ITOCHU started the medium-term management plan, “Brand-new Deal 2020,” in FYE 2019 and has accomplished and completed it one year ahead of schedule. With the business environment undergoing tumultuous changes, mainly due to the impact of COVID-19, we have formulated a single-year plan for FYE 2021, in which we will consolidate our footing by thoroughly instilling the “earn, cut, prevent” principles. In this way, we will spend this year on steadily preparing for another forward leap in the future.

Logic Tree of the FYE 2021 Management Plan

Earn
- Further enhance the strong earnings base
- Actively promote strategic investments in areas of strength and asset replacement in a timely manner
- Maintain high efficiency
- B/S control for maintaining A ratings

Cut
- Thoroughly instill “cutting” to create surplus sales capability throughout the Company
- Thoroughly review overall expenses and efficient usage (maximum effect for minimum expense)
- Reduce meetings and documentation through the market-oriented approach of administrative divisions by treating sales divisions as “markets”
- Control loss risk from businesses
- Thoroughly implement credit management and optimize inventory levels

Prevent
- Thoroughly carry out forward-looking “preventing” measures in response to the rapidly changing business environment
- Control loss risk from businesses
- Thoroughly implement credit management and optimize inventory levels

Specific Measures
- Achieve stable earning power from a business portfolio centered on the non-resource sector
- Capture new growth opportunities
- Further strengthen and expand existing businesses
- Continuous asset replacement for peaked-out or low-efficiency businesses
- Continuously implement the Medium- to Long-Term Shareholder Returns Policy
- Balance three factors (growth investments, shareholder returns, and control of interest-bearing debt)

Priority Measures
- Steadily advance sustainability initiatives
- Steadily advance sustainability initiatives
- Create businesses through development of environmentally friendly materials
- Promote initiatives of the coal-related business policy
- Set a CO2 reduction target
- Refine proprietary workstyle reforms further and pursue labor productivity improvements
- Make further improvements to governance effectiveness on a Groupwide basis
Relevance of Non-Financial Capital, Material Issues, and the SDGs

ITOCHU has identified its corporate mission of “Sampo-yoshi” which embodies its material sustainability issues and works to resolve material issues through its business. In this way, we maintain and expand our non-financial capital that we have accumulated by leveraging the trust and creditworthiness, and realize a sustainable increase in corporate value.

Indicates non-financial capital judged to have a particularly high relevance to material issues. We also recognize that trust and creditworthiness are strongly related to all of our material issues.
**Sustainability Initiatives for Sustained Corporate Value Creation**

ITOCHU conducts business globally under the Group corporate mission of “Sampo-yoshi,” our founding spirit. As such, we consider addressing global environmental and social issues to be one of the top priority issues in our management policy. We contribute to the realization of a sustainable society in order to achieve the goals of the Group Guideline of Conduct, “I am One with Infinite Missions.”

We have established the Basic Policy on Promotion of Sustainability in accordance with our corporate mission and the dynamic environment in which we operate, and promote initiatives in an organized and systematic manner. We have also determined our material issues, which are priority issues that we should resolve, and incorporated these into our Sustainability Action Plans. While maintaining and increasing our earning power, we will achieve both a sustainable increase in corporate value and resolving social issues through our trade and business investment activities.

**Sustainability Promotion Flow**

**Material Sustainability Issues**

<table>
<thead>
<tr>
<th>Material Sustainability Issues</th>
<th>Examples of Performance Indicators for Sustainability Action Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolve businesses through technological innovation</td>
<td>• Rebuild business through the application of AI, IoT, fintech, and other new technologies and services</td>
</tr>
<tr>
<td>Address climate change (contribute to realization of a low-carbon society)</td>
<td>• Develop an optimal asset portfolio that takes social requirements fully into consideration, including the transition to a low-carbon society</td>
</tr>
<tr>
<td>Cultivate a motivating workplace environment</td>
<td>• Promote initiatives aimed at increasing the renewable energy ratio of our power generation business more than 20% (equity interest basis) by FYE 2031</td>
</tr>
<tr>
<td>Respect human rights</td>
<td>• By FYE 2021, reduce average annual overtime hours by at least 10% compared to the period prior to the introduction of the Morning-Focused Working System</td>
</tr>
<tr>
<td>Contribute to healthier and more enriched lifestyles</td>
<td>• Reduce employees who leave work due to cancer or long-term illnesses at 0% by FYE 2021</td>
</tr>
<tr>
<td>Ensure stable procurement and supply</td>
<td>• Comply with societal and environmental maintenance and management standards throughout the entire Group’s supply chain</td>
</tr>
<tr>
<td>Maintain rigorous governance structures</td>
<td>•Announce a policy for sustainable palm oil procurement that takes into account business partners’ conditions, industry trends, and liaison with industry groups, and promote building of a structure for procurement and supply</td>
</tr>
</tbody>
</table>

Identification and Review of Material Issues

Since ITOCHU first identified material issues in 2013, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. In FYE 2019, when the previous medium-term management plan kicked off, we identified seven material issues based on the adoption of the SDGs, the Paris Agreement on climate change coming into effect, and other social developments and changes affecting business. In the FYE 2021 Management Plan, we continue to apply them.

Sustainability Promotion Framework

The Sustainability Management Department plans measures to advance sustainability. After these are decided by the CAO, they are carried out by each organization. The Sustainability Committee deliberates and makes decisions concerning formulation and revision of basic policies and important matters. Through dialogue with stakeholders such as the Advisory Board, we gain an understanding of society’s expectations and demands, etc., which we use in our efforts to promote sustainability.
Addressing Climate Change

ITOCHU uses the scenario analysis* in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to analyze the impact of climate change on the Group’s businesses and their continuity, and to build business strategies based on the various opportunities and risks associated with climate change. We use the “under 2°C” scenario mainly for businesses related to fossil fuels, which will be heavily impacted by transition risk arising from changes in policies, technologies, and markets following the transition to a low-carbon society. Meanwhile, we use the “around 4°C” scenario for businesses in the consumer-related sector, which will be heavily impacted by physical risk arising from increases in average temperatures and changes in weather patterns. In this way, the TCFD scenarios allow a well-balanced analysis covering all of our asset portfolio.

Taking the impacts from the above scenarios on each business into account, we will take appropriate steps to prepare for the future, and work to further enhance the continuity of our robust earnings base centered on our businesses in the consumer sector.

Risks and Opportunities

<table>
<thead>
<tr>
<th></th>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition risk</td>
<td>• Reduction in demand for fossil fuels due to business restrictions on</td>
<td>• Increase in renewable energy and other business opportunities which will contribute to alleviating climate change</td>
</tr>
<tr>
<td></td>
<td>GHG emissions</td>
<td>• Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather flexibly</td>
</tr>
<tr>
<td>Physical risk</td>
<td>• Damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons, and hurricanes)</td>
<td></td>
</tr>
</tbody>
</table>

Governance

Risk Management

Metrics and Targets

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Targets</th>
<th>FYE 2020 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption of Tokyo and Osaka headquarters, branches and offices in Japan, and other business facilities in Japan</td>
<td>Reduction of 30% compared with FYE 2011 levels in FYE 2021</td>
<td>Reduction of 44% compared with FYE 2011 levels</td>
</tr>
<tr>
<td>Average annual reduction of at least 1%</td>
<td>Reduction of 2.3% compared with FYE 2019 levels</td>
<td></td>
</tr>
<tr>
<td>Renewable energy ratio</td>
<td>More than 20% by FYE 2031</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Agreement with the TCFD Recommendations and Policy on Coal-Related Businesses

In May 2019, ITOCHU announced its endorsement of the TCFD recommendations after conducting a scenario analysis* based on the recommendations with regard to its power generation-related business with support from the Ministry of the Environment. At the same time, we also participated in the TCFD Consortium established by the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Financial Services Agency, as a body for promoting discussion and deliberation among companies and financial institutions supporting the TCFD mission. Our policy going forward is to continue analyzing the impacts of climate change on our overall business in line with the TCFD recommendations and to provide timely, appropriate disclosure of relevant information. Moreover, we recognize that the coal-related business has a particularly significant impact on our business and stakeholders. We therefore conducted scenario analysis an urgent priority, and in February 2019 announced a policy of neither developing any new coal-fired power generation business nor acquiring any new thermal coal mining interest.

We will conduct ongoing reviews and asset replacement with regard to our existing thermal coal mining business, while continuing to respond to social demand from customers in Japan and overseas for a stable supply of energy. At the same time, we will maintain our participation in technological research that contributes to reducing GHG emissions. Our goal in doing so is to contribute to the development of a sustainable society.

* Please see the website below for details on scenario analysis and business impact evaluation.
 Ministry of the Environment “Practical guide for Scenario Analysis in line with TCFD recommendations”:
Scenario Analysis

<table>
<thead>
<tr>
<th>Division Companies</th>
<th>Machinery</th>
<th>Metals &amp; Minerals</th>
<th>Energy &amp; Chemicals</th>
<th>Food</th>
<th>General Products &amp; Realty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Power Generation</td>
<td>Coal</td>
<td>Oil &amp; Gas Upstream Business Development</td>
<td>Dole</td>
<td>Pulp</td>
</tr>
</tbody>
</table>

Main risks

- Transition risk*
  - The impact under the “around 4˚C” scenario on businesses with a significant transition risk is limited.

Physical risk

Business environment

<table>
<thead>
<tr>
<th>4˚C</th>
<th>&lt;2˚C</th>
<th>4˚C</th>
<th>&lt;2˚C</th>
<th>4˚C</th>
<th>&lt;2˚C</th>
<th>4˚C</th>
<th>&lt;2˚C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Policies and efforts

- We will implement irrigation and grow revenue by increasing the number of new renewable energy plants.
- We will not develop any new coal-fired power generation businesses.

- In the “under 2˚C” scenario, use of fossil fuels will be reduced as a result of technological innovation and changes in regulatory trends, but demand for high-grade coal, which has a relatively lower environmental impact, will remain at a certain level.

- We will examine a business portfolio that anticipates an increase in demand in the new energies field (e.g., biofuels).

- We will conduct on-site monitoring to examine measures before the impact of climate change becomes significant.

- We will partially increase revenue due to an increase in pulp production output in some afforestation areas where production output is expected to expand under the “around 4˚C” scenario. Nevertheless, our analysis shows that our overall revenue will decrease due to the impact of the reduction in production output in most afforestation areas with the rise in the average global temperature.

- We will continue to review it and contribute to the development of a sustainable society while responding to the social demands of stable supply of energy to customers in Japan and overseas.

- We will continue to be involved in the development of technologies to contribute to reduction of GHG emissions, including carbon capture and storage (CCS) and carbon capture and utilization (CCU).

- We will diversify production areas (expand production in Sierra Leone).

- We will fully implement irrigation as necessary.

- We will examine a selection of varieties to respond to climate change.

- We will conduct on-site monitoring to examine measures before the impact of climate change becomes significant.

* The impact under the “around 4˚C” scenario on businesses with a significant transition risk is limited.
Sustainability in the Value Chain

ITOCHU understands that on top of realizing the stable and sustainable procurement and supply of raw materials, it must also respond appropriately to environmental and human rights risks in its increasingly wide-ranging and complex supply chains. Through dialogue with stakeholders, we will work to achieve even greater transparency across the entire supply chain, including suppliers and customers, and make efforts on risk management.

Risks and Opportunities

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Decrease in creditworthiness when safety and health issues occur for consumers and service users</td>
<td>• Increase in demand for food safety and security as well as health promotion</td>
</tr>
<tr>
<td></td>
<td>• Building of a secure and stable product supply system through consideration for human rights and improvement of working environments in the supply chain</td>
</tr>
<tr>
<td></td>
<td>• Acquisition of customer trust and creation of new businesses through stable supply of environmentally friendly resources and materials</td>
</tr>
</tbody>
</table>

Food Supply Chain in the COVID-19 Pandemic

Our supply chain is growing more wide-ranging and complex as our business domains expand, making it more important to manage risks in raw materials procurement and in our supply chains related to human rights, working environment, and other aspects. For example, in the Food Company, we are promoting sustainable purchasing activities over the long term, mainly in upstream businesses such as palm oil, marine products, dairy products, fresh meat, and coffee. These efforts include participation in international certification organizations and initiatives to increase the procurement ratio of certified products, and through initiatives to promote greater supply chain transparency utilizing blockchains.

Initiatives and Systems Supporting Sustainable Growth

- Decrease in creditworthiness when safety and health issues occur for consumers and service users
- Increase in demand for food safety and security as well as health promotion
- Building of a secure and stable product supply system through consideration for human rights and improvement of working environments in the supply chain
- Acquisition of customer trust and creation of new businesses through stable supply of environmentally friendly resources and materials

Initiatives in the Supply Chain Going Forward

As a general trading company that operates businesses globally, ITOCHU takes essential measures to fulfill its responsibilities to reduce the risk of human rights violations in its supply chain and provide a stable supply of goods to support people’s lives. Specifically, we will reiterate the Sustainability Action Guidelines for Supply Chains* and continue to implement annual sustainability inspections at our suppliers in an effort to ascertain their true status.

Looking ahead, we plan to build processes for conducting more thorough human rights due diligence to identify and assess risks, and to remedy them.

ESG Risk Evaluation in Business Investment

ITOCHU carries out comprehensive ESG risk evaluations when making business investment decisions by using an ESG checklist and making on-site visits after executing investments. These are part of our efforts to ascertain ESG risks for business investments and take preventative actions. Furthermore, the ESG risk evaluation process is continuously reviewed and improved within the Company’s sustainability management system framework based on ISO 14001 as a means of reducing risks related to business investments.

ESG Risk Evaluation of New Business Investment Projects

When making new business investments, we use the ESG checklist for investments to conduct a thorough due diligence check of the status of the business investee’s sustainability promotion system and CSR policy, as well as the risks of significant adverse effects on the environment, violations of laws and ordinances, and complaints from stakeholders. This checklist consists of 33 check items, including the elements of the seven core subjects* in ISO 26000. With this checklist, the division making the application (sales department) is required to refer to reviews based on risk analysis from relevant administrative organizations, and to request additional due diligence from external specialist organizations on areas of concern that require an expert opinion, such as soil pollution surveys for building construction. The project is then only undertaken upon confirming that there are no problems in those results.

Group Company Fact-Finding Investigations

We have continued to conduct on-site visits and surveys in Group companies since 2001 to prevent environmental pollution. We visited and surveyed two Group companies in FYE 2020, working with external experts upon consideration for the environmental and social risks of each company. (We completed investigations into a total of 285 offices as of the end of March 2020.)

In these investigations, we conduct wide-ranging inspections such as the factory and warehouse facilities, the situation of drainage to rivers, compliance with environmental laws and regulations, consideration for labor safety and human rights, and communication with the local community in addition to holding a Q&A session with management. We also identify problems and present preventative measures, and check to see whether the situation has been corrected afterwards.

In January 2020, we visited and surveyed Dole Philippines Inc., which manufactures canned pineapple. Based on the insights of an external expert with detailed knowledge of local laws and regulations, we carefully checked the status of soil pollution, waste, and compliance with laws and regulations to confirm that these are being managed properly.

We also confirmed that the company is actively engaged in on-site biomass power generation and making donations to local schools, among other activities.

Increasing Labor Productivity by Building a Companywide Integrated Data Infrastructure

The Company has radically overhauled its mission-critical systems looking ahead to the full-scale arrival of the era of Digital Transformation. As part of this, we have built a Companywide integrated data infrastructure that will improve the speed and flexibility of business data analysis. In addition to accounting data, the system also aggregates all data concerning sales transactions of the eight Division Companies, logistics data, and external data such as stock prices. This enables the provision of reports and business data in accordance with front-line needs. In conjunction with this, we have established the Business Intelligence Competency Center (BICC) as a dedicated organization for providing assistance with data analysis and use within the IT Planning Division under the Chief Digital & Information Officer. It will support flexible use of data to enable all sales departments to “evolve businesses through technological innovation,” which has been identified as a material issue for the Company. The IT Planning Division will support increased efficiency and productivity of management using technology, while supporting thorough implementation of the merchant principles of “earn, cut, prevent.”

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

One of ITOCHU’s most important attributes is that it advocates the “creation of company environments that are strict but rewarding” and its management is committed to realizing these environments. By clearly positioning a human resource strategy consisting of various measures as a management strategy, we elicit the maximum “individual capabilities” from our employees, who are the driving force behind the functioning of ITOCHU’s business models. As a result, we have steadily increased labor productivity at ITOCHU with the smallest headcount among major general trading companies on a non-consolidated basis.

In addition, by raising their awareness of participation in management, we encourage employees to unite their “individual capabilities,” an ITOCHU strength, and align themselves in the direction of management. This is a further driving force for the virtuous cycle that leads to sustainable increases in corporate value. We plan to introduce additional measures that will strengthen this cycle even more.

**OUTCOME**

**Number of ITOCHU Employees and Consolidated Net Profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
<th>Consolidated Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>7,500</td>
<td>300.0</td>
</tr>
<tr>
<td>2002</td>
<td>7,600</td>
<td>500.0</td>
</tr>
<tr>
<td>2003</td>
<td>7,700</td>
<td>700.0</td>
</tr>
<tr>
<td>2004</td>
<td>7,800</td>
<td>900.0</td>
</tr>
<tr>
<td>2005</td>
<td>7,900</td>
<td>1,100.0</td>
</tr>
<tr>
<td>2006</td>
<td>8,000</td>
<td>1,300.0</td>
</tr>
<tr>
<td>2007</td>
<td>8,100</td>
<td>1,500.0</td>
</tr>
<tr>
<td>2008</td>
<td>8,200</td>
<td>1,700.0</td>
</tr>
<tr>
<td>2009</td>
<td>8,300</td>
<td>1,900.0</td>
</tr>
<tr>
<td>2010</td>
<td>8,400</td>
<td>2,100.0</td>
</tr>
<tr>
<td>2011</td>
<td>8,500</td>
<td>2,300.0</td>
</tr>
<tr>
<td>2012</td>
<td>8,600</td>
<td>2,500.0</td>
</tr>
<tr>
<td>2013</td>
<td>8,700</td>
<td>2,700.0</td>
</tr>
<tr>
<td>2014</td>
<td>8,800</td>
<td>2,900.0</td>
</tr>
<tr>
<td>2015</td>
<td>8,900</td>
<td>3,100.0</td>
</tr>
<tr>
<td>2016</td>
<td>9,000</td>
<td>3,300.0</td>
</tr>
<tr>
<td>2017</td>
<td>9,100</td>
<td>3,500.0</td>
</tr>
<tr>
<td>2018</td>
<td>9,200</td>
<td>3,700.0</td>
</tr>
<tr>
<td>2019</td>
<td>9,300</td>
<td>3,900.0</td>
</tr>
<tr>
<td>2020</td>
<td>9,400</td>
<td>4,100.0</td>
</tr>
</tbody>
</table>

**Company ranking among job-seekers:** No. 1*


Our Understanding of the Environment

2030 problem ➞ Labor shortage, more frequent job changes

In 2030, a labor shortage of 6.44 million people*

* Source: “Labor Market Outlook 2030,” by PERSOL RESEARCH AND CONSULTING Co., Ltd., and Chuo University

**Continuously Develop Employee Capabilities**

<table>
<thead>
<tr>
<th>Continuously Develop Employee Capabilities</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing the Number of Chinese-Speaking Employees (from FYE 2016)</td>
<td>Expand our foundations in China and other parts of Asia, which are our areas of strength</td>
</tr>
<tr>
<td>• Increase the number of Chinese-speaking employees to 1,000, or around one third of career-track employees</td>
<td>In FYE 2018, met the target of having 1,231 employees with Chinese-language qualifications; figure increased to 1,231 employees in FYE 2020</td>
</tr>
<tr>
<td>• Provide overseas training in the Chinese language</td>
<td>Implementing programs to maintain or increase Chinese-language proficiency</td>
</tr>
<tr>
<td>Hyoids Dormitory (from FYE 2019)</td>
<td>Create personal networks that surpass the boundaries of age and department, and build a robust organization</td>
</tr>
<tr>
<td>• Foster the development of, and a sense of unity among, young employees</td>
<td>Encourage the passing on of a free-spirited corporate culture</td>
</tr>
</tbody>
</table>

**Initiatives to Support the Career Development of Female Employees**

<table>
<thead>
<tr>
<th>Initiatives to Support the Career Development of Female Employees</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Next-Generation Managers</td>
<td>Two female Outside Directors, two female Executive Officers</td>
</tr>
<tr>
<td>• Various types of career training</td>
<td>27 female corporate officers and divisional managers (of whom one is president of an overseas subsidiary)</td>
</tr>
<tr>
<td>• Sending to external training sessions</td>
<td>Percentage of female career-track employees: 10.0%</td>
</tr>
<tr>
<td>• Preparation of individual career plans</td>
<td>Percentage of women in management positions: 8.1%</td>
</tr>
<tr>
<td>Establishing Environments That Provide Job Satisfaction to Female Employees</td>
<td>Female career-track employees with overseas experience: 76.0% (Figure excludes employees in their first four years of employment, as employees are in principle not sent overseas during this training period.)</td>
</tr>
<tr>
<td>• Allowing employees stationed overseas to bring children with them but without spouse</td>
<td></td>
</tr>
<tr>
<td>• Re-employment system</td>
<td></td>
</tr>
<tr>
<td>• Promotion of awareness of active female participation through organizational leadership training</td>
<td></td>
</tr>
</tbody>
</table>
Increase Awareness of Participation in Management (Shared Value with Shareholders)

Shareholder-Conscious Stock Compensation Scheme

To achieve sustainable increases in corporate value, we believe it is important for employees, in addition to the management team, to take part in management. We have encouraged participation in our employee shareholding association, and the participation level reached almost 100% in FYE 2019. Going further, in FYE 2020 we used this association to introduce a stock compensation scheme. Under this scheme, we pay special incentives when the Company’s performance reaches a certain level, granting shares as consideration.

Cultivate a Motivating Workplace Environment

Create a Rewarding Workplace Environment

<table>
<thead>
<tr>
<th>Initiative</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning-Focused Working System (from FYE 2014)</td>
<td>• Shift from the tendency to work late-night to morning-focused working style</td>
</tr>
<tr>
<td>• In principle, prohibit work after 8:00 p.m., and encourage to work in early morning (from 5:00 a.m. to 8:00 a.m.)</td>
<td>• Improve operating efficiency and use time more effectively (self-improvement, etc.)</td>
</tr>
<tr>
<td>• Offer free breakfast</td>
<td>• Reduce overtime work, correcting the issue of long working hours</td>
</tr>
<tr>
<td>• Provide a higher wage rate for people who start work before 8:00 a.m.</td>
<td>• By reducing overtime pay and taxi fares, almost no change in net costs even though providing free breakfast</td>
</tr>
<tr>
<td>• Extend morning training options, such as Morning Activity Seminars</td>
<td></td>
</tr>
<tr>
<td>Dress-down Days (from FYE 2018)</td>
<td>• By encouraging employees to think more about their clothing, promote employees to actively have interests in various things and foster an environment conducive to new ideas</td>
</tr>
<tr>
<td>• Create an environment that encourages flexible thinking</td>
<td></td>
</tr>
<tr>
<td>• Allow employees to work in casual clothing from Tuesday through Friday (every day in summer)</td>
<td></td>
</tr>
</tbody>
</table>

Results of Morning-Focused Working System

<table>
<thead>
<tr>
<th></th>
<th>Before introduction</th>
<th>One year after introduction</th>
<th>FYE 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaving the Office**</td>
<td>8:00 p.m. or after</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>8:00 p.m. or after</td>
<td>10%</td>
<td>almost 0%</td>
</tr>
<tr>
<td>Entering the Office*</td>
<td>8:00 a.m. or before</td>
<td>20%</td>
<td>34%</td>
</tr>
<tr>
<td>Hours of overtime work**</td>
<td>--</td>
<td>(7%)</td>
<td>9(%)</td>
</tr>
<tr>
<td>Cost per month (Overtime pay + cost of breakfast)**</td>
<td>--</td>
<td>--</td>
<td>almost no change</td>
</tr>
<tr>
<td>Usage of paid holidays**</td>
<td>--</td>
<td>--</td>
<td>increase of 10%</td>
</tr>
</tbody>
</table>

*1 % of people in the headquarters
*2 Compared with the level before we introduced the Morning-Focused Working System

FYE 2019 Engagement Survey** Results (Main Items)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Affirmative response rate</th>
<th>Compare with global average**</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU considers employees important and takes them into consideration</td>
<td>80%</td>
<td>+17%</td>
</tr>
<tr>
<td>ITOCHU places importance on customers</td>
<td>80%</td>
<td>+5%</td>
</tr>
<tr>
<td>ITOCHU calls for the achievement of high levels of success</td>
<td>91%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

*1 Next survey scheduled for FYE 2023 (conducted every four years)
*2 Global average of 330 enterprises and 6.7 million employees

Improve Employee Health

Establishment of the ITOCHU Health Charter (from FYE 2017)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Measures for Balancing Cancer Care and Work (from FYE 2018)</td>
<td>• Maintain and increase employee motivation and sense that work is worthwhile</td>
</tr>
<tr>
<td>• Hold regular special checkups through a cooperation with the National Cancer Center Research Institute</td>
<td>• Create an environment where employees can feel secure and devote their full attention to work</td>
</tr>
<tr>
<td>• Reflect the balance between treatment and work tasks in individual performance reviews</td>
<td>• Reduce uncertainty about the future</td>
</tr>
<tr>
<td>• Provide full Company assistance for expenses for advanced cancer treatment</td>
<td>• Nearly 100% screening among people targeted for cancer screening</td>
</tr>
<tr>
<td>• Provide schooling and work support for bereaved family members</td>
<td>• Held a total of three internal seminars themed on cancer, with more than 1,000 participants</td>
</tr>
<tr>
<td></td>
<td>• Strengthen the organizational capabilities</td>
</tr>
</tbody>
</table>
Transition of the Corporate Governance System

ITOCHU aims to continuously improve the effectiveness and transparency of its corporate governance system, a foundation that supports sustainable increases in economic and social value under its new “Sampo-yoshi” Group corporate mission.

Design of Effective Organizations and Systems with Strong Awareness of Corporate Value Improvement

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Actions Taken</th>
</tr>
</thead>
</table>
| • Maintenance and improvement of the effectiveness of the Board of Directors and improvement of Group governance system | • Maintain the ratio of female Directors at 20%  
• Improve the governance structure of listed subsidiaries |
| • Further improvement of the effectiveness of the Board of Directors | • Maintain the ratio of Outside Directors to more than one-third at any time  
• Further improve the diversity of Outside Directors  
• Achieve ratio of 20% of female Directors on the Board of Directors (in addition, two female Executive Officers (non-Director)  
• Formulate ITOCHU’s Policy on the Governance of its Listed Subsidiaries  
• Reorganized the Nomination Committee (Majority members of both the Governance and Remuneration Committee and the Nomination Committee are outside executives) |
| • Transition to a Management Structure with a CEO & CITIC Operations | • Transition to a Board of Directors with a monitoring-focused structure  
• Increase in the ratio of Outside Directors to at least one-third  
• No Directors except one Division Company President appointed to concurrent positions |
| • Transition to a Board of Directors with a monitoring-focused structure | • Increase in the number of Outside Directors from two to three  
• Reorganized the Governance and Remuneration Committee and the Nomination Committee (appointing Outside Directors as chairman and accounting Outside executive half or more of members) |
| • Response to Japan’s Corporate Governance Code  
• Establishment of the Governance and Remuneration Committee and the Nomination Committee | • Appointment of two Outside Directors |
| • Introduction of Executive Officer System | • To strengthen the Board of Directors’ supervision function and increase transparency  
• To increase the effectiveness of the supervision of management and improve the transparency of decision-making  
• To strengthen decision-making and supervisory functions of the Board of Directors |

History of Changes in the Corporate Governance System

Aiming for Long-Term Increases in Corporate Value

Since being appointed as an Outside Director of ITOCHU, I have served as a member of the Governance and Remuneration Committee, and I also chaired the same committee in FYE 2019 and FYE 2020, fulfilling my role as Outside Director through deep involvement in changing the Company’s corporate governance for the better. During my tenure, I have experienced major changes as the Board of Directors transitioned to a monitoring-focused structure. Thereafter, the Company’s corporate governance system has steadily improved with each passing year, including an increase in the ratio of Outside Directors to 40%.

The Corporate Officer remuneration system, one of the major topics of discussion by the Governance and Remuneration Committee, is designed to reflect in the remuneration of each Corporate Officer’s role and contribution to performance, with the aim of winning the trust of shareholders and other stakeholders.

There is no goal for advancing corporate governance. Therefore, we continue to seek to create an even better system through constant revisions in response to the rapidly changing external business environment. In FYE 2021, as the Chairman of the Nomination Committee, I will work to improve ITOCHU’s corporate value by strengthening the Company’s corporate governance system through examining succession plans, an important corporate governance issue for the Company, and through discussions about personnel matters relating to Board Members.

Atsuko Muraki

Outside Director

Ms. Muraki assumed a position as member of the Board of Directors at ITOCHU in June 2016, after serving as Vice Minister of Health, Labour and Welfare. She served as Chairman of the Governance and Remuneration Committee in FYE 2020, leading discussions regarding Corporate Officer remuneration, etc. She has provided many helpful suggestions concerning internal control, compliance, deploying personnel, and strengthening organizations.

Initiatives and Systems Supporting Sustainable Growth
### Constant Improvement

<table>
<thead>
<tr>
<th>Internal Directors</th>
<th>Outside Directors</th>
<th>Ratio of Outside Directors</th>
<th>Ratio of Female Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>4</td>
<td>40% (4 out of 10 Directors)</td>
<td>20% (2 out of 10 Directors)</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>40% (4 out of 10 Directors)</td>
<td>20% (2 out of 10 Directors)</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>38% (3 out of 8 Directors)</td>
<td>13% (1 out of 8 Directors)</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>44% (4 out of 9 Directors)</td>
<td>11% (1 out of 9 Directors)</td>
</tr>
<tr>
<td>11</td>
<td>3</td>
<td>21% (3 out of 14 Directors)</td>
<td>7% (1 out of 14 Directors)</td>
</tr>
</tbody>
</table>

**Arrangements for lively discussions of the Board of Directors**
Proactive sharing of information with Outside Directors

**Improvement in Group governance system**
Announcement and steady application of governance policies for listed subsidiaries

**Incentives for earnings growth**
Fair and well-balanced Corporate Officer remuneration system, highly linked to business performance

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**Harufumi Mochizuki**

Outside Director

Mr. Mochizuki was appointed as an Audit & Supervisory Board Member of ITOCHU in June 2014 and a Director in June 2017, following a position as the Vice Minister of Economy, Trade and Industry. In FYE 2020, he served as the Chairman of the Nomination Committee, and led deliberations on the appointment and dismissal of key management members and succession plans. He provides many beneficial and broad-minded suggestions on topics including internal control, compliance, and next-generation businesses.

### Ensuring and Improving Transparency of Decision-Making

There are always many number of options and directions to consider when making business decisions. I believe the primary role of Outside Directors in corporate governance is to maintain an objective and comprehensive perspective and examine whether all the necessary factors have been considered, such as various possibilities and accompanying risks, and voice opinions to the management team. I am confident that steps to ensure and improve the transparency and fairness of decision-making at ITOCHU have led to even better management, as Outside Directors give management their frank opinions based on their specialized knowledge and diverse backgrounds, while management carefully listen to these opinions.

Succession plans for management are one of the most important issues for maintaining and improving the effectiveness of corporate governance at ITOCHU. During my tenure as the Chairman of the Nomination Committee for two years since FYE 2019, we periodically discussed succession plans, and had lively conversations about the “ideal” manager as he or she is pressured to make bold decisions, and policies for grooming successors. In FYE 2020, we worked on having more practical discussions by taking a more flexible approach to meetings, such as creating opportunities for only Outside Directors on the committee to have discussions.
Overview of ITOCHU’s Corporate Governance and Internal Control System

As a company with Audit & Supervisory Board Members (Audit & Supervisory Board), ITOCHU is always implementing measures to strengthen management supervision. After transitioning to a monitoring-focused Board of Directors in FYE 2018, the Company increased the ratio of Outside Directors to at least one-third, and intends to maintain this ratio. As advisory committees to the Board of Directors, the Governance and Remuneration Committee and the Nomination Committee have been established with an Outside Director as the Chairman and Outside Directors forming a majority of members.

ITOCHU’s Inside Directors are nominated from a pool of personnel who have abundant business experience and general knowledge about the management of general trading companies. Outside Directors are appointed from a pool of diverse candidates who have expertise in certain fields. Furthermore, Outside Audit & Supervisory Board Members are selected from candidates who have extensive knowledge in finance, accounting, or legal affairs. They facilitate the neutral and objective supervision and oversight of the Company’s management.

The following outlines ITOCHU’s corporate governance system, the role of each Outside Director and Outside Audit & Supervisory Board Member, and their primary fields of expertise.

Overview of ITOCHU’s Corporate Governance and Internal Control System

(As of June 19, 2020)

<table>
<thead>
<tr>
<th>Principal Internal Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Committee Name</strong></td>
</tr>
<tr>
<td>Internal Control Committee</td>
</tr>
<tr>
<td>Disclosure Committee</td>
</tr>
<tr>
<td>ALM Committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Chairman</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance Committee</td>
<td>CAO</td>
<td>Deliberates on issues related to compliance</td>
</tr>
<tr>
<td>Sustainability Committee</td>
<td>CAO</td>
<td>Deliberates on issues related to sustainability and ESGs (excluding governance)</td>
</tr>
<tr>
<td>Investment Consultative Committee</td>
<td>CFO</td>
<td>Deliberates on issues related to investment and financing</td>
</tr>
<tr>
<td>New Headquarters Project Committee</td>
<td>CAO</td>
<td>Deliberates on issues related to the new Tokyo headquarters project</td>
</tr>
</tbody>
</table>

*1 CEO=Chief Executive Officer  COO=Chief Operating Officer  CSO=Chief Strategy Officer  CAO=Chief Administrative Officer  CFO=Chief Financial Officer  CDO & CIO=Chief Digital & Information Officer  HMC=Headquarters Management Committee  ALM=Asset Liability Management
*2 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.
### Composition of the Governance and Remuneration Committee and the Nomination Committee

(As of June 19, 2020)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Governance and Remuneration Committee*1</th>
<th>Nomination Committee*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masahiro Okajfuji</td>
<td>Chairman &amp; CEO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yoshitsusa Suzuki</td>
<td>President &amp; COO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fumihiko Kikkayoshi</td>
<td>Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atsuko Muraki</td>
<td>Outside Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harufumi Mochizuki</td>
<td>Outside Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masatoshi Kawana</td>
<td>Outside Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Makiko Nakamori</td>
<td>Outside Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shuzaburo Tsuchishashi</td>
<td>Audit &amp; Supervisory Board Member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Makoto Kyoda</td>
<td>Audit &amp; Supervisory Board Member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shingo Majima</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kentaro Uryu</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kotaro Ohno</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(7 members) (7 members)

*1 The Governance and Remuneration Committee deliberates and advises on proposals related to the remuneration system for Directors and Executive Officers and other matters on corporate governance.

*2 The Nomination Committee deliberates and advises on proposals related to nomination and dismissal of Executive Officers, nomination of candidates for Directors and Audit & Supervisory Board Members, dismissal of Directors and Audit & Supervisory Board Members, and appointment and dismissal of responsible Directors and officers.

*3 Shuzaburo Tsuchishashi, Audit & Supervisory Board Member, attends as an observer.

### Principal Specialized Area of Experience of Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Length of services *1</th>
<th>Principal specialized area of experience</th>
<th>Main career history &amp; qualifications, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atsuko Muraki</td>
<td></td>
<td>4 years</td>
<td>All aspects of management, Overseas assignment (Global)</td>
<td>Vice Minister of Health, Labour and Welfare</td>
</tr>
<tr>
<td>Harufumi Mochizuki</td>
<td></td>
<td>3 years</td>
<td>(North America / Europe)</td>
<td>Vice Minister of Economy, Trade and Industry</td>
</tr>
<tr>
<td>Masatoshi Kawana</td>
<td></td>
<td>2 years</td>
<td>(North America)</td>
<td>Vice President of Tokyo Women’s Medical University Hospital, Doctor of Medicine</td>
</tr>
<tr>
<td>Makiko Nakamori</td>
<td></td>
<td>1 year</td>
<td></td>
<td>Served as outside director and audit &amp; supervisory board member at several companies including ITOCHU Techno-Solutions Corporation, Certified Public Accountant</td>
</tr>
</tbody>
</table>

### Principal Specialized Area of Experience of Outside Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Length of services *1</th>
<th>Principal specialized area of experience</th>
<th>Main career history &amp; qualifications, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shingo Majima</td>
<td></td>
<td>7 years</td>
<td>(North America)</td>
<td>Executive Director of Chup University, Senior Partner, KPMG LLP, Certified Public Accountant in Japan and the U.S. (New York State)</td>
</tr>
<tr>
<td>Kentaro Uryu</td>
<td></td>
<td>5 years</td>
<td>(Asia)</td>
<td>Managing Partner, URYU &amp; TOMIYA, Attorney-At-Law</td>
</tr>
<tr>
<td>Kotaro Ohno</td>
<td></td>
<td>3 years</td>
<td></td>
<td>Prosecutor General, Vice Minister of Justice, Attorney-At-Law</td>
</tr>
</tbody>
</table>

*1 Number of full years of service as of June 30, 2020

*2 Harufumi Mochizuki served for three years as an Audit & Supervisory Board Member before being appointed as an Outside Director.
Maintaining and Improving the Effectiveness of the Board of Directors

Procedure for Evaluation of the Board of Directors and Evaluation by External Consultant in FYE 2020

For the purpose of maintaining and improving the effectiveness of the Board of Directors, ITOCHU conducts an evaluation of the effectiveness of the Board of Directors. We have confirmed its effectiveness based on the results of the evaluation in FYE 2020.

Based on the results of this evaluation, ITOCHU will continue to examine measures to improve diversity among Outside Directors and strive to enhance discussions of major topics at meetings of the Board of Directors.

Respondents

All 10 Members of the Board and 5 Audit & Supervisory Board Members in FYE 2020

Evaluation method

| Step 1 | Enlist external consultants to conduct questionnaires and interview all members (anonymous responses) |
| Step 2 | Conduct independent evaluation of respondents’ answers by external consultants |
| Step 3 | With consideration for the results of the evaluation by external consultants, hold deliberations by the Governance and Remuneration Committee |
| Step 4 | Conduct analysis and evaluation by the Board of Directors |

Questions

Centered on items related to following five sections:
- Structure of the Board of Directors
- Role and duties of the Board of Directors
- Operation status of the Board of Directors
- Information provision and training for Members of the Board and Audit & Supervisory Board Members

Evaluation by external consultant

- In addition to scores improving in the majority of the questionnaires, the effectiveness of the Board of Directors has made further progress through means including:
  1. Progress in external form such as improvement of diversity and the structure of advisory committees
  2. Inauguration of discussions in the Board of Directors through improvements in proceedings and operation of meetings
  3. Enhancement of information sharing
- With regard to the operation of the Board of Directors based on the transition to a Monitoring-Focused Structure, which was recognized as an ongoing issue in the previous evaluation, discussions were held with the goal of improving medium- to long-term corporate value, which ITOCHU seeks in its management strategy and corporate mission, and steady progress was observed
- As remaining issues, there is a need for initiatives to address:
  1. Further diversity in the Board of Directors
  2. Further enhancement of medium- to long-term discussions in the Board of Directors
  3. The strengthening of provision of information to Outside Directors and Outside Audit & Supervisory Board Members

Initiatives for More Constructive Discussions

ITOCHU takes various steps to ensure the Board of Directors can have more lively discussions by deepening the understanding of the Outside Directors and Outside Audit & Supervisory Board Members of the overall state of operations and issues pertaining to its diverse businesses as a general trading company.

For example, in preliminary briefings about proposals for meetings of the Board of Directors, we endeavor to provide useful information and clear, detailed briefings about the specifics and backgrounds of each proposal in order to deepen the understanding of Outside Directors and Outside Audit & Supervisory Board Members on perspectives and key points that should be discussed. The Corporate Planning & Administration Division is in charge of leading the preliminary briefings with explanations of not only the details of each proposal, but also their position in overall management, for the purpose of facilitating the exchange of essential opinions based on the actual conditions of the ITOCHU Group.

Moreover, opportunities to visit business sites at subsidiaries and affiliates inside and outside Japan are periodically created. The aim is to increase the effectiveness of the Board of Directors by having Outside Directors and Outside Audit & Supervisory Board Members directly exchange opinions with management teams, engage in dialogue with employees, and see firsthand the products and services offered.

Major Topics Discussed by the Board of Directors in FYE 2020

1. Revisions to the Group corporate mission
2. Organizational reforms (establishment of The 8th Company)
3. Governance policies for listed subsidiaries
4. Reform of the Nomination Committee
5. Short-term management plan

Visit to Via Transportation, Inc. in the U.S.  Tour of MASTER-HALCO, Inc. plant in the U.S.
ITOCHU’s Policy on the Governance of Its Listed Subsidiaries

Generating Synergies While Ensuring Autonomy

Significance of holdings of listed subsidiaries includes the increases in transactions based on the reputation, credibility and an independent standpoint away from ITOCHU, as well as the expansion of synergies within the Group, including with ITOCHU.

In October 2019, ITOCHU announced the following policies regarding listed subsidiaries in light of the growing interest of shareholders and institutional investors in parent-subsidiary listings, based on the idea that ITOCHU appropriately protecting the interests of general shareholders in listed subsidiaries would ultimately increase the corporate value of the listed subsidiaries.

1. In case that there is a listed subsidiary in the ITOCHU Group, ITOCHU respects the autonomy of the listed subsidiary and prohibits any acts that contradict the principle of shareholder equality.

2. In particular, with the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of the listed subsidiary and in order to secure the independent decision-making of the listed subsidiary, we request the listed subsidiary to set up the governance structure under which the independent outside directors of the listed subsidiary are well functioned.

3. With respect to the listed subsidiary, ITOCHU will perform its accountability as to the rationale to maintain the listed parent-subsidiary relationship as well as the effectiveness of the governance structure of the listed subsidiary.

State of Governance Systems at Listed Subsidiaries

ITOCHU requires that its listed subsidiaries (1) have independent outside directors for at least one-third of its directors, (2) establish independent advisory committees for their board of directors, and (3) have independent outside members for a majority on their audit & supervisory boards. At the listed subsidiaries shown below, governance systems have been put into place that mostly satisfy these requirements.

<table>
<thead>
<tr>
<th>Division Company</th>
<th>Company name</th>
<th>(1) Ratio of independent outside directors Directors</th>
<th>Outside directors</th>
<th>(2) Advisory committees for the board of directors</th>
<th>(3) Ratio of independent outside audit &amp; supervisory board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Chemicals</td>
<td>ITOCHU ENEX CO., LTD.</td>
<td>5</td>
<td>3</td>
<td>Governance Committee 38% (3 out of 8 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
<tr>
<td></td>
<td>C.I. TAKIRON Corporation</td>
<td>5</td>
<td>3</td>
<td>Nomination / Remuneration Committee 38% (3 out of 6 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
<tr>
<td>Food</td>
<td>ITOCHU-SHOKUHIN Co., Ltd.</td>
<td>6</td>
<td>3</td>
<td>Governance Committee 33% (3 out of 9 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
<tr>
<td></td>
<td>Prima Meat Packers, Ltd.</td>
<td>3</td>
<td>2</td>
<td>Management Advisory Committee 40% (2 out of 5 directors)</td>
<td>33% (1 out of 3 members)</td>
</tr>
<tr>
<td>ICT &amp; Financial Business</td>
<td>ITOCHU Techno-Solutions Corporation</td>
<td>4</td>
<td>2</td>
<td>Nomination Committee - Remuneration Committee - Governance Committee 33% (2 out of 6 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
<tr>
<td></td>
<td>CONEXIO Corporation</td>
<td>5</td>
<td>3</td>
<td>Nomination / Remuneration Committee - Governance Committee 38% (3 out of 6 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
<tr>
<td>The 8th</td>
<td>FamilyMart Co., Ltd.*</td>
<td>8</td>
<td>4</td>
<td>Remuneration Committee 33% (4 out of 12 directors)</td>
<td>50% (2 out of 4 members)</td>
</tr>
</tbody>
</table>

* The ITOCHU Group announced on July 8 2020 a tender offer for shares in FamilyMart Co., Ltd. for the purpose of delisting the company.
Corporate Officer Remuneration

A Highly Transparent Remuneration Plan Linked to Corporate Value

ITOCHU’s remuneration plan for Directors is designed to be an incentive to grow business performance. Every fiscal year, the Board of Directors passes a resolution on Director remuneration based on the deliberations of the Governance and Remuneration Committee, an advisory committee to the Board of Directors.

Performance-linked bonus has a high proportion of overall remuneration. This percentage is not fixed at a certain level, and it slides upwards as the Company’s earnings expand. Consolidated net profit is the key performance-linked indicator, a metric of high interest to the stock market for representing the source of funding for growth investments and shareholder returns. To raise awareness of contributing to medium- to long-term expansion in earnings and corporate value, a portion of remuneration includes stock remuneration. In addition, share price-linked bonuses depend on the rate of growth in the Company’s share price between FYE 2019 and FYE 2021.

To maintain high levels of transparency, ITOCHU has externally disclosed the details of this remuneration system, including the calculation method.

As of FYE 2021, the remuneration system for Directors (excluding Outside Directors) is as follows.

### Composition of Remuneration for Directors (Excluding Outside Directors)

<table>
<thead>
<tr>
<th>Remuneration Plan</th>
<th>Details</th>
<th>Fixed / Variable</th>
<th>Remuneration Limit</th>
<th>Resolution at General Meeting of Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Monthly remuneration</td>
<td>Determined according to factors that include degree of contribution to ITOCHU, based on a standard amount for each position</td>
<td>Fixed</td>
<td>¥0.8 billion per year as total amount of monthly remuneration (including ¥0.1 billion per year as a portion paid to Outside Directors)</td>
<td>June 21, 2019</td>
</tr>
<tr>
<td>(2) Performance-linked bonuses</td>
<td>Total amount of payment is determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director</td>
<td>Variable (Single year)</td>
<td>¥2.0 billion per year as total bonuses paid to all Directors</td>
<td>June 24, 2016</td>
</tr>
<tr>
<td>(3) Share price-linked bonuses</td>
<td>Calculated based on an evaluation of the relative growth rate of ITOCHU’s share price from FYE 2019 to FYE 2021 vs. the growth rate of TOPIX</td>
<td>Variable (Medium to long term)</td>
<td>The amounts below are limits for two fiscal years, for Directors and Executive Officers: - Limit on contribution to trust by ITOCHU: ¥1.5 billion - Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share)</td>
<td></td>
</tr>
<tr>
<td>(4) Performance-linked stock remuneration</td>
<td>Total payment amount is determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2020

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of people</th>
<th>Total amount of remuneration (Millions of yen)</th>
<th>Details (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Monthly remuneration</td>
<td>Performance-linked bonuses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Millions of yen)</td>
<td>(Millions of yen)</td>
</tr>
<tr>
<td>Directors</td>
<td>Inside</td>
<td>6</td>
<td>2,239</td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>4</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>10</td>
<td>2,298</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>Inside</td>
<td>2</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>3</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>5</td>
<td>131</td>
</tr>
</tbody>
</table>

*1 Following deliberation by the Governance and Remuneration Committee, at a meeting of the Board of Directors held on May 13, 2020 ITOCHU resolved to pay special benefits. This is paid within the limit of bonuses for Directors, and is based on ITOCHU’s record profits despite the increasingly severe business environment.
*2 The amounts of the share price-linked bonuses are calculated at the end of FYE 2021.
*3 The retirement benefits system for Directors and Audit & Supervisory Board Members was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that Directors and Audit & Supervisory Board Members retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished.
Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration

Total Amount Paid to All Directors

\[ \text{Total amount paid to all Directors} = (A + B + C) \times \text{Sum of position points for all the eligible Directors} \]

\[ A = \left( \text{Of consolidated net profit for FYE 2021, the portion up to ¥200.0 billion} \right) \times 0.35\% \]

\[ B = \left( \text{Of consolidated net profit for FYE 2021, the portion exceeding ¥200.0 billion and up to ¥300.0 billion} \right) \times 0.525\% \]

\[ C = \left( \text{Of consolidated net profit for FYE 2021, the portion exceeding ¥300.0 billion} \right) \times 0.525\% \times 0.175\% \]

Amount Paid to an Individual Director

\[ \text{Amount paid to an individual Director} = \frac{\text{Total amount paid to all Directors}}{\text{x Position points for all the eligible Directors}} \]

Calculation Formula for (3) Share Price-Linked Bonuses

\[ \text{Amount Paid to an Individual Director}^* = \left( \frac{\text{Aggregate amount after the revision to Share price-linked bonuses (FYE 2020 and FYE 2021)}}{0.525\%} \right) \times (\text{simple average of daily closing price in FYE 2021}) \]

\[ \times \text{simple average of daily closing price in FYE 2019}) \]

\[ \times 1,300,000 \times \left( \text{Total position points}^* \times \text{FYE 2020 and FYE 2021} \right) \div 108.8 \times 2 \times \text{(Simple average of daily TOPIX in FYE 2021)} \]

\[ \div \text{simple average of daily TOPIX in FYE 2019}) \]

\[ \div \text{Relative Stock Price Growth Rate}^* \]

\[ * \text{Formula for 80\% of the Amount Paid in cash to an Individual Director:} \]

\[ \text{Rate} = \left( \text{simple average of daily closing price in FYE 2021} \right) \div \text{simple average of daily closing price in FYE 2019}) \]

\[ \times 80\% \times \text{Rate} \]

\[ \times \text{Relative Stock Price Growth Rate}^* \]

\[ \times \text{(Total base amount paid to all Directors as above x Position Point / Sum of Position Points for all the eligible Directors x 80\% x the Rate (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division / department.}^* \]

\[ \text{Amount paid to an individual Director is determined by dividing total amount paid to all Directors based on points assigned by position shown below;} \]

<table>
<thead>
<tr>
<th>Chairman</th>
<th>President</th>
<th>Executive Vice President (Resident in Japan)</th>
<th>Executive Vice President (Resident outside Japan)</th>
<th>Senior Managing Executive Officers</th>
<th>Managing Executive Officers</th>
</tr>
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<tr>
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Eyeing Further Improvement in Effectiveness of Corporate Governance

One year has passed since I was appointed as an Outside Director of ITOCHU. On multiple occasions, I felt that the Company’s corporate governance system was functioning effectively, and not just on the surface. First of all, at the meetings of the Board of Directors, various briefings and venues for exchanging opinions are managed to encourage lively and meaningful deliberations against a backdrop of frank and open internal discussions. Regarding important matters for discussion, the honest opinions of the management team are presented to the Outside Directors, and management listens attentively to the frank opinions of the Outside Directors, resulting in constructive dialogues. As Outside Directors not directly involved in business operations to give helpful opinions, we must gain a deep understanding of the diverse operations of a trading company. At ITOCHU, Outside Directors are given opportunities to attend preliminary briefings prior to each meeting of the Board of Directors, tour business sites inside and outside Japan, and participate in other briefings, enabling us to receive precise explanations that are on point.

As an Outside Director, I intend to fulfill my check and supervisory functions from the standpoint of creating an even more sound management structure while directly engaging with the management of ITOCHU, the Company which can leverage its advantages in rapid decision-making without being bound to preconceived ideas, and its ability to adapt to major changes in the business environment.

Makiko Nakamori
Outside Director

Ms. Nakamori possesses a high level of expertise on finance and accounting as a certified public accountant and a wealth of experience as a corporate manager. She was appointed as an Outside Director of ITOCHU in June 2019. She has helped advance corporate governance at ITOCHU while serving as a member of the Governance and Remuneration Committees in FYE 2020. She has often provided helpful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and next-generation businesses.
# Members of the Board, Audit & Supervisory Board Members, and Executive Officers
(As of July 1, 2020)

## Members of the Board

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
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<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

1. **Chairman & Chief Executive Officer**
   **Masahiro Okafuji**
   - 1974 Joined ITOCHU Corporation
   - 2018 Chairman & Chief Executive Officer
   - Number of shares held: 275,613 (104,018*)

2. **President & Chief Operating Officer**
   **Yoshihisa Suzuki**
   - 1979 Joined ITOCHU Corporation
   - 2019 Executive Vice President
   - Number of shares held: 95,265 (28,115*)

3. **Member of the Board**
   **Tomofumi Yoshida**
   - President, General Products & Realty Company
   - 1979 Joined ITOCHU Corporation
   - 2019 Executive Vice President
   - Number of shares held: 95,265 (28,115*)

4. **Member of the Board**
   **Yuji Fukuda**
   - CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations
   - 1979 Joined ITOCHU Corporation
   - 2019 Executive Vice President
   - Number of shares held: 44,200

5. **Member of the Board**
   **Fumihiko Kobayashi**
   - Chief Administrative Officer
   - 1980 Joined ITOCHU Corporation
   - 2017 Senior Managing Executive Officer
   - Number of shares held: 123,163 (40,183*)

6. **Member of the Board**
   **Tsuyoshi Hachimura**
   - Chief Financial Officer
   - 1991 Joined ITOCHU Corporation
   - 2018 Senior Managing Executive Officer
   - Number of shares held: 115,050 (37,450*)

7. **Member of the Board**
   **Atsuko Muraki**
   - 2016 Outside Director, ITOCHU Corporation
   - Number of shares held: 2,300

8. **Member of the Board**
   **Harufumi Mochizuki**
   - 2014 Audit & Supervisory Board Member**, ITOCHU Corporation
   - 2017 Outside Director, ITOCHU Corporation
   - Number of shares held: 4,000

9. **Member of the Board**
   **Masatoshi Kawana**
   - 2018 Outside Director, ITOCHU Corporation
   - Number of shares held: 1,800

10. **Member of the Board**
    **Makiko Nakamori**
    - 2019 Outside Director, ITOCHU Corporation
    - Number of shares held: 400

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

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

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

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

*Ms. Mitsuru Chino’s registered name is Mitsuru Ike. For executives’ career histories, please see the website: [https://www.itochu.co.jp/en/about/officer/](https://www.itochu.co.jp/en/about/officer/)
Audit & Supervisory Board Members

Shuzaburo Tsuchihashi
1965 Joined ITOCHU Corporation
2018 Audit & Supervisory Board Member
Number of shares held: 13,650

Makoto Kyoda
1987 Joined ITOCHU Corporation
2020 Audit & Supervisory Board Member
Number of shares held: 12,050

Shingo Majima
2013 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 14,629

Kentaro Uryu
2015 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 6,300

Kotaro Ohno
2017 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 0

Executive Officers

Managing Executive Officers
Hiroiuky Tsubai
President, Machinery Company
Number of shares held: 44,643 (9,388*)

Masahiro Morofuji
President, Textile Company; Chief Operating Officer, Brand Marketing Division 2
Number of shares held: 63,356 (29,274**)

Mitsuru Chino**
President, ITOCHU International Inc.
Number of shares held: 26,204

Hiroshi Sato
Chief Executive for European Operations; CEO, ITOCHU Europe PLC
Number of shares held: 28,100

Shigetoshi Imai
General Manager for Chubu Area
Number of shares held: 54,883 (8,195**)

Hiroyuki Kaizuka
President, Food Company
Number of shares held: 59,967 (8,195**)

Motonari Shimizu
Executive Vice President, Textile Company; Chief Operating Officer, Apparel Division
Number of shares held: 51,878 (8,195**)

Tomoyuki Takada
General Manager, Corporate Communications Division
Number of shares held: 60,082 (15,682**)

Hirosi Oka
General Manager, Secretariat
Number of shares held: 42,298 (15,682**)

Tatsushi Shingu
President, ICT & Financial Business Company
Number of shares held: 41,831 (15,682**)

Toshikazu Otani
Chief Executive for Africa
Number of shares held: 27,849

Executive Officers
Yoichi Ikezoe
Deputy CEO for East Asia Bloc; Chairman, ITOCHU (CHINA) HOLDING CO., LTD.; Chairman, ITOCHU SHANGHAI LTD.; Chairman, ITOCHU HONG KONG LTD.; Senior Officer for Asia & Oceania Bloc; CP & CITIC (Overseas Operations)
Number of shares held: 10,200

Kensuke Hosomi
President, The 8th Company
Number of shares held: 57,004 (10,155**)

Hisato Okubo
Executive Vice President, Energy & Chemicals Company; Chief Operating Officer, Energy Division
Number of shares held: 41,232 (8,195**)

Hidefumi Mizutani
Chief Executive for Africa; Managing Director, ITOCHU SHANGHAI LTD.
Number of shares held: 23,720

Shinjiro Tanaka
CEO, European Tyre Enterprise Limited
Number of shares held: 7,249

Takanori Morita
Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Number of shares held: 30,150 (8,195**)

Masaya Tanaka
Chief Operating Officer, Chemicals Division
Number of shares held: 33,395 (8,195**)

Kenji Seto
President, Metals & Minerals Company
Number of shares held: 39,694 (15,682**)

Shinichi Abrayay
Chief Operating Officer, Plant Project, Marine & Aerospace Division
Number of shares held: 15,186

Yoshiko Matoba
General Manager, Research & Public Relations Division
Number of shares held: 43,345

Hiroyuki Naka
General Manager, Corporate Planning & Administration Division; General Manager, CP & CITIC Business Development Department
Number of shares held: 14,629

Tatsuya Izumi
General Manager, General Accounting Control Division
Number of shares held: 20,352

Kenji Tanaka
Deputy CEO for Asia & Oceania Bloc (Indo-China Area); Chief Officer for Indo-China Area; President, ITOCHU (Thailand) Ltd.; President, ITOCHU Enterprise (Thailand) Ltd.
Number of shares held: 5,752

Shuichi Kato
Executive Vice President, ITOCHU Corporation
Chief Operating Officer, Financial & Insurance Business Division
Number of shares held: 10,155

Masatoshi Maki
Chief Operating Officer, Construction & Real Estate Division
Number of shares held: 16,823

Tatsuo Odani
President, Lotus Co., LTD.
Number of shares held: 16,610

Masazumi Nishikage
Director, SEVP & COO, Dole Asia Holdings Pte. Ltd.
Number of shares held: 10,331

Tadayoshi Yamaguchi
SVP & CAO, ITOCHU International Inc.; General Manager, Corporate Planning Division; ITOCHU International Inc.; President & CEO, ITOCHU Canada Ltd.
Number of shares held: 5,912