

Promoting More Active Discussions at Meetings of the Board of Directors

To heighten the effectiveness of the Board of Directors, submission of and reporting on topics to the Board of Directors was continued in FYE 2023. The main topics that were reported on and submitted to the Board included sustainability-related initiatives, a report on cybersecurity readiness, and the progress of corporate branding strategies. Summaries of the Board's discussions on these three topics are as follows.

Topic	Details of Discussions
Sustainability-Related Initiatives	Representatives of the Sustainability Management Division provided an overview of its operations and explained measures for the disclosure of non-financial information in the Financial Information Report, climate change measures, and the acquisition of ESG evaluations, and discussions on these subjects were held. A variety of discussions were held on the Company's current climate change measures. For example, an Outside Director inquired about the prospects of the Company achieving its goal of a 40% reduction in GHG emissions by 2030 compared with those of 2018. A representative of the department replied that it is continuing to prepare a roadmap that takes into account the actual business conditions of each Division Company and the impact of such factors as future technological innovations.
Report on Cybersecurity Readiness	Representatives of the IT & Digital Strategy Division explained the Group's cybersecurity-related initiatives and in-house systems, and discussions on these subjects were held. An Outside Director asked questions regarding the cybersecurity measures of the Group. In addition, an Outside Audit & Supervisory Board Member expressed the opinion that given the use of extremely sophisticated techniques combining cyberattack technologies and ordinary fraud, the Company should conduct case studies on false remittances caused by identity theft and then educate officers and employees of the Company and its Group companies accordingly. An Inside Director explained the measures that are being considered, including the establishment of a separate company to attract and retain cybersecurity experts. The aforementioned discussions will be helpful for the Company's initiatives going forward. ▶ Page 51 Risks Associated with Information Systems and Information Security
Progress of Corporate Branding Strategies	Representatives of the Corporate Brand Initiative (CBI)* explained the social environment-driven evolution of the Company's corporate branding strategies, examinations of the Company's corporate image, and the opening of ITOCHU SDGs STUDIO KIDS PARK, and discussions on these subjects were held. Lively discussions were held on corporate branding strategies. For example, an Outside Director expressed the hope that ITOCHU SDGs STUDIO KIDS PARK, which enables children to play safely and free of charge in Tokyo, would continue because, given the strong public demand for such facilities, the initiative aligns with current social trends. Also it was suggested to analyze the corporate branding strategies of competitors. * Established in January 2020, the CBI promotes corporate branding and reports directly to the CAO.

ITOCHU considers it indispensable to fully strengthen the management oversight and supervising functions of outside officers, who bring perspective of the public and shareholders, to invigorate the Board of Directors. As a place for outside officers to deepen their understanding of the Company, we strive to further invigorate the Board of Directors by taking such measures as holding deliberations at Meetings of the Board of Directors and off-site discussions from the aforementioned medium- to long-term view.



Masatoshi Kawana

Outside Director

Mr. Kawana served as Vice-president of Tokyo Women's Medical University Hospital, in addition to other positions, where he gained a high level of experience in hospital management and advanced knowledge of medical care. He assumed his position as a member of the Board of Directors at ITOCHU in June 2018. He uses his expertise to provide many useful proposals and suggestions in the fields of health management and setting preventive measures against in-office infection of COVID-19. As of FYE 2024, he serves on the Governance, Nomination and Remuneration Committee.

Systems to Support and Provide Information to Outside Officers

ITOCHU expands opportunities for on-site observations and briefings ahead of Meetings of the Board of Directors to enhance outside officers' understanding of the issues, and to provide an overview of the wide variety of businesses that general trading companies are engaged in. From FYE 2022, in response to calls from outside officers as well, the Board of Directors has held regular discussions centered on non-financial themes, such as corporate branding and sustainability. These and similar agenda items help enhance medium- to long-term corporate value, further deepening our understanding of ITOCHU's vision. In FYE 2023, we held the internal reporting meeting, in which outside officers also participated, to examine strategies connected to the medium- to long-term enhancement of ITOCHU's corporate value. This meeting focused on how to help achieve growth strategies (through human resource strategies, financial and capital strategies, etc.), in addition to examining actual growth strategies based on the strengths of Division Companies and specific business expansion efforts going forward. Before the internal reporting meeting, Division Companies and administrative divisions held strategy workshops separate from daily operations. Through these focused discussions, they were able to deepen the understanding of outside officers by providing well-developed explanations on the key measures of each division at the reporting meeting. Going forward, ITOCHU will begin to implement the strategies and reach the stage of working to further expand its earnings base. The progress will be monitored by the Board of Directors and other bodies. Side by side, the outside officers will proactively offer advice mainly in fields expected to contribute to progress in order to expand Groupwide business results and enhance corporate value.

Discussions at Meetings of the Board of Directors Related to an Individual Project

Based on the rules of the Board of Directors, investment or financing projects exceeding a certain monetary threshold require approval by the Board of Directors following approval by the HMC*.

In FYE 2023, multiple projects were submitted to the Board of Directors, including "Execution of Agreement to Tender Shares in CONEXIO Corporation" in the ICT & Financial Business Company. CONEXIO's main business is operating sales agencies for mobile phones and, until FYE 2021, it was a strong-performing Group company boasting nine consecutive years of profit growth. Following changes in the mobile phone sales industry, however, profitability began a downward trajectory. Amid this situation, ITOCHU and CONEXIO searched for further Group synergies and simultaneously worked to study all possible options. When the public tender was ultimately determined to be the optimal option to realize higher corporate value for ITOCHU and CONEXIO, we decided to sell.

First, after conducting a briefing related to the project for the Board of Directors, the content of executive discussions from the HMC and the Investment Consultative Committee was reported to the Board. This covered the sales price, the fairness of the premium, the status of negotiations with buyers, synergies expected by the buyers, the probability of the buyer enhancing CONEXIO's corporate value, and the opinions of related administrative organizations. Other points that were raised included reflecting on the business expansion of CONEXIO to date, the need to promote the diversification of businesses that take their own initiative, and CONEXIO's need to identify changes in the business environment surrounding the mobile phone sales industry and engage in business while forecasting potential scenarios. These and other opinions connected to future businesses were provided at the Board meeting.

As a result of discussions at Meetings of the Board of Directors, we realized we need to consider how this sale might impact ITOCHU's relationship with telecommunication carriers. It was difficult to create additional synergies between CONEXIO and the Group, we determined that the proposed sales price was rational and began implementing the sale without letting our guard down during final sales price negotiations. We confirmed the focus on quickly establishing a new earnings base for the ICT & Financial Business Company, and approved the policy of sale through a tender offer bid.

* Headquarters Management Committee



Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan, and has a wealth of experience as a corporate manager. She assumed her position as a member of the Board of Directors at ITOCHU in June 2019. She often provides insightful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX. As of FYE 2024, she serves as chair of the Women's Advancement Committee, and a member of the Governance, Nomination and Remuneration Committee.

Asset Replacement with No Boundaries

The tender offer for CONEXIO was a major project that included discussions on governance matters related to dissolution of parent–subsidiary listing, as well as business matters centering on large-scale asset replacement. After carefully monitoring the business environment of each Group company, both listed and unlisted, ITOCHU is promoting the replacement of low-efficiency businesses and businesses with diminished strategic significance. In addition, listed subsidiaries are of great concern to investors and other parties as they present corporate governance issues including risks related to conflicts of interests with minority shareholders. ITOCHU announced its policy related to the governance of listed subsidiaries, and, through its Corporate Governance Report and other documents, has explained that it will maintain a structure to avoid potential conflicts of interest. CONEXIO was originally spun off from a sales agency business for mobile phones, which ITOCHU had been involved in. The business contributed to profits for a long time and there were a lot of strong emotions involved within the Company, but we objectively reviewed its strategic significance and considered its standing as a listed subsidiary. As a result, it became subject to asset replacement. I hold the intention to exercise my role as an Outside Director by fulfilling check and supervisory function to ensure that the asset replacement process is conducted with no boundaries, while also considering the parent–subsidiary listing perspective.