

■ Discussions at Meetings of the Board of Directors Related to an Individual Project

Based on the rules of the Board of Directors, investment or financing projects exceeding a certain monetary threshold require approval by the Board of Directors following approval by the HMC*.

In FYE 2023, multiple projects were submitted to the Board of Directors, including “Execution of Agreement to Tender Shares in CONEXIO Corporation” in the ICT & Financial Business Company. CONEXIO’s main business is operating sales agencies for mobile phones and, until FYE 2021, it was a strong-performing Group company boasting nine consecutive years of profit growth. Following changes in the mobile phone sales industry, however, profitability began a downward trajectory. Amid this situation, ITOCHU and CONEXIO searched for further Group synergies and simultaneously worked to study all possible options. When the public tender was ultimately determined to be the optimal option to realize higher corporate value for ITOCHU and CONEXIO, we decided to sell.

First, after conducting a briefing related to the project for the Board of Directors, the content of executive discussions from the HMC and the Investment Consultative Committee was reported to the Board. This covered the sales price, the fairness of the premium, the status of negotiations with buyers, synergies expected by the buyers, the probability of the buyer enhancing CONEXIO’s corporate value, and the opinions of related administrative organizations. Other points that were raised included reflecting on the business expansion of CONEXIO to date, the need to promote the diversification of businesses that take their own initiative, and CONEXIO’s need to identify changes in the business environment surrounding the mobile phone sales industry and engage in business while forecasting potential scenarios. These and other opinions connected to future businesses were provided at the Board meeting.

As a result of discussions at Meetings of the Board of Directors, we realized we need to consider how this sale might impact ITOCHU’s relationship with telecommunication carriers. It was difficult to create additional synergies between CONEXIO and the Group, we determined that the proposed sales price was rational and began implementing the sale without letting our guard down during final sales price negotiations. We confirmed the focus on quickly establishing a new earnings base for the ICT & Financial Business Company, and approved the policy of sale through a tender offer bid.

* Headquarters Management Committee



Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan, and has a wealth of experience as a corporate manager. She assumed her position as a member of the Board of Directors at ITOCHU in June 2019. She often provides insightful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX. As of FYE 2024, she serves as chair of the Women’s Advancement Committee, and a member of the Governance, Nomination and Remuneration Committee.

Asset Replacement with No Boundaries

The tender offer for CONEXIO was a major project that included discussions on governance matters related to dissolution of parent–subsidiary listing, as well as business matters centering on large-scale asset replacement. After carefully monitoring the business environment of each Group company, both listed and unlisted, ITOCHU is promoting the replacement of low-efficiency businesses and businesses with diminished strategic significance. In addition, listed subsidiaries are of great concern to investors and other parties as they present corporate governance issues including risks related to conflicts of interests with minority shareholders. ITOCHU announced its policy related to the governance of listed subsidiaries, and, through its Corporate Governance Report and other documents, has explained that it will maintain a structure to avoid potential conflicts of interest. CONEXIO was originally spun off from a sales agency business for mobile phones, which ITOCHU had been involved in. The business contributed to profits for a long time and there were a lot of strong emotions involved within the Company, but we objectively reviewed its strategic significance and considered its standing as a listed subsidiary. As a result, it became subject to asset replacement. I hold the intention to exercise my role as an Outside Director by fulfilling check and supervisory function to ensure that the asset replacement process is conducted with no boundaries, while also considering the parent–subsidiary listing perspective.