Last updated: June 19, 2018
Sojitz Corporation
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The status of corporate governance of Sojitz Corporation is as follows.

I Basic Concept of Corporate Governance and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

1. Basic concept

We strive to improve our corporate value over the medium-to-long term based on the "Sojitz Group Statement".

◆ Sojitz Group Statement: "The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity."

In order to materialize this, based on our belief that the enhancement of our corporate governance is an important issue of management, we have built the following corporate governance structure in our effort to establish a highly sound, transparent and effective management structure, while also working toward the fulfillment of our management responsibilities and accountability to our shareholders and other stakeholders.

1) Management and Business Execution System

We employ an executive officer system for the purpose of, clarifying authority and responsibilities, and ensuring a smooth and swift execution of business through the separation of managerial decision-making from business execution.

The Board of Directors, chaired by the Chairman of the Board, is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body.

As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Group's important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives, as executing bodies all directly reporting to the President & CEO.

The term of Directors and Executive Officers is set to one year, in order to respond swiftly and appropriately to

rapid changes in the business environment and clarify their responsibilities to management.

2) Monitoring and Supervisory Functions for Management

We appoint multiple Outside Directors for the purpose of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the appointment of Directors and remuneration by having Outside Directors serve as the chair of the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors.

We are a company with an Audit & Supervisory Board, which independently oversees and audits the operations of the Group.

[Reasons for non-compliance with the principles of the Corporate Governance Code] Updated

We now implement all principles established in the Corporate Governance Code first announced on June 1, 2015. By the end of December 2018, we will submit a report based on the changes to the Corporate Governance Code announced on June 1, 2018.

[Disclosure based on the principles of the Corporate Governance Code] Updated

[Principle 1.4]

(Shareholdings)

<Policy for shareholdings>

We conduct thorough investigations of each potential investment target when acquiring listed shares for purposes other than portfolio building. These investigations are based on whether the acquisition can be expected to increase revenue by strengthening relationships for marketing strategies, and whether the acquisition of shares presents opportunities for medium-to-long term revenue. We only retain shares which meet these criteria.

In addition, with regard to the shares held, we review the reasons for holding the shares qualitatively as mentioned above, and also quantitatively by verifying investment returns such as revenue and dividend income in connection with each investment target on a yearly basis. Rationale for respective shareholding is subject to review and verification at the Management Committee, and the results thereof are reported to the Board of Directors.

<Exercising of voting rights>

Based on the significance of holding shares of listed companies, we exercise our voting rights based on whether or not they contribute to sustainable growth and improved corporate value over the medium-to-long term for both the Company and the investment target. We also have a system of monitoring the status of exercise of voting rights. In FY2017, we exercised our voting rights for all held shares.

[Principle 1.7]

(Related party transactions)

We specify, in our Board of Directors rules, that significant transactions between the Company and its major shareholders, competitive transactions between the Company and its Directors or Executive Officers, self-dealing transactions, and transactions involving any conflict of interests shall be resolved by the Board of Directors.

[Principle 3.1 (i)]

(Business principles, business strategies and business plans)

<Corporate statement>

Having the Sojitz Group Statement, "The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity," the Group engages in everyday business activities striving to increase corporate value by satisfying needs and expectations and earning trust of stakeholders through implementation of the Group slogan, "New way, New value."

<Management strategy and management plan>

Medium-term Management Plan 2020 –Commitment to Growth– is the new three-year plan established by the Sojitz Group, to begin in April 2018. Under the new plan, we will continue initiatives on the growth track put forth by Medium-term Management Plan 2017 while utilizing the assets acquired during the period of this plan to expand earnings foundations and realize steady growth. At the same time, we will strengthen Sojitz's functions to develop a cycle for ongoing growth in order to facilitate future growth. In this manner, we will strive to improve corporate value by making Sojitz in to a company that continues growing through ambitious undertakings.

◆ Targets

ROA:	3% or above
ROE:	10% or above
Net DER:	1.5 times or lower
Consolidated payout ratio:	Approximately 30%

Please refer to our website for details of the Medium-term Management Plan 2020.

(https://www.sojitz.com/en/corporate/strategy/plan/)

[Principle 3.1 (ii)]

(Basic views and guidelines on corporate governance based on each of the principles of the Corporate Governance Code)

Please refer to I 1. "Basic concept" of this report.

[Principle 3.1 (iii)]

(Board policies and procedures in determining the remuneration of the senior management and directors)

We have set up the Remuneration Committee as an advisory body to the Board of Directors in order to ensure the transparency and fairness of decision-making by the Company regarding remuneration of Directors and Executive Officers. The Remuneration Committee, chaired by an Outside Director, discusses the remuneration level for Directors and Executive Officers and various systems related to evaluation and remuneration and makes proposal to the Board of Directors. Remuneration of Directors and Executive Officers is set within the limits determined by the resolutions of the Ordinary General Shareholders' Meeting of the Company. Remuneration of Directors is decided by the Board of Directors, based on the opinions of the Remuneration Committee chaired by an Outside Director. Each Director's remuneration is comprised of "basic remuneration" (monetary remuneration and shares remuneration) paid at a fixed rate according to the individual's rank; "performance-linked monetary remuneration"; and "performance-linked share remuneration." Performance-linked remuneration is paid

according to the individual's rank and the amount of profit for the period attributable to owners of the parent company during that business year. See II 1. "Director Remuneration" for a description of how this remuneration is calculated.

[Principle 3.1 (iv)]

(Board policies and procedures in the appointment of the senior management and the nomination of directors and audit & supervisory board members candidates)

We have set up the Nomination Committee as an advisory body to the Board of Directors in order to ensure the transparency and fairness of decision-making by the Company regarding selection of Director and Executive Officer candidates. The Nomination Committee, chaired by an Outside Director, discusses and proposes criteria and methods for selecting the candidates, as well as discusses candidate proposals and reports the result to the Board of Directors.

• Policy for appointing Directors

In appointing candidates for Directors, we take into consideration the diversity of candidates regardless of gender or other characteristics, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside Sojitz, to ensure decision-making and management supervision appropriate to a general trading company involved in a wide range of businesses. The Board of Directors deliberates on the experience and quality as an officer with respect to each Director candidate based on the results of discussion at the Nomination Committee and resolves the candidate proposal for submission to the General Shareholders' Meeting for approval.

• Policy for Appointing Executive Officers

The Board of Directors deliberates on the experience and quality as an officer with respect to each Executive Officer candidate based on the results of discussion at the Nomination Committee, and determines their appointment.

• Policy for appointing Audit & Supervisory Board Members

With the consent of the Audit & Supervisory Board, the Board of Directors deliberates on the experience and quality of each candidate as an officer based on their knowledge, capability, and experiences for conducting audits of the Directors' execution of their duties in an appropriate and fair manner, and submits the candidate proposal to the General Shareholders' Meeting for approval.

[Principle 3.1 (v)]

(Explanations with respect to the individual appointments and nominations in the appointment of the senior management and the nomination of directors and audit & supervisory board members candidates)

We disclose reasons for the election of each of the candidates for Directors and Audit & Supervisory Board Members in the Reference Documents of the "Notice of the General Shareholders' Meeting." For further details, please refer to page 6 through page 18 of the Reference Documents of the Notice of the 15th Ordinary General Shareholders' Meeting published on our website and II 1. [Audit & Supervisory Board Members] of this report.

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2018_01e.pdf)

[Supplementary Principle 4.1.1]

(Roles and responsibilities of the Board)

The Board of Directors reviews and approves fundamental policies and critical issues concerning the management of the Group.

We define that the management policy and plan, selection of Directors and Executive Officers and their duties, establishment, change and abolition of significant organization and system, financial statements, and significant business executions as matters shall be resolved by the Board of Directors in the Board of Directors rules formulated by the Company and pursuant to laws and regulations and the Articles of Incorporation. In addition, the Board of Directors regularly receives reports on business execution by each Executive Director and reports from each internal committee such as the Internal Control Committee, and carries out supervisory functions for business execution. As for the decision-making (approving authority) of matters not to be resolved by the Board of Directors, the scope of delegation to other executing bodies including the President, who is also the Chief Executive Officer, as well as the Management Committee, Finance & Investment Deliberation Council, Human Resource Deliberation Council, and responsible officers, is defined according to the scale, significance, and risk of each matter in approval rules and an individual approval criteria table.

[Principle 4.8]

(Effective use of independent directors)

We appoint two independent Outside Directors. While we prescribe the number of Directors to be within ten in the Articles of Incorporation, the Board of Directors is currently comprised of five in-house Directors and two Outside Directors. Accordingly, we maintain the structure to make it possible to reflect opinions of independent Outside Directors from an objective and independent perspective in corporate management. In addition to the above, the Audit & Supervisory Board is comprised of one in-house Audit & Supervisory Board Member and four Outside Audit & Supervisory Board Members, resulting in six outside officers, whereby independence of the Board of Directors is further enhanced.

[Principle 4.9]

(Independence standards and qualification for independent directors)

We define the “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members.”

<Standards Concerning the Appointment of Candidates for Outside Directors and Outside Audit & Supervisory Board Members>

We appoint Outside Directors from those with a wide range of knowledge and deep insight and abundant experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies and others who have objective and specialist viewpoints toward world affairs, social and economic trends and corporate management. In appointing Outside Audit & Supervisory Board Members, in addition to the above, we also ensure the diversity of the candidates’ background from the perspective of reflecting the viewpoints of a variety of stakeholders in the audit of business activities.

< Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members>

We judge Outside Directors and Outside Audit & Supervisory Board Members to be independent by confirming that they do not fall under any of the following standards, in addition to the independence standards prescribed by financial instruments exchanges.

1. A major shareholder of the Company (a shareholder holding 10% or more of the total voting rights of the

Company) or a member of business personnel thereof

2. A major creditor to the Company (a creditor from whom we owed an amount exceeding 2% of the consolidated total assets of the Company in the most recent fiscal year) or a member of business personnel thereof
3. A major business partner of the Company (a business partner whose transaction amount with the Company exceeded 2% of the Company's annual consolidated revenue in the most recent fiscal year) or a member of business personnel thereof
4. A party whose major business partner is the Company (an entity whose transaction amount with the Company exceeded 2% of its annual consolidated net sales in the most recent fiscal year) or a member of business personnel thereof
5. An attorney, certified public accountant, certified tax accountant, consultant or other professional who received money or other property from the Company for his/her services as an individual in an amount exceeding ¥10 million annually on average over the past three fiscal years, other than remuneration of Directors or Audit & Supervisory Board Members (if such money or property was received by an organization, such as a corporation or partnership, this item refers to a person who belongs to the organization that received money or other property from the Company in an amount exceeding ¥10 million annually on average over the past three fiscal years or in an amount of 2% of the annual total revenue or consolidated net sales of the organization, whichever the greater.)
6. A person who receives donations or grants from the Company in an amount exceeding ¥10 million annually (if such donations or grants are received by an organization, such as a corporation or partnership, this item refers to a member of business personnel of the organization.)
7. A person who is the Accounting Auditor of the Company or a person who is engaged in audit activities of the Company as an employee of the Accounting Auditor
8. A person who has fallen under any of the above items 1. to 7. in the past three years
9. A spouse or relative within the second degree of kinship of a person falling under any of the above items 1. to 8. (limited to the person holding the position of officer or other important positions)
10. A spouse or relative within the second degree of kinship of a member of business personnel (limited to the person holding the position of officer or other important positions) of the Company or any of its consolidated subsidiaries
11. A person whose term of office as Outside Director or Outside Audit & Supervisory Board Member of the Company exceeds eight years
12. A person with concerns on his/her independence such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Outside Director or Outside Audit & Supervisory Board Member or for other reasons

[Supplementary Principle 4.11.1]

(View on the appropriate proportion between knowledge, experience and skills of the board as a whole, and on diversity and appropriate board size)

The Articles of Incorporation of Sojitz Corporation defines that the number of Directors shall be within ten, and the Board of Directors makes a decision on candidates for Directors, taking into account the proportion of the number of Directors and the area of expertise according to the Company's organization. We give consideration to creating a balance of knowledge, experience, and ability when selecting President & CEO and other members of the board of directors, choosing candidates from Executive Officers who are well-versed in management, finance, accounting, risk management, etc., and basing the decision on the result of deliberations by the

Nomination Committee as advisory body. For Outside Directors, we focus on selecting candidates with a diverse variety of experience and backgrounds The Board of Directors is currently comprised of seven Directors including two Outside Directors with one being a female.

[Supplementary Principle 4.11.2]

(Concurrent positions of directors and audit & supervisory board members as directors, audit & supervisory board members or the management at other listed companies)

The number of Directors' and Audit & Supervisory Board Members' concurrent positions of directors, audit & supervisory board members or the management, for example, at other listed companies, shall be limited within a reasonable range. The status of important concurrent positions at other listed corporations, etc. held by Directors and the Audit & Supervisory Board Members is stated on page 47 of the Reference Documents of the "Notice of the 15th Ordinary General Shareholders' Meeting."

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2018_01e.pdf)

[Supplementary Principle 4.11.3]

(Assessment of effectiveness of the Board of Directors)

Each year, we analyze and assesse the effectiveness of the Board of Directors as a whole in order to improve the functions of the Board of Directors. We have been conducting assessments of the effectiveness of the Board of Directors.

<Analysis and Assessment Method>

A written self-assessment survey was conducted for all Directors and Audit & Supervisory Board Members. Then, we had the survey results assessed by a third party (an outside consultant), and the details of analysis was discussed at the Board of Directors.

<Overview of Major Self-Assessment Survey Items>

Roles and responsibilities of the Board of Directors, Composition of the Board of Directors, Management of the Board of Directors, Decision-making process of the Board of Directors, Supervision by the Board of Directors, Support system for the Board of Directors, Nomination Committee and Remuneration Committee, which are advisory bodies to the Board of Directors, and Items concerning Outside Directors.

<Outline of Assessment Results for the Fiscal Year Ended March 31, 2018>

The aggregated survey results showed that both the average score and scores for major items exceeded the standard, while the assessment by the third party confirmed that as a whole, the Board of Directors is functioning appropriately and its effectiveness is ensured (see below). In particular, it was confirmed that the Board of Directors is actively engaged in discussion and that the Outside Directors are carrying out their functions appropriately. Based on these assessment results, we will continue working to improve the effectiveness of the Board of Directors.

[Excerpts from Third-Party Assessment Results]

- From the Ordinary General Shareholders' Meeting in June 2017, the President and the Chairman switched positions, and discussion remained vigorous under this new administration as well.
- The assessment of effectiveness found, with respect to the composition of the Board of Directors, that many wished for Outside Directors to be persons with management experience in business corporations, and the election of Mr. Otsuka, one of the Outside Director candidates, at the Ordinary General Shareholders' Meeting scheduled to be held in June 2018 is a result of appropriately reflecting these opinions.

- Factors including the level of satisfaction with explanations provided in response to questions from Outside Executive Officers, the reporting by Chief Operating Officers (COO) outside of Board of Directors meetings, the participation as observers in Finance & Investment Deliberation Council meetings, and the pointing out by In-house Executive Officers that "communication should be increased between Outside Executive Officers and business execution departments" confirmed that business execution departments are actively engaged in meeting the requests of Outside Executive Officers, indicating the high level of dedication to improving the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2]

(Training policy for directors and audit & supervisory board members)

We take the following initiatives to enable Directors and Audit & Supervisory Board Members to appropriately fulfill their roles and responsibilities.

- We provide newly appointed Directors and Audit & Supervisory Board Members with opportunities for lectures by lawyers on legal obligations and responsibilities of Directors and Audit & Supervisory Board Members.
- In order for internal and Outside Directors and Audit & Supervisory Board Members to deepen their understanding of our extensive business activities, Chief Operation Officers (COO) of each business division hold business briefing sessions, and in order for them to deepen their understanding of the latest macroeconomic conditions, our research institute holds monthly briefing sessions. In addition, we provide other necessary information on an ongoing basis.
- We offer Directors and Audit & Supervisory Board Members opportunities to attend seminars, etc. held by external organizations such as the Japan Association of Corporate Directors and the Japan Audit & Supervisory Board Members Association.

[Principle 5.1]

(Policy for constructive dialogue with shareholders)

- Sojitz maintains a basic policy of engaging in constructive dialogue with shareholders. Sojitz continues to provide shareholders with appropriate and timely information on management policy and initiatives to achieve sustained growth and increase corporate value over the medium-to-long term. Shareholders' opinions are then reported to the upper management and reflected in management decisions. To ensure appropriate disclosure, Sojitz has established a set of internal regulation to prevent insider trading, in addition to the "Information Disclosure Regulations," that stipulate fundamental policies for compliance with laws and regulations, transparency, timeliness, fairness, consistency, and confidentiality.Providing Information to Shareholders

- Sojitz's basic policy is to communicate information fairly and equally to all shareholders. Information regarding the Medium-term Management Plan and financial results is publicized via TDnet or the Sojitz website immediately after resolution by the Board of Directors.Initiatives with regard to the Ordinary General Shareholders' Meeting

- The Notice of Convocation is posted on our website in Japanese and English four weeks prior to the Ordinary General Shareholders' Meeting and is sent out by mail three weeks prior to the meeting. In addition, Sojitz aims to make the Ordinary General Shareholders' Meetings as interactive as possible through active measures including holding it at a different time from most other companies in Japan, using Internet voting, and

providing a webcast of the Ordinary General Shareholders' Meeting on the Sojitz website after the meeting has been held.Systems and Initiatives for Dialogue with Shareholders

Sojitz has established a system where Directors play an active role in dialogue with shareholders, with support from the IR Office as a dedicated body for this purpose.We provide opportunities where the President & CEO and the CFO explain management policies and visions, etc. to individual shareholders and individual investors. In the fiscal year ended March 31, 2018, we organized briefing sessions in Nagoya, Osaka, Sendai and Fukuoka. Meanwhile, we engage in direct conversations with Japanese and overseas institutional investors, through briefings and individual meetings, etc.

In addition to the above, financial results briefings, business activities briefings and small meetings were carried out for securities analysts.

2. Capital structure

Percentage of shares owned by foreign shareholders	More than 30%

[Major shareholders] Updated

Shareholder	Number of shares held (shares)	Shares outstanding (%)
Japan Trustee Services Bank, Ltd.	160,660,800	12.84
ICHIGO TRUST PTE. LTD.	123,634,500	9.88
The Master Trust Bank of Japan, Ltd.	59,886,610	4.79
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	44,263,176	3.54
Trust & Custody Services Bank, Ltd.	42,426,800	3.39
Morgan Stanley MUFG Securities Co., Ltd.	31,479,352	2.52
JP MORGAN CHASE BANK 385151	16,857,833	1.35
JP MORGAN CHASE BANK 380634	15,077,124	1.21
STATE STREET BANK AND TRUST COMPANY	14,735,623	1.18
STATE STREET BANK WEST CLIENT – TREATY 505234	12,117,400	0.97

Existence of controlling shareholders (excluding parent company)	–
Existence of parent company	None

Supplementary information Updated

1. The number of shares held in trust accounts among the above number of shares held is as follows.

Japan Trustee Services Bank, Ltd. (Trust Account)	154,389 thousand shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	55,459 thousand shares
Trust & Custody Services Bank, Ltd. (Trust Account)	40,191 thousand shares

2. The shares outstanding are calculated excluding the number of shares of treasury stock.

3. Corporate attributes

Stock exchange listings and market classification	Tokyo, First Section
Fiscal year-end	March
Category of business	Wholesale trading
Number of employees (consolidated) as of the end of the previous fiscal year	More than 1,000 person
Sales (consolidated) as of the end of the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	More than 300 companies

4. Guidelines for measures to protect minority shareholders when conducting transactions with controlling shareholders

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5. Other special circumstances that may have a material impact on corporate governance

We own the domestic listed subsidiary Pla Matels Corporation (listed on the Tokyo Stock Exchange JASDAQ). While respecting its independence, we share the value as a group such as “Sojitz Group Statement” and “Sojitz Group Slogan” to maximize corporate value of the Group as a whole in order to improve group management efficiency.

II Management Framework regarding Management-related Decision-making, Execution and Supervision, and Other Corporate Governance Matters

1. Matters regarding organizational structure and operations, etc.

Organization form	Company with an Audit & Supervisory Board

[Directors]

Number of Directors stipulated in the Articles of Incorporation	10 persons
Term of office of Directors stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (Excluding cases where this position is held concurrently with President & CEO)
Number of Directors	7 persons
Election of Outside Directors	Elected
Number of Outside Directors	2 persons
Number of Outside Directors designated as independent officers	2 persons

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	I	j	k
Kayoko Naito	Lawyer								○			
Norio Otsuka	From other company								△			

* Selection criteria regarding relationship with the Company

* "○" indicates if the person is applicable "currently or recently," and "△" indicates if applicable in the past.

* "●" indicates if a close relative of the person is applicable "currently or recently," and "▲" indicates if applicable in the past.

a. A person who executes business of the Company or its subsidiary

b. A person who executes business or a non-executive director of the parent company of the Company

c. A person who executes business of a fellow subsidiary of the Company

d. A person/entity whose major client is the Company or a person who executes business thereof

e. A major client of the Company or a person who executes business thereof

f. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets other than officer remuneration from the Company

g. A major shareholder of the Company (If the major shareholder is a corporation, a person who executes

business thereof)

h. A person who executes business of a client of the Company (which does not fall under any of d, e, or f) (This applies to the individual only.)

i. A person who executes business of a company which has a relationship of mutual appointment of outside directors/outside audit & supervisory board members with the Company (This applies to the individual only.)

j. A person who executes business of an entity to which the Company makes donations (This applies to the individual only.)

k. Other

Relationship with the Company (2) Updated

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Kayoko Naito	○	The transaction amount with Oh-Ebashi LPC & Partners, a law firm where Ms. Kayoko Naito worked in an executive position, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, Oh-Ebashi LPC & Partners does not fall under the category of a major business partner of the Company, and we believe that this fact would not affect the independence of Ms. Naito.	As a lawyer, Ms. Kayoko Naito possesses sophisticated, expert knowledge in international and corporate law. She was judged to be a good fit for the position of Outside Director, as we expect she will provide accurate and meaningful advice from an independent and global perspective regarding the Company's business—particularly with regards to legal matters, risk management, and corporate governance. Although Ms. Naito has no direct experience in company management, we believe that for the reasons mentioned above, she will be able to properly complete her duties. We have also determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the "independence standards" of Sojitz Corporation and has no special interest in the Company.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Norio Otsuka	○	The transaction amount with NSK Ltd., where Mr. Otsuka was employed until May 2017, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, NSK Ltd. does not fall under the category of a major business partner of the Company, and we believe that this fact would not affect the independence of Mr. Otsuka.	Mr. Norio Otsuka has a wealth of experience in top management from his time acting as Director, President and Chief Executive Officer/Chairperson of the Board of Directors at NSK, where he advanced the company's global growth strategy and strengthened corporate governance. He was judged as a good fit for the position of Outside Director, as we expect he will provide accurate and meaningful advice from a practical perspective regarding the Company's long-term strategy and ways to further strengthen corporate governance. We have also determined that there is no risk of conflict of interest with general shareholders, and thus designated him as an independent officer who meets the "independence standards" of Sojitz Corporation and has no special interest in the Company.

Establishment of any voluntary committee equivalent to the Nomination Committee or Remuneration Committee	Yes

Composition of the voluntary committee and attributes of its chairperson

	Committee name	All committee members (persons)	Full-time members (persons)	In-house directors (persons)	Outside directors (persons)	Outside experts (persons)	Other (persons)	Committee chair (Chairperson)
Voluntary committee equivalent to the Nomination Committee	Nomination Committee	4	0	2	2	0	0	Outside Director
Voluntary committee equivalent to the	Remuneration Committee	4	0	2	2	0	0	Outside Director

Remuneration Committee								

Supplementary information

We have established the following advisory bodies to the Board of Directors.

- Nomination Committee (four Directors including two Outside Directors)

Chaired by an Outside Director, the Committee discusses and proposes the standards and methods for selecting Director and Executive Officer candidates, and considers candidate proposals.

- Remuneration Committee (four Directors including two Outside Directors)

Chaired by an Outside Director, the Committee discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.

[Audit & Supervisory Board Members]

Establishment of an Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members stipulated in the Articles of Incorporation	5 persons
Number of Audit & Supervisory Board Members Updated	5 persons

Collaborations among Audit & Supervisory Board Members, Accounting Auditor, and internal audit division Updated

Audit & Supervisory Board Members, the Accounting Auditor and the Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient. In April 2018, the Internal Audit Committee was established as a subsidiary body of the Board of Directors, to strengthen supervision over business execution by the Board, and to separate internal audits from execution. This has created a more effective audit and supervisory structure combining audit functions performed by the Audit & Supervisory Board Members with those of the Accounting Auditor by having the Internal Audit Dept. perform internal auditing, as an organization well-versed in the Company's internal processes.

1) Audits by Audit & Supervisory Board Members

Pursuant to the Corporate Audit Standards established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend major meetings such as those of the Board of Directors, Management Committee and Finance & Investment Deliberation Council. In addition, based on audit plans and task assignments, Audit & Supervisory Board Members oversee and audit the operations of the Group by performing audits using means such as interviewing Directors and other members of senior management regarding business execution, reviewing important documents relevant to major business decisions and checking business reports from subsidiaries.

Audit & Supervisory Board Members receive explanations about audit plans and regular audit reports from the Accounting Auditor, which they use to conduct effective audits and monitor the independence of the Accounting Auditor. They also receive audit plans and reports on the status of audits from the Audit Department, and submit opinion statements on audit results. We have thus established a system for ascertaining the status in a timely and

appropriate fashion based on cooperation with the Accounting Auditor and Internal Audit Department.

As of June 19, 2018, we have five Audit & Supervisory Board Members, including four Outside Audit & Supervisory Board Members, and all of the four have substantial knowledge of finance and accounting as described below.

- Mr. Junichi Hamatsuka has been engaged in operations such as finance, accounting and risk management, etc. and held important positions including CFO for the Sojitz Corporation of Americas at Sojitz Corporation.

- Mr. Takayuki Ishige has been responsible for finance, accounting and auditing operations, etc. at Kao Corporation, and also has experience of serving as an Audit & Supervisory Board Member at the same company.

- Mr. Kazunori Yagi has held important positions at Yokogawa Electric Corporation, including roles in finance, accounting, and corporate planning, and has also served as a member of the Certified Public Accountants and Auditing Oversight Board.

- Mr. Hyo Kambayashi has held important positions in audit firms as a certified public accountant and also has experience and insight as the manager of a risk consulting company, along with highly specialized expertise in the area of internal control.

2) Accounting Audits

We have appointed the independent auditing firm KPMG AZSA LLC to conduct accounting audits in accordance with the Companies Act, as well as audits of financial statements, quarterly reviews and internal control audits in accordance with the Financial Instruments and Exchange Act. Their executive officers and assistant staff involved in audits for Sojitz in the fiscal year ended March 31, 2018 are as follows. Details on their years of service are omitted, as all of the certified public accountants (CPAs) who audited us have served for less than seven years.

(Designated Limited Liability Partners, Engagement Partners)

Iwao Hirano, Kentaro Onishi, Daisuke Yamada

(Assistant staff working for our accounting audit)

17 CPAs and 22 assistant CPAs

3) Internal Audits

Based on an audit plan adopted by the Board of Directors, the Audit Department comprised of 26 people (as of June 19, 2018) conducts audits covering the business divisions, corporate departments and consolidated subsidiaries as below. In addition, since fiscal 2018, the Internal Audit Department has conducted audits under the command of the Internal Audit Committee, which was established as a subsidiary body of the Board of Directors. :

- During the audit, the Department investigates whether organizational governance, risk management and internal control are functioning appropriately and makes proposals for effective improvements to prevent loss and resolve issues.

- After the audit is completed, the Department submits an audit report to the Internal Audit Committee and the

Audit & Supervisory Board Members after exchanging opinions at an audit review meeting for the audited organizations and the concerned parties (COO of divisions with primary responsibility, officers responsible for corporate departments and Audit & Supervisory Board Members). In addition, the Department holds an audit report meeting to provide an explanation to the Internal Audit Committee every month.

- To address the problems identified in the audits, the Internal Audit Department receives report about improvements by the audited organizations for the three- and six-month periods after the audits, and conducts a follow-up audit to check their progress.

In addition, Sojitz and its consolidated subsidiaries have introduced a Self-Assessment System to help identify frontline operation problems at each organization in the early stages, improve operational efficiency, prevent losses, and raise awareness on risk management.

Election of Outside Audit & Supervisory Board Members	Yes
Number of Outside Audit & Supervisory Board Members	4 persons
Number of Outside Audit & Supervisory Board Members designated as independent officers	3 persons

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takayuki Ishige	From other company										△			
Mikinao Kitada	Lawyer													
Kazunori Yagi	From other company										△			
Hyo Kambayashi	Certified public accountant										○			

* Selection criteria regarding relationship with the Company

* "○" indicates if the person is applicable "currently or recently," and "△" indicates if applicable in the past.

* "●" indicates if a close relative of the person is applicable "currently or recently," and "▲" indicates if applicable in the past.

a. A person who executes business of the Company or its subsidiary
b. A non-executive director or accounting advisor of the Company or its subsidiary
c. A person who executes business or a non-executive director of the parent company of the Company
d. An audit & supervisory board member of the parent company of the Company
e. A person who executes business of a fellow subsidiary of the Company
f. A person/entity whose major client is the Company or a person who executes business thereof
g. A major client of the Company or a person who executes business thereof
h. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets other than officer remuneration from the Company
i. A major shareholder of the Company (If the major shareholder is a corporation, a person who executes business thereof)
j. A person who executes business of a client of the Company (which does not fall under any of f, g, or h) (This applies to the individual only.)
k. A person who executes business of a company which has a relationship of mutual appointment of outside directors/outside audit & supervisory board members with the Company (This applies to the individual only.)
l. A person who executes business of an entity to which the Company makes donations (This applies to the individual only.)
m. Other

Relationship with the Company (2) Updated

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Takayuki Ishige	○	The transaction amount with Kao Corporation, at which Mr. Ishige served as Audit & Supervisory Board Member until May 2011, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, Kao Corporation does not fall under the category of a major business partner of the Company, and we believe that the fact would not affect the independence of Mr. Ishige.	Mr. Ishige supervises the Company's management and gives appropriate advice within and outside the Board of Directors, from an independent standpoint and objective viewpoint as Outside Audit & Supervisory Board Member, based on his wealth of knowledge earned in the areas of finance and accounting, experience in being responsible for duties including management audits, as well as serving as an Audit & Supervisory Board Member at Kao Corporation, and thus has been appointed. We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer because there is no special interest between Mr. Ishige and Sojitz in addition to the "independence standards" of Sojitz Corporation.
Mikinao Kitada		The transaction amount with Mori Hamada & Matsumoto, at which Mr. Kitada has been serving as Special Counsel since March 2014, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, Mori Hamada & Matsumoto does not fall under the category of a major business partner of the Company, and we believe that the fact would not affect the independence of Mr. Kitada.	Mr. Kitada supervises the Company's management and give appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on his experience in the judicial field holding important posts as a public prosecutor and as an attorney, as well as serving as an outside director and outside audit & supervisory board member at various companies, and thus has been appointed.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Kazunori Yagi	○	The transaction amount with Yokogawa Electric Corporation, where Mr. Yagi served as Director, Executive Vice President until June 2011, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, Yokogawa Electric Corporation does not fall under the category of a major business partner of the Company, and we believe that the fact would not affect the independence of Mr. Yagi.	Mr. Yagi supervises the Company's management and give appropriate advice within and outside the Board of Directors, from an independent standpoint and objective viewpoint as Outside Audit & Supervisory Board Member, based on his experience holding important positions at Yokogawa Electric Corporation, including roles in accounting and business planning and as a Director. He has also served as an outside director at several other companies, and has abundant experience in corporate management, as well as expertise knowledge in audit as a member of the Certified Public Accountants and Auditing Oversight Board, and thus has been appointed. We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer because there is no special interest between Mr. Yagi and Sojitz in addition to the "independence standards" of Sojitz Corporation.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Hyo Kambayashi	○	The transaction amount with Protiviti LLC, at which Mr. Kambayashi serves as Chairman & Senior Managing Director, accounts for less than 2% of revenue in the Company's consolidated financial results of the most recent fiscal year; therefore, Protiviti LLC does not fall under the category of a major business partner of the Company, and we believe that the fact would not affect the independence of Mr. Kambayashi.	Mr. Kambayashi supervises the Company's management and give appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on his experience holding important positions in audit firms as a certified public accountant, experience and insight as the management of a risk consulting company, along with highly specialized expertise in the area of internal control, and thus has been appointed. We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer because there is no special interest between Mr. Kambayashi and Sojitz in addition to the "independence standards" of Sojitz Corporation.

[Independent officers]

Number of independent officers	5 persons

Other matters regarding independent officers

We appoint Outside Directors from those with a wide range of knowledge and deep insight and abundant experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies and others who have objective and specialist viewpoints toward world affairs, social and economic trends and corporate management. In appointing Outside Audit & Supervisory Board Members, in addition to the above, we also ensure the diversity of the candidates' background from the perspective of reflecting the viewpoints of a variety of stakeholders in audit of business activities.

We place importance on the independence of outside officers. We have formulated our own Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members (please refer to [Disclosure based on the principles of the Corporate Governance Code] Principle 4.9 in this report) in addition to the provisions of the Companies Act, and standards for independence of officers set by financial instruments exchange, and confirm that all our outside officers meet these standards.

Although we have not submitted a notification of the appointment for Outside Audit & Supervisory Board Member Mr. Mikinao Kitada as an independent officer to financial instruments exchanges, Mr. Kitada meets the "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" of Sojitz Corporation, and we believe that he has sufficient independence from the Company as Outside Audit & Supervisory Board Member.

[Incentives]

Incentive policies for Directors Updated	Performance-linked remuneration system

Supplementary information regarding applicable items Updated

We introduced a performance-linked remuneration system based on a resolution passed on at the 15th Ordinary General Shareholders' Meeting held on June 19, 2018. As a highly transparent and objective system tightly bound to company performance, this policy aims to foster a mindset in Directors and other Executive Officers to help to improve company performance in the mid- to long-term and expand corporate value.

Grantees of stock options	

Supplementary information regarding applicable items

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[Director Remuneration]

Status of disclosure (of remuneration of individual directors)	Remuneration of individual directors is not disclosed.

Supplementary information regarding applicable items Updated

Amount of remuneration and other financial benefits as compensation for the execution of duties paid to Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2018 is as follows.

Directors
Number of recipients: 9 persons
Amount: ¥420 million

Audit & Supervisory Board Members

Number of recipients: 7 persons
Amount: ¥106 million

[Maximum remuneration]

- Directors: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
  Directors: ¥550 million per year (excluding portion of the salary attributable to concurrent position as company employee)
  Outside Directors: ¥50 million per year
- Audit & Supervisory Board Members: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
  ¥150 million per year

(Note) The numbers of Directors and Audit & Supervisory Board Members as of the end of the Ordinary General Shareholders' Meeting held on June 19, 2018, are seven and five, respectively.

Policy established to determine the amount of remuneration or method to calculate such amount	Yes

Disclosure of policy to determine the amount of remuneration or the method to calculate such amount

■ FY2017

Remuneration of Directors and Audit & Supervisory Board Members is set within the limits determined by resolutions of the Ordinary General Shareholders' Meeting. Remuneration of Directors is determined comprehensively taking into account business results and non-financial aspects of performance. Remuneration of Audit & Supervisory Board Members is, in principle, deliberated and decided by the Audit & Supervisory Board.

■ FY2018

Remuneration of Directors is set within the limits determined by resolutions of the Ordinary General Shareholders' Meeting, based on the opinions of the Remuneration Committee which is chaired by an Outside Director. Each Director's remuneration is comprised of "basic remuneration" (monetary remuneration and share remuneration) paid at a fixed rate according to the individual's rank; "performance-linked monetary remuneration"; and "performance-linked share remuneration."

Remuneration of Audit & Supervisory Board Members is, in principle, deliberated and decided by the Audit & Supervisory Board, within the limits determined by resolutions of the Ordinary General Shareholders' Meeting.

◎ Monetary Remuneration

・ Directors' monetary remuneration is comprised of both a monetary "basic remuneration" and "performance-linked monetary remuneration" (for all Directors except for Outside Directors). It is paid within the following limits, determined by a resolution at the 4th Ordinary General Shareholders' Meeting held June 27th, 2007.

[Directors] ¥550 million per year (excluding portion of the salary attributable to concurrent position as company employee)

[Outside Directors] ¥50 million per year

・ Overview of Basic Remuneration (Monetary)

The monetary portion of basic remuneration is a fixed amount decided according to Directors' ranks.

・ Overview of Performance-Linked Monetary Remuneration

In addition to the monetary basic remuneration, Sojitz pays a performance-linked monetary remuneration to Directors (here and hereafter excluding Outside Directors) as part of a highly transparent and objective officer remuneration system tightly bound to company performance. Around June of each year, money is paid according to the formula below, to those who served as Directors for a predetermined period of time, as compensation for the execution of duties.

[Formula]

◆ Individual performance-linked monetary remuneration

The amount of individual performance-linked monetary remuneration shall be calculated based on the total amount of performance-linked monetary remuneration calculated using the profit for the period (attributable to owners of the company) for each fiscal year ("Consolidated Net Profit for the Year.").

Total amount of performance-linked monetary remuneration = Consolidated Net Profit for the Year in each fiscal year × β%* × aggregate sum of rank-based points for all Directors eligible ÷ 539 (any fraction less than one yen shall be rounded down)

*The value of coefficient β shall be adjusted according to the targeted Consolidated Net Profit for the Year in each fiscal year, and shall be disclosed along with such targeted Consolidated Net Profit for the Year after being resolved by the Board of Directors. Note that for fiscal 2018, the value of β shall be set at 0.155.

Individual performance-linked monetary remuneration = total amount of performance-linked monetary remuneration×(each Director's rank-based points ÷ aggregate sum of rank-based points for all Directors eligible) (round to nearest ¥ 1,000).

[Rank-based Points]

Director and Chairman: 86

Director and Vice Chairman: 73

Director and President: 100

Director and Executive Vice President : 73

Director and Senior Managing Executive Officer: 67

◎ Performance-linked Share Remuneration

- We introduced performance-linked share remuneration for directors and executive officers ("Directors," except where referring to Outside Directors or persons living outside Japan), separate from performance-linked monetary remuneration and based on a resolution passed on at the 15th Ordinary General Shareholders' Meeting held on June 19, 2018. As a highly transparent and objective system tightly bound to company performance, this remuneration system ("the System") aims to foster a mindset in Directors to help to improve company performance in the mid- to long-term and expand corporate value. The System was designed to assess Directors' contribution to company performance in the mid- to long-term, over the cumulative duration of their execution of duties, as well as finalize the total number of shares delivered to each Director following resignation from their post.

- The System is a share remuneration system that uses a structure called Board Incentive Plan trust ("BIP Trust"). This is similar to the performance-linked share remuneration (Performance Share) and share remuneration with transfer restriction (Restricted Stock) systems in the U.S. and European markets, in that

delivery and grant (“Delivery”) of Sojitz shares and cash equivalent—to the conversion amount of Sojitz shares (“Sojitz Shares”) and dividends on Sojitz Shares—are made to Directors commensurate with factors such as executive rank and achievement level of performance targets.

- The System is a remuneration system in which, through the Trust, Delivery of Sojitz Shares, and the dividends paid thereon, executive remuneration is made after the retirement of Directors, commensurate with the performance in each of the three fiscal years covered by the Medium-term Management Plan (“Applicable Period”). Remuneration under the System consists of the “performance-linked portion” and “fixed portion.” For the performance-linked portion, Delivery of a certain number of Sojitz Shares will be made based on the rank of Directors, linked to profit for the year attributable to owners of the company (“Consolidated Net Profit of the Year”) for the subject period. For the fixed portion, Delivery of a certain number of Sojitz Shares will be made based on the rank and basic remuneration of Directors, without any link to business performance. Furthermore, the System assumes that re-instated Directors may continue the Trust and extend the Trust period by amending the Trust agreement and making additional contributions to the Trust in order to reflect the duration of their appointment.

- The following is an overview of the system:

(1) Persons eligible for Delivery of Sojitz Shares: Directors (excluding Outside Directors and those not residing in Japan) and Executive Officers (excluding those not residing in Japan).

(2) Impact of Sojitz shares subject to Delivery on the total number of shares issued:

Upper limit of cash contributed by Sojitz: ¥700 million total for three fiscal years

Upper limit of the number of Sojitz Shares (including shares to be converted into cash) subject to Delivery to Directors, and the acquisition method thereof:

- The upper limit of points to be granted to Directors during the Trust period shall be 3 million points (equivalent to 3 million shares) for three fiscal years.

- The average number of points to be granted for each fiscal year shall be 1 million (equivalent to 1 million shares), which accounts for approximately 0.08% of the total number of Sojitz shares issued (as of March 31st, 2018, after deduction of treasure shares).

- As Sojitz Shares are to be acquired from the stock market, no dilution is expected to occur under this System.

(3) Details of the performance conditions to be achieved: Variable in accordance with Consolidated Net Profit for the Year in each fiscal year

(4) Timing of Delivery of Sojitz Shares: After retirement

(5) Exercise of voting rights of Sojitz Shares held in the Trust: The voting rights for Sojitz Shares held in the Trust shall not be exercised during the Trust period, to ensure neutrality of the Trust with no influence on the Management of Sojitz.

- Around June each year during the Trust period, share delivery points as follows shall be granted to those who served as Directors for a predetermined period of time, as compensation for the execution of duties. Share delivery points that were granted shall be accumulated each year, and following the retirement of Director, according to such accumulated share delivery points, Delivery of Sojitz Shares shall be made to the Director at a ratio of one Sojitz Share per one point.

[Share Delivery Points Formula]

◆ Performance-linked share delivery points: amount of individual share remuneration* ÷ monthly average closing price of Sojitz Shares at the Tokyo Stock Exchange in July 2018

The amount of individual share remuneration shall be calculated based on the total amount of share remuneration calculated by Consolidated Net Profit for the Year.

Total amount of share remuneration = Consolidated Net Profit for the Period in each fiscal year × α%* × aggregate sum of rank-based points for all Directors eligible ÷ 539 (any fraction less than one yen shall be rounded down)

The value of coefficient α shall be adjusted according to the targeted Consolidated Net Profit for the Year in each fiscal year, and shall be disclosed along with such targeted Consolidated Net Profit for the Year after being resolved by the Board of Directors. Note that for fiscal 2018, the value of α shall be set at 0.078.

Individual amount of share remuneration = total amount of share remuneration× (rank-based points for each director ÷ aggregate sum of rank-based points for all Directors eligible) (any fraction less than ¥1,000 shall be rounded down)

[Rank-based Points]

Each Director's rank-based points with regards to Delivery are the same as those used in calculating individual performance-based monetary remuneration.

◆ Fixed share delivery points: Amount of basic share delivery for each rank* ÷ monthly average closing price of Sojitz Shares at the Tokyo Stock Exchange in July 2018

*The amount of basic share delivery for each rank is decided according to each Director's rank and basic remuneration.

[Support system for Outside Directors (Outside Audit & Supervisory Board Members)]

In order to enable the Board of Directors to appropriately exercise its supervision functions of the management, there is a system for reporting, providing information and communicating for in-house and Outside Directors timely and appropriately. The bureau of the Board of Directors provides necessary information and materials in advance to ensure sufficient deliberation at the Board of Directors. The Audit & Supervisory Board Members' Office is the dedicated body to support the Audit & Supervisory Board Members, comprised of three full-time staff as of June 19, 2018. It provides information, reporting and communicating for in-house and Outside Directors timely and appropriately.

Names of Advisors who Previously Served as President & CEO Updated

Name	Position	Job Description	Working Status / Conditions	Last Day as President & CEO	Last Day of Current Position
Akio Dobashi	Corporate Advisor	External activities	Part-time, with compensation	March 31, 2007	July 3, 2018
Yutaka Kase	Senior Corporate	External activities	Full-time, with compensation	March 31, 2012	June 19, 2018 (*1)

	Advisor				

Total number of advisors who previously served as President & CEO Updated	2

Other Matters Updated

Our Corporate Advisor system may appoint former executives (*2) in full-time or part-time positions following their resignation, regardless of whether they served as President & CEO in the past. These Corporate Advisors are entrusted with supporting Sojitz's executive networking, and they do not contribute to the company's management or business execution. On principle, their contract lasts one year, during which they are also paid compensation.

In light of our responsibility to network with other business executives and with consideration for the demands placed on our company to appoint Sojitz members to positions at other companies, we believe that Sojitz must support former executives' networking efforts, and we have decided to maintain the Corporate Advisor system and provide them with treatment commensurate with these activities.

We do not have any system for employing internal consultants.

(*1) Plan to extend his 1-year contract as a business advisor.

(*2) "Executives" here refers to full-time Directors, Executive Officers, and full-time Audit & Supervisory Board Members.

2. Matters regarding business execution, auditing, supervision, nomination, and remuneration decisions (outline of the current corporate governance structure) Updated

1) Company Institutions

(A) Board of Directors

As the highest decision-making body, the Board of Directors reviews and resolves fundamental policies and most important cases concerning the Group's management, and also supervises business execution through proposals of important matters and regular reports from the executing body. The Chairman of the Board, the Vice Chairman and the Outside Directors supervise the Executive Directors and overall system of business execution. They also provide opinions and advice on the corporate governance.

- Policy for Appointing Directors and Composition of the Board of Directors

  In appointing candidates for Directors, we take into consideration the diversity of candidates regardless of gender or other characteristics, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside Sojitz, to ensure decision-making and management supervision appropriate to a general trading company involved in a wide range of businesses.

Sojitz's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be no more than ten. As of June 19, 2018, we have seven Directors (six male and one female), consisting of five in-house Directors who have abundant business experience at Sojitz and two Outside Directors who have objective specialist viewpoints and diverse knowledge.

- Procedure for Appointing Directors

  The Board of Directors resolves candidates for Directors based on the above policy and deliberation at the Nomination Committee, an advisory body to the Board of Directors.

- Matters Deliberated by the Board of Directors

  The Board of Directors reviews and resolves fundamental matters concerning management among the Group, involving management philosophy, business plans and important personnel, organizational and system related matters based on the internal rules of the Board of Directors in addition to laws, regulation and the Articles of Incorporation. It also reviews and resolves the important matters related business execution such as important investments and loans. As for business execution other than these matters resolved by the Board of Directors, the President, the Chief Executive Officer, or the executing bodies reporting to the President & CEO; the Management Committee, the Finance & Investment Deliberation Council and the Human Resource Deliberation Council etc. review and approve matters depending on the contents, scale, importance and risks of each matter.

- Analysis and Assessment of the Effectiveness of the Board of Directors

  Each year, we analyze and assess the effectiveness of the Board of Directors as a whole in order to improve the functions of the Board of Directors.

  Please refer to I 1. [Disclosure based on the principles of the Corporate Governance Code] Principle 4.11.3 in this report for the details of the assessment.

- Support System for Directors

  In order to enable the Board of Directors to appropriately exercise its supervision functions of the management, there is a system for reporting, providing information and communicating for in-house and Outside Directors timely and appropriately.

  The bureau of the Board of Directors provides necessary information and materials in advance to ensure sufficient deliberation at the Board of Directors.

(B) Audit & Supervisory Board

Audit & Supervisory Board Members are independent from the Board of Directors, and audit the Directors' execution of their duties based on laws and regulations, the Articles of Incorporation, internal rules, and the Corporate Audit Standards established by the Audit & Supervisory Board. Audit & Supervisory Board Members attend major meetings related to the execution of business in addition to the meetings of the Board of Directors. Audit & Supervisory Board Members also monitor and audit operations of business through means such as interviewing Directors and reviewing important documents related to approval.

- Composition of the Audit & Supervisory Board

  As of June 19, 2018, our Audit & Supervisory Board consisted of five members (two full-time), including one

in-house Audit & Supervisory Board Member who has abundant business experience within Sojitz and four Outside Audit & Supervisory Board Members who have objective and specialist viewpoints and diverse knowledge.

- Support System for Audit & Supervisory Board Members

  The Audit & Supervisory Board Members' Office is the dedicated body to support the Audit & Supervisory Board Members, comprised of three full-time staff as of June 19, 2018. It provides information, reporting and communicating for in-house and Outside Directors timely and appropriately.

(C) Advisory Bodies to the Board of Directors (Nomination Committee, Remuneration Committee)

We have established the following advisory bodies to the Board of Directors.

- Nomination Committee (four Directors including two Outside Directors)

  Chaired by an Outside Director, the Committee discusses and proposes the standards and methods for selecting Director and Executive Officer candidates, and considers candidate proposals.

- Remuneration Committee (four Directors including two Outside Directors)

  Chaired by an Outside Director, the Committee discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.

(D) Policies on Appointment and Standards for Independence of Outside Officers

We place importance on the independence of outside officers. We have formulated our own Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members in addition to the provisions of the Companies Act, and standards for independence of officers set by financial instruments exchange, and confirm that all our outside officers meet these standards. Please refer to I 1. [Disclosure based on the principles of the Corporate Governance Code] Principle 4.9 of this report for the details of the Independence Standards.

(E) Training Policy for Directors and Audit & Supervisory Board Members

Please refer to I 1. [Disclosure based on the principles of the Corporate Governance Code] Supplementary Principle 4.14.2 of this report for the details.

(F) Policy for Determining Remuneration of Directors and Audit & Supervisory Board Members

Please refer to II 1. [Director Remuneration] of this report for details.

2) Business Executing Bodies

We have established the following executing bodies that directly report to the President, who is the Chief Executive Officer.

(A) Main Council

- Management Committee

  The Committee is comprised of Executive Directors and Executive Officers in charge of business divisions and the heads of corporate departments. It reviews and approves management policies, management strategies and management administrative matters among the Group from Group-wide and medium-to-long-term viewpoints.

- Finance & Investment Deliberation Council

  The Council is comprised of Executive Directors and Executive Officers in charge of business divisions and the heads of corporate departments. It discusses and resolves important investment and loan proposals from Group-wide viewpoints.

- Human Resource Deliberation Council

  The Council is comprised of Executive Directors and Executive Officers in charge of business divisions and the heads of corporate departments, and discusses and resolves important issues pertaining to human resources from Group-wide viewpoints.

(B) Internal Committees

In order to enhance corporate value, we have established the following internal committees that act as executing bodies under the direct supervision of the President & CEO to advance management initiatives that need to be handled across the organization. Each internal committee regularly reports on its activities to the Board of Directors and the Management Committee.

- Internal Control Committee

  The Internal Control Committee formulates policies to maintain and improve our internal control system based on the Companies Act and the Financial Instruments and Exchange Act, and monitors this internal control system and its enforcement among the Group.

- Compliance Committee

  The Compliance Committee examines and formulates fundamental policies and measures to ensure compliance.

- Sustainability Committee

  The Sustainability Committee examines and formulates fundamental policies and measures related to promotion of Sustainability.

In addition, we have established the Disclosure Subcommittee, Security Trade Control Subcommittee and Information Security Subcommittee as subsidiary bodies of the internal committees.

3) Corporate Audits, Accounting Audits and Internal Audits

Audit & Supervisory Board Members, the Accounting Auditor and the Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

Please refer to II.1. [Audit & Supervisory Board Members] “Collaborations among Audit & Supervisory Board Members, Accounting Auditor, and internal audit division” of this report for the details.

3. Reasons for adopting the current corporate governance structure

We have adopted the current governance structure based on the following concept.

1) Management and Business Execution System

We employ an executive officer system for the purpose of, clarifying authority and responsibilities, and ensuring a smooth and swift execution of business through the separation of managerial decision-making from business execution. The Board of Directors, chaired by the Chairman of the Board, is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body. As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Group's important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives, as executing bodies all directly reporting to the President & CEO.

The term of Directors and Executive Officers is one year, in order to respond swiftly and appropriately to rapid changes in the business environment and clarify their responsibilities to management.

2) Monitoring and Supervisory Functions for Management

We appoint multiple Outside Directors for the purpose of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the appointment of Directors and remuneration by having Outside Directors serve as the chair of the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors. We are a company with an Audit & Supervisory Board, that independently oversees and audits the operations of the Group.

III Measures Regarding Shareholders and Other Stakeholders

1. Efforts to ensure that the General Shareholders' Meeting is active and well-facilitated and that voting rights are exercised smoothly Updated

	Supplementary information
Delivering a convocation notice for the General Shareholders' Meeting as early as possible	The Notice of General Shareholders' Meeting is posted on the Company's website in Japanese and English four weeks prior to the Ordinary General Shareholders' Meeting and is sent out by mail three weeks prior to the meeting.
Avoiding dates which other companies are likely to choose for their meetings	We avoid dates which other companies are likely to choose for their meetings.
Allowing shareholders to exercise voting rights by electronic methods	We have made it possible for shareholders to vote over the Internet.
Participating in the electronic voting platform and other efforts to encourage institutional investors to exercise their voting rights	We have adopted the use of Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc..
Providing a convocation notice for the General Shareholders' Meeting in English (summary)	We prepare an English version of documents including the Notice of General Shareholders' Meeting.
Other	• Publish the Shareholders Magazine for shareholders • Established a website for individual shareholders • Host briefing sessions for shareholders • Provide video clips of the General Shareholders' Meeting and briefing sessions for shareholders

2. IR activities Updated

	Supplementary information	Explanation by representative
Formulating and publishing disclosure policy	The “Information Disclosure Policy” is published on the corporate website.	
Organizing seminars for individual investors on a regular basis	We offer opportunities where the President & CEO and the CFO explain management trends, including financial results and the Medium-term Management Plan, as well as management policies and visions.	Yes
Organizing seminars for analysts and institutional investors on a regular basis	We engage in dialogue through briefings on financial results and other matters, individual meetings, etc.	Yes
Organizing seminars for foreign investors on a regular basis	We provide opportunities for direct conversation in individual meetings. We regularly visit foreign institutional investors in the U.S., Europe and Asia to conduct individual meetings and will continue this practice.	Yes
Posting investor relations materials on the website	We post integrated reports, securities reports, seminar materials, and the Shareholders Magazine on the corporate website. We also provide audio and video clips of IR seminars on the website.	
Established an Office responsible for investor relations	Investor Relations Office (IR Office)	
Other	We are strengthening Shareholder Relations (SR) with individual shareholders by holding shareholder seminars around four times a year, to provide an opportunity for individual shareholders to have direct conversations with our management, as well as by publishing the Shareholders Magazine as an information communication tool.	

3. Respecting the rights of stakeholders Updated

	Supplementary information
Established internal rules, etc. to prescribe the respect of the rights of stakeholders	As expressed in the Sojitz Group Statement and the Sojitz Group Slogan, Sojitz strives through its corporate activities to meet the diverse needs and expectations of our stakeholders throughout the world with integrity, and to continue to provide “New way, New value.” By doing so, Sojitz works to maximize two types of value: “value for Sojitz,” including enhancement of the Sojitz Group’s business foundation and sustained growth; and “value

	Supplementary information
	for society," such as development of national and local economies, environmental preservation and respect for human rights. To implement the Sojitz Group Statement and build stronger relationships of trust with stakeholders, Sojitz has established the Sojitz Guiding Principles, sustainability policies in accordance with international norms such as the Ten Principles of the UN Global Compact, the Paris Agreement, and SDGs (Sustainable Development Goals), and the "Sojitz Group Code of Conduct and Ethics" for compliance, which all Group officers and employees are expected to honor, and ensures they are made known and thoroughly complied with by each Group company as well as their officers and employees.
Promoting environmental protection and CSR activities	Based on the above concept, the Sojitz Group has defined six key sustainability issues (Materiality) for supporting the medium-to long-term sustained growth of the Group. These issues are implemented and promoted through corporate activities in individual business fields. <Key Sustainability Issues (Materiality)> • Human Rights: Respect the human rights of people involved in our businesses • Environment: Contribute to the global environment through our businesses • Resources: Develop, supply and use sustainable resources • Local Communities: Develop and grow together with local communities • Human Resources: Promote opportunities for diverse human resources and workplace diversity • Governance: Emphasize effectiveness and transparency Moreover, Medium-term management Plan 2020 further incorporates the concepts of sustainability into management and better integrates resolutions of environmental and social issues in Sojitz's business in order to accomplish the goals of the Sojitz Group Statement and achieve ongoing growth. As part of this effort, specific Company-wide and division targets are set based on the key sustainability issues, and the Sustainability Committee monitors the progress. The following "Sustainability Challenges" have also been established as a long-term sustainability vision. Sojitz recognizes the Medium-term Management Plan 2020 is positioned as a period for preparing to address the "sustainability challenges." Sojitz will grow business to contribute to the realization of a low-carbon society over the next decade while stepping up initiatives to guarantee human rights are always respected. <Sustainability Challenges> "We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains."

	Supplementary information
Formulation of policies concerning provision of information to stakeholders	Our basic policy is to communicate information fairly and equally to all shareholders. Information regarding the Medium-term Management Plan and financial results is publicized via TDnet or our website immediately after resolution by the Board of Directors.
Other	In order to continue strengthening our competitiveness through global business development over the long term, we continuously strive to ensure the diversity of our human resources by hiring, developing and utilizing human resources irrespective of gender, nationality, age, values, and other characteristics. We also make efforts to create systems and work environments that enable all Sojitz Group's offices and employees to maximize their potential. • Effort to Promote Women in the Workforce We are implementing various measures to enhance work environments including systems, and raise awareness among employees including supervisors and female employees themselves from a medium-to-long-term perspective. In addition, a specialized office within the Human Resources & General Affairs Department is coordinating with the heads of various departments on efforts to promote training of women for management positions. We have set specific targets for increasing the ratio of new female graduates hired for career-track positions and the number of female managers by March 31, 2021, with initiatives to promote work-life balance and facilitate flexible work styles. In March 2018, Sojitz was selected for the second consecutive year for the "Nadeshiko Brand" award that recognizes publicly listed companies that stand out in their empowerment of women in the workplace. This program is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. • Hiring and Developing Global Human Resources Sojitz's hiring policy is to maintain approximately 10 percent ratio of non-Japanese staff among newly hired graduates, and Sojitz continues to recruit graduates from leading universities overseas, regardless of Japanese language ability. At overseas operating companies, we locally hire highly competent managers to push forward with our worldwide growth strategies, while providing ongoing training at the head office to foster executive candidates among local staff overseas. Also at our head office, we are actively carrying out measures to develop human resources with a global perspective. These measures include overseas trainee programs where all new employees hired in Japan gain experience overseas within five years after joining us, overseas language training programs, and MBA/LLM study abroad programs. • Promoting the Utilization of Human Resources Irrespective of Age In order to effectively utilize human resources and enable long-term competitiveness, we have established a human resources system to reflect individual performance in compensation by further differentiating

	Supplementary information
	employee evaluations, making it possible to promote competent employees at an early stage. Furthermore, we are clarifying the roles of senior employees to prepare an environment where they can play an active role, leveraging their experience, knowledge and other capabilities to the fullest. • Employment of Persons with Disabilities At our subsidiary certified under the law as a “Special Subsidiary,” we are creating a work environment that is also suitable for people with intellectual and mental disabilities by dividing work duties according to the nature of individual disabilities and by providing follow-up with regard to everyday life. As of March 2018, Sojitz has achieved the legally mandated ratio of 2.0% for employment of persons with disabilities specified under the Act on the Promotion of the Employment of Disabled Persons, and is promoting the employment of persons with disabilities in order to reach the new rate of 2.2%, which was raised from April 2018.

Ⅳ Matters regarding the Internal Control System

1. Basic concept and implementation of internal control system Updated

(1) Basic concept

We have been working on implementing and maintaining our internal control systems in terms of rules, organization and systems. The following "Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations" was resolved by the Board of Directors on April 24, 2015, based on the Companies Act and Ordinance for the Enforcement of the Companies Act of Japan.

i) Retention and Management of Information relating to the Execution of the Company Directors' Duties

- With respect to important documents relating to the execution of duties by Directors of the Company, such as the minutes of Board of Directors meetings and approval documents, a retention period that is equal to the period required by the relevant law or regulation shall be prescribed in accordance with the Board of Directors rules and the internal rules for document retention and information management. The department in charge of such retention shall also be designated, and documents shall be made available for view as necessary.

ii) System to Ensure Compliance by Company Directors and Employees with Laws and Regulations and the Articles of Incorporation in Execution of Duties

- The Sojitz Group Compliance Code of Conduct and Ethics and the manual for its implementation shall be established, as well as the Sojitz Group Compliance Program to ensure that Directors and employees comply with laws and regulations, the Articles of Incorporation, and internal rules.
- In order to fully achieve understanding of and compliance with amendments of laws and regulations relating to the Group's operations, the reinforcement and improvement of the legal compliance system centering on the Compliance Committee shall be promoted. Also, the separation of duties by departments and the supervisors in charge of Group companies shall be clarified.
- We shall ensure that the Group does not enter into any business or other relationship with anti-social forces, and shall resolutely reject any improper request, taking legal measures if necessary.

iii) Rules and Other Systems regarding Management of Loss Risks of the Company and its Subsidiaries

- In order to prevent, or when impossible to prevent, to minimize economic losses of the Group, various potential risks for economic losses both inside and outside the Company including credit risks, business investment risks, market risks and disaster risks shall be analyzed and categorized. The Company shall establish internal rules or manuals, and assign a department for managing the risks in each category.
- The effectiveness of internal rules and handling procedures shall be periodically reviewed and improved. Furthermore, in the event that a new type of risk emerges in the Group due to changes in the business environment, a person and/or department to be responsible shall be promptly appointed, and appropriate internal rules with regard to the new risk shall be prescribed.

iv) System to Ensure Efficiency in Execution of Duties by Directors of the Company and its Subsidiaries

- The responsible fields or departments of each Director and Executive Officer of the Company and the responsibility of each of its departments shall be made clear, as well as chains of command, scopes of authority and decision-making rules.
- In the Board of Directors rules, important matters requiring resolutions of the Board of Directors shall be clearly prescribed and the Management Committee and other committees to deliberate and decide other important matters shall be convened. Also, matters to be reported to the Board of Directors shall be set forth in the Board of Directors rules.
- A department to oversee the management structure of the Group and ensure the sound management of Group companies shall be established.
- Top management policy of the Group shall be promptly announced to all Directors and employees of the Group companies through the Management Committee, Corporate Planning Department or the supervisor in charge, and through other oral and written methods.
- Group management shall be promoted by preparing a management plan on a consolidated basis and by sharing management objectives and management indices within the Group.

v) System for Reporting the Execution of Duties by Directors of Subsidiaries to the Company and Other Systems for Proper Business Operations in the Company and its Subsidiaries

- The supervisors in charge who manage the Group companies as prescribed in the Basic Code of Group Management shall be designated. The supervisors in charge must request prior consultation with the Group companies regarding important matters, and must report to the Company regularly on the business report, operating activity reports, and other reports.
- The Company shall review and develop the business processes of each Group company in light of internal controls relating to consolidated financial reporting.
- The Audit Department of the Company shall conduct internal audits on the Group companies, and ensure the proper conduct of their business operations.

vi) Employees Assisting Audit & Supervisory Board Members of the Company and Their Independence from Directors, and System to Ensure Efficiency of Instructions to These Employees from the Audit & Supervisory Board Members of the Company

- The Audit & Supervisory Board Members Office shall be established to assist Audit & Supervisory Board Members and assign the necessary employees.
- These employees shall work under the direction of the Audit & Supervisory Board Members of the Company, and their performance evaluations and personnel changes shall require the consent of the Audit & Supervisory Board Members of the Company.

vii) Reports to Audit & Supervisory Board Members

- The Board of Directors rules shall include a rule that requires any Director of the Company to immediately report to Audit & Supervisory Board Members of the Company when he/she learns of a fact that may cause significant damage to the Company.
- The department in charge of the internal reporting system of the Group shall report regularly to Audit & Supervisory Board Members of the Company on the status of the internal report from Directors and employees of the Group through the Compliance Committee or other body.

- The Audit Department of the Company shall provide Audit & Supervisory Board Members of the Company with a copy of the internal audit report upon completion of each internal audit.
- The Audit & Supervisory Board of the Company shall be entitled to request a report from the Accounting Auditor, a Director or other relevant person, as it deems necessary.

viii) System for Ensuring That a Person Who Reports to Audit & Supervisory Board Members of the Company Will Not Receive Disadvantageous Treatment as a Result

- A Director or employee of the Group shall not be treated disadvantageously because he/she makes a report through the internal reporting system or other methods (including reports to Audit & Supervisory Board Members of the Company and others).

ix) Other Arrangements to Ensure Efficient Auditing by the Audit & Supervisory Board Members of the Company

- Expenses deemed necessary shall be paid by the Company, keeping in mind the efficiency and appropriateness of audits by Audit & Supervisory Board Members.
- One or more of the Audit & Supervisory Board Members of the Company shall attend every meeting of the Board of Directors of the Company and express opinions as necessary. They may also attend the Management Committee and other important meetings of the Company, directly observing the discussions and reporting on important matters.
- Representative Directors shall regularly meet with Audit & Supervisory Board Members and exchange opinions on key issues, as well as on the conditions of, and important issues relating to, audits by Audit & Supervisory Board Members.

(2) Status of Implementation and Operation

- Overall Internal Control System

The Internal Control Committee chaired by the President & CEO, consolidates and monitors the status of implementation and operation of the Internal Control System, and leads maintenance and improvement of our internal control systems.

(Overview of Operational Status)

The Internal Control Committee oversees the implementation and enforcement of the overall internal control system, as well as conducts periodic monitoring. The Committee also identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements. In addition, the Committee monitors progress on assessments of internal controls with regards to financial reporting, based on the Financial Instruments and Exchange Act, thereby working to ensure the reliability of financial reporting. Each committee (Compliance Committee, Sustainability Committee, etc.) and subcommittee (the Disclosure Subcommittee, Information Security Subcommittee, etc.) discusses specific initiatives for their area of expertise. The Internal Control Committee met five times during the fiscal year ended March 31, 2018, and reported the details of these meetings to the Board of Directors.

- Compliance

Sojitz has established a “Sojitz Group Compliance Program,” which sets out procedures for achieving thorough

compliance, and have also formulated a "Sojitz Group Code of Conduct and Ethics," which provides common criteria for conduct that applies to Group officers and employees globally. The Compliance Committee, chaired by the Chief Compliance Officer (CCO), leads the establishment of systems for promoting compliance with laws and regulations and corporate ethics at Group companies and overseas bases, such as appointing compliance supervisors and forming compliance committees. To help prevent or quickly detect compliance violations, Sojitz has a hotline (internal reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where the Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. These systems are made known to all Sojitz Group officers and employees. To prevent corruption, Sojitz has also established the "Sojitz Group Anti-Corruption Policy" and the "Sojitz Group Anti-Corruption Guidelines," and has introduced corresponding rules at overseas Group companies and operating bases.

Subject to the Child Care and Family Care Leave Act and the Equal Employment Opportunity Law, business owners are obligated to prevent sexual harassment and harassment pertaining to pregnancy, childbirth, childcare and nursing care leave, and other such matters. Sojitz has continued with its activities in establishing systems as well as holding trainings, etc., in order to maintain positive workplaces that are free from all such harassments.

(Overview of Operational Status)

Based on the action plan formulated by the Compliance Committee, Sojitz continues to provide counsel on how to prevent compliance issues from reoccurring, as well as providing assistance and guidance to Group companies on how to practice said Code of Conduct.

Specific activities related to compliance in the fiscal year ended March 31, 2018, included the following:

Meetings between the CCO and presidents of Group companies

Regular liaison meetings among the compliance officers of Group companies

Seminars and briefings on preventing harassment and corruption as well as on the Subcontract Act

Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others.

The Compliance Committee met a total of four times, once in each quarter, during the fiscal year ended March 31, 2018.

- Risk Management

We have designated categories of business activity risk based on the "Basic Rule of Corporate Risk Management," have assigned the officers responsible for each risk and have formulated the "Risk Management Policy and Plan" in order to take measure for various risks among a general trading company. By implementing a PDCA cycle for formulating, executing, monitoring and summarizing the Risk Management Policy and Plan, we strive to secure its sustainability and further improve risk management system.

(Overview of Operational Status)

"Risk Management Policy and Plan" is resolved at the Board of Directors, and the Internal Control Committee deliberates its operation status and reports to the Board of Directors quarterly. Additionally, in the event that it becomes necessary to make the whole Company aware of measures to counter changes in the business environment or respond to risks in new fields, such situations are dealt with upon making the necessary reports to the management on the issues and the status of responses.

Among the risk categories, quantifiable risks such as market risk, credit risk, business investment risk and country risk, are managed based on the calculated values of risk assets. As for the risks that are difficult to quantify such as legal risk, compliance risk, environmental and social (human rights) risk, funding risk, disaster risk and system risk, their management status is monitored and reported to the management.

We conduct ongoing education programs through a variety of risk management training in order to firmly establish awareness of risk management among the officers and employees of the Sojitz Group.

- Management of Group Companies

For management of the Group companies, each of the Group companies maintains a system based on the management system for the Group companies' business operations defined in the "Basic Rule of Group Management" and the "Group Management Administration Rule." In addition, the Corporate Planning Department confirms that each Group company maintains the system. Moreover, Directors monitor the business management of the Group companies through the chief of business divisions or corporate departments with primary responsibility, the Directors, Audit & Supervisory Board Members, and others dispatched to the Group companies.

(Overview of Operational Status)

We manage and supervise the establishment and operation of an appropriate management foundation and corporate governance through the Directors and the Audit & Supervisory Board Members that it has dispatched to each Group company, and receive regular reports including annual business reports and monthly operating activity reports. Also, as for the important matters of the Group companies, we appropriately manage important business execution by requiring advance consultation with Sojitz headquarters.

Additionally, in order to promote Group management, we explain the Group's management philosophy via the chief of business divisions or corporate departments with primary responsibility, as well as making efforts to publicize our management philosophy and policies during training sessions for Group companies' officers and employees.

As part of the Group's efforts to further enhance the corporate governance structure of Group companies, in October 2017, Sojitz created the "Guidance for management of the Board of Directors," which contains the key points and concepts of management of the Board of Directors. We then provided it to domestic Group companies and held briefing sessions, to further support greater activity by the Board of Directors of each Group company.

- Management and Storage of Information

With respect to handling of important documents related to execution of duties such as the minutes of Board of Directors meetings, the responsible department shall appropriately manage such documents according to the retention period required by law based on guidelines including the internal rules for document retention, and shall make such documents available for viewing as necessary. As for the information related to business execution, a system is in place to monitor the status of operation by establishing rules that define the classification and confidentiality of the information.

(Overview of Operational Status)

With respect to information related to business execution, we regularly review the classification, management method and retention period of information prescribed in the internal rules, and make efforts to ensure proper management. In the fiscal year ended March 31, 2018, Sojitz worked on measures including revising related regulations and improving guidelines based on the content of the "Cybersecurity Management Guidelines"

publicized by the Ministry of Economy, Trade and Industry, in order to further bolster security measures against cyber-attacks and other threats. In addition, Sojitz strives to ensure that these regulations and guidelines are made known to and thoroughly complied with at headquarters and domestic/overseas Group companies through briefing sessions, etc., as well as investigating information management conditions in each organization and issuing improvement instructions, etc.

- Arrangements to Ensure Effective Auditing by the Audit & Supervisory Board Members

In terms of the system of reporting to Audit & Supervisory Board Members, we have adopted a system in which, in addition to the reports by the Directors, reports timely required matters for audit such as reporting on Group-wide matters by the Compliance Committee and the Internal Audit Department, business reports from the consolidated subsidiaries. Additionally, relevant rules provide that persons who report to the Audit & Supervisory Board Members will not receive disadvantageous treatment on account of having made the report.

For accounting audits, Audit & Supervisory Board Members receive explanations on the audit plan and regular reports on the audit status from the Accounting Auditor, engage in mutual sharing of information and establish a structure to enable efficient audits as well as a structure to audit the independence of the Accounting Auditor.

(Overview of Operational Status)

Audit & Supervisory Board Members receive reports in a timely fashion and set interviews regularly as well as exchange of opinions conducted between the Audit & Supervisory Board Members and Directors.

2. Basic concept and implementation of measures for eliminating antisocial forces

We shall ensure that the Sojitz Group does not enter into any business or other relationship with antisocial forces, and shall resolutely reject any improper request with legal measures if necessary.

With respect to measures against antisocial forces, we have clearly stipulated the elimination of relationships with antisocial forces in the Sojitz Group Code of Conduct and Ethics and Manual for Handling Antisocial Forces, to ensure full awareness and thorough implementation by all directors and employees of the Group. In addition, we have set up contact and consultation desks in the Legal Department.

V Other Matters

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	No

Supplementary information regarding applicable items

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2. Other matters concerning corporate governance structure, etc. Updated

1) We disclose information based on the following Information Disclosure Policy.

(1) Basic Rules of Information Disclosure

The following are basic rules for the proper disclosure of company information to shareholders, investors, and other stakeholders.

- Observe laws and regulations related to information disclosure

  Observe regulations of the Tokyo Stock Exchange, the Financial Instruments and Exchange Act, the Companies Act, and any related laws and regulations.

- Transparency

  Disclose information based on actual facts, regardless of the content.

- Timeliness

  Disclose any information which should be disclosed in a timely fashion.

- Fairness

  Disclose information fairly to all stakeholders.

- Consistency

  Keep disclosed information consistent.

- Confidentiality

  Ensure that no information is leaked to third parties (including other Sojitz officers and employees) prior to official disclosure by the Company.

(2) Information Subject to Disclosure

This Policy applies to the following types of disclosure, governing information which is to be made public or assumed to be made public.

- Disclosure requested by the Tokyo Stock Exchange

  Information which the Tokyo Stock Exchange requests us to disclose in a timely manner, including 1) material facts related to corporate decisions and occurrences, etc. or 2) corporate governance reports, notices filed to the TSE regarding appointment of executives, etc.

- Disclosure based on the Financial Instruments and Exchange Act

  Security reports, Quarterly Reports, Internal Control Reports, Extraordinary Reports, etc.

- Disclosure based on the Companies Act

  Business reports, Financial Statements /Consolidated Financial Statements and supplementary schedules, etc.

- Disclosure of other information

  Materials regarding Consolidated Financial Results, Integrated Reports, Shareholders' Magazine, News Releases, materials posted to the Sojitz website, other materials disclose voluntarily.

(3) Information Disclosure Framework

The following framework has been established for the disclosure of information.

a) Timely disclosure of information to the Tokyo Stock Exchange

i) Framework for timely disclosure of information

- The Sojitz Corporation Public Relations Dept. ("Information Disclosure Unit") shall be responsible for the timely disclosure of information. This entails not only acting as point of contact for the Tokyo Stock Exchange, but overseeing all work to disclose information according to regulations providing for such timely disclosure ("Timely Disclosure Rules"). Additionally, the General Manager of the Public Relations Dept. ("General Manager of the Information Disclosure Unit") shall be the "person responsible for handling of information"-i.e. the person in charge of actual disclosure.

- The Information Disclosure Unit shall do its best to make sure that the importance of timely disclosure is well understood throughout the Company. Each organization shall report and consult with the Information Disclosure Unit regarding any material fact related to corporate decisions or occurrences which they believe might have a significant impact on investors' decision making. Also, the Information Disclosure Unit shall collect any relevant information included in internal reports or internal approvals about material information from each corporate department in charge of that information.

- The Information Disclosure Unit is also responsible for obtaining internal approval for material information from Sojitz subsidiaries (such as information regarding corporate decisions, occurrences of material fact,

and financial results) and reporting this as specified by the Company. Additionally, any internal, Sojitz Group material information or potentially material company information shall be collected by the Information Disclosure Unit without delay or omission from subsidiaries' supervising departments, based on internal reports issued by the subsidiary to their supervising department and related standards of approval.

ii) Decision for timely disclosure

The Information Disclosure Unit shall consider whether to disclose information collected internally after consulting Timely Disclosure Rules set by the Tokyo Stock Exchange. Following this, the General Manager of the Information Disclosure Unit shall have the final decision about whether to disclose information.

iii) Procedure for timely disclosure of information

Material facts regarding corporate decisions and financial results shall be disclosed without delay after the General Manager of the Information Disclosure Unit assesses the need for timely disclosure, and as necessary, the Company's highest decision-making body (the Board of Directors, etc.) gives their final judgment. Material facts regarding events and occurrences shall be disclosed without delay after the General Manager of the Information Disclosure Unit assesses the need for timely disclosure, and as necessary, the decision is discussed by the top management. The Information Disclosure Unit shall be responsible for the actual disclosure of information.

iv) How to conduct timely disclosure of information

Items to be disclosed according to Timely Disclosure Rules shall be posted to the Company website as soon as possible, following their disclosure on TDnet (the Tokyo Stock Exchange's 'Timely Disclosure Network'). For items which do not require disclosure according to Timely Disclosure Rules and for which disclosure is thus voluntary, Sojitz should take care to disclose this information in a manner similar to that used for timely disclosure of information for stakeholders.

b) Disclosure other than "timely disclosure"

i) Framework

Different departments should be selected to be the department in charge of information not subject to "timely disclosure," with these departments disclosing information upon receiving approval from an internal decision-making body or from the Executive Officer in charge of each department.

ii) Establishment and oversight of disclosure protocol

Responsible departments should not only draft the disclosure text and confirm any changes to laws and regulations prior to the disclosure; they should also put together disclosure instructions ("Instructions") which clearly explain the process for drafting documents and obtaining internal approval for each piece of information to be disclosed. They should also revise these Instructions regularly.

The Disclosure Subcommittee as a subsidiary body of the Internal Control Committee will confirm the scope of company information disclosure each year, check the appropriateness and accuracy of disclosure procedures contained in the Instructions, and report their findings to the Internal Control Committee.

c) Establishment of internal rules for disclosure of information

We will make every effort to ensure that all employees handle company information appropriately, establishing not only "Regulations for Disclosure of Information" and "Regulations for External PR" concerning information disclosure related work and procedures carried out by each organization as stated in this policy, but also "Regulations to Prevent Insider Trading" and the "Sojitz Group Code of Conduct and Ethics."

(4) Miscellaneous

a) Response to market rumors

We will, as a general rule, refrain from responding to any questions regarding market rumors or speculative media reports published on company information. If ignoring said information is deemed to potentially have a large impact on the Company, however, we will respond as appropriate, such as by disclosing certain information voluntarily or disclosing information by press release.

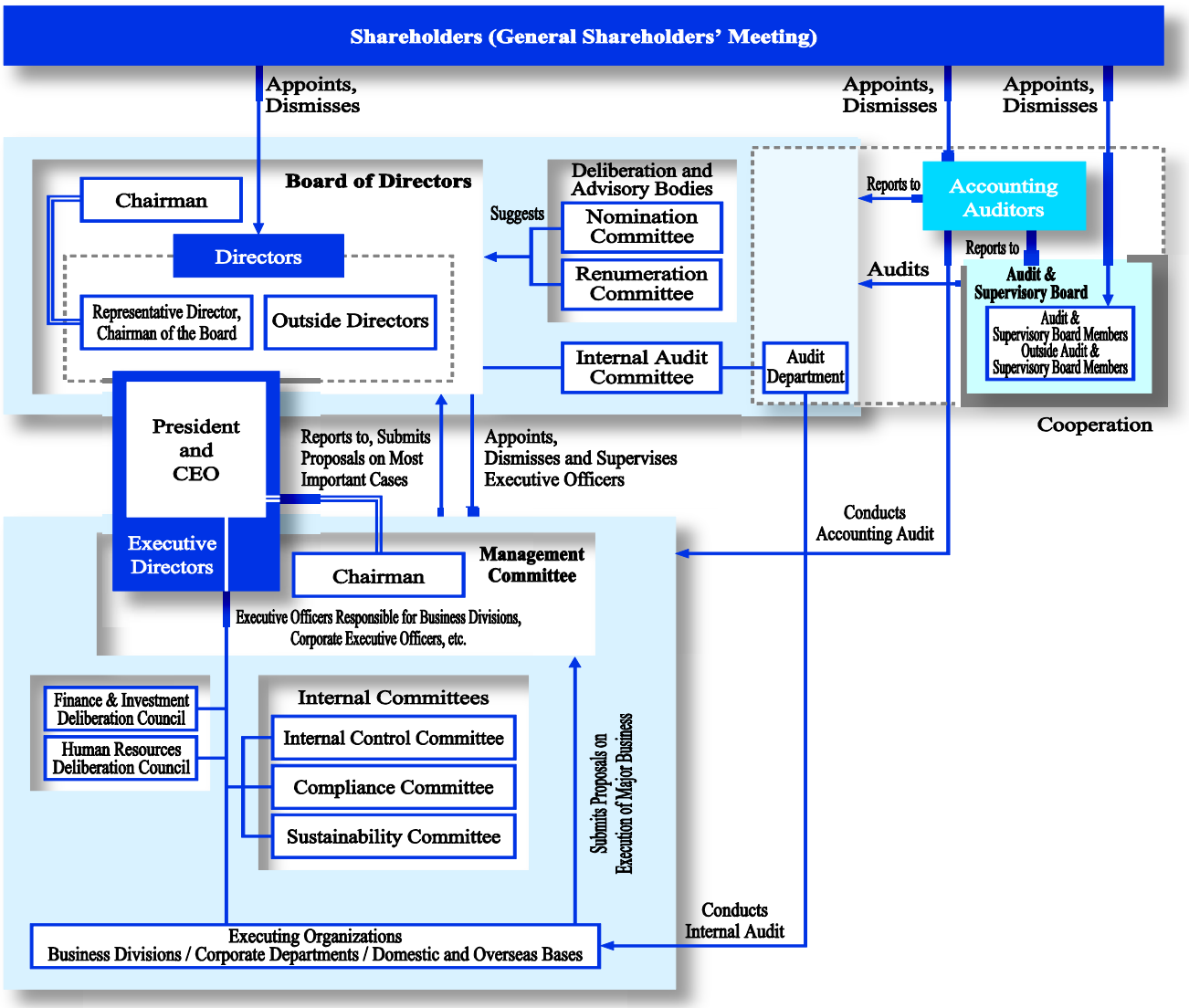
b) Quiet periods

We will enter a "quiet period" three weeks prior to announcing the financial results and refrain from responding to comments or questions regarding the closing in order to prevent closing-related information from leaking and ensure fairness in information disclosure. However, material information requiring timely disclosure under the Timely Disclosure Rules, such as revisions to earnings forecast and dividends projections, will not be subject to such restriction during the quiet period.

2) Other matters

For the purpose of strengthening our corporate governance, we have established the Disclosure Subcommittee as a subsidiary body of the Internal Control Committee to regularly monitor the appropriateness of all disclosures, including statutory disclosures and procedures.

【Corporate Governance Framework】



【Timely Disclosure Framework】

