

# Corporate Governance and Internal Control/Compliance

ITOCHU Corporation strives to enhance the transparency in the decision making process in order to ensure appropriate and effective executions of its operations. At the same time, ITOCHU establishes and maintains a corporate governance system that appropriately incorporates monitoring and supervision functions, and conducts corporate management charged with upholding the trust of its shareholders and other stakeholders. For internal controls, ITOCHU will constantly review and improve its system to further enhance accuracy and efficiency.

## Corporate governance

ITOCHU Corporation has a Board of Corporate Auditors. To make sure that our corporate auditors conduct adequate audits, we developed an organization that enables corporate auditors to collect information inside the company, for example, by attending important internal meetings, collaborating with the Audit Division and the Independent External Auditor, etc. In addition, a Corporate Auditors Office consisting of specialized staff provides supports for the auditing work.

Our executive organization has adapted a Division Company system where seven Division Companies divide their business areas for autonomous management responding to the needs of the market and customers under the overall management of the Headquarters.

Further, we have established the Headquarters Management Committee as a body that assists the President by deliberating corporate-wide management policy and important issues. Also, ITOCHU has a variety of internal committees that help the decision-making of the President and the Board of Directors by carefully investigating and deliberating management issues within their areas of responsibility.


## Internal controls

ITOCHU Corporation operates effective internal controls through the Disclosure Committee, the ALM Committee, and the Compliance Committee. They are responsible for maintaining effective internal controls, focusing on the following objectives that aim to ensure: 1) reliability of financial reporting, 2) effectiveness and efficiency of business operations, 3) safeguarding of assets, and 4) compliance with applicable laws and regulations. Further, the Internal Control Committee is responsible for overall internal controls, and deliberates corporate-wide issues and remedial measures on internal controls.

### ● Response to the internal-control reporting system

ITOCHU Corporation has built internal controls conformant with the internal-control reporting system, in order to increase the reliability of its consolidated financial reports. We have also established an independent organization for evaluating internal controls, and check their validity. The results of these checks are fed back to the relevant divisions, and help to create guidelines for the appropriate creation and operation of internal controls. In such a way, we have

established a PDCA cycle in order for responding to the internal-control reporting system, and further improving the effectiveness of internal controls.

 Corporate governance and internal control <http://www.itochu.co.jp/en/about/governance/>

## Compliance

The ITOCHU Group builds and operates systems to enhance compliance. It assigns compliance officers to each of its organizations and group companies, both in Japan and internationally. Specifically, we have created the ITOCHU Group Compliance Program, and conduct corporate-wide monitoring and review twice a year in order to track the status of its operation. In fiscal 2009, we conducted a compliance awareness survey including officers and employees of our group companies, and created measures to strengthen compliance at each Division Company based on the results of the survey. We are currently implementing these measures in order of precedence. Moving forward, we will focus on initiatives to enhance compliance among our overseas offices and group companies.

### ● Global security risk management

The potential intersection of corporate operations with global terrorism or the development and proliferation of weapons of mass destruction can give rise to reputational and financial risks for ITOCHU and other companies with extensive international business operations. As a responsible member of society and the global business community, ITOCHU recognizes the need to carefully manage the potential risks associated with business operations in certain locations. Accordingly, ITOCHU has implemented a comprehensive global security risk management program that involves the performance of rigorous, security-minded due diligence with respect to projects and transactions in which international security concerns could be present.

 Compliance <http://www.itochu.co.jp/en/csr/compliance/>

Corporate governance and internal control systems

As of June 30, 2010

