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Sojitz Corporation

Yoji Sato

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 (the “Company”) 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 continuously improve our corporate value over the medium-to-long term and contribute to the realization of a prosperous society, 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 realize the above, based on our belief that strengthening our corporate governance is an important issue of the management, we have built the following corporate governance structure to strive to establish a sound, transparent and highly effective management structure, including fulfillment of our management responsibility and accountability to our shareholders and other stakeholders.

(1) Separation of management supervision and business execution

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

The Board of Directors is chaired by the Representative Director and Chairman and is the highest decision-making body, which reviews and approves fundamental policies and critical issues concerning the management of the Group. The Board of Directors also supervises business executions through proposals of important matters and regular reports from the executing body. As for the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. This committee is responsible for the review and approval of the Group’s important managerial and executive agendas, from the group-wide and medium-to-long term viewpoints. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of major investments, 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 an executing body all directly reporting to the President.

(2) Monitoring and supervisory functions for management

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

The Company is a company with Audit & Supervisory Board, and the Audit & Supervisory Board independently audits the operational execution of Directors, and oversees and audits the operations of the Group. The Audit & Supervisory Board Members attend the meetings of the Board of Directors and other major meetings including the Management Committee and the Finance & Investment Deliberation Council. Audit & Supervisory Board Members oversee and audit the operations of the Group companies by performing audits through interviews with Directors and by reviewing important board resolution documents and others.

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

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

[Supplementary Principle 4.2.1]

(Remuneration system for the management that is linked to medium-to-long term results)

At present, the Company has not adopted compensation in the form of shares of the Company and a remuneration system for Directors and Audit & Supervisory Board Members that is linked to medium-to-long term business performance. However, we are studying a remuneration system as incentives intended for sustainable growth at the Remuneration Committee with an eye to introducing such system during the period of the next Medium-term Management plan.

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

[Principle 1.4]

(Shareholdings)

<Policy for shareholdings>

The Company holds shares of other listed companies for reasons other than portfolio investment based on comprehensive consideration of whether earnings can be expected through enhanced business strategic relationship and whether a medium-to-long term earning opportunity becomes available through such shareholding.

We review significance of shareholdings by quantitatively examining returns such as earnings and dividends received for each investment on an annual basis, in addition to the above qualitative perspectives.

<Exercising of voting rights>

Based on the significance of holding shares of listed companies, the Company exercises its voting rights based on whether or not they contribute to sustainable growth and improved corporate value over the medium-to-long term for both the Company and the investment target and has a system of monitoring the status of exercise of voting rights.

[Principle 1.7]

(Related party transactions)

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

[Principle 3.1 (i)]

(Business principles, business strategies and business plans)

<Corporate statement>

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

<Management strategy and management plan>

The Group have launched a three-year plan from April 2015: Medium-term Management Plan 2017 – Challenge for Growth. This plan is designed to guide the Group in posing itself to implement growth initiatives targeting further development. Under this plan, we will pursue improved corporate value by exercising trust and speed in tackling new challenges on the path toward future growth and creating a set of benefits unique to Sojitz. In such efforts, we set forth the following targeted performance indicators.

◆ Targets

ROA:	2% or above
ROE:	8% or above
Net DER:	1.5 times or lower
Consolidated payout ratio:	Approximately 25%

Please refer to our website for details of the Medium-term Management Plan 2017.

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

[Principle 3.1 (ii)]

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

Please refer to the business report and I 1. “Basic concept” in this report.

[Principle 3.1 (iii)]

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

The Company has set up the Remuneration Committee as an advisory body to the Board of Directors in order to ensure the transparency and fairness of decision-making by the Company regarding remuneration of Directors and Executive Officers. The Remuneration Committee, chaired by an Outside Director, discusses the remuneration level for Directors and Executive Officers and various systems related to evaluation and

remuneration and makes proposal to the Board of Directors.

Remuneration of Directors and Executive Officers is decided by the Board of Directors based on the deliberations at the Remuneration Committee by comprehensively taking into account the performance of the Company and other factors. Remuneration of Directors is determined within the maximum remuneration amount resolved at the General Shareholders' Meeting.

[Principle 3.1 (iv)]

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

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

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.

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

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

[Principle 3.1 (v)]

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

The Company discloses reasons for the election of each of the candidates for Directors and Audit & Supervisory Board Members in the Reference Documents of the "Notice of the General Shareholders' Meeting".

For further details, please refer to page 7 through page 21 of the Reference Documents of the "Notice of the 13th Ordinary General Shareholders' Meeting" published on our website and II 1. [Audit & Supervisory Board Members] on page 14 of this report.

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2016_02e.pdf)

[Supplementary Principle 4.1.1]

(Roles and responsibilities of the Board)

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

The Company defines that the management policy and plan, selection of Directors and Executive Officers and their duties, significant organization and system, financial statements, and significant business executions as matters shall be resolved by the Board of Directors in the Board of Directors rules formulated by the Company

and pursuant to laws and regulations and the Articles of Incorporation. In addition, the Board of Directors regularly receives reports on business execution by each Executive Director and reports from internal committees such as the Internal Control Committee, and carries out supervisory functions for business execution.

As to decision-making (approving authority) of matters not to be resolved by the Board of Directors, the scope of delegation to other executing bodies including the President, who is also the Chief Executive Officer, as well as the Management Committee, Finance & Investment Deliberation Council, Human Resource Deliberation Council, and responsible officers, are defined according to the scale, significance, and risk of each matter in approval rules and an individual approval criteria table.

[Principle 4.8]

(Effective use of independent directors)

The Company appoints two independent Outside Directors. While the Company prescribes the number of Directors to be not more than ten in its Articles of Incorporation, the Board of Directors is currently comprised of five inside Directors and two Outside Directors. Accordingly, we maintain the structure to make it possible to reflect opinions of independent Outside Directors from an objective and independent perspective in corporate management.

In addition to the above, the Audit & Supervisory Board is comprised of one inside Audit & Supervisory Board Member and four Outside Audit & Supervisory Board Members, resulting in six outside officers, whereby independence of the Board of Directors is further enhanced.

[Principle 4.9]

(Independence standards and qualification for independent directors)

The Company defines the “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members.”

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

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

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

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

1. A major shareholder of the Company (a shareholder holding 10% or more of the total voting rights of the Company) or a member of business personnel (*1) thereof
2. A major creditor to the Company (a creditor from whom the Company 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 (*1) 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 (*1) 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 (*1) 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 yen annually on average over the past three fiscal years, other than remuneration of Directors or Audit & Supervisory Board Members (if such money or property was received by an organization, such as a corporation or partnership, this item refers to a person who belongs to the organization that received money or other property from the Company in an amount exceeding 10 million yen annually on average over the past three fiscal years or in an amount of 2% of the annual total revenue or consolidated net sales of the organization, whichever the greater.)
6. A person who receives donations or grants from the Company in an amount exceeding 10 million yen 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 (*1) of the organization.)
7. A person who is the Accounting Auditor of the Company or a person who is engaged in audit activities of the Company as an employee of the Accounting Auditor
8. A person who has fallen under any of the above items 1. to 7. in the past three years
9. A spouse or relative within the second degree of kinship of a person falling under any of the above items 1. to 8. (limited to the person holding the position of officer or other important positions)
10. A spouse or relative within the second degree of kinship of a member of business personnel (*1) (limited to the person holding the position of officer or other important positions) of the Company or any of its consolidated subsidiaries
11. A person whose term of office as Outside Director or Outside Audit & Supervisory Board Member of the Company exceeds eight years
12. A person with concerns on his/her independence such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Outside Director or Outside Audit & Supervisory Board Member or for other reasons

*1 A member of business personnel refers to a managing director, corporate officer, or other employee of a company or an organization.

[Supplementary Principle 4.11.1]

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

The Company's Articles of Incorporation defines that the number of Directors shall be ten or less, and the Board of Directors makes decision on Director candidates, taking into account the proportion of the number of Directors and the area of expertise according to the Company's organization. In appointing inside Directors, we select Vice President from business divisions and Vice President from corporate departments as Executive Directors based on the result of deliberations at the Nomination Committee, and we select candidates for Outside Directors by ensuring the diversity of the candidates' experiences and background.

The Company's Board of Directors is currently comprised of seven Directors including two Outside Directors with one being a female.

[Supplementary Principle 4.11.2]

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

If the Company's Directors and Audit & Supervisory Board Members concurrently hold positions of directors, audit & supervisory board members or the management at other listed companies, such positions shall be limited to a reasonable number. Please refer to page 48 of the Reference Documents of the "Notice of the 13th Ordinary General Shareholders' Meeting" available on our website regarding important concurrent positions of the Company's Directors and Audit & Supervisory Board Members.

(https://www.sojitz.com/jp/ir/stkholder/general/upload/2016_02e.pdf)

[Supplementary Principle 4.11.3]

(Assessment of effectiveness of the Board of Directors)

<Response to the principle>

In order to improve the function of the Board of Directors, the Company analyzes and assesses the effectiveness of the Board of Directors as a whole, and discloses a summary of the results.

<Analysis and Assessment Method>

A written self-assessment survey is conducted for all Directors, and the Board of Directors discusses effectiveness based on the aggregate results of the survey.

<Overview of Self-Assessment Survey Items>

Roles and responsibilities of Board of Directors, Composition of Board of Directors, Management of Board of Directors, Decision-making process of Board of Directors, Supervision by the Board of Directors, Training of Directors, Nomination Committee and Remuneration Committee, which are advisory bodies to the Board of Directors, Items concerning Outside Directors, and Decision-making function and supervisory function of Board of Directors, and Effectiveness of Board of Directors

<Summary of assessment results>

The following have been reviewed by assessment.

- The scale and composition of the Board of Directors are appropriate; the allocation of authorities, roles and responsibilities of the Board of Directors and senior management is clarified; and the operation of the Board of Directors and the Nomination Committee and the Remuneration Committee are functioning appropriately.
- The decision-making functions and supervisory functions at the Board of Directors are balanced appropriately, sufficient discussions are held at the Board of Directors, and the effectiveness of managerial decision-making for important matters and supervision of business execution is ensured at the Board of Directors.

Meanwhile, the proposal was made that there was room for improvement with respect to providing more opportunities for training to Directors and providing opportunities for communication with Outside Directors and officers/employees responsible for the execution of company operations on occasions other than meetings of the Board of Directors, and confirmed that improvements are to be made going forward.

[Supplementary Principle 4.14.2]

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

The Company shall take the following initiatives in order for Directors and Audit & Supervisory Board Members to appropriately fulfill their roles and responsibilities.

- The Company provides newly appointed Directors and Executive Officers with opportunities for lectures by lawyers on legal obligations and responsibilities of Directors and Executive Officers.
- In order for inside and Outside Directors and Audit & Supervisory Board Members to deepen their understanding of the Company's extensive business activities, general managers of each business division holds business briefing sessions, and in order for them to deepen their understanding of the latest macroeconomic conditions, the Company's research institute holds monthly briefing sessions. In addition, the Company continues providing other necessary information.
- In order to ensure sufficient deliberations by the Board of Directors as well as enable the Board of Directors to appropriately demonstrate supervisory functions, the Board of Directors secretariat and Audit & Supervisory Board Members Office provide materials in advance and give prior explanation about proposals for resolutions to inside and Outside Directors and Audit & Supervisory Board Members prior to holding of each meeting of the Board of Directors.
- In addition, the Company offers Directors and Audit & Supervisory Board Members opportunities to attend seminars held by external organizations such as the Japan Association of Corporate Directors and Japan Audit & Supervisory Board Members Association with the Company bearing such costs.

[Principle 5.1]

(Policy for constructive dialogue with shareholders)

Our basic policy is to engage in constructive dialogue with shareholders. We do this by providing appropriate and timely information about our efforts aimed at sustainable growth and medium-to-long term enhancement of corporate value, about our corporate philosophy, vision and policies, in addition to consistently providing explanations that are easy to understand and ensuring that shareholder opinions are reported to and reflected in the management. Details about the system and status of measures are as follows.

■System

We have prepared a system whereby Directors promote dialogue with shareholders assisted by the IR Office.

■Providing Information to Shareholders

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 digitally on TDnet or the Company website immediately after a resolution is passed by the Board of Directors. The Medium-term Management Plan includes our medium-to-long term management vision, quantitative targets (net income, ROA, ROE, net DER, the three-year investment amount, consolidated payout ratio, etc.), as well as an outline of strategy including allocation of management resources for achievement of targets.

■Opportunities for Dialogue with Shareholders

•Institutional investors in Japan

We engage in dialogue with institutional investors in Japan through briefings on financial results and other matters, individual meetings, etc.

•Foreign institutional investors

We provide opportunities for direct conversations in individual meetings to foreign institutional investors.

•Individual shareholders, individual investors

We provide opportunities where Representative Directors, the CFO, and the officer responsible for IR explain management trends, including financial results and the Medium-term Management Plan, as well as management policies and visions to individual shareholders.

■Response to Shareholder Opinions and Concerns

Opinions received through dialogue with shareholders are reported to management executives by the officer responsible for IR, and important points and suggestions are reflected in management.

■Information Management for Dialogue with Shareholders

We abide by the Insider Trading Prevention Rules established by the Company when engaging in dialogue with shareholders.

2. Capital structure

Percentage of shares owned by foreign shareholders	30% or more
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[Major shareholders]

Shareholder	Number of shares held (shares)	Shares outstanding (%)
Japan Trustee Services Bank, Ltd.	129,059,000	10.32
ICHIGO TRUST PTE. LTD. (standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	85,572,000	6.84
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (standing proxy: Mizuho Bank, Ltd.)	59,349,000	4.74
The Master Trust Bank of Japan, Ltd.	32,995,000	2.64
Trust & Custody Services Bank, Ltd.	32,768,000	2.62
BBH FOR GMO INTERNATIONAL EQUITY FUND (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	14,994,000	1.20
JP MORGAN CHASE BANK 385151 (standing proxy: Mizuho Bank, Ltd.)	12,971,000	1.04
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	12,899,000	1.03
SMBC Nikko Securities Inc.	11,840,000	0.95
ML PRO SEGREGATION ACCOUNT (standing proxy: Merrill Lynch Japan Securities Co., Ltd.)	11,385,000	0.91

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

Supplementary information

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)	123,690 thousand shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,116 thousand shares
Trust & Custody Services Bank, Ltd. (Trust Account)	30,896 thousand shares

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

3. Corporate attributes

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

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

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

The Company owns the domestic listed subsidiaries, SAKURA Internet Inc. (listed in the First Section of the Tokyo Stock Exchange) and Pla Matels Corporation (listed in Tokyo Stock Exchange JASDAQ). In both listed subsidiaries, their management makes own decisions on their business execution. While respecting their independence, the Company shares the value as a group such as “Sojitz Group Statement” and “Sojitz Group Slogan” to maximize corporate value of the Group as a whole in order to improve group management efficiency.

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

1. Matters regarding organizational structure and operations, etc.

Organization form	Company with an Audit & Supervisory Board
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[Directors]

Number of Directors stipulated in the Articles of Incorporation	10 persons
Term of office of Directors stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman
Number of Directors	7 persons
Election of Outside Directors	Elected
Number of Outside Directors	2 persons
Number of Outside Directors designated as independent officers	2 persons

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Yoko Ishikura	Scholar											
Yukio Kitazume	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
Yoko Ishikura	○	Has no personal, capital or business relationships and other interests in the Company.	Ms. Yoko Ishikura gives appropriate and useful advice on the operation of the Company from an independent perspective, based on her abundant knowledge in relation to global competitiveness and global corporate strategies as a scholar and her experience accumulated by serving as an outside director at several other companies, and thus has been appointed. In addition, Ms. Ishikura does not conflict with the “independence standards” and there is no special interest between Ms. Ishikura and the Company. Hence the Company has determined that there is no risk of conflict of interest with general shareholders and thus designated her as an independent officer.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Yukio Kitazume	○	The Company utilizes the export insurance system of Nippon Export and Investment Insurance, where Mr. Yukio Kitazume served as Vice Chairman until July 2007; however, the Company believes that the fact would not affect the independence of Mr. Kitazume due to its nature and it being an incorporated administrative agency fully owned by the Japanese government.	Mr. Yukio Kitazume gives appropriate and useful advice on the operation of the Company from an independent perspective, based on his abundant knowledge and longtime experience accumulated in the executive positions he has assumed in the field of government administration including his service as a diplomat, and thus has been appointed. In addition, Mr. Kitazume does not conflict with the “independence standards” and there is no special interest between Mr. Kitazume and the Company. Hence the Company has determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer.

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

Yes

Composition of the voluntary committee and attributes of its chairperson

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

Supplementary information Updated

The Company has the following advisory bodies to the Board of Directors to help select Directors and Executive Officers and determine their remuneration. The selection of Directors and Executive Officers and determination of their remuneration are decided at meetings of the Board of Directors based on the deliberations at each Committee.

- **Nomination Committee**

Chaired by an Outside Director, the committee discusses and proposes criteria and methods for selecting Director and Executive Officer candidates, as well as discusses candidate proposals.

- **Remuneration Committee**

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

Directors' remuneration is decided by comprehensively taking into account elements such as the performance of the Company. Audit & Supervisory Board Members' remuneration is decided, in principle, by the deliberation of the Audit & Supervisory Board.

In both cases, remunerations are determined within the maximum remuneration amount resolved at the Ordinary General Shareholders' Meeting of the Company.

[Audit & Supervisory Board Members]

Establishment of an Audit & Supervisory Board	Established
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 perform their respective duties on audits, while conducting interactive communications and sharing information in order to develop cooperation in a mutually complementary manner and achieve better efficiency, thereby establishing a highly effective audit function.

- **Corporate Audit**

Pursuant to the Corporate Audit Standards established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings such as those of the Management Committee and Finance & Investment Deliberation Council. Audit & Supervisory Board Members oversee and audit the operations of the Group by formulating audit plans and task assignments, performing audits through interview with Directors to discuss about their performance of duties, reviewing important board resolution documents and checking business reports submitted from consolidated subsidiaries. In addition, to enhance this auditing function of Audit & Supervisory Board Members, we have set up the Audit & Supervisory Board Members Office, a dedicated support team of staff members for the Audit & Supervisory Board.

Audit & Supervisory Board Members receive explanations about audit plans and regular audit reports from the Accounting Auditor, and share information with each other to conduct effective audits. At the same time, they monitor the independence of the Accounting Auditor. In addition, they also exchange information with the Audit

Department on a daily basis. While receiving explanation of audit plans from the Audit Department, they receive reports on the status of audit at meetings of the Audit & Supervisory Board semiannually, and submit their opinion statements on audit results by the Audit Department. In addition, full-time Audit & Supervisory Board Members attend audit review meetings held by the Audit Department to express their opinions.

- Accounting Audit

Our Accounting Auditor is KPMG AZSA LLC which conducts accounting audits in accordance with the Companies Act, as well as financial statement audits, quarterly reviews and internal control audits in accordance with the Financial Instruments and Exchange Act. Details of their executive officers and assistant staff working for Sojitz in fiscal 2015 are as follows. Details on their service years are omitted, as all of the CPAs who audited the Company have served for less than seven years.

(Designated Limited Liability Partners, Engagement Partners): Iwao Hirano, Takemitsu Nemoto, Daisuke Yamada

(Assistant staff working for the Company's accounting audit): 21 CPAs and 25 assistant CPAs.

- Internal Audit

Based on an audit plan approved by the Board of Directors at the beginning of each fiscal year, the Audit Department conducts an audit on business divisions, corporate departments, and consolidated subsidiaries including major overseas subsidiaries.

In audit procedures, as well as investigating whether organizational governance, risk management and internal control are functioning appropriately, proposals are made for effective improvements to prevent loss and solve issues.

After the audit is completed, the Department holds an audit review meeting for the audited organizations and the concerned parties (general managers of lead divisions, officers responsible for corporate departments and Audit & Supervisory Board Members) and also reports the audit results. The Department submits an audit report to the President and provides an explanation to the internal Directors every month. Furthermore, in order to ensure a swift response towards improvement of problem areas identified in audits, the Department receives improvement progress reports for the three- and six-month periods after the audits, and conducts a follow-up audit to check their progress.

In addition, the Company and its consolidated subsidiaries have introduced a Self-inspection System through which business organizations endeavor to identify and handle transaction risks in a timely and accurate manner. Carrying out repetitive self-checks will help them identify frontline operation problems in the early stages, improve operational efficiency, prevent the occurrence of losses, and raise awareness on risk management.

As of June 16, 2016, a total of 29 people are assigned to the Audit Department under the General Manager.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members <u>Updated</u>	4 persons
Number of Outside Audit & Supervisory Board Members designated as independent officers <u>Updated</u>	3 persons

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takayuki Ishige	From other company										△			
Miki Seko	Scholar													
Tadao Tsuya	Certified public accountant										△			
Mikinao Kitada	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 person who executes business of the Company or its subsidiary
- A non-executive director or accounting advisor of the Company or its subsidiary
- A person who executes business or a non-executive director of the parent company of the Company
- An audit & supervisory board member of the parent company of the Company
- A person who executes business of a fellow subsidiary of the Company
- A person/entity whose major client is the Company or a person who executes business thereof
- A major client of the Company or a person who executes business thereof
- A consultant, accounting professional, or legal professional who receives a large amount of money or other assets other than officer remuneration from the Company
- A major shareholder of the Company (If the major shareholder is a corporation, a person who executes business thereof)
- 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.)
- 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.)
- A person who executes business of an entity to which the Company makes donations (This applies to the individual only.)
- Other

Relationship with the Company (2) Updated

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Takayuki Ishige	○	The transaction amount with Kao Corporation, at which Mr. Ishige served as Audit & Supervisory Board Member until March 2015, accounts for less than 1% of revenue in the Company's consolidated financial results of the fiscal year immediately preceding this report; therefore, Kao Corporation does not fall under the category of a major business partner of the Company and the Company believes that the fact would not affect the independence of Mr. Ishige.	Mr. Ishige has been appointed on expectations that he would supervise the Company's management and give appropriate advice within and outside the Board of Directors, from an independent standpoint and objective perspective as Outside Audit & Supervisory Board Member, based on his long experience in being responsible for duties including finance, accounting and management audits, and serving as an Audit & Supervisory Board Member at Kao Corporation. Taking into account that Kao Corporation, where Mr. Ishida assumed the position of Audit & Supervisory Board Member until March 2015, is not a major business partner of the Company, he does not conflict with the "independence standards." Also there is no special interest between Mr. Ishida and the Company. Therefore, the Company has determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Miki Seko	○	Has no personal, capital or business relationships and other interests in the Company.	Ms. Miki Seko supervises the Company's management and gives appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on her long-term experiences and a wide range of knowledge as a university professor of economics, and thus has been appointed. In addition, Ms. Seko does not conflict with the "independence standards" and there is no special interest between Ms. Seko and the Company. Hence the Company has determined that there is no risk of conflict of interest with general shareholders and thus designated her as an independent officer.
Tadao Tsuya	○	The transaction amount with ORIX Corporation, where Mr. Tadao Tsuya served as Executive Officer until December 2009, is less than 0.1% of revenue and cost of sales in the Company's consolidated financial results of the fiscal year immediately preceding this report; therefore, ORIX Corporation does not fall under the category of a major business partner of the Company and the Company believes that the fact would not affect the independence of Mr. Tsuya.	Mr. Tadao Tsuya supervises the Company's management and gives appropriate advice and proposals within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on his deep insight as a certified public accountant and his valuable expertise earned through his experience in key positions of corporations. Taking into account that ORIX Corporation, where Mr. Tsuya assumed the position of Executive Officer from February 2005 to December 2009, is not a major business partner of the Company, he does not conflict with the "independence standards." Also there is no special interest between Mr. Tsuya and the Company. Therefore, the Company has determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer.

Name	Independent officer	Supplementary information on applicable items	Reasons for appointment
Mikinao Kitada		The transaction amount with Mori Hamada & Matsumoto, at which Mr. Kitada has been serving as Special Counsel since March 2014, accounts for less than 0.5% of revenue in the Company's consolidated financial results of the most recent fiscal year and less than 0.5% of sales in Mori Hamada & Matsumoto; therefore, Mori Hamada & Matsumoto does not fall under the category of a major business partner of the Company and the Company believes that the fact would not affect the independence of Mr. Kitada.	Mr. Kitada has been appointed on expectations that he would supervise the Company's management and give appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on his experience in the judicial field by holding important posts as a public prosecutor and as an attorney as well as serving as an Outside Director and Outside Audit & Supervisory Board Member at various companies.

[Independent officers]

Number of independent officers	Updated	5 persons
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Other matters regarding independent officers

In appointing Outside Directors, the Company appoints people with a wide range of knowledge and deep insight and experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies and others who have an 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.

Placing emphasis on the substantial independence of outside officers, we have formulated our own Independence Standards for Outside Officers (please refer to [Disclosure based on the principle of the Corporate Governance Code] Principle 4.8 on page 5 in this report) in addition to the conditions stipulated in the Companies Act, and confirm that all our outside officers meet these standards.

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

[Incentives]

Incentive policies for Directors	Not implemented
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Supplementary information regarding applicable items	Updated
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At present, the Company has not adopted compensation in the form of shares of the Company or a remuneration system for Directors and Audit & Supervisory Board Members that is linked to medium-to-long term business performance. However, we are examining a remuneration system as incentives intended for sustainable growth at the Remuneration Committee with an eye to introducing such system during the period of the next Medium-term Management Plan.

Grantees of stock options	
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Supplementary information regarding applicable items	
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[Director Remuneration]

Status of disclosure (of remuneration of individual directors)	Remuneration of individual directors is not disclosed.
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Supplementary information regarding applicable items	Updated
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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, 2016 is as follows.

Directors

Number of recipients: 7 persons
Amount: ¥368 million

Audit & Supervisory Board Members

Number of recipients: 5 persons
Amount: ¥103 million

[Maximum remuneration]

- Directors: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
Directors: ¥550 million per year (excluding the salary as for being employees)
Outside Directors: ¥50 million per year
- Audit & Supervisory Board Members: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
¥150 million per year

(Note) The numbers of Directors and Audit & Supervisory Board Members as of the end of the Ordinary General Shareholders' Meeting held on June 16, 2016 are seven and five, respectively.

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

Yes

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

Directors' remuneration is decided by comprehensively taking into account the performance of the Company. Audit & Supervisory Board Members' remuneration is decided, in principle, at the meeting of the Audit & Supervisory Board based on its deliberations.

In both cases, remunerations are determined within the maximum remuneration amount resolved at the Ordinary General Shareholders' Meeting of the Company.

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

We provide Outside Directors with information on relevant matters and reports regarding the meetings of the Board of Directors, including prior explanation about meeting agendas.

For Outside Audit & Supervisory Board Members, we provide information on relevant matters and reports through the staff members of Audit & Supervisory Board Members Office, a dedicated support body of the Audit & Supervisory Board.

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

■ Corporate Governance Organization

(1) Board of Directors

As the highest decision-making body, the Board of Directors reviews and approves fundamental policies and critical issues concerning the management of the Group. The Board is chaired by the Chairman who, together with the Vice Chairman and the Outside Directors, carries out the supervisory function over the Executive Directors and the Company's overall system of business execution. They also provide their opinions and advice on the Company's corporate governance. The Board of Directors is comprised of five internal Directors who have abundant business experience at the Company and two Outside Directors who have objective and specialist viewpoints and diverse knowledge. As of June 16, 2016, the Company has seven Directors (six males and one female).

(2) Analysis and Assessment of Effectiveness of Board of Directors

Each year, the Company analyzes and assesses the effectiveness of the Board of Directors as a whole in order to improve the functions of the Board of Directors.

Please refer to [Disclosure based on the principle of the Corporate Governance Code] Principle 4.11.3 on page 7 in this report for details of the assessment.

(3) Audit & Supervisory Board

Our 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 the meetings of the Board of Directors and other major meetings related to execution of business. Audit & Supervisory Board Members oversee and audit the operations of the Group companies by

performing audits through interviews with Directors and by reviewing important board resolution documents and others. Our Audit & Supervisory Board is comprised of an Internal Audit & Supervisory Board Member who has abundant business experience at the Company and Outside Audit & Supervisory Board Members who have an objective and specialist viewpoints and diverse knowledge. As of June 16, 2016, our Audit & Supervisory Board consisted of five members (two full-time), including four Outside Audit & Supervisory Board Members (three males, one female).

(4) Selection and Decision on Remuneration of Directors and Executive Officers

We have the Nomination Committee and the Remuneration Committee to the Board of Directors to help select Directors and Executive Officers and determine their remuneration. The selection of Directors and Executive Officers and determination of their remuneration are decided at meetings of the Board of Directors based on the deliberations at each Committee.

Please refer to II 1. [Directors] “Composition of the voluntary committee and attributes of its chairperson - Supplementary information” on page 14 of this report for the details.

(5) Policy on Appointment of Outside Directors and Standards Concerning Independence

Please refer to [Disclosure based on the principle of the Corporate Governance Code] Principle 4.8 on page 5 of this report for the details.

(6) Support and Information Provision for Outside Directors and Audit & Supervisory Board Members

Please refer to II 1. [Support system for Outside Directors (Outside Audit & Supervisory Board Members)] on page 21 of this report for the details.

■ Business Execution Systems

(1) Business Execution Systems

The Company has executing bodies including the following.

- Management Committee

The committee is comprised of Executive Directors and Executive Officers in charge of business divisions and heads of corporate departments, and discusses and resolves important issues pertaining to the management and execution of the Company.

- Finance & Investment Deliberation Council

The council is comprised of Executive Directors and Executive Officers in charge of business divisions and the heads of corporate departments, and discusses and resolves issues pertaining to important investment opportunities.

- Human Resource Deliberation Council

The council is comprised of Executive Directors and Executive Officers in charge of business divisions and the heads of corporate departments, and discusses and resolves important issues pertaining to human resources.

- Internal Committees

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

- Internal Control Committee

The Internal Control Committee monitors progress and operation status of establishing the internal control structure related to financial reporting based on internal control regulation specified by the Companies Act and Financial Instruments and Exchange Act, and formulates policies to maintain and improve our internal control structure.

- Compliance Committee

The Compliance Committee examines and formulates fundamental policies related to compliance of the Group, as well as discussing specific compliance measures.

- CSR Committee

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

In addition, for handling subject matter in specific areas, we have established the Disclosure Subcommittee, Security Trade Control Subcommittee and Information Security Subcommittee as subsidiary bodies of the Internal Committees.

(2) Corporate Audit, Accounting Audit and Internal Audit

Audit & Supervisory Board Members, the Accounting Auditor, and the Audit Department perform their respective duties on audits, while conducting interactive communications and sharing information in order to develop cooperation in a mutually complementary manner and achieve better efficiency, thereby establishing a highly effective audit function.

Please refer to II 1. [Audit & Supervisory Board Members] "Collaborations among Audit & Supervisory Board Members, Accounting Auditor, and internal audit division" on page 14 of this report for the details.

3. Reasons for adopting the current corporate governance structure Updated

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

(1) Separation of management supervision and business execution

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

The Board of Directors is chaired by the Representative Director and Chairman and is the highest decision-making body, which reviews and approves fundamental policies and critical issues concerning the management of the Group. The Board of Directors also supervises business executions through proposals of important matters and regular reports from the executing body.

As for the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. This committee is responsible for the review and approval of the Group's important managerial and executive agendas, from the group-wide and medium-to-long term viewpoints. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of major investments and loans, 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 an executing body all directly reporting to the President.

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

(2) Monitoring and supervisory functions for management

We appoint multiple Outside Directors with the aim of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforcing monitoring functions for the Board of Directors. In addition, by having Outside Directors chairing the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors, we ensure appropriateness and transparency with regard to the appointment of and remuneration for our Directors.

The Company is a company with Audit & Supervisory Board, and the Audit & Supervisory Board independently audits the operational execution of Directors, and 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	We disclose the Notice of General Shareholders' Meeting, including an English version, on the website four weeks before the date of General Shareholders' Meeting. Moreover, we send out the notice three weeks before the date of the General Shareholders' Meeting, to establish a system for appropriately providing information to shareholders.
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 since the General Shareholders' Meeting held in June 2005.
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. since the General Shareholders' Meeting held in June 2006.
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	<ul style="list-style-type: none">• Publish the Shareholders Magazine for shareholders• Establish a website for individual shareholders• Host briefing sessions for shareholders• Provide video clips of the General Shareholders' Meeting and briefing sessions for shareholders

2. IR activities Updated

	Supplementary information	Explanation by representative
Formulating and publishing disclosure policy	The Disclosure Policy is published on the corporate website.	
Organizing seminars for individual investors on a regular basis	We offer opportunities where Representative Directors, the CFO, and the officer responsible for IR explain management trends, including financial results and the Medium-term Management Plan, as well as management policies and visions.	Yes
Organizing seminars for analysts and institutional investors on a regular basis	We engage in dialogue through briefings on financial results and other matters, individual meetings, etc.	Yes
Organizing seminars for foreign investors on a regular basis	We provide opportunities for direct conversation in individual meetings. We regularly visit foreign institutional investors in the U.S., Europe and Asia to conduct individual meetings and will continue this practice.	Yes
Posting investor relations materials on the website	We post integrated reports, securities reports, seminar materials, and the Shareholders Magazine on our 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

	Supplementary information
Established internal rules, etc. to prescribe the respect of the rights of stakeholders	Our mission is to understand the diverse needs and expectations of our stakeholders throughout the world, and to meet those needs and expectations with integrity. We aim to build strong trust with our stakeholders by continuing to provide “New way” and “New value.” To that end, we have established the following policies, etc., to be practiced by all Group directors and employees, and we are working to ensure that they are widely known and fully implemented throughout the Company.

	Supplementary information
	<ul style="list-style-type: none"> - Sojitz Guiding Principles - Sojitz Group Code of Conduct and Ethics - Sojitz Group CSR Policy - Sojitz Group CSR Action Guidelines for Supply Chains - Sojitz Environmental Policy
Promoting environmental protection and CSR activities	<p>Under the “Sojitz Group CSR Policy,” we seek to maximize value for society and value for Sojitz by pursuing mutual prosperity of both our corporate activities and society/environment through steady practice of our corporate philosophy.</p> <p>In order to achieve that, we promote CSR based on the following focus areas.</p> <p>“Promotion of CSR in Supply Chains”</p> <p>“Contributing to Preventing Climate Change”</p> <p>“Contributing to the Advancement of Developing and Emerging Countries”</p> <p>“Improvement of Systems and Environments to Enable Every Employee to Fulfill Their Potential”</p> <p>In fiscal 2015, we moved ahead with preparation of our environmental and social (human rights) risk management system, and strived to ensure its penetration within the Company through training and communication of information. In addition, we formulated the “Wood Procurement Policy” in order to implement forest resources business with consideration for the environment and society. Furthermore, we made efforts in social contribution activities including the provision of educational support and restoration support for the areas affected by the Great East Japan Earthquake.</p>
Formulation of policies concerning provision of information to stakeholders	<p>We have established our policy to proactively disclose in a timely and appropriate manner material company information and information useful for enhancing understanding of business activities of the Company, even if disclosure of such information is not required by laws and regulations, in addition to disclosing information as required by laws and regulations to obtain correct understanding and trust of stakeholders.</p>
Other	<p>As our business environment rapidly changes, we recognize that it is essential to hire, develop and utilize diverse human resources in order for the Sojitz Group to continue to strengthen its competitiveness through global business development into the future, as a corporate entity adapted to society. We therefore make it a pillar of our human resources strategy to make the most of our excellent human resources without regard for gender, nationality, age, and so on.</p> <p>- Promotion of Active Participation by Women</p> <p>We are implementing several long- and medium-term measures to improve the working environment, raise awareness among supervisors, and foster career-mindedness among female employees, with the aim of promoting</p>

Supplementary information

career creation among women that will continue into the future. In addition, a specialized office within the Human Resources and General Affairs Department is coordinating with the heads of various departments on efforts to promote training of women in management positions. We have set specific targets for increasing the ratio of new female graduates hired for career-track positions and the number of female managers by the end of fiscal 2020. Please refer to the “Action plan in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace, from April 1, 2016 to March 31, 2021” on our website at (http://www.sojitz.com/jp/csr/employee/pdf/kodo2016_02.pdf).

Ms. Yoko Ishikura has assumed the office of Outside Director, and Ms. Miki Seko has assumed the office of Outside Auditor & Supervisory Board Member, bringing the current number of female officers at the Company to two.

- Global Human Resources

We are stepping up hiring of non-Japanese at our head office as part of our efforts to create an organization rich in diversity. Our policy is to maintain a 10 to 20 percent ratio of non-Japanese among newly hired graduates, and we are continuing to carry out recruitment of graduates regardless of Japanese language ability at leading universities overseas, mainly in Asia. In addition, we implement an ongoing one- to two-week training program at our Tokyo head office on the theme “Getting to Know Japan and Sojitz” in order to develop executive candidates among local staff overseas. In this way, we are cultivating human resources to carry out our growth strategies overseas. In addition, at our head office, we are actively carrying out measures to develop human resources with a global perspective, such as overseas trainee programs where all new employees are sent overseas within five years from joining the Company, overseas language training programs, and MBA/LLM study abroad programs.

- Utilizing Human Resources Regardless of Age

The number of senior employees aged 50 and over is expected to grow year on year, and we are preparing an environment where these employees can play an active role by leveraging their experience, knowledge, and other capabilities to the fullest.

In our evaluation system, in order to stimulate higher motivation among outstanding employees, we have adopted a system that makes it easier to reflect individual results in compensation and benefits through more clearly defined variations in evaluation.

- Employment of Persons with Disabilities

We have achieved the legally mandated ratio of two percent for employment of persons with disabilities as specified under the Act on the Promotion of the Employment of Disabled Persons. Furthermore, in 2012 we established a subsidiary that has been certified under the law as a “Special Subsidiary,” with the aim of further promoting employment of persons with disabilities. By putting in place a system that divides work duties according to the nature of individual disabilities and acts as a resource for persons with disabilities with regard to everyday life, we are

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 a System 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 Directors’ Duties of the Company
 - With respect to important documents relating to the execution of the Company directors’ duties such as the minutes of Board of Directors meetings and approval documents of the Company, the Company shall prescribe, in accordance with the Company’s Board of Directors rules and the internal rules for document retention and information management, a retention period that is equal to the period required by the relevant law or regulation. The Company shall also designate the department in charge of such retention and documents shall be made available for view as necessary.
- ii) System to Ensure Compliance by Directors and Employees of the Company with Laws and Regulations and the Articles of Incorporation in Execution of Duties
 - The Company shall ensure that officers including directors and employees of the Group comply with laws and regulations, the Articles of Incorporation, and internal rules. As part of such efforts, the Company establishes and develops the Sojitz Group Compliance Code of Conduct and Ethics and the Manual for its implementation, as well as the Sojitz Group Compliance Program.
 - In order to fully achieve understanding and compliance of amendments of laws and regulations relating to the Group’s operations, the Company shall promote the reinforcement and improvement of the legal compliance system centering on the Compliance Committee. Also, the Company shall clarify the responsibilities of each department within the Company and the supervisor in charge of Group companies.
 - The Company shall ensure that the 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.
- 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, the Company shall analyze and categorize various potential risks for economic losses both inside and outside the Company including credit risks, business investment risks, market risks and disaster risks. The Company shall establish internal rules or manuals, and assign a department for managing the risks in each category.
 - The Company shall periodically review and improve the effectiveness of internal rules and handling procedures. Furthermore, in the event that a new type of risk emerges in the Group due to changes in the business environment, the Company shall promptly appoint a person and/or department to be

responsible, and prescribe appropriate internal rules with regard to the new risk.

- iv) System to Ensure Efficiency in Execution of Directors' Duties of the Company and its Subsidiaries
 - The Company shall make clear the responsible fields or departments of each director and executive officer of the Company and the responsibility of each department within the Company, as well as chains of command, scopes of authority and decision making rules.
 - The Company shall clearly prescribe in the Board of Directors rules, important matters requiring Board resolutions and shall convene the Management Committee and other committees to deliberate and decide other important matters. Also, matters to be reported to the Board of Directors shall be set forth in the Board of Directors rules.
 - The Company shall establish a department to oversee the management structure of the Group and ensure the sound management of the Group companies.
 - 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.
 - The Company shall promote the Group management by preparing the management plan on a consolidated basis and by sharing the management objectives and the management indices with the Group.
- v) Reporting system to the Company relating to the Execution of Subsidiaries Directors' Duties and Other Systems for Proper Business Operations in the Company and its Subsidiaries
 - The Company must designate the supervisor in charge who manages the Group companies as prescribed in the Basic Code of Group Management. The supervisor in charge must request prior consultation to 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 the 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 the Employees from the Audit & Supervisory Board Members of the Company
 - The Company shall establish the Audit & Supervisory Board Members Office to assist Audit & Supervisory Board Members and assign the necessary employees.
 - These employees shall work under the direction of Audit & Supervisory Board Members, and their performance evaluations and personnel changes shall require the consent of Audit & Supervisory Board Members of the Company.
- vii) Reports to Audit & Supervisory Board Members of the Company in the Company and its Subsidiaries
 - The Board of Directors rules shall include a rule that requires any director of the Company to immediately report to Audit & Supervisory Board Members 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 Compliance Committee and others.
 - 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 an Accounting Auditor, director of the Company or other person, as it deems necessary.
- viii) System for Ensuring that Person Who Reported to Audit & Supervisory Board Members of the Company Will Not Receive Disadvantageous Treatments for the Reason of the Reporting
 - The Company shall not carry out disadvantageous treatments to directors or employees of the Group who reported through the internal reporting system and other methods (including the reports to Audit & Supervisory Board Members of the Company and others) for the reason of the reporting.
- ix) Other Arrangements to Ensure Efficient Auditing by the Audit & Supervisory Board Members of the Company
 - The Company shall pay expenses deemed necessary, 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 of the Company shall regularly meet with Audit & Supervisory Board Members of the Company and exchange opinions on key issues for the Company, as well as on the conditions of, and important issues relating to, audits by Audit & Supervisory Board Members.

(2) Status of Establishment and Operation

i) Overview internal control systems

(Overview of Status of Establishment)

With respect to the status of establishment and operation of overall internal control systems of the Group, the various committees and organizations that support internal control activities, centered on the Internal Control Committee, collaborate to establish, maintain, and refine the system. Of these, inspections and improvements to the system for compliance with laws and regulations and internal rules are conducted mainly by the Compliance Committee (see section ii below for details), inspections and improvements to the risk management methods are conducted mainly by the Risk Management Planning Department (see section iii below for details), and business management of the Group companies is conducted mainly by the Corporate Planning Department (see section iv below for details). In addition, we have established the “Basic Policy to Ensure Appropriate Financial Reporting” in accordance with the Internal Control Report System described in the Financial Instruments and Exchange Act and have pushed ahead with initiatives for assessment of internal controls over financial reporting at the entire Group and for securing the reliability of financial reporting.

(Overview of Status of Operation)

The Internal Control Committee oversees and regularly monitors the status of establishment and operation of overall internal control systems. It also identifies and examines company-wide issues concerning internal systems and frameworks and provides instructions to and makes improvements for departments in charge. Assessment of Internal Controls regarding Financial Reporting under the Financial Instruments and Exchange Act and securing the reliability of financial reporting are put into practice by the Committee as well. The Internal Control Committee meetings were held four times during fiscal 2015.

In addition, the Committee conducts internal audits on business divisions and corporate departments of the Company, and consolidated subsidiaries, and along with investigations whether governance, risk management, and internal control are appropriately functioning, effective improvement proposals are made towards preventing the occurrence of loss to the Company and solving of various problems.

ii) Compliance

(Overview of Status of Establishment)

Sojitz Group has defined procedures to ensure compliance in the Sojitz Group Compliance Program and established the Sojitz Group Code of Conduct and Ethics as well to present worldwide judgement criteria as a foundation for all directors and employees of the Group.

In addition, the Compliance Committee chaired by the Chief Compliance Officer (CCO) is in charge of developing frameworks, including placing compliance managers and Compliance Committees in the Group companies and overseas bases of the Company. For the purpose of prevention and early detection of compliance violations, all directors and employees of the Group are well informed of the hotline for reports to the CCO and outside legal counsel (whistleblower program), consultation contact with Compliance Committee Secretariat members, and the multilingual Sojitz Ethics Hotline available on a 24-hour, 365-day basis. Furthermore, with the aim to prevent corruption, Sojitz Group Anticorruption Rules and Sojitz Group Anticorruption Guidelines have been formulated and rules in accordance with these have been introduced in overseas local operations and the Group companies.

(Overview of Status of Operation)

Based on the recent amendments of laws and regulations in and outside Japan and changes in social norms, the contents of the Sojitz Group Code of Conduct and Ethics have been reviewed and a revised version of the Code has been applied to the Group companies from the start of fiscal 2016. Under the action plan formulated by the Compliance Committee, the Legal Department, serving as the Secretariat of the Committee, carries out discussions on measures to prevent reoccurrence of compliance matters and provides assistance and guidance on practicing compliance to the Group companies. Specific actions for fiscal 2015 are as follows.

- Meetings between the CCO and the Presidents of the Group companies
- Liaison meetings held regularly among the compliance managers of the Group companies
- Briefing sessions on prevention of insider trading and harassment, and anticorruption
- Various training programs including e-learning and responses against antisocial forces, etc.

In fiscal 2015, Compliance Committee meetings were held four times in total, in each quarter period.

iii) Risk Management

(Overview of Status of Establishment)

As a general trading company, the Sojitz Group is engaged in a diverse and globally dispersed range of business. Due to the nature of its business, the Group is exposed to a variety of risks. Consequently, in compliance with the Basic Code of Corporate Risk Management, the risk management officers who have been appointed for each risk define and categorize the risks, formulate the Risk Management Policy and Plan, monitor the status of progress and improvement of risk management on a quarterly basis, and provide summaries at the end of the fiscal year.

(Overview of Status of Operation)

With regard to the formulation of the Risk Management Policy and Plan and the progress of the status of risk management described above, reports are made to the Management Committee and the Board of Directors, upon deliberation by the Internal Control Committee. 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 outside of the existing scope of risks, such situations are dealt with, as necessary, upon making the necessary reports to the management on the recognition of issues and the status of responses.

Among the ten risk categories, quantifiable risks such as market risks, credit risks, business investment risks and country risks are quantified and managed based on a calculation of risk assets. Non-quantifiable risks such as legal risks, compliance risks, environmental/social (human rights) risks, financing risks, disaster risks and system risks are monitored on a quarterly basis and their management status is reported to the management.

The Company conducts education and enlightenment programs in order to firmly establish an awareness of risk management among the employees by providing risk management training and case-study training using examples of failures in risk management to the candidates of managers of the Company and managers of the Group companies.

iv) **Management of Group Companies**

(Overview of Status of Establishment)

For management of the Group companies, a management system for the Group companies' business operations has been defined in the Basic Code of Group Management and the Group

Management Administration Code, and each of the Group companies has adopted the system. In addition, the Corporate Planning Department confirms the status of adoption of the system by each company. The Directors of the Company adopts a system of monitoring the business management of the Group companies through the supervisors, the Directors or the Audit & Supervisory Board Member or others dispatched to the Group companies by the Company.

(Overview of Status of Operation)

The Company manages and supervises the development and operation of an appropriate management base and corporate governance through the Directors and the Audit & Supervisory Board Members, which it has dispatched to each Group company, and receives regular reports including annual business reports and monthly operating activity reports. The Company appropriately manages important business execution of the Group companies by requiring prior consultation with Sojitz headquarters regarding important matters.

Additionally, in order to promote Group management, the Company makes efforts to firmly establish the Group Corporate Philosophy and policies by having the management policy of the Group explained by the supervisors, as well as at the training seminars for Group company officers and employees.

v) **Other Arrangements to Ensure Effective Auditing by the Audit & Supervisory Board Members**

(Overview of Status of Establishment)

The Company has established the Audit & Supervisory Board Members Office to assist the audit structure and has appointed dedicated personnel. The Company assures the independence of the employees who assist the duties of the Audit & Supervisory Board Members from the Directors as well as the effectiveness of their business execution.

In terms of the system of reporting to Audit & Supervisory Board Members, the Company adopts a system in which, in addition to the reports by the Directors, reports on matters related to the Group companies by the Compliance Committee and the Audit Department, business reports from the consolidated subsidiaries and reports required for audits may be made, as necessary. 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.

Audit & Supervisory Board Members may request the Company to pay the necessary expenses associated with the audits, including expenses outside of the budget which had been incurred unexpectedly or temporarily.

In terms of 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 a 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 Status of Operation)

Reports to the Audit & Supervisory Board Members are being made, whenever necessary, and interviews as well as exchanges of information are being conducted between the Audit & Supervisory Board Members and Directors on a regular basis.

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

The Company 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
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Supplementary information regarding applicable items
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2. Other matters concerning corporate governance structure, etc. Updated

The internal system for timely disclosure of our corporate information is described as follows.

(1) Basic concept for information disclosure

- i) The Company complies with Japan's Financial Instruments and Exchange Act, Tokyo Stock Exchange (TSE) regulations, and other applicable laws.

- ii) The Company proactively discloses in a timely and appropriate manner material company information likely to influence investment decisions made by investors and information useful for enhancing their understanding of the Company's business activities.

(2) Internal system for timely disclosure

Based on the basic concept for information disclosure above, the Company has established an internal system with a designated organizational unit in charge of centralized control over collection, management, confirmation, and disclosure of material information (including potentially material information).

i) Establishment of the organization in charge

The Public Relations Department (referred to below as the "Information Disclosure Unit") is in charge of disclosure and it has centralized control over the collection, management, confirmation and disclosure of information. The General Manager of the Public Relations Department shall be the "person in charge of handling information," who is responsible for practical operations.

ii) Collection of information

The Information Disclosure Unit collects Sojitz and Sojitz Groups' material information, including potentially material company information through the following route.

(In the Company):

The Information Disclosure Unit collects information from the corporate departments that constitute the Company's administrative body, in accordance with its internal rules for internal reporting of material information or requesting a determination regarding material information.

(In subsidiaries):

The company regulations related to management of the Group require subsidiaries to report or obtain a determination from the Company on material information, including information on decisions, events and financial results stipulated in the Financial Instruments and Exchange Act (insider trading regulations), and such information is to be collected by the Information Disclosure Unit from the related departments within the Company without delay or omission.

iii) Timely disclosure decisions

The Information Disclosure Unit verifies the collected information to determine if it requires disclosure under the "TSE's Timely Disclosure Rules", and the person in charge of handling information decides whether or not disclosure is required.

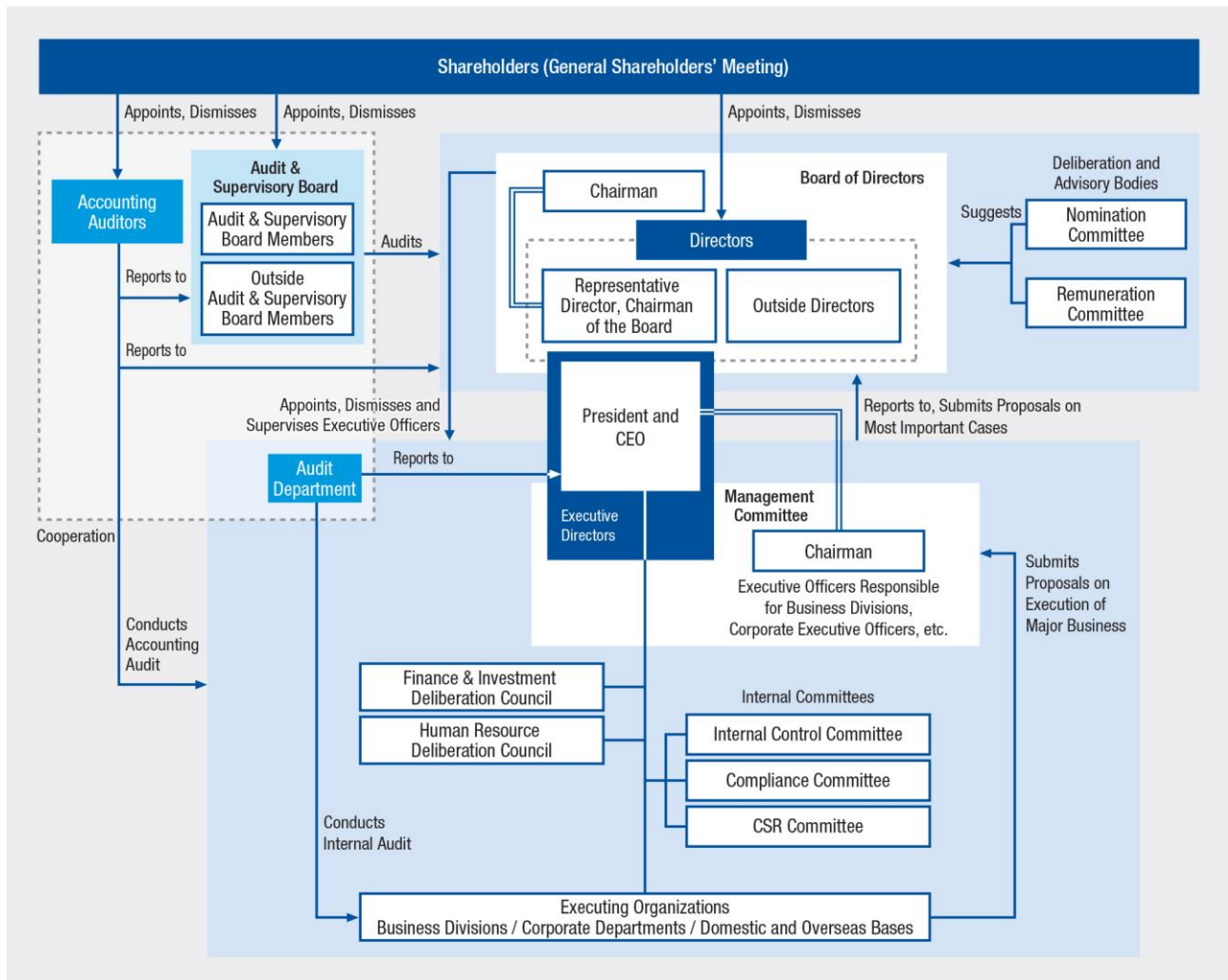
iv) Timely disclosure procedure

Information on decisions and financial results is to be disclosed without delay by the person in charge of handling information, if necessary, after the approval of the Board of Directors. Information on events is to be disclosed by the person in charge of handling information immediately after such events occur. Tasks involved in timely disclosure are to be performed by the Information Disclosure Unit.

(3) 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】

