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Sojitz Corporation
Masayoshi Fujimoto
Representative Director, President & CEO
Contact: Public Relations Department 03-6871-3404
Securities Code: 2768
http://www.sojitz.com/en/

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

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

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

2) Monitoring and Supervisory Functions for Management

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

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

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

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

All of the General Principles, Principles, and Supplementary Principles (78 in total), including items to be disclosed in line with all principles of the Corporate Governance Code, are listed at the end of this report as "Sojitz's Approach to Corporate Governance Code Principles."

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.	150,003,500	12.29
ICHIGO TRUST PTE. LTD.	123,634,500	10.13
The Master Trust Bank of Japan, Ltd.	72,356,511	5.93
J.P. MORGAN BANK LUXEMBOURG S. A. 1300000	31,816,546	2.61
SSBTC CLIENT OMNIBUS ACCOUNT	27,347,609	2.24
JP MORGAN CHASE BANK 385151	21,372,293	1.75
Trust & Custody Services Bank, Ltd.	18,712,800	1.53
Japan Securities Finance Co., Ltd.	18,228,954	1.49
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	17,673,230	1.45

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	14,041,615	1.15

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) 144,646,000 shares
The Master Trust Bank of Japan, Ltd. (Trust Account) 65,699,000 shares
Trust & Custody Services Bank, Ltd. (Trust Account) 17,044,000 shares

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

3. A Large Shareholding Report (Change Report) conducted through a public inspection on April 15, 2019, reported the following number of shares held by Mitsubishi UFJ Financial Group, Inc. and its joint shareholders as of April 8, 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, 2020.

The contents of the Large Shareholding Report are as follows:

Name	Address	Shares held	Percentage of total issued shares (%)
MUFG Bank, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	4,600	0.37
Mitsubishi UFJ Trust and Banking Corporation	4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo	32,069	2.56
Mitsubishi UFJ Kokusai Asset Management	12-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo	6,673	0.53
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2 Marunouchi, 2-chome, Chiyoda-ku, Tokyo	3,671	0.29
MUFG Securities (Canada), Ltd.	Royal Bank Plaza, South Tower, Suite 2940, 200 Bay Street, Toronto, Ontario M5J 2J1, Canada	8,575	0.69
Total	—	55,589	4.44

4. A Large Shareholding Report (Change Report) conducted through a public inspection on April 22, 2019, reported the following number of shares held by Mizuho Securities Co., Ltd. and its joint shareholders as of April 15, 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, 2020.

The contents of the Large Shareholding Report is as follows:

Name	Address	Shares held	Percentage of total issued shares (%)
Mizuho Securities Co., Ltd.	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	2,210	0.18
Asset Management One Co., Ltd.	8-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo	47,387	3.79
Total	—	49,598	3.96

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 persons
Sales (consolidated) as of the end of the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	More than 300 companies

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

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

Updated

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. We are also striving to prevent conflicts of interest between Sojitz and general shareholders of listed subsidiaries and to ensure the effectiveness of the governance systems of listed subsidiaries.

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	1 year

Articles of Incorporation	
Chairman of the Board of Directors Updated	Outside Director
Number of Directors Updated	7 persons
Election of Outside Directors	Elected
Number of Outside Directors Updated	3 persons
Number of Outside Directors designated as independent officers Updated	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
Kayoko Naito	Lawyer								○			
Norio Otsuka	From other company								△			
Naoko Saiki	Other								○			

* 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, and Ritsumeikan University, where Ms. Naito works as a part-time lecturer, accounts for less than 1% of revenue in the Company's consolidated financial results of the most recent fiscal year. Based on the above, we believe that Ms. Naito satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members ," and we are confident in her ability to remain independent.	<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. Although Ms. Naito has not been directly involved in the management of the company until now, we believe that Ms. Naito is capable of properly executing her duties as an outside director. <Independence> We have determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the "Listed Company Management Guidelines" as well as 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. Norio Otsuka was employed until June 2015, accounts for less than 1% of revenue and less than 2% of sales in the Company's consolidated financial results of the most recent fiscal year. Based on the above, we believe that Mr. Otsuka satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members ," and we are confident in his ability to remain independent.	<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 determined that there is no risk of conflict of interest with general shareholders, and thus designated him as an independent officer who meets the "Listed Company Management Guidelines" as well as 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
Naoko Saiki	○	The transaction amount with Tokyo University, where Ms. Naoko Saiki works as an affiliate professor, accounts for less than 1% of revenue in the Company's consolidated financial results of the most recent fiscal year. Ms. Saiki served in an advisor role to the Company between May 2019 and February 2020 for which she received remuneration; however, the remuneration amount was below the standards of independence amount as defined in Sojitz's Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members. Furthermore, the remuneration was payed as compensation for advice she provided to Sojitz drawing from her experience and knowledge. Based on the above, we believe that Ms. Saiki satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members ," and we are confident in her ability to remain independent.	<Reasons for appointment> Ms. Naoko Saiki has held several important positions in the Ministry of Foreign Affairs of Japan, and possesses a wealth of knowledge pertaining to international affairs and global issues cultivated through diplomatic service. She was judged to be a good fit for the position given her ability to provide pertinent and meaningful advice from an independent and objective perspective regarding the Company's business. <Independence> We have determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the "Listed Company Management Guidelines" as well as 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 Updated

	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	1	3	0	0	Outside Director
Voluntary committee equivalent to the Remuneration Committee	Remuneration Committee	4	0	1	3	0	0	Outside Director

Supplementary information Updated

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

- Nomination Committee (four Directors including three 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), Naoko Saiki (Outside Director), Masayoshi Fujimoto (President & CEO)

- Remuneration Committee (four Directors including three 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), Naoko Saiki (Outside Director), 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	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.

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 18, 2020, we have five Audit & Supervisory Board Members, including three 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. Masaaki Kushibiki has been responsible for accounting, tax, and risk management at Sojitz Corporation, and he also held important positions such as Executive Officer in charge of risk management and Managing Executive Officer in charge of human resources, general affairs and IT operation.

- 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, 2020 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)

18 CPAs and 18 assistant CPAs

3) Internal Audits

Based on an audit plan adopted by the Board of Directors and under the command of the Internal Audit Committee, the Internal Audit Department, comprised of 29 people (as of June 18, 2020), 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, GMs in charge of each corporate department, 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 Updated	3 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
Kazunori Yagi	From other company													
Hyo Kambayashi	Certified public accountant										○			
Michiko Nagasawa	Lawyer										○			

* 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
Kazunori Yagi	○		<Reasons for appointment> Mr. Yagi 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 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 the independence standards of the "Listed Company Management Guidelines" as well as 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 1% of revenue in the Company's consolidated financial results of the most recent fiscal year. Based on the above, we believe that Mr. Kambayashi satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members," and we are confident in his ability to remain independent.	<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 the independence standards of the "Listed Company Management Guidelines" as well as 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
Michiko Nagasawa	○	The transaction amount with the Business Regeneration Research Institute, at which Ms. Nagasawa serves as a director, accounts for less than 1% of revenue in the Company's consolidated financial results of the most recent fiscal year. Based on the above, we believe that Ms. Nagasawa satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members," and we are confident in her ability to remain independent.	<Reason for appointment> Ms. Nagasawa has a wealth of advanced and specialized knowledge in the field of corporate law. She is expected to 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 her previous experience holding important legal positions and her experience serving as an outside director for other firms, and thus has been appointed. <Independent> We have determined that there is no risk of conflict of interest with general shareholders and thus designated her as an independent officer who meets the independence standards of the "Listed Company Management Guidelines" as well as 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 Updated	6 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 [Sojitz's Approach to Corporate Governance Code principles] Principle 4.9 at the end of 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

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

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[Director Remuneration]

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

Supplementary information regarding applicable items Updated

The following is the only Director 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	
President & CEO	Masayoshi Fujimoto	86	8	15	7	118

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

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 2020, the value of α and β shall be set to 0.065 and 0.130, 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, 2020 is as follows.

(Millions of yen)

	Number of persons to be paid	Basic remuneration		Performance-linked remuneration		Total
		Monetary	Share	Monetary	Share	
Directors (Total)	7	306	30	51	22	411
Directors (Internal)	5	282	30	51	22	387
Outside Directors	2	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 five in-house Directors includes the one in-house Director who retired at the end of the 16th Ordinary General Shareholders' Meeting on June 20, 2019.

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

The Board Meeting Operation Office was established, as an organization comprised of three full-time staff (as of June 18, 2020) 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 18, 2020). 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	Special Corporate Advisor	External activities	Part-time, with compensation	March 31, 2012	June 30, 2021
Yoji Sato	Honorary Senior Advisor	External activities	Full-time, with compensation	June 20, 2017	June 30, 2021

Total number of advisors who previously served as President & CEO	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 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 18, 2020, we have seven Directors (five male and two female), consisting of four in-house Directors who have abundant business experience at Sojitz and three 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 as an organization comprised of three full-time staff (as of June 18, 2020) 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 please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.11.3 at the end 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 18, 2020, our Audit & Supervisory Board consisted of five members (four male and one female), two of whom are full-time, including two in-house Audit & Supervisory Board Members who have abundant business experience within Sojitz and three 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 [Sojitz's Approach to Corporate Governance Code principles] Principle 4.9 at the end of this report for the details of the Independence Standards.

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

Please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.14.2 at the end 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 the heads of business divisions and corporate departments, etc. 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 the heads of corporate departments, etc. 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 the heads of corporate departments, etc., 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 swiftly responds to changes in aspects of Security Trade Control that pertain to Sojitz Group, and establish appropriate trade control systems.

- Business Continuity Management Committee

  The Business Continuity Management Committee examines and formulates fundamental policies and measures related to crisis management, based on the “Sojitz Group Basic Policy on Crisis Management.”

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

3) Corporate Audits, Accounting Audits and Internal Audits

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

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

4) Overview of Limitation of Liability Agreements

We have concluded limitation of liability agreements with both the Outside Directors (Kayoko Naito, Norio Otsuka, and Naoko Saiki) and Audit & Supervisory Board Members (Junichi Hamatsuka, Masaaki Kushibiki, Kazunori Yagi, Hyo Kambayashi, and Michiko Nagasawa) 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 is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body. As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Group's important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives, as executing bodies all directly reporting to the President & CEO.

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

2) Monitoring and Supervisory Functions for Management

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

III Measures Regarding Shareholders and Other Stakeholders

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

	Supplementary information
Delivering a convocation notice for the General Shareholders' Meeting as early as possible	The Notice of General Shareholders' Meeting is 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. The Notice of Ordinary General Shareholders' Meeting is 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

	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 guiding principles and standards such as “Sojitz Group CSR Action Guidelines for Supply Chains” and the “Sojitz Group Code of Conduct and Ethics,” which all Group officers and employees are expected to honor, and formulated “Sojitz Group Environmental Policy” and “Sojitz Group Human Rights Policy” as 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),, . Sojitz 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	In order to continue creating the “two types of value” into the future, together with defining 6 Key Sustainability Issues (Materiality) to focus on in our business over the medium- to long-term, we have established our long-term vision "Sustainability Challenge", and are striving to integrate solutions to global environmental and social problems with our corporate activities and build systems for such integration. <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. Our management will demonstrate its leadership in the company-wide effort to understand and assess the CO_2 emissions from our business activities. Moreover, we will accelerate the accumulation of businesses that contribute to the achievement of a low-carbon society and, together with striving to expand our low-carbon businesses over the next decade, we will broaden our

	Supplementary information
	initiatives to ensure 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.
Other	In order for Sojitz's global business to remain competitive over the long-term, the company continually works to recruit, develop, and utilize a diverse employee base regardless of gender, nationality, age, or personal values. Additionally, Sojitz strives to create policies and working environments which maximize the individual capabilities of these employees so that they can contribute to organizational results. • Empowering women in the workplace Sojitz has established action plans and numerical targets from a medium- to long-term perspective and are working to implement various measures that seek to empower female managers and other women in the workingplace such as effort to improve working environments, including systems to support the balancing of work and child care, and to raise awareness among employees and their bosses. In addition, progress of such efforts is regularly reported to the Management Committee and the Board of Directors. Sojitz is also actively relaying messages from management to inside and and outside of Sojitz. In October 2018, Sojitz announced the "Sojitz IkuBoss Declaration" to increase the number of managers who can utilize diverse human resources to produce organizational results, and to promote flexible and highly productive work styles. Moreover, in March 2020, Sojitz was selected as Nadeshiko Brand company (sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange) for four consecutive years in recognition of our efforts to empower women in the workplace. • Recruitment and development of global talent With regard to recruitment at Sojitz Tokyo headquarters, Sojitz is promoting the employment foreign new graduates and mid-careers. 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 continues to hold training programs at Tokyo head office for Sojitz Group employees from abroad, as part of its effort to develop core management candidates. In terms of developing employees at Tokyo HQ, Sojitz is proactively implements 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

	Supplementary information
	are spoken, and sending the company's best and brightest to MBA or LLM programs. Commencing FY2019, Sojitz has initiated a trainee dispatch system that transcends division boundaries, and, by such trainees making use of their division experience to gain experience under the jurisdiction of other divisions, we will work as a whole company to broaden our business experiences. • 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 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, 2020, Sojitz has achieved the legally-stipulated benchmark for employment of2.2%, and will continue to work with the special associate company to satisfy PWD employment ration and promote the employment of PWDs. • Creating an environment that enables flexible working styles regardless of place or time As part of Sojitz's workstyle reforms, Sojitz introduced a flextime system with no fixed core hours(called "super flex"). In addition, in FY2019, following an internal trial that started in FY2018, Sojitz officially introduced a remote work system in January 2020 and have created an environment in which diverse human resources who work autonomously can perform their duties flexibly.

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, whose duties are overseen 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, 2020, and reported the details of these meetings to the Board of Directors.

In addition, in order to further disseminate and share important information regarding new or changed rules and guidelines within the Group, as well as important notes, we have created an Internal Control Notification that summarizes this information, and have started regular distribution of the notices to domestic and overseas Group companies.

- 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. Also, to accept external compliance-related inquiries, Sojitz has created a form on its website that can accept submissions of compliance-related concerns from outside the company.

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 November 2019, Sojitz became the first Japanese company to implement ISO37001 anti-bribery management systems in Japan.

In July 2019, Sojitz established the "Sojitz Group Sanctions and Export Controls Policy" as a system to manage domestic and international sanctions and export control violation risks.

When parts of the “Act on the Arrangement of Related Acts to Promote Work Style Reform” went 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. In January 2020, Sojitz began its telework system. Together with the previously-introduced super flex system, these initiatives are expected to raise individual productivity leading to more time for the pursuit of new business, and greater team and organizational productivity and creativity overall.

Aside from legal compliance, we will also keep employees informed of the in-house harassment hotline and continue to hold training and other activities, including e-Learnings, 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, 2020, included the following:

Meetings between the CCO and presidents of Group companies

Regular liaison meetings among the compliance officers of Group companies

Regular liaison meetings among the compliance officers of overseas offices

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 and skill development training for relevant at Sojitz Group companies in Japan

The Compliance Committee met four times (once each quarter) during the fiscal year ended March 31, 2020.

Regarding security trade control, a subcommittee under the Compliance Committee was made independent, and a Security Trade Control Committee was newly established. Based on the activity plans formulated by this committee, the secretariat of the committee will work to prevent sanctions and export control violations and provide support and guidance to Group companies.

The specific activities in FY2019 are as follows.

・Established "Sojitz Group Sanctions and Export Controls Policy"

・Provided various training for new employees, mid-career hires, employees on overseas assignment, etc.

・Provided support for revising and establishing local security trade control regulations at overseas bases

・Held one meeting of the Security Trade Control Committee

- Risk Management

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

(Overview of Operational Status)

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

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

We have 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 continue to monitor these risks using a PDCA cycle. Going forward, we will continue to conduct ongoing education and awareness activities through a variety of risk management trainings in order to firmly establish awareness of risk management among

the officers and employees of Sojitz Group.

Regarding risks related to disasters, we have further improved the implementation systems and environments of measures such as the telework work system and the super flex mentioned above as a way to ensure that employees can carry out work in the event of disasters such as earthquakes, storms, floods, and infectious disease pandemics. These initiatives also contribute to improved workstyles. In addition, at a meeting of the Management Committee in February 2020, we established the "Business Continuity Management Committee" to ensure the effectiveness of the Sojitz Group Basic Crisis Management Policy and to continuously review, improve, and expand it in response to changes in the business environment.

- 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.

In order to strengthen corporate governance of Group companies, we regularly provide the Management Committee and Board of Directors with reports regarding the status of board of directors' meetings at Sojitz Group companies.

In addition to holding yearly training sessions for Group company directors, we 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 responding to suspicious e-mails, revising IT security regulations aimed at enforcing stronger password management, and establishing rules for the use of messaging apps.

- 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, as well as between the Audit & Supervisory Board Members and Accounting Auditors.

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

–

2. Other matters concerning corporate governance structure, etc.

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.

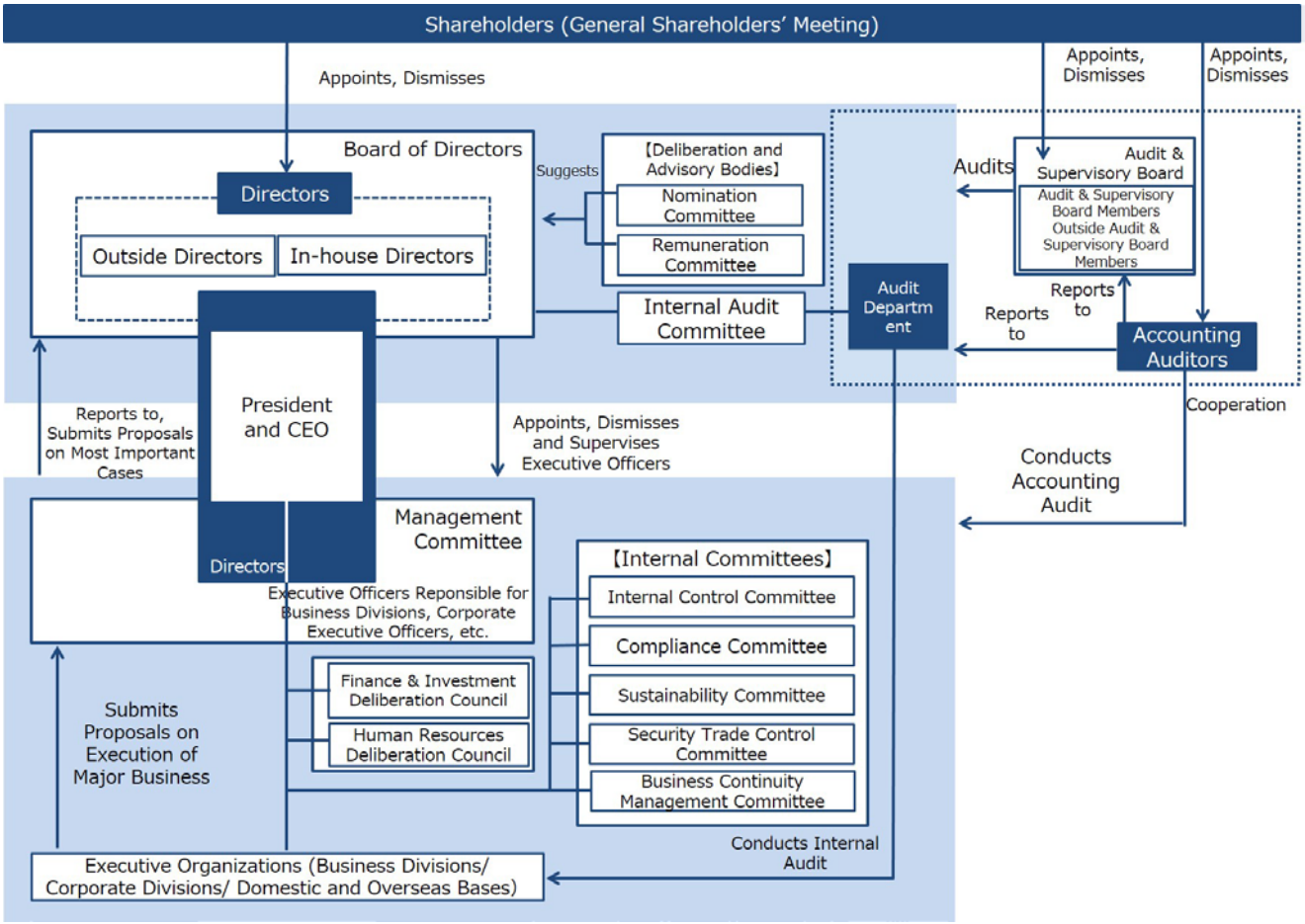
c) Prohibition against selective disclosure

"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.

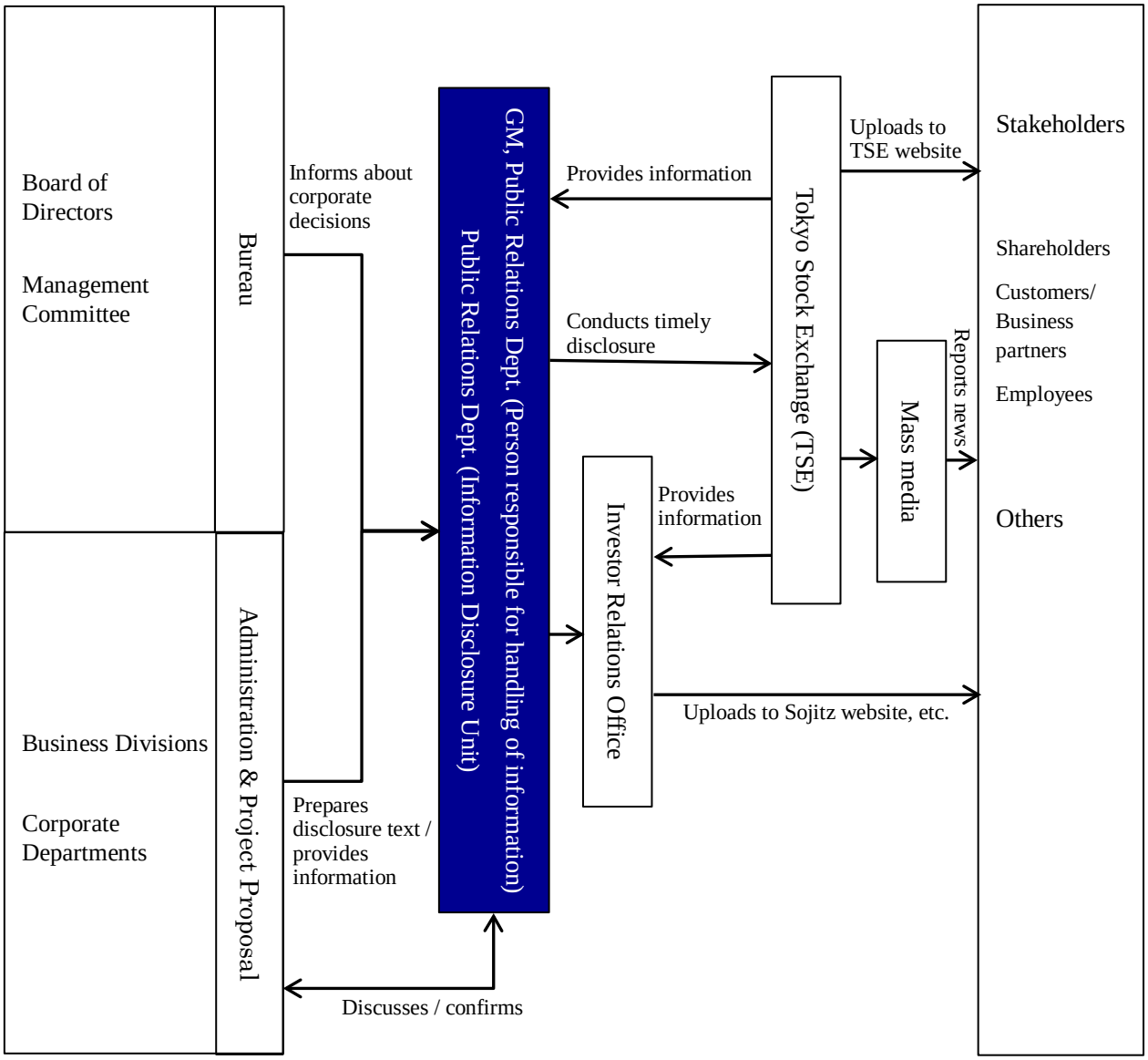
2) Other matters

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】



June 18th 2020
Sojitz Corporation

The Sojitz's Approach to Corporate Governance Code Principles

Section 1: Securing the Rights and Equal Treatment of Shareholders

【General Principle 1】
Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.
In addition, companies should secure effective equal treatment of shareholders.
Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

(1) The Company's core policy is to engage in constructive dialogue with shareholders in order to achieve sustainable growth and increase corporate value over the medium to long term. Pursuant to this policy, all shareholders are assured rights of substance that can be exercised accordingly.
(2) We are mindful of fair disclosure rules, and our core policy is to share information with all shareholders fairly and equally. We also endeavor to make disclosures in English.

【Principle 1-1.】
Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

(1) The Company takes the measures required by law and also other suitable measures to secure rights of substance for all shareholders in accordance with the Companies Act.
(2) In particular, the Company makes arrangements so that voting rights can be exercised in a variety of ways such as by attending the meeting in person, in writing, and via the Internet.

【Supplementary Principles 1 -1①】
When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

(1) In order to properly incorporate the opinions of shareholders into the management of the Company, we annually analyze the results of votes for and against resolutions from the general shareholders meeting, discuss them with the Board of Directors, and consider necessary measures to be taken, including measures with respect to proposals with a considerable number of negative votes.

【Supplementary Principles 1 -1②】
When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision making and expertise in business judgment.

(1) The Articles of Incorporation provide that the Board of Directors, which consists of individual directors with specialized knowledge, can make resolutions with respect to certain matters that can be heard in the general shareholders meeting such as interim dividends and share buybacks in order to secure the agility of management decisions.

(2) The Board of Directors is structured in a manner that is thoroughly capable of carrying out its duties and obligations, and it is composed of executive directors that are familiar with areas such as sales, finance/accounting, and risk management and three outside directors. In addition, the Audit and Supervisory Board, which monitors and oversees the Board of Directors, includes three outside corporate auditors.

(3) We strive to provide thorough explanations of the concepts at work in the capital policy, including with respect to interim dividends, by stating them in the medium-term management plan and the financial results briefing materials.

【Supplementary Principles 1 -1③】
Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

(1) The Company takes care to give proper consideration to the procedures for minority shareholders so that they may exercise their rights without interference, including by stipulations in the internal rules regarding the management of stock.

【Principle 1-2.】
Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

(1) The Company gives proper consideration to constructive dialogue with shareholders and provides sufficient information for that purpose. To that end, the Company avoids setting general shareholder meetings on the same day every year (concentration days), sends out convening notices for general shareholder meetings earlier, and announces them on the website. We are improving the facilities available through conveniences such as the ability to exercise voting rights via the Internet and participating in the Electronic Voting Platform.

【Supplementary Principles 1 -2①】
Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision making at general shareholder meetings.

(1) The Company endeavors to enhance the content of convening notices and provide easy-to-understand information by using diagrams and photographs so that shareholders can make appropriate decisions at the general shareholder meetings.
(2) In addition to the convening notices, the Company provides accurate information that helps shareholders to make appropriate decisions by posting information such as securities

reports, financial statements, integrated reports, and news releases for the past several years on our website in both Japanese and English.

【Supplementary Principles 1 -2②】
While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

(1) The Company endeavors to send convening notices for general shareholder meetings three weeks before the date of the general shareholder meeting to give shareholders sufficient time to consider the agenda while bearing in mind that sufficient time must be secured for an audit by a third-party accounting auditor.

(2) In addition, the same information is also disclosed on TD-net and our website in English about four weeks before the date of the general shareholders meeting.

【Supplementary Principles 1 -2③】
The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

(1) The Company recognizes that the general shareholders meeting is an important place for dialogue with shareholders and has set a schedule that avoids setting general shareholder meetings on the same day every year (concentration days) so that more shareholders can participate.

(2) In addition, in order to give shareholders sufficient time to consider the general shareholder meeting agenda, the Company sends out convening notices early and discloses them on the website. (For details, refer to Supplementary Principle 1-2 ②.)

【Supplementary Principles 1 -2④】
Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting.

(1) In consideration of the exercise of voting rights by institutional investors and overseas investors, the Company has also provided for the ability to exercise voting rights via the Internet and through the use of the Electronic Voting Platform.

(2) In addition, the Company has taken the number of overseas investors into account by publishing both English and Japanese translations of convening notices at the same time.

【Supplementary Principles 1 -2⑤】
In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

(1) The Company has also provided for the ability to exercise voting rights through the use of the Electronic Voting Platform so that institutional investors whose shares are held in the name of trust banks can exercise their voting rights themselves.
(2) In addition, the Company will try to accommodate a request from an institutional investor that cannot use the Electronic Voting Platform by contacting the trust bank, etc. that is the nominee and that can use the Electronic Voting Platform to respond appropriately.

【Principle 1 -3.】
Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

(1) The capital policy is stated in the medium-term management plan and is disclosed on our website and the TSE (TD-net).

(2) In our three-year plan entitled “Medium-term Management Plan 2020 ~Commitment to Growth~,” which started in April 2018, we set forth the basic financial policy, including the profit plan and the capital policy, along with the profit target, and quantitative targets such as Return on Equity (ROE), Return on Assets (ROA), and Net Debt to Equity Ratio (Net DER).

【Principle 1 -4.】
When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company’s cost of capital. The results of this assessment should be disclosed Companies should establish and disclose specific standards with respect to the voting rights as to their cross shareholdings, and vote in accordance with the standards.

(1) <Shareholding Policy>
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 a greater impact and benefit from those shares. Meanwhile, for those shares that 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.

(2) The results of the FY2019 assessment can be found below.
- For the sum total shares held as part of our shareholding policy, we confirmed that the profit achieved through possession of the shares exceeds the equity cost to the Company.
- We assessed shares held in each company individually, looking for whether profit achieved through possession of the shares exceeded the equity cost to the Company,

as well as whether holding the shares helped improve corporate value for the Company.

- For shares that we deemed to now be lacking in significant value, we set deadlines over which we will aim to improve their value, or else consider their sale.

(3) <Exercising Voting Rights>

Based on the significance of holding shares in listed companies, we exercise our voting rights based on whether 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 the exercise of voting rights.

【Supplementary Principles 1 -4①】

When cross shareholders (i.e., shareholders who hold a company's share s for the purpose of cross shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross held shares by, for instance, implying a possible reduction of business transactions.

(1) When cross shareholders indicate an intention to sell stock, the Company does not hinder the sale of the stock by, for example, suggesting a reduction of existing transactions.

【Supplementary Principles 1 -4②】

Companies should not engage in transactions with cross shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

(1) Regardless of whether or not the shareholder is a cross shareholder, the Company thoroughly verifies the economic rationale of transactions and does not conduct transactions that may harm the common interests of the Company and the shareholders.

【Principle 1 -5.】
Antitakeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku* should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

(1) The Company does not plan to introduce antitakeover measures.

【Supplementary Principle 1 -5①】
In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

(1) In the event that a tender offer is made for the shares of the Company, an opinion of the Board of Directors of the Company will be prepared in accordance with Article 27-10 of the Financial Instruments and Exchange Act, and the Company will promptly disclose the report to our shareholders in order to provide information that will help them to decide whether to respond to the offer.

【Principle 1 -6.】
With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku* should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

(1) When adopting a capital policy that causes a change in control or a significant dilution, the Board of Directors will thoroughly consider the necessity and rationale therefor and ensure that appropriate procedures are followed in light of relevant laws and regulations. In addition, we will fully explain the background and purpose for such a capital policy so that the shareholders can understand.

【Principle 1 -7.】
When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions t h ese procedures should be disclosed.

(1) We specify in our Board of Directors Rules that significant transactions between the Company and its major shareholders (shareholders owning at least 10% of the Company's outstanding shares), competitive transactions between the Company and its Directors or Executive Officers, self-dealing transactions, and transactions involving any conflict of interests must be resolved by the Board of Directors.

【General Principle 2】
Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.
The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

1) In order to maximize the “two values (value that Sojitz gains and value that society earns)” through our business activities, we strive to diligently cooperate with our stakeholders.

(2) Our President's message based on the above is regularly sent to all executives and employees of the Sojitz Group to foster a corporate culture and atmosphere that respects the rights and positions of various stakeholders and sound business ethics.

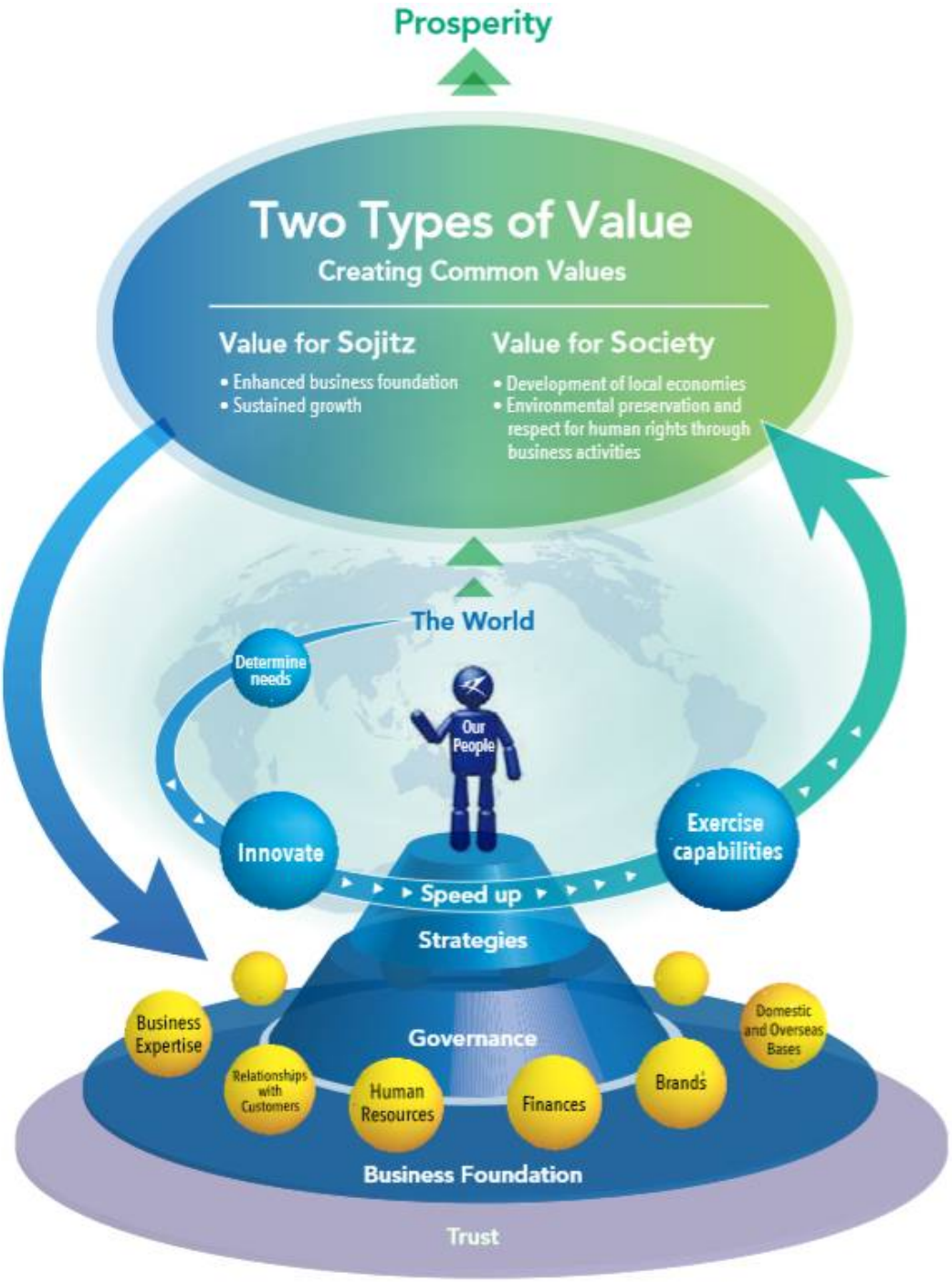
【Principle 2-1.】
Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

(1) The Sojitz Group's slogan is "New Way, New Value," and our corporate statement is " The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity. " By practicing the above, we are engaged in daily business activities to meet the needs and expectations of our stakeholders and earn the trust of them to improve their corporate value.

(Sojitz Group Statement)
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.

(Sojitz Group Slogan)
New way, New value

(Sojitz's Value Creation Model)



【Principle 2-2.】
Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization including the front line of domestic and global operations.

1) In addition to the Sojitz Group Statement, the Company has established the Sojitz Guiding Principles for creating value for all stakeholders by aligning strong, capable individuals. These principles and action guidelines have been formulated and revised by the Board of Directors and are made known to all executives and employees of the Sojitz Group through postings on our intranet.

(2) In addition to the above, the Company has established the Sojitz Group Code of Conduct and Ethics, the Sojitz Group Environmental Policy, and other codes of conduct, which we disseminate to all executives and employees of the Sojitz Group, asking them to put them into practice.

< Sojitz Guiding Principles>
“The Sojitz Group aims to create value for our stakeholders by aligning our strong, capable individuals under the following 5 principles.”

1. Trust: Build enduring trust.
2. Innovation: Innovate with foresight.
3. Speed: Strive for speed.
4. Challenge: Take calculated risks.
5. Perseverance:　Persevere until successful.

【Supplementary Principle 2-2①】
The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company’s corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

(1) The status of implementation of the Code of Conduct, including guidelines and policies related to compliance and the environment, is reviewed by the Board of Directors, which regularly receives reports from related internal committees.

(2) Regarding the five Guiding Principles, we have prepared a structure whereby each organization and each individual sets action goals in line with the Guiding Principles and reviews them at the end of the term.

【Principle 2-3.】
Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

(1) We take appropriate measures to address sustainability issues such as social and environmental matters.
(For details, refer to Supplementary Principle 2-3 ①.)

【Supplementary Principle 2-3①】
With the recognition that dealing with sustainability issues is an important element of risk management, the board should take appropriate actions to this end. Given the increasing demand and interest with respect to sustainability issues in recent years, the board should consider addressing these matters positively and proactively.

(1) The Sojitz Group conducts business activities based on its corporate statement of creating two types of value with stakeholders, including “value for Sojitz” and “value for society.” By maximizing these areas of shared value, Sojitz aims to realize sustainable growth for both the Sojitz Group and society.

(2) In order to maximize the two values, we set the six material sustainability issues (materiality) as the themes to support the sustainable growth of the Sojitz Group in the medium to long term and to practice them through our corporate activities. We have set the sustainability challenge as our vision and are continuing to strive toward it.

<Sustainability Material Issues>
- Human rights: Respect the human rights of people involved in our business

- Environment: Contribute to the global environment through our business
- Resources: Develop, supply and use sustainable resources
- Community: Development and growth together with local communities
- Human resources: Promote opportunities for diverse human resources and workplace diversity
- Governance: Emphasize effectiveness and transparency

<Sustainability Challenge>

"We will strive to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and responding to human rights, including those within our supply chains."

(3)The Sustainability Committee, which is chaired by our President and CEO, focuses on to these issues related to sustainability. In addition, the opinions and advice of this committee in regular reports are reflected in the work by the Board of Directors.

(4) The Board of Directors monitors how we respond to environmental and social risks such as climate change and human rights issues every quarter as one of the important risks in our business.

(5) Please refer to our website for more information regarding our sustainability efforts.
(Https://www.sojitz.com/jp/csr/)

【Principle 2-4.】
Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

(1) As we develop our business globally, we are promoting the recruitment, development, and utilization of diverse human resources regardless of gender, nationality, and age in order to remain competitive in the long term. We are also working to establish better systems and circumstances so that these human resources can maximize their individual capabilities and contribute to the results of the organization.

(2) For the promotion of female employees' activities, we have established an action plan and numerical targets from a medium- to long-term perspective. We are working to improve the work environment, including systems to support the balance between work and

childcare, and to raise the awareness of employees, including supervisors and employees themselves. In this way, we are implementing various measures to promote the activities of female employees, including female managers. Progress is reported to the Board of Directors.

Action plan based on the Women's Achievement Promotion Act
URL: https://www.sojitz.com/jp/csr/employee/pdf/kodo2016_02.pdf
Action plan based on the Act on Promotion of Measures to Support Raising Next-Generation Children
URL: https://www.sojitz.com/jp/csr/employee/pdf/plan2018.pdf

【Principle 2-5.】
Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

(1) We have set up various consultation portals such as "hotlines" that all executives and employees of the Sojitz Group can use including a whistleblowing system (hotline), a Chief Compliance Officer hotline, an attorney hotline with an external law firm as a consultation portal, and a multilingual "Sojitz Ethics" hotline that can be used 24 hours a day and 365 days a year.

(2) The Board of Directors regularly receives reports on the number and content of calls to these hotlines and oversees the operational status.

【Supplementary Principle 2-5①】
As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside *kansayaku*). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

(1) As part of establishing a framework for whistleblowing, the Company has established an attorney hotline with an external law firm as a consultation portal in addition to the internal reporting resources.

(2) In addition, the “Sojitz Group Code of Conduct and Ethics” stipulates how the system is to be operated and stipulates that informants and those cooperating with investigations be kept confidential and that disadvantageous treatment is prohibited.

【Principle 2-6.】
Because the management of corporate pension funds impacts stable asset formation for employees and companies’ own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

(1) The Company’s retirement benefit plan is a defined contribution pension plan, and there is no management of corporate pension reserves that can be impacted by the Company’s financial situation. Moreover, the monthly operation record of each fund and an in-house newsletter are distributed as part of the continuing education related to the defined contribution pension plan, and an education program is prepared on the defined contribution pension support site and the Company holds in-house seminars regarding the defined contribution pension plan.

【General Principle 3】
Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.
The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

(1) The Company's core policy is to engage in constructive dialogue with shareholders in order to achieve sustainable growth and increase corporate value over the medium to long term

while providing appropriate information in a timely manner. We strive to provide easy-to-understand explanations continuously.

(2) In addition to the information required to be disclosed by various laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, we also proactively disclose information that is considered important to stakeholders (including non-financial information) through our website, integrated reports, and others.

(3) Regarding information disclosure, we are working to improve the content and communication methods so that it is accurate, easy to understand, and highly useful for users.

【Principle 3-1.】
In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

（ⅰ）Company objectives (e.g., business principles), business strategies and business plans;
（ⅱ）Basic views and guidelines on corporate governance based on each of the principles of the Code;
（ⅲ）Board policies and procedures in determining the remuneration of the senior management and directors;
（ⅳ）Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and
（ⅴ）Explanations with respect to the individual appointments /dismissals and nominations based on (iv).

(i)（Business principles, business strategies and business plans)

＜Corporate statement＞

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

＜Management strategy and management plan＞

Medium-term Management Plan 2020 –Commitment to Growth– is the three-year plan that the Sojitz Group established beginning in April 2018. Under the plan, we are continuing initiatives on the growth track put forth by the 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 into 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 a 7%-8% shareholder equity cost. In order to meet this ROE target, we have not only set a company-wide ROA target but have also 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 to 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 regarding the Medium-term Management Plan 2020. (https://www.sojitz.com/en/corporate/strategy/plan/)

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

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 bring this about, 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 an 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 the 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 Sojitz 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 Sojitz Group's important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance and 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 and CEO.

The term of Directors and Executive Officers is set at 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 the management of the Sojitz Group from an outside and 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, which are both advisory bodies to the Board of Directors.

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

(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 the remuneration of Directors and Executive Officers. The Remuneration Committee, which is chaired by an outside director, discusses the remuneration level for Directors and Executive Officers and the various systems related to evaluation and remuneration and makes proposals to the Board of Directors. The remuneration of Directors and Executive Officers is set within the limits determined by the resolutions of the ordinary general shareholders meeting of the Company. The remuneration of Directors

is decided by the Board of Directors based on the opinions of the Remuneration Committee, which is chaired by an outside director. Each Director's remuneration is comprised of "basic remuneration" (monetary remuneration and shares-based remuneration), which is paid at a fixed rate according to the individual's rank, "performance-linked monetary remuneration," and "performance-linked shares-based 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.

(iv) (Board policies and procedures in the appointment and dismissal of the senior management and the nomination of directors and corporate auditor 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 the selection of senior management (Executive Officers) and Director candidates. The Nomination Committee, which is chaired by an outside director, discusses and proposes criteria and methods for selecting the candidates, in addition to candidate proposals, and reports the results to the Board of Directors. This discussion by the Nomination Committee serves to further raise objectivity and strengthen the 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 of each Executive Officer candidate as an officer based on the results of discussion in 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 Rules.

<Appointing Directors>

In appointing candidates for Directors, we take diversity of gender, international experience, and other characteristics into consideration, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside of Sojitz to ensure decision-making and management oversight appropriate to a general trading company involved in a wide range of businesses. The Board of Directors deliberates on the experience and quality of each Director candidate as an officer based on the results of the discussion in the Nomination Committee and submits the candidate proposal to the general shareholders meeting for approval.

<Appointing Corporate Auditors>

With the consent of the Audit and Supervisory Board, the Board of Directors deliberates on the experience and quality of each candidate as a corporate auditor 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.

(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 corporate auditor candidates)
When the appointment or dismissal of an Executive Officer is resolved by the Board of Directors, we immediately disclose the decision in a press release. Furthermore, we disclose the reasons for the appointment of each of the candidates for the Board of Directors and corporate auditors in the reference documents of the "Notice of the General Shareholders Meeting." For further details, please refer to page 9 through page 19 of the Reference Documents of the Notice of the 17th Ordinary General Shareholders' Meeting published on our website.
(https://www.sojitz.com/jp/ir/stkholder/general/upload/2019_01e.pdf)

【Supplementary Principles 3-1①】
These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

(1) When disclosing information, the Company makes every effort to improve the understanding of the Company by providing accurate and prompt information as well as the specific descriptions to add high value to users.

【Supplementary Principles 3-1②】
Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

(1) Based on the number of foreign investors, we disclose information such as financial statements, integrated reports, convening notices for general shareholders meetings, and other IR-related materials in English on our website

【Principle 3-2.】
External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

(1) Third-party accounting auditors and the Company endeavor to ensure an effective auditing system by setting audit schedules and conducting hearings with management so that the third-party accounting auditors can carry out sufficient audits and ensure proper auditing.

(2) The corporate auditors, the Accounting Auditor, and the Audit Department interact with each other to conduct auditing from their respective perspectives while mutually exchanging information to complement each other and conduct efficient and effective auditing.

【Supplementary Principles 3-2①】
The *kansayaku* board should, at minimum, ensure the following:
（ i ） Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors ;
（ ii ） Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

(i) We have established accounting auditor evaluation criteria whereby items including quality control, independence, the auditing system, and estimated remuneration are periodically evaluated. The Audit and Supervisory Board is made aware of the content of audits conducted by third-party accounting auditors through the audit report in addition to hearings with relevant internal departments.

(ii) The Audit and Supervisory Board evaluates and confirms the independence of the third-party accounting auditors, including their interests in accordance with the Certified Public Accountant Law, and their expertise through appropriate interviews.

【Supplementary Principles 3-2②】

The board and the *kansayaku* board should, at minimum, ensure the following:

（ｉ）Give adequate time to ensure high quality audits;

（ii）Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;

（iii）Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and

（iv）Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

The Board of Directors and the Audit and Supervisory Board handle each of these items for the Company as follows:

(i) An third-party accounting auditor explains the audit plan at the beginning of the term and confirms that sufficient time for the audit has been secured.

(ii) Interviews are held with the third-party accounting auditors and executives such as the President and CFO.

(iii) The third-party accounting auditor reports the results of each quarterly review, the audit required by the Companies Act, and the audit required by the Financial Instruments and Exchange Act to the Audit and Supervisory Board, and cooperates with the Audit Department as necessary. Accounting audit reports are also shared with outside directors.

(iv) If the third-party accounting auditor finds any irregularities or deficiencies in the internal controls, he or she reports them to the Board of Directors and the Audit and Supervisory Board. Based on the content of the report, the Board of Directors and related departments share information and cooperate with each other to implement appropriate measures.

【General Principle 4】
Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

(1) Setting the broad direction of corporate strategy
(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
(3) Carrying out effective oversight of directors and the management (including *shikkoyaku* and so-called *shikkoyakuin*) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization — i.e., Company with *Kansayaku* Board (where a part of these roles and responsibilities are performed by *kansayaku* and the *kansayaku* board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

(1) The Company's Board of Directors decides on the broad direction of corporate strategy, including the formulation of its corporate philosophy and the medium-term management plan.

(2) The Company has introduced an executive officer system in order to clarify authority and responsibility and speed up business execution by separating management decision-making and business execution.

(3) The Board of Directors is the highest decision-making body that deliberates and makes decisions on core policies and the most important issues related to the management of the Sojitz Group. It also ensures the transparency of management by overseeing the status of business execution through the submission of important matters and regular reports from the executing body.

【Principle 4-1.】
The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

(1) The Company aims to continuously improve its corporate value over the medium to long term based on the Sojitz Group Statement.

(2) To achieve this, the Board of Directors actively and constructively discusses the formulation and management of the progress of the medium-term management plan. The Board of Directors also makes important business decisions based on the Sojitz Group Statement and medium-term management plan.

【Supplementary Principles 4-1①】
The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

(1) The Board of Directors reviews and approves core policies and critical issues concerning the management of the Sojitz Group.
The Board of Directors Rules, which the Company has formulated pursuant to the Articles of Incorporation and the relevant laws and regulations, stipulate that the Board of Directors shall determine matters such as the management policy and plan, the selection, dismissal, and duties of Directors and Executive Officers, the establishment, revision, and abolition of significant organizations and systems, financial statements, and significant business transactions. 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 oversight functions for business execution. With respect to decisions on matters for which authority has been delegated by the Board of Directors, the scope of delegation to other executing bodies, including the President, who is also the Chief Executive Officer, the Management Committee, the Finance and Investment Deliberation Council, the Human Resource Deliberation Council, and responsible officers, is defined according to the scale, significance, and risk of each matter in the approval rules and individual approval criteria tables.

【Supplementary Principles 4-1②】
Recognizing that a mid-term business plan (*chuu ki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

(1) The Company recognizes that the realization of the medium-term management plan is one of the important commitments to shareholders.

(2) The progress of this plan is disclosed in financial results briefing materials after verification and confirmation.

(3) At the end of the relevant period, we analyze the difference between the plan and the actual results, explain these differences in financial results briefings, and post them on our website and in the integrated report. The ensuing plan is then based on the above analysis.

【Supplementary Principles 4-1③】
Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

(1) Through the Nomination Committee, which is an advisory body to the Board of Directors, the Company supervises the succession development plan for CEOs and the status of its implementation while promoting discussion based on the Company's management philosophy and specific management strategies. Regarding the successor development plan, we continue to address the following items as important matters:

・Review the requirements and qualities required of the CEO as appropriate;
・Develop successors to management, including the CEO; and
・Diversify opportunities to confirm the development of successors within a fixed time frame.

【Principles 4-2.】
The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.
Also, the remuneration of the management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

(1) The Board of Directors Rules require that the Board of Directors deliberate on significant business transactions after they are deliberated on by executive bodies such as the Management Committee and the Finance and Investment Deliberation Council. The Board of Directors collects and analyzes information and makes rational decisions referring to the opinions of outside directors from an independent and objective standpoint. After the policy is decided by the Board of Directors, information is shared by the Executive Officers to support prompt and decisive decision-making.

(2) We have introduced a long-term incentive shares-based compensation plan for Directors (excluding outside directors) and Executive Officers in order to improve medium- to long-term performance, increase corporate value, and raise management awareness with an emphasis on shareholders.

【Supplementary Principle 4-2①】
The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

(1) The maximum amount of remuneration for all Directors is determined by a resolution at the general shareholders meeting.

(2) The composition of remuneration for Directors of the Company (excluding outside directors) is comprised of a fixed portion that is not linked to business performance (monetary remuneration and shares-based compensation) and a performance-based portion

(monetary remuneration and shares-based compensation) that is linked to business performance. Regarding shares-based compensation, since the total number of shares to be delivered will be fixed after the retirement of the director, it is expected that there will be an incentive to improve shareholder value in the medium to long term.

(3) The remuneration system, the ratio and level of each remuneration component, and the specific remuneration amounts are determined by a resolution of the Board of Directors after deliberation by the Remuneration Committee, which is chaired by an outside director.

(4) In addition, internal rules stipulate that, compensation may not be paid for certain reasons, and the Company may seek compensation where such compensation has been paid.

【Principle 4-3.】
The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.
In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.
Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

(1) The Board of Directors has established an appropriate system as below for the highly effective oversight of the management.

(2) The appointment and dismissal of Executive Officers is resolved by the Board of Directors after deliberation by the Nomination Committee.
(For details, refer to Supplementary Principle 4-3 ①.)

(3) Information disclosure procedures, including timely disclosure, are stipulated in the "Information Disclosure Guidelines" and are disclosed to stakeholders. In addition, the Disclosure Subcommittee has been established under the Internal Control Committee to monitor the appropriateness of the content and procedures of disclosure.

(4) We have internal controls and risk management systems in place.
(For details, refer to Supplementary Principle 4-3 ④.)

(5) The Company has stipulated in the Board of Directors Rules that the Board of Directors must make resolutions for important transactions between the Company and its major shareholders (shareholders owning at least 10% of the Company's outstanding shares), competitive transactions with Directors and Executive Officers, and transactions involving the Company itself and transactions involving conflicts of interest with the Company.

【Supplementary Principles 4-3①】
The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company’s business results

(1) The Board of Directors makes decisions regarding appointments after deliberation on the performance of each candidate and his or her qualifications as an executive based on the results of the deliberation by the Nomination Committee. The term of Executive Officers is one year, and, if the Board of Directors determines that an Executive Officer has met a criteria for dismissal as specified in the Executive Officer Rules during his or her term, a resolution may be made to dismiss the Executive Officer.

【Supplementary Principles 4-3②】
Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources

(1) Through the Nomination Committee, which is an advisory body to the Board of Directors, the Company supervises the succession development plan for CEOs and the status of its implementation while promoting discussion based on the Company's management philosophy and specific management strategies. Regarding the successor development plan, we continue to address the following items as important matters:

・Review the requirements and qualities required of the CEO as appropriate;
・Develop successors to management, including the CEO; and
・Diversify opportunities to confirm the development of successors within a fixed time frame.

【Supplementary Principles 4-3③】
The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

(1) The term of Executive Officers is one year, and, if the Board of Directors determines that an Executive Officer has met a criteria for dismissal as specified in the Executive Officer Rules during his or her term, a resolution may be made to dismiss the Executive Officer.

【Supplementary Principles 4-3④】
The establishment of effective internal control and proactive risk management systems for compliance and financial reporting has the potential of supporting sound risk-taking. The board should place priority on the appropriate establishment of such systems and the oversight of whether they effectively operate, and should not limit itself to the examination of compliance with respect to specific business operations.

(1) At the Company, the Compliance Committee is chaired by the Chief Compliance Officer (CCO), and the entire Sojitz Group works together to establish and monitor a system to promote compliance with laws, regulations, and corporate ethics. The Board of Directors oversees the results.

(2) With respect to internal control, the Internal Control Committee oversees the overall development and operation of the internal control system and regularly monitors its operation, and the Board of Directors supervises the results.

(3) Risk management is conducted pursuant to the nature of the risk in accordance with the "Basic Code of Corporate Risk Management." The Board of Directors receives reports on the status of risk management based on the "Risk Management Operating Policy/Operation Plan."

【Principle 4-4.】
Kansayaku and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of external auditors and the determination of auditor remuneration.
Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

(1) The Audit and Supervisory Board consists of five corporate auditors (including three outside auditors). Each corporate auditor fulfills the role and responsibility of auditing the performance of duties by Directors from an independent and objective standpoint based on the fiduciary responsibility to shareholders.

(2) Each corporate auditor positively and proactively exercises his or her rights and expresses appropriate opinions to the Board of Directors and the management.

【Supplementary Principle 4-4①】
Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter.
In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

(1) The Audit and Supervisory Board of the Company consists of three outside corporate auditors and two full-time corporate auditors from within the Company. (There are four men and one woman.)

(2) The outside corporate auditors are persons with business experience, attorneys, and/or certified public accountants, and they actively express their opinions to the Board of Directors, focusing on their specialized fields. The full-time corporate auditors also attend important meetings related to business execution, such as those of the Board of Directors and the Management Committee, and collect information from the management. This combination increases the effectiveness of the audit.

(3) In order to make the discussions with the Board of Directors active, the Company provides the outside directors and the outside corporate auditors with prior explanations on the draft agenda of the Board of Directors meeting every time, and they exchange information, share awareness, and collaborate with each other through the exchange of opinions on the proposed agenda.

【Principle 4-5.】
With due attention to their fiduciary responsibilities to shareholders, the directors, kansayaku and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

(1) The Company is working to realize and maximize its two values: the “value that Sojitz gains,” such as expansion of the business base and sustainable growth of the Sojitz Group, and the “value that society gains,” such as national and regional economic development and human rights and environmental considerations.

(2) The directors, corporate auditors, and management of the Company act from their respective positions to contribute to the realization and maximization of the “two values.”

【Principle 4-6.】
In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

(1) The Company appoints three independent outside directors and they express their opinions from an independent and objective standpoint to the Board of Directors to ensure a highly effective management oversight system.

【Principle 4-7.】
Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:

（ｉ）Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
（ii）Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
（iii）Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
（iv）Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

(1) The independent outside directors of the Company provide useful advice to enhance corporate value over the medium to long term based on their expert knowledge and abundant experience. They also appropriately carry out deliberations and oversight from an independent and objective standpoint, such as serving as members of the Nomination Committee and the Remuneration Committee, which are advisory bodies to the Board of Directors.

【Principle 4-8.】
Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies should therefore appoint at least two independent directors that sufficiently have such qualities.
Irrespective of the above, if a company believes it needs to appoint at least one-third of directors as independent directors base d on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

(1) The Company has three independent outside directors. The Articles of Incorporation of the Company stipulate that the number of directors shall be ten or less. However, the current number of directors is four executive directors and three outside directors (ratio of outside directors is one-third or more), and a system is in place so that the management of the Company can adopt the opinions of independent outside directors from an objective and

independent standpoint. In addition to the above, the Audit and Supervisory Board consists of two internal corporate auditors and three external corporate auditors. Therefore, the total number of external officers is six, and the Board of Directors is structured to further enhance its independence.

【Supplementary Principle 4-8①】
In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

(1) In order to make the discussions at the Board of Directors active, the Company provides prior explanations regarding the proposed agenda of the Board of Directors meeting to outside directors and outside corporate auditors for every meeting. In addition, the Board of Directors exchanges opinions on the proposed agenda for the Board of Directors meeting through the meetings of the Nomination Committee and the Remuneration Committee, which are advisory bodies to the Board of Directors, in order to exchange information, share awareness, and collaborate with each other.

(2) We provide opportunities for free discussion to outside directors and corporate auditors, including outside corporate auditors. This not only serves as a place for information exchange and awareness sharing from an independent and objective standpoint, such as oversight of the business, committee management, internal control, and discussions on medium- to long-term growth, but also as a place for obtaining internal information.

【Supplementary Principle 4-8②】
Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

(1) In order for independent outside directors to fully fulfill their expected roles, it is necessary to substantially enhance cooperation between independent outside directors, the management team, and the Audit and Supervisory Board. In this way, we have established a system to facilitate communication and coordination through the Secretariat of the Board of Directors (Board Meeting Operation Office), the Auditors Supervisory Board Member's

Office, and the Secretariat.

【Principle 4-9.】
Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings

(1) 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 Corporate Auditors＞
The Company appoints 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 corporate auditors, 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 Corporate Auditors＞
The Company judges outside directors and outside corporate auditors to be independent by confirming that they do not fall under any of the following categories, 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 and 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 is 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 a corporate auditor of the Company or a person who is engaged in audit activities of the Company as an employee of the corporate 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 corporate auditor of the Company exceeds eight years; or
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 corporate auditor or for other reasons.

【Principle 4-10.】
In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

(1) The Company has selected a company with a board of corporate auditors as its institutional design under the Companies Act. In addition, we have established a nomination committee and a remuneration committee as voluntary mechanisms to further enhance our

governance functions.
(For details, refer to Supplementary Principle 4-10 ①.)

【Supplementary Principle 4-10①】
If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination and remuneration of the senior management and directors, the company should seek appropriate involvement and ad vice from independent directors in the examination of such important matters as nominations and remuneration by establishing independent advisory committees under the board, such as an optional nomination committee and an optional remuneration committee, to which independent directors make significant contributions.

(1) The current composition of the Board of Directors at the Company is three independent directors out of a total of seven directors.

(2) On the other hand, with regard to the appointment and remuneration of senior management and Directors, since it is particularly necessary to strengthen independence, objectivity, and accountability, the Company has established a Nomination Committee and a Remuneration Committee chaired by an outside director and has received appropriate involvement and advice. Both the Nomination Committee and the Remuneration Committee are composed of three outside directors and one executive director, and the majority of outside directors increase the independence and objectivity.

【Principle 4.11】
The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender and international experience, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as kansayaku. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as kansayaku.
The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

(1) The Company's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be ten or less. As of June 18, 2020, the Board of Directors consists of seven people (five men and two women), including three outside directors.
(Refer to Supplementary Principle 4-11 (1) for the structure of the Board of Directors.)

(2) The Company has appointed corporate auditors with appropriate experience and capabilities and necessary knowledge of finance, accounting, and legal affairs, and particularly four of those who have sufficient knowledge of finance and accounting.

(3) The effectiveness of the Board of Directors is evaluated every year to confirm that the effectiveness of the Board of Directors of the Company is ensured and to continuously improve its functions.
(For details, refer to Supplementary Principle 4-11 ③.)

【Supplementary Principles 4-11①】
The board should have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with its view.

(1) The Articles of Incorporation of the Sojitz Corporation stipulates that the number of Directors shall be ten or less, and the Board of Directors makes a decision on candidates for Director while 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 appointing the President and CEO and other members of the Board of Directors, choosing candidates from Executive Officers who are well-versed in topics such as management, finance, accounting, and risk management and basing the decision on the result of deliberations by the Nomination Committee as an advisory body. For outside directors, we focus on selecting candidates with a diversity of experiences and backgrounds. The Board of Directors is currently comprised of seven people (five men and two women), including three outside directors.

【Supplementary Principles 4-11②】
Outside directors, outside kansayaku, and other directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

(1) We limit the number of Directors and corporate auditors with concurrent positions as directors, corporate auditors, or members of the management, for example, at other listed companies, to a reasonable extent. The status of important concurrent positions at other listed corporations, etc. held by Directors and corporate auditors as of the 16th Ordinary General Shareholders' Meeting held June 20, 2019, is stated on pages 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 Principles 4-11③】
Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

(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, 2020, and the tasks ahead are as follows:

1. Analysis and Assessment Method
Written surveys and individual interviews were conducted for all Directors and corporate auditors. 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 was reported to the Board of Directors for a discussion on the tasks to be addressed.

2. 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.

3. Excerpts from Third-Party Assessment Observations

- From findings such as defined responsibility for each director, active discussions including Outside Officers, appropriate proceedings by the Chairman of the Board, information sharing far in advance, adequate support from Board Meeting Operation Office, which has recently been organized, it can be concluded that the effectiveness of Sojitz's Board of Directors is fairly high. The support system for the outside directors was reported to have improved through the prompt sharing of information and materials from executive meetings and outside directors' attendance as observers at the Finance and Investment Deliberation Council.
- On the other hand, there were some comments seeking an enhanced explanation of the business content and business strategy at the time of appointment, and strengthening the training system for new officers who will be appointed in the future was recognized as an issue. We also confirmed the importance of discussing medium- to long-term corporate value improvement, management strategies, and management plans from a broader range of perspectives.

4. Tasks ahead to further increase the effectiveness of the Board of Directors>

Based on the results of the analysis and assessment of the effectiveness of the Board of Directors in the fiscal year ended March 2020, 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 consecutively developing the next Medium-term Management Plan, proactively collecting information on the Company's business, and exchanging and sharing the opinions of the independent officers from an objective standpoint with the management.

【Principle 4-12.】
The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

(1) The Board of Directors holds open and constructive discussions regardless of whether directors are inside or outside the company, and actively exchanges opinions.

【Supplementary Principle 4-12①】
The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

（ｉ） Materials for board meetings are distributed sufficiently in advance of the meeting date;

（ii） In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);

（iii） The schedule of board meetings for the current year and anticipated agenda items are determined in advance;

（iv） The number of agenda items and the frequency of board meetings are set appropriately; and

（v） Sufficient time for deliberations.

The Company is making the following efforts to make the deliberations of the Board of Directors active.

(i) Materials for board meetings are distributed sufficiently in advance of the meeting date;

(ii) Opportunities are provided for prior explanation of agenda items, materials other than those for the Board of Directors are provided, and sufficient information is provided on agenda items;

(iii) The Board of Directors' schedule for the next fiscal year (April to March) is decided every January and regular deliberation items are decided in advance;

(iv) The number of agenda items and the frequency of meetings are set appropriately; depending on the nature of the case, the Company makes written resolutions and reports flexibly; and

(v) Materials that briefly summarize the main points are distributed in advance and sufficient deliberation time, including explanations in advance, is ensured.

【Principle 4-13.】
In order to fulfill their roles and responsibilities, directors and kansayaku should proactively collect information, and as necessary, request the company to provide them with additional information.
Also, companies should establish a support structure for directors and kansayaku, including providing sufficient staff.
The board and the kansayaku board should verify whether information requested by directors and kansayaku is provided smoothly.

(1) We believe that it is necessary for each Director/corporate auditor to obtain sufficient information in order for them to effectively perform the management oversight and audit function. Directors/corporate auditors proactively obtain information as needed.
(For details, refer to Supplementary Principles 4-13 ① and ②.)

(2) In addition, in order to support the acquisition of sufficient information, the Board Meeting Operation Office, which serves as the secretariat of the Board of Directors, and the Secretariat will play central roles for the Directors. Moreover, the Audit Supervisory Board Members' Office, which assists corporate auditors, will play a central role for the acquisition of sufficient information for the corporate auditors.

(3) Each year, the Board of Directors evaluates the effectiveness of the Board of Directors as a whole to ensure that the information and materials required by each director and corporate auditor are provided smoothly.

【Supplementary Principles 4-13①】
Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, kansayaku, including outside kansayaku, should collect information appropriately, including the use of their statutory investigation power.

(1) Directors receive additional information as necessary in order to deepen discussions by the Board of Directors and lead to the transparent, fair, prompt, and decisive decision-making of the Company.

(2) Corporate auditors may exercise their investigative authority in accordance with laws and

regulations with the advice of an attorney appointed by the Audit and Supervisory Board if they deem it necessary to more effectively perform their auditing functions.

【Supplementary Principles 4-13②】
Directors and kansayaku should consider consulting with external specialists at company expense, where they deem it necessary.

(1) The Company's Directors and corporate auditors have a system where they can obtain advice from outside experts such as attorneys at the expense of the Company if necessary.

【Supplementary Principles 4-13③】
Companies should ensure coordination between the internal audit department, directors and kansayaku. In addition, companies should take measures to adequately provide necessary information to outside directors and outside kansayaku. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside kansayaku are appropriately processed

(1) The Board of Directors of the Company cooperates by having the Internal Audit Subcommittee, which was established as a subordinate organization, control the Internal Audit Department.

(2) The Audit and Supervisory Board receives reports from the Internal Audit Department regarding audit plans and audit results. The two bodies also hold regular interviews to share information and exchange opinions.

(3) In order to properly provide the necessary information to outside directors and outside corporate auditors, the Board Meeting Operation Office, which is the secretariat of the Board of Directors, the Audit and Supervisory Board Member’s Office, which assists corporate auditors, and the Secretariat play central roles.

【Principle 4-14.】
New and incumbent directors and kansayaku should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and kansayaku along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

(1) Directors and corporate auditors of the Company work to deepen their understanding of the roles and responsibilities expected of them as well as to study the necessary knowledge and update them appropriately.

(2) The Company provides opportunities to acquire and improve the knowledge necessary for that purpose at any time, and also supports necessary expenses as needed.
(For details on training, refer to Supplementary Principles 4-14 ① and ②.)

(3) The Board of Directors confirms whether such measures are taken appropriately in the annual effectiveness evaluation of the Board of Directors.

【Supplementary Principles 4-14①】
Directors and kansayaku, including outside directors and outside kansayaku, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

(1) In order to fulfill the roles and responsibilities to the Company as Directors and corporate auditors, we provide an opportunity at the time of assuming office to acquire knowledge about management methods and systems regarding various important risks that the Company is exposed to in business activities and to fully understand the legal obligations and responsibilities required of directors and corporate auditors.

(2) After taking office, the Company regularly conducts business briefings by senior management to deepen their understanding of the business. In addition, the Company continue to provide other necessary information. Full-time corporate auditors attend the

Management Committee to obtain information in a timely manner.

【Supplementary Principles 4-14②】
Companies should disclose their training policy for directors and kansayaku.

(1) We take the following initiatives to enable Directors and corporate auditors to appropriately fulfill their roles and responsibilities.

- We provide newly appointed Directors and corporate auditors with opportunities for lectures by attorneys on the legal obligations and responsibilities of Directors and corporate auditors, 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 that impact the Company's activities, which are held by the departments in charge of internal controls and risk management.
- In order for executive and outside directors and corporate auditors to deepen their understanding of our extensive business activities, each of the executive officers (EOs) 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 corporate auditors 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.

【General Principle 5】
In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.
During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

(1) The Company's core policy is to engage in constructive dialogue with shareholders, including general shareholders meetings, financial results briefings, business briefings, briefings for individual investors, and meetings with institutional investors.

(Please refer to Principle 5-1 for policy details.)

(2) Executives, including the President and CFO, attend explanatory meetings to the extent deemed reasonable, and listen directly to the opinions of shareholders and explain the management policy of the Company on their own. The questions and opinions of shareholders are shared among management executives and considered for appropriate responses.

【Principle 5-1.】
Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

(1) Sojitz maintains a core 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. Shareholder 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.

2) The Company has always emphasized dialogue in order to build a relationship of trust with shareholders, and personnel such as the President, CFO, and the IR Department actively engage in dialogues (meetings). The Company provides opportunities for dialogue with a wide range of shareholders, including financial results briefings and individual meetings with institutional investors, shareholder briefings/roundtables for individual shareholders (Osaka/Nagoya/Fukuoka), and individual investor briefings.

【Supplementary Principles 5-1①】
Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management and directors, including outside directors, should have a basic position to engage in dialogue (management meetings) with shareholders.

(1) From the perspective of emphasizing dialogue with shareholders, management executives, including the President and CFO, reasonably attend financial results briefings, business briefings, and interviews with domestic and foreign investors.

【Supplementary Principles 5-1②】
At minimum, policies for promoting constructive dialogue with shareholders should include the following:

（ｉ） Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
（ii） Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
（iii） Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
（iv） Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and
（v） Measures to control insider information when engaging in dialogue.

(1) The Company operates as follows in order to promote constructive dialogue with shareholders:
(i) We have appointed an executive officer to be in charge of investor relations (IR).
(ii) In addition to the role of the IR Department, which is an internal organization that assists in dialogues to control information from related departments, the Company has established a system for coordination among departments, including the Disclosure Subcommittee, which is made up of representatives from each department, including the Corporate Planning Department and the Finance Department, to promote stakeholder understanding and increase corporate value.
(Iii) The IR Department regularly holds financial results briefings, business briefings, briefings

for individual investors, and meetings with institutional investors.

(iv) The IR Department collects questions and opinions from shareholders obtained through briefings and interviews and reports them to senior management.

(V) An appropriate information management system has been established in accordance with the “Insider Trading Prevention Regulations.”

【Supplementary Principles 5-1③】

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

(1) In order to enhance IR activities and constructive dialogue with shareholders, the Company gleans the distribution of shareholders from the shareholder register at the end of March and at the end of September each year and conducts a survey to identify actual shareholders.

【Principle 5-2.】

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company’s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human resources, and specific measures that will be taken in order to achieve their plans and targets.

Please refer to Principle 3 -1 - (i).