

To Those Shareholders with Voting Rights

Masahiro Okafuji
Chairman & Chief Executive Officer
ITOCHU Corporation
1-3, Umeda 3-chome, Kita-ku, Osaka

NOTICE OF THE 95TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of ITOCHU Corporation to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights either in writing or via the Internet and other means. Please read the attached REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights so that it will reach us by 5 p.m., Thursday, June 20, 2019. (Please refer to “Information on Exercise of Voting Rights” on pages 3 to 4.)

1. Date: 10 a.m., Friday, June 21, 2019 (Reception commences at 9 a.m.)

2. Place: The Hō Banquet Hall (2F), Hotel New Otani Osaka
4-1, Shiromi 1-chome, Chuo-ku, Osaka

3. Objectives of the Meeting:

Reports:

1. The Business Report, the Consolidated Financial Statements and the report of the audit of the Consolidated Financial Statements by the Independent Auditor and Audit & Supervisory Board for the 95th Fiscal Term (from April 1, 2018 to March 31, 2019) will be reported at the meeting.
2. The Non-Consolidated Financial Statements for the 95th Fiscal Term (from April 1, 2018 to March 31, 2019) will be reported at the meeting.

Agenda:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Ten (10) Directors

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Proposal No. 4: Revision of Remuneration Amount for Directors

*Other matters relating to ordinary general meetings of shareholders

- (1) In the event that a shareholder provides no indication of approval or disapproval with regard to the proposals, the shareholder shall be considered to have expressed approval, which shall be handled accordingly.
- (2) In the event that a vote is exercised in duplicate via enclosed Exercise Voting Rights Form and via the Internet or other means, or more than one vote is exercised electronically, the latest vote shall be effective.
- (3) For those attending, please present the enclosed Exercise Voting Rights Form at the reception desk on arrival at the meeting. Please take note that persons other than shareholders who can exercise voting rights, such as proxy agents who are not shareholders or those accompanying shareholders, will not be permitted to enter the meeting venue.

- ◆ This Notice of Meeting does not include complete Consolidated Financial Statements and Non-Consolidated Financial Statements audited by audit & supervisory board members and Independent Auditor in preparing the respective reports of audit. The Notes to Consolidated Financial Statements, the Notes to Non-Consolidated Financial Statements, also the Consolidated Statements of Cash Flows and the Operating Segment Information as reference materials are provided on ITOCHU Corporation's website (https://www.itochu.co.jp/en/ir/shareholder/general_meeting/), pursuant to the provisions of applicable laws and regulations as well as Article 16 of ITOCHU Corporation's Articles of Incorporation.
- ◆ If circumstances are generated whereby revisions should be made to the content of the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements and the REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS, such notification shall be published on ITOCHU Corporation's website (https://www.itochu.co.jp/en/ir/shareholder/general_meeting/).

Information on Exercise of Voting Rights

The right to vote at the general meeting of shareholders is a principal right of shareholders.

Please exercise your voting rights after reading the attached REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS.

You may exercise your voting rights by one of the following three methods.

1. Instructions on attending the general meeting of shareholders

For those attending, please submit the enclosed Exercise Voting Rights Form to the reception of the meeting.

<The date of the general meeting of shareholders>

Friday, June 21, 2019 at 10 a.m.

2. Instructions on exercise of voting rights in writing (by mail)

Please indicate your approval or disapproval to each of the proposals on the enclosed Exercise Voting Rights Form and return it to ITOCHU Corporation.

<Voting deadline>

Your vote must arrive at ITOCHU Corporation no later than 5 p.m. on Thursday, June 20, 2019.

3. Instructions on exercise of voting rights via the Internet

Please follow the instructions on the next page and input your approval or disapproval to each of the proposals.

<Voting deadline>

Your vote must be input no later than 5 p.m. on Thursday, June 20, 2019.

If you have exercised your voting rights both in writing (by mail) and via the Internet or other means, the last one to arrive at ITOCHU Corporation shall be deemed effective. Also, if you have exercised your voting rights multiple times via the Internet or other means, the last one shall be deemed effective.

Exercise of Voting Rights via the Internet

<Scanning QR code “smart vote”>

You can simply login to the website for the exercise of voting rights without entering your voting rights exercise code and password.

1. Please scan the QR code located on the bottom right of the Exercise Voting Rights Form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can exercise your voting rights only once by using “smart vote”

If you want to change your votes after exercising your voting rights, please access the PC site, log in with the voting rights exercise code and password on the Exercise Voting Rights Form, and exercise your voting rights again. It is possible to access the PC site by re-reading the QR code.

<Entering voting rights exercise code and password>

[Website for the exercise of voting rights] <https://www.web54.net> (This website is available in Japanese only.)

1. Please access the website for the exercise of voting rights
2. Enter your voting rights exercise code printed on the Exercise Voting Rights Form.
3. Enter your password printed on the Exercise Voting Rights Form.
4. Indicate your approval or disapproval by following the instructions on the screen.

If you are unclear as to the operation of your PC, smart phone, and mobile phone regarding the exercise of voting rights via the Internet, please contact the following number.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support (dedicated line)

Tel: 0120-652-031 (toll free, available only in Japan)

(Service hours: 9 a.m. to 9 p.m.)

Institutional investors may use the “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd.

REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1: Appropriation of Surplus

ITOCHU Corporation has the following intention with regard to Appropriation of Surplus.

Term-end Dividends

On October 1, 2018, ITOCHU Corporation announced the Medium to Long Term Shareholders Return Policy, under which we plan to implement stepped increases in dividend amounts and dividend payout ratio, and more active execution of share buybacks. In order to aim for a future payout ratio of 30%, we have a policy of raising the payout in steps, and for the FY2019 shareholder dividend, we announced that ¥83 would be a lower limit, a ¥9 increase over the ¥74 announced at the beginning of the FY2019. In accordance with this policy, we plan to pay the total annual dividend of ¥83 per share (including an interim dividend of ¥37), and propose to pay a term-end dividend of ¥46 for the current term.

- (1) Type of the dividend assets
Cash
- (2) Allocation of dividend assets to be paid to shareholders and total dividend amount:
¥46 per share of common stock Total ¥ 70,099,059,738
- (3) Date on which the appropriation of surplus goes into effect:
June 24, 2019

Proposal No. 2: Election of Ten (10) Directors

At the conclusion of this 95th Ordinary General Meeting of Shareholders, the terms of office of the eight (8) current directors will expire: Masahiro Okafuji, Yoshihisa Suzuki, Tomofumi Yoshida, Fumihiko Kobayashi, Tsuyoshi Hachimura, Atsuko Muraki, Harufumi Mochizuki and Masatoshi Kawana. Accordingly, we hereby propose to elect ten (10) directors, increasing the number of Directors by two (2) to further enhance the management system. The candidates for the new directors are as follows:

Of the ten (10) candidates, four (4) are candidates for outside directors.

(For independence criteria for outside directors of ITOCHU Corporation, please refer to pages 21 to 22.)

No.	Name	Current position and responsibility in the Company	Number of Attendance at Meetings of the Board of Directors	Governance and Remuneration Committee	Nomination Committee
1	Masahiro Okafuji Reelection	Chairman & Chief Executive Officer	17/17 (100%)	○	○
2	Yoshihisa Suzuki Reelection	President & Chief Operating Officer	17/17 (100%)	○	○
3	Tomofumi Yoshida Reelection	Member of the Board, Executive Vice President, General Products & Realty Company	13/13 (100%) (since his appointment)	—	—
4	Yuji Fukuda New election	Executive Vice President CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations	— / — (—%)	—	—
5	Fumihiko Kobayashi Reelection	Member of the Board, Senior Managing Executive Officer Chief Administrative Officer	17/17 (100%)	—	○
6	Tsuyoshi Hachimura Reelection	Member of the Board, Senior Managing Executive Officer Chief Financial Officer	17/17 (100%)	—	—
7	Atsuko Muraki Reelection Outside Independent	Member of the Board	17/17 (100%)	◎	○
8	Harufumi Mochizuki Reelection Outside Independent	Member of the Board	17/17 (100%)	—	◎
9	Masatoshi Kawana Reelection Outside Independent	Member of the Board	13/13 (100%) (since his appointment)	○	—
10	Makiko Nakamori New election Outside Independent	—	— / — (—%)	○	—

Notes: 1. The above list shows the persons (intended) to compose the respective advisory committees after this Ordinary General Meeting of Shareholders.

2. The outside directors are listed in order of their appointment as director of ITOCHU Corporation.

◎: Chair

○: Member

Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, ITOCHU Corporation's Board of Directors consists of, in principle, the Chairman, President, officers in charge of headquarters administrative functions, one appropriate Division Company president as an (internal) director, and such several outside directors that the percentage of outside directors in our Board of Directors is one-third or more to improve supervisory function of the Board of Directors. In nominating outside directors, ITOCHU Corporation prioritizes candidates with higher independence, based on the criteria for "independent directors" prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU Corporation. Proposal on candidates for directors is created by Chairman & Chief Executive Officer taking into consideration diversity such as knowledge, experience, gender and international experience, and submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

No.	Name	Brief personal history (Important concurrent occupations or positions)	
1 Reelection	Masahiro Okafuji (December 12, 1949) Number of Attendance at Meetings of the Board of Directors: 17/17 (100%) Number of ITOCHU Corporation's shares held: 171,395 shares	April 1974 Joined ITOCHU Corporation June 2002 Executive Officer April 2004 Managing Executive Officer June 2004 Managing Director April 2006 Senior Managing Director April 2009 Executive Vice President April 2010 President & Chief Executive Officer April 2018 Chairman & Chief Executive Officer (current position) (Important concurrent occupations or positions) Outside Director, NISSIN FOODS HOLDINGS CO., LTD. <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Masahiro Okafuji has primarily engaged in textile-related business. After serving as President of Textile Company, he assumed the position of President & Chief Executive Officer of ITOCHU Corporation in April 2010, and since then has increased corporate value through excellent management skills and leadership. He assumed the position of Chairman & Chief Executive Officer of ITOCHU Corporation in April 2018, and as he possesses a track record as the top of ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.	
2 Reelection	Yoshihisa Suzuki (June 21, 1955) Number of Attendance at Meetings of the Board of Directors: 17/17 (100%) Number of ITOCHU Corporation's shares held: 65,384 shares	April 1979 Joined ITOCHU Corporation June 2003 Executive Officer April 2006 Managing Executive Officer April 2011 Adviser June 2011 Executive Vice President, JAMCO Corporation June 2012 Chief Executive Officer, JAMCO Corporation April 2016 Senior Managing Executive Officer of ITOCHU Corporation President, ICT & Financial Business Company June 2016 Member of the Board, Senior Managing Executive Officer April 2018 President & Chief Operating Officer (current position) <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Yoshihisa Suzuki has been primarily engaged in aviation-related business, and served as President of ITOCHU International Inc. After being the President of ICT & Financial Business Company, he assumed the position of President & Chief Operating Officer of ITOCHU Corporation in April 2018, and has been promoting management for sustainable growth by such initiatives as reinvention of business and smart management. He is demonstrating excellent managing skills. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.	

No.	Name	Brief personal history (Important concurrent occupations or positions)	
3 Reelection	Tomofumi Yoshida (September 5, 1956) Number of Attendance at Meetings of the Board of Directors (since his appointment): 13/13 (100%) Number of ITOCHU Corporation's shares held: 65,450 shares	April 1979 Joined ITOCHU Corporation April 2007 Executive Officer April 2010 Managing Executive Officer April 2012 President, ICT, General Products & Realty Company June 2012 Member of the Board, Managing Executive Officer April 2014 Member of the Board, Senior Managing Executive Officer April 2016 Senior Managing Executive Officer President & CEO, ITOCHU International Inc. April 2018 President, General Products & Realty Company (current position) June 2018 Member of the Board, Senior Managing Executive Officer April 2019 Member of the Board, Executive Vice President (current position) <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Tomofumi Yoshida has primarily engaged in general merchandise-related business, and served as Chief Operating Officer of Forest Products & General Merchandise Division, President of ICT, General Products & Realty Company and President & CEO of ITOCHU International Inc. Since April 2018, as President of General Products & Realty Company, he has overseen the management and business activities of ITOCHU's general merchandise, construction and logistics overall, has promoted new business cultivation and business improvements, and has demonstrated excellent management skills. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.	
4 New election	Yuji Fukuda (January 21, 1957) Number of ITOCHU Corporation's shares held: 44,200 shares	April 1979 Joined ITOCHU Corporation April 2002 General Manager, Planning & Coordinating Department, Chemicals, Forest Products & General Merchandise Company May 2006 Chief Operating Officer, Chemicals Division June 2006 Executive Officer April 2008 Executive Vice President, Chemicals, Forest Products & General Merchandise Company; Chief Operating Officer, Chemicals Division April 2009 Managing Executive Officer April 2012 President, Energy & Chemicals Company June 2012 Member of the Board, Managing Executive Officer April 2015 Member of the Board, Senior Managing Executive Officer April 2016 Senior Managing Executive Officer CEO for Asia & Oceania Bloc; President & CEO, ITOCHU Singapore Pte, Ltd.; Executive Advisory Officer for CP & CITIC Operations April 2019 Executive Vice President (current position) CEO for East Asia Bloc (current position); CEO for Asia & Oceania Bloc (current position); Executive Advisory Officer for CP & CITIC Operations (current position) <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Yuji Fukuda has primarily engaged in chemicals-related business, and served as Chief Operating Officer of Chemicals Division and President of Energy & Chemicals Company. In April 2016, he was appointed to oversee the management and business activities of ITOCHU Corporation's Asia & Oceania Bloc overall in the concurrent roles of CEO for Asia & Oceania Bloc and Executive Advisory Officer for CP & CITIC Operations, has promoted new business cultivation and business improvements, and has demonstrated excellent management skills. In April 2019, he assumed the position of CEO for East Asia Bloc. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, and he has been engaged in global operational management as the top senior manager at major overseas business sites, we propose him as a new candidate for director.	

No.	Name	Brief personal history (Important concurrent occupations or positions)	
5 Reelection	Fumihiko Kobayashi (June 21, 1957) Number of Attendance at Meetings of the Board of Directors: 17/17 (100%) Number of ITOCHU Corporation's shares held: 81,180 shares	April 1980 Joined ITOCHU Corporation April 2010 Executive Officer April 2013 Managing Executive Officer April 2015 Chief Administrative Officer June 2015 Member of the Board, Managing Executive Officer April 2017 Member of the Board, Senior Managing Executive Officer (current position) April 2018 Chief Administrative & Information Officer April 2019 Chief Administrative Officer (current position) <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Fumihiko Kobayashi has primarily engaged in human resources-related operations and served as General Manager of Human Resources & General Affairs Division. Since April 2015, he has worked to propose and execute human resources and general affairs policy and ESG policy, and to construct and operate compliance systems as Chief Administrative Officer. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.	
6 Reelection	Tsuyoshi Hachimura (July 6, 1957) Number of Attendance at Meetings of the Board of Directors: 17/17 (100%) Number of ITOCHU Corporation's shares held: 72,300 shares	October 1991 Joined ITOCHU Corporation April 2012 Executive Officer April 2015 Managing Executive Officer Chief Financial Officer (current position) June 2015 Member of the Board, Managing Executive Officer April 2018 Member of the Board, Senior Managing Executive Officer (current position) <u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Tsuyoshi Hachimura has primarily engaged in metals-related business and served as CAO of ITOCHU International Inc. and as General Manager of Finance Division of ITOCHU Corporation. Since April 2015, he has worked toward the improvement and operation of financial strategy, managerial administration, risk management, and internal control as Chief Financial Officer. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.	

No.	Name	Brief personal history (Important concurrent occupations or positions)	
7 Reelection Outside Independent	Atsuko Muraki (December 28, 1955)	April 1978	Joined Ministry of Labour
		October 2005	Counsellor for Policy Evaluation, Minister’s Secretariat, Ministry of Health Labour and Welfare
		September 2006	Deputy Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare
		July 2008	Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare
		September 2010	Director-General for Policies on Cohesive Society, Cabinet Office
		September 2012	Director-General, Social Welfare and War Victims’ Relief Bureau, Ministry of Health Labour and Welfare
		July 2013	Vice Minister of Health Labour and Welfare, Ministry of Health Labour and Welfare
		October 2015	Retired from Ministry of Health Labour and Welfare
		June 2016	Outside Member of the Board of ITOCHU Corporation (current position)
		April 2017	Guest Professor, Tsuda University (current position)
	Number of Attendance at Meetings of the Board of Directors: 17/17 (100%)	June 2017	Outside Audit & Supervisory Board Member, Sompō Holdings, Inc. (current position)
		June 2018	Outside Director, Sumitomo Chemical Company, Limited (current position)
		(Important concurrent occupations or positions)	
Outside Audit & Supervisory Board Member, Sompō Holdings, Inc. Outside Director, Sumitomo Chemical Company, Limited			
	Number of ITOCHU Corporation’s shares held: 1,700 shares	<u>Reason for the nomination of the candidate for outside director</u>	
		Ms. Atsuko Muraki has served important positions at the Ministry of Health Labour and Welfare (and the former Ministry of Labour). On the basis of her wealth of experience and high-level knowledge she accumulated as a government official, she provides appropriate advice on the management of ITOCHU Corporation from a broad perspective and performs proper supervision of ITOCHU Corporation’s business execution. While she does not have experience with direct involvement in corporate management other than as an outside director of ITOCHU Corporation and as an outside director and outside audit & supervisory board member for other company, we have determined that it can continue to leverage her high-level knowledge in its management, and propose her as a candidate for outside director.	
		<u>Special notes concerning the candidate for outside director</u>	
		Ms. Atsuko Muraki is currently an outside director of ITOCHU Corporation, and she will have served in that capacity for three (3) years at the conclusion of this 95th Ordinary General Meeting of Shareholders. She fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation’s “Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members” (please refer to pages 21 to 22) and is registered as an independent director at Tokyo Stock Exchange, Inc.	

No.	Name	Brief personal history (Important concurrent occupations or positions)	
8 Reelection Outside Independent	Harufumi Mochizuki (July 26, 1949) Number of Attendance at Meetings of the Board of Directors: 17/17 (100%) Number of ITOCHU Corporation's shares held: 2,000 shares	April 1973	Joined Ministry of International Trade and Industry
		July 1998	Deputy Director-General for Economic Structural Reform, Ministry of International Trade and Industry
		January 2001	Director-General for Nuclear and Industrial Safety Policy, Nuclear and Industrial Safety Agency
		July 2002	Director-General for Commerce and Distribution Policy, Ministry of Economy, Trade and Industry
		July 2003	Director-General, Small and Medium Enterprise Agency
		July 2006	Director-General, Agency for Natural Resources and Energy
		July 2008	Vice-Minister of Economy, Trade and Industry
		July 2010	Retired from Ministry of Economy, Trade and Industry
		August 2010	Special Advisor to the Cabinet (to September 2011)
		June 2012	Outside Director, Hitachi, Ltd. (current position)
		June 2013	President & CEO, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position)
		June 2014	Outside Audit & Supervisory Board Member of ITOCHU Corporation
		June 2017	Retired as Outside Audit & Supervisory Board Member
		June 2017	Outside Member of the Board (current position)
		(Important concurrent occupations or positions)	
Outside Director, Hitachi, Ltd. President & CEO, Tokyo Small and Medium Business Investment & Consultation CO., LTD.			
<u>Reason for the nomination of the candidate for outside director</u> Mr. Harufumi Mochizuki has served important positions at the Ministry of Economy, Trade and Industry (and the former Ministry of International Trade and Industry). On the basis of his wealth of experience and high-level knowledge he accumulated as a government official, he provides appropriate advice on the management of ITOCHU Corporation from a broad perspective and performs proper supervision of ITOCHU Corporation's business execution. Based on his experience as a corporate executive at other entities where he concurrently serves, we have determined that he is able to leverage his high-level knowledge in the management of ITOCHU Corporation, and propose him as a candidate for outside director.			
<u>Special notes concerning the candidate for outside director</u> Mr. Harufumi Mochizuki is currently an outside director of ITOCHU Corporation, and at the conclusion of this 95th Ordinary General Meeting of Shareholders, he will have served in that capacity for two (2) years. He fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 21 to 22) and is registered as an independent director at Tokyo Stock Exchange, Inc. Although he is currently engaged in business execution of Tokyo Small and Medium Business Investment & Consultation CO., LTD. as President & CEO of the company, there is no business relationship between the company and ITOCHU Corporation in the most recent fiscal year.			

No.	Name	Brief personal history (Important concurrent occupations or positions)	
9 Reelection Outside Independent	Masatoshi Kawana (November 27, 1953) Number of Attendance at Meetings of the Board of Directors (since his appointment): 13/13 (100%) Number of ITOCHU Corporation's shares held: 300 shares	May 1978	Joined the Department of Cardiology, Tokyo Women's Medical University
		September 1991	Research fellow at Massachusetts General Hospital, Harvard Medical School
		December 1991	Research fellow at Vanderbilt University School of Medicine
		March 2004	Professor of Cardiology, Tokyo Women's Medical University
		April 2005	President of Aoyama Hospital, Tokyo Women's Medical University
		April 2014	Vice-president of Tokyo Women's Medical University Hospital
		November 2014	Professor of General Medicine, Tokyo Women's Medical University Hospital
		June 2018	Outside Member of the Board of ITOCHU Corporation (current position)
		February 2019	Visiting Professor of Graduate School of Advanced Science and Engineering, Waseda University (current position)
		April 2019	Specially Appointed Professor of Tokyo Women's Medical University (current position)
<u>Reason for the nomination of the candidate for outside director</u> Mr. Masatoshi Kawana has served for many years as a physician at Tokyo Women's Medical University Hospital and has held successive key positions, including Vice-president of the hospital. Based on the experience in hospital management and the high-level knowledge of medical care that he has gained as the President of Aoyama Hospital, Tokyo Women's Medical University, we have determined that he can provide advice from an instructive and diverse perspective, particularly with regard to Health and Productivity Management and the medical care business that ITOCHU Corporation is promoting, and propose him as a candidate for outside director.			
<u>Special notes concerning the candidate for outside director</u> Mr. Masatoshi Kawana is currently an outside director of ITOCHU Corporation, and at the conclusion of this 95th Ordinary General Meeting of Shareholders, he will have served in that capacity for one (1) year. He fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 21 to 22) and is registered as an independent director at Tokyo Stock Exchange, Inc.			

No.	Name	Brief personal history (Important concurrent occupations or positions)
10 New election Outside Independent	Makiko Nakamori (August 18, 1963) Number of ITOCHU Corporation's shares held: 0 shares	April 1987 Joined Nippon Telegraph and Telephone Corporation October 1991 Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC) April 1996 Registered as a certified public accountant July 1997 Representative Partner, NAKAMORI CPA OFFICES (current position) August 2000 Outside Audit & Supervisory Board Member, Oracle Corporation Japan December 2006 Auditor (Outside), istyle Inc. (current position) August 2008 Outside Director, Oracle Corporation Japan December 2011 Outside Audit & Supervisory Board Member, M&A Capital Partners Co., Ltd. (current position) June 2013 Outside Director, ITOCHU Techno-Solutions Corporation (current position) Outside Audit & Supervisory Board Member, NEXT Co., Ltd. (currently LIFULL Co., Ltd.) (current position) November 2015 Auditor (external), TeamSpirit Inc. (current position) (Important concurrent occupations or positions) Representative Partner, NAKAMORI CPA OFFICES Auditor (Outside), istyle Inc. Outside Audit & Supervisory Board Member, M&A Capital Partners Co., Ltd. Outside Audit & Supervisory Board Member, LIFULL Co., Ltd. Auditor (external), TeamSpirit Inc. <u>Reason for the nomination of the candidate for outside director</u> Ms. Makiko Nakamori has the high level of expertise regarding finance and accounting as a certified public accountant, and has extensive experience as a corporate executive so she can make appropriate comments regarding managing ITOCHU Corporation from a neutral and objective position. We have determined that she can appropriately supervise the performance of duties and propose her as a new candidate for outside director. <u>Special notes concerning the candidate for outside director</u> Ms. Makiko Nakamori fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 21 to 22) and we intend to register her as an independent director at Tokyo Stock Exchange, Inc. Currently, Ms. Makiko Nakamori is an outside director of ITOCHU Techno-Solutions Corporation, a subsidiary of ITOCHU Corporation, and has been an outside director of the company for the past five (5) years, but she intends to step down for being an outside director on June 19, 2019. Although she is currently engaged in business execution of NAKAMORI CPA OFFICES as Representative Partner of the offices, there is no business relationship between the offices and ITOCHU Corporation in the most recent fiscal year.

- Notes:
1. All candidates do not have any special interest with ITOCHU Corporation.
 2. Ms. Atsuko Muraki, Mr. Harufumi Mochizuki, Mr. Masatoshi Kawana and Ms. Makiko Nakamori are candidates for outside directors.
 3. ITOCHU Corporation, in order for its outside directors to perform their expected roles fully, has provided in Article 24 of the Company's Articles of Incorporation that it may conclude an agreement with an outside director limiting his or her liability to an amount provided for by laws and regulations as long as there are good faith and no gross negligence regarding the outside director's performance of duties. Therefore, in the event that this proposal is approved, we intend to continue the agreements on limited liability that it has concluded with Ms. Atsuko Muraki, Mr. Harufumi Mochizuki and Mr. Masatoshi Kawana, and intend to also conclude an agreement on limited liability with Ms. Makiko Nakamori.
The content of the contract can be summarized as follows:
 - It limits, based on the provisions of Article 427, Paragraph 1 of the Companies Act, responsibility as specified in Article 423, Paragraph 1 of that Act.

- As long as there are good faith and no gross negligence regarding an outside director's performance of duties, ITOCHU Corporation may limit responsibility to the extent permitted under Article 425, Paragraph 1 of that Act.
4. In July 2018, the Japan Fair Trade Commission issued a cease and desist order under Article 7, Paragraph 2 of Japan's Antimonopoly Act to ITOCHU Corporation regarding its sales of uniforms to ALL NIPPON AIRWAYS CO., LTD. up until FY2017. Also, in October 2018, the Japan Fair Trade Commission issued a cease and desist order and a surcharge payment order (amount of surcharge to be paid: ¥4.29 million) to ITOCHU Corporation for illegal acts under the Antimonopoly Act regarding the supply of uniforms to NTT DOCOMO, INC. up until that same year. Each of these matters is, like its sales of uniforms to West Japan Railway Company and NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION regarding which the cease and desist orders were issued by the Japan Fair Trade Commission in January and February 2018 to ITOCHU Corporation, a matter regarding our uniform sales operations up until FY2017, and in the process of formulating and carrying out measures to prevent recurrence we stopped illegal activities ourselves before the start of the Japan Fair Trade Commission's investigation. Ms. Atsuko Muraki, Mr. Harufumi Mochizuki and Mr. Masatoshi Kawana have continually made statements in Board of Directors meetings concerning the importance of legal compliance, and, after the incident became known, conducted proactive advocacy concerning the further enforcement of legal compliance in ITOCHU Corporation and the Group, as well as measures to prevent recurrence of incidents, including the development of internal rules for compliance with the Antimonopoly Act, the promotion of voluntary reporting of violations, and the strengthening and enhancement of education on compliance with the Antimonopoly Act. They perform continuous checking of these initiatives to strengthen our compliance systems.

[Reference] Advisory body to the Board of Directors

We have established a Governance and Remuneration Committee and a Nomination Committee under the Board of Directors as voluntary advisory committees to raise the transparency of the decision-making process and strengthen the supervisory function of the Board of Directors. The roles and planned member composition of both committees after this 95th Ordinary General Meeting of Shareholders are as follows.

Governance and Remuneration Committee (7 members in total)	Nomination Committee (8 members in total)
Roles: To deliberate and advise to the Board on proposals relating to remuneration system for directors and executive officers and other matters on corporate governance.	Roles: To deliberate and advise to the Board on proposals relating to nomination and dismissal of executive officers, nomination of candidates for directors and audit & supervisory board members, dismissal of directors and audit & supervisory board members, and appointment and dismissal of responsible directors and executive officers.
Composition: Chair Atsuko Muraki, Member of the Board (Outside) Members Masahiro Okafuji, Chairman & Chief Executive Officer Yoshihisa Suzuki, President & Chief Operating Officer Masatoshi Kawana, Member of the Board (Outside) Makiko Nakamori, Member of the Board (Outside) Shuzaburo Tsuchihashi, Audit & Supervisory Board Member Kotaro Ohno, Audit & Supervisory Board Member (Outside)	Composition: Chair Harufumi Mochizuki, Member of the Board (Outside) Members Masahiro Okafuji, Chairman & Chief Executive Officer Yoshihisa Suzuki, President & Chief Operating Officer Fumihiko Kobayashi, Member of the Board Atsuko Muraki, Member of the Board (Outside) Kiyoshi Yamaguchi, Audit & Supervisory Board Member Shingo Majima, Audit & Supervisory Board Member (Outside) Kentaro Uryu, Audit & Supervisory Board Member (Outside)

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of the current outside audit & supervisory board member Kentaro Uryu will expire at the conclusion of this 95th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose the election of one (1) outside audit & supervisory board member. The candidate for the new outside audit & supervisory board member is as follows.

The Audit & Supervisory Board has given its accord to this proposal.

(For independence criteria for outside audit & supervisory board members of ITOCHU Corporation, please refer to pages 21 to 22.)

Name	Brief personal history (Important concurrent occupations or positions)
Reelection Outside Independent Kentaro Uryu (January 2, 1965) Number of Attendance at Meetings of the Board of Directors: 16/17 (94%) Number of Attendance at Meetings of the Audit & Supervisory Board: 13/13 (100%) Number of ITOCHU Corporation's shares held: 5,200 shares	April 1995 Registered as attorney at law Joined Tsunematsu Yanase & Sekine (currently Nagashima Ohno & Tsunematsu) January 1996 Joined Legal Corporation Matsuo & Kosugi February 1999 Joined Salomon Smith Barney (Japan) Ltd. (currently Citigroup Global Markets Japan Inc.) April 2000 Long term expert, Japan International Cooperation Agency (dispatched to the Ministry of Justice of Vietnam, etc. from the Japan Federation of Bar Associations) August 2002 Attorney-At-Law, Managing Partner, CAST Law Professional Corporation (currently URYU & ITOGA) (current position) August 2008 CEO, SUI Advisory Service Co., Ltd. (currently U&I Advisory Service Co., Ltd.) (current position) June 2014 Outside Director, FRUTAFRUTA, Inc. September 2014 Board of Directors of GMO TECH, Inc. March 2015 Outside Audit & Supervisory Board Member, Kyowa Hakko Kirin Co., Ltd. June 2015 Outside Audit & Supervisory Board Member, ITOCHU Corporation (current position) March 2018 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (current position) (Important concurrent occupations or positions) Attorney-At-Law, Managing Partner, URYU & ITOGA CEO, U&I Advisory Service Co., Ltd. Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. <u>Reason for the nomination of the candidate for outside audit & supervisory board member</u> Mr. Kentaro Uryu has the high level of expertise in law and extensive experience as an attorney-at-law for many years, since he became an outside audit & supervisory board member of ITOCHU Corporation in June 2015 based on that expertise and experience, he has carried out his duties appropriately. We have determined that he can continue to appropriately monitor and supervise the management of ITOCHU Corporation from a neutral and objective position and propose him as a candidate for outside audit & supervisory board member. <u>Special notes concerning the candidate for outside audit & supervisory board member</u> Mr. Kentaro Uryu is currently an outside audit & supervisory board member of ITOCHU Corporation, and he will have served in that capacity for four (4) years at the conclusion of this 95th Ordinary General Meeting of Shareholders. He fulfills the criteria for independent auditors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 21 to 22) and is registered as an independent auditor at Tokyo Stock Exchange, Inc. Although he is currently engaged in business execution of URYU & ITOGA as Attorney-At-Law and Managing Partner and U&I Advisory Service Co., Ltd. as CEO, there is no business relationship between the office and company and ITOCHU Corporation in the most recent fiscal year.

- Notes: 1. The candidate does not have any special interest with ITOCHU Corporation.
2. ITOCHU Corporation, in order for its outside audit & supervisory board members to perform their expected roles fully, has provided in Article 31 of the Company's Articles of Incorporation that it may

conclude an agreement with an outside audit & supervisory board member limiting his or her liability to an amount provided for by laws and regulations as long as there are good faith and no gross negligence regarding the outside audit & supervisory board member's performance of duties. Therefore, in the event that this proposal is approved, we intend to continue the agreements on limited liability that it has concluded with Mr. Kentaro Uryu.

The content of the contract can be summarized as follows:

- It limits, based on the provisions of Article 427, Paragraph 1 of the Companies Act, responsibility as specified in Article 423, Paragraph 1 of that Act.
- As long as there are good faith and no gross negligence regarding an outside audit & supervisory board member's performance of duties, ITOCHU Corporation may limit responsibility to the extent permitted under Article 425, Paragraph 1 of that Act.

3. In July 2018, the Japan Fair Trade Commission issued a cease and desist order under Article 7, Paragraph 2 of Japan's Antimonopoly Act to ITOCHU Corporation regarding its sales of uniforms to ALL NIPPON AIRWAYS CO., LTD. up until FY2017. Also, in October 2018, the Japan Fair Trade Commission issued a cease and desist order and a surcharge payment order (amount of surcharge to be paid: ¥4.29 million) to ITOCHU Corporation for illegal acts under the Antimonopoly Act regarding the supply of uniforms to NTT DOCOMO, INC. up until that same year. Each of these matters is, like its sales of uniforms to West Japan Railway Company and NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION regarding which the cease and desist orders were issued by the Japan Fair Trade Commission in January and February 2018 to ITOCHU Corporation, a matter regarding our uniform sales operations up until FY2017, and in the process of formulating and carrying out measures to prevent recurrence we stopped illegal activities ourselves before the start of the Japan Fair Trade Commission's investigation. Mr. Kentaro Uryu has continually made statements in Board of Directors meetings concerning the importance of legal compliance, and, after the incident became known, conducted proactive advocacy concerning the further enforcement of legal compliance in ITOCHU Corporation and the Group, as well as measures to prevent recurrence of incidents, including the development of internal rules for compliance with the Antimonopoly Act, the promotion of voluntary reporting of violations, and the strengthening and enhancement of education on compliance with the Antimonopoly Act. He performs continuous checking of these initiatives to strengthen our compliance systems.

If this proposal is approved as submitted, the Audit & Supervisory Board is scheduled to be comprised of the following.

	Name	Position in the Company	Number of Attendance at Meetings of the Board of Directors	Number of Attendance at Meetings of the Audit & Supervisory Board	Governance and Remuneration Committee	Nomination Committee
	Kiyoshi Yamaguchi	Full-time Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)	—	○
	Shuzaburo Tsuchihashi	Full-time Audit & Supervisory Board Member	13/13 (100%) (since his appointment)	9/9 (100%) (since his appointment)	○	—
Outside Independent	Shingo Majima	Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)	—	○
Outside Independent	Kentaro Uryu	Audit & Supervisory Board Member	16/17 (94%)	13/13 (100%)	—	○
Outside Independent	Kotaro Ohno	Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)	○	—

- Notes: 1. The above list shows the persons (intended) to compose the respective advisory committees after this Ordinary General Meeting of Shareholders.
2. The outside audit & supervisory board members are listed in order of their appointment as audit & supervisory board member of ITOCHU Corporation.

Policy and Process for Appointing Candidates for Audit & Supervisory Board Members

In order to appropriately audit and supervise management as audit & supervisory board members of a general trading company with broad range of business, candidates for audit & supervisory board members are selected from those with understanding about ITOCHU Corporation's management, high-level expertise in fields including accounting, finance, law, and risk management, and a broad range of experience. As a company with a Audit & Supervisory Board, half or more of the members always consist of outside audit & supervisory board members. In nominating outside audit & supervisory board members, ITOCHU Corporation prioritizes candidates with higher independence, based on the criteria for "independent auditors" prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," who with his or her high-level expertise and extensive experience in the relevant category, are expected to appropriately audit and supervise the management of ITOCHU Corporation. Moreover, among the audit & supervisory board members, ITOCHU Corporation nominates at least one person who possesses considerable knowledge concerning finance and accounting. A proposal on candidates for audit & supervisory board members is created by Chairman & Chief Executive Officer through consultation with full-time audit & supervisory board members with consent of the Audit & Supervisory Board. It is then submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

[Reference] ITOCHU Corporation Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members

For Outside Directors or Outside Audit & Supervisory Board Members of ITOCHU Corporation to be qualified as “independent directors/auditors” as defined by the Tokyo Stock Exchange, Inc., they must NOT fall under any of the following items:

- A. A person whose major business partner is ITOCHU Corporation or an executing person (Note 1) of such person
 - “A person whose major business partner is ITOCHU Corporation” in the above criteria means a person whose accounts receivable from ITOCHU Corporation exceed 2% of such person’s consolidated net sales in any one of its last three (3) fiscal years.
- B. A person who is a major business partner of ITOCHU Corporation or an executing person of such person
 - “A person who is a major business partner of ITOCHU Corporation” in the above criteria means a person to which ITOCHU Corporation’s revenues exceed 2% of ITOCHU Corporation’s consolidated revenues in any one of ITOCHU Corporation’s last three (3) fiscal years.
- C.
 - 1. A consultant, an accounting professional, a legal professional, or a tax professional receiving a significant amount of money or other assets from ITOCHU Corporation other than executive remunerations (which shall be read as a consultant, an accounting professional, a legal professional, or a tax professional of an organization if such person receiving the said assets is an organization such as corporation and partnership)
 - “A significant amount of money” in the above criteria means, if such person receiving the money is an individual, 10 million yen or higher per year on average of the past three years, or, if such person is an organization, in respect of the payments made by ITOCHU Corporation on average over the last three (3) fiscal years (of such organization), the higher of 10 million yen or 2% of the consolidated gross sales of the organization.
 - 2. A member or a partner of an auditing firm which is Independent Auditor of ITOCHU Corporation, or other accounting professional who undertakes audits on ITOCHU Corporation or its subsidiary.
- D. A major shareholder (or its executing person) of ITOCHU Corporation
 - “A major shareholder” in the above criteria means a shareholder who directly or indirectly holds 10% or more of voting rights of ITOCHU Corporation.
- E. A director or other executing person of an organization (limited to those who are involved in business execution of such organization) to which ITOCHU Corporation has made a significant amount of donation
 - “A significant amount of donation” in the above criteria means a donation of an amount exceeding 20 million yen per year on average over the last three (3) fiscal years.
- F. A major lender of ITOCHU Corporation, its parent company, or their respective executing person
 - “A major lender” of ITOCHU Corporation in the above criteria means the top three (3) companies of the lenders of ITOCHU Corporation in terms of the amount of borrowings in the last fiscal year.
- G. A person who was an executing person of ITOCHU Corporation or its subsidiary at a certain point in time during ten (10) years prior to their appointment
- H. An executing person of a company which has Director(s) on loan from ITOCHU Corporation

- I.
 - 1. In case there is an organization falling under A, B or C-1 above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment
 - 2. A person who fell under C-2 above at a certain point in time during three (3) years prior to their appointment
 - 3. In case there is an organization falling under E above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment
 - 4. A person who fell under D or F above at a certain point in time during three (3) years prior to their appointment
- J. A close relative (Note 2) of a person falling under one of the following items (limited to an important person)
 - (A) A person falling under any of items A through C above, or a person falling under I-1 or I-2 (For A and B, an “important person” means an executive director, executive officer or corporate officer. For C-1, “important person” means, in case of an organization, a member or a partner of such organization, and for C-2, “important person” means a member, a partner or an accounting professional who directly engages in auditing on ITOCHU Corporation’s group)
 - (B) An executing person of ITOCHU Corporation’s subsidiary
 - (C) A non-executive director or an Accounting Advisor of ITOCHU Corporation’s subsidiary (limited to a case where an outside audit & supervisory board member is to be designated as an independent director/auditor)
 - (D) A person who fell under (B) or (C), or was an executing person of ITOCHU Corporation (including non-executive director if an outside audit & supervisory board member is to be designated as an independent director/ auditor) at a certain point in time during one (1) year prior to their appointment

Notes: 1. “An executing person” means a person who executes business as provided for in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.
2. “Close relative” means a relative within the second degree of kinship.

Proposal No. 4: Revision of Remuneration Amount for Directors

Remuneration for Directors of ITOCHU Corporation is within ¥1.2 billion annually (of which, the amount for Outside Directors is within ¥50 million annually), and separately from this, bonuses paid to Directors (excluding Outside Directors) depending on the business performance are within ¥1 billion annually, as approved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2011. Now, at this meeting we would like to revise the remuneration for Directors to within ¥0.8 billion annually (of which, the amount for Outside Directors is within ¥0.1 billion annually), and separately from this an amount of ¥2 billion annually for bonuses paid to Directors (excluding Outside Directors) depending on the business performance. Also, we would like to have the payment of bonuses for Directors after this revision to be applied from the payment connected to the business performance for FY2019.

The bonus limit approved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2011 was based on the business performance of ¥161.0 billion in FY2011, and the performance level that ITOCHU Corporation aimed for at that time, but the performance for FY2019 have grown to the ¥500 billion range, far higher than that level. Along with this growth of business performance, we have greatly enlarged the return to shareholders.

Remuneration Plan for Directors of ITOCHU Corporation is designed to be an incentive to grow business performance (please refer to pages 23-24 (Overview of the Remuneration Plan for Directors) for an overview of the remuneration plan). It is becoming normal practice to recognize the importance to appropriately setting a ratio for performance-linked remuneration so that it may serve as a sound incentive aimed at realizing sustainable growth of companies, and at ITOCHU Corporation, the high setting of the ratio of performance-linked remuneration in total directors' remuneration is thought to have led to the expansion in business performance that has occurred up until now, and we recognize that to date it is sufficiently showing that effect.

The raising of the bonus limit this time is necessary as an incentive to aim for further growing business performance going forward while responding to the rapid changes in the environment, such as the 4th industrial revolution and the changes in the person-to-person industry. It is also based on our increasing the number of Directors to further enhance our management system, as written in Proposal 2. We currently have eight (8) Directors (of which, three (3) are Outside Directors), and if Proposal 2 is approved as originally proposed, there will be ten (10) directors (of which four (4) are outside directors). Also, this revision will effectively adjust the balance of the two limit amounts by raising the bonus limit while lowering the remuneration limit to reflect the current situation where the bonus amount, due to the growth in business performance, has grown larger than the remuneration amount.

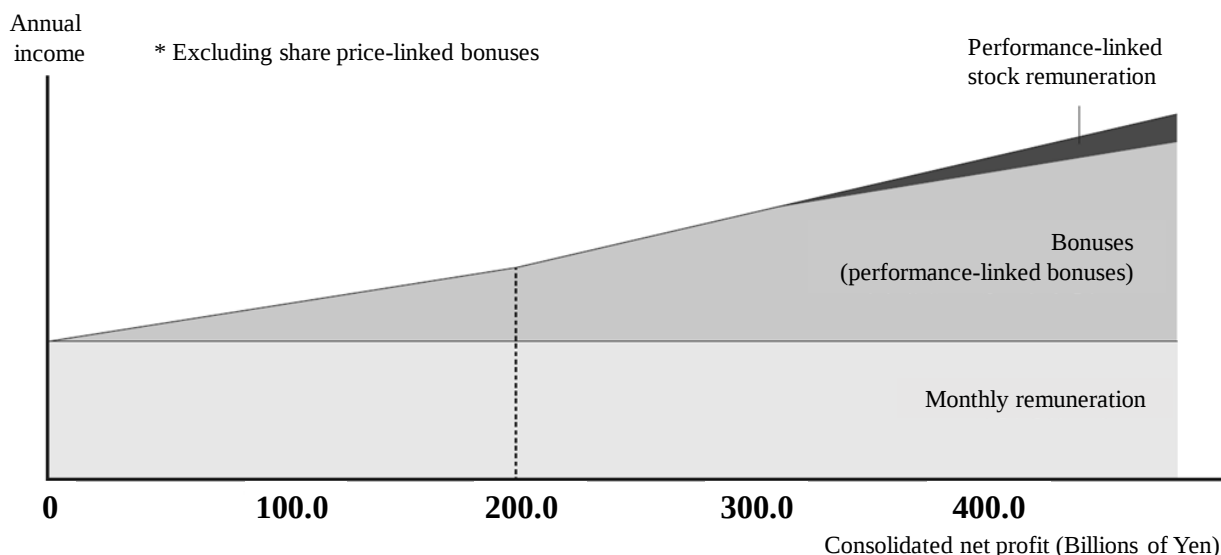
[Reference] Overview of the Remuneration Plan for Directors

ITOCHU Corporation's current remuneration plan for Directors is designed to be an incentive to grow business performance. Performance-linked bonus has a high proportion of overall remuneration, and this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. In order to increase awareness of contribution to raising business performance and enlarging corporate value over the medium- to long-term, we are including stock remuneration as part of the remuneration plan.

Remuneration Plan for Directors for FY2020 consists of (1) monthly remuneration, (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration (trust type). Of these, (3) share price-linked bonuses is a revision of the market capitalization-linked bonuses, which were introduced in FY2019, and the share price-linked bonuses are not designed on the single year base used when the market capitalization-linked bonuses was introduced. The bonus amount is calculated based on the evaluation of the relative growth rate of ITOCHU Corporation's share price during the period of each medium-term management plan versus the growth rate of Tokyo Stock Price Index (TOPIX). The share price-linked bonuses are, like the stock remuneration, also for further strengthening awareness of enlarging corporate value from a medium- to long-term perspective.

Net profit (consolidated) is of high interest on the stock market because it is an easy-to-understand indicator of capital for growth-oriented investment and returns to shareholders and we have an unshakeable belief in its importance as an indicator going forward. In addition, bonuses for employees are linked to net profit (consolidated) so we have net profit attributable to ITOCHU (consolidated) as the linked indicator for performance-linked bonuses ((2), above) and performance-linked stock remuneration ((4), above). Also, regarding share price-linked bonuses ((3), above), as stated above we have the growth rate of ITOCHU Corporation's share price during the period of each medium-term management plans as the linked indicator, but for the calculation of the growth rate of the share price, we use the simple average of the final price for each fiscal year.

Remuneration image of Directors (excluding Outside Directors)



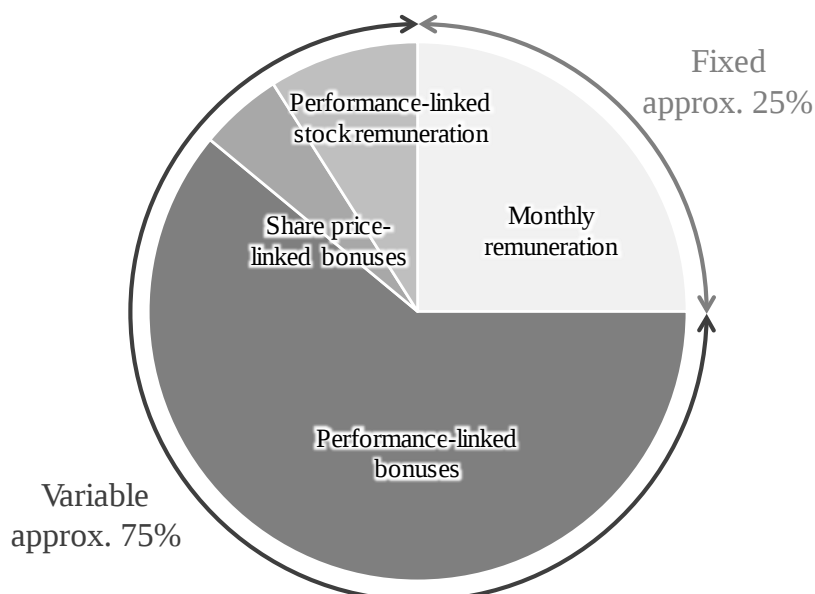
Below is an overview of this remuneration plan for Directors if this proposal is approved as originally proposed.

Type of remuneration	Details	Fixed / Variable	Remuneration limits	Resolution at General Meeting of Shareholders
(1) Monthly remuneration	Determined according to factors that include degree of contribution to ITOCHU Corporation, based on a standard amount for each position	Fixed	¥0.8 billion per year as total amount of monthly remuneration (of that amount, ¥0.1 billion per year for Outside Directors)	Resolution at this General Meeting of Shareholders
(2) Performance-linked bonuses	Total amount of payment is determined based on net profit (consolidated), and the each individual payment amount is determined in relation to the position points for the Director	Variable (single year)	¥2.0 billion per year as the total amount of bonus * Not paid to Outside Directors	
(3) Share price-linked bonuses	Bonus amount is calculated based on an evaluation of the relative growth rate of ITOCHU Corporation's share price during the period of the medium-term management plan versus the growth rate of TOPIX (*1)	Variable (medium- to long-term)		
(4) Performance-linked stock remuneration	Total payment amount is determined based on net profit (consolidated), and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonus (*2)		The amounts below are limits for two fiscal years, for Directors and Executive Officers • Limit on contribution to trust by ITOCHU Corporation: ¥1.5 billion • Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 24, 2016

*1 The bonus amount for each fiscal year is calculated based on the growth rate of ITOCHU Corporation's share price and the growth rate of TOPIX in each fiscal year, and then the share price-linked bonuses are calculated at the end of the medium-term management plan by totaling the bonus amount for each fiscal year during the period of the management plan. The share price-linked bonuses are paid after each officer retires.

*2 Regarding stock remuneration, officers are granted points each year during their terms of office, and when the officers retire, stock remuneration corresponding to the accumulated number of points is paid at one time from a trust.

Remuneration composition ratios image of Directors (excluding Outside Directors)



* In the case of net loss (consolidated), Directors will receive neither performance-linked bonuses nor performance-linked remuneration.

Business Report

(From April 1, 2018 to March 31, 2019)

1. Current Conditions of the ITOCHU Group

(1) Business Progress and Achievement

[General Economic Situation]

In the fiscal year 2019, the global economy showed signs of slowdown toward the end of March, 2019. The U.S. economy started to show signs of slowdown, while it continued a stable expansion driven by the improvements in domestic employment and income levels. The Eurozone economy grew at a sluggish pace mainly due to strengthened environmental regulations for automobiles. Looking at emerging countries, personal consumption and exports were stagnated in China. Furthermore, the U.S.-China trade confliction and tough negotiations on Brexit casted a shadow over the outlook for the global economy. With these growing concerns over the global economy, the WTI crude oil price, which was within US\$60-65 range at the beginning of the fiscal year, dropped in December after the hike by the uncertainty on Iran's oil supply resulting from the U.S. withdrawal from Iran Nuclear Deal. Thanks to oil production curtailment by major oil-producing countries, it finally recovered to the US \$60s level at the end of March, 2019.

The Japanese economy turned around, but grew at a sluggish pace, despite stagnation primarily in personal consumption and exports during the summer stemming from natural disasters such as typhoons and earthquakes after recovery from a temporary standstill in the beginning of last year. The Japanese yen depreciated against the U.S. dollar from the ¥106 level at the beginning of April to the ¥114 level in early October on the back of the rise in the U.S. long-term interest rate. After that, it fluctuated along with the U.S. long-term interest rate and closed at the ¥110 level at the end of March, 2019. The Nikkei Stock Average, which started around ¥21,000-21,500 level, rose to the ¥24,000 level resulting from the rise in the U.S. stock market and the depreciation of the Japanese yen. However, it dropped to the ¥19,000 level at the end of December with the decline in the U.S. stock market. It recovered to the ¥21,000 level at the end of March, 2019. The yield on 10-year Japanese government bonds rose to 0.15% in early October from 0.04% at the beginning of April, but dropped to negative 0.08% level at the end of March, 2019 due to the appreciation of the Japanese yen and concerns over economic outlook.

[Operating Results of the ITOCHU Group]

(Billions of Yen)

	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019)	Increase (Decrease)	%
Revenues	5,510.1	11,600.5	6,090.4	110.5%
Gross trading profit	1,210.4	1,563.8	353.3	29.2%
Selling, general and administrative expenses	(890.3)	(1,193.3)	(303.0)	34.0%
Others	217.7	324.9	107.2	—
[Equity in earnings of associates and joint ventures]	[216.2]	[98.1]	[(118.2)]	[(54.7%)]
Profit before tax	537.9	695.4	157.5	29.3%
Net profit attributable to ITOCHU	400.3	500.5	100.2	25.0%
(Reference) Trading income	316.9	361.5	44.6	14.1%

Revenues for the fiscal year ended March 31, 2019 increased by 110.5%, or 6,090.4 billion yen, compared with the previous fiscal year to 11,600.5 billion yen. Revenues increased in the Food Company due to the effects of the application of new accounting standards (IFRS 15) and the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary; in the Energy & Chemicals Company due to the effects of the application of new accounting standards and the higher sales prices in energy-related companies; and in the Machinery Company due to the effects of the application of new accounting standards and the conversion of YANASE & CO., LTD. into a subsidiary in the second quarter of the previous fiscal year. The result includes the effects of the application of new accounting standards, 5,090.7 billion yen.

Gross trading profit increased by 29.2%, or 353.3 billion yen, compared with the previous fiscal year to 1,563.8 billion yen. Gross trading profits increased in the Food Company due to the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary, despite the lower sales prices in packaged foods in Dole; in the ICT & Financial Business Company due to the conversion of POCKET CARD CO., LTD. into a subsidiary; and in the Machinery Company due to the conversion of YANASE & CO., LTD. into a subsidiary in the second quarter of the previous fiscal year and the stable performance in automobile-related transactions.

Selling, general and administrative expenses increased by 34.0%, or 303.0 billion yen, compared with the previous fiscal year to 1,193.3 billion yen, due to the effects of the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary and the conversion of YANASE & CO., LTD. into a subsidiary in the second quarter of the previous fiscal year.

Provision for doubtful accounts increased by 5.7 billion yen compared with the previous fiscal year to a loss of 9.0 billion yen, due to the conversion of POCKET CARD CO., LTD. into a subsidiary.

Gains on investments increased by 196.0 billion yen, compared with the previous fiscal year to 203.0 billion yen, due to the revaluation gain accompanying the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary and the gain on sales of a North Sea oil fields development company, despite the absence of the gain accompanying the partial sales of a Chinese fresh-food-related company in the previous fiscal year.

Losses on property, plant, equipment and intangible assets improved by 17.6 billion yen, compared with the previous fiscal year to a loss of 12.0 billion yen, due to the absence of impairment losses in an apparel-related company and Dole in the previous fiscal year, despite impairment losses in an apparel-related company.

Other-net improved by 11.0 billion yen, compared with the previous fiscal year to a gain of 10.7 billion yen, due to the absence of a provision for the specific overseas project in the previous fiscal year.

Net interest expenses, which is the total of **Interest income** and **Interest expense**, deteriorated by 7.5 billion yen compared with the previous fiscal year to expenses of 14.3 billion yen, due to an increase in interest expense accompanying the rise in the U.S. dollar interest rates. **Dividends received** increased by 41.1%, or 14.1 billion yen, compared with the previous fiscal year to 48.4 billion yen, due to the increase in dividends from oil and LNG projects and iron ore-related investments. As a result, Net financial income, which is the total of net interest expenses and dividends received, increased by 6.6 billion yen compared with the previous fiscal year, to a gain of 34.1 billion yen.

Equity in earnings of associates and joint ventures decreased by 54.7%, or 118.2 billion yen, compared with the previous fiscal year to 98.1 billion yen. This decrease was attributable to a decrease in the Others, Adjustments & Eliminations (Note), due to the impairment loss on investment in CITIC Limited; an increase in the General Product & Realty Company, due to the higher equity in earnings of ITOCHU FIBRE LIMITED (European pulp-related company) and Japan Brazil Paper & Pulp Resources Development Co., Ltd. resulting from the higher pulp prices; and an increase in the Energy & Chemicals Company, due to the rise in oil prices and the higher production volume of crude oil in an Eastern Siberia oil-exploration-related company and the increase in shares of Japan South Sakha Oil Co., Ltd. which invests in the company, and the higher equity in

earnings of petrochemical-related companies.

(Note) “Others, Adjustments & Eliminations” includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments.

Consequently, **Profit before tax** increased by 29.3%, or 157.5 billion yen, compared with the previous fiscal year to 695.4 billion yen. **Income tax expense** increased by 41.0%, or 43.6 billion yen, compared with the previous fiscal year to 149.7 billion yen, due to the stable growth in profits, the increase resulting from the revaluation gain accompanying the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary, and the absence of the positive effects of the U.S. tax reform, despite the decrease in finance-related companies. **Net profit**, which is calculated as profit before tax of 695.4 billion yen minus income tax expense of 149.7 billion yen, increased by 26.4%, or 114.0 billion yen, compared with the previous fiscal year to 545.7 billion yen. **Net profit attributable to ITOCHU**, which is calculated as Net profit minus **Net profit attributable to non-controlling interests** of 45.2 billion yen, increased by 25.0%, or 100.2 billion yen, compared with the previous fiscal year to 500.5 billion yen.

(Reference)

“Trading income” in accordance with Japanese accounting practices (“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses” + “Provision for doubtful accounts”) increased by 14.1%, or 44.6 billion yen, compared with the previous fiscal year to 361.5 billion yen. This increase was attributable to an increase in the Food Company, due to the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary, despite the lower sales prices in packaged foods in Dole; an increase in the Energy & Chemicals Company, due to the higher production volume of crude oil and the improvement in profitability in self-developed crude oil transactions accompanying the rise in oil prices; an increase in the ICT & Financial Business Company, due to the conversion of POCKET CARD CO., LTD. into a subsidiary; and a decrease in the Metals& Minerals Company, accompanying the change of the structure for investment in certain stakes of iron ore in ITOCHU Minerals & Energy of Australia Pty Ltd, despite the increase due to the higher coal prices.

Cautionary Notes concerning Forecasts

Data and projections contained in this business report are based on the current information available, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

[Main Business]

The ITOCHU Group, through its network in Japan and overseas, engages in the domestic trading, import/export and overseas trading of various products such as textiles, machinery, information and communications-related products, metals, products related to oil and other energy sources, general merchandise, chemicals, and provisions and food. Moreover, the ITOCHU Group is making multifaceted investments in insurance agencies, finance, construction, real estate trading, and warehousing as well as operations and businesses incidental or related to those fields.

[Operating Results by Segment]**Net profit attributable to ITOCHU**

(Billions of Yen)

Segment	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019)
Textile	12.5	29.8
Machinery	57.1	47.6
Metals & Minerals	82.5	79.2
Energy & Chemicals	36.9	80.6
Food	80.5	207.9
General Products & Realty	55.7	62.9
ICT & Financial Business	51.1	68.4
Others, Adjustments & Eliminations	24.2	(76.0)
Total	400.3	500.5

Financial Highlights by Segment

Segment	
Textile Company	Increase due to the stable performance in apparel-related companies such as SANKEI COMPANY LIMITED, the gain on sales of a foreign apparel-related company, and the absence of impairment losses in the previous fiscal year.
Machinery Company	Decrease due to the temporary deterioration of profitability in used car sales in YANASE & CO., LTD., losses on North American IPP companies and the absence of lower tax expenses in the previous fiscal year, despite the stable performance in automobile-related transactions and the absence of a provision for the specific overseas project in the previous fiscal year.
Metals & Minerals Company	Decrease due to the temporary decrease in net profit accompanying the change of the structure for investment in certain stakes of iron ore in ITOCHU Minerals & Energy of Australia Pty Ltd, despite the higher coal prices and the favorable performance in Marubeni-Itochu Steel Inc..
Energy & Chemicals Company	Increase due to the higher production volume of crude oil, the improvement in profitability in self-developed crude oil transactions accompanying the rise in oil prices, increase in dividends from oil and LNG projects and the gain on sales of a North Sea oil fields development company.
Food Company	Increase due to the stable performance in FamilyMart UNY Holdings Co., Ltd. and the revaluation gain accompanying the conversion of the company into a subsidiary (¥141.2 bil.), despite the lower sales prices in packaged foods in Dole and the absence of extraordinary gains in the previous fiscal year.

Segment	
General Products & Realty Company	Increase due to the higher transaction volume in domestic logistics-facility-development-projects and the higher equity in earnings in ITOCHU FIBRE LIMITED (European pulp-related company) and Japan Brazil Paper & Pulp Resources Development Co., Ltd. resulting from the higher pulp prices, despite the absence of extraordinary gains in the previous fiscal year.
ICT & Financial Business Company	Increase due to the favorable performance in finance-related companies such as POCKET CARD CO., LTD., the higher gains on fund operations and the extraordinary lower tax expenses.
Others, Adjustments & Eliminations	Deterioration due to the impairment loss on investment in CITIC Limited accounted for by the equity method (¥(143.3) bil.), despite the absence of the impairment loss on C.P. Pokphand Co. Ltd. in the previous fiscal year.

Notes: 1. ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

2. [Others, Adjustments & Eliminations] includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

[Consolidated Financial Position]

(Billions of Yen)

	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019)	Increase (Decrease)	%
Total assets	8,663.9	10,098.7	1,434.8	16.6%
Interest-bearing debt	2,779.5	2,983.8	204.4	7.4%
Net interest-bearing debt	2,320.4	2,406.8	86.3	3.7%
Total shareholders' equity	2,669.5	2,936.9	267.4	10.0%

Ratio of shareholders' equity to total assets	30.8%	29.1%	Decreased 1.7 pt
NET DER (Net debt-to-shareholders' equity ratio) (times)	0.87	0.82	Improved 0.05 pt

Total assets increased by 16.6%, or 1,434.8 billion yen, compared with March 31, 2018 to 10,098.7 billion yen, due to the conversion of FamilyMart UNY Holdings Co., Ltd. and POCKET CARD CO., LTD. into subsidiaries.

Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits) increased by 3.7%, or 86.3 billion yen, compared with March 31, 2018 to 2,406.8 billion yen, due to dividend payments, the repurchase of own shares, and the conversion of POCKET CARD CO., LTD. into a subsidiary, despite the repayment of borrowings accompanying stable performance in operating revenues and steady collections. Interest-bearing debt increased by 7.4%, or 204.4 billion yen, compared with March 31, 2018 to 2,983.8 billion yen.

Total shareholders' equity increased by 10.0%, or 267.4 billion yen, compared with March 31, 2018 to 2,936.9 billion yen, due to Net profit attributable to ITOCHU during this fiscal year, despite the decrease due to dividend payments and the repurchase of own shares.

Ratio of shareholders' equity to total assets decreased by 1.7 points compared with March 31, 2018 to 29.1%. NET DER (Net debt-to-shareholders' equity ratio) improved compared with March 31, 2018 to 0.82 times.

[Consolidated Cash Flows]

(Billions of Yen)

	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019)
Cash flows from operating activities	388.2	476.6
Cash flows from investing activities	(256.4)	201.1
Free cash flows	131.9	677.7
Cash flows from financing activities	(296.1)	(538.3)

Cash flows from operating activities recorded a net cash-inflow of 476.6 billion yen, resulting from the stable performance in operating revenues in the Food, Metals & Minerals, Energy and ICT sectors.

Cash flows from investing activities recorded a net cash-inflow of 201.1 billion yen, due to the increase in cash resulting from the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary and the sale of UNY in FamilyMart UNY Holdings Co., Ltd., despite the acquisition of fixed assets mainly in the Food, Metals & Minerals and Energy sectors.

Cash flows from financing activities recorded a net cash-outflow of 538.3 billion yen, due to the repayment of borrowings, dividend payments and the repurchase of own shares.

Cash and cash equivalents as of March 31, 2019 increased by 139.9 billion yen compared with March 31, 2018 to 572.0 billion yen.

[Medium-Term Management Plan “Brand-new Deal 2020”]

Under the medium-term management plan, “Brand-new Deal 2020” (Three-Year Plan from FY2019 to FY2021), the ITOCHU Group has three basic policies — “Reinvented Business,” “Smart Management,” and “No.1 Health Management Company.” The following shows specific results in the FY2019, the first year of “Brand-new Deal 2020.”

■Textile Company

Further Expanding and Strengthening Our Brand Business

We newly introduced brands that have originality in order to respond to consumers’ diversifying needs.

We obtained exclusive importation and sales rights for the outerwear brand Moose Knuckles, which started from warm clothing for Canada, and commenced sales in the 2018 fall-winter season, getting off to a good start. Also, we obtained a master license and exclusive importation and sales rights to the Japanese market for Minnetonka, a company famous for its moccasins with a history of more than 70 years in the US. We will aim to further expand and strengthen brand business by thoroughly taking a customer point of view going forward.

Participation in a New Distribution Channel

With the increasing diversification of consumption activities, we are aiming to participate in new distribution channels such as EC and are proceeding with various initiatives in the “Reinvented Business” in brand business. In FY2019, we invested in domestic and overseas venture businesses, such as JOOR Inc., which runs the world’s largest fashion B2B marketplace. Going forward, too, we will accelerate the transition of the brand business to the next generation while quickly grasping the drastically changing trends in the world.

■Machinery Company

Start Commercial Operation of the Seawater Desalination Business in Oman

The Barka Seawater Desalination Plant, of which ITOCHU is the top shareholder, started commercial operation in June 2018. This is Oman’s largest desalination business, and the water the plant produces will be provided to the Muscat metropolitan area as tap water for daily life via Oman Power and Water Procurement Company for the next 20 years. In the Middle East Gulf region, including Oman, insufficient water for daily life is an issue, while the demand for water only increases with growing populations and urbanization. Going forward, too, we will make good use of water resources around the world and promote ESG initiatives through this business.

Participation in a Next-Generation Mobility Business in China

In August 2018, ITOCHU participated in capital contribution of Dishangtie Car Rental (Shenzhen) Co., Ltd. which provides rental of, and maintenance services for, commercial EVs in China. Dishangtie manages over 20,000 commercial EVs and this figure is the highest in China, and we will accumulate knowhow in China, an advanced EV country, regarding distribution operations using commercial EVs. We are also considering the pursuit of synergies with China’s distribution business and synergies with next-generation electric power, such as secondary use and recycling of EV batteries, and the use of EVs in distributed energy.

■Metals & Minerals Company

Development Approved for South Flank Mine

ITOCHU finalized the decision to develop the South Flank mine project. The project is part of our Western Australia Iron Ore Operations (“WAIO”) joint venture with BHP Group, one of the world’s largest resource companies. The South Flank mine will replace production from the existing Yandi mine, slated for closure. The mine, whose ore volume is capable of supporting production for more than 25 years, is scheduled to make its first delivery in 2021. Through the project, ITOCHU will continue to contribute to the local community, support health and labor safety, and sustainable resource development with careful consideration for environmental preservation and other issues.

■Energy & Chemicals Company

Natural Gas/LNG Initiatives & Building a Platform for Stable Mid- to Long-Term Revenue

ITOCHU is advancing initiatives for starting new projects related to natural gas and LNG, which are expected to see increasing global demand as sources of clean energy. Furthermore, we are proceeding to replace oil and gas upstream assets as we build a platform for stable medium- to long-term revenue streams. In addition to stable revenue from existing businesses, such as the Azerbaijan ACG project, we acquired an interest in the West Qurna 1 Oil Field in Iraq in March 2018, sold a subsidiary engaged in the UK North Sea business in September of the same year, and posted record profit for FY2019 in the Energy Division. Going forward, we will continue putting together an asset portfolio that contributes to building a stable revenue platform from a medium- to long-term perspective.

Launching a Next-Generation Energy Storage System

In November 2018, ITOCHU launched sales of a next-generation energy storage system that combines our Smart Star L brand storage batteries and the AI software platform Gridshare Client, which belongs to Moixa Energy Holdings Ltd., a UK company. The AI-equipped energy storage system optimally controls energy charging/discharging, which allows efficient electricity usage and is expected to offer benefits for households handling power outages during disasters. We have a top class share in the Japanese market for energy storage systems, so we will leverage our strengths and promote spreading reusable energy. Going forward, we aim to achieve “good for the future” outcomes by contributing to the stabilization of electricity supply and the realization of a distributed energy society.

■Food Company

Made FamilyMart UNY Holdings Co., Ltd. a Subsidiary

ITOCHU made our associated company FamilyMart UNY Holdings Co., Ltd. a subsidiary by way of a tender offer. As a means to further strengthen ties with the said company, which is the largest contact point with customers in the ITOCHU Group, we will enhance marketing at the said company, upgrade to a next-generation supply chain, and create greater efficiency in store operations. By broadly applying this experience and knowledge to our other businesses, we will aim to further boost value across the entire Group.

Further Expanding the HyLife Business

HYLIFE Group Holdings Ltd., a leading Canadian hog farmer and producer of pork products, expanded its production facilities and increased production capacity 1.2-fold. We will continue expanding exports to Japan with this further enhanced supply capacity. At the directly managed HyLife Pork TABLE restaurant, which has posted strong sales since opening in 2016 in Tokyo’s Daikanyama neighborhood, we provide menu items that generously use herb-fed Sangenton pork and work to increase the brand’s value. Going forward, we will continue aiming to grow the HyLife Business.

■General Products & Realty Company

ITOCHU Advance Logistics Investment Corporation Listed on J-REIT

Since the beginning of 2000, ITOCHU has been fully engaged in developing logistics facilities, and has many results to date. The public listing of this REIT has allowed us to establish a value chain spanning development, leasing, holding, and operational management in the logistics real estate business. Through this REIT, we will also be able to address needs to sell and effectively leverage logistics facilities, etc. held by the Group, while also contributing to more efficient Group-wide operations. ITOCHU will continue expanding logistics-related business going forward, while, as the sponsor of this REIT, guiding support directed toward its growth.

Commencing a Proof of Concept Experiment for Natural Rubber Traceability

Natural rubber is an indispensable natural resource in our daily lives. With the heightened awareness of creating a sustainable society, demands are increasing for greater transparency in procurement activities. Due to the vastness of cultivated forests and the complexity of distribution channels, it has been extremely difficult to ascertain the specific identities of producers. Utilizing the supply chain of PT. Aneka Bumi Pratama (headquartered in Indonesia), a subsidiary of ITOCHU, we have commenced a proof of concept project that is the world's first application of blockchain technology in the natural rubber industry and are promoting the realization of traceability. Furthermore, we are aiming to spread sustainable natural rubber through a capital alliance with HeveaConnect Pte Ltd, which operates a marketplace for trading sustainable natural rubber and was established by Halcyon Agri Corporation Limited (headquartered in Singapore and one of the world's top natural rubber companies).

■ICT & Financial Business Company

Establishment of a Capital and Business Alliance with FreakOut Holdings

ITOCHU signed a capital and business alliance with FreakOut Holdings, Inc., which provides ad delivery services in the marketing-with-use-of-data field.

By combining the digital advertising technologies and data collection and utilization techniques of FreakOut Holdings, Inc. with ITOCHU's data and customer contact points in our lifestyle consumption and related businesses, we aim to establish new sources of revenue in the digital marketing space.

Strategic Business Investment in Paidy

Alongside our subsidiary POCKET CARD CO., LTD., ITOCHU made a strategic investment in Paidy Inc., an online post-pay settlement service operator. The investment assumes future conversion of Paidy Inc. into an equity-method associated company.

By promoting the growth of the member store network inside and outside our Group, we will utilize the strengths of Paidy Inc. and POCKET CARD CO., LTD., and continue developing advanced, user-friendly, next-generation financial services for consumer payments, income, remittances etc., to support increased corporate value for both companies.

■Headquarters

Promoting Health Management Initiatives

ITOCHU has continually supported employees in balancing cancer care and work from the three perspectives of prevention, treatment, and coexistence. A service started in FY2019, giving employees aged 40 and over cancer screenings in order to detect cancer early, and this service was provided to more than 300 employees, which was close to full participation by eligible employees. Additionally, as part of measures to promote a morning-focused work system, we provide early (beginning from 7:30 A.M.) Morning Activity Seminars on such topics as balancing cancer care and work. Through these seminars and similar efforts, we are striving to foster employees' cancer awareness and improved understanding of cancer.

(2) Management Policy for the Future

[Outlook for the Next Term]

Looking ahead to the next fiscal year ending March 31, 2020, we assume the U.S. economy will be sluggish, despite the maintenance of accommodative monetary policies, and the Eurozone economy will continue to be uncertain, although there is a view that the economy will recover to some extent. The Chinese economy is expected to turn around in the second half of the fiscal year by effects of the government's large-scale economic stimulus measures. However, we assume it will be difficult to forecast the global economic condition while there are concerns over the U.S.-China trade confliction, and the progress of Brexit. Under such circumstances, we assume the Japanese yen against the U.S. dollar will remain at the almost same level and the crude oil price will remain within a range of the same level on average due to adjustment of supply and demand by major oil-producing countries, although it continues to be highly volatile.

In Japan, although exports continue to be sluggish due to the influence of the global economy and capital investment is expected to peak, we assume the Japanese economy will moderately expand due to support by public investment, personal consumption, and controlling effects of raising the consumption tax by government's measures.

[Further Implementing the Medium-Term Management Plan “Brand-new Deal 2020”]

FY2020 is the second year of our Brand-new Deal 2020 medium-term business plan, which covers the three years from FY2019 to FY2021. To further promote the three basic policies of the plan – Reinvented Business, Smart Management, and No.1 Health Management Company – we will undertake Development of Foundations for Sustainable Growth from four perspectives, as the fundamental policy for FY2020 Plan.

(i) Actively Promote Growth Investments, and Maintain High Efficiency

To further promote Reinvented Business, we will actively invest in next-generation growth models, replace assets in peaked-out and low-returns businesses, and continue the high-efficiency management that is a strength of the Company.

(ii) Realizing a New Vision of What a Trading Company Can Achieve

To adapt to the fourth industrial revolution and other elements of a rapidly changing environment, we will establish the 8th Company as a new organization from a “market-oriented perspective”, break down a culture of vertical-oriented mindsets, and undertake business under new ideas that capture the needs of markets and consumers. In addition, we will implement measures to further invigorate our human resources, based on the necessity of developing human resources who can respond to such changes in the environment.

(iii) Balanced Cash Allocation

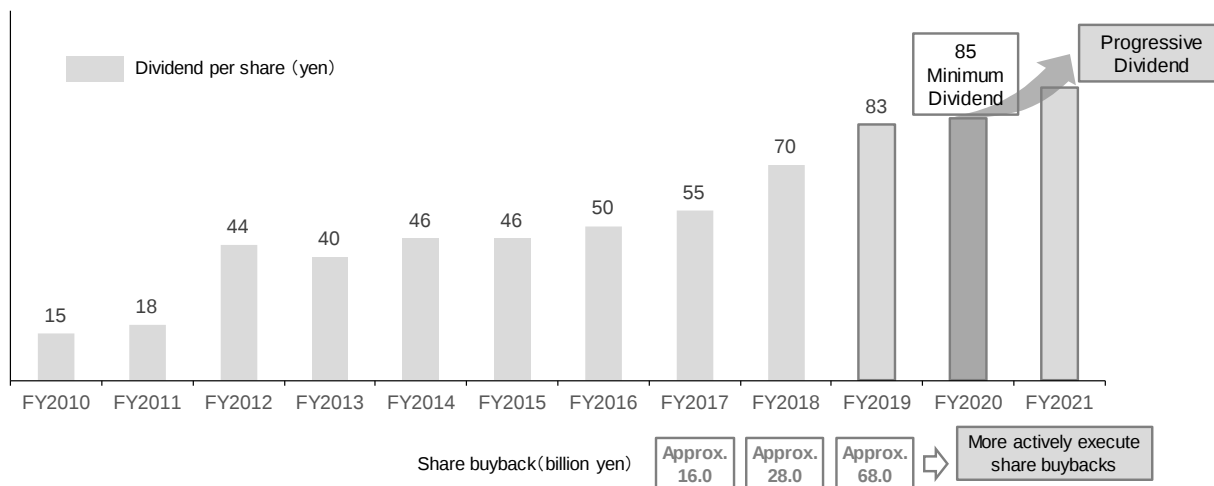
We will pursue a balance of three factors – growth investments, shareholders return, and control of interest-bearing debt – and carry out B/S management that assumes maintenance of our A rating.

(iv) Steady Advancement of Sustainability Initiatives

To realize sustainable growth, we will work to resolve social issues and strengthen efforts to create social value. Among initiatives in FY2020, we will strengthen climate change initiatives that seek to contribute to a low-carbon society (environment), smart and health management that seeks to prepare motivating workplace environments (society), and maintenance of robust governance systems (governance), as we steadily advance sustainability measures.

Shareholders Return Policy

On October 1, 2018, we announced our Medium to Long Term Shareholders Return Policy, under which we plan to implement gradual increase in dividend amounts and dividend payout ratio, and more active execution of share buyback. In FY2020 we will steadily implement this policy, and aim to set a per-share dividend of at least ¥85, the highest in our history. We aim to set progressive dividends in FY2021 as well, further increasing the dividend amount and payout ratio. We also hope to flexibly and continuously perform share buybacks in FY2020, taking into account the status of cash flow and other factors.



ITOCHU Group appreciates the continuing support of our shareholders.

(3) Changes in Assets and Operating Results**1) Changes in Assets and Operating Results of the ITOCHU Group**

Category	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019) (Current term)
Revenues (Millions of Yen)	5,083,536	4,838,464	5,510,059	11,600,485
Gross trading profit (Millions of Yen)	1,069,711	1,093,462	1,210,440	1,563,772
Net profit attributable to ITOCHU (Millions of Yen)	240,376	352,221	400,333	500,523
Basic earnings per share attributable to ITOCHU (Yen)	152.14	223.67	257.94	324.07
Total assets (Millions of Yen)	8,036,395	8,122,032	8,663,937	10,098,703
Total shareholders' equity (Millions of Yen)	2,193,677	2,401,893	2,669,483	2,936,908

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

2) Changes in Assets and Operating Results of ITOCHU Corporation (Non-Consolidated)

Category	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019) (Current term)
Total trading transactions (Millions of Yen)	5,203,725	4,470,329	4,795,741	4,983,051
Ordinary income (Millions of Yen)	203,425	184,893	211,881	307,065
Net profit (Millions of Yen)	115,301	136,673	109,263	286,479
Earnings per share (Yen)	72.92	86.74	70.35	185.37
Total assets (Millions of Yen)	3,366,654	3,217,095	3,164,561	3,086,494
Equity (Millions of Yen)	927,125	975,726	974,102	1,081,068

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(4) Status of Major Group Companies

1) Major Subsidiaries and Associated Companies

	Name	Common stock	Voting shares ratio	Main business
Domestic	Dole International Holdings, Inc.	33,976 million yen	100.00%	Investment in Dole Asian fresh produce business and worldwide packaged foods business
	ITOCHU Techno-Solutions Corporation	21,764 million yen	58.26%	Software development, system integration, IT management, and other IT solutions business
	ITOCHU ENEX CO., LTD.	19,878 million yen	54.00%	Wholesale of petroleum products and LPG and electricity and supply business
	FamilyMart UNY Holdings Co., Ltd.	16,659 million yen	50.48%	Holding company for operators of convenience stores, etc.
	C.I. TAKIRON Corporation	15,189 million yen	51.13%	Manufacture, processing and sale of plastic products
	POCKET CARD CO., LTD.	14,374 million yen	80.00%	Credit card business
	ITOCHU PROPERTY DEVELOPMENT, LTD.	10,225 million yen	100.00%	Development and sale of housing
	YANASE & CO., LTD.	6,976 million yen	66.10%	Sales and repair of automobile and related parts
	ITOCHU-SHOKUHIN Co., Ltd.	4,923 million yen	52.31%	Wholesale and distribution of foods and liquor
	ITOCHU LOGISTICS CORP.	4,261 million yen	100.00%	Comprehensive logistics services
	CONEXIO Corporation	2,778 million yen	60.35%	Sale of mobile phone units, mobile phones-related solution business
	NIPPON ACCESS, INC.	2,620 million yen	100.00%	Wholesale and distribution of foods
	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	2,300 million yen	100.00%	Sale and rental of construction machinery
Overseas	ITOCHU International Inc.	625,640 thousand US\$	100.00%	Wholesale and investment
	ITOCHU Europe PLC	70,449 thousand GBP	100.00%	Wholesale and investment
	ITOCHU Hong Kong Ltd.	1,248,621 thousand HK\$	100.00%	Wholesale and investment
	ITOCHU (CHINA) HOLDING CO., LTD.	300,000 thousand US\$	100.00%	Wholesale and investment
	ITOCHU Minerals & Energy of Australia Pty Ltd	276,965 thousand AU\$	100.00%	Investment and sales in resource development projects including those of iron ore, coal, and non-ferrous metals
	ITOCHU Coal Americas Inc.	762,000 thousand US\$	100.00%	Holding of coal mine and transportation infrastructure interests
	European Tyre Enterprise Limited	356,730 thousand GBP	100.00%	Management control of the European tire business
	ITOCHU FIBRE LIMITED	168,822 thousand EUR	100.00%	Distribution and trading of pulp, wood chip and paper materials and investment in METSA FIBRE OY
	Orchid Alliance Holdings Limited	55 thousand US\$	100.00%	Investment and shareholder loan to a company investing in CITIC Limited

	Name	Common stock	Voting shares ratio	Main business
Associated companies	Orient Corporation	150,044 million yen	16.53%	Consumer credit
	Marubeni-Itochu Steel Inc.	30,000 million yen	50.00%	Import/export and wholesale of steel products
	C.P. Pokphand Co. Ltd.	253,329 thousand US\$	25.00%	Compound animal feed business, livestock and aquatic product related businesses, and manufacture and sale business of food products
	FUJI OIL HOLDINGS INC.	13,209 million yen	34.04%	Management of group strategy and business operations
	DESCENTE LTD.	3,846 million yen	40.02%	Manufacture and sales of sportswear, etc.

(Amount less than 1 million or 1 thousand have been rounded to the nearest unit.)

- Notes: 1. The column of voting shares ratio shows the total of shareholding by ITOCHU Corporation and indirect shareholding by its subsidiaries.
2. FamilyMart UNY Holdings Co., Ltd., which was an associated company of ITOCHU Corporation, became a subsidiary of ITOCHU Corporation by way of a tender offer.
3. POCKET CARD CO., LTD. is added as major subsidiaries, and FUJI OIL HOLDINGS INC. and DESCENTE LTD. are added as major associated companies from this fiscal year.
4. While the voting shares ratio of Orient Corporation is less than 20%, ITOCHU Corporation participates in the determination of sales and financial directions by dispatching its Directors, including its Representative Directors, to the Board of Directors of Orient Corporation. Accordingly, ITOCHU Corporation exerts an important influence and Orient Corporation is considered an associated company of ITOCHU Corporation.

2) Consolidated Subsidiaries and Equity-Method Associated Companies

Category	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)	94th Fiscal Term (FY2018)	95th Fiscal Term (FY2019) (Current term)
Consolidated subsidiaries	212 companies	207 companies	206 companies	203 companies
Equity-method associated companies	114 companies	101 companies	94 companies	88 companies
Total of group companies	326 companies	308 companies	300 companies	291 companies

Note: Investment companies which are directly invested in by ITOCHU Corporation and its Overseas trading subsidiaries are included in the above-mentioned number of companies. Investment companies which are considered as part of the parent company are not included.

(5) Main Offices

1) Domestic

Head Office of ITOCHU Corporation	Osaka Head Office: 1-3, Umeda 3-chome, Kita-ku, Osaka Tokyo Head Office: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo
Areas of ITOCHU Corporation	Chubu Area (Nagoya), Kyushu Area (Fukuoka), Chugoku & Shikoku Area (Hiroshima), Hokkaido Area (Sapporo), Tohoku Area (Sendai)
Branches of ITOCHU Corporation	Hokuriku Branch (Kanazawa), Toyama Branch

2) Overseas

Branches of ITOCHU Corporation	Johannesburg, Manila, Kuala Lumpur
Offices of ITOCHU Corporation	39 offices including Lima, Alger, Nairobi, Riyadh, Jakarta and Moscow
Overseas trading subsidiaries	57 overseas trading subsidiaries including headquarters/branches such as ITOCHU International Inc. (U.S.A.) ITOCHU Brasil S.A., ITOCHU Europe PLC (U.K.) ITOCHU MIDDLE EAST FZE (U.A.E.) ITOCHU Australia Ltd., ITOCHU (CHINA) HOLDING CO., LTD. ITOCHU Hong Kong Ltd., ITOCHU Singapore Pte, Ltd. ITOCHU (Thailand) LTD.

(6) Status of Employees

1) Status of Employees of the ITOCHU Group

(Number of employees)

Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Other	Total
9,386 [2,761]	14,345 [1,120]	498 [82]	12,971 [3,994]	46,624 [19,386]	16,936 [3,030]	16,232 [8,215]	2,804 [133]	119,796 [38,721]

Notes: 1. The number of employees refers to actual working employees and the average annual number of temporary employees shown in the square bracket [] is not included in total.

2. The number of employees increased by 17,710 compared with the previous fiscal year-end due to the conversion of FamilyMart UNY Holdings Co., Ltd. into a subsidiary in the Food Company.

2) Status of Employees of ITOCHU Corporation (Non-Consolidated)

Number of employees	Changes from the previous term-end	Average age	Average service years
4,285 employees	0 employees	41.7 years old	17.6 years

Note: The above number of employees includes 846 employees and 320 employees seconded to other companies in Japan and overseas respectively and 307 employees at overseas trading subsidiaries.

(7) Status of Capital Investment

During the fiscal year, facilities and equipment of FamilyMart UNY Holdings Co., Ltd. was added to facilities and equipment of the ITOCHU Group due to consolidation of FamilyMart UNY Holdings Co., Ltd. as a subsidiary.

(8) Status of Financing

ITOCHU Group raises funds through financing mainly carried out by ITOCHU Corporation and some by domestic and overseas treasury centers, overseas trading subsidiaries, and other entities and undertook borrowing from financial institutions, issuance of short-term corporate bonds (electronic CP), and other actions.

(9) Main Lenders

ITOCHU Corporation mainly undertakes borrowings of the ITOCHU Group and main lenders at the end of the current term are as follows.

Lenders	Outstanding amount of borrowings
	Millions of Yen
Mizuho Bank, Ltd.	99,948
Sumitomo Mitsui Banking Corporation	71,039
MUFG Bank, Ltd.	62,095
Nippon Life Insurance Company	62,000
Sumitomo Mitsui Trust Bank, Limited	47,262
Mizuho Trust & Banking Co., Ltd.	39,241
Asahi Mutual Life Insurance Company	35,000
Development Bank of Japan Inc.	33,500
Meiji Yasuda Life Insurance Company	27,500
The Hachijuni Bank, Ltd.	20,072

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(10) Other Significant Matters Regarding the Current Conditions of the ITOCHU Group

In July 2018, the Japan Fair Trade Commission issued a cease and desist order under Article 7, Paragraph 2 of Japan's Antimonopoly Act to ITOCHU Corporation regarding its sales of uniforms to ALL NIPPON AIRWAYS CO., LTD. up until FY2017. Also, in October 2018, the Japan Fair Trade Commission issued a cease and desist order and a surcharge payment order (amount of surcharge to be paid: ¥4.29 million) to ITOCHU Corporation for illegal acts under the Antimonopoly Act regarding the supply of uniforms to NTT DOCOMO, INC. up until that same year. Each of these matters is, like its sales of uniforms to West Japan Railway Company and NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION regarding which the cease and desist orders were issued by the Japan Fair Trade Commission in January and February 2018 to ITOCHU Corporation, a matter regarding our uniform sales operations up until FY2017, and in the process of formulating and carrying out measures to prevent recurrence we stopped illegal activities ourselves before the start of the Japan Fair Trade Commission's investigation. We have already formulated and are using measures to prevent recurrence that include the development of internal rules for compliance with the Antimonopoly Act, the promotion of voluntary reporting of violations, and the strengthening and enhancement of education on compliance with the Antimonopoly Act. Through these initiatives, we believe that our systems for complying with the Antimonopoly Act are sufficient and effective. We will work to compliance with all laws and regulations including the Antimonopoly Act, not only within ITOCHU Corporation but also within ITOCHU Group.

2. Shares of ITOCHU Corporation

(1) Total Number of Authorized Shares 3,000,000,000 shares

(2) Total Number of Issued Shares 1,584,889,504 shares

Note: The cancellation of treasury stock carried out on October 19, 2018 reduced the total number of issued shares by 78 million shares compared to the previous term-end.

(3) Number of Shareholders 187,392 persons

(4) Major Shareholders (top 10)

Shareholders	Numbers of shares held	Shareholding ratio
	Thousands of shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	104,741	6.87
Japan Trustee Services Bank, Ltd. (trust account)	86,881	5.70
CP WORLDWIDE INVESTMENT COMPANY LIMITED	63,500	4.17
Japan Trustee Services Bank, Ltd. (trust account 9)	39,253	2.58
Nippon Life Insurance Company	34,056	2.23
Mizuho Bank, Ltd.	31,200	2.05
SSBTC CLIENT OMNIBUS ACCOUNT	28,725	1.89
Japan Trustee Services Bank, Ltd. (trust account 5)	27,035	1.77
Asahi Mutual Life Insurance Company	23,400	1.54
JP MORGAN CHASE BANK 385151	23,355	1.53

(A fraction of shares less than one thousand is truncated)

Notes: 1. ITOCHU Corporation owns 60,996 thousand shares of treasury stock but has been omitted from the major shareholders listed above.

2. The treasury stock is excluded from the calculation of shareholding ratio.

(5) Other Significant Matters Regarding Shares

1) Repurchase of own shares

In order to pursue a flexible capital management policy, ITOCHU Corporation repurchased its own shares as follows, in accordance with the provisions of Article 156 of the Companies Act applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act.

Date of resolution of the Board of Directors	December 4, 2018	February 5, 2019
Period	From December 5, 2018 to January 4, 2019	From February 6, 2019 to June 30, 2019
Number of shares repurchased	15,097 thousand shares	19,024 thousand shares (Note)

(A fraction of shares less than one thousand is truncated)

Note: The above number of shares acquired is as of March 31, 2019.

2) Share exchange

Effective March 11, 2019, ITOCHU Corporation conducted share exchanges with four companies, NIPPON ACCESS, INC., ITOCHU LOGISTICS CORP., Leilian Co., Ltd., and ITOCHU PROPERTY DEVELOPMENT, LTD. (hereinafter referred to as the “Target Companies”), making these companies wholly owned subsidiaries by share exchange, with ITOCHU Corporation as the wholly owning parent company by share exchange. Through this share exchange, 5,524,849 shares of ITOCHU Corporation were allotted to the Target Companies’ shareholders on record as of the day before the effective date.

3. Corporate Officers

(1) Status of Directors and Audit & Supervisory Board Members (as of March 31, 2019)

1) Directors

Name	Position in ITOCHU Corporation	Responsibility	Attendance at Meetings of the Board of Directors
*Masahiro Okafuji	Chairman & Chief Executive Officer	Chief Executive Officer	17/17 (100%)
*Yoshihisa Suzuki	President & Chief Operating Officer	Chief Operating Officer	17/17 (100%)
*Tomofumi Yoshida	Member of the Board	President, General Products & Realty Company	13/13 (100%)
*Fumihiko Kobayashi	Member of the Board	Chief Administrative & Information Officer	17/17 (100%)
*Tsuyoshi Hachimura	Member of the Board	Chief Financial Officer	17/17 (100%)
Atsuko Muraki	Member of the Board		17/17 (100%)
Harufumi Mochizuki	Member of the Board		17/17 (100%)
Masatoshi Kawana	Member of the Board		13/13 (100%)

2) Audit & Supervisory Board Members

Name	Position in ITOCHU Corporation	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board
Kiyoshi Yamaguchi	Full-time Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)
Shuzaburo Tsuchihashi	Full-time Audit & Supervisory Board Member	13/13 (100%)	9/9 (100%)
Shingo Majima	Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)
Kentaro Uryu	Audit & Supervisory Board Member	16/17 (94%)	13/13 (100%)
Kotaro Ohno	Audit & Supervisory Board Member	17/17 (100%)	13/13 (100%)

Notes: 1. * indicates a representative director.

2. Members of the Board, Ms. Atsuko Muraki, Mr. Harufumi Mochizuki and Mr. Masatoshi Kawana are outside directors. They are registered as independent directors at the Tokyo Stock Exchange, Inc.

3. Audit & Supervisory Board Member, Mr. Shingo Majima, Mr. Kentaro Uryu and Mr. Kotaro Ohno are outside Audit & Supervisory Board Members. They are registered as independent auditors at the Tokyo Stock Exchange, Inc.

4. Audit & Supervisory Board Member, Mr. Shingo Majima is a certified public accountant in Japan and the United States (New York State). Also he has a long-standing career as a university professor of accounting and auditing and considerable expertise in finance and accounting.

5. On June 22, 2018, Mr. Ichiro Fujisaki and Mr. Chikara Kawakita resigned as Members of the Board, and Mr. Yoshio Akamatsu resigned as an Audit & Supervisory Board Member.

6. Important concurrent occupations or positions are as described below.

Category	Name	Organization	Title
Members of the Board	Masahiro Okafuji	NISSIN FOODS HOLDINGS CO., LTD.	Outside Director
	Atsuko Muraki	Sompo Holdings, Inc.	Outside Audit & Supervisory Board Member
		Sumitomo Chemical Company, Limited	Outside Director
	Harufumi Mochizuki	Hitachi, Ltd.	Outside Director
		Tokyo Small and Medium Business Investment & Consultation CO., LTD.	President & CEO
Audit & Supervisory Board Members	Shingo Majima	WIN-Partners Co., Ltd.	Outside Director
	Kentaro Uryu	URYU & ITOGA	Attorney-At-Law, Managing Partner
		U&I Advisory Service Co., Ltd.	CEO
		Kyowa Hakko Kirin Co., Ltd.	Outside Director of the Board
	Kotaro Ohno	AEON CO., LTD.	Outside Director
		Komatsu Ltd.	Outside Audit & Supervisory Board Member

[Reference] Policy and Process for Appointing Executive Officers

Policy and Process for Appointing Executive Officers

Executive officers are appointed annually by the Board of Directors among, in principle, employees regarded as candidates for executives based on our HR system with high integrity and exceptional ability (or those who have already been appointed as executive officers) who are judged to be capable of assuming the role as the executive officers. Candidates for executive officers are first selected by the Chairman & Chief Executive Officer based on, among others, recommendations from other officers (or in terms of incumbent executive officers, based on their respective performance) and submitted to the Nomination Committee for further deliberation. Based on the deliberation and advice of the Nomination Committee, the Board of Directors appoints executive officers by its resolution. In case that an executive officer breaches the Executive Officers' Regulation of ITOCHU Corporation or otherwise his or her performance is judged to be not appropriate, the Chairman & Chief Executive Officer (or the chair of the Nomination Committee) firstly makes a proposal of dismissal, and the Board of Directors dismisses such executive officer by its resolution based on the deliberation and advice of the Nomination Committee.

(2) Status of Executive Officers (as of April 1, 2019)

Name	Position in ITOCHU Corporation	Responsibility
Masahiro Okafuji	Chairman & Chief Executive Officer	Chief Executive Officer
Yoshihisa Suzuki	President & Chief Operating Officer	Chief Operating Officer
Tomofumi Yoshida	Executive Vice President	President, General Products & Realty Company
Yuji Fukuda	Executive Vice President	CEO for East Asia Bloc; CEO for Asia & Oceania Bloc; Executive Advisory Officer for CP & CITIC Operations
Fumihiko Kobayashi	Senior Managing Executive Officer	Chief Administrative Officer
Tsuyoshi Hachimura	Senior Managing Executive Officer	Chief Financial Officer

Name	Position in ITOCHU Corporation	Responsibility
Hiroyuki Tsubai	Managing Executive Officer	President, Machinery Company
Keita Ishii	Managing Executive Officer	President, Energy & Chemicals Company
Masahiro Morofuji	Managing Executive Officer	President, Textile Company; Executive Advisory Officer for Osaka Headquarters
Mitsuru Chino	Managing Executive Officer	President & CEO, ITOCHU International Inc.
Hiroshi Sato	Managing Executive Officer	Chief Executive for European Operation; CEO, ITOCHU Europe PLC; Executive Advisory Officer for Africa
Shigetoshi Imai	Managing Executive Officer	General Manager for Chubu Area
Hiroyuki Kaizuka	Managing Executive Officer	President, Food Company
Motonari Shimizu	Managing Executive Officer	Executive Vice President, Textile Company; Chief Operating Officer, Apparel Division
Shunsuke Noda	Managing Executive Officer	Chief Digital & Information Officer
Yoichi Ikezoe	Executive Officer	Deputy CEO for East Asia Bloc; Chairman, ITOCHU (CHINA) HOLDING CO., LTD.; Chairman, ITOCHU Shanghai Ltd.; Chairman, ITOCHU Hong Kong Ltd.; Senior Officer for Asia & Oceania Bloc
Tomoyuki Takada	Executive Officer	General Manager, Corporate Communications Division
Hiroshi Oka	Executive Officer	General Manager, Secretariat
Akira Tsuchihashi	Executive Officer	General Manager, Internal Audit Division
Yoshihiro Fukushima	Executive Officer	Chief Operating Officer, Brand Marketing Division 2
Kensuke Hosomi	Executive Officer	Executive Vice President, Food Company; Chief Operating Officer, Food Products Marketing & Distribution Division
Hisato Okubo	Executive Officer	Executive Vice President, Energy & Chemicals Company; Chief Operating Officer, Energy Division
Tatsushi Shingu	Executive Officer	President, ICT & Financial Business Company
Hidefumi Mizutani	Executive Officer	Vice President, ITOCHU East Asia Bloc (East China); Managing Director, ITOCHU SHANGHAI LTD.
Shinjiro Tanaka	Executive Officer	CEO, European Tyre Enterprise Limited
Shoji Miura	Executive Officer	Chief Operating Officer, Brand Marketing Division 1
Takanori Morita	Executive Officer	Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Toshikazu Otani	Executive Officer	Chief Executive for Africa; General Manager, ITOCHU Corporation, Johannesburg Branch; Managing Director, ITOCHU Nigeria Ltd.
Masaya Tanaka	Executive Officer	Chief Operating Officer, Chemicals Division
Kenji Seto	Executive Officer	President, Metals & Minerals Company; Chief Operating Officer, Metal & Mineral Resources Division
Shinichi Aburaya	Executive Officer	Chief Operating Officer, Plant Project, Marine & Aerospace Division
Yoshiko Matoba	Executive Officer	General Manager, Research & Public Relations Division
Hiroyuki Naka	Executive Officer	General Manager, Corporate Planning & Administration Division
Tatsuya Izumi	Executive Officer	General Manager, General Accounting Control Division
Kenji Tanaka	Executive Officer	Deputy CEO for Asia & Oceania Bloc (Indo-China Area); Chief Officer for Indo-China Area; President, ITOCHU (Thailand) Ltd.; President, ITOCHU Enterprise (Thailand) Ltd.
Shuichi Kato	Executive Officer	Chief Operating Officer, Financial & Insurance Business Division
Masatoshi Maki	Executive Officer	Chief Operating Officer, Construction & Real Estate Division

Note: Ms. Mitsuru Chino's registered name is Mitsuru Ike.

(3) Remunerations etc. to Directors and Audit & Supervisory Board Members

(Millions of Yen)

Category		Number of persons (Persons)	Total amount of remuneration	Breakdown			
				Monthly remuneration	Bonus	Special bonus	Stock remuneration
Directors	Directors (Internal)	5	1,731	445	1,000	113	173
	Outside Directors	5	48	48	–	–	–
	Total	10	1,779	493	1,000	113	173
Audit & Supervisory Board Members	Audit & Supervisory Board Members (Internal)	3	72	72	–	–	–
	Outside Audit & Supervisory Board Members	3	43	43	–	–	–
	Total	6	115	115	–	–	–

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

- Notes: 1. The remuneration limit for Directors: Contingent upon approval of Proposal No. 4 (Revision of Remuneration Amount for Directors) as proposed at this Ordinary General Meeting of Shareholders, ¥0.8 billion per year as monthly remuneration (of that amount, ¥0.1 billion per year for Outside Directors) ¥2.0 billion per year as the total amount of bonus for Directors (excluding Outside Directors), separate from the remuneration amount above
2. The remuneration limit for Audit & Supervisory Board Members: ¥13 million per month
(Resolved at the General Meeting of Shareholders on June 29, 2005)
3. Contingent upon the approval of Proposal No. 4 (Revision of Remuneration Amount for Directors) at this Ordinary General Meeting of Shareholders, ITOCHU Corporation has decided to pay a special bonus, in accordance with the resolution passed at the Board of Directors meeting held April 18, 2019, after examination by the Governance and Remuneration Committee. The Director bonus calculated by the current formula shall be paid inside the range of the existing bonus (1.0 billion yen per year) and, contingent upon the approval of Proposal No. 4 (Revision of Remuneration Amount for Directors) at this Ordinary General Meeting of Shareholders, any amount exceeding the said range shall be paid as a special bonus, separate from the Director bonus, whereby the amount of special bonus and Director bonus combined does not exceed the bonus limit (2.0 billion yen per year) in Note 1. (Please refer to pages 23 and 24 for the overview of the remuneration plan for directors.)
4. The introduction of performance-linked stock remuneration for Directors (Board Incentive Plan Trust “BIP”) was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016. The total amount of stock remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP.

(4) Outside Directors and Outside Audit & Supervisory Board Members

1) Relations Between ITOCHU Corporation and Organizations where Important Concurrent Occupations or Positions are Held

Category	Name	Organization	Title
Outside Director	Atsuko Muraki	Sompo Holdings, Inc.	Outside Audit & Supervisory Board Member
		Sumitomo Chemical Company, Limited	Outside Director
	Harufumi Mochizuki	Hitachi, Ltd.	Outside Director
		Tokyo Small and Medium Business Investment & Consultation CO., LTD.	President & CEO
Outside Audit & Supervisory Board Members	Shingo Majima	WIN-Partners Co., Ltd.	Outside Director
	Kentaro Uryu	URYU & ITOGA	Attorney-At-Law, Managing Partner
		U&I Advisory Service Co., Ltd.	CEO
		Kyowa Hakko Kirin Co., Ltd.	Outside Director of the Board
	Kotaro Ohno	AEON CO., LTD.	Outside Director
		Komatsu Ltd.	Outside Audit & Supervisory Board Member

Note: There is no special relation between ITOCHU Corporation and the above organizations where important concurrent occupations or positions are held.

2) Primary Activities

Category	Name	Primary activities
Outside Directors	Atsuko Muraki	She attended all of the 17 meetings of the Board of Directors held during the current term. She mainly made statements from an objective and neutral position as an outside director based on her wealth of experience and high-level knowledge accumulated as a government official at the Ministry of Health, Labour and Welfare (and the former Ministry of Labour). During the current term, she chaired the Governance and Remuneration Committee and led discussions regarding how to respond to Japan's Revised Corporate Governance Code. Furthermore, she provided many beneficial suggestions in the areas of internal control, compliance, work-style reforms, and sustainability.
	Harufumi Mochizuki	He attended all of the 17 meetings of the Board of Directors held during the current term. He mainly made statements from an objective and neutral position as an outside director based on his wealth of experience and high-level knowledge as a government official at the Ministry of Economy, Trade and Industry (and the former Ministry of International Trade and Industry), as well as his experience as a corporate executive at other entities where he concurrently serves. During the current term, he chaired the Nomination Committee and offered a practical perspective while leading discussions on the appointment and dismissal of key management members and succession plans. Furthermore, he provided many beneficial and broad-minded suggestions on internal control, compliance, and reinvented business.
	Masatoshi Kawana	He attended all of the 13 meetings of the Board of Directors held since his appointment. He mainly made statements from an objective and neutral position as an outside director based on his experience in hospital management and high-level knowledge of medical care as the President of Aoyama Hospital, Tokyo Women's Medical University as well as the Vice-president of Tokyo Women's Medical University Hospital. During the current term, he was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU Corporation. Additionally, he used his expertise to provide many beneficial suggestions in the areas of health management and health care-related business.
Outside Audit & Supervisory Board Members	Shingo Majima	He attended all of the 17 meetings of the Board of Directors and all of the 13 meetings of the Audit & Supervisory Board held during the current term. He mainly made statements from an objective and neutral position as an outside audit & supervisory board member based on his wealth of experience and expertise on finance and accounting as a certified public accountant and over many years as a university professor. During the current term, he was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU Corporation. Additionally, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU Corporation's officer nomination process.
	Kentaro Uryu	He attended 16 of the 17 meetings of the Board of Directors and all of the 13 meetings of the Audit & Supervisory Board held during the current term. He made statements from an objective and neutral position as an outside audit & supervisory board member, based on his wealth of experience and expertise as an attorney in wide-ranging fields of corporate legal matters. During the current term, he was a member of the Nomination Committee and made contributions toward improving the objectivity of ITOCHU Corporation's officer nomination process.
	Kotaro Ohno	He attended all of the 17 meetings of the Board of Directors and all of the 13 meetings of the Audit & Supervisory Board held during the current term. He mainly made statements from an objective and neutral position as an outside audit & supervisory board member based on his expertise in legal systems and operations and his high-level knowledge developed through many years of experience in the Ministry of Justice and public prosecutor's office. During the current term, he was a member of the Governance and Remuneration Committee and contributed to the further enhancement of governance at ITOCHU Corporation.

Note: In July 2018, the Japan Fair Trade Commission issued a cease and desist order under Article 7, Paragraph 2 of Japan's Antimonopoly Act to ITOCHU Corporation regarding its sales of uniforms to ALL NIPPON AIRWAYS CO., LTD. up until FY2017. Also, in October 2018, the Japan Fair Trade Commission issued a cease and desist order and a surcharge payment order (amount of surcharge to be paid: ¥4.29 million) to ITOCHU Corporation for illegal acts under the Antimonopoly Act regarding the supply of uniforms to NTT DOCOMO, INC. up until that same year. Each of these matters is, like its sales of uniforms to West Japan Railway Company and NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION regarding which the cease and desist orders were issued by the Japan Fair Trade Commission in January and February 2018 to ITOCHU Corporation, a matter regarding our uniform sales operations up until FY2017, and in the process of formulating and carrying out measures to prevent recurrence we stopped illegal activities ourselves before the start of the Japan Fair Trade Commission's investigation. Each outside director and outside audit & supervisory board member has continually made statements in Board of Directors meetings concerning the importance of legal compliance, and, after the incident became known, conducted proactive advocacy concerning the further enforcement of legal compliance in ITOCHU Corporation and the Group, as well as measures to prevent recurrence of incidents, including the development of internal rules for compliance with the Antimonopoly Act, the promotion of voluntary reporting of violations, and the strengthening and enhancement of education on compliance with the Antimonopoly Act. They perform continuous checking of these initiatives to strengthen our compliance systems.

3) Outline of Limitation of Liability Contracts

ITOCHU Corporation entered into a limitation of liability contract as stipulated in Article 423, Paragraph 1 of the Companies Act, with outside directors and outside audit & supervisory board members pursuant to Article 427, Paragraph 1 of the same Act and the Articles of Incorporation. Under this contract, liabilities for compensation are the lowest amount of liability stipulated by Article 425, Paragraph 1 of the Companies Act if they have acted in good faith and without gross negligence in performing their duties.

4. Status of Independent Auditor

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Remuneration of the Independent Auditor during the Current Term

- | | |
|--|----------------|
| 1) Amount of remuneration paid by ITOCHU Corporation to the Independent Auditor for audit certification in accordance with Article 2, Paragraph 1 of the Certified Public Accountants Law. | ¥635 million |
| 2) Total amount of remuneration paid by ITOCHU Corporation and its subsidiaries | ¥2,217 million |

Notes: 1. The audit agreement between the Independent Auditor and ITOCHU Corporation does not separately stipulate audit remunerations based on the Companies Act and the Financial Instruments and Exchange Act. Hence, the remuneration in 1) above includes remunerations for auditing based on the Financial Instruments and Exchange Act and auditing of financial statements in English based on International Financial Reporting Standards (IFRS).

2. ITOCHU Corporation has paid remuneration to the Independent Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law which include preparation of comfort letters, and such amount is included in the above 2) total amount of remuneration.

3. The Audit & Supervisory Board, having checked the auditing plans of the Independent Auditor and having investigated the status of its performance of duties in past fiscal years, the grounds for calculation of remuneration estimates, and other matters, has given consent to the remuneration for the Independent Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

4. Of the major subsidiaries and associated companies as described in “1. Current Conditions of the ITOCHU Group, (4) Status of Major Group Companies, 1) Major Subsidiaries and Associated Companies,” YANASE & CO., LTD. and Orient Corporation are audited by Ernst & Young ShinNihon LLC, FUJI OIL HOLDINGS INC. and DESCENTE LTD. are audited by KPMG AZSA LLC, and overseas subsidiaries and affiliates are audited by local auditing firms possessing similar qualifications under the relevant laws and regulations.

(3) Policy Regarding Decisions to Dismiss or Deny Reappointment of Independent Auditor

The Audit & Supervisory Board shall dismiss the Independent Auditor if any of the items of Article 340, Paragraph 1 of the Companies Act applies with respect to the Independent Auditor. In addition, if it is determined that the appropriateness and credibility of audits by the Independent Auditor cannot be ensured, the Audit & Supervisory Board shall decide on the content of the proposal to dismiss or deny the reappointment of the Independent Auditor to be submitted to the General Meeting of Shareholders.

5. Overview of the Basic Policy Regarding Internal Control Systems and the Operational Status Thereof

(1) Outline of Basic Policy Regarding the Internal Control System

ITOCHU Corporation has established the following internal control systems, which are necessary to ensure that directors' implementation of duties are in compliance with laws and statutory regulations and Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy regarding the Internal Control System, which the Board of Directors approved on April 19, 2006. (It was partially revised as of May 6, 2016.)

1) System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

[Corporate Governance]

- 1) As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.
- 2) Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
- 3) ITOCHU Corporation is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.
- 4) The Audit & Supervisory Board Members are to oversee the performance of the directors based on the "Audit & Supervisory Board Regulations" and "Auditors' Auditing Standards."

[Compliance]

- 1) Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and the ITOCHU Group Code of Conduct.
- 2) ITOCHU Corporation is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

[Internal Control to Ensure Reliability of Financial Reporting]

- 1) ITOCHU Corporation is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO (Chief Financial Officer) to ensure the reliability of financial reporting.
- 2) ITOCHU Corporation is to establish the Disclosure Committee and regularly review and improve the development and implementation status of the internal control systems to ensure the reliability of financial reporting.

[Internal Audits]

ITOCHU Corporation is to establish the Internal Audit Division under the direct control of the President & Chief Operating Officer. The Internal Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations." Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

2) System for the Storage and Preservation of Information Related to Director Duties

The directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the “Information Management Regulations,” the “Document Management Rules” and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the directors and auditors at any time. Further, ITOCHU Corporation will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

3) Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, and investment risk, ITOCHU Corporation is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, ITOCHU Corporation is to regularly review the effectiveness of the risk management system.

4) System to Ensure Efficient Performance of Directors

[The HMC and Other Internal Committees]

The HMC (Headquarters Management Committee) as a supporting body to the President & Chief Operating Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President & Chief Operating Officer and the Board of Directors.

[Division Company System]

Under the Division Company System, the position of Division Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

[Clearly Define the Scope of Authority and Responsibilities]

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU Corporation is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

5) System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)

[Subsidiary Management and Reporting System]

- 1) ITOCHU Corporation is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU Corporation are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU Corporation is to send directors and Audit & Supervisory Board Members to each subsidiary to ensure the adequacy of the subsidiary’s operations.
- 2) With respect to subsidiaries that ITOCHU Corporation owns indirectly through its directly-owned subsidiaries, ITOCHU Corporation is to strive to ensure the adequacy of operations by such indirectly-owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly-owned subsidiaries to provide managerial guidance to indirectly-owned subsidiaries.

- 3) With respect to important matters on the management of subsidiaries, ITOCHU Corporation is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU Corporation, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

[Rules and Other Systems to Manage the Risk of Loss at Subsidiaries]

ITOCHU Corporation is to identify the subsidiaries which shall be subject to our Group-wide risk management in respect of each risk category, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted. In addition, ITOCHU Corporation is to periodically review the effectiveness of such Group-wide management system.

[System to Ensure the Efficient Performance of Duties by Directors, etc. of Subsidiaries]

ITOCHU Corporation is to formulate a management plan on a consolidated basis and undertake managerial guidance of subsidiaries in order to attain the said management plan as well as to provide support to subsidiaries such as provision of group financing from ITOCHU Corporation.

[System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries to Laws, Regulations and the Articles of Incorporation]

- 1) In principle, ITOCHU Corporation is to send directors and Audit & Supervisory Board Members to each subsidiary and strive to ensure that the performance of duties of directors, etc. and employees of a subsidiary complies with laws and regulations, and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said directors and auditors sent from ITOCHU Corporation.
- 2) ITOCHU Corporation is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.
- 3) All of the operations and activities of the subsidiaries are to be subject to internal audits by the Internal Audit Division.

6) Matters Concerning Supporting Personnel to Audit & Supervisory Board Members, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

ITOCHU Corporation is to establish the Audit & Supervisory Board Members' Office under the direct jurisdiction of the Audit & Supervisory Board and is to put in place full-time employees with the sole responsibility of supporting the work of the Audit & Supervisory Board Members. The supervisory authority over such employees is to belong exclusively to the Audit & Supervisory Board Members, and evaluation of such employees is to be carried out by the Audit & Supervisory Board Member designated by the Audit & Supervisory Board. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such Audit & Supervisory Board Member.

7) System for Reporting by Directors and Employees to Audit & Supervisory Board Members

[Attendance at Important Meetings]

The Audit & Supervisory Board Members are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the directors and other relevant persons regarding the performance of their duties. In addition, the Audit & Supervisory Board Members are to have the right to inspect all relevant materials.

[Reporting System]

- 1) The directors and corporate officers are to regularly report to the Audit & Supervisory Board Members about their performance. Furthermore, in addition to the matters required by laws and regulations, the directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU Corporation to the Audit & Supervisory Board Members immediately after such decisions are made.
- 2) Employees are to have the right to report directly to the Audit & Supervisory Board Members any matters that could cause serious damage to ITOCHU Corporation.
- 3) In the "ITOCHU Group Compliance Program," ITOCHU Corporation is to explicitly prohibit disadvantageous treatment of directors and employees who have reported to the Audit & Supervisory Board Members and to ensure thorough familiarization with this prohibition.

8) System for Reporting by Directors, Audit & Supervisory Board Members and Employees of Subsidiaries or by a Person who Received a Report from Them to Audit & Supervisory Board Members

[Reporting System]

- 1) The directors and Audit & Supervisory Board Members of subsidiaries may report directly to the Audit & Supervisory Board Members of ITOCHU Corporation any matters that could cause serious damage to the said subsidiary.
- 2) A department that oversees compliance is to periodically report to the Audit & Supervisory Board Members of ITOCHU Corporation a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.
- 3) In the "ITOCHU Group Compliance Program," ITOCHU Corporation is to explicitly prohibit disadvantageous treatment of persons who have reported to the Audit & Supervisory Board Members under the provisions listed above and to ensure full familiarization with this prohibition.

9) Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Audit & Supervisory Board Members and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When an Audit & Supervisory Board Member claims prepayment, etc. from ITOCHU Corporation in relation to the performance of duties under Article 388 of the Companies Act, we are to process the relevant expense or claim promptly upon confirmation by the responsible department.

10) Other Relevant Systems to Ensure the Proper Functioning of Audits

[Coordination with the Audit & Supervisory Board Members by the Internal Audit Division]

The Internal Audit Division is to maintain close communication and coordination with the Audit & Supervisory Board Members with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

[Retaining Outside Experts]

When deemed necessary, the Audit & Supervisory Board Members are to independently retain outside experts for the implementation of an audit.

(2) Overview of the Operational Status of Internal Control Systems

For the proper operation of internal control systems, ITOCHU Corporation has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee in FY2020, chaired by the Chief Administrative Officer and with the Corporate Planning & Administration Division as its secretariat, consists of the Chief Financial Officer, General Manager of Internal Audit Division, and an external expert (attorney) as members. Audit & Supervisory Board Members also attend the meetings and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group.

The results of deliberations by the Internal Control Committee are reported twice per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

Regarding the meetings of main internal committees related to internal control in FY2019, the Internal Control Committee met 2 times, the Compliance Committee met 2 times, and the Asset Liability Management (ALM) Committee met 8 times.

Our internal control systems are constructed on the base of the ITOCHU Group, consisting of ITOCHU Corporation and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

We intend to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on April 18, 2019, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for FY2019 and confirmed that there were no significant deficiencies or defects.

[Reference] Board of Directors' effectiveness evaluation

ITOCHU Corporation conducted the evaluation as to the effectiveness of the Board of Directors targeting directors and audit & supervisory board members in FY2019.

As a result of this evaluation, in terms of the structure of the Board of Directors and its advisory committees as well as the roles and duties, operation status, information provision and training, the Board of Directors of ITOCHU Corporation confirmed that the effectiveness of the Board of Directors was secured.

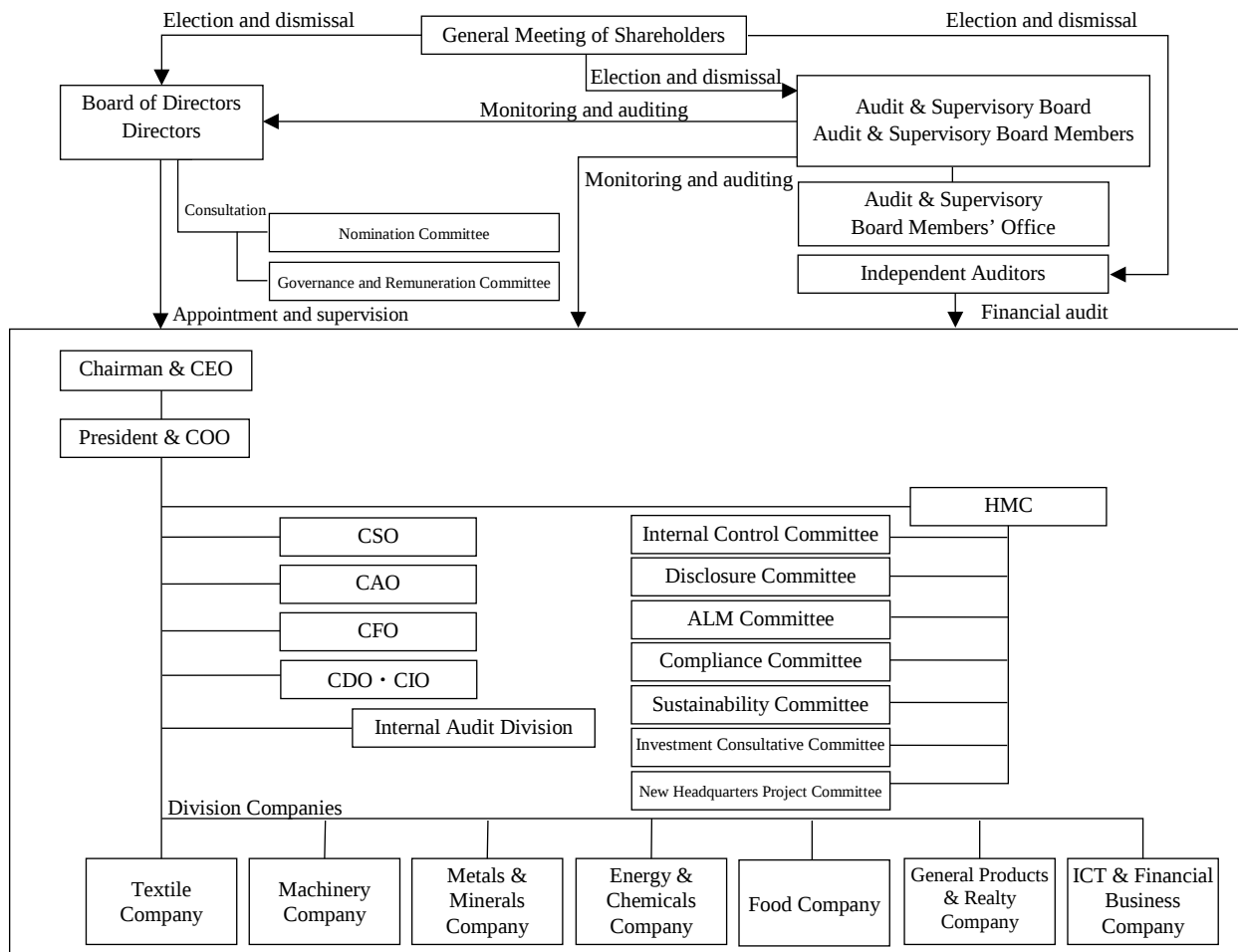
According to the external consultant, it is evaluated that (1) the score has improved in the majority of the questionnaires, (2) the Chairman of the Board of Directors as well as the secretariat cooperate with the outside directors to improve the governance and realize more efficient and high-density operation of the Board of Directors and (3) the objectivity, independence and transparency of the advisory committees to the Board of Directors have been improved due to the efforts of both inside directors and outside directors.

As to the operation of the Board of Directors based on the transition to "Monitoring-Focused Structure" which we recognized as an issue as a result of the previous evaluation of the Board of Directors, it was opined that the more agenda such as the mid-term management plan review after announcement, internal control and compliance were certainly discussed, but we should more timely discuss the vision and strategy of the specific business area. We will discuss what should be discussed at the Board of Directors based on the opinion from the outside directors. As to the enhancement of reporting to the Board of Directors the deliberations of the advisory committees which we also recognized as an issue as a result of the previous evaluation, we resolved at the Board of Directors what the Nomination Committee should discuss about the succession plan and how the discussion thereof should be reported to the Board of Directors, and we will follow the resolution.

Based on the results of this evaluation of the Board of Directors, we will continue to maintain and improve the effectiveness of the Board of Directors.

ITOCHU's Corporate Governance and Overview of Internal Control System

(as of April 1, 2019)



- Notes: 1. CEO: Chief Executive Officer COO: Chief Operating Officer CSO: Chief Strategy Officer
 CAO: Chief Administrative Officer CFO: Chief Financial Officer CDO · CIO: Chief Digital & Information Officer
 HMC: Headquarters Management Committee ALM: Asset Liability Management
2. CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.
3. Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

[Reference] Overview of the Internal Committees

Each internal committee carries out careful review and discussion of management issues in each field the committee oversees. Some internal committees, such as the Internal Control Committee, have outside experts among their members, who bring outside opinions into ITOCHU Corporation and assist with decision-making by the President & Chief Operating Officer and Board of Directors. The following table lists the main internal committees and their roles (as of April 1, 2019).

Name	Main topics of discussion	Chair
Internal Control Committee	• Issues related to the development of internal control systems	CAO
Disclosure Committee	• Issues related to business activity disclosure • Issues related to the development and operation of internal control systems in the area of financial reporting	CFO
Asset Liability Management (ALM) Committee	• Issues related to risk management systems • Issues related to balance sheet management	CFO
Compliance Committee	• Issues related to compliance	CAO
Sustainability Committee	• Issues related to sustainability and ESG (including environmental and social contribution initiatives; excluding governance-related issues)	CAO
Investment Consultative Committee	• Issues related to investment and financing	CFO
New Headquarters Project Committee	• Issues related to new Tokyo Head Office building	CAO

Consolidated Financial Statements
Consolidated Statement of Financial Position
ITOCHU Corporation and its Subsidiaries
As of March 31, 2019 and 2018

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Assets	Millions of Yen	
	2019	2018 (Reference)
Current assets:		
Cash and cash equivalents..... ¥	572,030	¥ 432,140
Time deposits	5,051	26,915
Trade receivables	2,397,608	2,183,349
Other current receivables	168,968	84,146
Other current financial assets	43,132	34,329
Inventories	937,183	870,352
Advances to suppliers	98,081	179,760
Other current assets	185,767	112,370
Total current assets	4,407,820	3,923,361
Non-current assets:		
Investments accounted for by the equity method	1,559,280	1,844,871
Other investments	857,261	816,510
Non-current receivables	618,762	617,719
Non-current financial assets other than investments and receivables	270,116	82,379
Property, plant and equipment	1,077,874	813,294
Investment property	32,524	19,134
Goodwill and intangible assets	1,127,760	362,571
Deferred tax assets	65,609	62,259
Other non-current assets	81,697	121,839
Total non-current assets	5,690,883	4,740,576
Total assets ¥	10,098,703	¥ 8,663,937

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Liabilities and Equity	Millions of Yen	
	2019	2018 (Reference)
Current liabilities:		
Short-term debentures and borrowings	¥ 650,909	¥ 526,867
Trade payables	1,942,037	1,825,859
Other current payables	234,518	79,200
Other current financial liabilities	27,073	26,791
Current tax liabilities	48,014	53,241
Advances from customers	88,480	157,167
Other current liabilities	350,343	319,777
Total current liabilities	3,341,374	2,988,902
Non-current liabilities:		
Long-term debentures and borrowings	2,332,928	2,252,606
Other non-current financial liabilities	215,609	114,627
Non-current liabilities for employee benefits	124,418	97,955
Deferred tax liabilities	251,489	129,579
Other non-current liabilities	142,769	95,917
Total non-current liabilities	3,067,213	2,690,684
Total liabilities	6,408,587	5,679,586
Equity:		
Common stock	253,448	253,448
Capital surplus	49,584	160,271
Retained earnings	2,608,243	2,324,766
Other components of equity:		
Translation adjustments	81,037	136,729
FVTOCI financial assets	49,764	(61,484)
Cash flow hedges	433	5,961
Total other components of equity	131,234	81,206
Treasury stock	(105,601)	(150,208)
Total shareholders' equity	2,936,908	2,669,483
Non-controlling interests	753,208	314,868
Total equity	3,690,116	2,984,351
Total liabilities and equity	¥ 10,098,703	¥ 8,663,937

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Consolidated Statement of Comprehensive Income

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2019 and 2018

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2019	2018 (Reference)
Revenues:		
Revenues from sale of goods	¥ 10,570,925	¥ 4,719,460
Revenues from rendering of services and royalties	1,029,560	790,599
Total revenues	11,600,485	5,510,059
Cost:		
Cost of sale of goods	(9,427,881)	(3,706,873)
Cost of rendering of services and royalties	(608,832)	(592,746)
Total cost	(10,036,713)	(4,299,619)
Gross trading profit	1,563,772	1,210,440
Other gains (losses):		
Selling, general and administrative expenses	(1,193,301)	(890,276)
Provision for doubtful accounts	(8,979)	(3,231)
Gains on investments	203,034	7,080
Losses on property, plant, equipment and intangible assets	(12,041)	(29,629)
Other-net	10,734	(280)
Total other-losses	(1,000,553)	(916,336)
Financial income (loss):		
Interest income	40,128	34,702
Dividends received	48,372	34,273
Interest expense	(54,388)	(41,449)
Total financial income	34,112	27,526
Equity in earnings of associates and joint ventures	98,052	216,228
Profit before tax	695,383	537,858
Income tax expense	(149,694)	(106,138)
Net Profit	545,689	431,720
Net profit attributable to ITOCHU	¥ 500,523	¥ 400,333
Net profit attributable to non-controlling interests	45,166	31,387
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
FVTOCI financial assets	20,040	(23,100)
Remeasurement of net defined pension liability	(3,174)	3,252
Other comprehensive income in associates and joint ventures	9,143	1,333
Items that will be reclassified to profit or loss:		
Translation adjustments	(8,803)	(38,452)
Cash flow hedges	(3,641)	495
Other comprehensive income in associates and joint ventures	(47,668)	40,354
Total other comprehensive income, net of tax	(34,103)	(16,118)
Total comprehensive income	511,586	415,602
Total comprehensive income attributable to ITOCHU	¥ 464,785	¥ 390,022
Total comprehensive income attributable to non-controlling interests ..	46,801	25,580

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Year ended March 31, 2019

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total share holders' equity		
Balance at the beginning of the year	253,448	160,271	2,324,766	81,206	(150,208)	2,669,483	314,868	2,984,351
Net Profit			500,523			500,523	45,166	545,689
Other comprehensive income				(35,738)		(35,738)	1,635	(34,103)
Total comprehensive income			500,523	(35,738)		464,785	46,801	511,586
Cumulative effects of the application of new accounting standards			(14,097)			(14,097)	5	(14,092)
Cash dividends to shareholders			(116,437)			(116,437)		(116,437)
Cash dividends to non-controlling interests							(20,829)	(20,829)
Net change in acquisition (disposition) of treasury stock					(59,456)	(59,456)		(59,456)
Cancellation of treasury stock		(104,063)			104,063	–		–
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(6,624)		(746)		(7,370)	412,363	404,993
Transfer to retained earnings			(86,512)	86,512		–		–
Balance at the end of the year	253,448	49,584	2,608,243	131,234	(105,601)	2,936,908	753,208	3,690,116

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Year ended March 31, 2018 (Reference)

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total share holders' equity		
Balance at the beginning of the year	253,448	162,038	2,020,018	88,729	(122,340)	2,401,893	260,918	2,662,811
Net Profit			400,333			400,333	31,387	431,720
Other comprehensive income				(10,311)		(10,311)	(5,807)	(16,118)
Total comprehensive income			400,333	(10,311)		390,022	25,580	415,602
Cash dividends to shareholders			(92,845)			(92,845)		(92,845)
Cash dividends to non-controlling interests							(10,732)	(10,732)
Net change in acquisition (disposition) of treasury stock					(27,868)	(27,868)		(27,868)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(1,767)		48		(1,719)	39,102	37,383
Transfer to retained earnings			(2,740)	2,740		–		–
Balance at the end of the year	253,448	160,271	2,324,766	81,206	(150,208)	2,669,483	314,868	2,984,351

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Non-Consolidated Balance Sheet

ITOCHU Corporation

As of March 31, 2019 and 2018

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Assets	Millions of Yen	
	2019	2018 (Reference)
Current assets:		
Cash and deposits with banks	¥ 42,302	¥ 133,667
Trade notes receivable	37,777	38,316
Trade accounts receivable	655,053	639,642
Inventories	224,436	204,248
Prepaid expenses	5,190	5,516
Other receivable	256,604	62,848
Short-term loans receivable	136	299
Short-term loans receivable from subsidiaries and associated companies	6,123	196,570
Other current assets	59,639	49,005
Allowance for doubtful receivables	(1,346)	(567)
Total current assets	1,285,914	1,329,544
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	2,733	1,189
Land	28,348	28,348
Others	3,367	2,612
Total property, plant and equipment net of accumulated depreciation	34,448	32,149
Intangible assets:		
Software	16,969	15,264
Others	7,132	8,580
Total intangible assets	24,101	23,844
Investments and other assets:		
Investments in securities	174,439	201,055
Investments in subsidiaries' and associated companies' equity securities	1,412,355	1,347,400
Investments in subsidiaries' and associated companies' securities other than equity securities and corporate bonds	23,042	27,169
Investments in equity interests	36,249	35,039
Investments in subsidiaries' and associated companies' equity interests	84,191	66,434
Long-term loans receivable	174	272
Long-term loans receivable from subsidiaries and associated companies	3,783	49,076
Claims provable in bankruptcy	19,017	19,667
Deferred tax assets	—	26,744
Other investments	8,367	28,651
Allowance for doubtful receivables	(17,547)	(18,746)
Allowance for loss on investments	(2,039)	(3,737)
Total investments and other assets	1,742,031	1,779,024
Total non-current assets	1,800,580	1,835,017
Total Assets	¥ 3,086,494	¥ 3,164,561

Liabilities and Equity	Millions of Yen	
	2019	2018 (Reference)
Current liabilities:		
Trade notes payable	¥ 19,193	¥ 131,183
Trade accounts payable	367,788	429,880
Short-term debt	186,830	116,379
Bonds, due within one year	56,099	50,000
Other payable	146,726	22,315
Accrued expenses	71,535	74,373
Income taxes payable	1,538	4,200
Advances from customers	15,000	12,135
Deposits received	136,723	230,405
Deferred income	4,786	7,009
Other current liabilities	11,238	7,529
Total current liabilities	1,017,456	1,085,408
Non-current liabilities:		
Bonds	221,075	276,699
Long-term debt	651,512	720,051
Deferred tax liabilities	6,748	—
Provision for retirement benefits for employees	9,163	683
Provision for stock benefits	2,132	1,783
Provision for retirement benefits for directors, corporate auditors and executive officers	31	31
Provision for loss on guarantees	10,824	26,879
Other non-current liabilities	86,485	78,925
Total non-current liabilities	987,970	1,105,051
Total liabilities	2,005,426	2,190,459
Equity	1,026,276	913,688
Common stock	253,448	253,448
Capital surplus	62,600	62,602
Additional paid-in capital	62,600	62,600
Other capital surplus	—	2
Retained earnings	814,833	746,832
Legal reserve	36,323	36,323
Other retained earnings		
Retained earnings unappropriated	778,510	710,509
Treasury stock, at cost	(104,605)	(149,194)
Valuation, translation adjustments and others	54,792	60,414
Unrealized gain on available-for-sale securities	47,638	49,486
Deferred gain on derivatives under hedge accounting	7,154	10,928
Total equity	1,081,068	974,102
Total Liabilities and Equity	¥ 3,086,494	¥ 3,164,561

Non-Consolidated Statement of Income

ITOCHU Corporation

Years ended March 31, 2019 and 2018

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2019	2018 (Reference)
Total trading transactions	¥ 4,983,051	¥ 4,795,741
Cost of trading transactions	4,826,417	4,657,517
Gross trading profit	156,634	138,224
Selling, general and administrative expenses	134,477	130,531
Operating income	22,157	7,693
Other income:		
Interest income	9,353	5,779
Dividends received	260,180	205,164
Others	32,429	14,505
Total other income	301,962	225,448
Other expenses:		
Interest expense	11,653	6,763
Others	5,401	14,497
Total other expenses	17,054	21,260
Ordinary income	307,065	211,881
Extraordinary gains:		
Gain on sales of property, plant and equipment	300	62
Gain on sales of investments in securities	22,413	3,031
Total extraordinary gains	22,713	3,093
Extraordinary losses:		
Loss on sales of property, plant and equipment	7	17
Loss on investments in subsidiaries and associated companies	5,797	82,306
Loss on sales of investments in securities	115	88
Loss on devaluation of investments in securities	2,067	39,667
Loss on impairment of long-lived assets	5,990	16,355
Total extraordinary losses	13,976	138,433
Profit before income taxes	315,802	76,541
Income taxes — current	(6,099)	9,283
Income taxes — deferred	35,422	(42,005)
Net profit	¥ 286,479	¥ 109,263

Non-Consolidated Statement of Changes in Equity

ITOCHU Corporation

Year ended March 31, 2019

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Shareholders' equity									Valuation, translation adjustments and others			Total equity
	Common stock	Capital surplus			Retained earnings			Treasury stock, at cost	Total share-holders' equity	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total valuation, translation adjustments and others	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings unappropriated	Total retained earnings						
Balance at beginning of year	253,448	62,600	2	62,602	36,323	710,509	746,832	(149,194)	913,688	49,486	10,928	60,414	974,102
Changes during the year													
Dividends						(116,437)	(116,437)		(116,437)				(116,437)
Net profit						286,479	286,479		286,479				286,479
Purchase of treasury stock								(68,701)	(68,701)				(68,701)
Disposal of treasury stock			0	0				181	181				181
Cancellation of treasury stock			(2,022)	(2,022)		(102,041)	(102,041)	104,063	—				—
Changes by share exchanges			2,020	2,020				9,046	11,066				11,066
Net changes of items other than share-holders' equity										(1,848)	(3,774)	(5,622)	(5,622)
Net change in the year	—	—	(2)	(2)	—	68,001	68,001	44,589	112,588	(1,848)	(3,774)	(5,622)	106,966
Balance at end of year	253,448	62,600	—	62,600	36,323	778,510	814,833	(104,605)	1,026,276	47,638	7,154	54,792	1,081,068

Non-Consolidated Statement of Changes in Equity

ITOCHU Corporation

Year ended March 31, 2018 (reference)

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Shareholders' equity								Valuation, translation adjustments and others			Total equity	
	Common stock	Capital surplus			Retained earnings			Treasury stock, at cost	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting		Total valuation, translation adjustments and others
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings unappropriated	Total retained earnings						
Balance at beginning of year	253,448	62,600	2	62,602	36,323	694,091	730,414	(121,326)	925,138	35,223	15,365	50,588	975,726
Changes during the year													
Dividends						(92,845)	(92,845)		(92,845)				(92,845)
Net profit						109,263	109,263		109,263				109,263
Purchase of treasury stock								(27,895)	(27,895)				(27,895)
Disposal of treasury stock			0	0				27	27				27
Net changes of items other than shareholders' equity										14,263	(4,437)	9,826	9,826
Net change in the year	—	—	0	0	—	16,418	16,418	(27,868)	(11,450)	14,263	(4,437)	9,826	(1,624)
Balance at end of year	253,448	62,600	2	62,602	36,323	710,509	746,832	(149,194)	913,688	49,486	10,928	60,414	974,102

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 10, 2019

To the Board of Directors of
ITOCHU Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koichi Okubo
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hiroyuki Yamada
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Tadashi Nakayasu
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Susumu Nakamura

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019 of ITOCHU Corporation (the "Company") and its subsidiaries, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of ITOCHU Corporation and its subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes" referred to in this report are not included in the attached financial documents.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 10, 2019

To the Board of Directors of
ITOCHU Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koichi Okubo
Designated Unlimited Liability Partner,
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Certified Public Accountant: Hiroyuki Yamada
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Tadashi Nakayasu
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Susumu Nakamura

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of March 31, 2019 of ITOCHU Corporation (the “Company”), and the non-consolidated statements of income and changes in equity for the 95th fiscal year from April 1, 2018 to March 31, 2019, and the related notes and the accompanying supplemental schedules.

Management’s Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of ITOCHU Corporation as of March 31, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes and the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

AUDIT REPORT OF THE Audit & Supervisory Board

This audit report was prepared following the discussions based on the respective audit reports of each Audit & Supervisory Board Member concerning the conduct of the Directors in the performance of their duties during the 95th fiscal year from April 1, 2018 to March 31, 2019. The Audit & Supervisory Board submits its report as follows.

1. Methods and Details of the Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board established the policies of audit, the division of duties and other matters, and received reports from each Audit & Supervisory Board Member on the status and results of its audits. In addition, the Audit & Supervisory Board received reports from the Directors, etc., and the Independent Auditor regarding the performance of their duties, and requested explanations as necessary.

In accordance with the policies of audit, division of duties and the standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with the Directors, the Internal Audit Department, employees and others, committed to gather information and to enhance the audit environment, attended the meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and others regarding the performance of their duties, requested explanations as necessary, and inspected important documents supporting decisions and other records and examined the status of operations and assets at the head office and important operating locations. In addition, the Audit & Supervisory Board periodically received reports from the Directors, employees and others, requested explanations as necessary, inspected important documents supporting decisions and other records, and expressed opinions regarding the details of the Board of Directors' resolutions and the system that is developed and operated in accordance with such resolution concerning the development of system to ensure that Directors' performance of their duties are in compliance with the laws and regulations, and the Articles of Incorporation of ITOCHU Corporation and the system to ensure the adequacy of operations of the ITOCHU Group consisting of ITOCHU Corporation and its subsidiaries as stipulated under Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of Company Act (internal control system).

As for the subsidiaries, each Audit & Supervisory Board Member promoted communications with the directors, Audit & Supervisory Board Members and, etc. of the subsidiaries, and received reports on the business of the subsidiaries as necessary. Based on the above-mentioned methods, the business report and its supplemental schedules for the fiscal year under review were examined.

Moreover, each Audit & Supervisory Board Member monitored and verified whether the Independent Auditor, Deloitte Touche Tohmatsu LLC, maintained independence and conducted proper audit, received reports from the Independent Auditor regarding the status of the performance of its duties, and requested explanations as necessary.

The Audit & Supervisory Board Members also received the notification from the Independent Auditor that it had established a "system to ensure appropriate performance of its duties" (pursuant to Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Auditing" (issued by the Business Accounting Council on October 28, 2005), and requested explanation as necessary.

Based on the above-mentioned methods, the Audit & Supervisory Board examined the consolidated financial statements (the consolidated statements of financial position, the consolidated statements of income, the consolidated statements of changes in equity, and the notes to consolidated financial statements) as well as the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statements of changes in equity, and the notes to non-consolidated financial statements) and the accompanying supplemental schedules for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Reports, etc.

We confirm as follows;

- (a) The business report and the accompanying supplemental schedules present ITOCHU Corporation's situation correctly in accordance with laws and regulations, and the Articles of Incorporation of ITOCHU Corporation.
- (b) There was no improper behavior, or serious violation of any applicable laws and regulations or of the Articles of Incorporation of ITOCHU Corporation concerning the Directors' performance of their duties.
- (c) The details of the Board of Directors resolutions concerning the internal control system were appropriate and adequate. Furthermore, there was no matter we must point out, regarding the description of the internal control system in the business report and the Directors' performance of their duties concerning the internal control system. Additionally, we confirmed that ITOCHU Corporation and its subsidiaries and associates have, as noted in Business Report, continuously implemented recurrence prevention measures and thorough compliance in response to a cease and desist order issued by the Japan Fair Trade Commission in July 2018, and a cease and desist order and a surcharge payment order issued by the said commission in October 2018.

(2) Results of Audit of Consolidated Financial Statements

We confirm that the auditing method and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Non-Consolidated Financial Statements and the Accompanying Supplemental Schedules

We confirm that the auditing method and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 13, 2019

ITOCHU Corporation Audit & Supervisory Board

Kiyoshi Yamaguchi
Audit & Supervisory Board Member (full time)

Shuzaburo Tsuchihashi
Audit & Supervisory Board Member (full time)

Shingo Majima
Outside Audit & Supervisory Board Member

Kentaro Uryu
Outside Audit & Supervisory Board Member

Kotaro Ohno
Outside Audit & Supervisory Board Member

End