

## Strengthening Governance, the Foundation of Sustainability

**W**e will continually strengthen corporate governance as the foundation of sustained corporate growth. We have taken steps to strengthen the Board of Directors' supervision function through the Nomination Committee, an advisory committee. From FYE 2017, the chair of the Nomination Committee is an outside director, and a majority of the members are outside officers. In addition, we have moved to a system of three outside directors, an increase of one, with the addition of Atsuko Muraki, former Vice Minister of Health, Labour and Welfare. Ms. Muraki has extensive experience, and we expect her to supervise management from an objective and neutral viewpoint and to provide advice that will contribute to increases in corporate value over the long term. Furthermore, to heighten the

awareness among officers toward making contributions to increasing ITOCHU's corporate value over the medium to long term, we introduced a performance-linked and share-based remuneration plan for the two-year period to FYE 2018. As the plan's name suggests, the plan is designed to be closely linked to corporate performance while being highly transparent and objective. We are continually strengthening compliance. That is because if ITOCHU commits a compliance violation, we could be subject to severe censure and lose trust in an instant.

The main purposes of the changes among officers made in FYE 2017 were to activate the Board of Directors through extensive replacement and to support increases in corporate value.

These moves were also made with a focus on the abilities of successors, and we are steadily developing promising candidates for my successor. Initially, I may give some advice to the person who succeeds me and takes the management baton, but I will be careful to avoid meddling. I have a flexible approach in regard to the decisions made during my tenure, and if they are determined to be mistakes from a medium to long term perspective, then they should be revised.

With reference to the results of the evaluation of the Board of Directors that was implemented in consideration of the advice of outside consultants, we will consider measures to further strengthen corporate governance.

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## Passing the Management Baton On to the Future

**T**he curtain has opened on the new era for general trading companies. If resource prices recover to a certain extent, the *Zaibatsu*-industrial groups are expected to recover, and moving forward the winners will be determined on the basis of their true strengths. For ITOCHU, that will mean steadily turning our words into accomplishments each year in accordance with clear strategies. ITOCHU's greatest enemy is overconfidence. All employees, and I myself,

have to avoid overconfidence, return to the starting point, and rigorously implement our three business principles—"Earn, Cut, Prevent."

The ITOCHU Group will focus the individual capabilities of its more than 100,000 employees, continue to take a proactive approach, and achieve the long-standing expectations of its predecessors. Then, the management baton will be passed on to the future of ITOCHU Corporation.

