



CORPORATE GOVERNANCE

90 Corporate Governance

94 Corporate Officers

Corporate Governance

ITOCHU operates its business in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. Our fundamental policy is to work toward the long-term preservation and enhancement of our corporate value by building fair and favorable relationships with our stakeholders. To execute our business activities in an appropriate and efficient manner in accordance with our fundamental policy, we are increasing the transparency of our decision-making process and constructing a corporate governance system that incorporates appropriate monitoring and supervisory functions.

Features of ITOCHU's Corporate Governance System

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors). The corporate auditors including outside corporate auditors monitor and audit business management independently and objectively. And ITOCHU has elected highly independent outside directors for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and improving the transparency of decision making.

Comprising 14 directors (including 2 outside directors) as of July 1, 2012, the Board of Directors makes decisions on important management matters and supervises each director's business management.

ITOCHU has adopted an Executive Officer System in order to separate the decision-making and supervisory

functions of the Board of Directors from its implementation of business management.

One feature of ITOCHU's corporate governance system is the HMC (Headquarters Management Committee), a supporting body of the CEO, where companywide management policy and important issues are discussed and decided.

In addition, management issues in individual areas of responsibility are discussed and screened by various internal committees in order to support the decision making of the CEO and the Board of Directors. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in which outside experts become members of some internal committees.

The table below details steps ITOCHU has taken to strengthen corporate governance.

Steps Taken to Strengthen Corporate Governance

1997	Introduced the Division Company System	To accelerate decision making / increase efficiency of business management
1999	Introduced Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2007	Shortened the terms of office of directors and executive officers to one year	To clarify management responsibility during terms of office
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision making

Increasing the Effectiveness of the Supervision of Management by the Board of Directors

ITOCHU has elected 2 outside directors at the General Meeting of Shareholders held in June 2011. The outside directors make a contribution to ensuring and increasing the effectiveness of the supervision of management by the Board

of Directors, as well as the transparency of the Board of Directors' decision making, by way of appropriately providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

Relationship of Outside Directors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors
Yuko Kawamoto*1	ITOCHU has elected her, anticipating that she will use her wealth of knowledge on corporate management nurtured through her long expertise as a management consultant and a professor of a university's graduate school and also monitor and supervise the corporate management of ITOCHU from an independent perspective. And she has no material interests in ITOCHU.	Yuko Kawamoto attended 10 of 12 meetings of the Board of Directors held since her election.
Kazuyuki Sugimoto*1	ITOCHU has elected him, anticipating that he will use his insight on public finance and financing nurtured through his many years of experience at the Ministry of Finance and also monitor and supervise the corporate management of ITOCHU from an independent perspective. And he has no material interests in ITOCHU.	Kazuyuki Sugimoto attended all 12 meetings of the Board of Directors held since his election.

*1. Yuko Kawamoto and Kazuyuki Sugimoto are registered as independent directors in the domestic financial instrument exchanges on which ITOCHU is listed.

Systems to Ensure Effectiveness of Audit Functions

ITOCHU appoints five corporate auditors, of whom three are outside corporate auditors. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and working in cooperation with ITOCHU's independent external auditors and other audit bodies inside and outside ITOCHU.

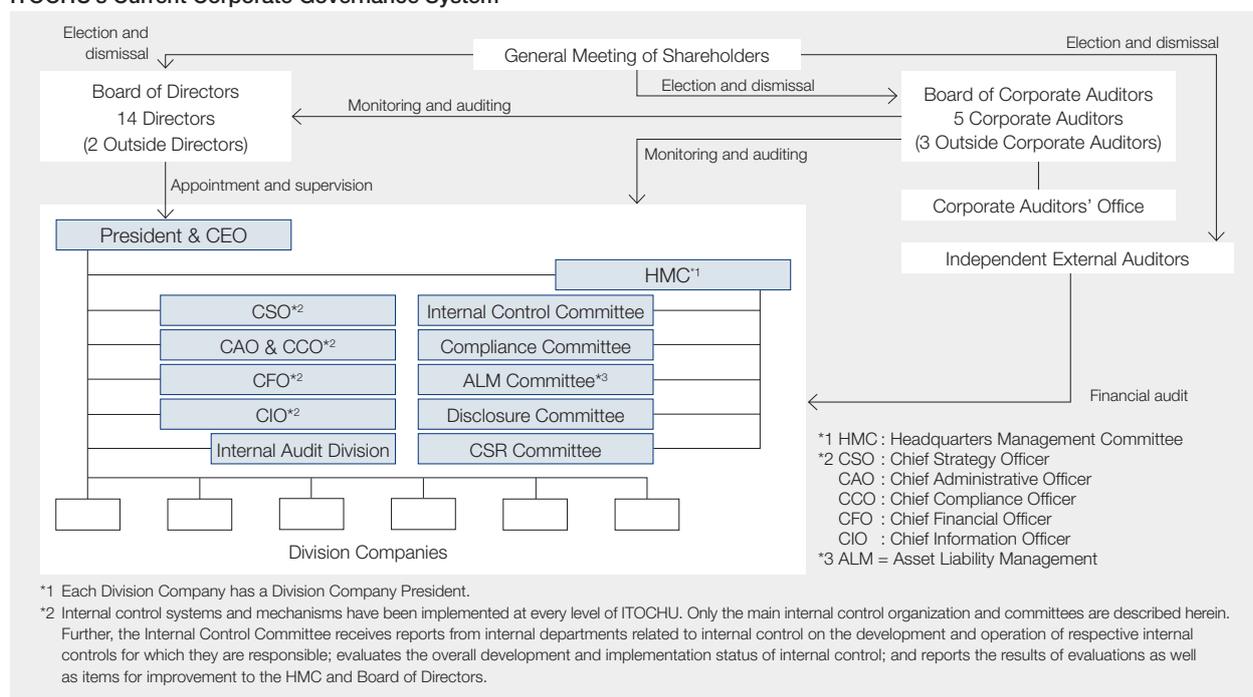
ITOCHU's Audit Division is responsible for internal audits. Aiming to facilitate exchanges of information and close collaboration, members of this division meet regularly with corporate auditors to discuss such matters as internal audit planning. In addition, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, supports corporate auditors.

Relationship of Outside Corporate Auditors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors and the Board of Corporate Auditors
Ryozo Hayashi* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience at the Ministry of Economy, Trade and Industry and the former Ministry of International Trade and Industry, and his long-term perspective and broad vision as a professor of a university's graduate school. And he has no material interests in ITOCHU.	Ryozo Hayashi attended 15 of 17 meetings of the Board of Directors and 10 of 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Keiji Torii* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his many years of experience and insight as a former executive of a major financial institution. Before being appointed as a Corporate Auditor of ITOCHU, he had served as an executive of a major financial institution, with which ITOCHU has dealings, but he retired from his position at the financial institution before being appointed as a Corporate Auditor of ITOCHU and he has no material interests in ITOCHU at present.	Keiji Torii attended all 17 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Masahiro Shimojo* ¹	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. And he has no material interests in ITOCHU.	Masahiro Shimojo attended all 12 meetings of the Board of Directors and all 8 meetings of the Board of Corporate Auditors held since his election.

*¹ Ryozo Hayashi, Keiji Torii, and Masahiro Shimojo are registered as independent auditors in the domestic financial instrument exchanges on which ITOCHU is listed.

ITOCHU's Current Corporate Governance System



Principal Internal Committees

Name	Objectives
Internal Control Committee	• Deliberates on issues related to the development of internal control systems
Disclosure Committee	• Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	• Deliberates on issues related to risk management systems and balance sheet management
Corporate Officer Compensation Consultative Committee	• Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement
Compliance Committee	• Deliberates on issues related to compliance
CSR Committee	• Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives

Details of Compensation

Details of the compensations paid to directors and corporate auditors of ITOCHU in the fiscal year ended March 31, 2012 are as follows.

Type	Number of people	Amount paid (Millions of Yen)	Details
Director (Outside directors)	14 (2)	1,428 (18)	(1) Monthly compensation: ¥758 million (2) Directors' bonuses accrued and payable for the fiscal year ended March 31, 2012: ¥670 million
Corporate auditor (Outside corporate auditors)	7 (4)	119 (32)	Only monthly compensation
Total (Outside directors and corporate auditors)	21 (6)	1,547 (50)	

*1 Maximum compensation paid to all directors: ¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors) and ¥1.0 billion per year as total bonuses paid to all directors (excluding the outside directors) under a framework different from the preceding maximum compensation amount (both resolved at the General Meeting of Shareholders on June 24, 2011).

*2 Maximum compensation paid to all corporate auditors: ¥13 million per month (resolved at the General Meeting of Shareholders on June 29, 2005)

*3 The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished. In accordance with such resolution, in addition to the amounts paid as shown above, ¥71 million was paid as retirement benefits to 2 retired directors in April, 2011.

The compensation paid to all directors of ITOCHU (excluding outside directors) consists of monthly compensation and performance-linked bonuses. The monthly compensation is determined by the contribution to ITOCHU of each director based on the base amount set by its position, whereas the total amount of the performance-linked bonuses is determined based on consolidated net income attributable to ITOCHU. Only monthly compensation is paid to the outside directors and bonuses are not paid thereto.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was later partially revised on May 6, 2011. ITOCHU intends to revise and improve the internal control systems tirelessly in order to build the systems that are even more appropriate and efficient. (For ITOCHU's Basic Policy regarding the Internal Control System, please see: <http://www.itochu.co.jp/en/about/governance/control/policy/>)

The following highlights some noteworthy initiatives under the Basic Policy regarding the Internal Control System.

Initiatives to Further Enhance the Reliability of Financial Reporting

In order to further enhance the reliability of our consolidated financial reporting, Chief Operating Officers, etc. are appointed as Chief Responsible for Internal Control to establish a Group-wide line of responsibility. And the Disclosure Committee is designated as a steering committee to maintain the internal control system to comply with the internal control reporting system.

Furthermore, following the March 2011 revision of the Standard by the Financial Services Agency, ITOCHU formulated policies to streamline internal control designing and testing, and has been reinforcing its devotion to more rational and effective designing and testing from the standpoint of risk-based approach since fiscal 2013.

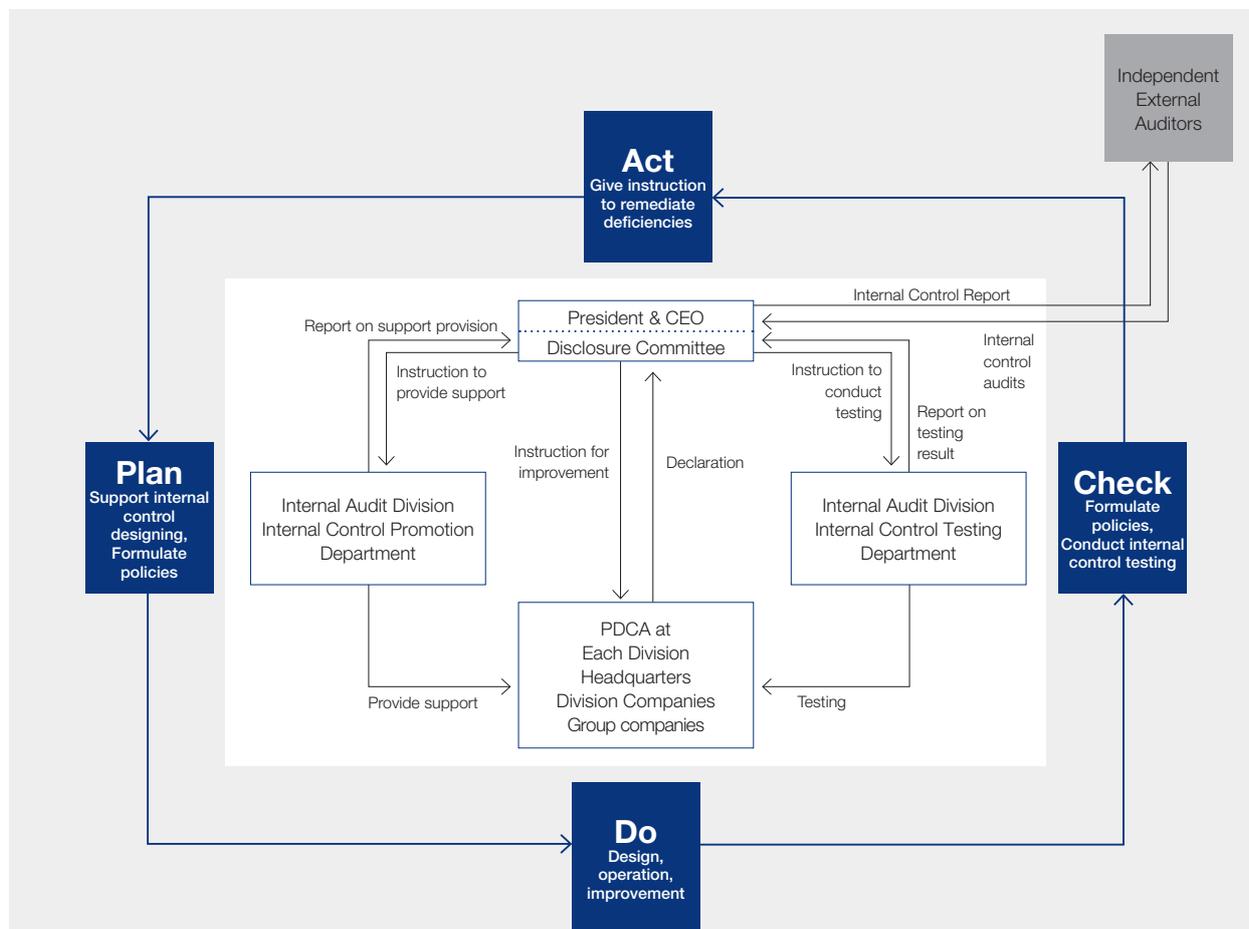
Results of testing conducted by the Internal Control Testing Department are fed back to each related unit and are used to develop and maintain the adequate internal control.

This Plan-Do-Check-Act cycle enables ITOCHU to improve and reinforce the internal control system.

Strengthening Risk Management

ITOCHEU has established internal committees and responsible departments in order to address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, ITOCHU has developed the risk management systems and methods to manage companywide and specific risks. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on balance sheet management as well as analysis and management of risk.

Organizations to Secure the Appropriateness of Financial Reporting (PDCA Cycle)

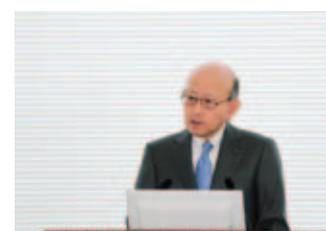


Accountability to Stakeholders

Viewing explanations of corporate and business management information to such stakeholders as shareholders and other investors as an important corporate governance task, we strive for timely and appropriate disclosure.

Investor relations activities in fiscal 2012 include the following.

Summary of activities	Supplementary explanations
Presentations for individual investors	We hold meetings for individual investors several times a year at stock exchanges and branches of brokerage firms.
Presentations for analysts and institutional investors	We hold meetings for analysts and institutional investors each fiscal quarter. The second-quarter and annual financial results are explained by the President & CEO, whereas the first and third-quarter financial results are explained via online conference by the CFO. We also hold on-site tours in which investors can visit our affiliates or our project sites. In addition, briefings on each segment are held to explain specific themes such as strategies of individual business segments. In regard to large-scale projects of particular interest to analysts and institutional investors, we hold explanatory meetings when the projects are announced.
Presentations for overseas institutional investors	Meetings for overseas institutional investors are held 5 times a year in Europe, North America, and Asia.
Investor relations-related materials available on our website	Investor relations-related materials are made available on our website. Materials that can be downloaded include our financial statements, presentation materials for investors meetings, materials used in briefings on each segment, TSE filings, annual securities reports (<i>yuka shoken hokokusho</i>), quarterly securities reports (<i>shihanki hokokusho</i>), Corporate Governance Report, and Notice of General Meeting of Shareholders.



Corporate Officers

As of July 1, 2012

Directors



President & Chief Executive Officer*

Masahiro Okafuji

1974 Joined ITOCHU Corporation
2010 President & Chief Executive Officer



Chairman

Eizo Kobayashi

1972 Joined ITOCHU Corporation
2010 Chairman



Director*

Yoichi Kobayashi

Executive Advisory Officer for Kansai District
Operation / Division Companies Operation

1973 Joined ITOCHU Corporation
2011 Executive Vice President



Director*

Yoshihisa Aoki

President, Food Company

1974 Joined ITOCHU Corporation
2010 Senior Managing Executive Officer



Director*

Tadayuki Seki

CFO

1973 Joined ITOCHU Corporation
2010 Senior Managing Executive Officer



Director*

Koji Takayanagi

CSO; General Manager, Corporate Planning &
Administration Division

1975 Joined ITOCHU Corporation
2012 Senior Managing Executive Officer



Director*

Toru Matsushima

CAO & CCO

1979 Joined ITOCHU Corporation
2010 Managing Executive Officer



Director*

Yuji Fukuda

President, Energy & Chemicals Company

1979 Joined ITOCHU Corporation
2012 Managing Executive Officer



Director*

Ichiro Nakamura

President, Metals & Minerals Company

1979 Joined ITOCHU Corporation
2011 Managing Executive Officer



Director*

Tomofumi Yoshida

President, ICT, General Products & Realty Company

1979 Joined ITOCHU Corporation
2012 Managing Executive Officer



Director*

Hitoshi Okamoto

President, Textile Company

1980 Joined ITOCHU Corporation
2010 Managing Executive Officer



Director*

Takao Shiomi

President, Machinery Company

1975 Joined ITOCHU Corporation
2012 Managing Executive Officer



Director**

Yuko Kawamoto

Apr. 1982 Joined The Bank of Tokyo, Ltd.
Sep. 1988 Joined McKinsey & Company, Tokyo Office
Apr. 2004 Professor, Waseda Graduate School of Finance, Accounting and Law (current position)
Jun. 2011 Outside Director, ITOCHU Corporation

(Important concurrent occupations or positions)
Outside Board Member, Osaka Securities Exchange Co., Ltd.
External Director, Monex Group, Inc.
Outside Director, Yamaha Motor Co., Ltd.
Outside Corporate Auditor, Tokio Marine Holdings, Inc.



Director**

Kazuyuki Sugimoto

Apr. 1974 Joined Ministry of Finance
Jul. 1997 Director of the Legal Division, Budget Bureau, Ministry of Finance
Jul. 1998 Director of the Research and Planning Division, Minister's Secretariat, Ministry of Finance
Apr. 2000 Secretary to the Prime Minister
Jan. 2001 Executive Secretary to the Prime Minister
Apr. 2001 Deputy Director-General of the Budget Bureau, Ministry of Finance
Jul. 2005 Deputy Vice Minister for Policy Planning and Co-ordination, Ministry of Finance
Jul. 2006 Deputy Vice Minister, Ministry of Finance
Jul. 2007 Director-General of the Budget Bureau, Ministry of Finance
Jul. 2008 Administrative Vice Minister of Finance
Jul. 2009 Retired from Ministry of Finance
Special Adviser to the Minister of Finance
Jan. 2010 Professor, The University of Tokyo Graduate School of Public Policy
May 2010 Adviser, Mizuho Research Institute Ltd.
Mar. 2011 Registered as an attorney at law (current position)
Apr. 2011 Chairman of The Institute, Mizuho Research Institute Ltd. (current position)
Special Counsel, TMI Associates (current position)
Jun. 2011 Outside Director, ITOCHU Corporation

* indicates a representative director

** indicates an outside director as provided in Paragraph 2, Clause 15 of the Corporate Law

Auditors



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Corporate Auditor

1 Yoshio Akamatsu

1974 Joined ITOCHU Corporation
 2010 Director, Senior Managing Executive Officer
 2012 Corporate Auditor

Corporate Auditor

2 Kazutoshi Maeda

1974 Joined ITOCHU Corporation
 2007 Managing Executive Officer
 2011 Corporate Auditor

Corporate Auditor

3 Ryoza Hayashi*

Apr. 1970 Joined the Ministry of International Trade and Industry, Industrial Policy Bureau
 Jan. 2001 Deputy Vice-minister, Ministry of Economy, Trade and Industry
 Jul. 2002 Director-General, Economic and Industrial Policy Bureau
 Aug. 2003 Consulting Fellow, Research Institute of Economy, Trade and Industry
 Jun. 2004 Independent Outside Statutory Auditor, Teijin Ltd
 Sep. 2004 Senior Adviser, NTT Data Institute of management Consulting, Inc.
 Apr. 2005 Professor, Graduate School of Public Policy, University of Tokyo
 Apr. 2009 Director, The Canon Institute for Global Studies
 Jun. 2009 Corporate Auditor, ITOCHU Corporation
 Apr. 2011 Professor, Office of Research Advancement & Intellectual Property, Meiji University
 Apr. 2011 Visiting Professor, Graduate School of Public Policy, University of Tokyo
 Dec. 2011 Director, Meiji Institute for Global Affairs (MIGA), Meiji University

Corporate Auditor

4 Keiji Torii*

Apr. 1971 Joined The Dai-ichi Bank, Ltd.
 Apr. 1999 General Manager, The Americas and the New York Branch, The Dai-ichi Kangyo Bank, Ltd.
 Jun. 1999 Director and General Manager, The Americas and the New York Branch, The Dai-ichi Kangyo Bank, Ltd.
 May 2000 Managing Director and General Manager, The Americas and the New York Branch, The Dai-ichi Kangyo Bank, Ltd.
 Apr. 2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd.
 Apr. 2004 Deputy President & CIO, Mizuho Financial Group, Inc.
 Apr. 2005 Director, Mizuho Financial Group, Inc.
 Jun. 2005 Deputy President, Mizuho Information & Research Institute, Inc.
 Jun. 2009 Corporate Auditor, ITOCHU Corporation

Corporate Auditor

5 Masahiro Shimojo*

Apr. 1973 Registered as an attorney at law
 Apr. 1973 Nishimura & Partners, Tokyo
 Dec. 1982 Admitted in California (inactive)
 Jun. 1984 Nishimura & Asahi, Tokyo
 Jun. 2000 Corporate Auditor, Hitachi Cable Co., Ltd.
 Jun. 2003 Board Director, Hitachi Cable Co., Ltd.
 Jun. 2011 Corporate Auditor, ITOCHU Corporation
 Apr. 2012 Visiting Professor, Faculty of Law, Gakushuin University

* indicates an outside corporate auditor as provided in Paragraph 2, Clause 16 of the Corporate Law

Executive Officers

■ President & Chief Executive Officer

Masahiro Okafuji

■ Executive Vice President

Yoichi Kobayashi

Executive Advisory Officer for Kansai District Operation / Division Companies Operation

■ Senior Managing Executive Officers

Yoshihisa Aoki

President, Food Company

Tadayuki Seki

CFO

Koji Takayanagi

CSO; General Manager, Corporate Planning & Administration Division

■ Managing Executive Officers

Tatsuo Fujino

CEO for Oceania;
Managing Director & CEO, ITOCHU Australia Ltd.

2006 Joined ITOCHU Corporation

2007 Managing Executive Officer

Takeshi Kumekawa

Chief Executive for European Operation;
CEO, ITOCHU Europe PLC

1974 Joined ITOCHU Corporation

2009 Managing Executive Officer

Yoshiharu Matsumoto

General Manager for Nagoya Area

1975 Joined ITOCHU Corporation

2009 Managing Executive Officer

Shintaro Ishimaru

CIO;
Executive Vice President, ICT, General Products & Realty Company

2006 Joined ITOCHU Corporation

2009 Managing Executive Officer

Toru Matsushima

CAO & CCO

Yuji Fukuda

President, Energy & Chemicals Company

Kimio Kitamura

General Manager, General Accounting Control Division

1975 Joined ITOCHU Corporation

2010 Managing Executive Officer

Shuichi Koseki

CEO for ITOCHU East Asia Bloc;
Chairman, ITOCHU (CHINA) HOLDING CO., LTD.;
Chairman, ITOCHU SHANGHAI LTD.;
Chairman, ITOCHU HONG KONG LTD.;
Chairman, BIC

1979 Joined ITOCHU Corporation

2010 Managing Executive Officer

Ichiro Nakamura

President, Metals & Minerals Company

Tomofumi Yoshida

President, ICT, General Products & Realty Company

Junichi Sasaki

CEO for ASEAN & South West Asia Bloc;
President & CEO, ITOCHU Singapore Pte Ltd;
General Manager, ITOCHU Corporation Singapore Branch

1979 Joined ITOCHU Corporation

2010 Managing Executive Officer

Hitoshi Okamoto

President, Textile Company

Kunihiko Tamano

Deputy CFO;
General Manager, Global Risk Management Division

1974 Joined ITOCHU Corporation

2011 Managing Executive Officer

Eiichi Yonekura

President & CEO, ITOCHU International Inc.

1981 Joined ITOCHU Corporation

2011 Managing Executive Officer

Takao Shiomi

President, Machinery Company

Masahiro Imai

Chief Operating Officer, Plant Project, Marine & Aerospace Division

1980 Joined ITOCHU Corporation

2012 Managing Executive Officer

Nobuyuki Kizukuri

Chief Operating Officer, Construction, Realty & Financial Business Division

1976 Joined ITOCHU Corporation

2012 Managing Executive Officer

Isamu Nakayama

Executive Vice President, Food Company;
Chief Operating Officer, Provisions Division

1981 Joined ITOCHU Corporation

2012 Managing Executive Officer

■ Executive Officers

Yutaka Washizu

Chief Operating Officer, Metals & Mineral Resources Division

1980 Joined ITOCHU Corporation

2009 Executive Officer

Fumihiko Kobayashi

General Manager, Human Resources & General Affairs Division

1980 Joined ITOCHU Corporation

2010 Executive Officer

Masanori Toyoshima

Chief Operating Officer, Energy Division

1981 Joined ITOCHU Corporation

2010 Executive Officer

Kazutaka Yoshida

Chief Operating Officer, Automobile, Construction Machinery & Industrial Systems Division

1981 Joined ITOCHU Corporation

2010 Executive Officer

Kiyoshi Yamaguchi

General Manager, Secretariat

1980 Joined ITOCHU Corporation

2011 Executive Officer

Hidefumi Suzuki

General Manager, Legal Division

1980 Joined ITOCHU Corporation

2011 Executive Officer

Masahiko Takasaka

General Manager, Research & Business Development Division

1980 Joined ITOCHU Corporation

2011 Executive Officer

Harutoshi Okita

Chief Operating Officer, Coal, Nuclear & Solar Division

1980 Joined ITOCHU Corporation

2011 Executive Officer

Yozo Kubo

Chief Operating Officer, Apparel Division

1981 Joined ITOCHU Corporation

2011 Executive Officer

Kunihiko Nakade

Deputy General Manager, General Accounting Control Division

1980 Joined ITOCHU Corporation

2012 Executive Officer

Masahiko Kameoka

Chief Operating Officer, Food Products Marketing & Distribution Division

1980 Joined ITOCHU Corporation

2012 Executive Officer

Ichiro Tsuge

Chief Operating Officer, Forest Products & General Merchandise Division

1980 Joined ITOCHU Corporation

2012 Executive Officer

Kazunori Ishii

Chief Operating Officer, Brand Marketing Division 2

1981 Joined ITOCHU Corporation

2012 Executive Officer

Kazuya Saito

Chief Operating Officer, Chemicals Division;
General Manager, Organic Chemicals Department No.1

1981 Joined ITOCHU Corporation

2012 Executive Officer

Tsuyoshi Hachimura

General Manager, Finance Division

1991 Joined ITOCHU Corporation

2012 Executive Officer