

Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration

Total Amount Paid to All Directors

Total amount paid to all Directors = (A + B + C) × Sum of position points for all the eligible Directors ÷ 55

A = (Of consolidated net profit for FYE 2021, the portion up to ¥200.0 billion) × 0.35%

B = (Of consolidated net profit for FYE 2021, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) × 0.525%

C = (Of consolidated net profit for FYE 2021, the portion exceeding ¥300.0 billion) × 0.525% (of which, 0.175% as stock remuneration)

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. (Remuneration limits exist on bonuses and stock remuneration.)

Amount Paid to an Individual Director

Amount paid to an individual Director = Total amount paid to all Directors × 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 (Resident in Japan)	Executive Vice President (Resident outside Japan)	Senior Managing Executive Officers	Managing Executive Officers
10	7.5	5	4	4	3

Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 80% of the amount paid in cash is linked to the plan achievement rate of the consolidated net profit of the assigned division / department.*

In regard to stock remuneration during the term of office, annual points are awarded (1 point = 1 share), and at the time of retirement stock remuneration is paid from the trust in correspondence with accumulated

points. Plans call for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

A Director that is a resident outside Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the Equivalent Amount of Individual stock remuneration. The Equivalent Amount of Individual stock remuneration is calculated in accordance with the above formula (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on formula above.

* Formula for 80% of the Amount Paid in cash to an Individual Director:

(Total base amount paid to all Directors as above × Position Point / Sum of Position points for all the eligible Directors) × 80% × the Rate (defined below) determined based on plan achievement rate of the consolidated net profit of the assigned division/department

- The Rate: 100% + (plan achievement rate of the consolidated net profit of the assigned division / department - 100%) × 2 (if negative, it will be 0%)
- The plan achievement rate shall be 100% for the eligible Director for whom no plan achievement rate is measurable.

Calculation Formula for (3) Share Price-Linked Bonuses

Amount Paid to an Individual Director*¹ (Aggregate amount after the revision to Share price-linked bonuses (FYE 2020 and FYE 2021))

= ((Simple average of daily closing price in FYE 2021) - (Simple average of daily closing price in FYE 2019))

× 1,300,000 × (Total position points*² of FYE 2020 and FYE 2021) / (108.8 points × 2 (years)) × Relative Stock Price Growth Rate*³

*¹ Share price-linked bonus amounts are determined and paid when the Director retires or when, in the case of taking on the position of Executive Officer after retirement of the Director, the Executive Officer retires.

*² The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses.

*³ Relative Stock Price Growth Rate = (simple average of daily closing price in FYE 2021 / simple average of daily closing price in FYE 2019) / (simple average of daily TOPIX in FYE 2021 / simple average of TOPIX in FYE 2019)

Eying Further Improvement in Effectiveness of Corporate Governance

One year has passed since I was appointed as an Outside Director of ITOCHU. On multiple occasions, I felt that the Company's corporate governance system was functioning effectively, and not just on the surface. First of all, at the meetings of the Board of Directors, various briefings and venues for exchanging opinions are managed to encourage lively and meaningful deliberations against a backdrop of frank and open internal discussions. Regarding important matters for discussion, the honest opinions of the management team are presented to the Outside Directors, and management listens attentively to the frank opinions of the Outside Directors, resulting in constructive dialogues. As Outside Directors not directly involved in business operations to give helpful opinions, we must gain a deep understanding of the diverse operations of a trading company. At ITOCHU, Outside Directors are given opportunities to attend preliminary briefings prior to each meeting of the Board of Directors, tour business sites inside and outside Japan, and participate in other briefings, enabling us to receive precise explanations that are on point.

As an Outside Director, I intend to fulfill my check and supervisory functions from the standpoint of creating an even more sound management structure while directly engaging with the management of ITOCHU, the Company which can leverage its advantages in rapid decision-making without being bound to preconceived ideas, and its ability to adapt to major changes in the business environment.



Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise on finance and accounting as a certified public accountant and a wealth of experience as a corporate manager. She was appointed as an Outside Director of ITOCHU in June 2019. She has helped advance corporate governance at ITOCHU while serving as a member of the Governance and Remuneration Committee in FYE 2020. She has often provided helpful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and next-generation businesses.

