positions within ITOCHU, along with executives of our Group companies, by strengthening the layer of experienced Executive Officers.
	Continue strengthening monitoring and supervision systems in light of changes in the external environment	<ul style="list-style-type: none"> • We are deepening the understanding and enhancing the effectiveness of oversight within ITOCHU and Group companies by Outside Directors and Outside Audit & Supervisory Board Members through activities such as on-site visits to business bases including overseas locations, meetings with Division Company Presidents, Officers responsible for overseeing each administrative functions, and management teams of subsidiaries, discussions with young employees, explanation of audit plans at Board meetings by Audit & Supervisory Board Members, and collaboration between Audit & Supervisory Board Members and Outside Directors. • We have restructured the advisory committees into the Governance, Nomination, and Remuneration Committee, with the chairman and the majority of members being Outside Directors, to strengthen the supervisory function by the Board of Directors. • The Board of Directors considers the reduction of GHG emissions and contribution to SDGs through discussions and oversight, which are reflected in investment and business decisions.

As mentioned above, we have been formulating and implementing specific measures to address past issues. Looking ahead, it is expected that these measures will be executed steadily, established and embedded, and become continuous initiatives. In light of this, we recognize the need for further efforts by the Board of Directors to address new areas of consideration, specifically (1) supervising the implementation status of diversity strengthening measures, and (2) supervising governance strengthening measures for sustainable growth of the group. We will continue to utilize opportunities such as discussions in advisory committees and off-site meetings to effectively exercise our supervisory function as the Board of Directors regarding these issues.

We will make active efforts to maintain the effectiveness of the Board of Directors and further improve its functions in light of the result of this Board Evaluation.

Training Policy

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

Corporate Governance

Advisory Committee

While to strengthen the supervisory function of the Board of Directors and enhance the transparency of the decision-making process, in FYE 2023, we maintained the Governance and Remuneration Committee, the Nomination Committee, and the Women’s Advancement Committee as voluntary advisory committees under the Board of Directors, as of June 23, 2023, we reorganized the Governance and Remuneration Committee and the Nomination Committee into a new Governance, Nomination, and Remuneration Committee, with Outside Director as chairpersons and a majority of members as Outside Directors. Combining these committees and their members will unify discussions for nominations and remuneration, which are connected in many ways, with

governance, which provides the overall framework for nominations and remuneration. This combination aims to facilitate more thorough discussions by committee members. Furthermore, we continue to maintain the Women’s Advancement Committee, as the chairperson is an Outside Director and at least a half of the members are Outside Officers.

The Roles and Composition of the committees as of June 21, 2024 and the Activities of the committees during FYE 2024 are as follows:

■ Voluntary Advisory Committees under the Board of Directors

Name	Roles	Composition	Activities
Governance, Nomination and Remuneration Committee	To deliberate and advise the Board on proposals relating to nomination and dismissal of Executive Officers, nomination and dismissal of Senior Operating Officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, appointment and dismissal of responsible Directors and Executive Officers, consideration of the succession plan, remuneration system for Directors and Executive Officers and other matters on corporate governance.	<p>Chair Kunio Ishizuka, Director (Outside)</p> <p>Members Masahiro Okafuji, Director, Keita Ishii, Director, Fumihiko Kobayashi, Director, Masatoshi Kawana, Director (Outside), Makiko Nakamori, Director (Outside), Akiko Ito, Director (Outside) *Kentaro Uryu, Audit & Supervisory Board Member (Outside), attends as an observer.</p>	<p>This committee was held for 3 times in FYE 2024 with the participant of all members for all meetings. The main agenda items discussed at the Governance, Nomination and Remuneration Committee were as follows:</p> <ul style="list-style-type: none"> • Succession Plan (August 18, 2023) Discussion about the succession plan of executives. • Revision to the Executive System (November 17, 2023) Approval to propose for the Board of Directors with respect to the revision to the executive system. • Officer appointments for FYE 2025 (January 11, 2024) Approval to propose for the Board of Directors with respect to seeking approval of the officer appointments for FYE 2025.
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.	<p>Chair Makiko Nakamori, Director (Outside)</p> <p>Members Fumihiko Kobayashi, Director, Yoshiko Matoba, Audit & Supervisory Board Member, Tsutomu Fujita, Audit & Supervisory Board Member (Outside), Kumi Kobayashi, Audit & Supervisory Board Member (Outside), Toshiyuki Kakimi, General Manager, Human Resources & General Affairs Division,</p>	<p>This committee was held for 2 times in FYE 2024 with the participant of all members for all meetings. The main agenda items discussed at the Women’s Advancement Committee were as follows:</p> <ul style="list-style-type: none"> • Challenges and actions for Women’s Advancement evident through disclosure of human capital information (September 28, 2023) Deliberation on the entire policy of Women’s Advancement and improvement of female Board Member rate. • Initiatives for further Women’s Advancement (February 5, 2024) Deliberation on the initiatives for female candidates for executive positions and the next General Employer Action Plan.

Corporate Governance

The Main 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 21, 2024).

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

Policy and Process for Appointing Executive Officers

Executive officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as Executive Officers) who are judged to be capable of assuming the role as the Executive Officers. Additionally, in order to reflect diverse opinions in our management, we will actively promote the appointment of women as the Executive Officers, and particularly appoint talented women who are expected to grow its competence regardless of age. For Executive Officers with managing titles, Executive Officers of important posts including Presidents of Division Companies and Officers in charge of overseeing head office functions, we will select individuals who are deemed suitable to shoulder the responsibilities that come with those positions from a wide talent pool that is constituted primarily from individuals with Executive Officer experience. Candidates for Executive Officers are first selected by the Chairman & CEO based on, among others, recommendations from other officers (or in terms of incumbent Executive Officers, based on their respective performance, and in terms of Executive Officers with managing titles or those of important posts including Presidents of Division Companies and Officers in charge of overseeing head office functions, based on their experience and performance) and submitted to the Governance, Nomination and Remuneration Committee for further deliberation. Based on the deliberation and advice of the Governance, Nomination and Remuneration Committee, the Board of Directors appoints Executive Officers by its resolution. In case that an Executive Officer breaches the Executive Officers' Regulation of ITOCHU Corporation or otherwise his or her performance is judged to be not appropriate, the Chairman & CEO (or the chair of the Governance, Nomination and Remuneration Committee) firstly makes a proposal of dismissal, and the Board of Directors dismisses such Executive Officer by its resolution based on the deliberation and advice of the Governance, Nomination and Remuneration Committee.





Corporate Governance

Audit & Supervisory Board Members

Overview

- Audit & Supervisory Board Members and the independent external auditors participate in monthly regular meetings where they exchange information in a timely manner, in addition to providing reports on quarterly reviews and internal control audits. Audit & Supervisory Board Members monitor the progress of the audit conducted by the independent external auditors and share any issues with them.
- Audit & Supervisory Board Members engage in discussions regarding the selection of Key Audit Matters based on the current year’s financial performance. For the selected matters in FYE 2024, namely the assessment of FamilyMart’s goodwill and the evaluation of CITIC Limited’s investment, Audit & Supervisory Board Members conducted detailed discussions and raised inquiries regarding the future cash flows, discount rates, and other underlying assumptions for the assessments. These discussions involved relevant departments and the independent external auditors providing detailed explanations.
- Audit & Supervisory Board Members and the Audit & Supervisory Board endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each other’s audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- The Audit Division and Audit & Supervisory Board Members endeavor to closely cooperate and exchange information by discussing internal audit plans regularly to exchange opinions on the results of each internal inspection, issues and recommendations, etc.
- The Audit Division strives to strengthen its relationships by regularly holding meetings with the independent external auditors and maintaining close collaboration. In addition, it seeks to promote cooperation through information exchange with the internal audit departments of ITOCHU Group companies.

Members of the Audit and Supervisory Boards

Name	Position in ITOCHU Corporation	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Number of years in office	Governance, Nomination and Remuneration Committee	
					Member	Observer
Makoto Kyoda 	Full-time Audit & Supervisory Board Member	17/17 (100%)	14/14 (100%)	4 years	—	—
Yoshiko Matoba	Full-time Audit & Supervisory Board Member	13/13 (100%) (since election)	10/10 (100%) (since election)	1 year	—	○
Kentaro Uryu 	Audit & Supervisory Board Member	17/17 (100%)	14/14 (100%)	9 years	*	—
Tsutomu Fujita 	Audit & Supervisory Board Member	13/13 (100%) (since election)	10/10 (100%) (since election)	1 year	—	○
Kumi Kobayashi 	Audit & Supervisory Board Member	13/13 (100%) (since election)	10/10 (100%) (since election)	1 year	—	○

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

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

Reason for Appointment as Outside Audit & Supervisory Board Members

Name	Reason for appointment
Kentaro Uryu appointed in June 2015 [Attendance at Meetings of] - Board of Directors FYE 2024 : 17/17 (100%) - Audit & Supervisory Board FYE 2024 : 14/14 (100%)	Mr. Uryu is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his high level of expertise in law and extensive experience as an attorney-at-law for many years. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Uryu qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent Audit & Supervisory Board Member.
Tsutomu Fujita appointed in June 2023 [Attendance at Meetings of] - Board of Directors FYE 2024: 13/13 (100%) - Audit & Supervisory Board FYE 2024 : 10/10 (100%) After appointment	Mr. Fujita is appointed as an outside Audit & Supervisory Board Member in the anticipation that he will monitor management and provide auditing from an independent perspective by leveraging his extensive experience and advanced expertise gained from years of experience in the financial industry. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Mr. Fujita qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent auditor.
Kumi Kobayashi* appointed in June 2023 [Attendance at Meetings of] - Board of Directors FYE 2024: 13/13 (100%) - Audit & Supervisory Board FYE 2024 : 10/10 (100%) After appointment	Ms. Kobayashi is appointed as an outside Audit & Supervisory Board Member in the anticipation that she will monitor management and provide auditing from an independent perspective by utilizing her extensive professional knowledge and practical experience in financial and accounting matters, gained from her career as a certified public accountant. According to the criteria for the independence of directors / auditors prescribed by the Tokyo Stock Exchange, as well as our own independence criteria, Ms. Kobayashi qualifies as an independent Audit & Supervisory Board Member. Accordingly, ITOCHU believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as an independent auditor. *Registered name: Kumi Nojiri

Corporate Governance

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

Ensuring Diversity of Officers

In FYE 2018, ITOCHU Corporation shifted to a monitoring-focused Board of Directors with the aim of promoting the separation of management execution and supervision. To ensure that the Board of Directors is able to provide appropriate management supervision, ITOCHU Corporation appoints officers in charge of overseeing head office functions as Directors, along with a number of Outside Directors so that the percentage of Outside Directors is at least one-third of all Directors. By appointing Outside Directors with more specialized viewpoints and greater diversity, we are further enhancing the functions of ITOCHU Corporation's Board of Directors. In addition, by appointing Outside Audit & Supervisory Board Members with knowledge of finance, accounting and legal affairs makes it possible to

monitor and supervise ITOCHU Corporation's management from a neutral and objective viewpoint.

ITOCHU Corporation's internal and Outside Officers who were appointed in accordance with the above are engaged in management by using their knowledge, experience and high level of insight in their respective fields. As for internal Directors, this table shows areas of knowledge and experience which internal Directors have, and of these, areas in which officers are expected to make a particular contribution. As for Outside Directors and full-time Audit & Supervisory Board Members, this table shows areas in which officers are expected to make a particular contribution. In addition, the reasons for selecting these categories are explained on pages 201.

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

* Knowledge and experience held by internal Directors are indicated with ○, and of these, the areas in which they are expected to make a particular contribution are indicated with ◎. Areas in which full-time Audit & Supervisory Board Members, Outside Directors and outside Audit & Supervisory Board Members are expected to contribute in particular are indicated with ● as the above list shows. ■ Chair □ Member *Observer

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

Corporate Governance

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

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

Checking and Balancing System by the Independence Executives

Criteria for the Independence of Directors/ Auditors

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

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

- 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

Mr. Kawana attended all 17 meetings of the Board of Directors held during FYE 2024. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2024, he was a member of the Governance, Nomination and Remuneration Committee, and contributed to upgrade governance and increase the objectivity of succession plans and selections of officers. Additionally, he used his professional knowledge and experience to provide many beneficial suggestions in the areas of health management and internal epidemic prevention in the period of post COVID-19 pandemic.

Ms. Nakamori attended all 17 meetings of the Board of Directors held during FYE 2024. She mainly made statements from an objective and neutral position as an Outside Director. During FYE 2024, she 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 was a member of Governance, Nomination and Remuneration Committee, and contributed to upgrade governance and increase the objectivity of succession plans and selections of officers. Furthermore, she used her professional knowledge and experience to provide many beneficial suggestions in the areas of internal control, compliance, and DX related business.

Mr. Ishizuka attended all 17 meetings of the Board of Directors held during FYE 2024. He mainly made statements from an objective and neutral position as an Outside Director. During FYE 2024, he chaired the Governance, Nomination and Remuneration Committee and led discussions regarding evaluations of the Board of Directors’ effectiveness and other governance subjects, selections of senior executives and the succession plan, and the remuneration of officers. Additionally, he used his professional knowledge and experience to provide many beneficial suggestions regarding promoting the business transformation from the point of view of incorporating the needs of the market into ITOCHU’s products and services.

Ms. Ito attended all 13 meetings of the Board of Directors held during FYE2024 (since election). She mainly made statements from an objective and neutral position as an Outside Director. During FYE2024, she was a member of the Governance, Nomination and Remuneration Committee, and contributed to upgrade governance and increasing the objectivity of succession plans and selections of officers. Additionally, she used her professional knowledge and experience to provide to provide many beneficial suggestions in the areas of SDGs and ESG and human resource strategies.

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 human management advice function of the Outside Directors.

Corporate Governance

Independent Outside Audit & Supervisory Board Members

Mr. Uryu attended all 17 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during FYE 2024. He mainly made statements from an objective and neutral position as an outside Audit & Supervisory Board Member. During FYE 2024, he was an observer of the Governance, Nomination and Remuneration Committee and contributed to upgrade governance and increasing the objectivity of succession plans and selections of officers.

Mr. Fujita attended all 13 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board held during FYE2024 (since election). He mainly made statements from an objective and neutral position as an Outside Audit & Supervisory Board Member. During FYE2024, he was a member of the Women's Advancement Committee and contributed to speeding up measures for supporting women's advancement and promotion.

Ms. Kobayashi attended all 13 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board held during FYE2024 (since election). He mainly made statements from an objective and neutral position as an Outside Audit & Supervisory Board Member. During FYE2024, he was a member of the Women's Advancement Committee and contributed to speeding up measures for supporting women's advancement and promotion.

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.

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

Approach and Policies Related to Group Management

ITOCHU has many consolidated subsidiaries and is expanding its diverse businesses in Japan and all over the world. As the core of the Group, ITOCHU formulates management policies as well as 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 maintain internal control systems on a group basis, which are necessary to ensure that Directors implement their duties 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 the execution of duties by directors and employees at each subsidiary comply with laws and regulations, as well as 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.

Basic Approach and Policies Related to the Business Portfolio Strategy

With the purpose of conducting timely and strategic investments, the Company selects the optimal funding types and ratios from among a diverse range of options, such as ITOCHU establishing a subsidiary on its own, jointly funding a project with a partner, and acquiring a company to enable management participation or to convert into a subsidiary. We do not specifically use different types of funding based upon whether or not a target company is listed on a securities exchange. Regarding holding policies, such as decreasing, maintaining, or increasing our ownership ratio, we comprehensively assess such factors as the unique characteristics of the industry and the post-investment outlook for each investee, to thoroughly confirm the significance of ownership. The proposal is then considered by the Division Company that would handle the investment. For major investees, discussions are held annually in management meetings. Decisions regarding the holding policies are made taking these discussions into account and are shared with Outside Officers.

Furthermore, ITOCHU does not believe that the divestment of holdings should be uniformly carried out based solely on the fact that a subsidiary or affiliate is publicly listed. We recognize the significance of each individual subsidiary's holding rational and strive to establish and maintain an effective governance structure to prevent conflicts of interest. Additionally, while considering the strategic positioning of each subsidiary within ITOCHU Group, we make individual assessments of holding policies of listed subsidiaries without limiting the options, based on a case-by-case basis.

Basic Approach and Policies Related to the Treatment of Listed Subsidiaries and Affiliates in the Group Management System

The Company has established special rules for domestic listed companies as part of its internal rules related to managing subsidiaries and affiliates. These special rules set forth ITOCHU's commitment to preventing actions that violate the general principles of management's respect for independence and shareholder equality. At the same time, regarding matters related to internal management, including compliance and internal control, we conduct management in a balanced way by affirming the need to offer advice and guidance for the purpose of conducting appropriate management as the parent company and major shareholder. Moreover, as a general rule, the Group requests subsidiaries to participate in the Group financial system. For listed companies, in light of the independence of their management, participation in the Group financial system is voluntary.

In addition, to contribute to the expansion of profits and the stabilization of management at each listed subsidiary and affiliate, following discussions with each entity, we promote personnel exchanges, mainly by dispatching from the Company people with expertise in financial accounting, legal affairs, and other matters and management personnel for overseas expansion and overseas bases, as well as by taking in personnel from listed subsidiaries and affiliates into the Company's sales and management departments.

Corporate Governance

Significance of Holding Listed Subsidiaries

As of June 21, 2024, ITOCHU's listed subsidiaries are ITOCHU ENEX CO., LTD., ITOCHU-SHOKUJIN Co., Ltd., C.I. TAKIRON Corporation and Prima Meat Packers, Ltd. The merits of holding a listed subsidiary include expansion of business partners based on our name recognition, creditworthiness and independence; the expansion of synergies within the Group; reduction of ITOCHU's financial burden on the listed subsidiary against the backdrop of the funding procurement capabilities of listed companies; and securing excellent human resources as well as maintaining and enhancing employee motivation. In addition, the demerits of holding a listed subsidiary include the external outflow of economic profit; the restriction of the Group's execution of management and strategies arising from the necessity of considering minority shareholders; the difficulty in acquiring data; and the cost of remaining listed on a securities exchange. 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 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 based on 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 ENEX CO., LTD. is a Group company that was listed on a securities exchange and holding it as a listed subsidiary is fully rational when considering the aforementioned merits and demerits of remaining listed on a securities exchange.
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. ITOCHU SHOKUJIN Co., Ltd. is a Group company that was listed on a securities exchange and maintaining this holding as a listed subsidiary is fully rational in consideration of the aforementioned merits and demerits of remaining listed on a securities exchange.
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 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. C.I. TAKIRON Corporation is a Group company that was listed on a securities exchange and maintaining this holding as a listed subsidiary is fully rational in consideration of the aforementioned merits and demerits of remaining listed on a securities exchange. We also consider the fact that because it has reliability and influence due to being a listed company, alliance proposals meeting such frontline needs as manufacturing technologies and logistics are directly brought to C.I. TAKIRON Corporation, effectively building collaborative relationships with other companies.
Prima Meat Packers, Ltd.	The main and principal business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role in supplying final products in ITOCHU Group's livestock value chain. Prima Meat Packers, Ltd. utilizes ITOCHU Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in our Group. As business partners, ITOCHU and Prima Meat Packers, Ltd. have a mutually beneficial relationship to enhance corporate value. A business relationship on the premise of pursuing mutual economic rationality has been established and maintained. In addition, Prima Meat Packers, Ltd. has become a subsidiary of ITOCHU as the Company incrementally acquired more shares. Because it is a listed company, synergy with ITOCHU will be pursued while further solidifying its value chain by conducting a broad range of trade with other companies. Continuing to hold Prima Meat Packers, Ltd. as a listed subsidiary is fully rational when considering the aforementioned merits and demerits of remaining listed on a securities exchange.

Corporate Governance

Policies Related to Ensuring the Effectiveness of the Governance System of Listed Subsidiaries

ITOCHU respects the autonomy of these listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality. In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries and in order to secure the independent decision-making of these listed subsidiaries, we request these listed subsidiaries to set up an effective governance structure under which functions of their independent Outside Directors are well assured. Each of the above-mentioned subsidiaries has established and maintained an effective governance system, including the appointment of certain number of Outside Directors and the establishment of an independent advisory committee to the Board of Directors, and a special committee where transactions or actions which may conflict with the interest of the controlling shareholder are deliberated and studied. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the Corporate Governance Code issued by the Tokyo Stock Exchange.

In addition, while seeking synergies by strengthening cooperation with each listed subsidiary, in conducting transactions with each listed subsidiary, fair and appropriate terms and conditions are determined by taking into account market prices, etc., on the premise of pursuing economic rationality with each other. Further, ITOCHU fully respects the decision of the advisory committee to the Board of Directors, which has the function of nomination, in exercising voting rights regarding the selection or removal of independent directors or nomination process of independent directors of our listed subsidiaries.

The policies related to ensuring the effectiveness of the governance systems of each listed subsidiary are as follows:

Company	The policies related to ensuring the effectiveness of the governance systems
ITOCHU ENEX CO., LTD.	ITOCHU ENEX CO., LTD. has established terms and conditions related to transactions and acts with ITOCHU. These are similar to ITOCHU ENEX CO., LTD.'s general terms and conditions, taking into account market prices. In addition, regarding significant transactions and acts that cannot reference market prices, ITOCHU ENEX CO., LTD. ensures the propriety of transactions by receiving approval from its Board of Directors, which includes Outside Directors and Audit & Supervisory Board Members, after conducting deliberations and studies at a specialized committee, which comprises independent Outside Directors and others who possess independence.
ITOCHU-SHOKUHIN Co., Ltd.	Inter-Group transactions are based on the principle of economic rationality. ITOCHU-SHOKUHIN Co., Ltd. provides sufficiently competitive functions and food products while being evaluated by each Group company, and independence is assured. In addition, matters related to significant conflicts of interest are deliberated and studied by the Governance Committee, which has a majority of independent Outside Directors as members of the advisory body to its Board of Directors.
C.I. TAKIRON Corporation	C.I. TAKIRON Corporation has established a governance committee, which has a majority of independent Outside Directors as members, as an advisory body to its Board of Directors. The committee monitors conflicts of interest with controlling shareholders from the perspective of protecting minority shareholders.
Prima Meat Packers, Ltd.	Prima Meat Packers, Ltd. has ensured independence from ITOCHU by having a majority of independent Outside Directors.

Agreements Related to Content that Should Be Listed as the Approach and Policies Related to Group Management

ITOCHU has not concluded capital and business alliance agreements or agreements related to Group management with any listed subsidiary

Corporate Governance

Significance of Holding Listed Affiliates

As of June 21, 2024, ITOCHU holds investments in multiple affiliates.

The merits of listed affiliates remaining listed include expansion of business partners based on our name recognition, creditworthiness and independence; the expansion of synergies within the Group; and securing excellent human resources, as well as maintaining and enhancing employee motivation.

However, the demerits of holding each company as a listed affiliate include the external outflow of economic profit; the restriction of the Group's execution of management and strategies arising from the necessity of considering minority shareholders; the difficulty in acquiring data; and the cost of remaining listed on a securities exchange.

In the Group's management, the significance of holding each listed affiliate includes leveraging the Group's sales channels to expand sales, utilizing ITOCHU's expertise in the management of specific industries and overseas expansion, and enhancing competitiveness through alliances between other Group companies, and managing businesses as a member of the Group is considered beneficial to enhancing corporate value for both ITOCHU and each listed affiliate. The significance of holding each listed affiliate is as follows and considering the aforementioned merits of maintaining the listing on a securities exchange, we believe holding each of these companies as listed affiliates is fully rational.

Company	Significance of Holdings
DESCENTE LTD.	DESCENTE LTD.'s mainstay sports apparel brands are DESCENTE, Le Coq Sportif, and Munsingwear. Because it has built a stable earnings base in one of ITOCHU's key fields, sports-related business, DESCENTE LTD. occupies an important and indispensable position for the Company. DESCENTE LTD. has solidified its position as a premium brand, especially the DESCENTE brand, and aims to maximize profit by helping build a platform for production, logistics, and DX and utilizing the Company's human resources, manufacturing, and expertise. ITOCHU and DESCENTE LTD. are in a mutually beneficial relationship as business partners to enhance corporate value. Since acquiring shares in the listed company DESCENTE LTD. in 1984, the Company has incrementally increased its share.
JAMCO Corporation	The principal and main business of JAMCO Corporation is the manufacture of aircraft interiors. JAMCO Corporation is positioned as a core enterprise in ITOCHU's private aircraft business, which has the world's top market share for lavatories and galleys for large-scale aircraft. In some of its marketing efforts, JAMCO Corporation utilizes the Group's extensive network. ITOCHU and JAMCO Corporation are in a mutually beneficial relationship as business partners to enhance corporate value. JAMCO Corporation is a Group company that was listed on a securities exchange after considering the merits of being listed.
Tokyo Century Corporation	Tokyo Century Corporation operates a wide variety of businesses, including business investment, across its five business fields, starting with its traditional field of domestic leases and going on to encompass auto mobility, specialty (including aircraft, ships, and real estate), environmental infrastructure, and international business. Tokyo Century Corporation and ITOCHU have a collaborative relationship in a wide range of fields, including information, environmental energy, and such machinery fields as automobiles, construction machinery, and aircraft. Both companies are expanding their mutual businesses in part by offering joint proposals and providing joint funding to promising candidates in new business fields. Accordingly, ITOCHU and Tokyo Century Corporation are in a mutually beneficial relationship as business partners to enhance corporate value. Tokyo Century Corporation was created through the merger of one of ITOCHU's listed Group companies and another listed company.
Hitachi Construction Machinery Co., Ltd.	Hitachi Construction Machinery Co., Ltd. is working to expand its businesses, including finance business, rental business, and used equipment sales in addition to the sale of new construction machinery. Hitachi Construction Machinery Co., Ltd. has had various kinds of business relationships in part through the joint expansion of the finance business and export trade. Hitachi Construction Machinery Co., Ltd. has an important and indispensable position as ITOCHU builds a stable earnings base in the construction business. In addition, Hitachi Construction Machinery Co., Ltd. utilizes ITOCHU's extensive network and promotes collaboration in a wide range of business fields and various regions, including the United States. ITOCHU and Hitachi Construction Machinery Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value. In conjunction with the dissolution of its former North America joint venture, Hitachi Construction Machinery Co., Ltd. reconstructed its sales and service network, ended its relationship as a listed subsidiary of Hitachi, Ltd., and executed a capital alliance as a business partner.
WELLNEO SUGAR Co., Ltd.	WELLNEO SUGAR Co., Ltd. is a holding company with ITOCHU as a major shareholder, created in January 2023 by the merger of Nissin Sugar Co., Ltd., which is listed on the Prime Market of the Tokyo Stock Exchange, and ITOCHU SUGAR CO., LTD., which is a wholly owned subsidiary of ITOCHU, in order to address the diversification in sugar demand and changes in Japan's demographics. ITOCHU SUGAR CO., LTD., which boasts one of the most efficient sugar manufacturing operations in Japan, and Nissin Sugar Co., Ltd., which boasts high brand awareness in major metropolitan areas, including Tokyo and Osaka, have a business foundation comprising around 30% of the market share in Japan, and WELLNEO SUGAR Co., Ltd. occupies an important and indispensable position in ITOCHU. WELLNEO SUGAR Co., Ltd. is expected to further demonstrating sales synergy utilizing the ITOCHU Group's intermediate distribution and downstream network as well as providing the Company's overseas raw material procurement function, which is top class among general trading companies. ITOCHU and WELLNEO SUGAR Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value. WELLNEO SUGAR Co., Ltd. was created through a share exchange between one of ITOCHU's Group companies and another listed company.
Japan Foods Co., Ltd.	nce its founding in 1976, Japan Foods Co., Ltd. has cemented its place as a manufacturer specializing in the commissioned production of soft drinks over more than 45 years. Japan Foods Co., Ltd. has strengthened its manufacturing capabilities by conducting appropriate capital investment. With the Group, Japan Foods Co., Ltd. aims to better upgrade facilities, secure human resources, and develop new businesses by utilizing the Group's extensive network in addition to enhancing its delivery transactions for concentrated beverage raw materials, commissioned production, and sales of products. ITOCHU and Japan Foods Co., Ltd. are in a mutually beneficial relationship as business partners to enhance corporate value. Japan Foods Co., Ltd. is a Group company that was listed on a securities exchange after considering the merits of being listed.
FUJI OIL HOLDINGS INC.	FUJI OIL HOLDINGS INC. develops, manufactures, and sells food products, including those made with plant-based oils, cacao, and soy beans. FUJI OIL HOLDINGS INC. has an important position in ITOCHU's portfolio because, in the development of plant-based ingredients, it boasts unique technological capabilities accumulated since its founding, a shift to high value added businesses, and global operations. In addition to the joint promotion of the oil business in the United States, ITOCHU and FUJI OIL HOLDINGS INC. utilize the Group's network in the stable procurement of raw materials, sale of products, and personnel exchanges. ITOCHU and FUJI OIL HOLDINGS INC. are in a mutually beneficial relationship as business partners to enhance corporate value. FUJI OIL HOLDINGS INC. is a Group company that was listed on a securities exchange after considering the merits of being listed.

Corporate Governance

Company	Significance of Holdings
CENTURY 21 REAL ESTATE OF JAPAN LTD.	The principal and main business of CENTURY 21 REAL ESTATE OF JAPAN LTD. is the franchising of real estate agencies, and it has around 1,000 stores that participate in franchises serving as customer contact points. It assumes an important role in the Group building a stable earnings base in the real estate business. In addition, CENTURY 21 REAL ESTATE OF JAPAN LTD. utilizes the Group's extensive network to enhance services to customers and participating stores. ITOCHU and CENTURY 21 REAL ESTATE OF JAPAN LTD. are in a mutually beneficial relationship as business partners to enhance corporate value. CENTURY 21 REAL ESTATE OF JAPAN LTD. is a Group company that was listed on a securities exchange after considering the merits of being listed.
Paraca Inc.	The principal and main business of Paraca Inc. is the operation and management of parking lots. It operates and manages parking lots comprising around 37,000 parking spaces across Japan. It assumes an important role in building the Company's construction and real estate business value chain and creating a stable earnings base. Paraca Inc. utilizes the Group's extensive network to expand the parking lot business. ITOCHU and Paraca Inc. are in a mutually beneficial relationship as business partners to enhance corporate value. Since starting a capital and business alliance, ITOCHU made Paraca Inc. an affiliate by acquiring additional shares of the company after confirming that the relationship will help mutually enhance corporate value.
Nalnet Communications Inc.	Nalnet Communications Inc. operates a business for commissioned maintenance of leased vehicles, which is handled at its more than 11,000 maintenance shops across Japan. ITOCHU expects to conduct tire sales to the automotive maintenance shop network centered on Nalnet Communications Inc. and expects to utilize the vehicle maintenance functions in this network in the used vehicle sales business, which is forecast to expand going forward. Because of this, ITOCHU and Nalnet Communications Inc. are in a mutually beneficial relationship as business partners to enhance corporate value. Nalnet Communications Inc. was listed in line with the exit scenario for other shareholders at one of ITOCHU's Group companies.
BELLSYSTEM24 Holdings, Inc.	BELLSYSTEM24 Holdings, Inc. assumes an important role in elevating the customer experience in ITOCHU's digital businesses. Its principal and main business is the operation of contact centers and the provision of BPO services in the form of solutions to business issues. BELLSYSTEM24 Holdings, Inc. utilizes the Group's extensive network in such fields as AI and data analysis. ITOCHU and BELLSYSTEM24 Holdings, Inc. are in a mutually beneficial relationship as business partners to enhance corporate value. BELLSYSTEM24 Holdings, Inc. was listed in line with the exit scenario for other shareholders at one of ITOCHU's Group companies.
WingArc1st Inc.	WingArc1st Inc. assumes an important role in developing and operating IT systems in ITOCHU's digital businesses. Its principal and main business is the development and sale of software and cloud services related to the creation of business forms, the management of documents, and data utilization. In the expansion of its customer base and the creation of new businesses utilizing proprietary solutions, WingArc1st Inc. not only utilizes the Group's extensive domestic and international network, it also supports the Group's DX in such ways as adapting to the Electronic Books Maintenance Act. ITOCHU and WingArc1st Inc. are in a mutually beneficial relationship as business partners to enhance corporate value. WingArc1st Inc. was listed in line with the exit scenario for other shareholders at one of ITOCHU's Group companies.
SKY Perfect JSAT Holdings Inc.	SKY Perfect JSAT Holdings Inc. assumes an important role in strengthening space, satellite, and media-related businesses in ITOCHU's data and telecommunications field. Its principal and main business is the space business, which is centered on satellite telecommunication services, and the media business, which provides the pay TV channel SKY PerfecTV!. SKY Perfect JSAT Holdings Inc. aligns with the Group's extensive domestic and international network in the construction of new businesses in the media field, which utilizes content and solutions, and in the space and satellite field, which utilizes satellite imagery and data. ITOCHU and SKY Perfect JSAT Holdings Inc. are in a mutually beneficial relationship as business partners to enhance corporate value. SKY Perfect JSAT Holdings Inc. is a listed company that was established by a business merger through the share transfer of the two listed companies SKY Perfect Communications Inc. and JSAT Corporation. ITOCHU has been a shareholder in both companies since their founding and, with Fuji Media Holdings, Inc., jointly established ITC Partners, Inc. (now ITOCHU Fuji Partners, Inc. (IFP)). By investing the shares of SKY Perfect JSAT Holdings Inc. owned by the two companies into IFP, IFP's stake in SKY Perfect JSAT Holdings Inc. exceeded 20%, making it an affiliate of IFP.
Orient Corporation	Orient Corporation operates a wide range of businesses, including loans, credit cards, and guarantor for rent and financial settlements; is an important partner in ITOCHU's retail financing business; and utilizes the Group's network in commercialization surveys for overseas expansion. In addition, Orient Corporation works to expand its business through investment in fintech companies and is considering collaboration with ITOCHU in these efforts. Accordingly, ITOCHU and Orient Corporation are in a mutually beneficial relationship as business partners to enhance corporate value. The investment in Orient Corporation was for the purpose of strengthening the retail financing business and accomplished by acquiring shares from existing shareholders and a third-party allocation of shares.

Affiliates Listed in Overseas Markets

ITOCHU holds investments in multiple listed affiliates overseas as well. The reasons for investing in listed affiliates overseas are as follows.

- Strategic business and capital alliances with powerful local listed companies
- Responding to laws and regulations for specific industries in relevant countries
- Responding to transaction conditions with state-run companies
- Enhancing creditworthiness in countries where businesses are operated

Corporate Governance

Agreements Related to Content that Should Be Listed as Approaches and Policies Related to Group Management with Low Risk of Conflict of Interests between ITOCHU and Minority Shareholders as well as Measures Related to Ensuring the Effectiveness of the Governance Systems of Listed Affiliates

Regarding listed affiliates, ITOCHU is careful to ensure there are no conflicts of interest in transactions with relevant companies and takes action based on listed subsidiaries as needed in light of the actual situation of each company, including capital relationships and transaction status. Please reference the following information

for details related to each listed affiliate (the scope is the same as the companies specified in the section above regarding the significance of holding listed affiliates).

Company	Significance of Holdings
DESCENTE LTD.	DESCENTE LTD. is taking measures to ensure independence from ITOCHU, such as increasing the number of independent Outside Directors. ITOCHU and DESCENTE LTD. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
JAMCO Corporation	JAMCO Corporation is also an affiliate of ANA Holdings, Inc. The sales activities of JAMCO Corporation are all based on receiving orders, including direct transactions with ANA Holdings, Inc., in a competitive environment with other companies in Japan and overseas, and its relationship with ITOCHU does not benefit the Company's sales transactions. ITOCHU and JAMCO Corporation have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
Tokyo Century Corporation	Tokyo Century Corporation has a sales transaction relationship with ITOCHU and Group companies. Each transaction is conducted based on Tokyo Century Corporation's own judgment after conducting individual negotiations with each company on the same basis as any general business partner, so the Company does not place restrictions on business, ensures a certain level of independence, and takes appropriate action to ensure there is no negative impact on the profit of minority shareholders. ITOCHU and Tokyo Century Corporation have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
Hitachi Construction Machinery Co., Ltd.	ITOCHU invests in Hitachi Construction Machinery Co., Ltd. through HCJI Holdings Ltd. (HCJI), which is a joint venture with Japan Industry Partners, Inc. (JIP). The Company believes there is low risk of conflicts of interests with minority shareholders of ITOCHU and Hitachi Construction Machinery Co., Ltd. because their business content is not in a competitive relationship and Hidemi Moue, who is the Representative Director & President of HCJI and the Director & CEO of JIP, is dispatched as a director to Hitachi Construction Machinery Co., Ltd (as of June 21, 2024). HCJI and Hitachi Construction Machinery Co., Ltd. have concluded a capital alliance agreement.
WELLNEO SUGAR Co., Ltd.	ITOCHU, WELLNEO SUGAR Co., Ltd., and Sumitomo Corporation, which is a shareholder of WELLNEO SUGAR Co., Ltd., have concluded a capital and business alliance agreement. In this agreement, the basic policy is to ensure the independence of the management of WELLNEO SUGAR Co., Ltd., and the signers agree to respect WELLNEO SUGAR Co., Ltd.'s independence, autonomy, and relationships with existing business partners as well as the adoption and implementation of measures needed to execute business from the perspective of WELLNEO SUGAR Co., Ltd.'s Board of Directors aim of creating shareholder profit. WELLNEO SUGAR Co., Ltd. was created through a share exchange between one of ITOCHU's Group companies and another listed company.
Japan Foods Co., Ltd.	ITOCHU, Japan Foods Co., Ltd. and its group companies have an ongoing relationship for purchasing raw materials and selling products, but the transaction percentage is insignificant and the Company does not impose business restrictions, ensuring independence. ITOCHU and Japan Foods Co., Ltd. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
FUJI OIL HOLDINGS INC.	When FUJI OIL HOLDINGS INC. has new transactions (¥1.0 billion or more annually) with the Group or business alliance conditions determined to be important to ITOCHU, both companies discuss the fairness of the matter from the perspective of protecting minority shareholders, and the matter is deliberated and resolved by its Board of Directors to ensure the transparency and fairness of assessments. ITOCHU and FUJI OIL HOLDINGS INC. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
CENTURY 21 REAL ESTATE OF JAPAN LTD.	Real estate agency franchises, which is the principal and main business of CENTURY 21 REAL ESTATE OF JAPAN LTD., do not have ongoing transactions with ITOCHU or the Group, and the relationship with CENTURY 21 REAL ESTATE OF JAPAN LTD. does not benefit the sales transactions of ITOCHU and its Group companies. ITOCHU and CENTURY 21 REAL ESTATE OF JAPAN LTD. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
Paraca Inc.	Paraca Inc. has built a highly transparent governance system, selecting independent Outside Directors for four of its seven directors (as of June 21, 2024), ensuring a majority. ITOCHU and Paraca Inc. have concluded a capital and business alliance agreement.
Nalnet Communications Inc.	When conducting individual sales transactions with ITOCHU and Group companies, Nalnet Communications Inc. conducts each transaction based on its own judgment after conducting individual negotiations with each company like with any general business partner, so the Company does not place restrictions on business, ensures a certain level of independence, and takes appropriate action to ensure there is no negative impact on the profit of minority shareholders. ITOCHU and Nalnet Communications Inc. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
BELLSYSTEM24 Holdings, Inc.	The ITOCHU Group and TOPPAN Holdings Group, which is the second largest shareholder, have been identified as affiliated parties that possess significant influence on the BELLSYSTEM24 Holdings, Inc.'s financial and business decision making. Rules related to the management of transactions with affiliated parties have been established and are enforced in line with standards that were established for transactions that need and do not need approval from the Board of Directors depending on the scale and characteristics. In addition, regardless of whether approval from the Board of Directors is needed, approval for ongoing transactions with affiliated parties is sought from the Board of Directors at the beginning of every fiscal year, and with that approval, monitoring is conducted related to the fairness of transactions by the Board of Directors. ITOCHU and BELLSYSTEM24 Holdings, Inc. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management. BELLSYSTEM24 Holdings, Inc. was listed in line with the exit scenario for other shareholders at one of ITOCHU's Group companies.
WingArc1st Inc.	As a preliminary advisory body for approving transactions with affiliated parties, special committee rules put in place by WingArc1st Inc. provide for the establishment, when necessary, of a special committee to be comprised of Outside Directors and personnel who is not a director dispatched from ITOCHU, upon their appointment by Outside Directors following discussion. In this way, management independence and transparency are assured, and management-related supervisory functions are strengthened. ITOCHU and WingArc1st Inc. have concluded a capital and business alliance agreement.
SKY Perfect JSAT Holdings Inc.	Regarding transactions with major shareholders, SKY Perfect JSAT Holdings Inc. always holds preliminary deliberations to ensure there is no negative impact on shareholder profit and conducts the transactions after confirming they are rational. ITOCHU and SKY Perfect JSAT Holdings Inc. have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.
Orient Corporation	Orient Corporation strengthened appropriate disclosures of affiliated party transactions after enhancing initiatives from the perspective of focusing on protecting independence from major shareholders and shareholder profits. ITOCHU and Orient Corporation have not concluded an agreement related to content that should be listed as the approach and policies related to Group management.

Corporate Governance

Basic Policy Regarding the Internal Control System and its Operational Status

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the

Basic Policy regarding the Internal Control System and its Operational Status as of June 21, 2024. ("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 8, 2024).

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 and other executives 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.

Corporate Governance

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.

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.

Corporate Governance

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.

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

(1) Attendance at Important Meetings

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

(2) Reporting System

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

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

(1) Reporting System

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

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

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

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

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

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

(2) Retaining External Experts

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

Corporate Governance

Overview of the Operational Status of Internal Control System

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

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

Regarding the meetings of main internal committees related to internal control in FYE 2024, the Internal Control Committee met 2 times, the Compliance Committee 2 times, and the ALM Committee 14 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 8, 2024 evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for FYE 2024 and confirmed that there were no significant deficiencies or defects.

Initiatives to Further Enhance the Reliability of Financial Reporting

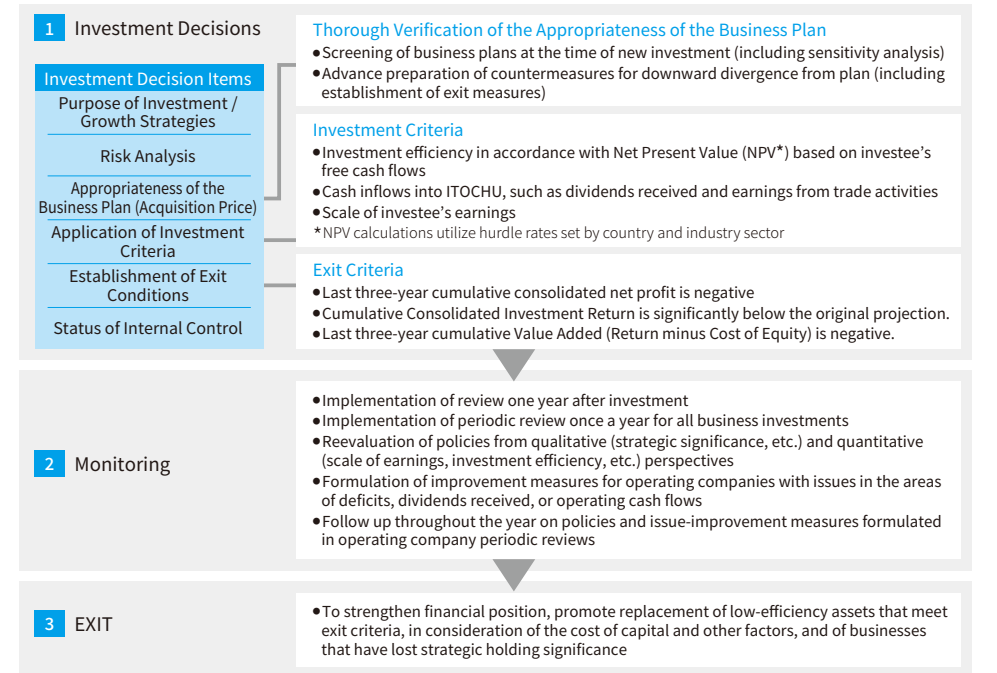
We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has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

Strengthening Risk Management on a Group Basis, Including Subsidiaries

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

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

Process for Investments



Corporate Governance

Managing Concentrated Risks

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

Business Continuity Plan

ITOCHU Corporation has established a Business Continuity Plan (BCP) to ensure that in the event of unforeseen emergencies, including major earthquakes and other natural disasters, pandemics, terrorism, major accidents, and cyber-attacks and security incidents, important business will not be interrupted, or will resume as quickly as possible if there is an interruption. The BCP applies to the entire ITOCHU Group and is supplemented with individual BCPs set by individual business and administrative divisions. Content revisions, together with internal education and training sessions, are undertaken regularly.

In preparation for unexpected major disasters, the BCP describes four stages: 1) Emergency response and initial recovery; 2) BCP invocation; 3) Operational recovery; and 4) Full recovery. The BCP specifies the commander and response protocols for each stage. ITOCHU has also implemented a crisis management system for outbreaks of infectious diseases, including COVID-19. This system, which prioritizes the safety of employees and the prevention of the spread of infection, allows us to continue critical operations while avoiding risks even during periods of high infection spread, in order to contribute to the stability of daily life by maintaining supply chains in each sector.

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.

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.	We reviewed the progress of the action plans of the FYE 2024 submitted by each risk management responsible divisions. Including all issues dealt during the period, we reported to the Internal Control Committee that Itochu's internal risk management system is active, which was held in October 2023 (review of the first half of FYE 2024), and in April 2024 (review of the second half of FYE 2024, and the action plans for FYE 2025).

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 the managing officer for each risk reports on results and findings to the board of directors.

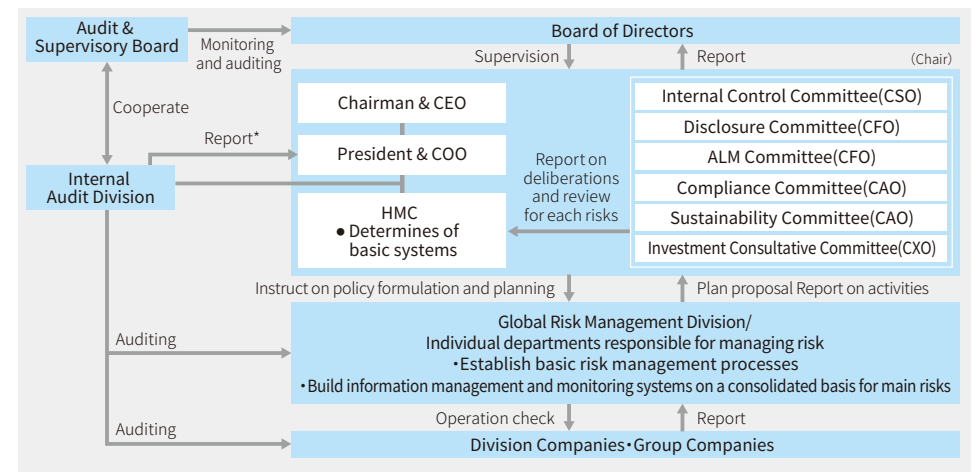
At the Group level, ITOCHU's structural approach to risk management is overseen by the President and Chief Operating Officer (COO) and the Board of Directors and aims to ensure timely and sound executive decision making. The HMC, which is chaired by the President and COO and comprised of the Chairman 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 Internal Audit Division, which serves as the organization's internal audit system under the direct control of the President & COO, is responsible for internal audits and conducts independent audits of departments, division companies, and group companies responsible for risk management. The audit results are reported directly to the Chairman & CEO and President & COO, as well as to the Executive Officers' meetings where Members of the Board and Audit & Supervisory Board Members are present, thereby establishing a dual reporting line. The Division also cooperates with the Audit & Supervisory Board to ensure the effectiveness of internal auditing.

Risk Management Governance Structural Chart (As of June 21, 2024)



* Internal Audit Division reports directly to Chairman & CEO and President & COO, and to Executive Officers' meetings where Members of the Board and Audit & Supervisory Board Members are present

• Overview of ITOCHU Group's main internal committees (P198)

• Reason for Appointment as Outside Directors (P191)

Risk Management

Response to Significant Risks for ITOCHU

We are responding to major risks by building information management and monitoring systems at each department responsible for managing these risks on a consolidated basis.

Risk Item	Responsible Department (Managing Officer)	Leading Risks	Risk Mitigation Measures
Compliance Risks	Legal Division (CAO)	Risks relating to compliance with various laws, ordinances and regulations	Compliance officers in each organization (including companies) manage risks and give guidance on them based on the ITOCHU Group Compliance Program.
Legal Risks (Excluding Compliance Risks)	Legal Division (CAO)	Risks from various regulatory restrictions and changes to laws, risks incurred from regulatory tightening and deregulation, risks incurred due to different administration and interpretation of legal systems, and risk of losses (compensation liability etc.) occurring due to disputes (lawsuits and complaints)	Mitigate the risk of losses expanding by checking contracts and other paperwork in advance in relation to conflicts (lawsuits and complaints). Raise awareness about risks from changes to laws and ordinances by holding various courses. Respond to those risks by accepting inquiries on a case-by-case basis.
Risks Associated with Trade Security Policy Management	Legal Division (CAO)	Risks relating to compliance with the Foreign Exchange and Foreign Trade Act (security-related) and risks relating to international security such as the legal regulations and sanctions of other countries	Export Control & Sanctions Department performs centralized management. Perform appropriate management and give guidance in cooperation with the Export Control Program Officers in each company or department.
Risks Associated with Customs	Legal Division (CAO)	Risks relating to compliance with the three customs acts (Customs Act, Customs Tariff Act and Act on Temporary Measures Concerning Customs)	Conduct in-house monitoring, provide training, accept inquiries on a daily basis, ensure employees and officers are aware of laws and ordinances, and hold periodic report briefings on customs in line with import customs clearance management and customs management manuals, and export customs clearance management manuals.
Country Risks	Global Risk Management Division (CFO)	Risk of losses occurring due to the actions of nations themselves or the environment in which those nations have been placed	The Global Risk Management Division periodically aggregates the country risk exposure and discloses it as the outstanding balance of investments, loans and guarantees by major country.
Commodity Price Risks (Specific, Important Product)	Global Risk Management Division (CFO)	Risk of losses occurring due to product market price fluctuations	Set monetary amount limits, quantity limits and period loss limits. Periodically review compliance with those limits.
Credit Risks	Global Risk Management Division (CFO)	Risk of losses occurring due to default on debts in contracts with associated companies	Set credit amounts for each associated company and transaction type. In principle, review the credit amounts annually.
Investment Risks	Global Risk Management Division (CFO)	Risks relating to new investment execution and existing business monitoring and exit decision-making	Make decisions on new investments based on investment standards. Periodically monitor existing investments. Promote asset replacement by applying the EXIT selection standards on investments not worth holding.
Stock Price Risks	Global Risk Management Division (CFO)	Risk of losses occurring due to stock price fluctuations	Periodically grasp and monitor the amount of impact on consolidated shareholder's equity due to stock price fluctuations.
Foreign Exchange Rate Risks	Finance Division (CFO)	Risk of losses occurring due to foreign exchange rate fluctuations	Mitigate risks through hedge transactions using futures exchange contracts and other derivatives.
Interest Rate Risks	Finance Division (CFO)	Risk of losses occurring due to interest rate fluctuations	Mitigate interest rate fluctuation risks by grasping the interest rate mismatch amount.
Financing Risks	Finance Division (CFO)	Risk that it will no longer be possible to raise financing smoothly due to turmoil in the financial markets	Ensure sufficient liquidity by using cash and deposits and commitment lines. At the same time, mitigate risks by diversifying financing sources and methods.
Information System and Security Risks	IT & Digital Strategy Division (CXO)	<ul style="list-style-type: none"> Risks relating to non-operation of information systems caused by natural disasters and man-made disasters (terror etc.), computer equipment and network equipment failures, and program, operation and procedure mistakes Risks relating to information leaks, falsification and destruction due to unauthorized access to information systems from inside and outside the company 	<ul style="list-style-type: none"> Monitor the application and compliance of information security guidelines and cybersecurity frameworks. ITOCY Cyber & Intelligence Inc. strengthens defense systems and raises awareness through training.
Labor Management Risks	Human Resources & General Affairs Division (CAO)	Risks which may occur in labor management (long working hours, unpaid overtime, etc.)	Company and Headquarters human resources and general affairs staff summarize on-site inquiries and reports and then communicate them to the Human Resources and General Affairs Division. Appropriately respond in consultation with legal advisors as necessary.
Human Resources Risks	Human Resources & General Affairs Division (CAO)	Risks arising from shortfalls and outflow and securing management and operational human resources	Secure diverse human resources. Continuously develop abilities including by cooperation between ITOCHU and group companies. Place the right people in the right place by developing a rewarding working environment.
Risks Associated with the Appropriateness of Financial Reporting	General Accounting Control Division (CFO)	Risks relating to securing reliability in financial reporting by preparing and disclosing appropriate financial reports	Appoint a person in charge of collecting information on the new establishment, revision and abolition of accounting standards. Disseminate that information by issuing notifications, and posting on the Intranet and sending emails.
Risks Associated with Internal Control	General Accounting Control Division (CFO)	Risk of incidents and fraud occurring due to employees and officers not performing operations in line with the rules and manuals relating to accounting	Monitor internal control operations.
Environmental and Social Risks	Sustainability Management Division (CAO)	Risks relating to compliance of environmental and social related laws and ordinances and promotion of key issues in sustainability	Plan a system to grasp environmental and social risks in our company and value chains when starting and continuing trades and business investment operations, and to monitor the status of the response to those risks. Monitor in cooperation with other departments as appropriate.

Risk Management

Emerging Risks

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

Please refer to the PEST analysis in our Integrated Report (https://www.itochu.co.jp/en/files/ar2024E_37.pdf)

Initiatives

Risk Management Method

We conduct the following management throughout the year to build a PDCA cycle. We periodically move through the risk management cycle. Through these efforts, we are mitigating and preventing increasingly complex and diversifying risks.

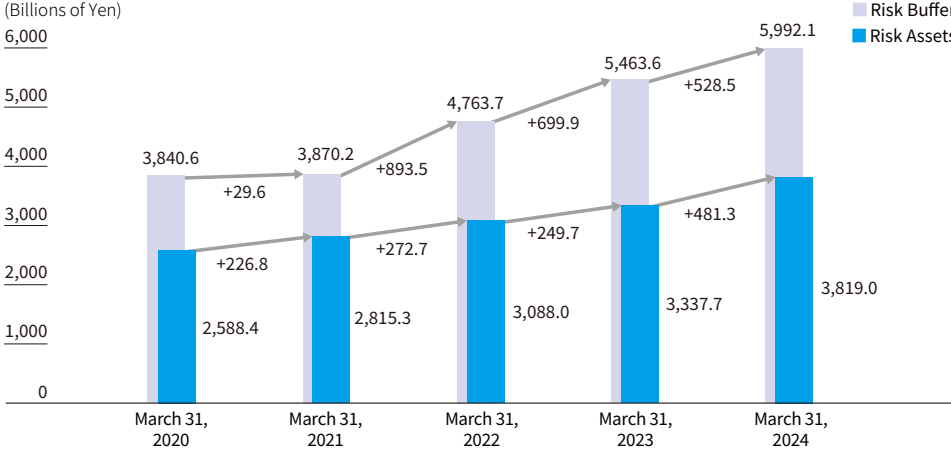
1. Plan: The departments responsible for managing the major risks formulate action plans to prevent and mitigate those risks every year. They then comprehensively identify potential risks. After that, the Internal Control Committee discusses the risks which should be tackled and management policies. The CSO then approves those policies.
2. Do: Take measures based on the management policies.
3. Check: Compile the status of measures and the following term's action plans every six months. Report the status and action plans to the Internal Control Committee.
4. Action: Take improvement measures and additional measures.

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 and Risk Buffer*2



*1 The cost of shareholders' equity set at 8%
 *2 Risk Buffer = Total shareholders' equity + Non-controlling interests

Risk Management

Business Investment Management

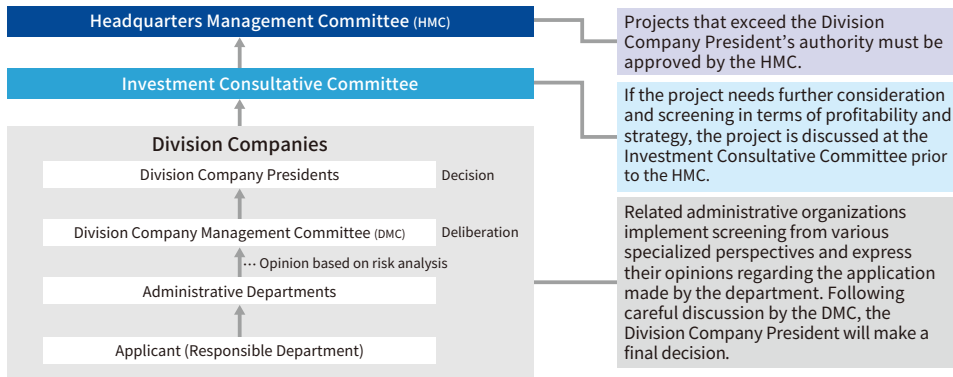
I Fundamental Approach

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. Regarding investment risks, the risk appetite is determined by considering factors such as market growth and stability, the impact on our company's performance, and the feasibility of risk management.

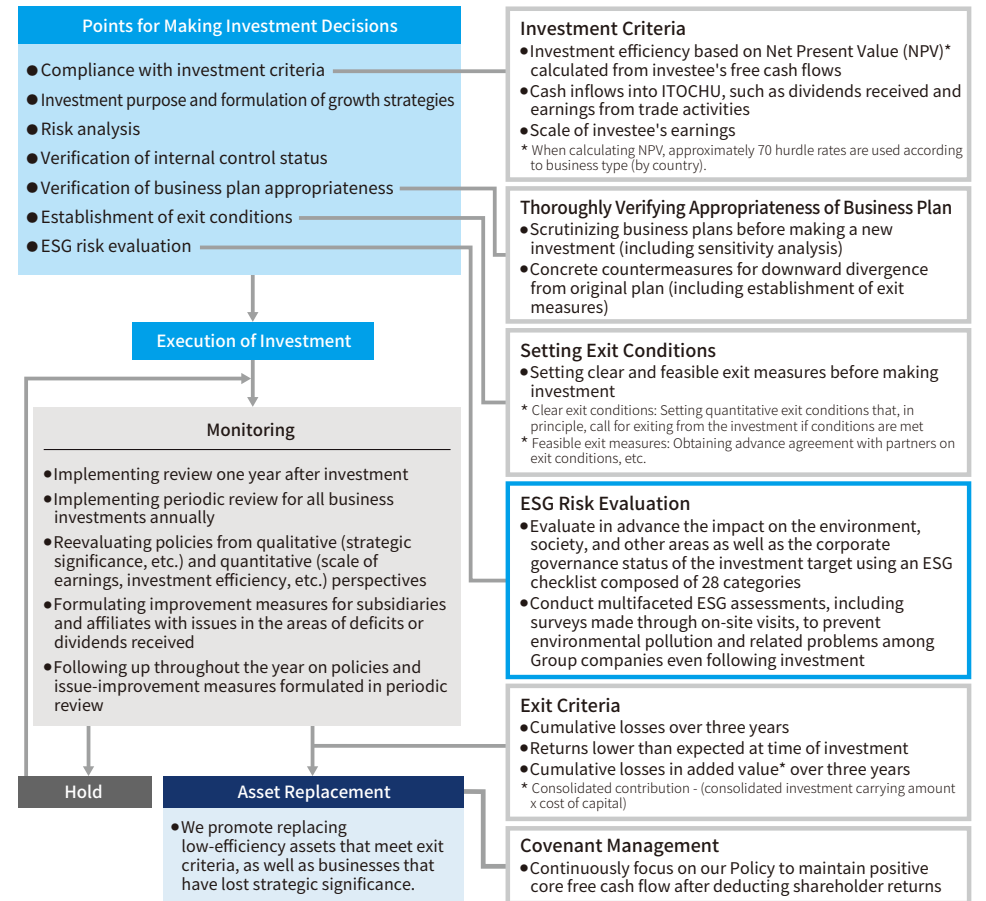


I Business Investment Process

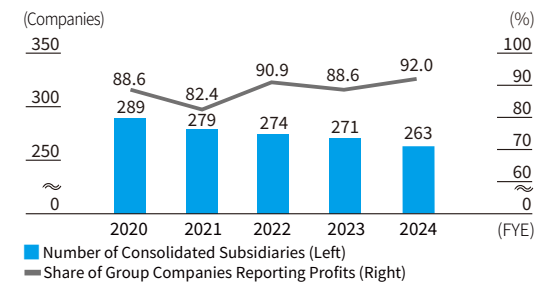
Starting with the impact of COVID-19, the business environment changed dramatically.

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 92.0% in FYE 2024.



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



Risk Management

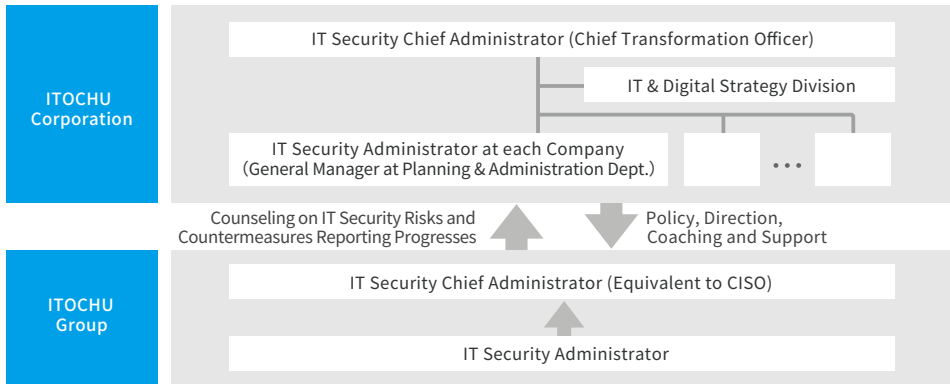
Security Risk Management

Policy and Basic Concept

The ITOCHU Group has established a code of conduct for all members of the Board and employees regarding the handling of information, and views maintaining a high level of security as a key factor in addressing information security risks. Additionally, we have established an Information Security Policy (<https://www.itochu.co.jp/en/security/index.html>). All officers and employees strive to properly handle, manage, protect, and maintain information in accordance with the policy.

Structures and Systems

The Chief Transformation Officer (CXO) holds overall responsibility for digitalization strategy and information security measures in the ITOCHU Group and chairs the IT Strategy Committee. The IT Strategy Committee deliberates policies, regulations and information security strategy, monitors the management situation, and reports to the Board of Directors as appropriate, ensuring a high level of information security.



Name	Chairman	Objectives
IT Strategy Committee	Chief Transformation Officer (CXO)	<ul style="list-style-type: none"> Deliberates regarding IT and digital strategy (Annual IT Strategic Plan, etc.) Reviews policies and measures for information security

Initiatives

ITOCHEU 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 against malware, etc.

We routinely collect the latest information regarding potential cyber threats by analyzing system logs and malware. Additionally, when incidents do occur, we respond instantly by investigating their causes, discussing possible countermeasures, and restoring services. This is done by the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCCERT) – a cybersecurity team whose members are senior cybersecurity analysts. As a framework for cybersecurity governance in the ITOCHU Group companies, “ITOCHEU Group Cybersecurity Framework”, which is constituted of regulations, systems and processes, was rolled out in 2022. In addition, ITOCHU Cyber & Intelligence Inc. was established in February 2023 to provide the Cybersecurity Countermeasure Programs to Group companies, thereby ensuring sustainable and practical operations for the framework. We also provide training programs to develop technicians proficient in cybersecurity, including at Group companies. There are only a few cases in Japan where companies are working as actively as we are to develop systems and respond to information security risks. 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 provide trainings to all employees on how to identify and respond to targeted e-mail attacks twice a year.
- All global employees including those in group companies are subject to a mandatory, simultaneous e-learning course on information security, which is held every three years.
- Several times a year, the ITCCERT leads an internal cybersecurity workshop for 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.
- We conduct a drill on Business Continuity Plans once a year. In addition, exercises to evaluate and test security measures are conducted by a third-party at least once a year.

Business Continuity Plan

Please refer to P212 for details.


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 April-May 2023, we conducted “Monitor and Review” of the ITOCHU Group’s compliance system of for FYE 2023, which covered a total of 433 organizations, including all organizations at the headquarter, all domestic branches, overseas blocks, and ITOCHU Corporation’s Group companies, and their sub-subsidiaries. The purpose is to understand and promote the status of the compliance system in each organization. • In the period of Aug-Sept 2023, we conducted a compliance awareness survey of approximately 56,000 executives and employees (including contract employees and temporary employees) of ITOCHU Corporation and 242 ITOCHU Group companies in Japan and overseas (with approximately 55,000 respondents) in order to improve the compliance system of the ITOCHU Group and prevent the occurrence of compliance incidents. • In the period of Dec 2023-Feb 2024, we identified compliance-related cases occurred in ITOCHU Group companies, for which recurrence prevention measures were formulated in FYE 2023 and monitoring was thought to be highly necessary. As a result of the monitoring on the implementation status of the formulated measures, we confirmed that they were properly implemented. • In the period of Jan-Feb 2024, 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. (Number of the participants: 4,271) • The status of our periodical on-site compliance training seminars in FYE 2024 is as follows: <ul style="list-style-type: none"> • For ITOCHU Corporation: 3,291 employees (who all watched the training video) • Group companies: 75 companies, 15,964 persons

Compliance

Structures and Systems

ITOCHU Group's Compliance System

The ITOCHU Group has a system for compliance through the Compliance Department within the Legal Division. The Compliance Department suggests policies and measures to foster compliance throughout the entire Group and appoints compliance officers in each division within ITOCHU Corporation, overseas offices and major Group companies worldwide (including consolidated subsidiaries and some equity method associated companies; hereafter, the “companies subject to compliance management”).

The Compliance Committee is chaired by the CAO, and consists of two external members and the leaders of the relevant administrative divisions and sales divisions as internal members. The Compliance Committee’s meetings are held two times a year, in principle. It deliberates on matters related to compliance as a permanent executive committee. The most recent meeting was held on March 6, 2024.

The ITOCHU Group Compliance Program sets out policies to establish compliance systems to enable each division within ITOCHU Corporation, overseas offices and companies subject to compliance management to ensure compliance taking into consideration their business characteristics, operational formats and legal systems in the regions in which they are located. The status of the effectiveness and operation of the compliance system laid out in the Compliance Program is reviewed every year through the monitor and review process considering the recent trends in legislation and society. The results of this monitor and review process are reported to the Compliance Committee for deliberation, along with information about compliance incident trends and other compliance-related matters. The CAO, as the Chief Compliance Officer, reports matters reported to and deliberated by the Compliance Committee to the Board of Directors.

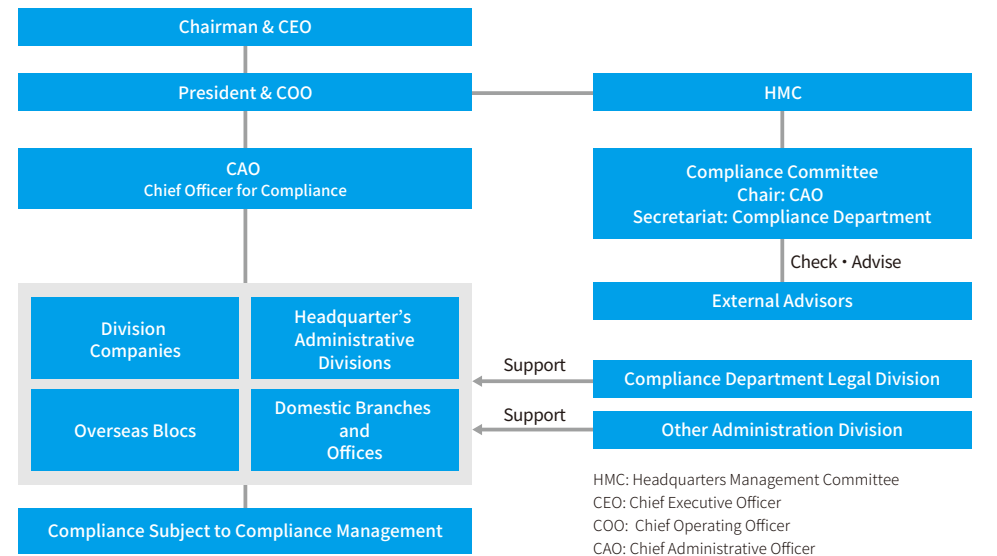
In addition, compliance-related incidents that are discovered within each division of ITOCHU Corporation, overseas offices and the companies subject to compliance management are reported to the CAO and the corporate auditors, and serious compliance-related incidents are reported to the Board of Directors, as appropriate. Directors of ITOCHU Corporation and its Group companies are obligated to report any compliance issues, such as significant violations of laws, regulations, or the Articles of Incorporation, to the Corporate Auditors of their respective companies.

Across the Group, as for key organizations such as overseas offices and companies subject to compliance management, we are implementing activities with a focus on constant improvement and enhancement of our compliance structure. For example, while we focus on in-person training, we have been proactively utilizing on-line training as well to provide training using compliance incidents that have actually occurred in our training materials.

Furthermore, based on our experience with former compliance incidents and the findings of the monitor and review process, 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, ITOCHU Corporation confirms in writing that all employees have complied—and will continue to comply—with laws, regulations, and other rules, at individual performance evaluations each fiscal year.

The Audit Division of ITOCHU Corporation conducts compliance audits to verify whether the ITOCHU Group’s compliance system is functioning properly as a part of its periodical audits of each ITOCHU organization (including the Group companies they are responsible for) and overseas blocs to check the status of the development and operation of the compliance system within the organizations and overseas blocs, as appropriate.



Compliance

Internal Reporting System (Hotline)

ITOCHU Corporation has formulated Internal Reporting Regulations (also known as a hotline) and instructed the installment of similar hotlines at companies subject to compliance management. In addition to protecting whistleblowers through the hotline, we have defined mechanisms to properly handle the reported cases. This initiative is reinforcing ITOCHU's compliance efforts by supporting the prompt discovery and rectification of any incidents of corruption, including bribery. The status of the operation of the whistleblowing system is reported to the Compliance Committee on a regular basis.

ITOCHU Corporation has established multiple whistleblowing hotlines both in Japan and overseas (including external whistleblowing contacts utilizing dedicated personnel and external lawyers) and accepts reports from the officers and employees of ITOCHU Corporation, workers dispatched to ITOCHU Corporation from companies with which ITOCHU Corporation has entered into worker dispatch contracts (dispatched employees), employees of the Group companies, etc. In addition, it prohibits retaliation and other disadvantageous treatment of whistleblowers and allows whistleblowers to provide information anonymously.

The number of internal reports received by ITOCHU Corporation's whistleblowing hotlines during the past three years are shown in the table below.

	FYE2022	FYE2023	FYE2024
Number of Reports	86	98	113

Initiatives

Implementation of Compliance Training

ITOCHU Corporation provides ongoing education and training on compliance to ensure that each and every officer and employee understands and complies with applicable laws, regulations, social norms, etc. based on a high ethical standard.

On-Site Compliance Training

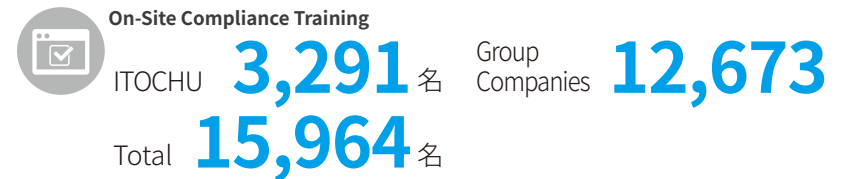
We conduct On-Site Compliance Training for all officers and employees of ITOCHU Corporation every year. This training, which is intended to raise compliance awareness and prevent the occurrence of any compliance incidents, uses actual incidents of compliance violations as training materials while also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

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

In FYE2024, ITOCHU Corporation provided video trainings, and 3,291 officers and employees participated in these trainings.

Group companies implemented their own compliance training programs for officers and employees as appropriate for their operational formats, and ITOCHU Corporation also conducted on-site Compliance training sessions for officers and employees of major Group companies in Japan. In FYE2024, 15,964 employees from 75 companies participated in the trainings in the form of in-person training, or webinars or through videos, depending on the individual company's situation.

We have also converted our Compliance Handbook—which provides advice on compliance (in Q&A format) for each potential work setting where employees might face compliance issues and advises what actions to take to prevent such issues—into a 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 conducts a Compliance Awareness Survey every two years with all Group officers and employees, which confirms the level of understanding of the ITOCHU Mission, and assists with the implementation of specific initiatives. In FYE2024, the eighth year of the survey, we conducted a survey of 56,090 Group officers and employees and received responses from 54,938 of them (97.9% response rate). The conclusions drawn from the analysis of the findings are presented as feedback to each organization and reflected in efforts to improve the compliance system. We are planning to conduct our next Compliance Awareness Survey in FYE2026.

Compliance

Bolstering Measures to Fight Corruption

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

ITOCHU Group Anti-Corruption Policy

1. ITOCHU Group Anti-Corruption Policy

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

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

[ITOCHU Group Anti-Corruption Policy]

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

2. Requests for All Partners

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

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

April 1, 2020

Masahiro Okafuji

ITOCHU Corporation

Chairman & Chief Executive Officer

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

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

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

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

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

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

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

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

Compliance

The annual monitor and review process—which is mentioned in the ITOCHU Group’s Compliance System above—includes checks on business-related entertainment and gift-giving to both domestic and foreign public officials; as well as on the appointment and renewal of contracts with agents and consultants by organizations within ITOCHU Corporation, overseas offices, and companies subject to compliance management.

In FYE2024 there were no cases in which ITOCHU Corporation was accused of acts of corruption, and no fine or administrative penalty charge was paid.

Measures to Fight Collusive Bidding and Cartels

In recent years, there have been many reports of suspected cartel activities in markets around the world. In response, to prevent involvement in any illicit transactions, ITOCHU Corporation has established the Basic Regulations in compliance with, among others, the Antimonopoly Act, and established subordinate regulations consisting of the Standard on Prevention of Cartels and Collusive Bidding, the Guidelines for Compliance with the Antimonopoly Act in Competition Between Multiple Organizations, and the Guidelines on Compliance with the Antimonopoly Act in Relation to Price Pass-Throughs. We have also established an Antimonopoly Act Compliance Manual, and the easy reference documents “A Must-Read! 51 Q&A about the Antimonopoly Act” (the last revision was published in August 2017) and “The 29 Frequent Misunderstandings about the Antimonopoly Act.” We also take further measures to ensure that all employees are made aware of the Antimonopoly Act compliance requirements, through the monitor and review process and various training programs as well as the Antimonopoly Act Desk in the Legal Division which was set up to cater to queries from our employees.

Following the four cease and desist orders received from the Japan Fair Trade Commission in FYE2018 and FYE2019, ITOCHU Corporation passed resolutions regarding the matters related to the orders at the Board of Directors meetings and published notifications and thoroughly publicized the contents of the resolutions of the Board of Directors.

TAX

Policy and Basic Concept

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

ITOCHU Group Tax Policy

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

1. Basic Policy - Compliance with Tax Rules

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

2. Tax Cost Management

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

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

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

Established in December 2017
Revised in April 2023

Structure and System

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

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

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

Compliance

Measures for Intellectual Property

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

Basic Policy on Product Safety

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

Measures for Comprehensive Import and Export Control

To ensure appropriate and efficient trading, which is the main pillar of our activities as a general trading company, ITOCHU Corporation is continuously enhancing and improving its import and export controls. The Japanese government maintains strict trade-security under the Foreign Exchange and Foreign Trade Act in order to prevent the proliferation of weapons of mass destruction and conventional weapons. We have implemented a strict internal comprehensive trade-security control program so as to observe laws and regulations. Our internal program covers not only Japanese laws and regulations but also global security risks such as U.S. sanctions to ensure that we do not take part in business transactions that threaten international peace and security. Accordingly, ITOCHU recognizes that, as a responsible member of the global business community, we need to manage carefully potential risks associated with business operations in certain locations. In response to the growing importance of the corporate governance associated with global security risk, we have implemented corporate policies, procedures, and internal reporting structures to ensure that we perform rigorous, security-minded due diligence for global projects and transactions. The Compliance Program of ITOCHU is annually submitted to the Ministry of Economy, Trade and Industry of Japan as a company that has developed export control and an excellent management system. In addition, to properly conduct customs procedures for import and export, including import (payment of customs duty) declaration, we conduct internal customs examination

(monitoring), provide training for clearing and customs valuation control, and take a host of other measures under the internal control/management provisions and regulations, thereby ensuring full compliance with customs procedures, etc. We have also been providing information needed for developing new businesses, by providing training on Economic Partnership Agreements (EPAs), which will be used more widely by sales sections in the future. These measures have led to the director-general of Yokohama Customs certifying ITOCHU as an Authorized Economic Operator (AEO) (both Authorized Exporter and Authorized Importer), a title given to operators with outstanding compliance systems and security control.

Basic Policy and Efforts against Antisocial Forces

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

Insider Trading Regulations

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

Compliance

Perspectives on Information Management

ITOCHU Corporation has formulated “Information Security Policy (<https://www.itochu.co.jp/en/security/index.html>)” to provide guidance for all officers and employees on how to handle information with high security level. In addition, the “Information Management Regulations” for all officers and employees have also been established to set high level of information security, thereby providing a code of conduct to ensure the appropriate management of the information that is necessary in our activities. Specifically, we have established rules and standards regarding personal information management, document management and IT security to protect personal information and other confidential information and prevent their leakage.

Approach to Personal Information Protection

Recognizing that the appropriate management and protection of personal information is one of our responsibilities to society, we have established the “Personal Information Protection Policy.” We have also established the “Personal Information Management Regulations” for all officers and employees to establish rules regarding the appointment of person responsible for the management of personal information and the appropriate acquisition, use, provision, management and disposal of personal information. When any violation of laws or regulations related to personal information protection or company rules is identified, we take strict measures, including disciplinary actions, in accordance with our employment rules.

Furthermore, the ITOCHU Group Compliance Program, determined by the CAO who is the Chief Officer for Compliance, includes guidelines for dealing with the Act on the Protection of Personal Information as supplementary rules for the compliance program, and it stipulates response policies in the event of a leakage or the disclosure of personal information.

Monitor & Review Surveys on Personal Information Management

The ITOCHU Group regularly conducts monitor and review surveys on personal information management of ITOCHU Corporation and companies subject to compliance management, under the supervision of the Corporate Planning & Administration Division, IT & Digital Strategy Division, and the Legal Division. In the twelfth survey, which was conducted in FYE2024, the survey on personal information management systems of ITOCHU Corporation and 136 companies subject to compliance management was conducted from September to December 2023. Based on the results of the checks, we are determined to persist with the activities to encourage continued improvements at ITOCHU Corporation and its Group companies. At the same time, we have established a system and a support system for our operations using the advice and assistance of external lawyers.

Response to Compliance Incidents (Violations)

If any violation of laws, regulations or internal rules, including anti-corruption measures, is discovered or there is a risk of a violation occurring within any of the divisions within ITOCHU Corporation, its overseas offices or the companies subject to compliance management, the compliance officer in that organization will take the lead in addressing the matter, including internal investigations and identification of cause and measures to prevent recurrence, in accordance with the prescribed standards and procedures. Compliance-related incidents are reported to the CAO through the Compliance Department from the time they are discovered until the end of the incident is reported.

In addition, for serious compliance incidents that require consideration from a company-wide perspective, necessary investigations will be conducted at the direction of the CAO or at the request of the Compliance Department to clarify the facts and take appropriate action in accordance with the company regulations.

For officers and employees involved in violations of laws and regulations, including bribery, ITOCHU Corporation will verify whether or not internal disciplinary action is necessary in light of the internal regulations of each company (work rules, etc.) and, if necessary, after consulting and deliberating with related departments and experts inside and outside the company, we will take appropriate disciplinary action in accordance with the standards and procedures set out in the internal regulations.

ITOCHU Corporation considers the need to respond to, report to, and disclose to external parties, and takes appropriate action as necessary.

ITOCHU Corporation did not have any serious compliance violations (including cases related to the handling of customer personal information) requiring external disclosure in FYE2024.