

1. Improve the effectiveness and efficiency of management
2. Practice thorough compliance with laws and regulations
3. Ensure the reliability of financial reports

In particular, in relation to practicing thorough compliance with laws and regulations, one particular area of emphasis has been reinforcing our compliance system (please see page 51 for details). Further, a reevaluation and systemization of internal control to ensure the reliability of financial statements has begun from fiscal year 2006 under the supervision of the Disclosure Committee established that year.

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 the Board of Directors on behalf of the stockholders. Its principal roles are as follows:

1. Review performance of independent external auditors and auditing details
2. Supervise consolidated group companies' internal controls, risk management, and governance
3. Monitor 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.

Principal Internal Committees

Name	Roles
Disclosure Committee	<ul style="list-style-type: none"> Examines policies and measures concerning internal control associated with information disclosure (including internal control related to financial statements) (established in April 2005) (Chairman: Executive Vice President Fujita; meets as required)
Strategic Investment Committee	<ul style="list-style-type: none"> Examines strategic investment as planned in the mid-term management plan (Chairman: Executive Vice President Kato; meets once a month)
ALM* Committee	<ul style="list-style-type: none"> Administers comprehensive balance sheets and risk management, and makes proposals regarding monitoring systems and improvement measures for management (Chairman: Executive Vice President Fujita; meets twice a month)
FV* Committee	<ul style="list-style-type: none"> In order to facilitate a reinforcement of each Division Company's function and value creation, pursues synergies by leveraging the Company's comprehensive functions and strengths, as well as supports and promotes project involvement by the whole Company (Chairman: Executive Vice President Kato; meets once every two months)
CIO* Committee	<ul style="list-style-type: none"> Examines and promotes policies for the Group's information strategy (Chairman: Senior Managing Director Tamba; meets once a month)
Group Profits Improvement Committee	<ul style="list-style-type: none"> Analyzes subsidiaries' cost and earnings structures to build a consolidated cost structure appropriate to the level of profits; studies ways to improve profit structure and conducts follow-ups to track improvements (Chairman: Senior Managing Director Tamba; meets once a month)
CSR Compliance Committee	<ul style="list-style-type: none"> Examines and promotes policies and measures concerning CSR Sets programs for a thorough understanding of the Company's management principles and corporate code of conduct, and comprehensively manages their enforcement (Chairman: Executive Vice President Fujita; meets once every two months)

*ALM = Asset Liability Management *FV = Function and Value *CIO = Chief Information Officer