



Role of the Board of Corporate Auditors

ITOCHU's Board of Corporate Auditors is comprised of five auditors (two of whom are outside corporate auditors) who are appointed by the general stockholders' meeting and are independent of the Board of Directors. The Board of Corporate Auditors contributes to ITOCHU's healthy growth by monitoring the Company's management and Board of Directors on behalf of the stockholders. Its principal roles are as follows:

- (1) Reviews performance of independent external auditors and auditing details;
- (2) Supervises consolidated group companies' internal controls, risk management, governance;
- (3) Monitors executive decisions of the President and other officers.

To carry out these roles, the auditors regularly attend board meetings to express their views, although they do not have the right to vote. In addition, standing corporate auditors supervise management by attending important internal meetings and regularly meeting with top managers. They also work to ensure close ties between the independent external auditors and the internal audit division, and cooperate with auditors at consolidated group companies by regularly meeting with group companies, including the Group Audit Committee (GAC), which is made up of auditors from the principal group companies. Substantial attention is paid in selecting the outside corporate auditors to ensure their independence.

tions specific for segment strategy and performance. Striving to disclose information as early as possible, we announced results for fiscal year 2003 on May 9, compared with May 17 for fiscal year 2001. Senior management members regularly participate in meetings with investors to discuss financial results and the performance of core segments.

Corporate Ethics and Compliance

We have reinforced a system that ensures thorough compliance with laws and regulations. In order to build, maintain, and enhance a stronger compliance system for the ITOCHU

Group, we appointed a Chief Compliance Officer (CCO) in fiscal year 2003. We also set up a Corporate Ethics and Compliance Committee headed by the CCO, and the Committee receives supervision and advice from outside experts on a regular basis. In addition to holding seminars and setting up hotlines and consultation windows for the entire Group, we have had employees and group company presidents sign confirmations of legal compliance. Moreover, compliance officers in group companies and overseas offices are building compliance systems that are suited to the organizational characteristics of their businesses.

Principal Internal Committees (Chairman)

Super A&P Strategic Investment Committee (Executive Vice President, Yokota)	Examines prospective strategic investments in the new mid-term management plan.
ALM** Committee (Executive Vice President, Fujita)	Administers comprehensive balance sheets and risk management, and makes proposals regarding the monitoring systems and improvement measures for management.
Consumer and Retail Related Committee (Executive Vice President, Kato)	Determines overall company policy in the consumer and retail related sector.
CIO*** Committee (Managing Director, Kobayashi)	Examines and promotes policy for the Group's information strategy.
Group Profits Improvement Committee (Managing Director, Kobayashi)	Analyzes subsidiaries' cost and revenue structure to build a consolidated cost structure appropriate for the level of profits. Studies ways to improve profit structures and conducts follow ups to track improvements.
Business Ethics and Compliance Committee (Executive Vice President, Fujita)	Sets program policies for a thorough understanding of the Company's management principles and corporate code of conduct and comprehensively manages their enforcement. Discusses concrete measures for implementing these programs.

ALM=Asset Liability Management *CIO=Chief Information Officer