

Composition of the Nomination Committee and the Governance and Remuneration Committee

Name	Title	Nomination Committee	Governance and Remuneration Committee
Masahiro Okafuji	President & Chief Executive Officer	○	○
Hitoshi Okamoto	Director		○
Fumihiko Kobayashi	Director	○	
Ichiro Fujisaki	Outside Director		○ (Chair)
Chikara Kawakita	Outside Director	○ (Chair)	
Atsuko Muraki	Outside Director		○
Yoshio Akamatsu	Corporate Auditor	○	
Kiyoshi Yamaguchi	Corporate Auditor		○
Shingo Majima	Outside Corporate Auditor		○
Harufumi Mochizuki	Outside Corporate Auditor	○	
Kentaro Uryu	Outside Corporate Auditor	○	
		(6 members)	(6 members)

Policies on Holding Listed Shares for Purposes Other than Pure Investment and Standards for the Exercise of Voting Rights

ITOCHU implements a strict policy in regard to the selection of listed shares held for purposes other than pure investment (such as “cross-shareholding”). We apply rigorous investment standards based on the cost of capital, and also conduct reviews annually at the management committee and at meetings of the Board of Directors from the perspectives of both investment efficiency and strategic holding significance. In regard to listed shares held for purposes other than pure investment for which, as a result of a review, the Company has determined that the economic rationale is lacking or that the likelihood of realizing the investment purpose is low, in principle, the Company's policy is to sell the shares. Moreover, in accordance with a policy approved by the Board of Directors, in consideration of our investment objectives and holding policies we will ensure that we exercise the voting rights on such listed shares and will not delegate the exercise of our voting rights to others.

Formulation of “Independence Criteria for Outside Directors and Outside Corporate Auditors”

In consideration of the TSE's Corporate Governance Code, following deliberations by the Nomination Committee, the Board of Directors has decided on the Company's original “Independence Criteria for Outside Directors and Outside Corporate Auditors,” which are stricter than the TSE's conditions for “independent directors / independent corporate auditors.”

In regard to ITOCHU's “Independence Criteria for Outside Directors and Outside Corporate Auditors,” please refer to the Company's website.
http://www.itochu.co.jp/en/about/governance_compliance/governance/pdf/independence_criteria.pdf

The Company's current three outside directors and three outside corporate auditors all meet the conditions for “independent directors / independent corporate auditors” as determined by the TSE and the Company's original “Independence Criteria for Outside Directors and Outside Corporate Auditors,” and all are filed with the TSE as independent directors or independent corporate auditors.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was most recently partially revised as of May 6, 2016. ITOCHU intends to revise and improve the internal control system tirelessly in order to build a system that is even more appropriate and efficient.

For an overview of ITOCHU's Basic Policy regarding the Internal Control System and its Operational Systems, please refer to the Company's website.
http://www.itochu.co.jp/en/about/governance_compliance/control/policy/

Compliance

We have established systems and environments that enable each individual employee to study and strictly observe the rules that are related to corporate activities, such as laws and international rules, and to conduct their activities from a highly ethical viewpoint, including the prevention of corruption.

ITOCHU has established a system under which the Compliance Department plans and formulates overall policies and measures, and people in charge of compliance have been assigned to each ITOCHU organizational unit, to overseas trading subsidiaries, and to principal Group companies in Japan and overseas. When cases related to compliance are discovered, reports are made to the director in charge of compliance (CAO), and when ultimately critical cases are discovered, they are reported to the Board of Directors. Furthermore, in regard to the status of the maintenance and operation of this system, we implement Monitor & Review surveys once a year, and with consideration for those results, we are formulating and implementing individual compliance reinforcement measures tailored to each organization. Furthermore, we are implementing employee training with the objective of raising compliance awareness and preventing the occurrence of any cases. In FYE 2016, on-site compliance training was provided for a total of 9,000 people, including all ITOCHU officers and employees as well as employees at 87 Group companies and 6 overseas blocs. This training uses actual incidences of compliance violations as teaching materials. When a compliance violation case has been confirmed, we take steps to determine the cause and implement recurrence prevention measures, such as training of the people involved and related parties. In addition, any officers and employees that participated are treated in a strict and fair manner.