

Evaluation of the Board of Directors

Every year, ITOCHU conducts an evaluation of the effectiveness of the Board of Directors. In FYE 2024, quantitatively, scores that improved in FYE 2023 increased even further, with the evaluation results showing that the Board of Directors is functioning at an advanced level with respect to all six areas focused on by the questionnaire. In particular, evaluation of the number of Directors and the composition of the Board, the attributes of the chair of the Board, and the appropriateness of the proceedings were further improved from the high evaluation in FYE 2023. Thus, efforts to enhance deliberations of the Board were reflected in the evaluation. Qualitatively, many positive comments were received, along with suggestions and remarks for further improvement. In the statements of the evaluation, it was pointed out that Group governance and forward-looking discussions for the future are priorities to be addressed in the medium to long term.

Procedure for Evaluation of the Board of Directors

Respondents	All 10 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2024	
Implementation and Evaluation Method	Step 1: Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses) Step 2: Have external consultants compile and analyze respondents' answers Step 3: Conduct analysis at the Governance, Nomination and Remuneration Committee with reference to the compiled answers and analysis of the external consultants Step 4: Conduct analysis and evaluation at the Board of Directors	
Items Covered by Questionnaire	<ul style="list-style-type: none"> • Structure of the Board of Directors • Role and duties of the Board of Directors • Information provision and training for Members of the Board and Audit & Supervisory Board Members 	<ul style="list-style-type: none"> • Structure of advisory committees to the Board of Directors, etc. • Operation status of the Board of Directors • Other important items

Results of the FYE 2024 Evaluation of the Board of Directors

Fiscal Year	Issue Identified	Progress in FYE 2024
FYE 2022	Continue discussions on strengthening management foundations	<ul style="list-style-type: none"> • Investment decisions are being made for the future growth of the entire Group, including tender offers for listed subsidiaries and affiliates and consideration of investment projects that laterally encompass multiple Division Companies. • The Company has newly established the position of Chief Transformation Officer (CXO) and is building a system to promote a transformation of the Group's business lines and business formats that includes the advancement of digitalization.
	Ensure further diversification of human resources	<ul style="list-style-type: none"> • The Company has decided on and announced specific measures and targets for the advancement of women, and these are resulting in concrete initiatives. For example, with reference to the discussions and recommendations of the Women's Advancement Committee, the Company has set new numerical targets for the appointment of female Executive Officers and for female officers as a percentage of all officers. • The Company is implementing specific efforts to further diversify human resources, such as the introduction of the Virtual Office (in-house dual jobs system) to promote the growth and career development of junior employees and cross-organization business initiatives as well as the introduction of other work-style reform measures. • An overall increase in the percentage of female Directors and Audit & Supervisory Board Members has further increased the diversity of officers and facilitated in-depth discussions at meetings of the Board of Directors.
FYE 2023	Hold ongoing discussions on succession planning for senior management throughout the Group	<ul style="list-style-type: none"> • The Governance, Nomination and Remuneration Committee (in which the chair and a majority of the committee members are Outside Directors) is establishing a governance structure that will enable cross-divisional and organic discussions on succession planning, selection of Executive Officers, remuneration, and other issues. • By establishing the new position of Senior Operating Officer and increasing the number of experienced Executive Officers, the Company will secure personnel who, together with those in management positions at Group companies, are potential candidates for key senior management positions in the Company.
	Continue strengthening monitoring and supervision systems in light of changes in the external environment	<ul style="list-style-type: none"> • The effectiveness of supervision is heightened by furthering outside officers' understanding of the Company and its Group companies through the provision of inspection tours to business bases in Japan and overseas for outside officers; interviews between outside officers and Division Company Presidents, officers in charge of administrative divisions, members of the management teams of the Group companies, and junior employees; explanations of audit plans by Audit & Supervisory Board Members at meetings of the Board of Directors; and collaboration between Audit & Supervisory Board Members and Outside Directors. • Two advisory committees have been reorganized to establish the Governance, Nomination and Remuneration Committee, with the chair and a majority of the committee members being Outside Directors, which has strengthened the supervisory function of the Board of Directors. • Investment and business decisions reflect discussions and supervision of the Board of Directors that take into account GHG emissions reductions and contributions to the Sustainable Development Goals (SDGs).

Issues Identified in FYE 2024

The following issues have been identified as new areas where the Board of Directors should make further efforts to enhance its effectiveness.

- Supervising the implementation status of diversity strengthening measures
- Supervising governance strengthening measures for sustainable growth of the Group

Corporate Officer Remuneration

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

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

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

Overview of Remuneration System and Maximum Remuneration Limit

Fixed / Variable	Overview	Remuneration Limit	Resolution at General Meeting of Shareholders
Fixed remuneration	(1) Monthly remuneration Determined based on the standard amount by position and the level of contribution to ITOCHU, including its response to climate change, the SDGs, and ESG.	¥1.0 billion per year as total amount of monthly remuneration (including ¥0.1 billion per year as a portion paid to Outside Directors)	June 24, 2022
Variable remuneration (Single year)	(2) Performance-linked bonuses Determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director.	¥3.0 billion per year as total bonuses paid to all Directors * Not paid to Outside Directors	
Variable remuneration (Medium to long term)	(3) Share price-linked bonuses Calculated based on the increase in ITOCHU's stock price for two consecutive fiscal years and relative growth rate of ITOCHU's stock price compared to TOPIX.		
	(4) Performance-linked stock remuneration (Non-monetary remuneration) Number of shares delivered as remuneration is determined based on consolidated net profit and in relation to the position of the Director.*1 *1 Under the previous system, the number of shares delivered was calculated by dividing the remuneration amount that is calculated based on consolidated net profit and position points by the average acquisition stock price of the trust. Under the current system, the number of shares delivered is calculated directly, without reference to the stock remuneration amount.	The amounts below are limits for two fiscal years, for Directors, Senior Operating Officers, and Executive Officers. • Limit on contribution to trust by ITOCHU: ¥5.0 billion • Total number of points granted to eligible person: 0.6 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 21, 2024

Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2024

(Rounded to the nearest million yen)

Type		Number of People	Total Amount of Remuneration (Millions of yen)	Details (Millions of yen)			
				Monthly Remuneration	Performance-Linked Remuneration		
					Performance-Linked Bonuses	Share Price-Linked Bonuses	Stock Remuneration
Directors	Inside	6	3,579	633	1,966	512	469
	Outside	5	81	81	—	—	—
	Total	11	3,661	714	1,966	512	469
Audit & Supervisory Board Members	Inside	2	100	100	—	—	—
	Outside	5	61	61	—	—	—
	Total	7	160	160	—	—	—

Calculation Formula for (2) Performance-Linked Bonuses

Total Amount Paid to All Directors

Total amount paid to all Directors
= (A + B + C) x Sum of position points for all the eligible Directors ÷ 55
A = (Of consolidated net profit for FYE 2025, the portion up to ¥200.0 billion) x 0.35%
B = (Of consolidated net profit for FYE 2025, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%

C = (Of consolidated net profit for FYE 2025, the portion exceeding ¥300.0 billion) x 0.35%
The total amount paid shall be the sum of A, B, and C, which shall be adjusted with due regard to the increase / decrease in the number of eligible Directors, the change in position, and other factors.

Amount Paid to an Individual Director

Amount paid to an individual Director = Total amount paid to all Directors x Position points ÷ Sum of position points for all the eligible Directors.
Amount paid to an individual Director is determined by dividing total amount paid to all Directors based on points assigned by position shown below:

Chairman	President	Executive Vice President	Senior Managing Executive Officers	Managing Executive Officers	Executive Officers
10	7.5	5	4	3	2.2

The maximum amount paid to an individual Director is separately determined.

Of the amount paid to an individual Director, 80%*2 is linked to a rate determined based on the plan achievement rate of the assigned division / department and a comparison of the performance of the assigned division / department during the Director's tenure with its performance in the fiscal year before the assignment.

*2 Formula for 80% of the amount paid to an individual Director:
(Total base amount paid to all Directors x Position point / Sum of position points for all the eligible Directors) x 80% x (Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department*3 x 70% + rate determined based on a comparison of the

performance of the assigned division / department during the Director's tenure with its performance in the fiscal year before the assignment*4 x 30%)
*3 Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department:
100% + (Plan achievement rate of the consolidated net profit target for the assigned division / department – 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)
*4 Rate determined based on a comparison of the performance of the assigned division / department during the Director's tenure with its performance in the fiscal year before the assignment:
100% + (Consolidated net profit of the assigned division / department in FYE 2025) / (Consolidated net profit of the assigned division / department in the previous fiscal year - 100%) x 2 (If negative, it will be 0%. The maximum will be 200%.)
However, for Directors who were already serving in positions with assigned divisions / departments as of June 13, 2023, which was the date of the system revision, the consolidated net profit of the assigned division / department in the previous fiscal year shall be read as the consolidated net profit of the assigned division / department in FYE 2024.

* Among the Company's Directors in FYE 2025, a Director has been assigned the Machinery Company as the division / department whose business performance evaluation is reflected. The plan value for the consolidated net profit of the Machinery Company in FYE 2025 is ¥130.0 billion (announced on May 8, 2024). For a Director with respect to whom the performance of the assigned division / department is not measurable, the rate determined based on the plan achievement rate of the consolidated net profit of the assigned division / department and the rate determined based on a comparison of the performance of the assigned division / department during the Director's tenure with its performance in the fiscal year before the assignment shall be 100%.

Calculation Formula for (3) Share Price-Linked Bonuses

Amount Paid to an Individual Director*5 (FYE 2025)
= ((Simple average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025) – (Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023)) x 1,300,000 x (Total position points*6 of FYE 2024 and FYE 2025) / (108.8 points x 2)
x Relative stock price growth rate*7 – Share Price-linked Bonuses of FYE 2024

*5 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.
*6 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses.
*7 Relative stock price growth rate = (Simple average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025 / Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) / (Simple average of daily TOPIX from FYE 2024 to FYE 2025 / Simple average of TOPIX from FYE 2022 to FYE 2023)

Calculation Formula for (4) Performance-Linked Stock Remuneration

Points*8 = Base points for each position*9 x Point calculation rate based on performance*10 x [(Number of months of service during Applicable Period of Payment, which is from July through to June of the following year (rounding up fractions of less than one month)) / 12] (rounding down fractions)

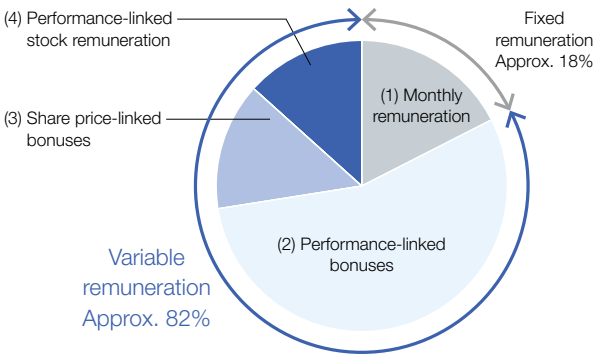
*8 In regard to stock remuneration during the term of office, annual points are awarded (1 point =1 share), and after retirement stock remuneration is paid from the trust in correspondence with accumulated points.
*9 The base points for each position are as follows.

Chairman	President	Executive Vice President	Senior Managing Executive Officers	Managing Executive Officers	Executive Officers
31,900	23,900	16,000	12,800	9,600	7,000

The maximum number of share delivery points is separately determined.
*10 The point calculation rate based on performance is as follows.
(Consolidated net profit for FYE 2025 - ¥300 billion) / ¥10 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 is subject to 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.

Composition Image of Remuneration for Directors (Excluding Outside Directors) (FYE 2024)



Policy on the Governance of Listed Subsidiaries and Affiliates













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

ITOCHU periodically reviews the significance of holding listed subsidiaries in light of their position in management strategies and then purchases additional shares or disposes of shares as necessary. In FYE 2021, the Company privatized FamilyMart Co., Ltd., in FYE 2023 the Company disposed of shares of CONEXIO Corporation, and in FYE 2024 the Company privatized CTC. Going forward, the Company will continue to periodically review the significance of holding listed subsidiaries and further improve Group governance systems in light of the Corporate Governance Code. In addition, the Company has investments in multiple listed affiliates. The Company gives due consideration to avoiding conflicts of interest in transactions with such affiliates.

Also, taking into consideration the actual situations of each affiliate, including capital relationships and the status of transactions, the Company implements measures in accordance with those implemented for listed subsidiaries as necessary. The significance of holding each listed subsidiary and listed affiliate from perspectives including the Group's management strategy is as follows:

Listed Subsidiaries

(As of July 1, 2024)

Company Name	Significance of Holding	Ratio of Independent Outside Directors	Advisory Committees to the Board of Directors	Ratio of Independent Outside Audit & Supervisory Board Members
	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is an important and indispensable presence for the Group in order to build a stable earnings base both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing the Group's extensive domestic and international network, promotes initiatives in the new energy field based on the SDGs, and carries out the fuel supply businesses for the Group.	43%  (3 out of 7 directors)	<ul style="list-style-type: none">• Governance Committee• Special Committee	75%  (3 out of 4 directors)
	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I. TAKIRON Corporation utilizes the Group's extensive domestic and international network for overseas expansion of C.I. TAKIRON Corporation's film business, stable procurement of competitive raw materials, and expansion of sales of C.I. TAKIRON Corporation's various products.	43%  (3 out of 7 directors)	<ul style="list-style-type: none">• Nomination / Remuneration Committee• Governance Committee	50%  (2 out of 4 directors)
	The principal and main business of ITOCHU-SHOKUJIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing the Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUJIN Co., Ltd., such as "Contribution to customers through creating sales floors which utilize digital transformation," etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUJIN Co., Ltd.	33%  (3 out of 9 directors)	<ul style="list-style-type: none">• Governance Committee	50%  (2 out of 4 directors)
	The principal and main business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes the important role of selling final products in the ITOCHU Group's livestock value chain. Prima Meat Packers, Ltd. utilizes the Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in the Group.	60%  (3 out of 5 directors)	<ul style="list-style-type: none">• Management Advisory Committee• Sustainability Committee	50%  (2 out of 4 directors)

*1 In August 2024, ITOCHU announced a tender offer aimed at privatizing C.I. Takiron Corporation.



For details on policy for the governance of listed subsidiaries and affiliates, as well as cross-shareholdings, please see the Corporate Governance Report.
https://www.itochu.co.jp/en/files/CG_e.pdf

Major Listed Affiliates

(As of July 1, 2024)

Company Name	Significance of Holding
	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 leveraging the Company's human resources and expertise in manufacturing, as well as through support from the Company in building platforms for production, logistics, and digital transformation.
	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.
	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 in Japan 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.
	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 machinery 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.
	WELLNEO SUGAR Co., Ltd. is expected to further demonstrate sales synergy utilizing the ITOCHU Group's intermediate distribution and downstream network as well as the Company's overseas raw material procurement function, which is top class among general trading companies.
	FUJI OIL HOLDINGS INC. develops, manufactures, and sells food products, including those made with plant-based oils, cacao, and soybeans. 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.
	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 business process outsourcing (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.
	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.
	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.

*2 In August 2024, ITOCHU announced a tender offer aimed at privatizing DESCENTE LTD.

Policy on Cross-Shareholdings

ITOCHU classifies investments other than for pure investment purposes and to consolidated companies as "Investments to non-affiliated companies." ITOCHU engages in investments to non-affiliated companies in order to create business relationships. In principle, it is the Company's policy to limit investments to non-affiliated companies to those that have a high likelihood of generating investment returns, and those with a high strategic significance including potential future subsidiaries or affiliates. This policy remains the same, regardless of whether investments are in or outside Japan, listed or unlisted. Based on this policy, we conduct an annual review of all these investments in the Management Committee to assess the economic (quantitative) rationale based on the returns on our investments and the strategic significance of each holding, considering the likelihood that our investment objectives will be realized in the future.

Investments to non-affiliated companies currently held by the Company are shares held with the expectation of the expansion of business fields, the realization of synergies, and other benefits. For example, in FYE 2024 ITOCHU entered into capital and business alliances with bridge manufacturer Oriental Shiraishi Corporation, which is expected to generate synergies with our construction and construction materials business, and with COMTURE CORPORATION, which has abundant development resources in the cloud computing field and that is expected to collaborate with CTC.