

## The Positive Cycle of Dialogue and Enhancing Corporate Value

ITOCHU emphasizes dialogue with its shareholders, investors, and other stakeholders from the perspective of achieving sustainable growth and enhancing corporate value over the medium to long term. After announcing “Brand-new Deal 2020,” which failed to give due consideration to market expectations, the Company’s share price plunged. Learning from this experience, we now strive to reflect input obtained in investor meetings, general meetings of shareholders, and one-on-one meetings into our management strategies and financial and capital policies. Through commitment-based management, we are striving to expand corporate value and sustain a positive cycle through effective engagement.

### Examples of Feedback from Shareholders and Investors

Achievement of Short-Term Targets	<ul style="list-style-type: none"> <li>General trading companies’ results are affected significantly by fluctuations in resource prices, so results are highly volatile.</li> <li>The impact of COVID-19 on performance is unclear. As far as possible, I would like to see the Company disclose information and outline its directions.</li> </ul>
Steppingstones to Medium- to Long-Term Value Creation	<ul style="list-style-type: none"> <li>The shareholder returns policy unveiled along with “Brand-new Deal 2020,” the medium-term management plan, was vague and less attractive than expected.</li> <li>The measures for enhancing corporate value described in “Brand-new Deal 2020” were abstract and difficult to understand. No KPIs were provided.</li> <li>The “reinvention of business” policy was vague; no specific actions were evident.</li> <li>I would like the Company to indicate specific growth strategies. In particular, no specific results are apparent through collaboration with CITIC and CP Group.</li> <li>I find it unfortunate that no progress was made on the share buybacks announced in June 2019.</li> </ul>
Initiatives and Systems Supporting Sustainable Growth	<ul style="list-style-type: none"> <li>I would like to hear the Company’s thoughts on parent-subsidiary listing.</li> <li>The Company’s policies for the coal-related business should be announced.</li> <li>Please outline initiatives on climate change.</li> <li>I would like to see a progress on successor planning.</li> </ul>

**POSITIVE CYCLE**

**Dialogue**

**Reflection in management measures**

### Examples of Measures Launched as a Result of Dialogue

Achievement of Short-Term Targets	<ul style="list-style-type: none"> <li>Built a steady earnings base centered on the non-resource sector and practiced “commitment-based management,” achieving initially planned results for four consecutive years</li> <li>Indicated quantitative targets in the FYE 2021 Management Plan (May 2020)</li> </ul>
Steppingstones to Medium- to Long-Term Value Creation	<ul style="list-style-type: none"> <li>Announcement of the “Medium- to Long-Term Shareholder Returns Policy” (October 2018)</li> <li>Presented management indices that consider the enhancement of corporate value (maintaining high ROE, sustainable EPS growth, positive Core Free Cash Flows after deducting shareholder returns)</li> <li>Held a briefing session regarding the reinvention of business (investors meeting for operating segments) (June 2019)</li> <li>Clarified and explained our thoughts on the “reinvention of business” in the annual report and through IR activities</li> </ul>
Initiatives and Systems Supporting Sustainable Growth	<ul style="list-style-type: none"> <li>Announced ITOCHU’s coal-related business policy (February 2019)</li> <li>After conducting a TCFD scenario analysis, announced our endorsement of the TCFD (May 2019)</li> <li>Announced “ITOCHU’s Policy on the Governance of its Listed Subsidiaries, etc.” (October 2019)</li> </ul>

### Issues the Company Recognizes It Needs to Address through Dialogue

Steppingstones to Medium- to Long-Term Value Creation	<ul style="list-style-type: none"> <li>Specific results of collaboration with CITIC and CP Group</li> <li>Prompt execution of the share buybacks already announced, for 35 million shares or ¥70.0 billion (both upper limits)</li> </ul>
Initiatives and Systems Supporting Sustainable Growth	<ul style="list-style-type: none"> <li>Explanation of specific deliberations by the Nominating Committee</li> </ul>

