

# 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-subsidary 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-subsidary 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.

(As of July 1, 2020)

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

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

