

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: <ul style="list-style-type: none"> • Structure of the Board of Directors • Structure of advisory committees to the Board of Directors • Roles 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	<ul style="list-style-type: none"> • 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: <ol style="list-style-type: none"> (1) Progress in external form such as improvement of diversity and the structure of advisory committees (2) Invigoration 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: <ol style="list-style-type: none"> (1) Further diversity in the Board of Directors (2) The 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.



Visit to Via Transportation, Inc. in the U.S.



Tour of MASTER-HALCO, Inc. plant in the U.S.

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