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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 Updated

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 have also appointed a Director who does not hold representative power as the Chairman of the Board of Directors, created a management structure which focuses on overseeing business execution, and are working to improve the effectiveness of the Board of Directors in terms of their ability to provide independent and objective business oversight.

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]

We now implement all principles established in the Corporate Governance Code announced in June 2018.

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

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The following are the main changes made to disclosure, for each principle below.

[Principle 4.8] (Effective use of independent directors): Changed the wording to reflect that there are now a total of six Directors.

[Supplementary Principle 4.11.3] (Assessment of effectiveness of the Board of Directors): Updated to reflect the results of the FY2018 assessment, as well as added part about further efforts to increase effectiveness.

[Principle 5.2] (Formulating and announcing management strategy and plans): Added a part to originally disclosed [Principle 3.1 (i)] (Business principles, business strategies and business plans), as well as added the fact that the Medium-term Management Plan is based on equity cost.

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[Principle 1.4]

(Shareholdings)

<Policy for shareholdings>

Each year, we conduct a quantitative assessment of listed shares held in each company as part of our shareholding policy to ensure that dividends or related profit earned from those shares exceeds the weighted average cost of capital. We also conduct a qualitative assessment, looking at whether the shares help improve our corporate value. Based on these assessments, we examine the value of retaining these shares. We retain those that are deemed to be worthwhile, seeking ways to achieve greater impact and benefit from those shares. Meanwhile, for those shares which are deemed to now lack significant value, we set a deadline to improve their value or,if there is no indication

these shares will improve, we examine the possibility of divestiture. The Board of Directors and the Management Committee conducts this assessment for each lot of shares held in each company.

The results of the FY2018 assessment can be found below.

- For the sum total shares held as part of our shareholding policy, we confirmed that profit achieved through possession of the shares exceeds the equity cost of the shareholding.
- We assessed shares held in each company individually, looking for whether profit achieved through possession of the shares exceeded the equity cost of shareholding, as well as whether holding the shares helped improve corporate value for our company.
- For shares which we deemed to now be lacking in value, we set deadlines over which we will aim to improve their value, or else consider their sale.

<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.

[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 2.6]

(Use of company pension as manager of said asset)

We have set a defined contribution pension plan as retirement benefit plan. We do not touch the money in this company pension fund, and it has no bearing on our financial position. As a way to continue educating employees about defined contribution, however, we distribute internal announcements, and each employee receives the monthly results their stock manipulation. We have also prepared a menu of educational tools on the defined contribution support website and held internal seminars regarding defined contribution.

[Principle 3.1 (i)/ 5-2]

(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%

Our ROE target was set assuming 7%-8% shareholders' equity cost. In order to meet this ROE target, we have not only set a company-wide ROA target, but have had each segment set their own ROA target for the final year of the Medium-term Management Plan.

Sojitz is planning and implementing concrete policies to achieve these targets, such as continuing exercise careful discipline and cash flow management in conducting investments and loans (total of around JPY 300 billion for the three years of the Medium-term Management Plan).

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 and dismissal 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 senior management (Executive Officer) and Director 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. This discussion by the Nomination Committee serves to further raise objectivity and strengthen effectiveness of the selection process.

<Policy for appointing and dismissing the CEO and other 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. The term of appointment for an Executive Officer is one year, and they may be dismissed during this period if they are deemed to meet the criteria for dismissal described in the Executive Officer Regulations.

<Appointing Directors>

In appointing candidates for Directors, we take into consideration the diversity, such as gender, international experience 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.

<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 Audit & Supervisory Board Member 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/dismissal and nominations in the appointment/dismissal of the senior management and the nomination of directors and audit & supervisory board members candidates)

When the appointment or dismissal of an Executive Officer is resolved by the Board of Directors, we immediately disclose the decision via press release. Furthermore, we disclose reasons for the appointment 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 17 of the Reference Documents of the Notice of the 16th Ordinary General Shareholders' Meeting published on our website, as well as II.1. [Audit & Supervisory Board Members] of this report.

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2019_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 and dismissal 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.

[Supplementary Principle 4.1.3]

(CEO succession plan)

The Nomination Committee, as an advisory body to the Board of Directors, deliberates on standards and methods of CEO candidate selection based on our Corporate Statement and concrete business strategies.

They also hold discussions to prepare mid- to long-term plans based on the following, to develop sufficiently qualified talent into the next CEO.

- Qualifications and requirements of the CEO
- Development timelines
- Ways to strengthen monitoring by the Board of Directors

[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 four 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.

This brings the total number of Directors to six, with over one-third comprising independent Outside Directors. We will continue to maintain this ratio at one-third or more, examining both the total number of Directors and proportion of independent outside Directors going forward, in order to tackle increasingly broad and diversified business models.

[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, targeting 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 six 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 as of the 16th Ordinary General Shareholders' Meeting held June 20, 2019, is stated on page 11-14 and 47 of the Reference Documents of the "Notice of the 16th Ordinary General Shareholders' Meeting."

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2019_01e.pdf)

[Supplementary Principle 4.11.3]

(Assessment of effectiveness of the Board of Directors)

Each year, we analyze and assess the effectiveness of the Board of Directors to improve its functions. The results of the analysis and assessment for the fiscal year ended March 31, 2019, and the tasks ahead are as follows.

<Analysis and Assessment Method>

A written survey and an individual interview were conducted for all Directors and Audit & Supervisory Board Members. The results of this survey were then assessed by a third party (an outside consultant). The analysis and assessment outcome based on the results of the third-party assessment and individual interviews was reported to the Board of Directors for a discussion on tasks to be addressed.

< 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, Items concerning Outside Directors, and Suggestions for improving effectiveness, etc..

<Outline of Assessment Results >

The aggregated survey results showed that the overall average score exceeded the standard, and the third-party assessment was favorable as detailed below. It is therefore confirmed that the Board of Directors is functioning

appropriately and effectively as described below.

<Excerpts from Third-Party Assessment Observations>

- From such findings as active discussions led by Outside Officers, appropriate restraints, an excellent description of bills on the agenda, appropriate composition of the Board of Directors and high competence of the secretariat, it can be concluded that the effectiveness of Sojitz's Board of Directors is fairly high.
- Comments in consideration of the number of Outside Directors exceeding one-third of the Directors were often heard not only from Outside Officers but even from In-house Executive Officers. Discussions on governance took place at the meetings of the Board of Directors, showing such a topic is shared among all Board members. This indicates the Board members' high dedication to enhancing the governance of the Board.
- It was found that support systems were needed to promote the understanding of items on the agenda and opportunities for communication among Outside Officers.

<Tasks ahead to further increase the effectiveness of the Board>

Based on the results of the above analysis and assessment, Sojitz will continue working to improve the effectiveness of the Board of Directors, such as by conducting regular monitoring of the progress of the Medium-term Management Plan and the operational status of the Nomination Committee; strengthening the alliance between Outside Directors and Outside Audit & Supervisory Board Members; providing explanations on the strategies of the business divisions and the points of discussion by the Finance & Investment Deliberation Council regarding investment and loan projects; and promoting Outside Directors' visits to the sites of Sojitz Group business operations.

[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, as well as programs targeting company management, such as third-party consulting sessions. We also have new officers undergo lectures on management methods and systems related to critical risk factors which impact our company's activities, held by the departments in charge of internal controls and risk management.
- In order for internal and Outside Directors and Audit & Supervisory Board Members to deepen their understanding of our extensive business activities, each of the Chief Operation Officers (COO) hold business and initiative 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 fair and appropriate disclosure to its stakeholders, including shareholders and investors, with respect for the Fair Disclosure Rule, Sojitz has established and observed a set of internal regulations including the "Regulations to Prevent Insider Trading" and the "Information Disclosure Regulations" that stipulate fundamental policies for compliance with laws and regulations, transparency, timeliness, fairness, consistency and confidentiality, and ensure strict compliance by executive officers and employees.

For more information about specific policies see III.1. and III.2. of this report.

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.	149,254,474	11.93
ICHIGO TRUST PTE. LTD.	123,634,500	9.88
The Master Trust Bank of Japan, Ltd.	63,134,200	5.05
J.P. MORGAN BANK LUXEMBOURG S. A. 1300000	32,714,615	2.62
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	30,863,195	2.47
Morgan Stanley MUFG Securities Co., Ltd.	23,258,229	1.86
SSBTC CLIENT OMNIBUS ACCOUNT	22,705,905	1.82
Trust & Custody Services Bank, Ltd.	22,031,200	1.76
GOLDMAN SACHS INTERNATIONAL	22,021,707	1.76
JP MORGAN CHASE BANK 385151	19,123,501	1.53

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)	143,595,000 shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	55,344,000 shares
Trust & Custody Services Bank, Ltd. (Trust Account)	20,281,000 shares

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

3. A Large Shareholding Report conducted through a public inspection on October 22, 2018, reported the following number of shares held jointly by) Asset Management One Co., Ltd. and Asset Management One International Ltd. as of October 15, 2018. We have declined to include these shareholders, however, since we were unable to confirm the actual number of shares held as of March 31, 2019.

The contents of the Large Shareholding Report is as follows:

Name	Address	Shares held	Percentage of total issued shares (%)
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	59,402,000	4.75
Asset Management One International Ltd.	Mizuho House, 30 Old Bailey, London, EC4M 7AU, United Kingdom	5,767,000	0.46
Total	—	65,169,000	5.21

4. A Large Shareholding Report conducted through a public inspection on March 18, 2019, reported the following number of shares held by Mitsubishi UFJ Financial Group, Inc. and its joint shareholders as of March 11, 2019. We have declined to include these shareholders, however, since we were unable to confirm the actual number of shares held as of March 31, 2019.

The contents of the Large Shareholding Report is as follows:

Name	Address	Shares held	Percentage of total issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	4,600,000	0.37
Mitsubishi UFJ Trust & Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	31,456,000	2.51
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	6,540,000	0.52
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	21,412,000	1.71
Total	—	64,009,000	5.11

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	More than ¥1 trillion

previous fiscal year	
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 Updated	6 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 0.5% 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.	<Reason for appointment> 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 given her ability to 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. <Independence> 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 Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" 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 1.0% 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.	<Reasons for appointment> 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, as he provides accurate and meaningful advice from a practical perspective regarding the Company's long-term strategy and ways to further strengthen corporate governance. <Independence> 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 Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" and has no special interest in the Company.

[Voluntary Committee]

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	Remuneration Committee	4	0	2	2	0	0	Outside Director

Supplementary information Updated

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

- Nomination Committee (four Directors including two Outside Directors)

(Role) The Committee discusses and proposes the standards and methods for selecting Director and Executive Officer candidates, and considers candidate proposals.

(Members) Norio Otsuka (Chair/Outside Director), Kayoko Naito (Outside Director), Takashi Hara (Chairman of the Board), Masayoshi Fujimoto (President & CEO)

- Remuneration Committee (four Directors including two Outside Directors)

(Role) The Committee discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.

(Members) Kayoko Naito (Chair/Outside Director), Norio Otsuka (Outside Director), Takashi Hara (Chairman of the Board), Masayoshi Fujimoto (President & CEO)

[Audit & Supervisory Board]

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. 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 20, 2019, 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, 2019 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)

11 CPAs and 20 assistant CPAs

3) Internal Audits

Based on an audit plan adopted by the Board of Directors and under the command of the Internal Audit Comittee, the Internal Audit Department, comprised of 28 people (as of June 20, 2019), conducts audits covering the business divisions, corporate departments and consolidated subsidiaries as below.

- 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 (COOs of the divisions/departments with primary responsibility for the audited organizations 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) Updated

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 0.5% 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.	<Reasons for appointment> 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. <Independence> We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer who meets Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" and has no special interest in the Company.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
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 0.5% 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.	<Reasons for appointment> Mr. Kitada supervises the Company's management and gives 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. <Independence> 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.

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 0.5% 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.	<Reasons for appointment> 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. <Independence> We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer who meets Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" and has no special interest in the Company.

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 0.5% 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.	<Reasons for appointment> 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. <Independence> We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer who meets Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members" and has no special interest in the Company.

[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, targeting 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 I. 1. [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.

[Incentives]

Incentive policies for Directors	Performance-linked remuneration system

Supplementary information regarding applicable items Updated

We have introduced a performance-linked remuneration system to function 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. See [Director Remuneration] below for more information.

Grantees of stock options	

Supplementary information regarding applicable items

–

[Director Remuneration]

Status of disclosure (of remuneration of individual directors) Updated	Remuneration for only some individual directors, disclosed separately.

Supplementary information regarding applicable items Updated

The following are the only two Directors to receive a total of 100 million or more in remuneration and other financial benefits for the year ended March 31, 2019. (Totals in millions JPY.)

		Basic Remuneration		Performance-Linked Remuneration		Total
Rank	Name	Monetary	Shares	Monetary	Shares	
Chairman of the Board of Directors	Yoji Sato	69	5	17	8	101
President & CEO	Masayoshi Fujimoto	82	6	20	10	120

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

amount Updated

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

■ Overview of the remuneration system for company officers

(Decision policy, etc., for determining the remuneration for Directors)

The remuneration for Directors is decided by resolution of the Board of Directors through deliberations at the Remuneration Committee, which is an advisory body of the Board of Directors and is chaired by an Outside Director, with reference to benchmark data such as the remuneration level at other companies in the same industry and the business performance of Sojitz.

・ Composition of the remuneration for Directors (excluding Outside Directors; hereinafter, the same shall apply)

At the 15th Ordinary General Shareholders' Meeting held on June 19, 2018, Sojitz introduced the System as a remuneration system for Board Members, which is closely linked to Sojitz's business performance and will ensure transparency and objectivity for the purpose of encouraging contributions to the improvement in Sojitz's performance and corporate value over the medium-to-long term. The performance-linked remunerations hall be linked to profit for the year attributable to owners of Sojitz (hereinafter referred to as "Consolidated Net Profit for the Year") in each fiscal year based on the rank of Directors.

As a result of the implementation of the System, the remuneration for Directors consists of "basic remuneration (monetary)" and "basic remuneration (share)," both of which form the fixed portion not linked to business performance, as well as "performance-linked remuneration (monetary)" and "performance-linked remuneration (share)." Basic remuneration is used for the delivery and granting of cash and a certain number of share delivery points based on the rank of Directors. Performance-linked remuneration is used for the delivery and granting of cash and share delivery points, both of which are linked to the amount of Consolidated Net Profit of the Year in each fiscal year during the Applicable Period based on the rank of Directors. For share remuneration, the total number of Sojitz shares to be delivered (at the rate of one Sojitz share per share delivery point) will be ascertained after a Director has retired.

<Breakdown of remuneration>

The System is designed to make performance-linked remuneration account for approximately 30% of basic remuneration if the Consolidated Net Profit for the Year in each fiscal year reaches the amount of the targeted Consolidated Net Profit for the Year in each fiscal year. Meanwhile, as for basic remuneration, the ratio of basic monetary remuneration against basic share remuneration is designed to become approximately 9 to 1, whereas performance-linked monetary remuneration against performance-linked share remuneration is to become 2 to 1.

|——————————Basic remuneration (fixed) (10)——————————||—Performance-linked remuneration (variable) (3)—|

|——————————Monetary(9)——————————|—Share(1)—||————Monetary(2)————|——Share(1)——|

<Content of basic remuneration (monetary)>

Fixed amount determined based on the rank of each Director

<Calculation method of basic remuneration (share)>

Fixed share delivery points = (Basic share remuneration by rank) ÷ (Monthly average closing price of Sojitz shares at the Tokyo Stock Exchange in July 2018)

(Basic share remuneration by rank: Amount determined based on the rank of each Director)

<Calculation of performance-linked remuneration (monetary)>

Individual performance-linked monetary remuneration = ((Consolidated Net Profit attributable to the parent company for the Year in each fiscal year) x β % (Note 1) x (Aggregate sum of rank-based points for all Directors eligible) ÷ 539) × ((Rank-based points for each Director) (Note 2) ÷ (Aggregate sum of rank-based points for all Directors eligible)) (any fraction less than ¥1,000 shall be rounded down)

<Calculation method of performance-linked remuneration (share)>

Performance-linked share delivery points = ((Consolidated Net Profit attributable to the parent company for the Year in each fiscal year) × α % (Note 1) × (Aggregate sum of rank-based points for all Directors eligible) ÷ 539) × ((Rank-based points for each Director (Note 2)) ÷ (Aggregate sum of rank-based points for al Directors eligible)) ÷ (Monthly average closing price of Sojitz shares at the Tokyo Stock Exchange in July 2018)

(Note 1) The value of coefficients α and 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 2019, the value of α and β shall be set to 0.068 and 0.136, respectively.

(Note 2) Rank-based points for each Director

	Executive rank	Rank-based points
Directors	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

The upper limit of the individual monetary remuneration of the respective Directors shall be as follows:

(Millions of yen)

Director and Chairman	37
Director and Vice Chairman	31
Director and President	43
Director and Executive Vice President	31
Director and Senior Managing Executive Officer	28

The upper limit of the performance-linked share delivery points that are granted to the respective Directors shall be as follows:

Director and Chairman	54,000 points
Director and Vice Chairman	46,000 points
Director and President	63,000 points
Director and Executive Vice President	46,000 points
Director and Senior Managing Executive Officer	42,000 points

・ Remuneration for Outside Directors

Performance-linked remuneration is not introduced for Outside Directors from the viewpoint of ensuring independence. Outside Directors are, therefore, subject only to basic remuneration (monetary), and the remuneration therefore is decided by resolution of the Board of Directors through deliberations at the Remuneration Committee.

(Remuneration for Audit & Supervisory Board Members)

Performance-linked remuneration is not introduced for Audit & Supervisory Board Members in view of their role in supervising Directors. Audit & Supervisory Board Members are, therefore, subject only to basic remuneration (monetary), and the remuneration therefore is determined, in principle, through consultations by the Audit & Supervisory Board.

■ Remuneration of Directors and Audit & Supervisory Board Members

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, 2019 is as follows.

(Millions of yen)

	Number of persons to be paid	Basic remuneration		Performance-linked remuneration		Total
		Monetary	Share	Monetary	Share	
Directors (Total)	10	342	26	79	39	488
Directors (Internal)	6	318	26	79	39	464
Outside Directors	4	24	—	—	—	24
Audit & Supervisory Board Members (Total)	5	106	—	—	—	106
Audit & Supervisory Board Members (Internal)	1	37	—	—	—	37
Outside Audit & Supervisory Board Members	4	68	—	—	—	68

[Maximum remuneration]

- Directors: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
  In-house 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

The total six in-house Directors and four Outside Directors includes the five in-house Directors and two Outside Directors appointed at the 15th Ordinary General Shareholders' Meeting on June 19, 2018, as well as the one in-house Director and two Outside Directors who retired at the end of the Meeting.

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

The Board Meeting Operation Office was established on April 1, 2019, as an organization comprised of three full-time staff (as of June 20, 2019) who support the 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 to in-house and Outside Directors timely and appropriately, focused on the Board Meeting Operation Office. 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 20, 2019). 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
Yutaka Kase	Corporate Advisor	External activities	Full-time, with compensation	March 31, 2012	June 30, 2020
Yoji Sato	Honorary Senior Advisor	External activities	Full-time, with compensation	June 20, 2017	June 30, 2020

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

Other Matters

Our Corporate Advisor system may appoint former executives (*1) 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) "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 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 such as gender, international experience 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 20, 2019, we have six Directors (five male and one female), consisting of four 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

  In line with the policy above, 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.

- 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.

- Support System for Directors

  The Board Meeting Operation Office was established on April 1, 2019, as an organization comprised of three full-time staff (as of June 20, 2019) who support the Directors by reporting to, providing information to, and communicating with in-house and Outside Directors in a timely and appropriate manner.

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

- Analysis/assessment of 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 its functions. For more details information about assessment see I.1. [Disclosure based on the principles of the Corporate Governance Code : Principle 4-11-3] of this report.

(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 20, 2019, 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 20, 2019. 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)

See II. 1. [Voluntary Committee] above for more information.

(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) 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.

(B) 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.

(C) 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.

(D) 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.

- Security Trade Control Committee (*)

  The Security Trade Control Committee examines and establishes Sojitz's basic approach and policies regarding security trade control.

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

(*) In April 2019, the Security Trade Control Subcommittee was reorganized as the Security Trade Control Committee to expedite responses to changing security trade control issues associated with Sojitz Group and establish appropriate trade control systems.

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.

4) Overview of Limitation of Liability Agreements

We have concluded limitation of liability agreements with both the Outside Directors (Kayoko Naito, Norio Otsuka) and Audit & Supervisory Board Members (Junichi Hamatsuka, Takayuki Ishige, Mikinao Kitada, Kazunori Yagi, and Hyo Kambayashi) which set the limitation of liability at either JPY 10 million or at the "Minimum Liability Amount" defined in the Companies Act, Article 425 (1)—whichever higher.

3. Reasons for adopting the current corporate governance structure Updated

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 have also appointed a Director who does not hold representative power as the Chairman of the Board of Directors, created a management structure which focuses on overseeing business execution, and are working to improve the effectiveness of the Board of Directors in terms of their ability to provide independent and objective business oversight. 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 sent out by mail around three weeks prior to the meeting and posted to our website in Japanese and English around four weeks before that. Beginning in the fiscal year ended March 31, 2019, the Notice of Ordinary General Shareholders' Meeting has become compatible with smartphones and tablets as well.
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 hold a number of briefing sessions where the President & CEO and the CFO, as Representative Directors, explain management strategy and performance trends.	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, Sojitz strives through its corporate activities to meet the diverse needs and expectations of our stakeholders throughout the world with integrity and to provide new value continuously. 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 for society,” such as

	Supplementary information
	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	To maximize the two types of value referenced above, the Sojitz Group has defined six key sustainability issues (Materiality) for supporting the medium-to long-term sustained growth of the Group. Moreover, "Sustainability Challenges" has been established as a long-term sustainability vision. <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 <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." Sojitz recognizes the three-year Medium-term Management Plan 2020 as a period for preparing to address the long-term vision and 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.
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.

	Supplementary information
Other	In order for Sojitz's global business to remain competitive over the long-term, the company continually works to ensure employee diversity by recruiting, developing, and utilizing the most talented employees regardless of gender, nationality, age, or personal values. Additionally, Sojitz strives to create policies and working environments which maximize the capabilities of all Sojitz Group members. • Empowering women in the workplace Sojitz has implemented several policies from a mid- to long-term perspective, designed to improve working environments/systems and change mindsets among employees and their bosses. These include a number of policies which seek to empower female managers and other women in the workplace. In October 2018, Sojitz became the first general trading company to join the "Ikuboss Corporate Alliance" as part of efforts to increase the number of managers who help women and other diverse talent reach their potential. Under the "Sojitz Commitment to Ikuboss," the company helps employees juggle both job responsibilities and child rearing, while also working to accommodate more flexible working styles. In March 2019, Sojitz was selected for the third time in a row for the Nadeshiko Brand, a designation by the Japan Ministry of Economy, Trade and Industry/Tokyo Stock Exchange recognizing listed companies which excel at promoting women's success in the workplace. • Recruitment and development of global talent Sojitz Tokyo headquarters' new graduate recruitment policy calls for foreign national to comprise 10% of the new hire intake. Additionally, Sojitz's operating companies overseas not only employ the best local talent, making the most of these employees to further Sojitz's growth strategies worldwide; the company also continues to hold training programs at the Tokyo head office for Sojitz Group employees from abroad, as part of its efforts to develop core management candidates. In terms of developing employees at Tokyo HQ, Sojitz is proactively implementing programs to develop employees with a global perspective, such as by dispatching all employees for training overseas within their first five years, providing language training in the countries where those languages are spoken, and sending the company's best and brightest to MBA or LLM programs. • Utilizing talent regardless of age Sojitz ensures employees receive treatment appropriate to their job rank and grade, regardless of age or seniority. The company has also intruded an HR system which enables employees to be promoted at an earlier stage in their careers and is working to create a work environment which fosters high motivation and engagement from each and every employee. Sojitz's human resources system also encourages engagement among employees nearing retirement age, enabling them to maximize use of their

	Supplementary information
	experience, knowledge, and connections. • Employing persons with disabilities In addition to employing persons with disabilities (PWDs) at Tokyo HQ, Sojitz has established a “special associate company” as stipulated by Japanese law. By equipping this special associate company with a system which breaks down duties in a way appropriate to individuals’ disabilities and which enables staff to follow up with employees regarding their lives outside the office, Sojitz has created a working environment tailored to persons with intellectual or mental disabilities, thereby promoting employment of PWDs. As of March 31, 2019, Sojitz Corporation itself has not yet cleared the legally-stipulated benchmark for employment of PWDs, which was raised to 2.2% in April 2018. However, Sojitz has supplemented PWD employment through collaboration with this special associate company, and the company continues to encourage hiring of PWDs.

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 striving 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 ending March 31, 2019, 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. In addition to these efforts within Sojitz Corporation and Sojitz Group, the company also established an outward-facing pipeline for compliance-related questions this year. Located on the corporate homepage, it allows us to collect compliance-related remarks from external stakeholders.

Prior to parts of the "Act on the Arrangement of Related Acts to Promote Work Style Reform" going into effect on April 1, 2019, we worked to ensure all employees understood the basics of the act by not only implementing a work style reform-related e-learning program for all employees, but also by arranging a lecture given by a licensed Labor and Social Security Attorney.

Aside from legal compliance, we will also keep employees informed of the in-house harassment hotline and continue to hold training and other activities targeting practical application, as a way to maintain a harassment-free, comfortable working environment for all.

(Overview of Operational Status)

Based on the action plan formulated by the Compliance Committee, Sojitz provides 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 ending March 31, 2019, included the following:

Meetings between the CCO and presidents of Group companies

Regular liaison meetings among the compliance officers of Group companies

Seminars and trainings on key issues related to prevention of harassment and corruption, as well as e-learning programs regarding personal data protection laws (including the GDPR)

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

Orientation for new compliance PICs at Sojitz Group companies in Japan

The Compliance Committee met four times (once each quarter) during the fiscal year ended March 31, 2019.

- 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. This fiscal year, we also added risk categories related to companies' website or SNS-based communications (regarding personal data protection, crisis management, etc.) and product quality-related risks (quality control measures for new products), as Sojitz continues to conduct business in increasingly diverse fields. We also began to monitor these risks using a PDCA cycle. We have taken measures to prevent website and SNS-related risks from manifesting, such as by clearly stating compliance obligations in the company's working regulations.

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 conducts regular monitoring to ensure that each Group company maintains their 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 these companies consult with us in advance.

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 governance of Group companies, we have provided the Management Committee and Board of Directors with regular reports since FY2018 on the results of our efforts to monitor the administration of board of directors meetings at Sojitz Group companies.

We not only hold training sessions for these directors, but hold separate training seminars for new directors or audit and supervisory board members.

- 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. Sojitz Group has established guidelines detailing concrete methods for controlling and administrating data requiring strict management, called "Information Requiring Specific Administration" (IRSA). Based on these regulations, we have continued to conduct surveys of how this information is retained and provided instruction and how administration could be improved. Sojitz strives to further strengthen security measures through a variety of other policies as well, such as conducting drills of suspicious e-mails, as well as preparing and informing employees about guidelines for confirming the security measures taken by business partners in their supply chains. "

- 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 committees (Internal Control Committee, Compliance Committee, etc.) 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.

(Critical information)

- 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.

(Other information to be disclosed)

- 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 the person in charge of the department to which the disclosure is relevant.

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.

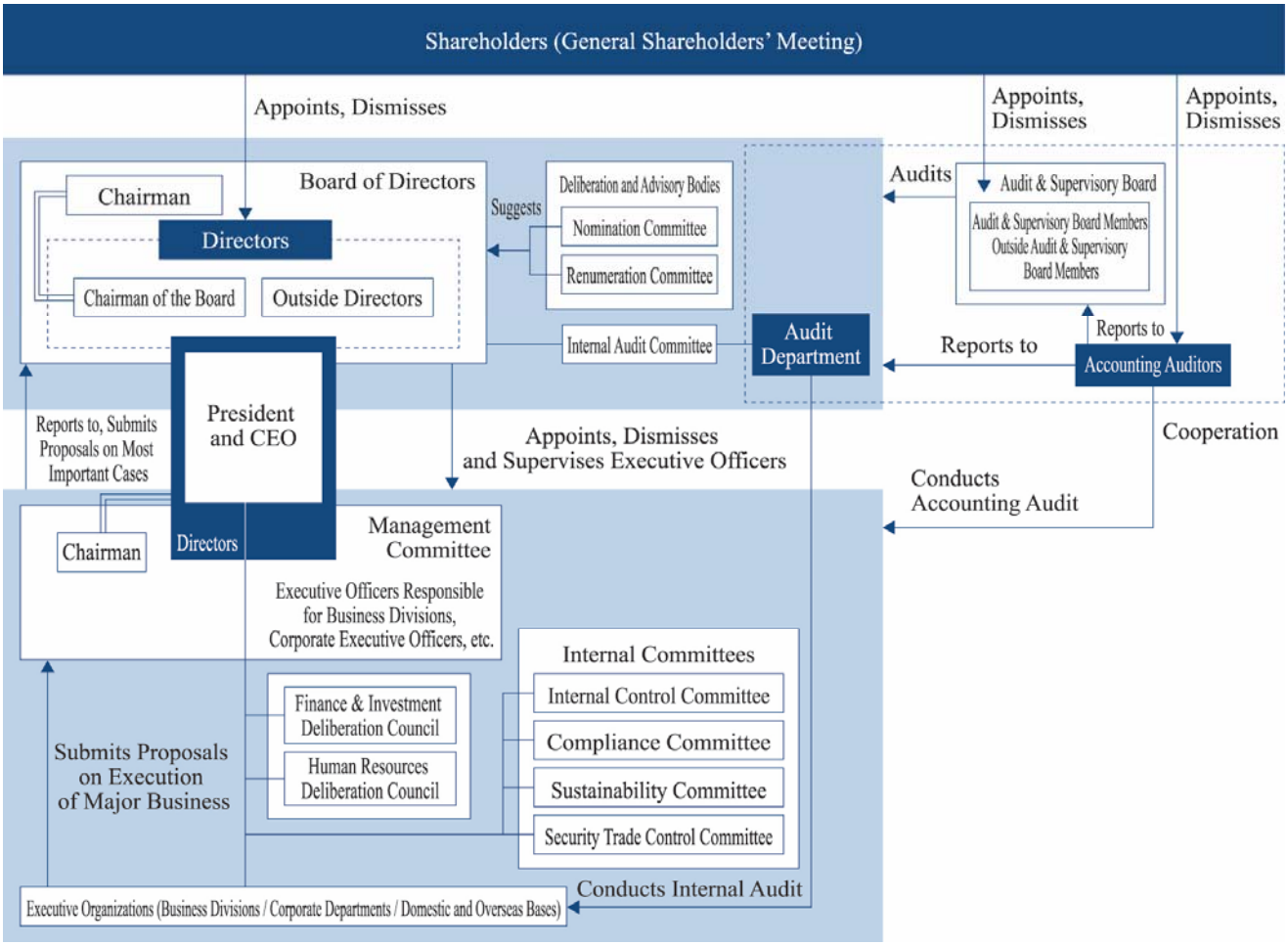
c) Prohibition against selective disclosure

“Selective disclosure” refers to disclosing non-public information to specific persons or groups prior to wide release. Sojitz prohibits selective disclosure, except in cases where the privacy of the information is ensured through specific non-disclosure agreements or the like.

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】

